



Estonia and the Foreign Policy

Estonian Foreign Ministry
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Estonia has chosen a path of participation and contribution in its foreign policy. Countries cannot choose what effects and problems come from globalisation. The acuteness of some problems can be curtailed, certain effects can be diminished or favourably exploited, but for the majority of effects joint efforts are required.

The active use of new opportunities coming from globalisation is the biggest task of each country. In this situation, the clear development of our values and the consistent promotion of our interests are of utmost importance, but at the same time there is the need to be flexible and conform to modern forms of co-operation. The pace of international development and the amount and variety of available information require a continuous assessment of one's preferences, focusing on one's activities. Today, it is easier than ever before to find interest and partners for new opportune ideas, intelligent solutions and innovative opinions. Even more so, when there is a definite union of states sharing the same values and orientations supporting those ideas as allies.

Estonia is supportive of freedom, democracy and stability, developing security related to co-operation in Kosovo, Bosnia and Herzegovina, Afghanistan and Iraq. We have together with our partners undertaken an obligation in supporting democracy, the rule of law and a market economy in the European neighbourhood. We are willing to make our contribution, so that Ukraine, Georgia, but also Moldova and Belarus become stable countries appreciating democratic values.

Estonia is supportive of the European Union's orientations, which boost the EU's competitiveness and influence in the world. It will also improve Estonia's opportunities for rapid development and increase its well being. Several important decisions and activities wait ahead this year in terms of European policy. The European Union Constitutional Treaty ratification must continue, the EU's further enlargement is proceeding (together with the other EU Member States we have signed Bulgaria and Romania's accession treaties), new steps are needed in the European Union Neighbourhood Policy, negotiations on the financial perspective are on going, which means that for the first time we will have shaped a seven year financial perspective for the EU.

Furthermore, ensuring competitiveness and preparing Estonia for accession to the Schengen visa space are continually on the agenda.

Estonia's wish is that in forthcoming years, the unity of the European Union will grow in the area of external relations. So, what is important for us among other things is the development of relations between the European Union and Russia, which was given a new impetus by the road maps for forming the four common spaces.

At the same time relations with Latvia and Lithuania as well as with the Nordic Countries will remain important for us. Estonia's goal is to continue Baltic co-operation by means of a flexible and simple co-operation structure, which would efficiently promote Estonia, Latvia and Lithuania's joint interests in a rapidly changing international environment. And we are naturally willing to deepen good co-operation in the entire Baltic Sea region, especially with the Nordic Countries.

Urmas Paet
Minister of Foreign Affairs



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/.../ The diversity of the numerous small and big cultures of Europe is the key to understanding the European creativity. Europe has been comparatively poor in natural resources, it has never been the Garden of Eden. Europe was created by man, and poetically one might add that in return, grateful Europe created the European. Liberty, fraternity and equality could have been born in many places, but it was first and foremost in Europe that this beautiful plant could really root.

Hence, we could also proceed to the frames for forging the European Union and the reasons why the enlargement of the European Union is inevitable. /.../

Excerpt from the speech „How big is Europe?“ by Lennart Meri, President of the Republic of Estonia at the Ceremony where he was awarded the Prize of the European of the Year in Paris on March 23, 1999.



Estonia in the European Union

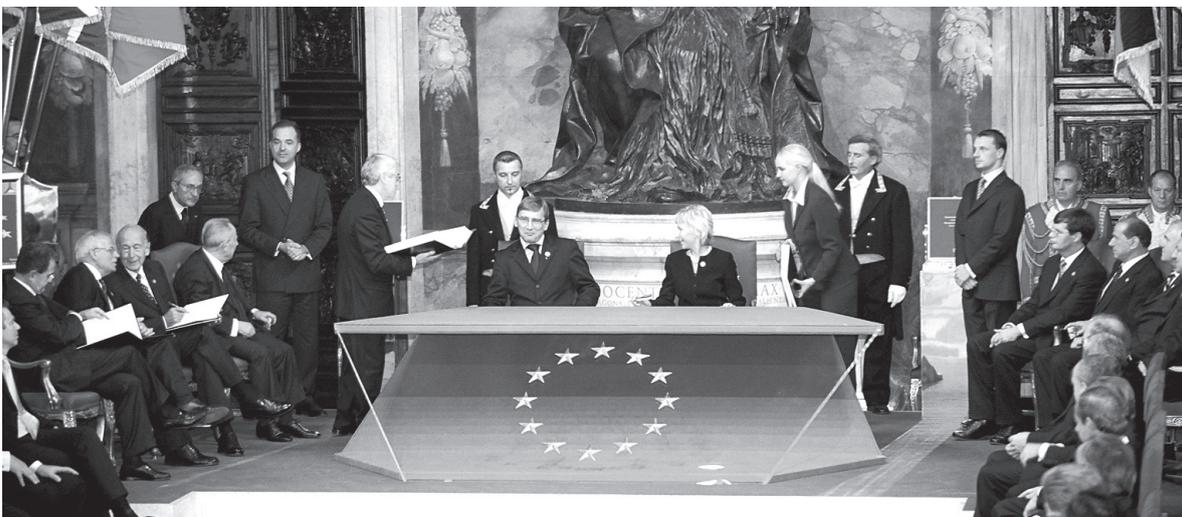
Estonia's priorities are in line with general developments in the EU, thus Estonia's interests are Europe's growing political influence at the global level and the strengthening of its economic competitiveness. Estonia has defined its general EU policy principles in a strategic framework document, approved by the Government in March 2004 "The Estonian Government's European Union Policy for 2004-2006". Pursuant to this document, Estonia strives to promote the common interests of Europe through five main objectives: the competitiveness and openness of Europe, effective economic and fiscal policy, economy and sustainability, closeness to the citizens, safety and security, worldwide promotion of democracy and well being.

Estonia's aim is to assist in every way in fulfilling the ambitious target of developing the EU economy into the most competitive and dynamic knowledge based economy in the world by 2010. With a new financial perspective for 2007-2013, the EU will have to create conditions for involving the new Member States in the fulfilment of the EU's economic and political goals. The EU must also be developed as a partner with growing global significance. To guarantee sustainable development, Estonia considers it imperative to attach equal importance to the three main pillars – economic, social and environmental spheres, while developing a balanced and coherent way. To increase the safety of EU citizens, it is necessary to go on with the development of the common immigration and asylum policy, rendering the Schengen compensation mechanisms more effective and to enhancing the fight against international crime.

The Lisbon process

2005 marks the halfway point in the Lisbon process, launched to enhance the competitiveness of the EU. For a better implementation of the strategy, each Member State should draw up an Action Plan taking into consideration its needs and the structure of its economy. Estonia has its long-term national strategy document "Estonian Success 2014", concentrating on the goals of the Lisbon strategy. The development of this strategy began in 2003 under the Prime Minister's supervision. "Estonian Success 2014" will remain an open document, which can be renewed with the passing of time.

In upcoming years, it is essential to focus priorities more on growth and employment. It is important to enhance productivity and the quality of work. To create new jobs, a more business friendly environment for the establishment of new enterprises must be ensured. Simplification of legislation and reducing the administrative burden on entrepreneurs must remain a priority. The knowledge and skills of employees must correspond to the needs of the economy, for which purpose it is necessary to adjust the education system to the expectations of the labour market. Besides a high quality labour force, the use of new technologies is a basis for the growth of productivity. Here the fostering of innovation, and of research and development is most important, as well as closer co-operation between research institutions and enterprises.



Prime Minister Juhan Parts and Minister of Foreign Affairs Kristiina Ojuland signing the Constitutional Treaty on 29 October 2004 in Rome.



Opening of the Estonian Permanent Representation to the EU in March 2004 in Brussels. Left: Estonian President Arnold Rüütel, President of the European Commission Romano Prodi and Estonian Ambassador to the EU Väino Reinart.

Financial perspective

February 2004 marked the beginning of discussions on the next EU budget framework or the financial perspective (FP) (Agenda 2007) for 2007-2013. Estonia supports the objective based, optimal EU financial perspective, which would take into account all aspects related to the enlargement and would save budgetary resources by eliminating ineffective expenditures. Estonia considers it feasible to reduce the commitment appropriations ceiling down to 1.1% of EU GNP, but finds that reducing the commitment appropriations to 1% of EU GNP presupposes the carrying out of radical reforms. At the same time, Estonia is open to different suggestions for reducing the budget volume proposed by the European Commission.

Estonia prefers an economical and transparent EU budget, which at the same time would create added value. Estonia considers research, innovation and education, the key areas to ensure the competitiveness and economic growth of the country in the future. Therefore, Estonia considers it necessary to develop research and development (R&D) infrastructures and to promote cooperation between researchers.

Estonia (as well as Latvia and Lithuania) is of the opinion that the method used to calculate the structural aid ceiling of 4% of a member state's GDP should be modified, because real economic growth is not taken into consideration. The Commission has taken 4.1% as the average annual growth rate of the new Member State economies in calculating the aid ceiling of 4% for 2007-2013. The Baltic States, unlike the other new members, are characterised by a notably higher economic growth prognosis – at least 6.75%. This method would lead to an unjust limitation of cohesion funding. Therefore, we

propose an amendment to the methodology for calculating the macroeconomic projections for the period 2007-2013.

Enlargement

Estonia supports the new enlargements to improve Europe's welfare and safety. The unification of Europe must continue. Future enlargement will follow the same principles that guided previous enlargements. Each candidate will be evaluated according to its own achievements. As a new Member State, Estonia knows from its own experience how important the prospect of EU accession is for the implementation of political and economic reforms. Having recently completed the integration process, we are prepared to share our experience in accession negotiations with candidate countries.

Accession to Schengen

An Estonian priority is the accession to the Schengen visa area. We wish to ensure the rapid and complete, free movement of Estonian citizens within the EU. To ensure Estonia's technical compliance for possible accession to the Schengen visa area by 2007, a decision by the Government has launched a three-year accession programme supported by the EU with 76 million euros.

Pursuant to the European Council's Decision of 5 November 2004, the enlargement of the Schengen visa area will start with the necessary evaluations of the Member States in the first half of 2006. Estonia expects that an evaluation schedule, specifying those spheres where evaluations can be concluded before the completion of the Schengen Information System II, will be produced by the spring of 2005.

As one of the accession prerequisites is keeping pace with the development schedule of the Visa Information System (VIS), Estonia wishes to be one of the six Member States with whom the Commission will start a thorough planning and implementation process for the VIS data communication network. Estonia wishes to make its own contribution to the development of the VIS.

Ratification of the Treaty establishing a Constitution for Europe

Pursuant to the Constitution of the Republic of Estonia, international treaties cannot be ratified by referendum. Thus, the Treaty establishing a Constitution for Europe cannot be put to a referendum, as will take place in many other EU Member States. According to the Estonian Constitution, the *Riigikogu* may submit the Treaty to a referendum as a national issue, the way European Union accession referendum was presented, when people were not asked to approve the Accession Treaty, but were posed the question "Are you in favour of the accession to the European Union and passage of the Act on Amendments to the Constitution of the Republic of Estonia?" This resulted in a Constitutional amendment.

The Estonian Government approved the Draft Treaty establishing a Constitution for Europe on 21 October 2004 and the Treaty was signed on 29 October 2004.

Estonia attaches great importance to informing the public about the Treaty, as it is also a good opportunity to raise the people's general knowledge about the EU as a whole. The State Chancellery's EU Information Unit has the central role in the co-ordination of

the informing process. An information plan has been outlined, including different media projects, information days, the publication of fact sheets and brochures, training sessions for journalists and for the representatives of rural areas. An important role will be played by non-governmental organisations.

Public opinion

As with European Union institutions, the *Riigikogu* and the Government are responsible for informing Estonian citizens of European developments and Estonia's participation in the EU decision-making process to ensure maximum awareness of European affairs. Information services are organised and co-ordinated by the State Chancellery's European Union Information Unit.

In Estonia, Internet resources are fully exploited; several EU information centres have been established all over the country, and the county governments have employed regional EU information officers. A great number of governmental institutions regularly publish information materials, which are available in libraries, information centres, county governments, etc. Support among Estonians for the European Union has remained stable at 66-71% of the population.

Estonian representatives in European institutions

European Commission

On 1 May 2004, Commissioner Mr. Siim Kallas from Estonia began his work in the European Commission. Siim Kallas continued his work as a Member in the new Commission that assumed office on 22 November 2004. He is the Commissioner for administrative affairs, audit and anti-fraud, as well as the Vice President of the Commission. europa.eu.int/comm/commission_barroso/kallas/index.htm

European Parliament

The European Parliament elections, which took place in Estonia on 13 June 2004, were a new and significant experience for the Estonians. The European Parliament has gradually gained a larger say in the EU decision-making process and the Treaty establishing a Constitution for Europe will increase its competency even more. Thus, the decisions made by citizens at European Parliamentary elections are of great importance.

Estonia has 6 representatives in the European Parliament: Mr. Toomas Hendrik Ilves, Mrs. Marianne Mikko and Mr. Andres Tarand of the Estonian Social Democratic Party (Socialist Group); Mrs. Siiri Oviir of the Centre Party (Alliance of Liberals and Democrats for Europe);



Estonian Prime Minister Andrus Ansip and President of the European Commission José Manuel Durão Barroso at the EU Summit 16-17 June 2005 in Brussels.



On 1 May 2005 the recent enlargement of the EU was celebrated in Luxembourg. One of the events was a fashion show of wooden clothes by Tanel Veenre, an Estonian artist.

Mr. Toomas Savi of the Reform Party (Alliance of Liberals and Democrats for Europe ALDE) and Mr. Tunne Kelam of the Pro Patria Union (European People's Party). www.europarl.eu.int

The work of the Parliament is performed in various committees. Currently, there are 20 permanent committees in the European Parliament. Mr. Ilves was selected as the Vice-Chairman of the Committee on Foreign Affairs. Mrs. Mikko joined the Committee on Culture and Education. Mr. Tarand is a member of the Committee on Industry, Research and Energy. Mrs. Oviir was selected for the Committee on Women's Rights and Gender Equality, as well as the Committee on Employment and Social Affairs. Mr. Savi joined the Committee on Development and Mr. Kelam joined the Committee on Regional Development.

Other institutions

Mr. Uno Lõhmus was nominated from Estonia as a judge to the European Court of Justice from 1 May 2004 until 6 October 2009. Mrs. Küllike Jürimäe was named

to the Court of First Instance until 2010. The Estonian representative in the Court of Auditors is Mrs. Kersti Kaljulaid, who is one of the rapporteurs in Group II "Structural and internal policies". Her mandate ends in 2010.

Representatives of Estonia's civil society are actively involved in the European Economic and Social Committee, and the representatives of Estonia's local governments are taking part in the work of the Committee of the Regions. Estonia has seven members in both of these committees.

Common Foreign and Security Policy of the EU

As a union of 25 states with over 450 million people producing a quarter of the world's Gross National Product (GNP), and with the wide range of instruments at its disposal, the European Union is inevitably a global player. [...] Europe should be ready to share in the responsibility of global security and in building a better world. (European Security Strategy, 12.12.2003)

Although the ideas of the Security strategy cited at the beginning of the article date back to 2003, the goal of the European Union's Common Foreign and Security Policy (CFSP) has from its inception (Maastricht Agreement, 1993) been the same: to strengthen security, to maintain a stable peace, to promote international co-operation and to develop democracy. The EU in the framework of the Common Foreign and Security Policy acts as a single block, where each Member State participates equally in all EU foreign policy actions and forms an integral part of the policy. While the common policy is being developed, Estonia has to take into consideration the opinions of other EU Member States and be ready for compromises. Our priorities have been set out in the "The Estonian Government's European Union Policy for 2004-2006": the enhancing of EU activities in diminishing security risks pursuant to the European Security Strategy, the ensuring of security in the EU neighbourhood, the supporting of economic growth, support for the democratic model of society based on market economy and strong transatlantic ties.

2004 was a period of numerous challenges for Estonia and the EU in the field of CFSP. After becoming a member of the EU on 1 May 2004, our apprenticeship came to an end (so far we had participated in the work of the working groups without the right to vote). For the European Union, this year signified discussions and decisions on directions, tactics and instruments with regards to dealing with other regions and third countries. For Estonia, the relations between the EU and Russia served as a kind of litmus test of the European Common Foreign and Security Policy. Estonia together with other new Member States has emphasised the importance of a unanimous policy. In this context, the ratification of the Protocol for Extension of the Partnership and

Co-operation Agreement by the *Duma* was important for the new Member States. The priority in relations with Russia for 2005 is to reach an agreement on the 4 common spaces (Common Economic Space, Common Space of Freedom, Security and Justice, Common Space of Co-operation in the Field of External Security, Common Space on Research, Education and Culture), which Estonia treats as a package.

In the framework of the European Neighbourhood Policy, Estonia made an effort to contribute more to the developing of relations with the EU and its eastern neighbours in 2004. The historical background of new Member States and the reform experience of the past 15 years are especially useful in developing relations with the EU's neighbours. Estonia has traditionally had more contacts and exchanges with the eastern neighbours (primarily Ukraine, Georgia, Moldova). In addition, Estonia has supported the states of the South Caucasus as a part of the European Neighbourhood Policy and in June 2004, the Council of the European Union decided to add these states. At the same time, Estonia considers co-operation with the southern neighbours important. In 2005 in the framework of the discussion of the EU's financial perspective for 2007-2013, Estonia is participating actively in the development of the European Neighbourhood and Partnership Instrument (ENPI), which would allow for the allocation of increased resources for the promotion of cross border and development co-operation.

One of Estonia's priorities, strong transatlantic relations, is also the key of the EU's foreign relations and CFSP: the major topics are the fight against terrorism, preventing the proliferation of nuclear weapons, the Middle East peace process and Iraq, Afghanistan, Iran and Western Balkans, and relations with strategic partners (for instance Russia). The aim of the EU is to contribute to the formation or strengthening of stability and democracy in the named regions. Estonia participates in the activity of working groups dealing with the corresponding regions and topics, in European Security and Defence Policy (ESDP) missions and provides humanitarian aid.

Estonian Security Policy

Estonia's contribution to global peace and security

Estonian security policy is based on the principle of the integrity of security, on the necessity for international security co-operation and on joint defence of democratic values. The guiding principle of Estonian security and defence policy is to be an active provider of security, through participating since 1995 in crisis management and peace support operations, led by different international organisations (NATO, UN, OSCE, the European Union). Stemming from its commitments undertaken when acceding to NATO, the "Development Plan of the Estonian Defence Forces" foresees as of the year 2010 to deploy and sustain up to 350 personnel per year in international peace support operations. In 2004 the number of personnel from Estonia taking part in international peace support operations was 326. On average 4% of the annual defence budget is spent on the participation in international peace support operations.

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Up to now, Estonia has sent different units into crisis areas: light infantry, military police, staff, medics, Explosive Ordnance Disposal (EOD), air movement control, military observation and transient maintenance/cargo handling units.

Estonia is currently participating in the following peace operations:

The Balkans – Estonia has been participating since 1999 in the NATO peace support mission in the rotation scheme of the Baltic-Danish Battalion of KFOR (Kosovo Force). The Estonian reconnaissance company will be rotated in the next round in February 2006. An Estonian military police unit ESTPATROL also operates in Kosovo in the Italian-led Multinational Specialised Unit of KFOR in Pristina.

Estonia participated in the Baltic Squadron within the Nordic-Polish Battle Group until 2003 in the ranks of the NATO-led Stabilisation Force (SFOR) in Bosnia and Herzegovina and is continuing its participation with the staff of the NATO headquarters in Sarajevo. SFOR has been taken over from NATO by the European Union and is continuing under a new name EUFOR (EU Force in Bosnia and Herzegovina). As a member of the EU, Estonia also contributes to EUFOR. By the end of this year it is going to enhance its contribution.

Afghanistan – Estonia has contributed to the fight against terrorism in Afghanistan since 2002 and is continuing

participation in the US-led operation Enduring Freedom. Beginning in 2003, Estonia is also participating in the NATO-led International Security Assistance Force (ISAF). For Estonia as a member of NATO the success of the Afghanistan mission is a priority. For that reason, Estonia is enhancing its participation in the ISAF mission and also plans to participate in a NATO Provincial Reconstruction Team (PRT) in Afghanistan.

Iraq – At the request of the Iraqi Interim Government, Estonia deployed a light infantry platoon ESTPLA to the operation IRAQI FREEDOM in June 2003. Replacement teams are sent to Iraq every 6 months. The Estonian Parliament extended the Estonian Defence Forces mission in Iraq until 31 December 2005. Estonia is also contributing to the NATO training mission in Iraq with means and a training instructor.

Estonia in NATO

Estonia's accession to the North Atlantic Treaty Organisation (NATO) as a defence organisation uniting democratic countries on 29 March 2004 has provided Estonia with the most real security guarantee and enables to participate efficaciously in ensuring freedom, democracy and international security. In that regard Estonian political forces have always been unanimous.

Estonia's participation in political-military co-operation initiated by NATO

EAPC- Euro-Atlantic Partnership Council

Since 1991, Estonia has participated in the North Atlantic Cooperation Council (NACC). In 1997, a new Euro-Atlantic Partnership Council (EAPC) was established building on and replacing the NACC. The Euro-Atlantic Partnership Council provides a basis for practical co-operation and consultation between NATO member countries and partner countries. Estonia has so far shared its experience in reforms with Ukraine, Georgia, Uzbekistan and the former Yugoslavia and continues to actively participate in the EAPC.

Partnership for Peace

The Partnership for Peace (PfP) initiative was launched at the 1994 Brussels Summit and Estonia has participated in it since its inception. This programme aims at enhancing peacekeeping capabilities and increasing the interoperability of the partner country's military forces with those of NATO through joint planning, training and exercises. Participation in the PfP has been



Admiral Pitka, the flagship of the Republic of Estonia, before beginning a mission as the staff and support vessel of the Standing NATO Response Force mines countermeasures group, 4 May 2005, Tallinn.

of a high importance to Estonia. As a member of NATO, Estonia highly values its own experience and supports a strong relationship, and enhanced co-operation between the Alliance and PfP Partner countries.

Reforms continue

An active membership in NATO will always remain Estonia's main security and defence policy priority. The Government approved the Estonian Defence Forces medium-term development plan for the years 2005-2010, in which similarly to other NATO member countries the stress is put on the development of mobile and sustainable armed forces, as well as on enhancing the capability of contributing to the international peace support operations.

Support to NATO membership

Support for NATO among Estonian citizens has reached its highest level and the number of ethnic Estonians supporting the alliance is particularly high. The Polling Centre Faktum's June 2005 survey showed that 78 per cent of all respondents supported NATO membership (accession), compared to 74 per cent in March 2005 and 72 per cent in October 2004.

To the question, how has Estonia's security situation changed after accession to NATO on 29 March 2004, 48 per cent of respondents answered that the situation has improved. 39 per cent considered the situation unchanged and 3 per cent believed the situation had worsened.

66 per cent of all respondents saw NATO membership as one of the most important Estonian security guarantees, this was followed by EU membership 50 and 44 per cent of respondents found good relations with Russia to be one of the most important.

The majority of the Estonian population continued to support maintaining or increasing national defence expenditures: 34 per cent thought defence spending

should be raised, 46 per cent would maintain it at the current level and 11 per cent would like to see defence funding cut back.

Bilateral and multilateral defence co-operation

By today Estonia has developed active bilateral defence co-operation with almost all NATO member countries and partner countries. Defence co-operation with NATO's major allies the USA, Great Britain, Germany and France has been and is of great importance. The closest co-operation has taken place between Estonia and its northern neighbours Denmark, Finland, Norway and its southern neighbours Latvia and Lithuania.

In connection with the common political goal – to achieve NATO membership – Estonia, Latvia and Lithuania have several successful trilateral defence projects created in the framework of the NATO PfP initiative based on NATO standards and regulations. The establishment, maintenance and enhancement of these projects were put into practice primarily thanks to comprehensive support from the Nordic countries.

Since all the Baltic States have by today become full members of the alliance, the security environment of the Baltic States has in many ways changed compared to the situation ten years ago and so also trilateral co-operation is undergoing changes in line with new goals and challenges emanating from NATO membership.

Major projects of the trilateral co-operation of the Baltic States:

BALTBAT and the Baltic States Land Forces co-operation

The Baltic Battalion (BALTBAT) was established in 1994 with the purpose of increasing NATO interoperability,



Estonian EOD (Explosive Ordnance Disposal) specialists participating in the ISAF (International Security Assistance Force) mission in Afghanistan, autumn 2004



Light infantry platoon ESTPLA 10 patrolling the streets of Baghdad, Iraq, March 2005.

as well as contributing to the development of national defence forces and security. Furthermore, it provided the basis for participation in international peace support operations, including in the Balkans. Since BALTBAT's initial goals were successfully reached, the emphasis of further Baltic States Land Forces co-operation is placed on the development and training of National Infantry Brigades.

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BALTRON is an example of successful Baltic naval co-operation. The squadron was established in 1998 to enhance Baltic naval capabilities by activating a beneficial and cost effective common project. Now, after Baltic membership in NATO, BALTRON will serve as a part of a training structure for NATO's Mine Countermeasure (MCM) unit. Baltic naval co-operation has provided a basis for one Estonian, Latvian or Lithuanian ship to be at the disposal of NATO immediate reaction forces on a rotating basis. An Estonian staff ship will be the first to serve that purpose.

BALNET (established in 1998). BALNET is a system for acquisition, co-ordination, distribution and display of air surveillance data for the three Baltic States with the Regional Airspace Surveillance Co-ordination Centre (RASCC) being based in Lithuania.

BALTDEFCOL The Baltic Defence College was established in 1998, to educate mid career officers from the defence forces of the Baltic States and other countries in Joint Command and General Staff Courses. In the 2004/05 school year students from 23 nations from Europe, America and Asia were studying here.

Co-operation with other organisations

On 17 September 1991 Estonia joined the United Nations (UN). Estonia fulfils the main purpose of the UN, the ensuring of international peace and security pri-

marily by contributing to the international fight against terrorism and to the UN peacekeeping.

Two Estonian military observers participate in the UN peacekeeping mission UNTSO in the Middle East. Estonia has also participated in the training of the UN peacekeepers, for instance in the spring of 2005 Estonia arranged in co-operation with the UN Department of Peacekeeping Operations, MTC (Military Training Cell) a course in Tallinn, the goal of which was the training of instructors for the in-mission training of the UN peacekeeping missions.

Estonia has acceded to 12 UN conventions against terrorism and started preparations for the accession to the last convention adopted by the UN General Assembly in April 2005 - International Convention on the Suppression of Acts of Nuclear Terrorism.

In 1991 Estonia joined the Conference on Security and Co-operation in Europe (CSCE, which in December 1994 became the Organization for Security and Co-operation in Europe, OSCE). In the field of military and security co-operation Estonia actively participates in co-operation pursuant to the Vienna Document and has recently acceded to the Open Skies Agreement. In addition, Estonian experts participate in the work of the OSCE missions, contributing this way to the enhancing of stability and security in the Western Balkans and South Caucasus.

More detailed information at:

Foreign Ministry: www.vm.ee

Defence Ministry: www.kmin.ee

Peace Operations Center: www.rok.ee



Estonian Foreign Minister Kristiina Ojuland and U.S. Secretary of State Condoleezza Rice at the meeting of NATO Foreign Ministers, 9 December 2004, Brussels.

Regional Co-operation in the Baltic Sea Region; Baltic Co-operation

Regional co-operation in the Baltic Sea region has taken place in the framework of the Council of the Baltic Sea States (CBSS) established in 1992. The format of the co-operation between the Baltic and Nordic countries is called the Nordic-Baltic 8. Estonia, Latvia and Lithuania co-operate in the Baltic Council of Ministers (BCM) and in the Baltic Assembly (BA). Of course, institutional mutual co-operation is also regulated by several trilateral co-operation agreements. The Estonian, Latvian and Lithuanian Presidents meet regularly.

The Governments of 11 countries and the European Commission co-operate in the Council of the Baltic Sea States. In addition to the Baltic and Nordic countries, Germany, Poland and Russia also belong to the organisation. The main goal of the organisation is to back economic and non-military security development in the region. That means joint activities in the fight against organised crime, border guard and customs co-operation, economic co-operation, IT development, environmental protection and in several other fields. Sub-regional and cross border co-operation is also of great importance. The CBSS has developed into a regional umbrella organisation co-ordinating the co-operation between the member states in all fields. The Foreign Minister of the chairing country heads the Council. In addition to Foreign Ministers, Ministers of other sectors meet as required. A meeting of the Heads of Government of the Baltic Sea states takes place biannually.

Estonia chaired the working group of the democratic institutions of the CBSS from July 2004 to June 2005. The aim of the working group was the promotion of democratic values and principles, and the support of the development of democratic institutions in the Baltic Sea region. The programme used in chairing the working group focused on the following topics for Estonia's CBSS Presidency: preliminary custody and the situation of prisons in CBSS member states; co-operation with civil associations; national institutions treating human rights; equal rights and good practices in public administration.

In connection with the developments in the region, particularly in connection with the enlargement of the European Union, recent discussions in the CBSS have taken place on the future of regional co-operation and the CBSS. The members of the CBSS consider this institution to be important. Sub-regional and cross border



Foreign Minister Urmas Paet at the Foreign Ministers meeting of the Council of the Baltic Sea States in Szczecin, Poland, 10 June 2005.

co-operation are envisaged as new forms of regional co-operation. The role of the CBSS as a developer of the dialogue and co-operation between EU and Russia is becoming all the more important. The CBSS also serves as an appropriate forum for its members to define their interests in the framework of the EU's Northern Dimension.

The co-operation between Sweden, Finland, Norway, Iceland, Denmark, Estonia, Latvia and Lithuania in the NB8 (Nordic-Baltic) format takes place primarily in the form of Prime Ministers meetings (last met 31.10.2004 in Stockholm) and Foreign Ministers meetings (last met 26.08.2004 in Palanga), but more and more in the form of annual meetings of other Ministers. Co-operation between the Baltic and Nordic countries is developing towards a continued expansion of relations, attested to by diversification of the co-operational spheres as well as by the increasing number of joint projects. Thus, it is definitely in Estonia's interests, that the three Baltic States and the five Nordic countries jointly develop the NB8 co-operation framework without strict institutionalisation. The objective would be the promotion and establishment of co-operation in certain defined

spheres – in which, all eight states are convinced of the need for co-operation and the existence of common interests. The Estonian Government has shown a concrete interest in continuing and deepening co-operation in the spheres of environmental protection of the Baltic Sea, marine activity (sea navigation, ports), maritime rescue, aviation, road transport, education (creation of a common educational space), work with the youth and children, food safety, border guard, migration and regional administration.

The intertwining of the economies of the Baltic and Nordic countries is continuing at a high pace, which makes regional co-operation natural and inevitable. Telling examples of economic integration between the Baltic and Nordic countries are growing trade and mutual investment. For example, over 58% of Estonia's exports and almost a half of its import trade (approximately 45%) takes place with the Nordic and Baltic countries. Three quarters of the foreign investments made in Estonia come from these states and more than three quarters of Estonia's own investments are directed towards the same states. Another significant indicator of Baltic and Nordic economic integration is the continuous founding of companies with a domestic market spanning the 5+3 area.

The Nordic Council of Ministers (NCM) has played an important role in Nordic-Baltic co-operation, through whose representations educational, cultural, social and economic projects are realised. Attention is also given to the economical use of resources. Co-operation between Estonia, Latvia, Lithuania and the NCM has entered a new qualitative phase, where co-operation takes place between equal partners. The Baltic States became members of the Nordic Investment Bank as of 1 January 2005 (agreement of accession was signed 12.02.2004 in Helsinki). Thus, the close co-operation that began in 1994 has obtained its modern and necessary follow-up, since participation in the NIB allows Estonia to share responsibility with its partners in the region. This historic step is Estonia's first full membership in one of the several Nordic co-operation organisations. Co-operation in institutions based on different models is at the core of continuous regional integration between the Nordic and Baltic countries. So for instance, Professor Martin Zobel of the University of Tartu represents the Baltic States in the newly created Nordic Research Board as an observer.

Co-operation between the Nordic and Baltic Parliaments is based on contacts made in 1989 between the BA and the Nordic Council (NC). Two co-operation agreements have been signed between the BA and NC

(1992 and 1997) and five joint sessions have been held; the last one took place from 28-29 April 2005 in Pärnu.

Institutional co-operation between the Baltic States began with the signing of the Agreement on Mutual Understanding and Co-operation between Estonia, Latvia and Lithuania in 1934, but in 1990 a new foundation was laid for the modern co-operational institutions. It was decided to establish a co-operational body between the Governments and Parliaments of the Baltic States – the Baltic Council (BC). From here grew the parliamentary Baltic Assembly (1991), the intergovernmental Baltic Council of Ministers (BCM, 1994) and the Baltic Presidential Council (1993) consisting of the Heads of State. The BC continues as an annual joint meeting of the BC and BCM held in late autumn in the presiding country. The BA also awards an annual prize in literature, art and the sciences.

Estonia, Latvia and Lithuania closely co-operate in many fields. During the Estonian Presidency, the Baltic Council of Ministers has obtained a new and simpler structure, which in addition to achieving better results in the renewed trilateral co-operation will facilitate a wider regional co-operation orientated towards the Nordic countries, as well as co-operation in the field of European integration. Baltic co-operation focuses on the issues of transport infrastructure, energy, environmental co-operation and co-operation in domestic issues. Also important is well functioning co-operation in security and defence policy, which is favourable because of the similar security situation in the region and membership in NATO. At present, three military oriented joint projects are active – the Baltic naval squadron BALTRON, the Baltic air surveillance system BALTNET and the joint defence college BALTDEFCOL. Baltic co-operation will continue playing an important role in regional co-operation in the Baltic Sea region, for that reason Estonia is convinced of the necessity to continue developing intergovernmental co-operation between the Nordic and Baltic countries and as the Presidency of the BCM it will do its utmost for the smooth functioning of co-operation.

Development co-operation

Estonia has treated development co-operation as an aspect of foreign policy since 1998. Estonia has assumed the role of a donor state, working together with other nations at an international level to promote general stability and the growth of well-being, this despite Estonia's limited ability to supply monetary support. Estonia's development co-operation is based on inter-state partnerships and takes into consideration the interests of all parties. The general aim is to achieve global developmental goals.

To achieve these goals, Estonia primarily uses technical help and offers support to its partners. We have been successful in building up the country's infrastructure in a short period of time and as a result, our expertise is preferred in this field compared to other donor states. Currently countries, which are undergoing similar reforms, are interested in Estonia's prior experience, for example the undertaking of economic reform, the widespread adoption of information technology, the integration with international organisations and generally the development of a democratically functioning society. In addition, the sharing of knowledge related to native populations is important.

As proof of the necessity of our work and its productivity, the number of partner countries wishing to collaborate is ever increasing. Positive experiences and assessments of our projects have helped to increase participation and as a result the amount of themes has also expanded. Our partners have highly valued Estonia's neutral position and open mindedness with the carrying out of partnership projects; we have achieved good mutual understanding because we only recently were receiving active support and knowledge ourselves and while helping others we use the knowledge gained from our own experiences.

Estonia's development co-operation programmes focus mainly on Eastern and South-Eastern Europe and the Caucasus. In 2004, public officials along with private and third sector representatives from the following countries received valuable knowledge from Estonia's experiences: Ukraine, Russia, Moldova, Armenia, Azerbaijan, Georgia and Uzbekistan. Non-governmental organizations, which carry out a majority of the projects, are important partners in the planning of development co-operation.



The victims of the Beslan tragedy, children and their assistants (47 people altogether), at their 3-week rehabilitation stay in Estonia, March 2005.



In 2004, Estonia provided humanitarian aid to the Darfur region refugees of Sudan.

In addition to supporting the partner states' economic and social development, Estonia will also help those nations, which are plagued by natural disaster or armed conflict. Providing humanitarian aid is one of the highest forms of solidarity between people and nations. At the same time, it is an inseparable part of development co-operation politics. In recent years, Estonia has provided humanitarian relief to Afghanistan's refugees, for flood relief in the Czech Republic and to improve the living conditions of Iraqi civilians. Through the UN, we provided help to Iran's earthquake victims in 2004. With the help of the International Red Cross, we supported Tsunami victims in South and South-East Asia. We supported the International Red Cross in the Beslan hostage crisis to help rehabilitate children. Also, through the Estonian Red Cross, we have helped to provide the vaccine against hepatitis A for children in Russia's Pskov Oblast. We have provided support for the improvement of the refugee situation in the Darfur region of Sudan. Estonia has made special donations in 2004 and 2005 through the UN High Commissioner for Refugees.

It has also become a tradition to financially support the operations of international organisations that are involved in various areas of development co-operation (UN Agencies, the International Red Cross Committee).

Parallel to development and humanitarian aid, it is also important and necessary to inform the Estonian population of our own participation in such developments and events. Informing the public increases social solidarity and supports the achievement of desired goals. In 2004, we re-started what was until now a quite reserved public information system: we handed out a

development co-operation information booklet and supported a project carried out by two non-governmental organisations introducing the fundamentals of fair trade, and the creation and development of Internet sites with themes related to development co-operation. Through the sites, we are able to distribute this information to the general public. In the beginning of 2005, there was a study done on public opinion concerning development co-operation. It was the first of its kind and it confirmed society's clear support for Estonia's further activities in the field of development co-operation. The results of this study are on the Foreign Ministry's website.

Additional information www.vm.ee/eng/kat_178/

External Economic Policy

Estonia's economy is open, stable and very rapidly developing; external trade is facilitated by the absence of barriers and by granting equal opportunities to domestic as well as foreign businesses and capital.

In the mid 90s, the European Union became Estonia's major **trade** partner. That partnership has been laid down on a solid legal base by the Europe agreement between Estonia and the European Union, which opens more opportunities for the deepening of wide economic co-operation than free trade agreements. In 2004, 79% of Estonian trade took place with members of the European Union and 85% of foreign investments have as of 31 December 2004 come from European Union member states. Estonia exports mainly machinery and equipment, wood and wood products, textile and textile products to the European Union countries. The scope of products is very wide, spanning from Estonian-designed and constructed furniture to ready-to-wear clothes to laser technology.

As of 1 May 2004, those doing business in Estonia or trading with Estonia will be subject to EU rules. Upon its entry into the EU, Estonia began to implement the EU's common external trade policy, including trade agreements signed by the EU with third countries, and other agreements, like customs tariffs, etc.

The EU acquis, which came into force as of 1 May 2004 is complemented by agreements on the avoidance of double taxation with several countries. The Estonian Commercial Code treats domestic and foreign investors equally. In addition, agreements on the protection of investments have been signed with several countries.

Estonia's **financial system** has since 1992 been based on a fixed Currency Board system. The Estonian kroon is by law pegged to the euro, at first to the *Deutsche Mark*. Upon Estonia's accession to the EU on 1 May 2004, Estonia also became a member of the European Economic and Monetary Union, in the framework of which the European common currency is to be adopted. As the first step towards the accession to the euro, Estonia acceded to the Exchange Rate Mechanism II (ERM II) in 2004. Participation in ERM II will last for two years with the purpose of ensuring the meeting of the Maastricht criteria. Estonia's conservative monetary and fiscal policy has ensured the readiness and should enable Estonia to accede to the euro in the second half of 2006.

The World Economic Forum's *Current Competitiveness Index 2004-2005* ranks Estonia 20th among 104 countries. Estonia is ranked the most competitive of the new Euro-



Port of Tallinn

pean Union member states. The survey among business leaders measured economic competitiveness based on a combination of technology, the quality of public institutions and the macroeconomic environment.

Transparency International ranks Estonia 27th out of 158 countries. Among members of the European Union, Estonia places 15th, ranking second after Malta, the least corrupt country among the EU newcomers.

Estonia has proved itself to be a high quality and competitively priced link between land and marine **transit** in the Baltic Sea region. Estonia has intense **transport and telecommunications connections** with all the countries of the region. In the summer period, over 30 ships sail daily between Tallinn and Helsinki. Wide spread ADSL connections offered by all telecom companies, mobile pay parking, the use of ID cards as bus tickets attest to Estonian society's IT preparedness. Good transport conditions and telecom connections grant entrepreneurs an almost ideal opportunity to operate regionally from Estonia. Transit between Europe and Russia is also relatively essential, opportunities are envisaged for prospective co-operation with the Asian countries.

Estonia and the world economy

Estonia has since 1991 joined almost all relevant financial and economic organisations. An important milestone was the accession to the **WTO** in 1999. As a full member of the organisation, Estonia joined in the every day work of the WTO, participating in the sessions of the WTO councils, committees and working groups, taking part in multilateral trade negotiations and in the accession process of new members. As of 1 May 2004, Estonia as a member of the European Union

participates in the multilateral trade system and work of the WTO through European Union structures. While acceding to the EU, Estonia took on all of the EU's commitments and rights in the WTO. Estonia continues to be a member of the WTO, but is represented by the European Commission at negotiations, since the European Union's external trade policy is in its competence.

The Organisation for Economic Co-operation and Development – **OECD** performs an important role in Estonia's integration into the world economy as well as in transatlantic co-operation. Estonia's accession applications have been accompanied by close co-operation in different fields of the economy. The most important co-operation instrument has been the Baltic Regional Program (BRP) as of 1998, in the framework of which Estonia has had an opportunity to participate in an economic political dialogue with all 30 OECD member states. The fulfilment of the BRP and the termination of the program in 2004 serve as an introduction into the initiating of new strategic co-operation.

Estonia's **control system for strategic goods** meets the requirements of the EU Member States. The new Strategic Goods Act which regulates, more thoroughly than before, the import, export and intermediation of military and dual use goods came into force on 5 February 2004. This will ensure a more efficient protection of Estonia's security interests as well as improve Estonia's capability to fight against the proliferation of the weapons of mass destruction and against international terrorism.

Estonia has joined the principal international organisations co-ordinating the control of strategic goods such as the Wassenaar Arrangement, the Australia Group and the Nuclear Supplier Group.

Main trade partners in 2004 as a % of total trade

Country	Exports	Country	Imports
1. Finland	23.1	1. Finland	22.1
2. Sweden	15.3	2. Germany	12.9
3. Germany	8.4	3. Sweden	9.7
4. Latvia	7.9	4. Russia	9.2
5. Russia	5.6	5. Lithuania	5.3
6. Lithuania	4.4	6. Latvia	4.7
7. Hungary	3.7	7. Netherlands	3.6
8. United Kingdom	3.6	8. Poland	3.3
9. Norway	3.3	9. Denmark	2.6
10. Denmark	3.3	10. Italy	2.4
Others	21.2	Others	24.1

Main exports and imports in 2004 as a % of total trade

Commodity Group	Exports
Machinery and appliances	27.3
Wood and articles of wood	13.1
Textile products	9.0
Metals and articles of metals	7.9
Agricultural products and food preparations	7.8
Transport equipment	6.1
Raw materials and products of chemical industry	4.7
Mineral products	4.6
Articles of plastics and rubber	2.5
Paper and articles of paper	2.1
Others	14.9

Source: Statistical Office of Estonia www.stat.ee

Commodity Group	Imports
Machinery and appliances	28.7
Transport equipment	12.0
Metals and articles of metals	11.1
Agricultural products and food preparations	9.1
Mineral products	6.9
Raw materials and products of chemical industry	6.9
Textile products	6.8
Articles of plastics and rubber	4.8
Wood and articles of wood	3.3
Paper and articles of paper	2.3
Others	8.1

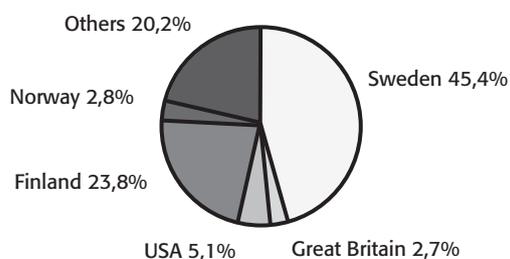
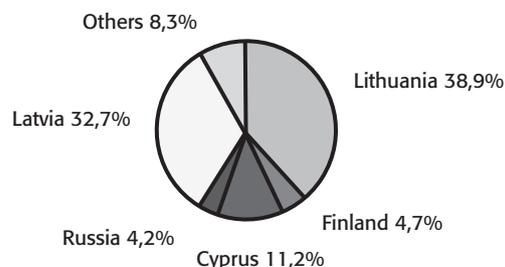
Direct investment position in Estonia by countries as of 31 December 2004

Country	Million EUR	% of total
1. Sweden	3351.0	45.4
2. Finland	1755.8	23.8
3. USA	377.1	5.1
4. Norway	209.0	2.8
5. Great Britain	202.4	2.7
6. Netherlands	193.3	2.6
7. Germany	158.7	2.1
8. Denmark	155.6	2.1
9. Russia	144.5	2.0
10. Austria	108.6	1.5
Others	724.0	9.9
Total	7380.7	100.0

Source: Bank of Estonia www.bankofestonia.info

Estonia's direct investment position abroad by countries as of 31 December 2004

Country	Million EUR	% of total
1. Lithuania	404.7	38.9
2. Latvia	340.1	32.7
3. Cyprus	116.5	11.2
4. Finland	48.8	4.7
5. Russia	43.4	4.2
6. Italy	33.2	3.2
7. Ukraine	28.2	2.7
8. Portugal	5.2	0.5
9. Poland	4.7	0.5
10. Kazakhstan	3.6	0.3
Others	11.8	1.1
Total	1040.2	100.0

Direct investment position in Estonia by countries as of 31 December 2004**Estonia's direct investment position abroad by countries as of 31 December 2004**

Estonia

Estonia at a Glance

Official name: Republic of Estonia

Short form: Estonia

National Day: Independence Day, February 24, 1918
when Estonia declared independence

Estonia became a **NATO member state** on 29 March 2004

Estonia became a **European Union member state**
on 1 May 2004

Geography

Area: 45 227 km²

Climate: humid-temperate

Number of islands: 1 521. Largest islands are
Saaremaa, Hiiumaa and Muhu

Highest point: *Suur Munamägi* (Great Egg Hill), 318 m

Temperature range (average daily): -7.1°C in January
2004 and +16.7°C in July 2004

Population

Population: 1.351 million (as of 1.01.2005)

Population density: 30 inhabitants per square km

The proportion of **urban population in 2004:** 69.3%

The proportion of **rural population in 2004:** 30.7%

Largest ethnic groups: Estonians (68%), Russians (26%),
Ukrainians (2%), Belarussians (1%) and Finns (1%)

Main Cities

The **capital** of Estonia is **Tallinn** (2004, population
396.4 thousand or 29.3% of total population).

Other large cities and population (thousands):

Tartu - 101.3

Narva - 67.4

Kohtla-Järve - 46.3

Pärnu - 44.6

Currency

The Estonian Kroon (EEK), 1 Kroon = 100 sents
1 EUR = 15.65 EEK

Tax system

24% flat income tax, reinvested corporate profit is tax
free; 18% VAT



The tower Pikk Hermann in Tallinn.

Language

The official language in Estonia is **Estonian**, which belongs to the Finno-Ugric language family and is closely related to Finnish. As foreign languages, English, Russian, German and Finnish are widely spoken and understood.

Religion

Since the Reformation movement in the 16th century, the Lutheran church has played the leading role in Estonia. Other larger active confessions are: Greek Orthodox, Russian Orthodox, Baptist, Methodist and Roman Catholic.

State and Symbols

Type: parliamentary democracy

The **Constitution** of Estonia entered into force in 1992 and is, in a number of ways, a compilation of aspects of Estonia's previous constitutions. It has continued the democratic spirit of the 1920 Constitution, with some added mechanisms to maintain the balance of power of the state institutions.

Head of the State is the President. Current President: Mr. Arnold Rüütel. Next elections: September 2006.

The President has mainly representative functions, although he still retains a number of executive powers. The President may veto a parliamentary bill and have it sent back for revision, and his signature is required when appointing the Ministers of the Government. He is also empowered to present the Parliament with the names of several higher officials. The President is also the supreme commander of the armed forces.

The President is elected for a 5-year term by the Parliament. If a sufficient majority of votes is not forthcoming, an electoral college which consists of representatives of local governments and members of the Parliament elects the President.

National legislature: the *Riigikogu*. A unicameral parliament of 101 members. With the term of 4 years. Next elections for the 11th *Riigikogu*: March 2007.

Head of the Government: Prime Minister, currently Mr. Andrus Ansip (Reform Party)

The executive power of the state – the Government is responsible to the Parliament.

Appointment to the office of the Prime Minister and withdrawal of the Government lies within the competence of the Parliament. The Government also enjoys a stabilising guarantee – the right to dismiss the Parliament with the consent of the President and call new elections if the Parliament expresses no confidence in the Government.

Highest judicial power: Supreme Court

The court system is divided into three levels: county courts and city courts, circuit courts of appeal and the Supreme Court which also functions as the constitutional court.

The Estonian judicial system is based primarily on the German model, especially within the field of civil law with which it has direct historical links. The courts are independent, judges are appointed for life and may not take up any other appointed public offices.

Estonian law and order is subject to international law, whose general principles are incorporated into Estonian law. According to its Constitution, Estonia is an independent sovereign state whose international agreements take precedence over national law.

Other institutions

The Constitution provides for a national bank, independent of the government, which operates as the bank of issue. It also provides for the office of the Legal Chancellor whose task is also to be Ombudsman. The third office

is that of the office of the Auditor General. These three offices are appointed by the Parliament at the proposal of the President, but in their functioning they are independent government officials and cannot be dismissed by the Parliament before serving a full term.

The Constitution provides for two further types of government with a large degree of autonomy - local governments and cultural self-governments of ethnic minorities. The significant fact is that all permanent residents, regardless of citizenship, are eligible to vote in the local elections.

Administrative division: 15 counties, 202 rural municipalities and 39 towns. Next elections for local authorities: October 2009.

Symbols

The **Estonian coat-of-arms** has ancient roots and resembles both that of Denmark and of England. The three blue leopard-like creatures on a gold background were first used in 1219 as part of the coat-of-arms of the city of Tallinn and, later in history, of the Estonian province. In 1925, what is called the three lion coat-of-arms finally became the national coat-of-arms.

The origins of the **Estonian flag** lie within the national movement. In 1881, the Estonian Students' Union adopted blue, black and white as the colours of their student fraternity. At the end of that century, the colours became those of the nation. In 1920, Estonia conceived its flag in the same colours.

The colours of the flag

Blue - the sky, loyalty to one's homeland

Black - the soil, diligence

White - simplicity, purity, hope for the future

The Estonian **national anthem** has a joint history with that of our northern neighbour, Finland. The tune for the two national anthems is identical and was written by Frederick Pacius, himself of German origin. The words originate with a leading figure in the Estonian national movement of around the turn of the 19th century,

J.W. Jannsen. It is worth noting that during the Soviet occupation, the Estonian coat-of-arms, flag and national anthem were forbidden, and those using them were sentenced to long prison terms.

The Estonian **national flower** is the cornflower.

The Estonian **national bird** is the swallow.

The Estonian **national stone** is limestone.

History at a Glance

In the area that now forms present-day Estonia, the first settlements occurred some 11,000 years ago, after the ice cap retreated.

13th century, first half.

During the 12th century the Baltic region had been in the hands of the Teutonic Knights. Estonia was incorporated into Christendom at the beginning of the 13th century, under the pressure of crusaders from Germany and Denmark.

14th century.

In the Baltic region, power was now in the hands of the **Hanseatic League**. Several Estonian towns and cities belonged to the League, including Tallinn (Reval), which had received its city charter as early as 1248.

16th century, first half.

The Reformation reached Estonia, which from then on remained a part of the Lutheran cultural space.

16th century, second half - 17th century.

From 1558 onwards, Estonia became the battleground for a war involving Denmark, Sweden, Russia and Poland. Sweden came out as winner, and Estonia remained under her sphere of influence until the beginning of the 18th century. During Swedish rule, the **first university** in Estonia was founded in Tartu in 1632.

18th century.

The Great Northern War left Estonia under Russian rule (1721). Estonia became a window through which Peter the Great wished to gain access to Europe.

19th century.

Numerous national movements took place in Europe. In Estonia, the period of national awakening commenced. In 1862, a **national epic "Kalevipoeg"** was published.

1918.

On 24 February the **Estonian Republic** was proclaimed. At first this was merely a decision made on paper. True independence was fought for over the period 1918 to 1920, during the War of Liberation. The struggle was crowned with success, and a treaty was finally signed with Soviet Russia, which revoked in perpetuity all claims over Estonia.

1918-1939.

This was the period of the first sovereign republic. During independence, Estonia established diplomatic relations and made its existence felt throughout Europe. Independence was curtailed by the signing of the Pact between Nazi Germany and the Soviet Union in 1939.

1940-1991.

Following the Soviet occupation in 1940, Estonia was occupied by Nazi Germany from 1941 until 1944. The Soviet Union incorporates Estonia in the autumn of 1944. A large proportion of the population fled abroad. Many others were arrested and deported to Siberia. Those who remained, had to adjust to a new way of life.

The end of the 20th century.

Estonia succeeded in regaining independence by way of the Singing Revolution of 1988. Estonia is again a fully independent nation since 1991.

2004.

Estonia became a **NATO member state** on 29 March 2004 and a **European Union member state** on 1 May 2004.



Raising of the Estonian Flag at NATO Headquarters in Brussels, 2 April 2004

Integration

Ethnic diversity, cultural diversity

Estonia's population is 1.35 million (as of 1.01.2004). More than 140 different nationalities and ethnic groups are represented in Estonia. The largest ethnic groups are (as % of the total population): Estonians 68%, Russians 25%, Ukrainians 2%, Belarusians 1 %, and Finns 1%.

The 2000 census found that 109 languages are spoken in Estonia. 83.4% of Estonian citizens speak Estonian as their mother tongue, 15.3% - Russian and 1% speak other languages.

Different nationalities have always lived together in Estonia. Before the World War II, national minorities constituted about 12% of the population of Estonia. The largest minority groups in 1934 were Russians, Germans, Swedes, Latvians and Jews. Tolerance and democracy are illustrated by the Law on the Cultural Autonomy for National Minorities, passed already in 1925, which was not only the first in Europe at the time, but also very progressive. German and Jewish organisations took advantage of the chance to establish their cultural autonomy and were active until the Soviet occupation in 1940.

Before World War II, Estonia was a relatively homogeneous society – national minorities constituted about 12% of the population. The largest minority groups in 1934 were Russians, Germans, Swedes, Latvians, Jews, Poles, Finns, and Ingrians. During the course of the Second World War, the composition of the Estonian population changed quite a bit. The majority of Baltic Germans and Swedish minority groups fled Estonia. At the same time, tens of thousands of Estonians fled west. After the war and as a direct result of Sovietization, the demographic situation changed drastically. As a result of the Soviet Union's forced immigration policies the proportion of Russians grew and they formed new national groupings, for example Ukrainians, Belarusians, Ingrian Finns and others. When in 1934, non-Estonians accounted for 12% (8.2% Russians) of the population; then by 1991 this figure reached 39% or around a third of the population.

The Cultural Autonomy Law and the Constitution of 1939, define the legal status and rights of national minorities living in Estonia and guarantee them opportunities for the preservation of their language and cultural distinctiveness, above all through the organisation of education and the activities of societies in their mother tongue. Ingrian Finns were the first national minor-

ity who established cultural autonomy in Estonia in 2004. In 1988, Estonia ratified the Council of Europe's Convention protecting International rights of minority groups. As one of the responsibilities, members to this convention must ensure the educational as well as cultural interests and well being of different ethnic minorities. More than 150 ethnic cultural societies and organisations have been registered to date. Each one of them has the right to receive a national allowance. In 2005, 3.2 million EEK was set aside for this purpose.

Estonia is one of the few European Union countries, where there is a multi-lingual public school system. About 23% of all Estonian schoolchildren are attending Russian-language primary and secondary schools. 10% of higher education students study in Russian. A Jewish Secondary School funded by the public school system also exists.

33 Russian newspapers and 28 magazines are published in Estonia (Source: The National Library www.nlib.ee) Of the three television stations broadcast all over Estonia, two of them host regular Russian language programmes. There are 6 Russian language Radio Stations, of those, one is public, offering programmes in Ukrainian, Belarusian, Armenian and Yiddish. Russian is also widely represented by Estonian websites on the Internet as well as on the websites of many state and public institutions. There are also numerous Russian language Internet portals and web-media publications.

Integration framework

Beginning in 1997, the Estonian government has taken important political and administrative steps to integrate non-Estonians into Estonian society

- In May 1997, the Population Minister's post was created, among his functions are dealing with issues related to integration matters.
- In March 1998, the Estonian Integration Foundation was founded to develop and coordinate the integration process.
- In March 2000, the Estonian government approved the national programme „Integration in Estonian Society 2000-2007.”

A result of the support of the Integration Programme the **Estonian society model is multicultural**. The integration process in Estonian society is clearly a **bilateral process where Estonians and non-Estonians participate in harmonising society**. One of the main goals of



Picture from the programme „Unetus”: A discussion programme aimed at answering questions related to integration issues, celebrated its hundredth episode in March 2004. The experiment of a bilingual programme showed that what really counts is differing opinions, not so much one's mother tongue or nationality. This programme is unique in its format, composition and interviewing style, and has attracted a large number of viewers both Estonians and non-Estonians.

integration is to reduce the number of people living in Estonia with undetermined citizenship. In May 2004, the Government approved the new action plans of the integration programme for the years 2004-2007, which is aimed at naturalising at least 5 000 people a year.

The Integration Foundation supports integration projects submitted by local governments, businesses and non-profit organisations. From 1998 to 2004, more than 400 NGO-projects have been financed. The integration projects are financed through various resources from the state budget and also through external resources.

The following programmes are supported through various project competitions:

- **Estica** – Estonia as a Homeland
- Support of Cultural organizations and Sunday Schools
- **Estonian language camps and family learning programmes.** In the family learning programmes adult non-Estonians can live with an Estonian family up to two months.
- **The support of non-Estonian Students** at Estonian schools
- **Informing the general public** – professional training

and schooling of journalists and editors on integration related themes, the further development of media related education at schools; support of minority language radio programmes.

- **Studies** - The effective planning and organisation of studies conducted on the part of the integration programme.

The foundation organizes the activities of international support programmes. The European Union's Phare programme will continue to support the project "Estonian courses and teaching methods for residents whose primary language is not Estonian". In addition to supporting the language programmes, they are constantly improving the training of teachers, setting up the conditions to teach Estonian at trade schools and in kindergartens. Late language immersion is also being supported at 20 different Russian language schools. The European Social Fund is financing a project to support and expand Estonian language teaching and educational resources at foreign language trade schools, and also to train the workforce under the objective of improving the essential language skills of workers. With the support of the European Union's "Transition Facility," the project "The non-citizenship action plan for the period 2005-2007" will be introduced. Under the

framework of the project, new emphasis will be geared towards an information campaign to promote the acquisition of citizenship and towards the schooling programme.

The foundation coordinates two centres, whose activities are administered through a partnership agreement with the Ministry of Education and Research.

Citizenship

The Republic of Estonia, established in 1918, lost its independence when it was occupied by the Soviet Union in June 1940. After the independence of the Republic of Estonia was restored in 1991, on the basis of legal continuity of statehood, Estonia was able to reinstate the right of its legitimate citizens. In February 1992, the Citizenship Law of 1938, based on the principle of *ius sanguinis* (blood relationship), was reapplied. After the restoration of Estonia's independence, persons who held Estonian citizenship before 16 June 1940 and their descendants were automatically considered to be Estonian citizens. All other Estonian residents could obtain Estonian citizenship through the naturalisation process. At the same time, all Estonian residents, who had been Soviet citizens, had the right to register themselves as citizens of Russia, the USSR's successor state or to choose any other citizenship. Estonia's position is that citizenship cannot be forced on anyone and that everyone has the right to choose his or her citizenship. The Estonian Government encouraged persons of undetermined citizenship to either apply for Estonian citizenship or choose another citizenship (Russian, Ukrainian, etc.).

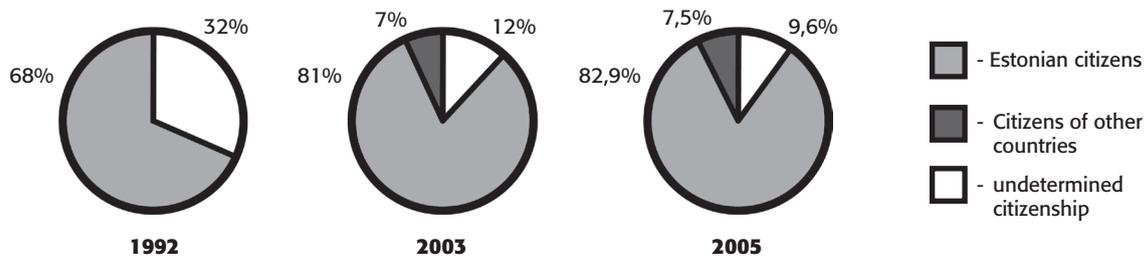
The Estonian Government actively promotes the acquiring of Estonian citizenship through naturalisation, thus reducing the number of persons with undetermined citizenship. The Government is constantly dealing with this matter and has made the acquisition of Estonian citizenship easier in many ways, especially for children.

In 1992, almost one third of the Estonian population had not determined their citizenship. They were sent here over the course of 50 years from various parts of the Soviet Union. As a result of the documentation of undetermined citizens, beginning in 1993, many became Estonian citizens or in some cases citizens of another country. As a result of this the number of undetermined citizens declined from 32% to 9.6%. Between the years 1992-2005 (October), 136,953 people have been naturalised, the majority of whom used the opportunity already in the beginning of the 1990s. In 2001, 3,090 people were naturalised, in 2002 – 4091 individuals, in 2003 – 3706 individuals and in 2004 – 6,523.

82.9% of the total Estonian population are Estonian citizens, 7.5% are citizens of another country. And 9.6% - have undetermined citizenship status. As of 1 October 2005, Estonia has 1,392,000 inhabitants (source: Ministry of the Interior). Of them:

- 1 153 000 are Estonian citizens,
- 134,000 are of undetermined citizenship
- 105,000 are the citizens of another country

Distribution of the Estonian population by citizenship





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Children's and youth summer language camps and language training in families are some of the best known integration activities in Estonia. The objective of summer language practice is to give young people the chance to improve their knowledge of Estonian outside of the school environment. Beginning in 1998, the Integration Foundation has supported Estonian language camps and family learning projects, in which nearly 17,000 children and young people took part.

Noteworthy developments have been achieved through legislation. The most essential amendment to the Citizenship Act was passed by the *Riigikogu* (Estonian Parliament) in December 1998 - children, born in Estonia after 26 February 1992, whose parents of undetermined citizenship have lived in Estonia for at least five years, are eligible, at their parents' request, to gain Estonian

citizenship through naturalisation without the precondition of passing the citizenship examinations. As of 1 October 2005, 6 836 children have acquired citizenship on the basis of this amendment.

Beginning in 2002, high school graduates or graduates of vocational schools do not have to take the citizenship exam, if they have successfully completed the social studies exam. Also, as of 2001, those who have successfully completed the language exams in high school do not have to take the citizenship language exam. The new citizenship law has also made it much simpler for disabled persons to acquire Estonian citizenship. With changes made to the law in the beginning of 2004, the application time required was significantly shortened. Moreover, beginning in 2004, those who have successfully completed all of the required exams will be reimbursed for any language classes they have taken.

According to the Local Government Council Election Act of May 1996, citizens of other states and residents who have not yet chosen their citizenship have the right to vote in local government council elections. They must be over 18 years of age and have been permanent residents for at least five years in the territory of the respective local government from 1 January of the local election year. Estonia is one of the few states where this kind of an opportunity exists. Non-Estonians actively participate in the activities of almost all of Estonia's political parties. Non-Estonians are also actively represented by the current parliament. They were nominated from various political party lists.

It is Estonia's wish to set up a **multi-cultural society model**, which is defined by cultural pluralism, strong common interests and the preservation and development of Estonian cultural values. Integration encompasses society as a whole and the involvement of different cultural groups into societal affairs is proof of progress. Estonia is ready to share its experiences with the integration process and the formation of a multi-cultural society.

E-Estonia

- 54 per cent of the population (aged 6-74 years) are Internet users (e-Track Survey, TNS EMOR, June 2005).
- 34 percent of the households have a computer at home, 82 per cent of home computers are connected to the Internet (e-Track Survey, TNS EMOR, Spring 2005).
- All Estonian schools are connected to the Internet.
- There are over 700 Public Internet Access Points in Estonia, 51 per 100 000 people (one of the highest rates in Europe).
- In addition to the Public Internet Points, there are more than 600 areas (city squares, hotels, pubs, air ports etc.) that currently provide high-speed wireless Internet access. More information: www.wifi.ee.
- Income tax declarations can be made electronically via the Internet.
- Expenditures made by the Government can be followed on the Internet in real-time.
- Cabinet meetings have been changed to paperless sessions using a web-based documentation system.
- 72 per cent of Estonian Internet users conduct their everyday banking via the Internet (e-Track Survey, TNS EMOR, Spring 2005).
- 93 per cent of the population are mobile phone subscribers (National Communication Board, Spring 2005).
- Estonia is completely covered by digital mobile phone networks.

According to the research undertaken by the World Economic Forum on the use of Information technology in 104 countries (The Global Information Technology Report 2004-2005 – The Network Readiness of Nations, www.weforum.org) Estonia ranks 25th in the Networked Readiness Index and is the highest ranking Central and Eastern European country.

The mobile telephone a new method of payment

Beginning in November 2002, Hansapank and SEB Eesti Ühispank began offering a new payment method using mobile telephones. This new service allows subscribers to make purchases using their mobile phone. Mobile payments can be made in about 1500 locations including motels, hairdressers, stores, pharmacies, taxis and restaurants.

M-Parking

A new parking payment service that is offered through mobile telephones. Payments can be made by calling a special number or sending an SMS message. The owner must then stick an M-Parking sticker on the dashboard.

From 2002-2004, free basic computer and Internet training courses were offered to the Estonian adult population. This unique training programme **“Look@World”** was financed solely by the private sector. 102 697 people or 10% of the Estonian adult population completed the training programme. Feedback surveys showed that over 70% of the participants have continued to use the Internet after the course.

Since 2003, all Estonian schools have access to the web based school-home communication environment **“E-school”**. The aims of E-school are to involve parents more in the study process; to make school related information more available for students and parents, and to facilitate the work of teachers and school administration. E-school allows parents (and students) to see grades, missed classes, home assignments, lesson content and student evaluations over the Internet. As of June 2005, 78 schools over Estonia had joined the E-school system (13% of all Estonian schools). New schools join every month.



A lot of retirement age people participated in a computer and Internet course in the framework of the project „Look at the World“.

Economy

ESTONIA – an attractive investment location in Northern Europe

Estonia may be a small country, but it has a great deal to offer to foreign investors or international business-people. Located in the heart of the Baltic Sea Region, Europe's fastest-growing market with 90 million people, Estonia itself has been among the fastest-growing economies in the region.

The country has some of the most **liberal trade** and investment laws in the world. The Wall Street Journal's Index of Economic Freedom for 2005 rates Estonia 4th in the world in terms of ease of doing business, right behind Hong Kong, Singapore and Luxembourg. An extra advantage is Estonia's system of low, flat rate taxes. To encourage companies to expand their business all reinvested profits have been exempted of corporate income tax. However, any redistributed profits, for example dividends, are taxed at 24%.

Foreign investment has played a key role in Estonia's economic success. The result has been a huge inflow of foreign direct investment - the per capita figure, about **5160 EUR per capita**, is one of the highest among the new EU member states.

The proximity to the Scandinavian countries, well-known for their technological and **telecommunication** innovations, has had a positive effect on Estonia, making the country the most advanced in terms of telecommunications infrastructure in Central and Eastern Europe. 93% of the population uses mobile phones. Estonia also leads the way among the Baltic States in Internet use; an amazing 54% of the population is using the Internet.

Opportunities for new businesses

The traditional **manufacturing** sectors in Estonia, like wood processing, manufacturing and electronics offer an ideal opportunity to combine the advantages of the different parts of the region.

The Baltic Sea region, with its inter-connecting waterways and common sea, has acted as a major **transport** corridor since the Hanseatic days in the Middle Ages. Today, the Port of Tallinn boasts one of the largest cargo volumes and acts as a good base for developing distribution and logistic.

In addition, excellent **infrastructure** and a skilled adaptable **workforce** create a good base for the knowl-

edge-based economy. The Research and Development Strategy of Estonia is focusing on the development of three areas: user-friendly information

and communication technology, biomedicine and material technology. With a well-educated population that is willing to adopt new technologies, Estonia represents an excellent test market for all new technologies. The availability of a modern infrastructure and cost effective services is an advantage.

Modern **banking** systems and widespread **Internet** use have placed Estonian banks at the forefront of the world electronic and Internet banking services sector. About 72% of per cent of Estonian people conduct their everyday banking via Internet. Tax returns can be filled via the Internet and mobile phones are used to pay for parking.

Being a small and open economy, Estonia does not have a strategy for granting cash incentives to companies. Instead it aims at creating an attractive business and investment climate. The companies that have established themselves in Estonia are able to enjoy some support measures aimed at increasing their competitiveness. With EU accession on 1 May 2004 the structural funds for business support are available to all Estonian companies. **Enterprise Estonia**, a state foundation for business support, is the implementing agency for the EU structural funds. Information on how Estonia can support international businesses can be found at the following website: www.investinestonia.com.

Economy at a glance

Key Facts

National currency: the kroon, EEK (100 sents = 1 kroon)

Monetary system: modified currency board

Currency peg: 1 EUR = 15.65 EEK

Currency peg and currency board fixed by law since June 1992 (originally to the German Mark)

Tax system: 24% flat income tax, reinvested corporate profit is tax free; 18% VAT

International Credit Ratings

Moody's: A1

Standard & Poor: A, outlook positive

Fitch: A, outlook positive

Country ceiling rating: AA-



Port of Muuga

More about Estonia's economy

Bank of Estonia: www.bankofestonia.info

Statistical Office of Estonia: www.stat.ee

Estonian Chamber of Commerce and Industry:
www.koda.ee

Ministry of Finance: www.fin.ee

Ministry of Economic Affairs and Communications:
www.mkm.ee

Estonian Investment Agency: www.eia.ee

Tallinn Stock Exchange: www.ee.omxgroup.com

Enterprise Estonia: www.eas.ee

Enterprise Estonia (Investor Services):
www.investinestonia.com

Estonian Business Association: www.esea.ee

Transformations in the Estonian economy:
www.estonica.org

Key indicators	1998	1999	2000	2001	2002	2003	2004
Mean annual population (million)	1.45	1.44	1.37*	1.36*	1.36*	1.351*	1.351*
GDP at current prices (billion EUR)	5.0	5.2	5.9	6.7	7.5	8.1	9.0
Real growth of GDP (%)	4.4	0.3	7.9	6.5	7.2	6.7	7.8
GDP per capita at current prices (EUR)	3 573	3 799	4 337	4 894	5 500	6 012	6 703
Annual FDI (million EUR)	515.8	284.3	424.7	602.7	306.8	756.0	738.0
Annual FDI per capita (EUR)	372	207	310	442	226	560	549
Consumer price index compared to previous year (%)	8.2	3.3	4.0	5.8	3.6	1.3	3.0
Unemployment rate** (%)	9.8	12.2	13.6	12.6	10.3	10.0	9.7
Average monthly wage (EUR)	263	284	312	352	393	430	462
Current account balance (% of GDP)	-8.6	-4.4	-5.5	-5.6	-10.2	-12.2	-12.9
Deficit (-)/Surplus of state budget (% of GDP)	-0.3	-4.3	-1.0	0.6	1.1	2.4	1.7
Export (million EUR)***	2 400	2 350	3 569	3 696	3 642	4 003	4 731
Import (million EUR)***	3 529	3 227	4 616	4 798	5 079	5 715	6 727
Trade balance (million EUR)***	-1 129	-877	-1 047	-1 102	-1 437	-1 712	-1 996
Total government expenditures (% of GDP)	36.2	38.5	36.5	34.7	34.7	35.8	37.5

* Based on the 2000 Population Census

** Unemployed/labour force according to ILO methodology;

*** Trade figures shown in special trade system

Sources: Bank of Estonia www.bankofestonia.info, Ministry of Finance www.fin.ee, Statistical Office of Estonia www.stat.ee

GDP by main fields of economic activity (as a % of total GDP)

Field of activity	1999	2000	2001	2002	2003	2004
Manufacturing	15.1	16.7	17.0	17.4	17.9	18.4
Transport, storage and communication	13.8	14.9	15.1	14.5	14.4	14.0
Wholesale and retail trade	13.2	12.8	12.9	13.0	13.0	12.7
Real estate, renting and business services	17.8	16.9	17.5	17.2	16.7	16.6
Construction	5.5	5.7	5.7	6.4	6.4	6.7
Education	5.5	5.2	5.1	5.1	5.1	5.1
Financial intermediation	3.8	3.9	3.7	3.9	3.8	4.1
Agriculture and hunting	3.3	3.0	3.0	2.6	2.5	2.6

Source: Statistical Office of Estonia

Due to the accession with the European Union, the methodology of macroeconomic statistics changed. The changes concerned the calculation methodology of imputed rent and consumption of fixed capital, and changed also the level of gross domestic product and gross national income in the period 1993-2003.

Economic development perspectives**Growth and associated factors 2003–2009**

Main economic indicators	2003	2004	2005*	2006*	2007*	2008*	2009*
GDP real growth	6.7	7.8	6.5	6.6	6.3	6.3	6.3
GDP (billion EUR)	8.1	9.0	10.0	10.9	11.9	13.1	14.3
GDP deflator	2.1	3.1	3.7	2.8	2.7	2.8	2.8
Consumer price index	1.3	3.0	3.6	2.6	2.6	2.8	2.8
Employment (15–74 years old, thousands)	594.3	595.5	599.1	603.0	608.1	612.1	614.7
Employment growth	1.5	0.2	0.6	0.6	0.8	0.7	0.4
Productivity growth (per employee)	5.0	7.3	5.7	5.9	5.5	5.6	5.8
Unemployment rate (ILO)	10.0	9.7	9.3	9.2	8.8	8.5	8.4
Average wage (EUR)	430	466	513	555	599	647	699
Wage real growth	8.3	5.2	6.2	5.5	5.3	5.1	5.0
Investments and inventories (% of GDP)	32.0	31.2	30.9	30.4	30.0	29.5	29.0
Current account (% of GDP)	-12.0	-12.5	-10.4	-9.6	-8.6	-7.4	-6.0

* Forecast;

Source: Ministry of Finance www.fin.ee, August 2005, Statistical Office of Estonia www.stat.ee



Port of Muuga

Estonian Design

Estonian applied art and product design has gained more and more international recognition over the years. Estonian graphics, fittings, furniture, textile, jewellery and garments design have made their way to various exhibitions and fairs as well as to international markets. The US magazine Newsweek named Tallinn a surprising design capital. That honour has been earned for us by fashionably and emotionally created Estonian cafes, restaurants, museums and spas, behind which are several interior designers who have received a strong design education: Pille Lausmäe, Gert Sarv, Maile Grünberg, Agency Pink, Design Agency Laika, Belka and Strelka, the Vaikla families etc. The interiors are known for their Nordic look, their thought through complexity and innovative solutions. The latest trend is the accentuating of Estonian styles and the meshing of ethnic elements into a modern environment. Textile artist Signe Kivi and jewellery artist Kärt Summatavet have been the initiators of this new trend.

The largest design sector in Estonia is the garment and textile industry. The brands Ivo Nikkolo, Monton, Klimenti-PTA and Sangar are effectively developing in international markets. The innovative trademark Hula created in co-operation with the students of the Estonian Academy of Arts is preparing to go international.

In spite of the high export rate of unprocessed wood, furniture production is rapidly growing; here designers have been the most successful and have gained recognition. Designer Martin Pärn has been awarded the international Rote Punkt award for his innovative product "Martin's table". Other prominent furniture designers are Thulema (designer: Martin Pärn), T&T Mang (designers: Tiina Mang, Kaisa Raidmets, Aet Seire), Incognito (Jan Graps), Lum (Igor Volkov) and fittings producer 4Room (designer: Tarmo Luisk).

The bath industry is developing into a competitive production sector led by two major manufacturers, Balteco



Artwork made of textiles entitled "Kivid" (Stones) by Estonian textile designer Annike Laigo were successfully exhibited in France at the St. Etienne Design Biennial 2004 at the art studio "Maison et objet."



In April 2005, Riho Tiivel won the main award at the International Design Competition ReAL with aluminium spoons, whose handles can contain jam, syrup, instant coffee etc.

and the more delicate Aquator (designers: Sven Sõrmus and Villi Pogga). There are also a number of very design savvy small enterprises participating in the market. Matti Ōunapuu, having discovered his market niche in the designing and manufacturing of ski boxes, has also made his contribution to the bath industry.

Stemming from deep Nordic roots our applied art tradition pursues an outlet in the modern design market. Jewellery artists and textile designers are touching the boundary between applied art and design, some of the better known jewellery artists are Anneli Tammik, Katrin Amos and Ülle Kõuts. A new generation of textile designers are offering innovative solutions to compete with traditional textile products. Artistically and technically, textile designers – Mare Kelpman, Annike Laigo, Monika Järg, Elna Kaasik and many others, demonstrate a very high level of design.

Estonian design has found more and more recognition outside of Estonia. Glass artist Tiina Sarapu was awarded the main prize for her design "Roundelay" at the Trieste Contemporanea Design Contest in Italy. Riho Tiivel, a student from the Estonian Academy of Arts, won the main prize at the international design competition ReAL13. There have been exhibitions of Estonian designers outside of Estonia since 2000 in the Helsinki Design Museum and in the Helsinki Design Forum, three times at the St. Etienne Design Biennial, at the international design festival DesignMai in Berlin and at the Communications Museum. In co-operation with a local agent, active work has begun to introduce Estonian designs under the e-design trademark in France. 11 Finnish entrepreneurs and 11 Estonian designers and manufacturers are carrying out the project Baltic Design & Interior Network, the purpose of which is the raising of design awareness among Estonian businesses as well as the development of co-operation between designers.

Estonian modern culture

Estonia situated between Eastern and Western Europe is also culturally a border area, to be more exact a crossing point. In the local traditions, one can find elements originating from the East, as well as the West, but even more the Estonians have considered themselves as northern people and conceptually bound to Scandinavia. Marginal and border cultures are where one can find interesting phenomena and combinations. In this regard, Estonia happens to be a country of a dozen possibilities. Estonian modern culture, in spite of its size, includes a great number of different facets, for which it is often difficult to find common denominators.

One of Estonia's visiting cards is undoubtedly modern classical music. Composers **Arvo Pärt**, **Veljo Tormis** and **Erkki-Sven Tüür** need not be introduced to the fans of more serious music, the same applies to conductors **Neeme Järvi**, **Eri Klas** and **Tõnu Kaljuste** working with different orchestras and choirs all over the world, as well as **Anu Tali** who is attracting more and more attention.

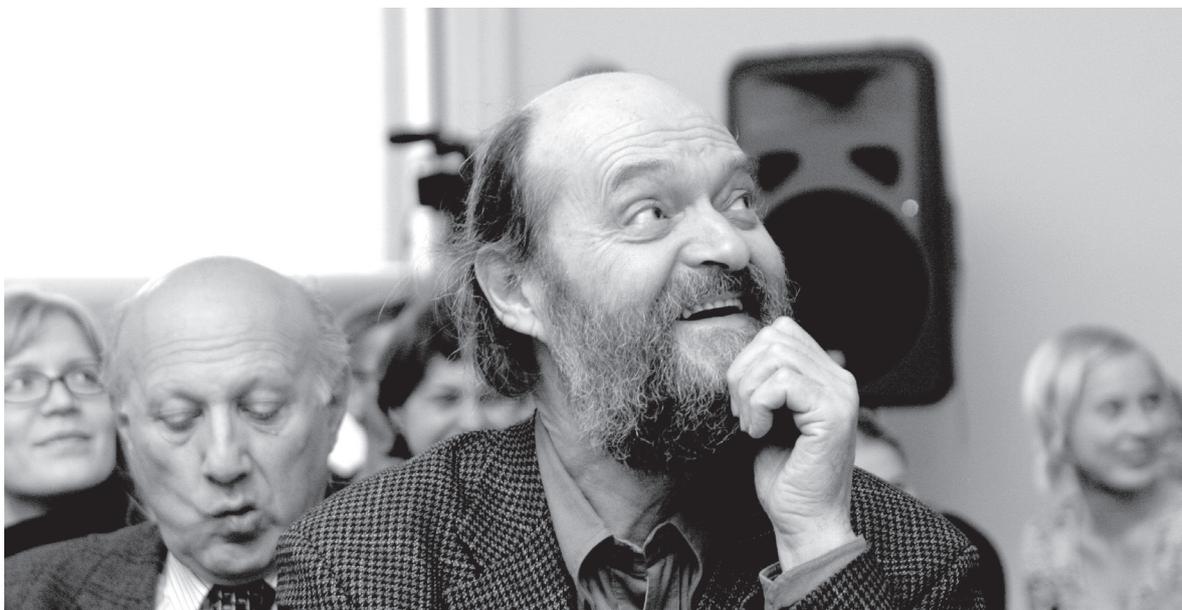
Throughout the centuries, the role of music and singing has been of utmost importance for the preservation of the Estonian nation. **The tradition of great Song Festivals**, which got its beginning at the high point of the national movement in the 19th century has up to pres-

ent been a distinctive event in the local culture. In recent years, the **Viljandi Folk Music Festival** has become a popular event for all ages, while keeping alive and interpreting the traditional music of different peoples.

The Estonians who have dedicatedly engaged in jazz music through the decades have created a base of interest and a numerous public for jazz music and **Jazzkaar** (Jazz Arc), an international festival that takes place in Estonia in the spring. The festival *Hea Uus Heli* (Good New Sound) is a presentation of experimental and alternative music.

The collections of Estonian alternative musicians like **Rulers of the Deep**, **Dave Storm**, **Galaktlan** and many others have merited recognition in the US, Great Britain, Germany and around the world. Estonian pop artists like **Vanilla Ninja**, **Maarja**, 2001 Eurovision Song Contest winners **Tanel Padar** and **Dave Benton** have widened their field of play by succeeding on Western pop charts.

Although visual arts know no language barriers, the path to international success for Estonians in this field has been a little bumpier than in music. Video artists **Jaan Toomik** and **Ene-Liis Semper**, who have represented Estonia at the Venice Biennial, energetically participate in the international life of art together with **Mare Tralla**, **Lina Siib** and several others. Among expatriate Esto-



One of Estonia's most renowned composers, Arvo Pärt, celebrated his 70th birthday in 2005. The anniversary year is to be celebrated with concerts in several countries throughout the year.



The 136 year-old Song Festival tradition, also a UNESCO Masterpiece of the Oral and Intangible Heritage of Humanity, continues to be popular among Estonians.

nian artists **Mark Kalev Kostabi** and his **Kostabi World** in New York have attracted the most attention. Over the decades the works of painters **Jüri Arrak** and **Enn Põldroos** have been popular with the domestic public.

While the wider acceptance of new forms of art inevitably requires time, it has also been difficult for the Estonian public to keep continuous contact with its art classics due to the lack of a full-scale museum exposition. In 2005, an event of great importance to the Estonian, Baltic, Nordic, as well as the Europe art scene will take place; the completion of the **new Estonian Art Museum (KUMU)** in Tallinn in Kadriorg. This event should make Tallinn, at least for a certain period, into the regional art centre.

Due to the protestant tradition one has often regarded the Estonian culture as being word centred, rather than image centred and one has emphasised the importance or even the preferred position of literature in comparison to other arts. In the present kaleidoscopic scene of literature one can find several different trends. As before, new works are being published by **Jaan Kross**, the grand old man of Estonian literature who has treated the history and the fate of the Estonian people. **Jaan Kaplinski**, a versatile prose writer, poet, essayist and translator is also influential in his works. In the past decade the fictional works of **Tõnu Õnnepalu** have evoked resonance and the texts of **Haso Krull** have played an important role in revealing the significance of culture. **Viivi Luik** has written poetry and prose blending together historic and personal experience. **Doris Kareva** is carrying on the viable tradition of Estonian women's poetry. In Estonia, **Andrus Kivirähk** has become one of the most popular writers writing his own style of Estonian mythology. The same applies to **Kaur Kender**, who depicts the modern

early-capitalist society. Active young Estonian poets have gathered into several groups.

The **Nordic Poetry Festival** that takes place in the spring presents new local poetry, as well as the poetry of close neighbours.

In addition to Estonian literature, translating has had a key role in the interpretation of fictional classics, as well as the basic history of cultural texts. Problems with the preservation, development and modification of



Video artist Jaan Toomik with his work in the background.

the Estonian language, spoken by less than a million people, as well as the creation of a proper vocabulary in all spheres of life has become increasingly topical in the modern and evermore open society. The cultural media fills the same role, since its readership is proportionally large compared to the population.

The theatre compared to individual creation is a more complex system and for that reason changes in that field have been slower and more painstaking. Having for some time been at a low ebb, the houses were full again at the beginning of the 1990s. The oldest Estonian theatre, the “**Vanemuine**” in Tartu has retained its universality with drama, music, as well as dance performances being staged there. In addition to the **Estonian Drama Theatre** and the opera and ballet house “**Estonia**”, the **Tallinn City Theatre** has become a top-level theatre primarily thanks to its strong willed leader, producer **Elmo Nüganen**.

The **Von Krahl Theatre** headed by producer **Peeter Jalakas** consistently deals with alternative forms of performance. Playwright and producer **Mati Unt** has been introducing post-modern strategies and tactics, and in this way he has created a public devoted to his theatre. The summer theatre has become a phenomenon and public magnet on its own. The theatre discovers new playing places that allow for the creation of entertaining, as well as more serious performances outside ordinary theatre rooms. Alongside of big state theatres, small freelance troupes are becoming more and more viable; also a circle of those actively engaged in modern dance has sprung up involving a number of troupes, agencies and festivals.

Along with the theatre, film production is getting on its feet again with new economic and creative resources accompanied by a new generation of film directors (**Marko Raat, Jaak Kilmi**). The annual highlight of film scene is undoubtedly the international **Black Nights Film Festival**, which has developed into a meeting place for Estonian film nuts as well as for neighbouring film buffs. The **Pärnu Documentary and Anthropological Film Festival** organised every summer by filmmaker and versatile mediator of culture **Mark Soosaar** has also found its own public. The trademark of the Estonian film industry has for decades been animation and its calling card **Priit Pärn**'s animated cartoons are among the best in the world.

The Estonian living environment has undergone as many changes as the spiritual space. Architecture and urban renewal have in the last decade been the topics of a lively discussion primarily in Tallinn, where the old town included in the UNESCO list of world heritage and a new city space with mirror-glassed offices and

bank buildings, hotels and malls stand side by side. Another topic of conversation has been monuments, which recall complicated and at times controversial events throughout Estonian history as well as standing as works of art and specimens of urban design. In addition to the spiritual and physical environment the role of the third space, virtual reality is becoming more and more important in everyday life as well as in the cultural life of Estonians. New technological mediums have left their mark on the development of visual arts, but also as a means of communication through professional electronic journals and web sites. The openness towards new possibilities reflects the mobility of a small culture and its being ready for change without self-effacement.

Nature

A sea climate with surface vegetation held in check

The Estonian **climate** resembles that of other countries on the Baltic littoral. On account of the country's proximity to the sea, the skies are often cloudy, and rain often falls in the spring and autumn, in the winter the rain turns to snow. The sea improves the climate; in the spring and summer cool breezes waft in from the sea, so that the average temperature in July is 17 degrees Celsius. It is not unusual that the temperature rises to 30 degrees in summers. In the autumn and winter, the sea releases the heat it has soaked up during the summer so that the average temperature is around -5 degrees Celsius.

The highest point in Estonia is **Suur Munamägi** (Great Egg Hill), whose tip is 318 metres above sea level. Estonians are proud of this highest point and the pride is justified - *Suur Munamägi* is in fact the highest point in the Baltic region. The most dramatic geological features near the sea are the **limestone** cliffs on the Gulf of Finland, which plunge a sheer 50 metres into the sea. Nowhere else on the shores of the Baltic can such terraced powerful limestone cliffs be found. Limestone is the national stone.

Forests, meadows, lakes and bogs

Forests cover about one half of Estonia. The most common types of trees are pine, spruce and birch. The forests are rich in **game**. There are some 11 700 elk, 50 000 roe deer, 17 000 wild boar, 17 000 beavers, 800 lynxes, 600 bears and 100 wolves. Estonia, along with Finland and Sweden are the countries with the greatest percentage of forested land. Forest management and wood production are particularly important for the Estonian economy. One third of Estonian forests are protected areas where you will come across primeval forests, which have long ago disappeared from other parts of Europe. Examples of such primeval forests are the Järvselja forest in Tartumaa County and Poruni in Ida-Virumaa County.

Estonian **meadows** are rich in different species with greater diversity than can be found in Western Europe. In the summer, tourists travelling through the countryside will discover a variety of colour along the roadside meadows. The type of meadow richest in species is the wooded meadow. In one of these wooded meadows, located in Vahenurme in Pärnumaa county one can find 74 different species of flora per square metre. Such a density of botanic life is rare in Europe. Centuries ago,



Approximately 20% of Estonia consists of swampland and bogs, a popular destination for many hikers.



Forests in Estonia hide a lot of wild game; the latest count reveals more than 800 lynxes.

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there were many such wooded meadows to be found in other places, such as southern Finland, Sweden and elsewhere in Europe. Nowadays, such meadows can only be found in Estonia.

Estonia is a country of thousand of **lakes**. The largest of these is Lake Peipsi, which is the fourth largest freshwater lake in Europe. Most of Estonia's lakes are small and are found in the south of the country. Larger lakes such as Lake Peipsi and Lake Võrtsjärv are rich in fish. One can find rare species of fish such as the lake whitefish and the Peipsi smelt in Lake Peipsi. Võrtsjärv is famous for its catches of pike perch and eel, which are regarded as a delicacy.

There are also many **rivers** in Estonia, but only ten of them are longer than 100 kilometres. The most important rivers are the Pärnu River and the Emajõgi River.

About one fifth of Estonia is covered by **marshes and bogs**. Most of these are located in the central and eastern parts of the country. The best place to visit marshes

is in the Soomaa National Park in Western Estonia. Soomaa means "Bogland" in Estonian and impressive bogs cover the majority of the park with the thickness of the peat layer reaching up to 7 metres in some places.

Islands

Estonia has more than 1 500 **islands**. The largest of these is Saaremaa, which is about 2 900 square kilometres in size. Hiiumaa, Muhu and Vormsi follow Saaremaa. The islands and the coastal areas of the mainland are interesting owing to the fact that they are on the migratory route of waterfowl. Twice a year - in the spring and autumn - several hundreds of thousands of birds visit Estonia on their migration. The barnacle goose, the swan, the eider and many more are protected species.

The mild sea climate and the rather level landscape of the island, makes Saaremaa an area abundant in flora and fauna. Rare and beautiful species of orchids can be found in many places, and a large number of rare animals including seals live there.

Come and Enjoy: Beautiful Estonia

Estonia is a country with a rapidly developing tourism industry. As a result of its tourist friendly policies, the number of visitors each year exceeds the local population by one half.

One of the most interesting aspects of Estonia is the co-existence of historical and modern architecture. At first, the modern architecture, the comfortable hotels, the cosy cafés and modern galleries surprise visitors. Nevertheless, Estonia's rich history becomes a reality with all its weathervanes, castle towers and church spires with red roofs and stone fences. Already in the middle ages, Estonia was an integral part of the European cultural map. Trade through the Estonian harbours increased the prosperity of the region. One of these centuries old port cities is Estonia's **capital Tallinn**, which surely is a unique highlight on its own.

Tallinn is one of a few cities still surrounded by an original, well-preserved medieval town wall. The twinkling of torches and lanterns on the cobblestone pavement, the sunset against 16th century buildings, a view of the sea from the heights of Toompea, but also the daytime tram clatter, the noisy but merry handicraft fairs, a cosy chat in outdoor cafés, zestful festivals as well as memorable Old Town Days – all this is Tallinn. Tallinn Old Town is as breathtaking and intriguing as a thousand year old city that belongs to UNESCO's World Heritage list since 1997. The great number of tourists in Tallinn

speaks for itself and accentuates the friendly atmosphere, attraction and hospitality maintained from the ancient times.

When coming to Estonia in summer, one must not forget that the **summer capital** is officially situated in the city of **Pärnu**. Pärnu breaths and lives, summer. At times it seems that Estonian is less heard in the streets of the small, but well-preserved Pärnu Old Town than Finnish, English, Swedish and Russian. Pärnu as well as **Haapsalu** were also known as the favourite holiday places of the last Russian Tsar family, the Romanovs. The unique microclimates have a healing effect on the whole human organism. Pärnu and Haapsalu as well-known resorts have been the standard bearers for the mud treatment tradition made use of in Estonia for years. The advantageous price-quality ratio, as well as a traditionally good level of service and hospitality, entices thousands of tourists every year into the modern spas.

Estonia's Western Coast with its picturesque forests, shimmering waters, its simple, but eye catching thatched buildings, castles and old ruins is irresistibly beautiful. The Estonian islands with their mysteriousness coupled with their unique nature and landscapes will enchant all who visit. **Hiiumaa**, the second largest Estonian island, was an old mooring place of pirates and it is full of legends and myths. Here you will find a paradise for hikers, cyclists and those who just want



Capital Tallinn.



Summer capital Pärnu.

to lie in the sun. The untouched nature, lighthouses, the ruins of centuries old buildings and memorials of World War II are found everywhere on this genuine pearl of the Baltic Sea.

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Another island, Estonia's largest, **Saaremaa** is a highlight on its own with its capital graced by the best preserved Castle in the region, belonging to a 14th century Bishop. In addition to being a tourist mecca, the island is developing into a healing and mud treatment centre.

The **capital of Southern Estonia, Tartu** is Estonia's **university city**. The University of Tartu, established in 1632, has been the cradle and symbol of the Estonian national movement for centuries. A hop, skip and jump from Tartu, one will find Otepää, the most popular skiing centre in Estonia. World Cup Cross-country skiing competitions take place in Otepää every year. In the summer, Otepää's numerous hills, 130 lakes and varying landscapes are a perfect place for hiking and active rest.



The university city Tartu.

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