

4/2007



# fOCUS



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**Anders Hedman**  
Chairman  
SCCE

## Dear Reader,

I am writing this editorial after seeing the last part of the Estonian "Dancing with stars", where our Ambassador Dag Hartelius actually made a very good result, staying in the competition for so long as he did. It was certainly a better result than both Dag and honestly also I had expected from the beginning. I have however reasons to believe that Dag took some points due to his personality and ability to speak Estonian. That is of course fine, because that's why the Swedish King, Carl XVI Gustav sent him here. If we should supply a good dancer, then I have reasons to believe that Dag's son Ferdinand would do it slightly better! Congratulations Dag!

### World outlook - Russia and Venezuela

Putin and his Russia seems to have made its choice as his party got 63% of the votes. This is indeed not bad and we have reasons to believe that the figures are more or less correct. It is clear that Putin has a strong support from a majority of the Russian people. From the west we can criticize the one party state Putin has created but in Sweden we have had an almost similar situation during the 1950's and 1960's when it comes to a one dominating party. The difference is of course the free media in Sweden. I hope Putin will ease the grip on the media long term. Interesting news in Estonian media was that Putin probably is one of the world's richest men, good for 41 billion USD. With that he would make it to Fortune top 10 worlds wide. Not bad for a guy who's official salary is like a normal western civil servant.

In Venezuela Hugo Chavez lost his referendum about more power for the President. That was good in my opinion. I fully support the Spanish King Juan Carlos who said to Chavez during a meeting of Heads of States in Chile, "Por que no, calla te!" That means shut up in Spanish! This after Chavez disturbed other speakers trying to speak!

### Estonian business

Here at home it is clear that business is local. This I have been reminded about while negotiating salaries recently. During 2007 the salaries increased with 22 % in Estonia. This is not healthy! I managed to keep my salary negotiation down to an average of around 6-8 %. This is necessary in order to have time to adjust and improve competitiveness and productivity.

Estonian politicians are welcoming these figures but here I must say that I disagree strongly. This is very risky, because businesses are closing down and are moving to other locations. The big question is, if the country will be able to implement the changes increased productivity requires? Are the people ready for the changes? I have my doubts.

During the last 15 years people have really worked hard to make a change and they have done a remarkable job. Congratulations to the Estonian people!

However I can now see a change in trend which is not so promising. People I meet are now already looking for more free time and they are not so dedicated to work as before. Increased productivity requires more job for less people and I think this is going to be difficult because people feel that the job is done, now its time to relax! This is very dangerous!

At the same time I can see that Estonia has high inflation and constant rumours about devaluation of the currency. This is not attracting more tourists which is necessary in order to provide jobs for the hotel and tourism business in the country.

One good thing is however going to happen from December 21. Estonia becomes a member of Schengen when it comes to border crossing by car, ferry and by foot. Arriving by air transport Schengen rules starts only from March 2008. This will indeed have a positive effect on non EU tourists, especially Russians!

### PYCKIE TOURISTI DOBROYE PASHALOVAT B ESTONIYE!

It is time that Tallinn starts to compete with Helsinki about these tourists. As long as oil and gas prices are high, they will be good spenders as they do not care about higher prices. Russians are in this sense the opposite of many westerners. For them, the more expensive, the better! For us westerners, it is unfortunately not the case!

In the long run Estonians will remember the good old days when they only had to care about the Russians. In the future, we will see a lot of Chinese travelling around the world and they have a different understanding of culture, etiquette and human values. They are also 10 times more than the Russians! This however offers great possibility for businesses in China. Estonian companies should fast start to consider China as an interesting export market. That's were the big potential is long term!

Enjoy reading **focus** nr 4!

**Anders Hedman**  
Chairman  
SCCE

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# The Swedish Chamber of Commerce in Estonia

The Swedish Chamber of Commerce in Estonia – SCCE - is a non-profit association registered in Estonia. Since its foundation 1991 the SCCE has grown considerably and today the Chamber unite more than 130 member companies and organizations headquartered in Estonia, Sweden as well as other countries.

SCCE is in many ways a mirror of the intensity in Swedish-Estonian commerce and trade. Sweden is the biggest foreign direct investor in Estonia and in terms of export and import Swedish-Estonian business is among the top three.

A main task of SCCE is to create an environment for networking and exchange of information. The Chamber act as a meeting place by arranging seminars, business lunches, company visits, hosting business delegations as well as arranging social events for the members.

Special and unique SCCE member benefits also include listing in the SCCE Trade Directory, the opportunity to further market introduction in the Member in HighLight section of the Chambers website as well as taking advantage of a steady flow of Special Offers.

The fee for basic membership in the Swedish Chamber of Commerce in Estonia is EEK 5.900:- per year and EEK 20.000:- per year for Partner- and Sponsor-membership (2007). Membership is only granted to legal entities.

For more information about SCCE, please visit [www.swedishchamber.ee](http://www.swedishchamber.ee). You are also welcome to take a direct contact with SCCE's Ombudsman Kristiina Sikk: [kristiina@swedishchamber.ee](mailto:kristiina@swedishchamber.ee) or tel. (+372) 501 9813.

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# Looking over the borders

Dear reader,

2008 is about to arrive and so are new challenges. The last years have been generous in terms of growth and development. It has been visible in the corporate world and also on the consumer level.

## M&A and restructuring

In 2008, the business community is likely to be moving along with the wave of M&A transactions that was blooming in 2007. Corporate transactions and restructuring are also facilitated by the adoption of the amendment of the Commercial code, which will bring Estonian law in correlation with European law adopting directive 2005/56/EC of the European Parliament and Council. The amendment concerns cross-border mergers of limited liability companies. Currently, the Commercial Code regulates only the mergers of Estonia based companies, but this situation does not meet the expectations of the currently busy cross-border business life of the European Union.

## First North Baltic

Furthermore, the new Alternative Market First North Baltic will create possibilities for growing companies that are not yet ready for the main listing due to its size or whatever other reasons. Thus, such companies have access to gathering capital from the public but on the same note being subject to considerably lighter regulatory obligations. The First North Rules have already been adopted by the alternative market operated by the Riga Stock Exchange and soon the Tallinn counterpart will do the same. An alternative market place is definitely a development welcomed by the market and there is paperwork already in the pipeline ready to be submitted to the First North Tallinn when it becomes fully operative.

## Real Estate prices

High growth and good times cannot of course be endless. For instance, some have made allegations of the start of economic back fall based on the halt in the real estate prices and slower pace in the construction business. While it is for every business to assess the market and make independent decisions and at least some of the business community tends to think that the events in the real estate sector as a normal correction of prices, it would nonetheless be advisable to have the basic knowledge



of what is the consequence of a bankruptcy and what means guarantee efficient securing of a claim.

## Looking over the borders

Whether it is the changed market conditions or the larger size of the businesses, Estonian based companies are looking more towards other territories. That in turn poses many new questions for the stakeholders. What are the rules for real estate transactions in Ukraine? How to set-up a business in Romania? Those are just some of the questions that the expanding undertakings are facing in every new jurisdiction.

## Amendments in the taxation system

The new year is also going to be challenging for the financial departments and tax advisors. As there were strong concerns about the concordance of the current beneficial tax system with the EU Parent-Subsidiary directive, Estonia was given an exception until December 31 2008 under the EU Accession Treaty. Therefore, the amendments are likely to be proposed in 2008 and businesses need carefully analyze their tax strategies in the light of the amendments. It should be mentioned that according to the latest information the political decision is to keep the current system intact to the greatest extent possible.



Wishing you all a successful and an interesting 2008,

Vaido Põldoja

Law Office Paul Varul

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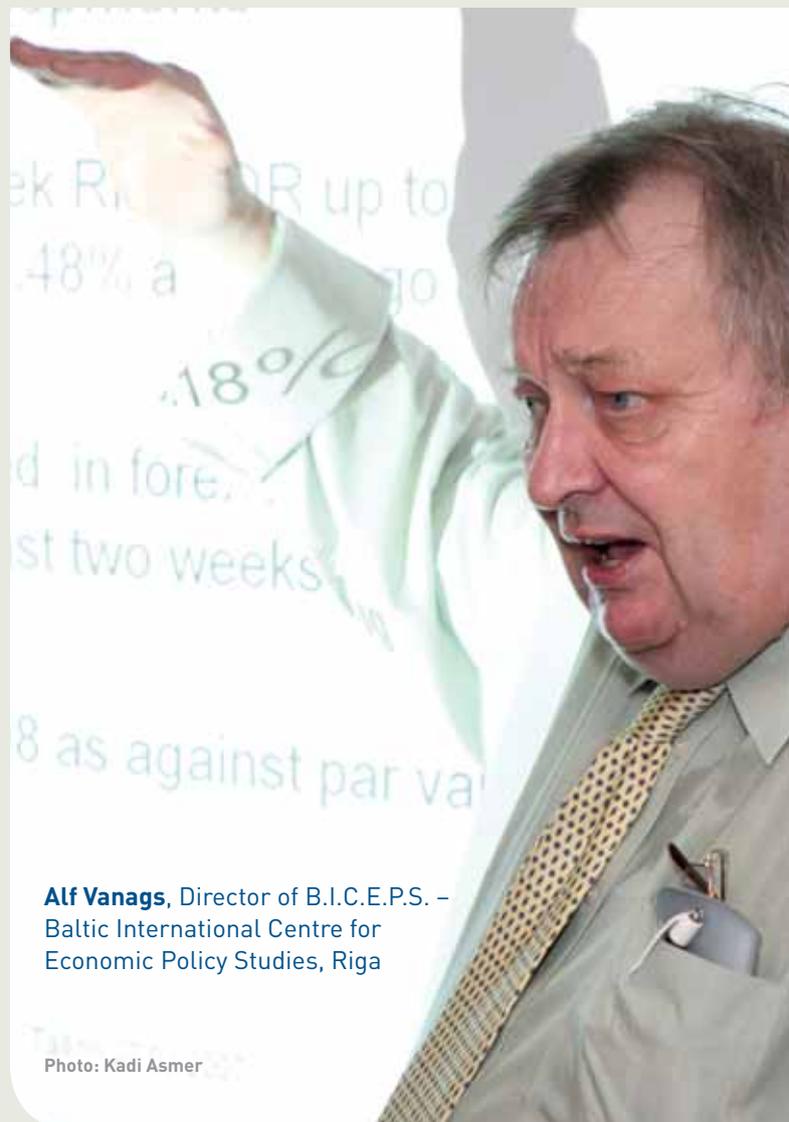
# A Latvian update

At a SCCE seminar in Tallinn earlier this year I posed the question of the Baltic economies, especially of Latvia and Estonia 'Is the party over?'. In Estonia the signs are of an overall slowdown with the rate of growth falling in each quarter from more than 10% in the first quarter to just over 6% in the third, though consumer prices continue to accelerate, to 8.5% in October. On the other hand the figures suggest that Latvians are partying away even as the dawn breaks and the hangover looms.

The third quarter brought growth in excess of 11.0% for the third time this year and in double digits for the tenth successive quarter. Headline inflation has been in double figures for the third successive month – it hit 10.1% in August, 11.4% in September and has accelerated to 13.2% in October. Moreover, manufacturing growth has slowed to a standstill – it was negative on the second quarter and only just over 1% for the first nine months of 2007. The external balance, while not worsening, remains very negative.

When the politically sensitive consumer price inflation rate hit double figures in August it forced the government to take further corrective measures on top of its rather insipid anti-inflation plan announced in March. The new measures included tightening the 2008 budget to a planned surplus of 1% of GDP and the imposition of wage ceiling in the public sector. The new measures added to general feeling that the government has lost control of the economy and thereby created additional political problems for a government already troubled by non-economic events. The worsening of the political climate eventually resulted in Prime Minister Aigars Kalvitis announcing that he and his government will step down on December 5th. Quite why this date was chosen is not clear but uncertainty about the shape of the new government and the identity of the prime minister makes policy making difficult. At least, the 2008 budget has been passed.

What can we expect in 2008? It is clear that the new government will be obliged to take unpleasant decisions – one leading Latvian newspaper carried the headline "Wanted: prime minister with suicide intentions!". Official comments, e.g. Bank of Latvia, continue to talk of a slow



**Alf Vanags**, Director of B.I.C.E.P.S. –  
Baltic International Centre for  
Economic Policy Studies, Riga

Photo: Kadi Asmer

down of growth to a sustainable 7% in 2008, though the Bank sees next year's inflation at 13%. However, there is growing talk of a 'hard landing' and it is not difficult to imagine a scenario where factors such as the worsening property market, general loss of confidence together with a global slowdown combine to exert a sharp negative impact in the second half of 2008.

Nothing has to date been done to address the rather sharp loss of external competitiveness experienced by Latvia over the last two years – one reason why manufacturing has been sinking into stagnation. With the reconfirmation of Ilmārs Rimšēvičs, as Central Bank governor for the next 6 years the prospects of a devaluation have receded somewhat – Rimšēvičs has stated that 'there will be no devaluation of the lats' while he is governor of the Bank. At the same time, a new government will be looking for new policies and if the economy experiences a serious slowdown in 2008, devaluation could represent a tempting policy option to kick-start it back again on a more export led expansion than has been the case in recent years.

Text: Alf Vanags

# FOUR ON TOUR focus

**focus** continues to visit member companies of the Swedish Chamber of Commerce in Estonia. As the first frost appeared this winter season the tour went to Tartu and Elva.

## Tartu

Various rulers controlling Tartu throughout the history have given the city several different names. The first documented record was made in 1030 as Yaroslav I the Wise raided Tartu, built his own fort and named it Yuryev. Crusading Livonian Knights and Estonians fought over the city during the beginning of the 13th century and at that time it was known as Tarbatu.

German crusaders followed and 1224 the city was named Dorpat, joined the Hanseatic League in the 1280s and developed to an important trading city. Polish ruling followed during the 16th century and in 1629 Dorpat came under Swedish ruling and saw the foundation of the University 1632, initiated by the Swedish King Gustaf II Adolf.

In 1721 the city became part of the Russian Empire and was named Derpt, later on, in 1893 renamed to the ancient Russian name Yuryev.

Following the Estonian independence after World War I, the city officially became known by its Estonian name Tartu.

Situated 186 km southeast of Tallinn, Tartu is considered to be the centre of southern Estonia, an intellectual and cultural hub as well as the site for several Swedish-Estonian business enterprises.

## Primus Eesti OÜ

**Primus is developing, manufacturing and selling equipment for cooking, heating and lighting, said Mikael Cederholm, manager at Primus Eesti OÜ in Tartu.**

- In Latin primus means first and foremost, and if you put an additional i to the word, so it reads Priimus, it means portable stove in Estonian. Primus was founded in Sweden 1892 and for a time, our stoves were made exclusively for use with liquefied petroleum gas, but now we also offer stoves for kerosene, gasoline/petrol and other liquid fuels. Other Primus products include lanterns, heaters and barbecues and additionally we also have a wide assortment of accessories for hiking and leisure time.

- We are 26 employees here in Tartu specialized in assembling, quality controlling, packing and shipping the Primus products to our markets, continued Mikael. Parts and components are delivered to us from manufacturers all over the world and putting it simple, you can say that we receive kits which we put together to complete products.

- Productivity and quality are key issues for us. Looking back to the time when I came here 1994 we have come far, but getting even further in these fields is of course a never ending priority.

Though our labour costs only accounts for 4% of the total costs, we have faced salary increases two times this year alone, totaling a 10-15% increased labour cost level.

- Cost wise our raw material, the parts and components making up our products, actually offers a bigger challenge than labour, said Mikael. We are continuously looking for alternative suppliers and Ukraine is one of the countries we are looking at right now.

- Both our company and the city of Tartu have developed tremendously since I came to Estonia the first time September 28th, 1994, concluded Mikael. I remember the date very well since I had considered taking the ferry, but instead went by plane and consequently passed over the site of the MS Estonia catastrophe the very same day it happened. I settled here 11 years ago and my first years were quite tough with me spending



Mikael Cederholm



more or less 24 hours in the plant. Partly due to the workload and partly because I had my private accommodation in the very same building. Things have improved considerably over the years. We have a good spirit in our team and Tartu has definitely a certain charm with its mix of university students and business people.

### Sievert Eesti AS

Being an old and well-established Swedish company, Sievert is celebrating its 125th anniversary this year and from an industrial perspective there are more similarities than differences between Sievert and Primus in Tartu, said **Jim Airikainen**, manager of Sievert Eesti AS and located in the same plant building as Primus.

- While Primus is focusing on the consumer market, we at Sievert are focusing on the business-to-business market. We offer professional products for soldering, brazing and other heating jobs and our main customer segments are found in roofing, plumbing and telecom.

- Our Tartu plant is tuned and organized for assembling, quality control, packing and shipping the products to our logistical system serving more than 60 countries around the world. From an industrial point of view more or less the same set up as Mikael and Primus, we receive parts and components from different suppliers, assemble the details and deliver complete products.

- Members of both my team and Mikael's team took part in the 5S training organized by the Swedish Chamber of Commerce in Estonia just before the summer this year,



Jim Airikainen



continued Jim. And I think I can speak for both of us in saying that we will continue with trainings like this for our staff. The 5S concept as well as the Six Sigma concept is about organizing your work and workplace in such a way that everything you need in terms of material and tools is within reach, placed in a logical way and subsequently contributing to a smooth and effective production process. Though this sounds totally natural it is basically about a continuous tuning of people's mindset towards productivity and effectiveness.

- I came here 18 months ago and I agree with Mikael that we have a good spirit in the plant and that Tartu offers a great blend of business people and students, concluded Jim. In terms of restaurants here there is however room for improvements.

### Tarkon AS

With 500 employees and a comprehensive production line of machines and tools we are a subcontracting company in fine mechanics and box-building, said **Ove Karlsson**, managing director of Tarkon AS in Tartu. We specialize in turning, milling, cold stamping, assembly and cable harnesses and our main customers are found in the sectors of telecommunications, the automotive industry, energy, climate systems, industrial equipment and consumer products.

- We are running a 3 shift operation and our daily production output equals some 50 – 60 pallets of goods, continued Ove. We



Ove Karlsson

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have a close cooperation with the professional schools in Tartu and Võru to secure the labour we want and need.

- Our machinery and production processes require skilled operators and in house training of our employees is an important part of our work. Quality wise, we got our ISO 9002 certification in 1999, ISO 9001/2000 followed in 2002 and in 2005 we earned our environmental ISO 14001 certification.

- We are quite flexible in our production. A yearly production of one and the same product can vary from 100 up to 100.000 units and our total yearly sales amounts to 700 million EEK. As metal is our main raw material, Sweden, Finland and Germany are our major suppliers in this respect.

- Personally I have a background from Ericsson in Sweden, said Ove. That goes along very well with our production here, but also with the background of our factory site. 1907 the Edison-Kompagnie manufactured telephones on this site. Production of radios followed and in 1929 LM Ericsson became one of the major shareholders of the company. From 1930 the factory

was named AS Tartu Telefonivabrik (Tartu Telephone Factory), the products were labelled Ericsson and the trademark was TTV. The original factory buildings were totally destroyed 1944 but from 1966 our current factory buildings housed the Tartu Kontrollaparatuuritehas (Tartu Test-Equipment Factory), where black

boxes or flight recorders for both civil and military aircraft were the main products.

- Following the regained independence the Estonian State formed RAS Tarkon 1992. The company got privatized and since 1996 our main owner is the Swedish Hallberg-Sekrom Fabriks AB and like several other companies we expanded our production capacity by opening up a factory in Wuxi, China 2006.



- I have been with Tarkon for five years now and live in Tartu with my Estonian family, concluded Ove. My current Swedish contacts are mainly with our Swedish customers and of course also with the Swedish expat community here in Tartu. The lunch table at Atlantis is usually a safe spot when you feel for a chat in Swedish.

**Jim and Mikael on Tartu**

- I agree with Jim on the Tartu restaurant issue, said Mikael. We have a lot of great bars and pubs but Tartu can definitely not compete with Tallinn in terms of restaurants.

- It is still about the same situation with the hotels here, said Jim. With maybe one exception I don't think you can say that the town can offer any alternative beyond ordinary medium standard.

- Anyhow, I recently talked to the new owners of the Oscar Wilde pub and restaurant here in Tartu and they expressed an interest in arranging a typical Swedish menu as a maybe ongoing event once or twice per year, said Mikael.

- We have a great nature around here, continued Mikael. Both Jim and I are keen golfers so during the season we are pretty regular players at the Otepää golf course.

- And, when visiting Tartu don't miss to pass Atlantis around lunch time, concluded Jim. The place is easily found located downtown on the east side of Emajõgi. They are usually laying a special table for the Swedish expat community every weekday lunch and the probability that you will meet us or other Tartumaa-Swedes for lunch there is quite high.

**Stenströms Skjortfabrik Eesti OÜ**

- There are 144.000 options in terms of manufacturing a shirt, said Veli Lahtmets, production manager at Stenströms Skjortfabrik Eesti OÜ in Elva. An impressive number, but pure and simple mathematics considering the different options we have in the design of the shirt, its collar, cuffs, pattern and color of the fabric as well as the model of buttons used.



- Our production here started 1993, as Anders Bengtsson, managing director of the Swedish owner AB Stenströms Skjortfabrik, bought Sangar's sewing factory in Elva, continued Veli. I joined the company in 1998 and today our production team totals 70 persons working in a one-shift operation every weekday.

- All our production goes on export and to continue with figures we produce 480 shirts per day. Every shirt is made of 100% cotton and requires 1,6 m of fabric cutted in 23



**Elva**

Located 25 km south of Tartu, the city of Elva is just a bit more than 100 years old. It was founded in connection with the construction of the Tartu – Valga – Riga railroad and Elva got its city privileges 1938.

Today Elva and its surroundings offer good possibilities for recreational and sports activities and accounts for 8.000 inhabitants.

Elva is also the town where the track biker Erika Salumäe grew up. She won the first Olympic gold medal for Estonia, following its regained independence, in Barcelona 1992. This was her second Olympic gold medal as she also won in Seoul 1988, at that time competing in the USSR Olympic team.

Major foreign-owned Elva located industries in addition to the Swedish owned Stenströms Skjortfabrik include Saint-Gobain (France) and Enics (Switzerland).



components, 150 m of thread and following 60 distinct operations and passing five quality inspection stations the shirt ends up for getting its final finish and packaging.

- The design of our shirts is made in Sweden with the industrial construction including optimized cutting of the fabric being done locally here in our factory.
- Our current production set up is optimized for an even production volume, said Veli. Since there are two seasonal peaks in the demand for shirts we also use subcontracted sewing factories in Estonia and Lithuania.



- We use a combined salary system for keeping quality and productivity on top and this system is basically made up by time- and piece-work as the main parameters.
- Being a mechanical engineer I do have an industrial background, but I can't say that I am an expert in the art of cutting fabric and sewing, said Veli. However, if needed, I can put my hands on one of our machines and fix a technical snag.
- Our Swedish owner, AB Stenströms Skjortfabrik is part of Oscar Jacobson & Stenströms Holding AB. The group also includes Oscar Jacobson AB, the retail chain Oscar Jacobson Retail AB and Sten-Oscar Design AB, a company that offers company-specific collections and accessories. Stenströms

originates from 1899 as the tailor August Stenström built the first Stenströms factory in the south Swedish city of Helsingborg.

- I live with my family just south of Elva and have music as a hobby, said Veli. Since I am also a board member of the Eesti Agrenska Foundation I had the pleasure to both play for and meet HM Queen Silvia of Sweden as she and our President's wife Mrs. Evelin Ilves inaugurated the Foundations Tammistu Manor October 5th this year.

Stenströms Skjortfabrik bought the Tammistu Manor for the Foundation and the building is now being further renovated for its function as a family center for handicapped children and their families.

- Quality shirts, family, music and the Eesti Agrenska Foundation are obviously major parts of my life, concluded Veli. However, I do take time for a swim in one of our many lakes down here every week, regardless whether it is summer or winter.

Text: Megazine – Tallinn



# Ragn-Sells - a part of the eco-cycle



- The new economy is an eco-cycle economy, says Rein Leipalu, Ragn-Sells Managing Director in Estonia. As we entered the Estonian market 1992 we took a long term commitment to implement our customized services for waste management. With effective sorting, over 50 percent of waste products can now be used as raw materials for new production. Another 25 percent can be recycled after treatment as new raw materials or energy and just some 25 percent go to secure landfills, the most common way of disposing wastes in the old days.

- Estonia is a rapidly emerging market in terms of an eco-cycle economy, continues Rein. Putting waste management and recycling towards the top of the agenda tends to go hand in hand with the economical development of any society and Estonia is not an exception in this case. Currently we collect 205.000 tons of residual products and waste in Estonia per year and some 35.000 tons are recycled on a yearly basis.

- Being Scandinavia's largest eco-cycle company we are, on a total corporate level and as an example, turning 11.500 tons of used oil filters and paint cans into 2.325 tons of metal and 98 cubic meters of oil every year. That oil is enough to heat 33 houses for a full year. We produce 248.000 tons per year of Biomould derived from digested sludge at sewage treatment plants and the mould is used for golf courses, parks, roadsides and agriculture.

- Recycling is an important resource in the society of today. It is capable of giving us new raw materials like glass, rubber,

metal, paper, plastic and cardboard. New energy is also derived from the recycling processes, biogas and sorted waste fuel are two examples. I have already mentioned the Biomould as a resource for soil enrichment derived from wastes and towards the end of the recycling process we get material for landfill and construction works.

- For private households and municipalities we are offering collection, sorting, transport, recovery and treatment of residual products and wastes. But we are also focusing on the industrial sector, offering a wide range of services based on developing environmental friendly and economical waste management solutions.



## RAGN-SELLS

It all began back in 1881 as Amandus Zakarias Leonard Sellberg started up a downtown Stockholm located transport business using horses and transport carriages. Later on Amandus Zakarias marries Julia Axelia Häggberg. She lived at Väderholmens Gård (Farm) just north of Stockholm and this estate is today the corporate head office of Ragn-Sells.

In 1928 Ragnar Sellberg, Amandus' and Julias' son, starts to collect household wastes from private house owners in addition to the transport business. Ragnar is appointed Managing Director of the company 1933 and at this time the company still has some 100 horses in the business, but these are getting fewer as trucks start to take over. Though handling of wastes is a minor part of the business, the company is the biggest in this business area in Sweden.

The company is still Sweden's biggest in handling wastes, though it remains a minor part of the total business, as it is sold to Promotion, a company in the Handelsbanken sphere, 1963 – 1965. Named AZ Sellbergs Åkeri (Transports) Ragnar remains as Managing Director of the company for a time, but in 1966 he starts to work full time with his new company, AB Norrtrim.

Norrtrim grows fast in the waste management business and in 1968 the company name is changed to Ragn-Sells AB.

Today's Ragn-Sells is a Swedish-owned company operating nationwide and internationally by serving households, municipalities and industrial customers. Operations were established in Estonia 1992 and in Latvia 2004. Other international markets include Denmark, Norway and Poland with waste management consultancy projects carried out in Europe, Asia and South America.

Ragn-Sell's operations include waste minimisation, source separation of wastes in homes and at work, reuse and recycling (including energy recovery) to the greatest possible extent and safe disposal of untreatable wastes.

- Polluted land areas is a problem at several different spots in Estonia, says Rein. These spots are mostly connected to former military installations and land areas where oil products have been handled one way or the other. We have the know-how within our company to perform clean-up operations of hazardous waste and polluted land and I can see that the demand for this kind of operations is steadily increasing.

- Estonia is heading towards becoming a more resource-conservation society. Recycling, reuse and renewable energy are rapidly becoming important factors in our economy with the public debate and various political initiatives as additional driving forces. To achieve results, the manufacturing sector and we in the recycling industry will have to increase our cooperation significantly and a resource-centred perspective will have to become an integrated part of the process. The same applies to municipalities. Waste sorting needs improvement, efficient new recycling and incineration facilities will have to be built, secure landfills must be created and cooperative relationships across municipal boundaries will have to be established.

- When it comes to landfills, the EU has established tough requirements, which essentially require that many current landfills must be shut down by mid 2009 or developed to meet new demands for sustainability and security. Given the major investments required, we can expect a major restructuring, with a move towards fewer, but more advanced facilities. Modern landfills are evolving towards treatment facilities and industrial plants for recycling, intermediate storage of recycled materials and production of fuels.

- Estonia has come far since I came to Haapsalu in 1992 to start up Ragn-Sells' operations here, says Rein. My parents are both Estonians and it was actually my father who triggered me to contact Ragn-Sells for the job here in Estonia.

- Though being Estonians my father and mother didn't meet here, they met in Sweden and I grew up and went to school just south of Stockholm. I played a lot of football and handball when I was younger and that obviously had an effect on one of my knees, which in its turn made me spending quite a long calendar-time with the Swedish Army. I started my military service as everybody else during those days, but had to leave after some time due to the knee wound. I took some jobs while waiting for the knee to get in order again and rejoined the army, just to face a similar situation again. And so it went on for a couple of years.

- I graduated from Stockholm's Royal Institute of Technology, an extremely good education that also took me and some 10 additional students on a long study tour to Japan, the Philippines and Thailand in connection with a project work included in the studies.



# Have an unforgettable start of the year 2008



A delicious menu, sparkling wine, intimate and festive atmosphere and fireworks as seen on your own palm – this is the spectacular New Year's Eve at Lounge 24 on the top floor of Radisson SAS Hotel, Tallinn!

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**Radisson** SAS  
HOTELS & RESORTS



- I met Yvonne, my wife to be, around New Year 1991/92 and she joined me in Haapsalu 1993. She didn't speak any Estonian at that time but picked up a work as a nurse at an orphanage for disabled, homeless and handicapped children. She was lucky and met a Swedish speaking woman there who taught her Estonian.

- As business continued to grow and Ragn-Sells got established in several municipalities all over Estonia, we moved the headquarters to Tallinn in 1995. Today we are some 290 persons in the Estonian organization and as for the population in my family it is me, Yvonne and our three daughters.

- Our share of market here is some 30 – 35% and still growing. Finding the right kind of people to employ for our further expansion is not easy, especially when looking for people who should drive our trucks and collect the waste for treatment and recycling. We have an attractive bonus salary for them where the main parameters, in addition to a basic salary, are number of emptyings, quality and additionally their own personal engagement in our activities in the form of proposals made for an even smoother and more effective way of operating.

- We are working for a sustainable society and that has also an impact on our engagement in social responsibility programmes. We are for example supporting Noored Kooli, the Estonian adaption of Teach First, a programme founded in UK aiming to recruit exceptional graduate students and place them in challenging teaching positions.

- The eco-cycle economy is a new concept, but the essence of the idea is as old as mankind, concludes Rein Leipalu. Striving to use resources as efficiently as possible is a basic, universal principle. Today's trend is towards greater environmental awareness and more efficient use of resources, with tougher demands on processing waste products. The new eco-cycle economy is not about quick profits, it is about long-term, recurring profits.

Text: Magazine – Tallinn

# Spearheading innovations

## REVAL HOTELS

Reval Hotel Olümpia became a Tallinn landmark already 1980 as the hotel was built for the Moscow Summer Olympic Games were Tallinn hosted the yachting events. Though Tallinn's skyline has developed considerably during the 27 years that have passed, Reval Hotel Olümpia is still keeping its position as a significant Tallinn landmark and an innovative hotel including a center for conferences, conventions and events.



Tiina Reijonen

Nowadays it is hard to find anything more than the basic exterior that is the same as it was when the hotel opened in 1980, says **Tiina Reijonen**, Reval Hotel Group's Country Manager in Estonia. We have 390 air-conditioned modern guestrooms including singles, twins, doubles, executive rooms and suites, for example the 190 sqm Presidential Suite. Our conference, convention and event centre has 13 multi-functional rooms with the largest having a capacity for accommodating up to 400 persons. On the 26th floor, with a great view over Tallinn, we have Club 26, our health club including a Finnish sauna, infrared sauna, solarium, an indoor heated pool, a gym and of course also an opportunity for a massage.

- Additionally, we have an extensive range of restaurants and bars including Restaurant Senso, Café Boulevard, the Lobby bar, the Englishman Pub and, not to be forgotten, Tallinn's hot

spot for the nightlife, the Bonnie & Clyde nightclub.

### Innovations

- Tallinn is facing a situation where our city will have the same number of hotel rooms during 2009 as downtown Helsinki, continues Tiina. But, with the important difference that Tallinn doesn't have the same amount of incoming visitors spending a night or two here as Helsinki has on their local market. Consequently we have to sharpen our competitive edge and come up with some innovative initiatives.

- In May this year we completed a renovation programme of 110 rooms, including 22 rooms on the 15th floor specially designed for ladies. In cooperation with The Body Shop this floor is now named The Body Shop Ladies Floor. We have noted an increased number of female guests during the last two years and this new concept gives women the opportunity to travel light as cosmetics normally carried

The Reval hotel group operates six full-service, first-class Reval Hotels in the Baltic Capitals, three in Tallinn, two in Riga, and one in Vilnius.

Additionally, the group also offers Reval Inn, an economy class hotel chain with three hotels in Tallinn as well as hotels in Vilnius and Klaipeda.

Reval Hotels and Reval Inn are owned by the Norwegian real estate investment company Linstow AS, owned by the Anders Wilhemsen Group, the major shareholder in the world's second largest cruise shipping company Royal Caribbean Cruise Lines.

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are provided in the rooms together with an extensive assortment of beauty products. The rooms offer a cozy atmosphere for work and relaxation and even ladies magazines are available.

In a recent poll by the Estonian business paper Äripäev, our conference center was selected as the best conference venue in Estonia. And even more recently, in the beginning of November, we hosted the main seminars of the Baltic Development Forum's Tallinn Summit. I got a positive feedback from both the participants and the organizers. One of the participating politicians told me that he was positively surprised over our high international standard. The BDF Summit collected more than 400 participants and went on in a smooth and functional way including a breakfast and lunch buffet where we also scored high points for the food.

- Unfortunately Tallinn is lacking a proper international conference venue with several large breakout rooms in addition to a main and big conference hall, says Tiina. Still, as I said before, we do have the number of 4-5 star hotel rooms needed. Personally, and I know that my colleagues in the hotel trade are doing the same thing, whenever I meet representatives of the Tallinn city government, I take every opportunity to discuss and lobby for the necessity of building a modern congress center as well as a modern center for exhibitions and fairs. So far, as we all know, the outcome has however been poor.

- Reval hotel owners are interested in investing and building a big conference extension with capacity for 1.000 persons plus breakout rooms to Reval Hotel Olümpia pending the city governments' and decision makers' positive response in the procedure of the project, reveals Tiina.

1511-1522  
THE BODY SHOP.  
Ladies floor





**Proactive**

- Manning is as tough a task for us as it is for everybody in the service trade, says Tiina. We have some 190 employees at Reval Hotel Olümpia and finding the right people for our restaurants, the kitchen and for house keeping is definitely not easy.

- Continuous training with a focus on being proactive instead of reactive is an ongoing process among our employees. It is better to make seven small

mistakes and doing the things right three times instead of doing absolutely nothing ten times!

- In many cases our internal training programmes also involves a change of a mindset that seems to have deep roots. People are sometimes afraid of making mistakes and not that eager taking own initiatives. Having clear procedures, almost like a recipe, is



a necessity in our trade but there are of course situations coming up that needs a hands-on, immediate action not necessarily described somewhere and our trainings encourage people to act instead of not acting at all.

**A travelling lady**



- From a private point of view I like travelling as well, concludes Tiina. Not necessarily so that I always put myself on an aircraft and take off to somewhere. I actually have a passion as far as means of transportations are concerned. It's my Yamaha Custom bike, a great way of travelling! The bike is taking a rest now during the winter, but as spring and summer returns it is time to get that fantastic feeling of having the wind in your face while the landscape passes by.

Text: Megazine - Tallinn  
Photo: Kadi Asmer and Tiina Reijonen



- Yes, I guess you can call me a travelling lady, smiles Tiina. Actually in two ways. From a professional point of view you might say that I have a broad background in the travel trade from hotels, airlines and travel agencies.

I have been working with sales and marketing as well as operations in six different countries like Finland, Sweden, UK, etc. When thinking of service procedures, which I consider the most important ones in this business, I always have the client's hat on me likewise following what are the international trends as our clientele is very international.

The key word is looking for continuous improvements and doing things better. That leads to a positive chain reaction which in a certain stage also gives return on investments for the owners which is important for the future investments and development.



# Wind power in focus as SCCE visited ABB in Jüri

- The global demand for wind power generated electrical energy really started to take off from year 2000 and onwards, said **Bo Henriksson**, ABB's Country Manager in Estonia as SCCE visited their Jüri-based factories, November 29th. As an example on the potential and the environmental benefits, I can mention that ABB currently works with a big wind farm project in Holland which will power 125.000 homes and reduce the emissions of carbon dioxide with 225.000 tons per year.

ABB has two plants in Jüri. The electrical machines factory is the biggest with 450 employees producing wind mill generators. The second and neighbouring ABB Jüri-plant has 120 employees producing low voltage drives.

- Looking at the salary levels for an industry work force within the EU in 2006, Denmark topped the list with 21,14 EUR/hour. Sweden ended up on the 8th place with 14,29 EUR/hour and Estonia was found on the 18th place with 3,42 EUR/hour, continued Bo Henriksson. As we all know salaries are going up in Estonia and at the same time it is hard to find the workers we need. We have actually been running an advertising campaign in Estonian and Russian on the theme 'Start a sweet life with ABB' for our continued recruiting.



- In addition to our two factories here in Jüri we have a factory for compact secondary substations in Maardu employing some 25 – 30 persons and in Keila you will find our low voltage systems factory with 90 employees.

- On a global level ABB is a leader in power and automation technologies, concluded Bo Henriksson. Our aim is to enable utility and industry customers to improve their performance while lowering environmental impact. Today, the ABB Group of companies operates in around 100 countries and employs more than 110,000 people.

## ABB

The history of ABB goes back to the late 19th century as Ludvig Fredholm establishes Elektriska Aktiebolaget in Stockholm 1883. The company is a manufacturer of electrical lighting and generators and is merged with Wenströms & Granströms Elektriska Kraftbolag 1890. The company is named Allmänna Svenska Elektriska Aktiebolaget, later on shortened to ASEA.

In 1891 Charles Brown and Walter Boveri establish Brown, Boveri & Cie, BBC, in Baden, Switzerland and shortly afterwards, BBC is the first to transmit high voltage alternate current power.

Almost one hundred years later, in 1988, ASEA and BBC merge to form ABB (ASEA Brown Boveri Ltd), one of the largest electrical engineering companies in the world. In the first year of operation ABB acquires some 40 companies and in 1990 ABB starts a large scale expansion in Eastern Europe as the iron curtain falls.

One year ago, on December 4th, 2006, ABB celebrated the inauguration of Estlink, a high-voltage direct current (HVDC) power link, joining the grids of Estonia and Finland to improve the reliability and efficiency of electricity supplies in Europe. The HVDC technology is pioneered by ABB.

# Broaden your horizon



<b>Kuressaare</b>	EEK 425*	<b>Frankfurt</b>	EEK 995*
<b>Helsinki</b>	EEK 595*	<b>London</b>	EEK 995*
<b>Stockholm</b>	EEK 795*	<b>Kiev</b>	EEK 995*
<b>Oslo</b>	EEK 795*	<b>Dublin</b>	EEK 995*
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<b>Kuressaare-Stockholm</b>	EEK 750*		

\* one-way fare on the Internet from Tallinn. Including all taxes and charges. The number of seats is limited. For reservation and information please visit [www.estonian-air.com](http://www.estonian-air.com).

# focus on legalities

## Obligations and liabilities of a board member in Estonia – Part 2



### Introduction

Since many SCCE member company board members are non-Estonians, I thought it would be a good idea to write a bit about the obligations and liabilities that follows once you have become a board member in an Estonian company. (If you want to learn more about the difference between a Swedish board and the Estonian supervisory and management boards, please refer to issue nr 1/2007 of **focus**.)

In **focus** issue nr 3/2007 I wrote about the rights, obligations and liabilities of supervisory board members. In this issue I will focus on management board members.

I will start again by stating that there are two boards in an Estonian limited company, according to the main rule. In an Aktsiaselts there is always both a supervisory board and a management board. In an Osühing, there may be only a management board. The main rule is that if the share capital of Osühing exceeds 400 000 EEK the company should either have a supervisory board or at least three members in the management board.

### The tasks and the election of the management board members

The management board (Est: juhatus) is the body that represents and directs the company and organises its accounting. This is the body that runs the day-to-day business. In case there is only one management board member, this one is in Estonian called juhataja.

An employed managing director (Est: tegev direktor), which you can find in some Estonian companies, should not be mixed up with a management board member. The difference between a management board member and an employed managing director is foremost that the rights and obligations of a management board member is set in the Commercial Code (Est: Äriseadustik) while a managing director is an employee of the company and his/her tasks are set forth in an employment agreement.

The management board is elected by the supervisory board for a maximum term of three years.<sup>1</sup> If the articles of association stipulates a longer term that is ok for up to five years. Please note that this means that all management board members must be re-elected after each maximum term. This is something that many companies tend to forget about.

The management board members possess the right to represent the company so even though the management board is inferior to the supervisory board, the signatory powers lie with them alone.

The management board shall, in directing the company, adhere to all lawful orders of the supervisory board. Transactions that are beyond the scope of everyday economic activities may only be concluded with a consent of the supervisory board.

One very important issue among the tasks of a management board member is to call for a special shareholders' meeting if the net assets of the company are less than one-half of its registered share capital. Also worth mentioning is that it is the task of the management board to prepare the annual report of the company.

### Pay, vacation, agreements between a board member and the company

The supervisory board decides about the remuneration of the board member and the size of such.<sup>2</sup> There is no general obligation to pay remuneration to a management board member, but only in cases where the board member is also a shareholder, can one claim that this may be acceptable.

As a management board member is not employed, this means that issues like vacation, providing of working equipment, how and when either party can terminate the legal relationship, all this needs to be agreed upon separately. This is usually made in a so called service agreement.

<sup>1</sup> In case the company does not have a supervisory board, the management board is elected by the shareholders.

As the management board member cannot represent the company in agreement/s with him/herself, the supervisory board/shareholders must make a formal decision to appoint somebody to sign any agreement concluded with a management board member.

**Unless these requirements are fulfilled, the company cannot enter into any valid agreement with its management board member/s.** I would strongly advise all management board members to check if such a decision was made prior to concluding your service agreement (if you have any).

### Management board meetings – are these necessary?

In case there are three or more management board members, the board must elect a chairman. But even if there are only two management board members, it could still be wise to have board meetings and to take minutes of these. This is important if it later turns out that a board member would like to claim that he/she was not aware of a certain decision or how different board members voted in a certain issue.

As no-one is interested in more administration than necessary; only when making important decisions, and especially if the board members have different opinions, formal meetings with signed minutes would be advisable.

### Competition and secrecy restrictions

All board members are restricted under law to compete with the company. In case of breach of the competition restrictions,

<sup>2</sup> In case the company does not have a supervisory board, this decision is made by the shareholders.

the company may demand from such board member to stop the prohibited activity, transfer any income received through the prohibited activity as well as be obliged to compensate the company for any damages suffered.

All management board members are obliged to preserve the business secrets of the company under law.

### Liability of a management board member

A member of the board shall fulfil his or her obligations with the due care of a diligent entrepreneur.

Management board members who cause damage to the company by violation of their obligations shall be liable joint and several for compensation for the damage caused. This means that the company can turn against either board member and claim compensation. But if a certain member is able to demonstrate that he or she has fulfilled its obligations (for example through minutes from board meetings), liability will not occur for that person.

Based on practice from the Estonian Supreme Court it may be concluded that a member of the management board should fulfil at least the following minimum criteria to avoid liability: be careful, sufficiently informed to make decisions and not to take unnecessary risks for the company.

A claim for payment of compensation to a company may also be submitted by an creditor of the company if the assets of the company are not sufficient to satisfy its claims. The general limitation period for submitting claims against a management board member is five years.

### Some advise for a management board member

In addition to the above, the articles of association may grant the management board more or less rights and obligations. If you are a management board member of an Estonian company, I strongly advise you to study the articles of association of that company with care. If you do not understand Estonian, you should make sure that a professional translator translates them and if you have questions, you should turn to a professional advisor.

### Karolina Ullman

Partner MAQS Law Firm

Member of the Swedish and Estonian Bar Associations

## Karolina Ullman

**Karolina holds a Master of Laws from Stockholm University from 1998. She did her Swedish court practise 1999-2001 in Bollnäs District Court.**

**In 2001 she joined MAQS Law Firm's Stockholm office as an associate, assisting MAQS Law Firm's clients with an interest in Estonia.**

**Since 2002 she has worked part time in Estonia and as from 2004 full time. In October 2005, MAQS Law Firm opened its full service law firm in Estonia were Karolina is one of five partners.**

**Karolina speaks Swedish, Estonian and English. She is a member of the Swedish Bar Association and an associated member of the Estonian Bar Association.**

**MAQS Law Firm is a dynamic full service law firm within business law with offices in Stockholm, Gothenburg, Malmö, Copenhagen, Warsaw and Tallinn.**

Karolina Ullman



# Tax Treatment of Expenses: Sweden vs. Estonia

This article is the third in a series comparing different elements of the Swedish tax system with the Estonian tax system.

## Introduction

The Swedish tax system and the Estonian tax system treat „business expenses” in fundamentally different manners.

In Sweden, companies incur expenses which are considered „valid” business expenses. These can be deducted in full from the revenue earned by a company. Some expenses are „semi-valid”, and part of the expense can be deducted from revenue. Other expenses incurred by the company are not considered valid for purposes of taxation and cannot be deducted at all from the revenue earned by the company. The „game” then becomes turning questionable expenses (from a tax deductibility point of view) into valid expenses. The more questionable expenses that can be „turned into” valid expenses, the lower the taxable profit of the company.

As Estonia presently does not tax profit earned by companies (unless the company pays dividends), the „game” is not about what types of expenses are allowed and what type are not allowed. All expenses are allowed. But different types of expenses are taxed at different rates, from no taxation of certain types of expenses to approximately a 70% tax on fringe benefits. The „game” for companies becomes having expenses classified into the lower or not-taxed-at-all categories of expenses. A more detailed explanation follows.

## Valid business expenses

It is only for these types of expenses, that the tax treatments in Sweden and Estonia are similar. If a company incurs expenses to rent an office or factory, or to purchase pencils and paper, then both Sweden and Estonia consider these to be valid business expenses. That means that in Sweden, the full amount of the expense can be deducted from revenue.

In Estonia, for a regular business expenses like those set out above, the full amount of the expense can be deducted from revenue and the expense is not taxed in any manner.



Corporate gifts

## Sweden

The rules here are highly complex and fact specific. The general rule is that companies may make all sorts of corporate gifts, but that these expenses are not deductible from revenue for purposes of taxation. Other types of expenses are partially deductible.

Below is set out how different gifts or benefits are taxed, both in the hands of the recipient or if a deduction is allowed for the company:

	Deductible for company	Tax free to recipient
<b>Group life and health insurance</b>	Yes	Yes
<b>Public health and prescription drugs</b>	No	Yes
<b>Dental work</b>	No	Yes
<b>Health care provided by company</b>	Yes	Yes
<b>Private health insurance (outside public medical system)</b>	Yes	No
<b>Medical expenses and prescription drugs while working abroad</b>	Yes	Yes
<b>Work uniforms/clothes</b>	Yes	Yes
<b>Christmas presents (including VAT)</b>	Yes up to 400 SEK	Yes
<b>Anniversary present (for service with company of at least 6 yrs.).Cost incl. VAT</b>	Yes up to 1 200 SEK	Yes





Photo: Max Plunger

Two examples of partially deductible gifts are golf green fees for clients or customers, which are deductible up to SEK 180 + VAT, and theatre tickets for employees or clients/customers, which are deductible up to SEK 180 + VAT.

**Estonia**

Estonia allows corporate gifts, but taxes them, in 2007, at the rate of 22/78 or approximately 28.2%. In 2008, this rate of taxation will fall to 21/79 or approximately 26.6%.

This taxation of gifts applies to any Christmas gift, or any other gift, that a company makes to a client or potential customer.

This rate of taxation also applies if a company pays for a client or potential customer to travel to Estonia, pays for that client to stay at a hotel and pays for meals and theatre tickets or sporting event tickets. All of this assumes that the client or potential client is travelling to Estonia for legitimate business purposes.

**Dinners or lunches paid for by the company**

**Sweden**

The deductible amount per participating person is SEK 90 + VAT regarding lunch and dinner/supper and SEK 60 + VAT for other meals. These deductions apply to both clients/potential customers as well as to the company's own employees as well as group employees.

This deduction is probably the best example of an allowed „partial deduction” when in fact a larger amount has been spent by the company.

**Estonia**

If a company pays for the dinner (regardless of whether wine or liquor was consumed) of a client or customer, or potential client or customer, that part of the bill or invoice that is attributable to the client is taxed at 28.2%. With respect to company dinners, in Estonia, it is good practice to write down on the receipt the name or names of the people one had dinner with. Should the tax authorities ever audit these accounts, then it is easier to prove that the people attending the dinner were not employees of the company but customers or potential customers.

**Skatteverket**

---

**Maksu- ja Tolliamet**

The part of a restaurant bill that is attributed to an employee or employees of a company is taxed at approximately 70%. This is the standard rate of taxation for fringe benefits.

**Fringe benefits**

**Sweden**

The Swedish tax authorities provide detailed guidelines on how fringe benefits are to be treated from the company's perspective. For example, these guidelines encompass meals, medical insurance and reimbursing employees for actual medical treatment, fitness/health clubs, education, Christmas and other gifts, vacation housing and loans. Generally speaking, the tax treatment is much more advantageous to a Swedish company than it is to an Estonian company.

**Estonia**

Any expense incurred by the company that provides a benefit to an employee of a company (regardless of whether they are an employee or a member of the management board) is taxed at approximately 70%. This applies to gifts that the company may make to an employee or for lunches or dinners that the company purchases for the employee, the company paying for (directly or indirectly) sport or training costs (e.g. fees for using a gym or a swimming pool or having a massage).

If the company sends the employee for training related to his or her job (e.g. an accountant takes a taxation course), then it is considered a valid business expense and is not taxed by the state. But if the company sends the same employee to a university night school course so that the employee could finish his or her B.A. or Master's degree, then that is considered a fringe benefit and the university tuition is taxed at approximately 70%.

How company cars are taxed was dealt with in **focus** nr 2/2007.

When an employee of an Estonian company travels on company business, the Estonian tax board has set limits on how expensive a hotel can an employee stay at. If an employee stays at a hotel where the nightly cost is more than allowed under Estonian tax law, then the difference between the limit allowed under the tax law and the actual nightly rate is taxed by this fringe benefit tax of approximately 70%.



Photo: Martin Goodwin

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VILLA MARY

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## Summary

As the above examples illustrate, for purposes of taxation, Sweden does not recognize many of

the expenses incurred by a company, wholly or partially, as tax deductible. This is normally handled by having detailed chart of accounts which enable a recording of non-deductible expenses in separate accounts. This detailed chart of accounts provides correct cost accounting for management while simultaneously providing the necessary tax information to complete a proper income tax return.



Photo: Svenskt Tenn

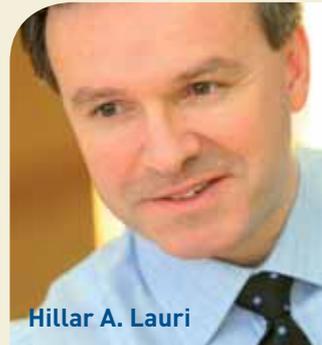
The Estonian system is simpler as it does not require a highly detailed chart of accounts and accounting records are identical for the tax authorities and for the company itself (management and owners). However, the Estonian system requires separate accounts to keep track of expenses which are classified as fringe benefits, representation expenses or gifts, as these accounts require monthly tax calculations and monthly payments.

Under the Swedish tax system, when expenses are incurred by a company that are not recognized as tax deductible, there is no immediate tax consequence for the company. The expense has been occurred, and only upon the filing of the annual tax return by the company will the non-deductibility of the expense become apparent, which in turn (assuming all other factors are equal), will result in a higher taxable profit and more corporate tax being paid by the Swedish company.

Under the Estonian tax system, in the month subsequent to an expense being incurred that brings with it tax consequences, the company must pay the additional tax in the month immediately following the taxable expense. In other words, the tax consequences are closely associated in time with the incurring of the taxable expense.

*The author would like to thank Ruut Mägi and Mart Nõmm for their invaluable comments. Any errors remain the sole responsibility of the author.*

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**Languages**  
English: Native language  
Estonian: Fluent  
French: Fair  
Russian: Marginal

# The Latvian labour market

Latvia has quite a strong labour market protection right now. However, the strongest protection on the labour market is found in Estonia while Lithuania has the most flexible labour market. The most popular countries from which labour is immigrated to Latvia are Russia, Ukraine, Moldova, Byelorussia as well as Bulgaria.



Valters Gencs

Even if the immigration policy in Latvia is aiming to protect local market and employees from third (non-EU) countries might be employed only after declaring a vacancy in the Employment department and if it is not possible to find any local employee, only then a person from a third country may be employed.

At the moment Latvia has not enough employees for all economic sectors. The most popular economic sector for employing third country citizens are construction business where one third of all foreign employees are employed. Next most popular sector is transport and communications.

According to information from the Immigration department more than 4.000 guest workers are registered in Latvia 2007. From Russia 890 persons were employed in 10 months during 2007, from Ukraine 676, Moldova 590, Byelorussia 575 and from Bulgaria 200 persons.

To employ a person from a third non-EU country, the employer shall register a vacancy in the Employment department. After one month, preparations of documents needed for arranging residence permit and work permit can start. The entire process may take 3 months. Total costs for residence and work permits could reach 600 lats (approx. EUR 850).

In Estonia the state duty is approximately 100 lats and in Lithuania 25 lats. Estonia has determined a quota 0.05% from permanent Estonian inhabitants which regulates the amount of guest employees brought to Estonia. Since Lithuania has a very high emigration, this country works effectively to attract guest employees.

Minimum salary for a guest employee who is not a board or a council member has to be 302 lats gross. The minimum total remuneration costs might reach 400 lats (570 EUR). The following salary taxes have to be paid: social insurance payment: 9% by employee and 24.09% by employer, personal income tax 25% and entrepreneurship risk duty.

Illegal employments are most often found in construction businesses and among board members. According to surveys, 17% of all employees work illegally, 10% of them being guest workers.

There is a new migration conception prepared in Latvia which provides reduced expenses payable for work and residence permits by 60%.

There is no consensus among the political parties in the Latvian parliament regarding changing immigration policies for the moment. It is under discussion if to make it more flexible for highly skilled employees. That will be a question to solve for a new government after the Prime Minister A. Kalvitis demission on December 5, 2007.

Text: Valters Gencs,  
Law Firm Valters Gencs

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# Tallinn hosted the Baltic Development Forum's 2007 Summit

- In a sharp global competitive environment, the Baltic Sea Region's strong position is challenged because the rivalry for our prime resource, talent, is getting fiercer every day, said the invitation to this year's Summit of the Baltic Development Forum, for the first time held in Tallinn. Therefore, the ability to attract, develop and retain the best and the brightest will be essential for the future success of the Region.

Hosting this year's Summit, Tallinn was described by the Baltic Development Forum's invitation to the Summit as "a vibrant city, spearheading the 'Baltic Tigers', where young talents are boosting incredibly dynamic economies with technological development, entrepreneurial spirit and innovative government".



**Monty Åkesson**, Senior advisor at Rödl & Partner reports for **focus** from the Summit:

- For the 9th year in a row, approximately 400 business leaders and leading politicians met at the Baltic Development Forum. BDF is a meeting forum co-founded by the former Minister of Foreign Affairs in Denmark, **Uffe Ellemann-Jensen**. I have a special relation to

him, since we both chaired the EBRD Annual Meetings Business Forum in Riga 2000. Principals for the BDF foundation are the different Governments of the Nordic and Baltic countries and large companies that have businesses in the region. From the Swedish side some 40 persons from ministries, institutions and companies participated including Prime Minister **Fredrik Reinfeldt**, the Governor of Stockholm County **Per Unckel**, Sweden's Ambassador to Estonia **Dag Hartelius** and the Stockholm Chamber of Commerce CEO **Peter Egardt**. Swedbank was this year's Summit Partner with **Jan Lidén** as a speaker and large delegations also came from Denmark, Estonia, Finland, Latvia, Poland, and Russia.

- Estonia was represented by a number of CEO's of Estonian companies like Hansapank, Tallink, Tallinn Stock Exchange, Estonian Air, MTV Estonia, Eesti Päevaleht, Nordea Eesti, Eesti Energia, Estonian Development Fund and others. And on the highest official and political Estonian levels you found President **Toomas Hendrik Ilves**, Prime Minister **Andrus Ansip**, Eesti Pank's Deputy Governor **Andres Sutt**, the Minister of Foreign Affairs **Urmas Paet** and Tallinn's **Mayor Edgar Savisaar**.



**Fredrik Reinfeldt**

- Sweden is a major force in developing processes for a better environment in the Baltic Sea Area and the Prime Ministers **Reinfeldt** and **Matti Vanhanen** from Finland confirmed that they have the issues and action plans high on the agendas, especially when Sweden will Chair the EU 2009. President **Ilves** and Prime Minister **Ansip** were also active in the environment debate. Not only was the Nord-Stream gas pipe discussed, but additionally also many practical issues for a cleaner Baltic Sea. That is good news for my sail ship trip next summer when the newly built Briggen Tre Kronor will visit Tallinn bringing along two major themes; what to do for a cleaner Baltic Sea and what to do to get young people active in getting a better environment, a better life and increased wealth.



**Uffe Ellemann-Jensen**

- Many discussions and action plans regarding the discrepancies in the macro economic situations took place. Changes in tax systems and increased energy costs need more attention. Sometimes these matters make competition difficult. In Estonia 1/3 and in Sweden 1/2 of GDP go over the governments hands. Can we come closer? The Economic situation in Sweden is bright, even if recent stock prices has fallen 20+%, but employment levels and the inflation are in balance. Hopefully actions by the Baltic Countries Governments will correct the imbalances here in terms of lending, real estate, salary increases etc.

## BALTIC DEVELOPMENT FORUM

Founded in 1998 the Baltic Development Forum is an independent non-profit think-tank and networking organisation with members from large companies, major cities, institutional investors and business associations in the Baltic Sea Region – on Top of Europe. The Forum works with a wide range of partners, including businesses, governments, regional organisations as well as research and media institutions promoting the Baltic Sea Region as an integrated, prosperous and internationally competitive growth region.

Being the preferred platform for decision makers in the Region, the Forum ties together innovative thinking, informal cross-sector/cross-border/cross-level encounters and concrete new business opportunities with a global perspective. The Forum's network involves more than 2,500 decision makers from all over the region and beyond.

Baltic Development Forum is chaired by Uffe Ellemann-Jensen, Danish Foreign Minister 1982-1993 and also a co-founder of the Forum and the Council of the Baltic Sea States.

The Baltic Sea Region comprises 11 nations and more than 100 million inhabitants and the Baltic Development Forum defines the Region as including Estonia, Latvia, Lithuania, Denmark, Finland, Iceland, Norway, Sweden, Northern Germany (Hansestadt Hamburg, Mecklenburg-Vorpommern and Schleswig-Holstein), Northern Poland (Pomorskie, Warminko-Mazurskie and Zachodnio-Pomorskie), and Russia's North-western region including Kaliningrad.

The core community of the Forum are the members including companies, governments, public as well as non-governmental organisations and cities wanting to contribute to the development of the Baltic Sea region and seeing a purpose in being associated with Baltic Development Forum's work. Their influence is continual but combined with the different summit partners, which sponsor the annual summits. ▶



Jan Lidén

- I have been to almost all BDF meetings since 1999. Earlier as CEO of Ernst & Young in the Baltic's based in Riga, as chairman of the Swedish Chamber of Commerce in Latvia and the Foreign Investors Council in Latvia and now as senior advisor at Rödl & Partner. Since 1992, when I first landed in Riga and Vilnius, I have met more than one hundred Swedish, foreign and local companies.

I am surprised how quickly they have been able to adapt to new environments in terms of competition, salary levels, productivity development, new tax and legal environment, staff leaving and hiring, and with great assets now in selling abilities and entrepreneurial spirit. We discussed at length what to do as many talents leave the area. How to attract, keep and develop key personnel and talents? The BDF theme Top of Europe is certainly geared to people.

- The annual State of the Region Report that **Christian Kettels** from Stockholm Business School and Harvard Business School presented in BDF's name, pointed out how the developments go in tandem. The report is worthwhile reading for anyone doing business in the area and especially cross border and it suggested a permanent, ongoing institute or similar with main contributors from businesses in the region.

- The BDF is effective with presentations, panel discussions, and theme meetings with great moderators from the business media. Much is discussed at networking breaks, lunches and dinners.

- Finally a special congratulation to the entrepreneur and finance guru **Björn Carlson** to his Swedbank price as the person who has meant the most for a better life in and around the Baltic Sea Area, concludes Monty Åkesson. He privately gave 500 mill. SEK to a trust that will give donations to environment programs for a cleaner Baltic Sea.



Toomas Hendrik Ilves

- The report and summary of the meetings can be obtained from [www.bdforum.org](http://www.bdforum.org). If you want to attend at future meetings and learn more you are welcome to contact me at [monty.akesson@roedl.se](mailto:monty.akesson@roedl.se), tel (+46) 70 662 7116.

Among its many sessions devoted to business, competitiveness and innovation, the BDF Summit held a high-level session on climate and energy. It addressed the question how to turn challenges into opportunities. The Swedish and Finnish Prime Ministers Fredrik Reinfeldt and Matti Vanhanen underlined the need for a common Baltic Sea Region strategy on energy and climate issues. ▶



Andrus Ansip



▶ **BRANDING THE BALTIC SEA REGION**



- The Top of Europe's full potential can only be released through a more intensive cooperation between countries and between governments and business.

One voice is needed to make the Region a true European frontrunner, says Per Unckel, Secretary General of the Nordic Council of Ministers

The overall purpose of branding the Baltic Sea Region is to increase economic development and prosperity by positioning the Region in the best possible way in Europe and globally.

The process is paramount as it will give the Region a clearer and more competitive identity to:

- **Achieve more effective investment promotion**
- **Attract more visitors for leisure and business travel and tourism**
- **Attract and retain the best and the brightest talents**
- **Leverage exports through an improved 'region of origin' effect**
- **Build on complementarities of strengths between mature and transitioning economies**

▶ **The EU Commissioner on energy, Andris Piebalgs and the Fortum President and CEO Mikael Lilius, came out with strong support for this.**

The Minister for Foreign Affairs in Estonia, **Urmas Paet**, addressed the Summit in the closing session. He underlined the importance of a global approach to the regional challenges such as the energy security, and called for openness and further integration as the region moves towards implementation of its strategic objectives.

Commenting to **focus** on the 2007 BDF Tallinn Summit, **Carita Pettersson**, Director of the Nordic Council of Ministers' Office in Estonia and a member of the SCCE, says:

- Considering the level of participants at the BDF summit, acting as well as former prime ministers, presidents, CEOs, acting and former foreign ministers etc, the importance of the Forum should not be undervalued. The issues discussed were extremely topical and much was done without the usual political correctness, so often characterizing an internal debate in one country alone – and now I am talking about each and every country in our region, not just Estonia. Baltic Sea unity is an urgent matter and the BDF is an excellent forum to develop it.

- The initiative put forward by the Swedish PM Fredrik Reinfeldt, supported by his Finnish colleague Matti Vanhanen, of an internal EU-strategy in the Baltic Sea Region is more than welcome. It is not so much a question of challenging the rest of the European Union, but of focusing and branding it, in order to receive more attention for the region, which has an enormous potential and could act as a model for the rest of the union. The components are all there, the stable, experienced Western part of the Sea and the nowadays more dynamic Eastern part of it working together.

- I have followed politics in the region closely for almost 20 years as a journalist and correspondent, on the spot as well as from the news room in Helsinki, concludes Carita Pettersson. It always feels like a fresh breeze to have people with provocative ideas debating in a somewhat provincial context. Baltic Development Forum brings together politics, business and research, an extremely important triangle.



Carita Pettersson



# Highlight on China

The Portuguese pioneered the western world's trade with China as they reached Canton (Guangzhou) in 1514. England followed and established a trade station in the same city 1689 and 43 years later the Swedes entered the Chinese market.

- In 1732, a merchant ship of the Swedish East India Company sailed for Guangzhou from Göteborg, inaugurating Sweden's trade with China, said Hu Jintao, President of the People's Republic of China, at a speech in Gothenburg June 9th, 2007. In the 81 years that followed, 38 merchant ships made 126 voyages between Göteborg and Guangzhou.

- Over 270 years later, a replica of the ship Götheborg was built, continued President Hu Jintao. Last year, 2006, it set sail on a voyage to China along the ancient maritime Silk Road. Today the ship has returned to Göteborg Harbour.

Things have developed since 1732. Beijing is just a bit more than ten hours away from Tallinn via Stockholm. Swedish-Estonian trade with China is picking up, a fact that was clearly demonstrated this autumn as the Swedish Chamber of Commerce in Estonia arranged a seminar on commerce and trade with China.

- Following Estonia's regained independence 1991, diplomatic connections between Estonia and China were established the same year, said Mr. **Liu Mingguo**, Counsellor at the Commercial Office of the Chinese Embassy in Estonia, in his opening address at the SCCE seminar. The high level contacts between Estonia and China has continued and include a meeting between the former Estonian President **Arnold Rüütel** and China's President **Hu Jintao** in 2005 as well as a meeting between President **Toomas Hendrik Ilves** and **Jia Qingling**, Chairman of the National Committee of the Chinese People's Political Consultative Conference, in October 2006. This latter meeting focused on Estonian-Chinese bilateral relations, especially on the promotion of economic and trade relations and was followed up with a Beijing meeting between Estonia's Foreign Minister **Urmas Paet** and China's Vice President **Zeng Qinghong**, January 24th this year.

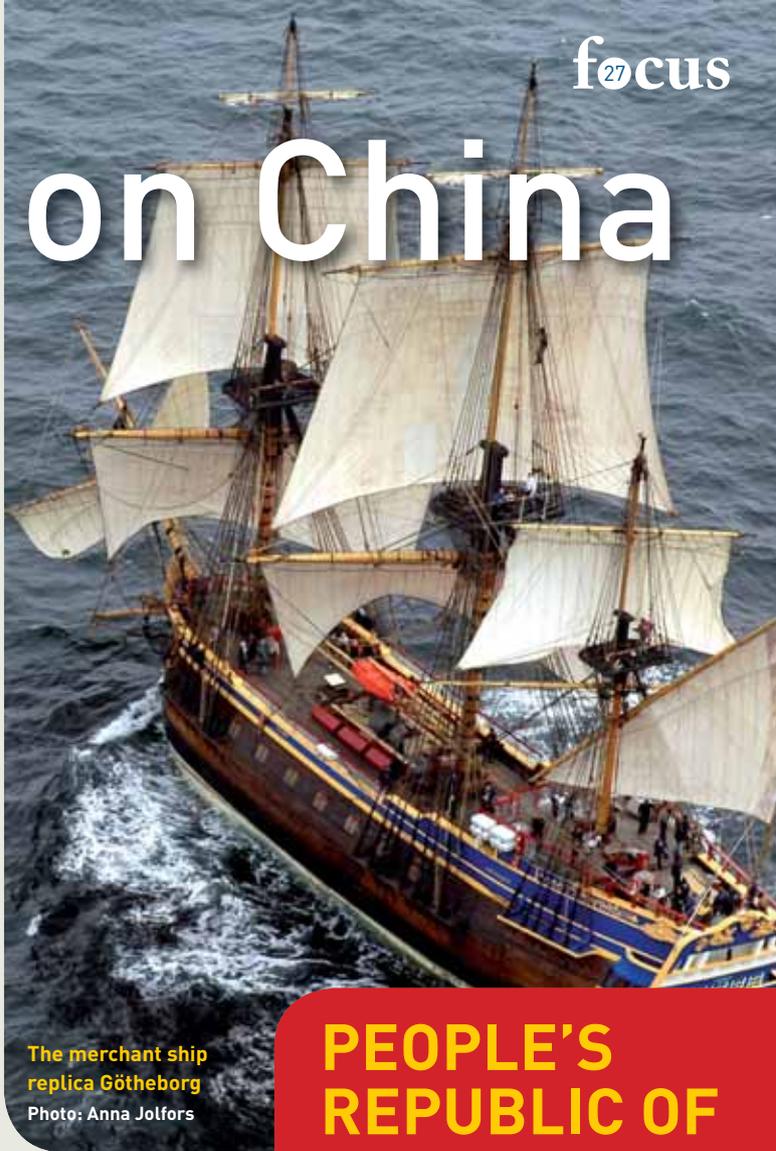
Liu Mingguo



## Exhibitions and fairs

Mr. Liu advocated participancy in Chinese exhibitions and fairs as a fruitful way of getting into contact with the Chinese market. The Chinese Exports Commodities Fair – or maybe better known as the Canton Fair – is one of the biggest fairs in the world and has been held twice a year since 1957. More than 28.000 stands are up on an area totaling 560.000 sqm in April and October each year.

- Don't miss the opportunity to arrive or depart via Hong Kong when visiting the



The merchant ship replica Götheborg  
Photo: Anna Jolfors

## PEOPLE'S REPUBLIC OF CHINA

The origin of the Chinese society can be traced at least six thousand years back. The first centralized imperial power center was founded by Emperor Qin Shi Huang Di in 221 B.C., Genghis Khan entered the scene in the beginning of the 13th century and it was his grandson Kublai Khan who named Beijing the capital of China. The Ming dynasty (1368 – 1644) was followed by the Qing dynasty which ruled China until 1911 when Sun Yat-sen, leader of the nationalistic Kuomintang party, became the first provisional President of the Republic of China. The last Emperor of China, Puyi of the Qing dynasty, abdicated 1912.

The Chinese communist party was founded 1920, grew and came into conflict with the ruling Kuomintang party. Mao Zedong anchored his position in the communist party and became its undisputable leader 1935. Following Japan's capitulation 1945 thus ending World War II, an open Chinese civil war broke out. The communists entered Beijing in 1949 and Mao Zedong declared the formation of the People's Republic of China the same year.

China's political agenda was partly changed following the death of Mao Zedong 1976. The new leader, Deng Xiaoping, introduced an economical reform policy and China gradually started to open itself to the rest of the world. China joined the World Trade Organization 2001 and Hu Jintao was named President and Party Leader 2002, succeeding Jiang Zemin.

China is today the world's third biggest trade nation and EU's second biggest trade partner. ▶

► **Population**  
1.320.000.000 (2007 estimate)

**Area**  
9.596.960 sqkm's

**Official language**  
Mandarin

**Head of State**  
Hu Jintao, President and Party Leader

**Currency**  
**Mainland China:**  
Renminbi (the people's currency).  
1 Renminbi = 1 Yuan (CNY) = 10 jiao = 100 fen  
1 USD = 7.52 CNY (Oct 2007)

**Hong Kong:**  
Hongkongdollar (HKD).  
1 HKD = 100 cents  
1 USD = 7.76 HKD (Oct 2007)

**Macao:**  
Pataca (MOP).  
1 MOP = 100 avos  
1 USD = 7.98 MOP (Oct 2007)

**GDP**  
2.683 Billion USD (2006)

**GDP growth**  
11,5% (Jan - Jul 2007)

**Inflation**  
3,2% (Jan-Jul 2007)

**Foreign exchange reserve**  
1.400 Billion USD (Jul 2007)

**Most important import products**  
IT equipment and semi conductors, raw material, oil, oil products, metals, industrial machinery

**Most important export products**  
Ready-to-wear clothes, shoes, IT equipment, home electronics and electrical products

**Industrial and business regions**

**Shanghai and eastern China**  
Shanghai, Hangzhou, Nanjing, Ningbo, Wuxi and Suzhou are six of the 25 fastest growing cities in China today from an economical viewpoint and all of them are located in this area. These six cities, together with the neighbouring provinces of Jiangsu and Zheijang forms the Yangtze River Delta Region considered being the main engine in the growing modern and know-how based Chinese economy.

Though the region only accounts for 10% of China's population its share of the total Chinese GDP is close to 25% and close to 30% of all foreign trade. More than 400 of the world's 500 biggest companies are established in the Yangtze River Delta Region. ►



Canton Fair, concluded Mr. Liu. It is only 1,5 hours by train between Hong Kong and Canton.

**At least 6.000 years of history**



- Remember that China is a continent with a history dating more than 6.000 years back, said **Tommy Eriksson**, Vice President at the Chamber of Commerce of Central Sweden and having a solid personal and professional experience of

Asia and China. Though China doesn't have any official religion we have 1.300.000.000 inhabitants divided in 56 ethnical groups and having Taoism, Daoism, Buddhism, Islam or Christian religions as their conception of life.

- Just one generation back the Chinese were working very hard on the fields for their own support and survival. Superstitious ness is still widespread – it is not a coincidence that the Olympic Summer Games in Beijing will be inaugurated 08.08.2008 at 08.00PM. The number 8 is a lucky number in China, while 4 means death. You seldom see a 4th floor at Chinese hotels for instance.

- China is an emerging market with all the advantages and disadvantages this brings, continued Tommy Eriksson. China has a huge domestic market, they are open for new technologies and your product might set a de facto standard. HighTech products typically have good margins in China and it is quite easy to find distribution channels. On the other hand it might be difficult to find the right distribution, the language is a barrier and mistakes due to cultural differences are easy to make. Financial transactions are still complicated and the juridical

status in business transactions is still, in many respects, an open issue.

- There are a number of good advices to consider when entering the Chinese market, concluded Tommy Eriksson. China is huge and starting at one spot for testing the market is one good advice. When hiring local staff, be extremely careful and double-check the references. It takes time and patience to enter this market. Be careful when entering a joint venture and spread the risks. Some products are attractive for pirate-copying. And last, but not least – visit China often!

**Financing and banking**

- Though the finance and banking services in China are in a liberalization process there still exist substantial regulatory barriers and sophisticated cash management solutions are not in place yet, said **Ingo Pöder**, Head of the Nordic & International Desk of Nordea Bank, Estonia. A close relationship and even physical presence in Chinese banks are still necessary.

- The key players on the Chinese banking scene are the 'big four' – Bank of China, China Construction Bank, Industrial and Commercial Bank of China and the Agricultural Bank of China. Equally important are the 'policy banks' – China Development Bank, Export-Import Bank of China and the Agricultural Development Bank of China.

- Currently the most important banking and financial services required for companies entering China include trade financing, financing of subsidiaries and cash management services, concluded Ingo Pöder.



## Business relations

- Doing business in China is to an overwhelming extent based on good relations, personal contacts and physical presence on the market, said Göran Krave, moderator at the SCCE seminar and himself having five years of hands on Chinese experiences. There are still regions in China where you can negotiate on the company taxation level and as for real estate, ownership in our terms doesn't exist. You buy building rights and rights to use a piece of land for a specified period of time.



The latter fact was highlighted as Estonia's Foreign Minister Urmas Paet and China's Deputy Foreign Minister Li Jinzhang signed an agreement January 26th this year, allowing Estonia to erect a building for its embassy in Beijing. Under the agreement, Estonia acquired building rights for 70 years at a 3.000 sqm plot in the embassy district of Beijing.

### Estonian – Chinese Trade

- China's trade with Estonia has been the fastest growing, compared to other EU countries, said China's Foreign Minister Li Zhaoxing as he met with Urmas Paet, Estonia's Foreign Minister, in Beijing January 25th this year.

- We have similar interests in the fields of trade, communication technologies and transit logistics, including sea and railway transports, said Urmas Paet at the same meeting. It is also great that the trade turnover with China has increased and is practically in balance.

# 生意

"Trade"

Both Mr. Li's and Mr. Paet's statements are supported by an international report stating that Estonia's Chinese share of its total exports took a jump from 1,9% in 2005 to 11,9% in 2006.

At a meeting between President Toomas Hendrik Ilves and Jia Qingling, Chairman of the National Committee of the Chinese People's Political Consultative Conference, in October 2006, Jia Qingling specially singled out a development of cooperation in the field of high technology between China and Estonia. President Ilves confirmed that Estonia is continuously interested in transit of Chinese goods to Europe via Estonia and that both sides would benefit from such cooperation.

Estonia's current exports to China mainly consist of raw materials for paper manufacturing, non-ferrous metals, machinery, electrical products and textile products. Estonian import goods from China include apparel, shoes and other light industrial and textile products as well as fresh and frozen pork and beef.

### The future

As more than 2.200 delegates left Beijing and the 17th National Congress of the Communist Party of China (Shiqi Da) in October this year, it seems that the internal power base for the coming five years of President Hu Jintao's leadership was a main issue at the congress. At the same time, international political and economical expertise, speculates in how much power the central Beijing leadership really has.



Göran Krave

### ► Canton (Guangzhou) and the Guangdong province

Canton positioned itself as a Chinese logistical hub already during the 16th century. Huge investments have been made in recent years for improving the infrastructure resulting in China's biggest international airport, modern ports in the south and new highways in the north. Canton is the capitol of the Guangdong province, also known as 'the world's factory' and accounting for appr 50% of China's total export. Light manufacturing industries (electronics, textile) dominates but petrochemical products and car manufacturing are also among the most important industries represented here. Located only some 130 km from Hong Kong and having a close cooperation based on Hong Kong's strong service trade and Guangdong's manufacturing industries, Guangdong has created a strong interest from foreign investors.

### Special Administrative Regions (SAR's)

#### Hong Kong

The former crown colony of Britain had its sovereignty transferred to China 1997, following 155 years of British ruling. Under the policy of 'one country, two systems', the Central People's Government is responsible for the territory's defence and foreign affairs, while Hong Kong maintains its own legal system, police force, monetary system, customs policy, immigration policy, and delegates to international organisations and events. This high degree of autonomy will formally last up until 2047, fifty years after the transfer of sovereignty. Being described as the place where East meets West, Hong Kong's economy is dominated by finance and trade services accounting for more than 90% of the region's GDP. In terms of GDP per capita, Hong Kong is the wealthiest urban centre in China - the GDP per capita exceeds the four big economies in Western Europe (UK, France, Germany, Italy), as well as Japan. It has ranked as the world's freest economy in the Index of Economic Freedom for 13 consecutive years, since the inception of the index in 1995.

#### Macau

Having a history as the oldest European colony in East Asia, the Special Administrative Region of Macau was established 1999, following 442 years of Portuguese ruling. Macau's autonomy is similar to that of Hong Kong and the economy is based largely on tourism, much of it geared toward gambling and boasting a wide range of hotels, resorts, stadiums, restaurants and casinos. Industrial development includes textile, electronics and toys and Macau has strong economic links with Hong Kong, Canton (Guangzhou) and the Guangdong province. Macau is also one of the best known offshore financial centers in the world with the offshore finance business regulated and supervised by the Monetary Authority of Macao, while the regulation and supervision of the offshore non-finance business mainly is controlled by the Macau Trade and Investment Promotion Institute.



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President Hu Jintao



The value of the stocks traded at the Chinese stock exchanges has six-folded in just two years and the total value is now bigger than China's entire GDP. A fact that has triggered the question on what has most influence on the everyday life of the Chinese population – the party or the stock exchanges.

Additionally, China is more of a continent than a country and the central leadership faces problems in getting their policies to happen as provincial and city leaders experience a local pressure to further increase the economical growth and income even if Beijing demands more consideration to environmental and energy issues. The rapid economical development has obviously changed the internal Chinese power balance.

President Hu Jintao's key speech at the congress indicated that the party is looking for a compromise between a high economical growth rate and a more balanced economical development. He also said that a continued economical growth is necessary for maintaining stability for the party and the nation. China's goal is that the GDP per inhabitant shall be four times higher in 2020 than it was in 2000.

China was also an issue at the International Monetary Fund's meeting in Washington D.C. October 20-22 as US, Canadian and European delegates reiterated demands on a revaluation of the Chinese currency. From a formal point of view the Yuan is not pegged to the USD since July 2005 but in practise, says the criticizers, the Chinese currency has followed the lower exchange rates of the USD. This has given the export-giant China unfair 'devaluation benefits' said several delegates and demanded quick corrective actions.

- It might be so that we don't rush things in such a way many would like us to do, said Wu Xiaoling, Deputy Governor of the Chinese Central Bank, at the IMF meeting. But we are moving in the right direction in a smooth way. And I think this is mutually beneficial, concluded Wu Xiaoling.

Text: Megazine – Tallinn  
Photos: Kadi Asmer

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# Outsourcing to China

We have been active in China since some two years by now, says **Ulrica Fors**, Market and Information Manager at AS Fors MW. Currently around twenty Chinese subcontractors' manufactures different details for us within industrial production processes like cutting, refining, casting and welding.

- Just two years ago we produced 75% of our details under own roof and now we have approximately 15% of this production outsourced to China. Within a year we expect some 40% to be outsourced, but not only to China. Like several other companies we are also looking at countries a bit closer to us. New member countries of the EU as well as future EU-members might very well be of interest to us.

- A physical presence is necessary in China, continues Ulrica. We have a Chinese coordinator in place and he also has some of the subcontracted production under his roof. Two of our employees from the Saue-factory are in China more or less one week every month to secure our quality demands. Currently we are discussing the option of starting a daughter company in China. This would indeed simplify economical transactions and the quality control process but we haven't reached any final decision yet. However, if we decide to go for this option it will be a fully owned daughter company of ours and not a joint venture. There are more cons than pros in terms of joint ventures in China today.

- Our Chinese subcontracted production started with us taking a contact with the Chinese Embassy in Tallinn, tells Ulrica. The Embassy put us in contact with a local Chinese, as a matter of fact the very same person as we have as our local coordinator today. He in his turn provided additional contacts and we ourselves spent many hours at the internet finding even more potential Chinese manufacturers.

- The outcome was a long list of Chinese companies and with this in our hands we traveled to China. We managed to established firm business contacts



but also immediately started up by placing orders for subcontracted production. In addition to providing drawings and specifications we choose to send samples of the details to China. Seeing and feeling the physical details make it easier for anyone, including Chinese people, to grasp the task ahead in a very hands on way. Sending details like this by air cost us quite a lot in terms of money but it pays back in terms of quality.

- Quality and logistics are key issues in our Chinese operations. As for quality we have had a few cases where we simply stopped our cooperation with some subcontractors. We can see a need for a local Swedish representative of ours being on the spot in China and focusing on quality issues but also on logistics. We need a better coordination of the shipments from China or to put it in concrete terms – we need a better just-in-time flow of the China made details.

- Doing business in China is still in many respects a challenge, says Ulrica. Most of the suppliers demand pre-payments making the situation a bit uncertain for us. From time to time we also get proposals that part of the payment could go to a private account, which we simply don't accept. It is easy to note that China is not a pure market economy. What works in Shanghai doesn't work at all in another part of the country. The VAT payment is a good example. It should be paid out once a year but it is only in Shanghai you can be certain that it really works this way. The phenomenon that you actually can negotiate on private and company taxation is of course also somewhat exotic for people coming from our part of the world.

- We can of course also see a market for our products in China, concludes Ulrica. But also in other Far East Asia countries like Japan, Vietnam, Indonesia and Malaysia. Our Farma products are already on the Japanese market and when the time is right we are certain that these markets are ideal for our small and medium sized machines.

Text: Ulrica Fors and Megazine, Tallinn

## AS FORS MW

Founded in 1992 and headquartered to Saue, just south of Tallinn, AS FORS MW markets, develops, manufactures and sells small and medium sized products customized to branches within agriculture, forestry and entrepreneurship. The company has Swedish ownership and management, employs 150 persons and has operations in 25 countries.

Fors MW has developed to become the leading European manufacturer in its market segment with brands and products like the Bigab hook lift system, Farma lumber trailers and Niab tractor processors.

The Bigab hook lift system was originally developed in Sweden 30 years ago and was taken into Fors MW production 1997. Over the years more than 4000 hook lift trailers have been manufactured and the product range varies from 4 up to 24 tonnes.

Farma is an original Fors MW product, first developed 1992. Around 9000 complete Farma lumber trailers have by now left the Estonian Saue-based factory and Farma is today the best selling brand in Northern Europe. The product range varies from the 6 tonnes wood trailer up to the professional 14 tonnes trailer.

The Niab tractor processor is a Swedish original product developed more than 20 years ago and Fors MW bought the rights to the product 2002 with more than 1200 units sold by now. In the highly competitive market segment of tractor processors, Niab stands out as a unique concept solution with extremely versatile appliances.

[www.forsmw.com](http://www.forsmw.com)

# A state of consensus

- The bilateral relations between Sweden and Estonia are excellent and can be described as a state of consensus and unity, said **Dag Hartelius**, Sweden's Ambassador to Estonia as **focus** met him for a talk. Mutual understanding and a productive cooperation dominates our agenda and that means that the Embassy can focus on the further development of trade, investments and tourism to Sweden as well as on an even deeper cooperation between Sweden and Estonia in the European Union.

- In the beginning of this year I gave an overview on Sweden's foreign policy in terms of Swedish – Estonian relations. Together our two countries want to find a central position in the European Union, working for a continued development and growth in the Baltic Sea region as well as promoting transatlantic relations. I said that there are good possibilities for an axis of cooperation between Tallinn and Stockholm in terms of a partnership out of the ordinary, built on strong common interests, broad networking and personal contacts.

## Economy

- Though the Estonian economy is showing clear signs of a cool down effect, it is important to note that the Estonian national economy is in a very good shape. The Estonian budget surplus was 3,6% of the GDP 2006, the third biggest in the EU27 area, and the national debt is 4% of the GDP making it the smallest within the EU.



- Sweden is the biggest foreign direct investor in Estonia and we calculate with some 1.200 Swedish companies being active in Estonia now. This year I had the pleasure to take part in the opening of Lasertools' new factory in Estonia and I am happy to note that Trelleborg will start a manufacturing unit in Kuressaare.

- The activities and support for a further development of Swedish – Estonian trade and commerce made by the Swedish Trade Council and the Swedish Chamber of Commerce in Estonia are of vital importance for our two countries.

## Publicity

- Publicity on Sweden in Estonian media is of course an important component in the Embassy's Swedish promotion activities. My own participation in Tantsud Tähtedega has created quite a lot of media attention lately, but there are many other Swedish related issues which have been published in Estonia as well and throughout the year.

- One example is HM Queen Silvia's October visit to Tartu in connection with the 375 years celebrations of the founding of the University. In connection with this visit, the Queen and the Estonian President's wife, Mrs. Ilves also inaugurated the Eesti Ågrenska Foundations

## THE SWEDISH EMBASSY IN TALLINN

The palace of the von Rosen family on Pikk Street 28 in Tallinn's old town is one of the few buildings in Tallinn being built during the Swedish period since the city was already completed when the Swedes arrived in 1561. The palace, which is considered to be one of the most magnificent noble houses of the city, was built in the 1670's and its exterior is still today the finest example of classical baroque style in Estonia.

The building stayed within the von Rosen family for a couple of generations, but by the end of the 18th century the property was sold to Vice Admiral Palaenskoy and was used as the Admiralty. During the following decades the house changed owners several times and each holder carried through extensive rebuilding works. After some years the interior of the house had lost its original 17th century character.

During the Soviet era the State school for engine-drivers was situated in the palace. Considering the condition the building was in when the Swedish State took over the contract January 1st 1992, no particular respect had been paid to its historical value.

One single room – the former assembly room of the palace – showed traces of the baroque, and for example the height of its tall ceiling is different from the rest of the rooms. When the building was renovated these traces were used to restore its 17th century character to the extent that it was possible.

Through Sweden's acquisition of the palace on Pikk 28, and the accommodation of the Embassy since 1994, its Swedish past is now united with the present.

# and unity



Tammistu Manor which will function as a family center for handicapped children and their families. Princess Madeleine's visit to Estonia in March also created publicity on Sweden, the Swedish Royal Family and Swedish-Estonian cooperation.

- Coming back to Tantsud Tähtedega it has indeed created some media and public attention. I have heard that 1/3 of the Estonian population have been following the programme. For me personally it created some 7 – 10 hours extra work per week and in addition I and my fellow competitors spent some 8 hours in the studio every Sunday. The media attention with interviews and photo sessions should be added and looking at that from the positive side, Sweden and not only I, got a substantial amount of publicity. However, I must underline that the potential for publicity was not my reason for participating. It was the fact that a substantial part of the income from the televoting will go to handicapped children in Estonia.

#### Regional cooperation

- Sweden and Estonia are active members of several international and regional organizations. The Baltic Development Forum is one of them and at the recent summit in Tallinn, Sweden's Prime Minister Fredrik Reinfeldt announced that the Swedish government intends to launch an EU Baltic Sea Strategy during their EU Presidency in 2009, including improved cross border infrastructure, cooperation on R&D, innovation and cluster development, which are all areas that will spearhead further integration of the internal market and make the EU countries in Northern Europe more competitive.

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long in one country might strengthen the sense of loyalty to the country where you work and at the same time weaken the loyalty to Sweden, whose views and interests we are always supposed to represent. This is why ambassadors and other diplomats only serve in a foreign country for a limited time before they move on.

- Having been in Estonia since 2003, I also became Dean of the Diplomatic Corps in December last year. It means that I am the most senior Ambassador here and from a practical point of view it means that I represent the Diplomatic Corps in connection with some official events as well as being the spokesperson on everyday work and practical issues like the contacts and the information flow between the official administration of Estonia and us in the Diplomatic Corps.

- In the beginning of this year Sweden and Estonia signed a cooperation agreement on maritime and aeronautical search and rescue. Though the agreement is bilateral it will have an influence on the Baltic Sea regional work in this important field.

- Sweden and Estonia also cooperates within one of the fast response forces being set up by the EU for peace enforcement purposes. Called the Nordic Battle Group, military forces from Sweden, Estonia, Finland, Ireland and Norway will be fully operative from January 1st, 2008, ready to go to any conflict area within a 6.000 km radius from Brussels, ten days from alert. Sweden is coordinating the Nordic Battle Group and also hosted its final exercise in northern Sweden during the first part of November this year.

- The relations between Sweden and Estonia are both excellent and close, concludes Dag Hartelius. On the Diplomatic level Sweden has, in addition to the Embassy in Tallinn, two Honorary Consulates, one in Narva and one in Tartu. And, as I have said before, we also have the Swedish Trade Council and the Swedish Chamber of Commerce in Estonia promoting the trade and commerce between our two countries. In addition to the Embassy in Stockholm, Estonia has five Honorary Consulates in Sweden located to Göteborg, Gammelstad, Visby, Malmö and Karlskrona. Eesti Maja, the Estonian House, at Wallingatan in Stockholm is also important to mention as it is a center for the Estonian-Swedes and Swedish-Estonians as well as being a very active and visible symbol of the close connections between our two countries.

Text: Megazine – Tallinn

### The Ambassador

- I came to Estonia as Ambassador in August 2003 and live here with my wife and our children. The kids go to the International School in Tallinn and being married to an Ambassador my wife has a full work load, not only with our home and family but also with official duties in connection with receptions and representations.

- According to SCCE's ombudsman Kristiina Sikk, I speak good Estonian and I must stress that knowing the local language is invaluable in terms of getting good personal contacts and relations.

- From time to time I get the question from friends in the international business community why Ambassador's have a tendency to leave at a time when they have built up good personal relations and contacts with officials, media and other local representatives. I understand the background to the question very well since good personal and adequate contacts is what most companies require when looking for representatives abroad. However, from a Diplomatic viewpoint we look at it from another angle. As Ambassador I represent Sweden and Swedish interests. Staying too

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# The Nobel Prizes

**“...The whole of my remaining realizable estate shall be dealt with in the following way: the capital, invested in safe securities by my executors, shall constitute a fund, the interest on which shall be annually distributed in the form of prizes to those who, during the preceding year, shall have conferred the greatest benefit on mankind.”**

This is an excerpt from one of the most well known last wills in the world – the one made up by Alfred Nobel, November 27th, 1895. It continues:

“The said interest shall be divided into five equal parts... The prizes for physics and chemistry shall be awarded by the Swedish Academy of Sciences; that for physiology or medical works by the Karolinska Institute in Stockholm; that for literature by the Academy in Stockholm, and that for champions of peace by a committee of five persons to be elected by the Norwegian Storting (edit.: Parliament). It is my express wish that in awarding the prizes no consideration be given to the nationality of the candidates, but that the most worthy shall receive the prize, whether he be Scandinavian or not.”

Alfred Nobel died in San Remo, Italy December 10th, 1896 and the first Nobel Prize Laureates were named and awarded in Stockholm and Oslo (the Nobel Peace Prize) December 10th, 1901.

## Alfred Nobel

Alfred Nobel was born in Stockholm, October 21st, 1833. His father's, Immanuel Nobel, business was forced into bankruptcy the same year Alfred Nobel was born and the father left Stockholm and the family to start

a new career in Finland and in Russia 1837. He was successful and brought his family to St. Petersburg 1842. There, his sons were given a solid education and by the age of 17 Alfred Nobel was fluent in Swedish, Russian, French, English and German.

## Literature, poetry, chemistry and physics

Alfred Nobel's primary interests were in English literature and poetry as well as in chemistry and physics. Alfred's father, who wanted his sons to join his enterprise as engineer, disliked Alfred's interest in poetry and found his son rather introverted. In order to widen Alfred's horizons his father sent him abroad for further training in chemical engineering.



Alfred Nobel went to Sweden, Germany, France and the United States. In Paris he met the young Italian chemist Ascanio Sobrero who, three years earlier, had invented nitroglycerine, a highly explosive liquid considered too dangerous to be of any practical use.

After his return to Sweden in 1863, Alfred Nobel concentrated on developing nitroglycerine as an explosive.

Several accidental explosions, including one in which his brother Emil and several other persons were killed, convinced the authorities that nitroglycerine production was exceedingly dangerous. They forbade further experimentation within the Stockholm city limits and Alfred Nobel had to move his experimentation to a barge anchored on Lake Mälaren.

## Dynamite

To make the handling of nitroglycerine safer Alfred Nobel experimented with different additives. He soon found that mixing nitroglycerine with kieselguhr would turn the liquid into a paste which could be shaped into rods of a size and form suitable for insertion into drilling holes. In 1867 he patented this

## The Ceremonies and Banquets

Since 1901, the Nobel Prizes have been presented to the Laureates at ceremonies held December 10th, the anniversary of Alfred Nobel's death.

The Nobel Prizes in Physics, Chemistry, Physiology or Medicine and Literature are awarded in Stockholm, Sweden, while the Nobel Peace Prize is awarded in Oslo, Norway.

Since 1969 an additional prize has been awarded at the ceremony in Stockholm; the Sveriges Riksbank (edit.: the Swedish Central Bank) Prize in Economic Sciences in Memory of Alfred Nobel, which was established in 1968 on the occasion of the Riksbank's 300th anniversary.

The Nobel Prize Award Ceremony in Stockholm takes place at the Stockholm Concert Hall (Stockholm's Konserthus) and the Nobel Peace Prize Award Ceremony takes place in the Oslo City Hall.

## Stockholm

At the Nobel Prize Award Ceremony in Stockholm, presentation speeches extol the Laureates and their discovery or work, after which His Majesty the King of Sweden hands each Laureate a diploma and a medal.

The Ceremony is followed by a banquet at the Stockholm City Hall (Stockholms Stadshus) for about 1,300 specially invited guests, including 250 students.

In addition to the Nobel Laureates and their families, the Swedish King and Queen and other members of the Royal Family are guests of honour at both the Prize Award Ceremony and the Banquet. Representatives of the Swedish Government and Parliament also participate. International guests enjoy priority, especially those who represent the sciences and cultural life. Swedish guests are people who participate in Nobel-related functions in one capacity or another, aid the sciences through donations or otherwise support the Nobel Foundation and the Prize Awarding Institutions.

## Oslo

In Oslo the Nobel Peace Prize is presented by the Chairman of the Norwegian Nobel Committee in the presence of the Norwegian King and Queen, the Government, Storting (edit.: Parliament) representatives and an invited audience. ▶

► Later the same day, the Norwegian Nobel Committee hosts a banquet in honour of the Laureate, with specially invited guests.

**Global**

The Nobel Prizes are by far regarded as the most prestigious prizes in the world and the Award Ceremonies as well as the Banquets in Stockholm and Oslo on December 10th have developed from local Swedish and Norwegian arrangements into major international events that receive worldwide coverage by major print and digital media, radio and television.



**The Nobel Prize Laureates 2007**

**Medicine**

Jointly to Mario R. Capecchi, Martin J. Evans and Oliver Smithies - "for their discoveries of principles for introducing specific gene modifications in mice by the use of embryonic stem cells"

**Physics**

Jointly to Albert Fert and Peter Grünberg - "for the discovery of Giant Magneto resistance".

**Chemistry**

Gerhard Ertl - "for his studies of chemical processes on solid surfaces".

**Literature**

Doris Lessing - "that epicist of the female experience, who with scepticism, fire and visionary power has subjected a divided civilisation to scrutiny".

**Peace**

Shared, in two equal parts, between the Intergovernmental Panel on Climate Change (IPCC) and Albert Arnold (Al) Gore Jr. - "for their efforts to build up and disseminate greater knowledge about man-made climate change and to lay the foundations for the measures that are needed to counteract such change".

**Economy - The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel:**

Jointly to Leonid Hurwicz, Eric S. Maskin and Roger B. Myerson - "for having laid the foundations of mechanism design theory".

material under the name of dynamite. To be able to make the dynamite rods go off he also invented a detonator. These inventions were made at the same time as the diamond drilling crown and the pneumatic drill came into general use. Together these inventions drastically reduced the cost of blasting rock, drilling tunnels, building canals and many other forms of construction works.

The market for dynamite and detonating caps grew very rapidly and Alfred Nobel also proved himself to be a very skilful entrepreneur and businessman. Over the years he founded factories and laboratories in some 90 different places in more than 20 countries. He was constantly travelling and the French author Victor Hugo once described him as "Europe's richest vagabond".

**Bertha von Suttner**

Alfred Nobel didn't have much time for a private life. At the age of 43 he advertised in a newspaper "Wealthy, highly-educated elderly gentleman seeks lady of mature age, versed in languages, as secretary and supervisor of household." The most qualified applicant turned out to be an Austrian woman, Countess Bertha Kinsky. After working a very short time for Nobel she decided to return to Austria to marry Count Arthur von Suttner. In spite of this Alfred Nobel and Bertha von Suttner remained friends and kept writing letters to each other for decades. Over the years Bertha von Suttner became increasingly critical of the arms race. She wrote a famous book, Lay Down Your Arms and became a prominent figure in the peace movement.

No doubt this influenced Alfred Nobel to include a Prize for persons or organizations promoting peace and the 1905 Nobel Peace Prize was awarded to Bertha von Suttner.

**A contested last will**

When Alfred Nobel's last will was opened it came as a surprise that his fortune was to be used for Prizes in Physics, Chemistry, Physiology or Medicine, Literature and Peace. The executors of his will were two young engineers, Ragnar Sohlman and Rudolf Lilljequist. They set about forming the Nobel Foundation as an organization to take care of the financial assets left by Nobel for this purpose and to coordinate the work of the Prize-Awarding Institutions - not without difficulties since the will was contested by relatives and questioned by authorities in various countries.

Alfred Nobel was indeed interested in social and peace-related issues and held, what were considered, radical views in his time. He had a great interest in literature and wrote his own poetry and dramatic works. The Nobel Prizes became an extension and a fulfilment of his lifetime interests.



# En Svensk Klassiker – A Swedish Classic

Since it was launched in 1971, 23.518 men, now also including SCCE's Chairman Anders Hedman and 4.969 ladies have fulfilled the requirements for the Swedish Classic.

- It all began with me getting a registration for Vansbrosimningen, the Vansbro swimming, as a gift for my 40th birthday, says Anders Hedman. I took on the challenge and made that competition in 2006. And after that I simply decided to go for the Swedish Classic this year.

To fulfill the requirements for the Swedish Classic the participants have to complete four races in four different branches of sports during a twelve-month period.



## Vätternrundan – 300 km biking.

The biggest biking exercise race in the Nordic region arranged Friday and Saturday before midsummer each year. Start and finish is located to Motala and the race will take the participants on a scenery tour around Sweden's second biggest lake; Vättern.

- If Vasaloppet was the physically toughest race, Vätternrundan stands out as the most psychologically toughest challenge for me, continues Anders. I had a problem with a knee and had to stop for a couple of hours to get rid of the pain and get some massage. Additionally I experienced headwind during the entire race which I perceived as somewhat strange since the race starts towards south continues north with the final part heading south again. I logged around 12 hours of biking on the roads, but due to the stop I spent some 15 hours totally in the race.



## Vasaloppet or Öppet Spår (Open Track) – 90 km cross country skiing, classical style.

Vasaloppet is always arranged the first Sunday in March every year with Öppet Spår taking place during the week before. The start takes place in Sälen with the finish located to Mora.

- From a physical point of view this was the toughest race for me, says Anders. On the other hand I learned a lot during these 90 kilometers of skiing. You really don't need to carry anything else along than an extra cap! Everything else in terms of liquids and other energizing stuff is provided at the depots along the track. As for the cap, the one and only I had this year turned totally wet and since it was some minus three degrees it also turned into ice after a while. Wearing an ice-helmet is, in my opinion, not recommendable when skiing along the Vasaloppet track!

## Vansbrosimningen – 3 km swimming.

The biggest swimming competition in the world and always arranged on the second Sunday in July each year. The distance includes 2.000 m downstream swimming in the river Vanån and 1.000 m upstream swimming in the Västerdalälven river. The start takes place at Morabron, just north of Vansbro and the finish is suitably located to Plasket (the Splash).



▶ - Though the last 1/3 of this competition ends with 1.000 m upstream swimming, I perceived Vansbrosimningen as the easiest part of the Swedish Classic, says Anders. The river in these last 1.000 meters is a couple of degrees cooler than the river of the first downstream part of the race. Dipping the face in that water probably refreshed me while the wet-suit kept the rest of me warm.

**Lidingöloppet – 30 km terrain running.**

Being another biggest in the world, this time in terrain running, Lidingöloppet is always arranged the last Saturday in September each year. Through the years, Lidingöloppet has by now seen more than 500.000 elite athletics and exercisers taking part in the race on the island of Lidingö, located next to Stockholm - actually right opposite Värtahamnen where Tallink's passengers arrive to Stockholm.

- This years' Lidingöloppet offered me and the others totally awful weather, tells Anders. It was rainy and windy and the race itself is not exactly located to flat terrain. Anyhow, it was the last competition required to fulfill the Swedish Classic so I guess that a considerable amount of effort of will was involved here.

- Will I do it again? Absolutely!, concludes Anders. Fulfilling the Swedish Classic six times qualifies you for a gold medal and that is a challenge I am prepared to take!



Text: Megazine – Tallinn

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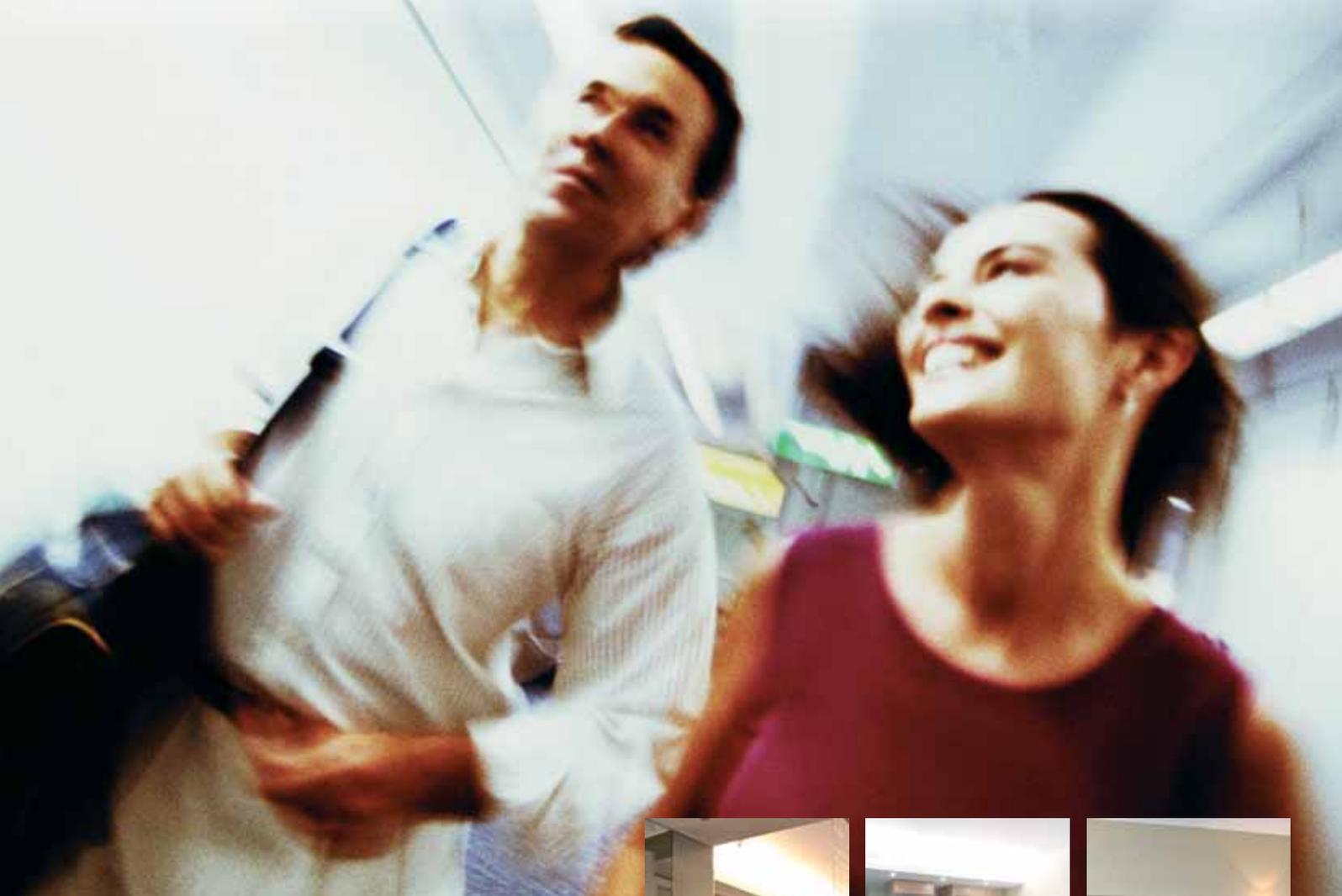
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# Christmas – traditions and food

Traditions and food connected to Christmas is in many respects like making meatballs – the detailed way you do it varies from country to country and from family to family. **focus** has met two couples – Gustaf Hertsius & Karolina Ullman and Anton & Julia Jolkin – for a talk on their traditions and food connected to the festive, holiday season.

## Gustaf and Karolina

- My grandparents on my mother's side are Estonians, said Karolina Ullman as **focus** met her and her husband Gustaf Hertsius. I spent four years in the Estonian school in Stockholm's old town and additionally studied Estonian law at Tartu University 1997.

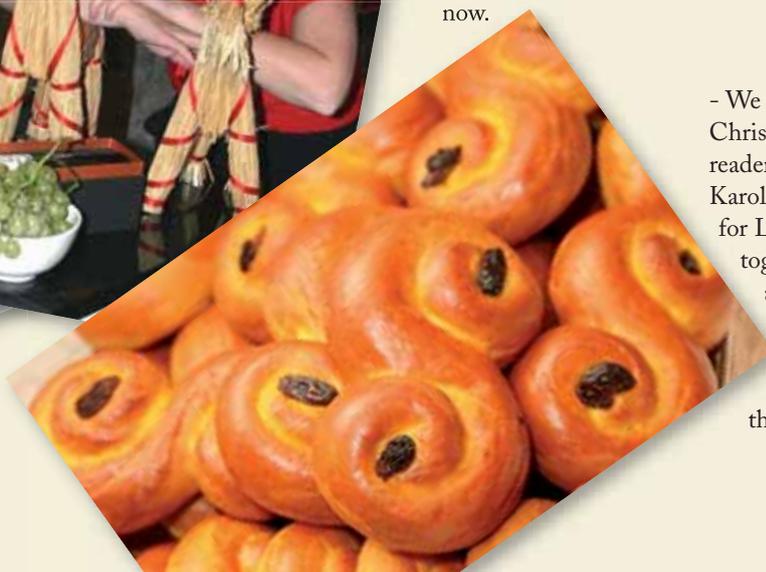
- We came to Estonia permanently 2004, said Gustaf. Karolina had been commuting between Stockholm and Tallinn since 2001 setting up the MAQS Law Firm's Estonian operations where she is now one of the lawyers and also a partner in the company. Personally I started up my own business as we moved here, picked up studies in the Estonian language and nowadays I am working as the Estonian country manager for the Swedish company Vin & Sprit.

- Five years from now we will most probably still be in Estonia, said Karolina. However we have a lot of tight connections with Sweden. Our parents and our families still live there and we have an old farm estate up in the Bollnäs area to take care of as well. And, as for Christmas it is indeed a Swedish based season of celebrations for us.

- Christmas is a time of family get-together's, said Gustaf. Meeting our parents and our families is of course always important and at this time of the year it is also a nice and warm tradition. Our Christmas table is usually a mix of traditional Swedish and Estonian dishes. The different kinds of heering, Christmas ham and Christmas porridge are to be found on the Swedish part of the table, while Estonian Christmas specialties like blood sausages and cabbages have a given part on our table as well.

- We usually start the Christmas dinner around 4 PM, said Karolina. Before that we are busy looking at the traditional TV programme where Donald Duck and his friends wishes us a very, merry Christmas. The dinner is indeed a family get-together. We chat, we eat and we sing! No heering without the Swedish nubbe and no nubbe without a nubbe-song and I guess that most of the SCCE members are familiar with this habit by now.

- We would like to share a Swedish Christmas recipe with the **focus** readers, concluded Gustaf and Karolina. This particular one is for Lussebullar, a bread that goes together very well with coffee as well as glögg. Furthermore it is baked not only for Christmas but also for the preceding Advent period and throughout the festive season.



**Gustaf's and Karolina's  
Lussebullar (16 pcs)**

- 50 grams yeast
- 100 grams butter
- 5 dl milk
- 250 grams kohupiim
- 1 gram saffron
- 1.5 dl sugar
- 1.7 litres flour
- 1 dl blanched and chopped almonds
- 1 dl raisins
- 1 egg for glazing

Melt the butter and add the milk. Heat to 37 degrees Celsius. Mix all ingredients except the egg and 32 raisins until the dough is smooth. Let it rest for 30 minutes under a cloth. Make 16 pieces of the dough and roll them out to long "snakes", some 40 cm. Twist them from the top and bottom to make S's. Punch one raisin in each eye of the S. Make sure you punch it down all the way as otherwise it will get burned in the oven. Let the lussebullar rest another 30 min under a cloth. Brush the buns with beaten egg before baking them in the oven for some 10 minutes in 225 degrees Celsius heat. Enjoy!

**Anton and Julia**

- Both Julia and I are second generation Russian-Estonians, said **Anton Jolkin** as he and his wife Julia treated **focus** with a delicious pre-taste of Russian Christmas specialties. Julia's family roots are found in the Petseri area while my family originates from the St. Petersburg area.

- Anton and I are working in more or less the same business, said Julia. Anton is sales director of Tallinn's Hotel Telegraaf and the Three Sisters Hotel and I am managing the business of the Swedish owned Office Hotel in Tallinn.



- I guess you can say that both Julia and I work in an international environment, but as far as Christmas is concerned we are sticking to the old time and local family traditions, said Anton. Family get-together's are definitely the most important thing for us during the Christmas holiday season.

- We don't lack proper occasions for these get-together's during the holiday season, said Julia. First, in December we have Christmas and New Year as per the dates in our part of the world followed by Christmas and New Year in January according to the old and traditional Russian calendar. The Christmas tree has a central location in our home and as for gifts we exchange them on New Year's Eve, December 31st.

**Christmas, Xmas, Yule, Jul, Joulu**

Long before Christmas became Christmas, this particular period of the year was a season for festivities and celebrations. On our northern latitudes hardly any work could be done on the fields which created time for partying. A good reason for the celebrations was also that people expected and waited for longer days and shorter nights following the winter solstice.

In most places around the world, Christmas is celebrated on December 25th. In some countries, as Sweden for example, Christmas Eve, December 24th has become a major day during in the holiday season, with Christmas gifts exchanged towards late afternoon or early evening. In Eastern Orthodox countries Christmas is celebrated on January 6th or 7th, the dates on the Gregorian calendar corresponding to December 24th and 25th on the Julian calendar.

Since the mid-16th century **Ð**, or the similar Roman letter **X**, was used as an abbreviation for Christ and thus, Xmas is an abbreviation for Christmas. After the conversion of Anglo-Saxon Britain to Christianity in the very early 7th century, Christmas was called **geol** which was the name of the pre-Christian solstice festival that fell on that date. From **geol**, the current English word **Yule** is derived.

Charles Dickens' novella 'A Christmas Carol', published in 1843, is considered to have played a major role in making Christmas celebrations the way we know them, emphasizing family, goodwill and peace on earth.

Christmas gift-giving existed already during the middle ages but was then practiced more often between people with legal relationships (i.e. tenant and landlord) than between close friends, family and relatives. Clement Clarke Moore's 1822 poem 'A Visit from Saint Nicholas' popularized the tradition of exchanging Christmas gifts and seasonal Christmas shopping began to assume economic importance.

In the 1930s, during the Great US Depression, President Franklin D. Roosevelt even proposed moving the Thanksgiving holiday (a four day weekend beginning on the fourth Thursday in November) to extend the Christmas shopping season and thus boosting the economy. Religious leaders protested this move as a danger of an increasingly commercial Christmas and the President's proposal fell.

Santa Claus has many names around the world - Father Christmas, Saint Nicholas, St. Nikolaus, Sinterklaas, Kris Kringle, Joulupukki, Weihnachtsmann, Saint Basil, Jultomten, Father Frost, Père Noël, Babbo Natale and La Befana

are a few of them. As for his appearance it is considered that the modern Santa image was created by the German-American cartoonist Thomas Nast. Based on his drawings Santa's appearance got standardized by advertisers in the 1920s.

The modern Christmas tree tradition is believed to have begun in Germany in the 18th century though many argue that Martin Luther began the tradition in the 16th century. From Germany the custom was introduced to England during the reign of Queen Victoria and also spread further to other European countries as well as to the rest of the world.

## Sweden – Christmas Eve at 3 PM

Last year 3.610.000 Swedes were sitting in front of their TV's between 3 – 4 PM December 24th, looking at a programme that has been more or less the same since its premiere on Christmas Eve 1959. The number of viewers last year made the programme the second most viewed Swedish TV programme and it scored an all time high in 1997 with 4.320.000 viewers.

Since the programme will celebrate its 50th birthday in Swedish public service television 2009, some attempts have been made to change the content and even scrap the programme through the years.

The result has always been the same - a storm of protests, so the programme goes on, more or less with the same content.

Finding a Swede who cannot sing at least a couple of lines from one of the songs included in the programme "When you wish upon a star" (Swe: "Ser du stjärnan i det blå") or saying the same line as the lead characters "From all of us, to all of you, a very, merry Christmas" (Swe: "Från oss alla, till er alla, en riktigt God Jul") will be a hard task.

The programme? Donald Duck and his friends wishes you a merry Christmas! Always starting with a visit to Santa Claus' workshop at the north pole and followed by a cavalcade including Mickey Mouse, Chip and Dale, Goofy, Pluto, Cinderella, Lady and the Tramp, Ferdinand the bull and of course Donald himself with everything kept together by Jiminy Cricket.



- Looking at the dishes on a traditional Russian festive season table, some of them are quite heavy and a bit fat, said Anton. That is most probably connected to the Russian tradition of having vodka to the meals; you simply can't take it if you don't have a solid base of food in your stomach. In our case we have a liking for Ukrainian dry champagne and we also like juices and lemonades made up of berries from the autumn's harvest. Both Julia and I have our parents living nearby and we have a steady flow of what their gardens have produced into our home.

- In the Russian cuisine of today, salads take a special place and no holiday table can do without them, said Anton and Julia. The two recipes we would like to share with the **focus** readers both forms two colourful and tasty salads. Bon appetite!

Text: Magazine – Tallinn

### Julia's and Anton's Kasukas (Herring in a Fur Coat)

1 herring  
2 big boiled potatoes  
2 boiled beetroots  
1 boiled carrot  
2 boiled eggs  
1 onion  
1 apple  
Mayonnaise

Chop all the ingredients and put them into the bowl one layer after another, mayo between every layer. The last layer should be beetroot. Finish with mayonnaise and serve chilled.

### Anton's and Julia's Mimosa salad

1 tin of cod liver  
1 big onion  
3 hard boiled eggs  
100 grams hard cheese  
Mayonnaise

Make a net of mayonnaise at the bottom of a plate. Add the ingredients in layers, one after another in the following order; cod liver, mayonnaise, finely grated egg white, chopped onions, mayonnaise and top with finely grated egg yolks.



# newsflashes



Swedbank Arena

Swedbank will be the main financier and will give its name to the Nordic region's biggest arena, which is being built in the new Arena City in Solna, just north of downtown Stockholm. Named Swedbank Arena it will be one of Europe's most modern and environmentally friendly arenas for sport, culture and business.

- Releasing the news Swedbank's Chairman of the Board, **Carl Eric Stålberg**, said that this is in line with Swedbank's values of creating opportunities for social and business development which will benefit many people, says Katrin Isotamm, Head of Communications at SCCE's member Hansapank. Mr. Stålberg also said that in this way, Swedbank Arena will have a unique dimension of use. As a central point in the new Arena City, Swedbank Arena will also contribute to a living metropolitan district being a meeting place for national and international events intended for a broad range of target groups.

Swedbank Arena will be completed by 2011-2012 and the capacity for football will be 50.000 spectators and for concerts over 60.000 people. The entire arena will be heated and can be enclosed under a covering roof.

## Two World Travel Awards to Tallinn's Schlössle Hotel

At an October 9th ceremony in Newcastle SCCE's member Schlössle Hotel, Tallinn was announced as the winner of the World Travel Awards in two categories: 'Countries Leading Hotel' and 'Countries Leading Suite'.

The award is founded by the organizers of the World Travel Market with travel industry colleagues and travellers voting for the winners. It was the third time Schlössle Hotel in Tallinn has been recognized with this prestigious award and in 2003 Schlössle's sister hotel in Tallinn, Hotel St. Petersburg was also a winner of the award.



## Black work

"Any paid activities that are lawful as regards their nature, but not declared to public authorities", says the European Commission defining black work in a report aiming at stepping up the fight against undeclared work in the EU.

The report is based on a Eurobarometer survey performed by interviewing a total of 26.755 citizens, aged 15 or more, in the EU27 area. The interviews took place in May and June and this first ever EU report on the black work issue was published in October. According to the report, Denmark and The Netherlands are leading the league in terms of undeclared services bought as 24% of the respondents in these two countries admit to have bought such services. Sweden ends up as number 3 on the list with an 18% share, while Estonia is sharing the 6th place with Slovakia and a 12% share.

Asked on the risk of tax or social security institutions finding out and issuing supplementary tax bills and perhaps fines for people providing undeclared services, Estonians seem to have a bigger respect for the capability of the authorities than the Swedes. 46% of the Estonians said that the risk of getting caught is high while only 14% of the Swedes shared that opinion.

## Provide your statistics!

SCCE's member Rödl & Partner informs that a new law on the obligation to provide Eesti Statistika and Eesti Pank with statistical information requested by them was passed September 20th. According to the new law, failure to supply requested data may result in a penalty – the first time up to EEK 10.000.- and the second time up to EEK 20.000.-.





## 105.000 visitors at this years' Göteborg Book Fair with Estonia in focus

- From a quantitative point of view we can't grow more, said **Anna Falck**, managing director of Bok & Bibliotek i Norden AB and the organizer of the fair.



For Estonia the Göteborg Book Fair was a success. President **Toomas Hendrik Ilves** opened the fair and also took part in one of the many Estonian-focused seminars where Swedish and Estonian personalities like **Gunnar Hökmark, Inger Segelström, Tunne Kelam, Lennart Limberg, Urmas Paet, Maarja Talgre Mart Laar, Rein Raud, Hain Rebas and Kalli Klement** talked about Estonia and its 20th century history as well as Estonia's cultural connections to Europe and Sweden.

Twenty different book titles newly translated from Estonian to Swedish arrived directly from the print houses to the fair. Latvia will be in focus at next years fair and a couple of years ago Lithuania was up front. In a comment, **Liana Ruokyte**, the Lithuanian cultural attaché in Sweden, said:

- For Estonia, Latvia and Lithuania being small countries it is important that we get the opportunity to profile ourselves country by country. We have been considered just being the Baltics for too long.

## An Estonian economical soft landing predicted by SEB

- The Baltic countries are plagued by major imbalances, says SEB - Skandinaviska Enskilda Banken AB, in the October issue of their twice yearly published Eastern European Outlook. Estonia and Latvia have continued to demonstrate clear signs of overheating, after several years of excessively rapid, domestically driven growth. Our main scenario is still a soft landing in these economies. The still high credit growth will continue to decrease.

- Estonia is clearly decelerating, now that previously exaggerated household and corporate expectations are fading, continues the Outlook. A couple of years of below-trend expansion await; GDP growth will decelerate from 7% this year to 4% in 2008 and inflation will drop.

- Latvia's growth will fall from 10% this year to 6-7% annually in the next couple of years. The risk of exchange rate adjustments persists but will decrease after the government's stabilisation measures.

- Unlike Estonia in particular, but also Latvia, there are still no signs of cooling in Lithuania, concludes the Outlook. But, Lithuanian economic growth will gradually slow from 8% this year to 6% in 2009.



## Estonia and Sweden among the Top 10 in eGovernment services

- Estonia stands out as a fast mover and as a country that has embraced eGovernment and advanced online services to a level in advance of many 'old' EU member states, says the EU Commission in a recent benchmarking prepared by Capgemini.

The benchmarking presents the progress of online public services

### eGOVERNMENT TOP 10

1. Austria
2. Slovenia
3. Malta
4. Portugal
5. Great Britain
6. France
7. Sweden
8. Estonia
9. Norway
10. Germany

among the EU27 countries plus Iceland, Norway, Switzerland and Turkey. 12 public services for citizens (among them income taxation, social security, personal documents like passports and driver's licenses, car registrations and health related services) and 8 public services for businesses (like corporate taxation, VAT, registration of new companies, statistics and customs declarations) are measured in the benchmarking.

- With a level of fully-online availability of 70%, Estonia scores well, says the benchmarking. Though 75% of the basic public services in Sweden are fully available online, Sweden's advancement over recent years has been minimal.

- Austria is the first country to achieve a 100% fully online availability, which means that for all 20 measured services, each citizen or business has the possibility to access them via a fully transactional electronic channel, concludes the benchmarking.

## Stability of the Swedish financial sector

- The risk that there will be a rapid downturn in the business cycles in Estonia, Latvia and Lithuania has increased over the last year, says the Swedish Financial Supervisory Authority in an October 2007 report on the stability of the Swedish financial sector.

- Swedish banks conduct a significant portion of their operations in the three Baltic States. The Baltic economies have grown quickly, but lending has grown even more quickly.

- As a result, the risk for making erroneous credit decisions is higher.

- The banks have shown that they are aware of the risks and have implemented measures to mitigate them.

- The banks can also successfully handle a scenario where the three countries experience turbulence



Ingrid Bonde – Director General of the Swedish Financial Supervisory Authority

simultaneously. However, since the markets represent a far from insignificant portion of their earnings, there is a risk that such problems could also have additional long-term consequences, says the Swedish Financial Supervisory Authority as it conclude the Baltic issue in the report.



## Ants Ale's Tuulingu puhkemaja awarded

At a price ceremony President Toomas Hendrik Ilves presented Ants Ale and the Tuulingu puhkemaja – a member of the SCCE and the venue for SCCE's spring excursion 2007 - an award for being one of the most beautiful Estonian homes 2007.



The price was originally founded by President Konstantin Pärtis 1935, was re-established by President Lennart Meri 1997 and from that year on, the award winners are selected by the Estonian Home Decoration Association.

- I am both honoured and happy over the award, says **Ants Ale**. I and my family have done a thorough renovation of the Tuulingu house here in Haeska, a project that has taken us quite a number of years to complete. The thatched roof of the stone-wall house is made of self-harvested reed from the neighbouring bay and we have used building techniques dating hundreds of years back in time.

## Swedish Chambers of Commerce Abroad

At the annual meeting of the Association of Swedish Chambers of Commerce Abroad, where SCCE is a member, the association congratulated the Swedish Chambers in New York and London to their 100 years anniversary last year.

Among the younger the Swedish Chambers of Commerce abroad, the Hong Kong based Chamber confirmed the

# newsflashes

impression that Chinese authorities are focusing more on environmental issues:

- The authorities are urging companies here to sign an activity package called 'Clean Air Charter' and we are ourselves considering the foundation of an environmental award, said Eva Karlberg, representing the Swedish Chamber of Commerce in Hong Kong.

Though being an old and well established commerce promoting organization, the Swedish-American Chamber of Commerce in New York is constantly taking new grips in their promotion activities:



- The Moose is Loose is a yearly elk hunt we organize in the Swedish province Värmland, said Renée Lundholm, President of the Swedish-American Chamber of Commerce. Originally intended for business women, men are nowadays welcomed as well. Going in the other direction, from Sweden to USA, we had Jerry Williams (edit: Sweden's Ivo Linna

- or maybe it is the other way around since Jerry has been in Rock'n Roll showbiz considerably longer than Ivo) performing at our yearly Crayfish Dinner Dance Party.



In addition to Paris, the Swedish Chamber of Commerce in France is now also working with opening up activities in Nice and new Swedish Chambers of Commerce are currently being organized in Switzerland (Zurich and Lausanne) and India (Mumbai).



## Up in Sweden, down in USA

At a meeting October 29th, the Riksbank – Sweden's Central Bank, decided to raise the repo rate once again - this time from 3,75% to 4,0%. The last raise was made September 6th, at that time from 3,5% to 3,75%.



## A place for business meetings in Stockholm

The new Chairman of the Association of Swedish Chambers of Commerce Abroad, Anders Lundwall, informed that, pending availability, localities for business meetings in Stockholm can be provided for members of the association.

The localities are situated in the Swedish Chamber of Commerce building at Västra Trädgårdsgatan 9 in downtown Stockholm. Please contact SCCE's Ombudsman Kristiina Sikk for further information on this opportunity – kristiina@swedishchamber.ee, tel (+372) 501 9813.



Anders Lundwall - Chairman of the Association of Swedish Chambers of Commerce Abroad

The repo rate – the interest rate the banks pay when borrowing from the Riksbank – is the Riksbank's primary instrument for influencing Swedish inflation targeted at 2% with a tolerance margin of plus/minus one percentage point.

- The Swedish economy is continuing to grow at a good pace and employment is rising, said the Riksbank in a statement. Lending and house prices have increased rapidly. As inflation has increased, companies and households have also revised up their inflation expectations for the coming year. Underlying inflation is still low, although cost pressures are increasing. This is because productivity growth has slowed down. It is also due to the fact that wages are expected to rise more quickly as a result of the new central wage agreements and a tighter labour market. Food and energy prices will also contribute to inflation rising.

- There have been international signals of weaker economic growth in the United States and the euro area among others, continued the Riksbank. This is largely balanced by the fact that growth is relatively strong in other parts of the world. The weaker growth in the United States and the uncertainty that has arisen in the financial markets is linked to the problems in the US housing and mortgage markets. The slowdown in the United States and other countries, together with the recent unease in the financial markets, is expected to slow down growth in Sweden somewhat.

At an October 31st meeting, Federal Reserve, the Central Bank of USA, decided to lower its target for the federal funds rate with 0,25% - from 4,75% down to 4,5%. The decision was to a large extent based on the continued uncertainty linked to the problems in the US housing and mortgage markets. Though the US economic growth is estimated to 3,9%, the Fed is concerned over credit limitations following the housing and mortgage crisis which, according to the Federal Reserve, might lead to an overall US economical slow down.

- The event is a combined exhibition and workshop, says Kaija Silaraja, Executive Director of the Swedish Chamber of Commerce in Latvia. We open the event hall at lunch time for the exhibitors to set up their workshop tables and displays and at 15.00 we welcome the visitors. The Business Exchange Session goes on until 18.00 and also includes an address from a guest speaker. This year we had Ilmars Rimsevics, Governor of the Bank of Latvia, talking on 'The macroeconomic situation in Latvia; threats and opportunities'.



## Nordic Business Exchange Day in Riga

Organized by the Swedish Chamber of Commerce in Latvia in cooperation with the Danish and Norwegian Chambers of Commerce in Latvia and the Finnish Trade Guild in Riga, this year's traditional Nordic Business Exchange Day October 30th could account for 19 exhibitors and 135 visitors.

The Nordic Business Exchange Day is aiming at creating awareness and knowledge of Swedish, Danish, Norwegian and Finnish business organizations in Latvia, their products and services as well as exchanging experiences and meeting potential customers and suppliers.

## Radisson SAS Hotel, Tallinn – selected best business hotel in Estonia

World Travel Awards has selected Radisson SAS Hotel in Tallinn as the best business hotel in Estonia.



Johan Aschan

- The World Travel Awards are considered as the Oscar of hotel business, says Johan Aschan, Managing Director Radisson SAS Hotel Tallinn. The award is a great honor for all our employees providing consistent high-class service to the business clients.

Established in 1993 the World Travel Awards evaluate and celebrate achievements in the global travel trade. This year, more than 160.000 travel agencies and professionals took part in the surveys with the aim of discovering the best airlines, travel destinations, hotels and travel companies.



# Right in the midst of the business

3STEP IT ADVOKAADIBÜROO PAUL VARUL AS ABB AS AD VISIBLE OÜ ADVOKAADIBÜROO GLIMSTEDT STRAUS & PARTNERS ADVOKAADIBÜROO LEPIK & LUHAÄÄR LAWIN AS ADVOKAADIBÜROO LUIGA MODY HÄÄL BORENIUS ADVOKAADIBÜROO POHLA & HALLMÄGI OÜ ADVOKAADI-BÜROO SORAINEN LAW OFFICES OÜ AIRLINE MANAGEMENT AIS FURNITURE ALD AUTOMOTIVE AB ALLANDO TRAILWAYS ALSTOM ESTONIA AS ALTENBERG REVAL AS AL ELECTRONICS ASIANAJOTOIMISTO HEDMAN OSBORNE CLARKE ASSABALT AS ASTLANDA HOTELLI AS BANCTEC BARONS HOLDING BESQAB PROJEKT JA KINNISVARA OÜ BLADHS EESTI AS BOOMERANG SUBCONTRACTING OÜ CITY AIRLINE DHL ESTONIA AS DPD EESTI EAST PARTNERS E-BETOONELEMENT AS EESTI AGA AS ELECTROLUX EESTI AS EMBASSY OF SWEDEN ERICSSON EESTI AS ESTNATURE OÜ ESTONIAN AIR AS ESTONIAN GOLF & COUNTRY CLUB EVATA BALTIC OÜ FARM PLANT EESTI AS FLEXENCLOSURE OÜ FONTES PMP AS FORS MW AS HANSAPANK HIT BALTIC HK INDUSTRIAL HUSQVARNA OÜ IF EESTI KINDLUSTUS AS IMPLEMENT BALTIC OÜ INBRO & PARTNERS KINDLUSTUSMAAKLER INCAP ELECTRONICS ESTONIA OÜ INTEREXPRESS OÜ JUS SUECANUM OÜ KG KNUTSSON AS KNT MEEDIAD AS LASERTOOL OÜ LEGEND MANAGEMENT AS LINDORFF EESTI AS LUNA EESTI AS MAQS LAW FIRM MANDATOR ESTONIA MBJ MCM - MARKET COMMUNI- CATION MANAGEMENT OÜ MDH PRODUCTIONS OÜ MEDIA MENU INTERNATIONAL MEKANEX MASKIN AB MERITON HOTELS MORE REKLAAMIBÜROO OÜ MPS EESTI AS NEAR-SHORING OÜ NORDEA BANK FINLAND PLC EESTI FILIAAL NORDIC LINT OÜ NORDKALK AS OFFICE HOTEL ORIFLAME EESTI OÜ OLSTER OUTOKUMPU BALTIC OÜ PRIMUS EESTI OÜ PROEKSPERT AS PROPARTS OÜ PÕLTSAMAA FELIX AS PÕHJAMAADE MINISTRITE NÕUKOGU RAGN-SELLS AS RAPLA PLAST AS REVAL HOTEL MANAGEMENT OÜ RIMI EESTI RMCONSULTING AB & PARTNERS RÖDL & PARTNER OÜ SANDHOLM ASSOCIATES SAPA PROFIILID AS SAVOY HOTELL SAS SCANDINAVIAN AIRLINES SYSTEM SCANDITRON SCANIA EESTI AS SCHENKER AS SEB EESTI ÜHISPANK AS SCHLÖSSLE HOTEL GROUP SEGERSTRÖM AUTOMOTIVE OÜ SIEVERT SIROWA AS SIROWA DAB SLG THOMAS INTERNATIONAL EESTI OÜ SSAB SWEDISH STEEL EESTI OÜ STENSTRÖMS SKJORTFABRIK EESTI OÜ STONERIDGE ELECTRONICS AS STORA ENSO METS AS STRAND AS SVEBA-DAHLEN OÜ SWECO ARCHITECTS SWECON AS SWEDISH TOOL SWEDISH TRADE COUNCIL IN ESTONIA SVENSKA HANDELSBANKEN AB EESTI FILIAAL SWEDBANK AB SÖDRA EESTI AS TALLINK GRUPP AS TARKON TEDER GLIKMAN JA PARTNERID TELIA SONERA AB TIETOENATOR EESTI AS V&S EESTI AS WAHLQUIST OÜ VARAMIESPALVELU OÜ VAUXNER WENDRE AS WIGEN SINDI OÜ VIKING KINNISVARA OÜ VIKING MOTORS AS WINDAK OÜ VOGLERS EESTI OÜ VOLVO ESTONIA OÜ VÄVARAS OÜ ZOLVIA ESTONIA OÜ ÖRNPLAST EESTI AS BERCO OÜ UNITED MOTORS AS SVEAFSTIGHETER AB STRØMNES & STRØMNES LAW OFFICE



## The Swedish Chamber of Commerce in Estonia

# ps.

**focus** takes a look over the borders in the December issue 2007. Estonia is becoming more and more internationalized a fact that has been highlighted in connection with several seminars and conferences this autumn. The Baltic Development Forum held its Summit in Tallinn this year and SCCE's seminar on China saw a full house of participants.

Environmental issues have climbed up on the Estonian agenda. It became one of the main topics at the BDF Summit in Tallinn and is further highlighted in this issue as **focus** has visited Ragn-Sells and also reports from a SCCE study visit to ABB, where wind power was the main topic.

Innovations as a tool for creating a competitive edge are highlighted in an article on SCCE's member Reval Hotel Olümpia in Tallinn.

We continue to visit members of the SCCE outside Tallinn and this time **focus** reports from a trip to Elva and Tartu.

Karolina Ullman continues to keep us updated on legal issues and Hillar Lauri continues his series of articles on taxation issues in Estonia and Sweden.

**focus** has also met Sweden's Ambassador to Estonia, Dag Hartelius, for a brief on the bilateral relations between our two countries. Sweden is further highlighted with an article on Alfred Nobel and the Nobel Prizes as well as an



article on a very Swedish sporting event – the Swedish Classic.

As Christmas and New Year is coming up, Anton and Julia Jolkin, and Gustaf Hertsius and Karolina Ullman shares their traditions with us as well as some recipes on dishes found at their tables during the festive season.

It has been an intensive year for SCCE's members, both in terms of business as well as in terms of activities, seminars and events arranged by the Chamber. The 2007 SCCE Review gives us a hint on what was up during the year.

Personally I would like to take this opportunity and thank you all for a really exciting year and I look forward to seeing you on the upcoming activities arranged by SCCE 2008!

Finally, from me and on behalf of the SCCE Council, I would like to wish you all a Merry Christmas and a Happy New Year in a very Swedish way; Från oss alla, till Er alla – en riktigt God Jul och ett Gott Nytt År! (From all of us, to all of you – a very merry Christmas and a Happy New Year!)

Sincerely,

**Kristiina Sikk**  
SCCE Ombudsman

Contributions to **focus** from the members of SCCE, both in terms of editorial content and advertising, are welcomed. If you haven't already done it - please do put us on the mailing list for pressreleases, articles as well as your point-of-view on issues of general interest for the commerce and trade between Estonia and Sweden. You can reach me at email: [kristiina@swedishchamber.ee](mailto:kristiina@swedishchamber.ee) or by phone: **(+372) 501 9813**. The focus advertising opportunities including sizes, prices and technical requirements are available at our website: [www.swedishchamber.ee](http://www.swedishchamber.ee).

Latest news on SCCE events to come and fresh reports on events passed are always found at: [www.swedishchamber.ee](http://www.swedishchamber.ee).



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