

1/2008



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# focus



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**Anders Hedman**  
Chairman  
SCCE

working like the Swedes.

This of course raises the question when you are working and when you are free. The border lines are crossed out more and more. I know people working for big multinationals and they are almost expected to react within minutes to important mails or calls 24/7. Is this development good or bad? Needs to be discussed but clearly the new technology gives us new possibilities and opportunities but also new problems like stress, burn out syndromes etc.

## Dear Reader,

A few days ago I met Dr. Ralph Tischer at Tallinn Airport. Many **focus** readers might remember that Dr. Tischer used to work for more than ten years here in the Baltic States for the German Chamber of Commerce as their Managing Director. Since half a year, Dr. Tischer is now the Managing Director of the German Chamber of Commerce in Sweden. This led me to ask him how he sees the differences between Germany, the Baltic's and Sweden.

His answer was that in Germany things are organized on control and structure/hierarchy. He told me a funny story about a Swede who went working as a CEO in Germany and sporty as he was used to jog or bike to the job. It did not take many days before the Chairman of the Board told him that he had a Mercedes S class with driver outside and that he should use that and nothing else. The Swede did not give up so easily and this developed into a conflict. In Sweden he would have been a hero. In Germany he was more of an UFO.

The Baltic people do not spend much time for planning, organizing or analyzing; in the Baltic's it's straighter on, trial and error. If it works, fine otherwise let's do something else, said Dr. Tischer.



Photo: Sony Ericsson

In Sweden, he continued, everything is built up around leisure and quality of free time. This was a shock for him and an even bigger shock was

that this Swedish system works. In any other country he believes that such a system would be misused.

This was an interesting observation from his side and when I started to think about it, it's probably true. I recently spent one week skiing in Sälen and I have never seen so many people working with their Blackberry's in the ski sloops or doing business negotiations from the sit lift, like it's totally normal. I know that Baltic people are fond of their mobile phones and start using them earlier than anyone else on the airplanes (even before it's allowed) but when Baltic people are on holiday, they are on holiday, and they are not



Photo: Arvid Nordquist CLASSIC

Another typical observation Dr. Tischer had made in Sweden was *fika*, a coffee break happening two times a day. First around 10.30 and later around 14.30, depending on your working schedule. This break is not only meant for coffee and a bun but it is also meant for socializing and exchanging information. In the Baltic States the closest to it would be the

unhealthy smoking brakes. Ok, coffee and buns are maybe not mega healthy in time of obesity in the Western World but certainly better than smoking. In countries like Japan and England this might instead happen after work by having a pint of beer in the nearby pub or some sake in a night club, but in Sweden it is done during working time.

A German controller had visited Sweden and calculated how much time the *fika* break costs the company in lost working hours. It was huge but she quickly realized that this was something you should not touch and she quickly flew back to Germany and probably continued to drink her coffee while sitting behind her desk alone, because that's how it's done in Germany.

I do not say that one system is better than another but certainly many people who know the Swedish model would like to have it the same way, but they simply don't know how to make it happen.



Photo: Swedish Match

Oh yes, another difference was *Snus* instead of cigarettes, Dr Tischer said as he noticed me putting in a *prilla*.

Enjoy reading **focus** nr 1, 2008!

**Anders Hedman**  
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## Publisher

focus is published by the Swedish Chamber of Commerce in Estonia - SCCE.

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## Editorial content and articles

SCCE accepts editorial content and articles for the **focus** magazine promoting the commerce and trade between Estonia and Sweden primarily. The author of editorial texts and articles published is responsible for the content.

SCCE welcomes contributions to the **focus** magazine and reserves the right to refuse publishing of content not being in line with the Statutes of SCCE.

## Advertising

The **focus** advertising pricelist is available at [www.swedishchamber.ee](http://www.swedishchamber.ee)

## Subscriptions and additional copies

The **focus** magazine is distributed free of charge to the members of the Swedish Chamber of Commerce in Estonia.

Companies not yet being members of the SCCE as well as private individuals can subscribe to **focus**.

SCCE also provides additional copies of **focus** for SCCE member's own distribution of the magazine to customers and business contacts to a net print cost.

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Printed in the EU by **KNT Meediad OÜ**, Tallinn, Estonia.

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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 Royal Membership (2008). 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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# Eastern European safari



From a seemingly grey and homogenous group, the countries in Eastern Europe have since the early 1990's evolved into a colourful jungle of different local economic and business flavours during the last decade and a half. While some countries have prospered through liberal economics,

others have been able to do the same with radically different models and policies.

## Estonia, Slovenia

From an Estonian perspective, an Eastern European comparison is often done with great pride. By adapting some of the world's most liberal fiscal policies, Estonia has been doing remarkably well over the last ten years. What is often forgotten in the self-congratulating speeches concerning the success of the fast privatization and liberal policies is that there is actually a small Eastern European country which has been able to outperform Estonia. Slovenia, with a population of 2 million people, has been able to climb higher on the GDP per capita scale, with the help of a stable democratic environment, an educated work force and a strong state control with only a few bigger privatizations made.

## Hungary, Slovakia, Czech Republic, Poland

Bigger Central Eastern European countries like Hungary, Slovakia and the Czech Republic have also been able to outperform many of their smaller rivals, such as Latvia and Lithuania, thanks largely to bigger foreign industrial investments made in the end of the 90's. While the decrease in industrial investment flow into these three countries is now slowing down the GDP growth rates, Eastern European giant Poland has started to pick up the pace. After overcoming some poor political policies and a vast unemployment, Poland has now got on the right track with stronger exports, private consumption and infrastructure improvements.



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## Ukraine

The other Eastern European giant, Ukraine, which after the 2004 Orange Revolution was labelled "Europe's China", with the vision of becoming Europe's manufacturing centre, has



since that met heavy political turbulence. While the economy is still growing strongly (primarily fuelled by the booming steel exports), the long term favourable development of foreign investment is more uncertain because of unfavourable tax, trade and customs policies planned by the current regime.

## Romania

While Ukraine's current heading is currently questioned by many Western industrial producers as their location of choice for major new production investments, there is another country quickly and willingly taking over the role as China within Europe. The large investments keep pouring into Romania, which is a member of NATO and a recent member of EU. With a relatively young population of 22 million well educated people, companies such as Renault, Nokia and Microsoft have decided to make some of their biggest European investments in Romania. The Romanian population is also relatively dispersed, with several major cities, where growing industries can still find work force in larger scale.

## Bulgaria

Romania's little brother Bulgaria, is also a fresh member of

NATO and EU, but has failed to attract major industrial investments in the same extent as its northern neighbor. The reason is the relatively small population of seven million people, which is shrinking because of low nativity and work force migration, making work force availability in the long run a question mark for many corporate decision makers. Despite of the shrinking population, the Bulgarian economy is developing favourably, and besides a fast growing tourism industry, also the capital Sofia is growing rapidly.

## The Balkans

Besides Bulgaria, the only transition economy in the Balkans that has been able to perform well is Croatia, largely thanks to tourism and credit-driven spending. The same can unfortunately not be said for Albania, Bosnia-Herzegovina, Serbia, Montenegro and recently Kosovo who are still struggling economically because of the tragic near history. Even though some investors are already eyeing Macedonia as a target for the next real estate boom, also it has a long way to go in overcoming the vast grey market and the sizable unemployment.

A quick column-length safari through the Eastern European jungle shows that the old communist countries have chosen (or slipped into) greatly varying paths, and are today together creating an inspiring and vital region, with vast development potential. The arguably only country missing from this Eastern Europe safari is Russia. Describing the recent natural resource-driven economic growth and the democratic decline of Russia is, however, already a different jungle, best experienced in a separate expedition ...

## Martin Seppälä



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## Excedea

Excedea is a leading management and investment advisor in the Baltics and Eastern Europe.

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# focus on legalities



## Protection of Personal Data – Does it concern my company?

A new Personal Data Protection Act came into force with the New Year 2008 in Estonia. Since then several opinions have been voiced. Most of them have introduced sceptic views ranging from the control of media to problems with supervision. Whether the fears are justified or not is for the future to tell.

One of the biggest achievements of the new act, in our opinion, is the attention the topic has received. Personal data, its use and rights associated with it, have never before been discussed in the public to such an extent. The discussions held have pointed out the importance of personal information and its treatment both in the public and private sectors, and in the media.

### Personal data and businesses

There are several fields in which businesses come into contact with personal data. Most obvious of them are perhaps employment related affairs and client related data. Considering that the new act provides for a 500,000 EEK fine in the event of violating the regulations in effect – the processing of such data in any company should be carefully reviewed and analyzed.

Personal data is information relating to an identified natural person (e.g. name and/or ID code) or a natural person identifiable by reference (e.g. address, age, sex, employment combined) regardless of the shape or form that it is in.

The Act also provides special regulations for sensitive personal data ranging from political views and ethnic origin to biometric data and membership in trade unions, which are subject to stricter regulations.

### Personal Data and Employment

Employment is one of the areas where all businesses

encounter personal data. All employees are data subjects and employment records, including employment agreements, have to be processed according to the conditions set forth in the Act. It should be noted that employment agreements should regulate the use of personal data of the employee. That is especially relevant if the employer has established elaborate mechanisms to monitor the performance of the employees or other mechanisms that include the use of personal data. Export of such data outside the borders of Estonia, e.g. to a parent company, should also be regulated as this could be subject to separate consent from the employee.

To further describe the legal status of processing of personal data in relation to employment, it should be said that processing to an extent that is necessary for the due execution of the employment agreement (e.g. paying salary) does not require separate consent from the employees. However, if the minimum levels are surpassed, a separate informed consent is mandatory.

### Personal Data and Client information

The use of client databases is very widespread and provides the businesses operating them valuable information for its performance and sales analysis. It also creates vast opportunities in marketing. All of this does not come without liabilities. Gathered



information, surely depending on its content, very likely contains personal data. Remember that personal data concerns only natural persons (but the regulations also have to be applied to for example contact person's data at legal entities). This leads to requirements regarding consent, keeping of the data, analysis and other processing of the information.

Before any client data is gathered, the clients have to provide consent for the use of their data. Such consent has to be provided in the form of an "informed consent" meaning that such a consent has to be based on free will, it has to explicitly include the type of information which is allowed, it has to include the persons to whom transfer of the data is allowed and more. The rights of the data subject also have to be explained prior to granting such consent. Even after that, the data subject always has the right to retrieve the consent.

### Worthy of my attention?

As businesses are all about relations, then those relations have to be nourished. A significant part of this is processing of client related data. As the data provides your business with numerous opportunities it also provides you with obligations. Your clients trust you, make sure you are worth it!

If you have any concerns regarding the handling of personal data in your company, seek advice from a lawyer.

Written by **Timo Kullerkupp** and **Karolina Ullman**,  
**MAQS Law Firm**

## New draft Employment Contracts Act announced

On 8 January 2008 a new draft Employment Contracts Act (Est: Töölepingu seadus) was announced by the Ministry of Social Affairs. The draft has been eagerly awaited as the current Employment Contract Act was in place already in 1992 and is largely based on soviet labour laws. Its application in today's legal and economic situation is sometimes challenging.

The new draft tries to ease up the termination procedure of employment contracts and to reduce the formalities.

According to the current law it is in practice very difficult to terminate employment contracts due to redundancies when the work load reduces significantly. Today, the notice periods for termination are 2 to 4 months depending on the length of the employment. In addition the employer has to pay severance pay to the employee, which is also depending on length of employment and is at least 2 months average salaries of the employee. For a small company, that has

had decreases of its income, these regulations may lead to bankruptcy. *The new draft law has reduced the notice period to one month and the severance pay to one month's salary.*

The current law also prescribes rigid rules for the employer when terminating an employment contract. By not following the rules exactly, an employee could contest the termination in court and the court may rule the termination void, reinstate the employee to his/her position and order the employer to pay to the employee his/her average salary for the time of compelled absence from work. The new draft focuses more on substance than on formality of the termination and under the new draft law an employee has no right to demand reinstatement of his/her position.

However, as the draft law introduces significant changes to the current situation, the announcement of it was followed by raised voices among trade unions and some political parties. The result would be that the draft will probably undergo significant changes before the it can be enacted by the Parliament (Est: Riigikogu).

So, unfortunately we will have to be patient and wait some more...

Written by **Karolina Ullman** and **Urmas Veinberg**, **MAQS Law Firm**

### 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



# Decreased production as prices paid reach an all time high.



- It is indeed a paradox, says Tommy Blom, Development Manager at Stora Enso Wood Supply Baltic. The price on saw timber has almost doubled in just two years, but Estonia's wood cutting volume is down to the levels we had here eleven years ago.

Almost half of Estonia consists of forest land and the annual gross increment in the forests is calculated to 11,89 million



Tommy Blom

cubic meters. Close to 1.000 companies in Estonia are involved in wood processing and wood produced products, employing roughly every 13<sup>th</sup> working person in Estonia. The forest sector's contribution to Estonia's GDP is so far 6,1%.

- In 2005 a cubic meter of saw timber was paid with Euro 50.- on the spot market and towards the end of 2007 the price had almost doubled and was up at Euro 80.- per cbm, continues Tommy Blom.

- At the same time, Estonia's felling volume is down to 5,6 million cbm per year. This volume could be compared to the all time high we had 1999 with almost 13

million cbm cutted and Estonia's current forestry development plan, approving 12,6 million cbm to be cutted per year. As a matter of fact, the volume cutted today is the same as it was back in 1997, eleven years ago.

- Back in 1998/1999 the cutted volume took a giant leap and went up from 6 million cbm to almost 13 million cbm. The reason was of course the economical crisis Estonia had at that time. People needed cash.

- The decrease down to today's volume of only 5,6 million cbm cutted per year has its explanations. It is easy and still cheap to get loans; you don't really have to cut wood to get the money needed for investments. Taking a loan is both easier and cheaper. Estonia has a complicated bureaucracy connected to forest management and the

## Stora Enso



The company was formed in 1998 as the Swedish company STORA and the Finnish company Enso were combined to form today's Stora Enso.

In Sweden the history begins with Stora Kopparbergs Bergslags Aktiebolag having its roots in Falun, Central Sweden, where copper mining began about a thousand years ago. Iron surpassed copper during the 18th century and in 1862 the operations were combined to form a single company, Stora Kopparbergs Bergslag. Sawmilling, energy and pulp and paper production grew together with iron and steel production. A fundamental step was taken in 1978 when Stora Kopparbergs Bergslags Aktiebolag (STORA) sold its iron and steel facilities and concentrated on energy and the forest industry.

In Finland, Enso originated as a sawmill in Kotka, Southern Finland, in 1872.

The Finnish government bought the company in 1919. The same year Enso Trästäperi Aktiebolag was acquired and paper production began. The company name was changed to Enso-Gutzeit Osakeyhtiö in 1928.

The company suffered severely during World War II but a heavy rebuilding programme helped it become one of the leading companies in Finland. In the 1960s Enso-Gutzeit began operating abroad and in 1995 its name was changed to Enso Oy, later Enso Oyj.

In 1998 Enso Oyj was combined with the Swedish Stora Kopparbergs Bergslags Aktiebolag (STORA) and formed Stora Enso Oyj, one of the world's leading forest products companies. Stora Enso's production includes newsprint- and magazine-paper, fine paper, consumer board, industrial packaging and wood products.

## Stora Enso Mets

Stora Enso Mets is a modern wood procurement organization, whose main activities include purchase of standing forest and round timber, as well as forest management.

The company has operated in the Estonian wood market since 1993 with Lumiforest and Stora Forestry Balti as predecessors. These two companies were united after the merger of the parent companies Stora and Enso in 1998.

Stora Enso Mets has a procurement area covering almost all of mainland Estonia as well as the islands. On a Pan-Baltic level, 500 people are employed in the Baltic production group, 200 are working with wood supply and 20 persons are working with distribution and logistical issues.

taxation system connected to the forest industry is rigid.

- The Estonian income tax act states that the sale of a forest land is tax-free, while the sale of a growing forest and wood



is taxed. Moreover, being a forest owner and a self-employed entrepreneur, taxes are imposed upon the entire turnover of the trade.

- Consequently, Estonia today faces a situation of lack of raw material for the wood processing industry. This is also the reason why we had to close one of our four saw mills last year.



- So far, the Estonian wood industry is depending on imports of the raw material needed, but this is not a long term solution. Russia is a main supplier but Russia is also aiming to get a higher share of the wood refinement industry within its own borders. Russian export duties on wood will go up from Euro

10.- to Euro 15.- per cbm April 1<sup>st</sup> this year and a staggering blow will come January 1<sup>st</sup> next year as the Russian export duty on wood at that time will reach Euro 50.- per cbm. Import from Russia is consequently not an alternative, not only due to the export duties but also due to the current political relations between Estonia and Russia. The resulting lack of raw material will put the Estonian saw mills in an acute and troublesome situation.

**- Managed in the right way, forests are an important natural resource for any country. Both as protected natural parks and as a resource for the wood industry. From an industrial point of view, a tree can be used for several refined end products. Saw logs, pulpwood and other technological wood are some examples. Furthermore, its use as firewood is still important in Estonia and from the final wood waste, pellets for heating purposes are produced.**

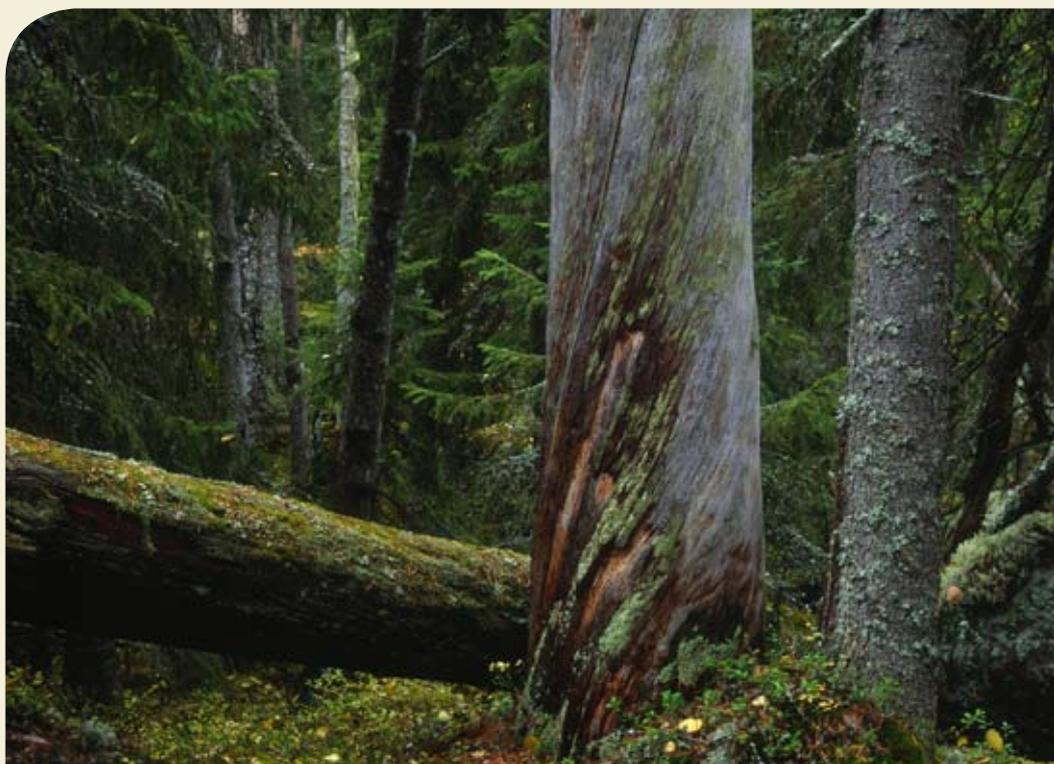
- Forest management is not only about cutting trees, explains Tommy Blom. A forest has to be cared for were thinning is one of the tasks. Trees has to be in the right age when cutted, not too young, not too old and also having an optimum diameter for the further industrial processing. Finally, a forest area cutted is not just left that way. Replanting and further caring is a natural part of today's forest management.

**- It is now up to us in the forest industry and our trade organization, the Estonian Forest Industries Association, to create an understanding among Estonian politicians for the urgent need of a realistic balance in the wood supply situation.**

- Personally I have been in the forest industry for some time by now, concludes Tommy Blom. I grew up in the countryside outside Uppsala, north of Stockholm, and since I have always been interested in the nature and in hunting, I initially graduated as Kronojägare, a State Forester. I have been working with Stora and Stora Enso for eighteen years now and came to Estonia in 2003. Though my contract for working here ends this autumn, I expect to commute between Sweden and Estonia and be around here for some more time to come.

Text: Megazine – Tallinn

Photos: Stora Enso



# Tax Implications of Moving from Sweden to Estonia

The following is the first of three articles that explores the process of a Swedish resident (and most likely, a Swedish citizen) deciding to move to Estonia and move his or her tax residency to Estonia.

The assumption behind this scenario is that a Swedish resident (and likely a citizen too) who has been living most if not all of his or her life in Sweden wishes to move to Estonia. There may be personal reasons behind this move (e.g. beginning a personal relationship with someone living in Estonia) or business reasons (e.g. starting-up a company in Estonia).

The key point to remember in such a move is not that Estonia will make it difficult for a Swedish resident to move to Estonia (Estonia only benefits from the unexpectedly found income), but that Sweden may argue that the Swedish tax resident has not sufficiently cut his or her ties to Sweden, and the Swedish tax authority („Skatteverket,") may still consider the person who has moved to Estonia to be, for taxation purposes, a tax resident of Sweden. And therefore taxed as a Swedish resident.

## Becoming a Tax Resident of Estonia

As Sweden and Estonia are both members of the European Union, a Swedish citizen has a right to move to and live in Estonia. He or she must, however register themselves with

the Estonian Migration Board („Migratsiooniamet"). This registration must take place, but in a sense it is a formality. Under EU law, a Swedish citizen has a right to live in Estonia.

The next step is often forgotten. The Swede who has moved to Estonia must register himself or herself as a „tax resident" at the Estonian Tax and Customs Board. A certificate will be issued by the Estonian tax authorities which states that the person named on the certificate is from the date mentioned on the certificate, a tax resident of Estonia. In the most general terms, this means that the world wide income of that person must be reported in Estonia.

This means that the newly registered tax resident of Estonia must file a personal tax return in Estonia by the end of March for the previous calendar year.

## Giving up Tax Residency in Sweden

As Sweden is a „high tax" country for individuals, the Swedish tax authorities are used to Swedish citizens moving abroad or changing their residency to reduce their tax liability. This has also resulted in the tax authorities not easily accepting that Swedish tax residents have given up their residency in Sweden and shifted it to another country.

If the giving up of residency is not properly carried out (be sure to „cross your t's and dot your i's"), one may find that one is a tax resident of both Estonia and Sweden. **It cannot be over emphasized how important it is to receive legal advice**

Skatteverket

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**(and to then follow it) with respect to giving up tax residency in Sweden.** We recommend that one visit a lawyer or law firm that is used to dealing with Sweden and Swedish tax law.

In general terms, a Swedish tax resident must go to the Swedish tax authorities and fill out a declaration that they have applied to give up tax residency in Sweden as of a certain day. In addition, it assists the applicant in making a stronger case to the Swedish tax authority by providing them with a certificate issued by the Estonian tax authorities that states that the person in question has become an Estonian tax resident as of a certain date (it would be preferable if the date the applicant is giving up Swedish tax residency matched the date the person is taking up Estonian tax residency).

Finally, it shall be noted that the applicant must show that he or she has cut sufficient ties to Sweden to no longer be considered a tax resident of Sweden. It is on this point that we particularly recommend receiving legal advice.

### Next articles

My next two articles in focus will explore how a Swedish citizen who has moved to Estonia will have his or her Estonian income treated, and how the world wide income (including income derived from Sweden) of the Swedish citizen who is tax resident in Estonia will be treated by the Estonian tax authorities.

The author would like to thank Jennie Sjöberg of MAQS Law Firm for her invaluable comments and assistance. All errors remain the responsibility of the author alone.

**Hillar A. Lauri**  
**Near-Shoring OÜ**  
**Founder and Managing Director**



**Hillar A. Lauri**

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**NA Power LLC,**

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**1993 - 1995**  
**The World Bank (HQ in Washington, D.C.), Tallinn, Estonia**

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**Ministry of Finance, Government of Estonia, Tallinn, Estonia**  
Legal Advisor (western trained lawyers were not to be found in Estonia)

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**The Mortgage Insurance Company of Canada, Toronto, Canada**

Solicitor

**1988 - 1989**  
**Fitzsimmons & MacFarlane (Barristers and Solicitors), Toronto, Canada**  
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#### Languages

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

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# ON TOUR focus



The Swedish-Estonian touch of Haapsalu and its surroundings is picking up again. Not only as a hub for the Estonian-Swedish population but also in terms of Swedish-Estonian business, commerce and trade. focus found out more as the magazine went to Haapsalu and met members of the Swedish Chamber of Commerce in Estonia.

## Jus Suecanum

- There are thousands of Swedes being owners of Estonian land, said Alar Schönberg, one of the founders and owners of OÜ Jus Suecanum in Haapsalu. The background is of course

historical. Estonian-Swedes have been living here in the Noarootsi-area since almost 1.000 years and the vast majority of their descendants fled during the Second World War as the long time Soviet occupation began 1944.

- I come from an Estonian-Swedish family myself, continued Alar. Actually one of the few families that stayed here during the Soviet occupation. I was born in Nuckö but though the Estonian-Swedish heritage, we didn't speak Swedish at home. I studied in Kronoby, Finland and continued my education at the Nuckö Gymnasium and at the University of Tartu.

- Our company's name, Jus Suecanum, is closely connected to the Estonian-Swedish history here. It is Latin from the Middle Ages and means 'Swedish [legal] rights'. I and my wife Katrin formed the company 2004

and at that time I also worked as ombudsman for the Swedish Chamber of Commerce in Estonia.

- The business picked up and Jus Suecanum today support, help and assist Swedish landowners with issues and formalities when they want to do something with their land. It might be connected to splitting a piece of land, forming one real estate originating from several different owners, building a house, selling the land, buy more land, legacies or legal entries in the land register.

- The Estonian-Swedes knew what they did when they settled here many years ago, concluded Alar. It is a beautiful area, just by the sea, with wonderful long beaches and many Swedes now returning do it by building themselves a summer house. Estonia is not far from Sweden and in addition to Tallinn we now have flights to Stockholm from Kuressaare and for this coming summer season it seems like Pärnu and Tartu will get flights to Stockholm as well.

### Aiboland and Noarootsi

Estonian-Swedes have most probably been living along the north-western Estonian coastline and the neighbouring islands for close to 1.000 years. Later on called Aiboland, the area mainly included today's Noarootsi municipality (Sw: Nuckö), Vormsi (Sw: Ormsö), Ruhnu (Sw: Runö) in the bay of Riga and the countryside around Haapsalu.

The first settlements were rather modest fishing villages being quite isolated from the rest of the country due to geographical and cultural borders. The Estonian-Swedes gained a reputation for fighting for their own rights against the authority exercised by those day's kings, lords of the manors and noblemen. Over time, Estonian-Swedes got privileges based on 'the right to reside and manage their property in accordance with Swedish law'.

The society of Estonian-Swedes prospered as Estonia was under Swedish rule 1561 – 1710 and Swedish, along with German and Estonian, was one of the official languages. Russian rule followed and at certain times groups of Estonian-Swedes were forced to leave Estonia for other parts of the Russian Empire. Most notably, Empress Catherine II of Russia forced 1.000 Swedes living on Hiiumaa (Sw: Dagö), to move to Ukraine in 1781, where



Kristiina Sikk, SCCE's current ombudsman and Alar Schönberg, SCCE's ombudsman 2003-2005, nowadays Managing Director at Jus Suecanum. The carefully renovated Haapsalu house in the background is Alar's and his family's home.

## Ruhnu Jahta

In many ways you can say that boats symbolize the life and destiny of the Estonian-Swedes. Boats took them over the Baltic Sea when they first arrived and boats were used when the vast majority fled almost 1.000 years later. Estonian-Swedish settlements were mainly located along the Estonian coastline and on the islands. Fishing, seal hunting and shipping played a vital role in



their daily work for earning their living. It wasn't unusual that one single farm could have several boats for different purposes.

Alar Schönberg, SCCE's ombudsman 2003 – 2005 and now managing

director at Jus Suecanum, is also project manager at MTÜ Puulaevaselts Vikan, an association determined to put life back in the old Estonian-Swedish boat building traditions. As one of the

mottos of the association says; the knowledge of the past makes the present and the future more meaningful.



Grown curved...

- More or less all of these different and beautiful Estonian-Swedish styled boats were destroyed during the Soviet occupation, tells Alar Schönberg. Boats used for the escape from the occupation were demanded back and were quickly ruined by the Soviets. The same fate happened to the boats that were left here.

- This formed the basis for us to start an ongoing project some years ago.

The project aims to document the Estonian-Swedish boat traditions and also to build boats as the Estonian-Swedes once did.

- The first boat building project started 1999 and it

was a Rupa, a type of boat that was very common on Vormsi

(Sw: Ormsö). This particular kind of boat is 6,2 m long and 2 m wide and takes the sea extremely well.

- Our ongoing project right now is our biggest so far. We are building a Jahta, a yacht, according to the boat building traditions at Ruhnu island (Sw: Runö) in the Gulf of Riga. The basic model of this boat dates some 200 – 300 years back in time and our particular Jahta is built according to the standards of the 1920's.

- A Jahta could be called a younger and bigger brother of a yawl and it was the availability of engines that made it possible for the Ruhnu people to start to build these bigger boats during the second half of the 1920's. A



Ruhnu Jahta was used for seal hunting, but also for carrying goods like stones, seal catches and barges. A total of 8 yachts were built in Ruhnu; Hilda (later called Doris), Rudin, Vål, Fram, Alma, Alida, Linda and Regina.

- The Ruhnu Jahta now being built will be 14 m long, 4 m wide and will be fitted with a complete standing and running rig according to the Ruhnu boat building traditions. The machinery installed will however be of a somewhat more contemporary model. Meant for sailing in shallow waters, this kind of boat doesn't have any keel fin and the stability in the open sea is relying on an impressive amount of ballast and the width of the boat.

▶ they established the community of Gammalsvenskby.

A 1922 population census counts some 7.850 Estonian-Swedes and by the time of the Second World War, the Estonian-Swedish population was up to nearly 10.000 people. Roughly 9,000 of these people fled as Estonia was occupied by the Soviet Union 1944.

Aiboland, Noarootsi, the islands and Haapsalu now became a Soviet military area. Fortifications, missile bases, an impressive air force base in Haapsalu were built and the entire area was called a border zone with highly restricted public access. Many villages were ruined and only a few have retained their original look.

The Estonian-Swedish population continued to fall and counted 435 people in 1970 and only 297 in 1989. At that time Estonian-Swedes ranked 26th on the list of Estonia's minority groups. Before the Second World War, they were third on the list.

The new age in the history of this Estonian-Swedish area started towards the end of the 1980's and the regained independence 1991. The border zone gradually disappeared and the local residents could start to return to their homes. Noarootsi Gymnasium, offering Swedish language studies, was founded 1990 in Pürksi (Sw: Birkas), the administrative centre of Noarootsi.

Estonian-Swedes have also started to return, buying or reclaiming old property and developing the land to new permanent homes or summer houses.

More on Aiboland and Noarootsi is available at the website of Rannarootsi Muuseum (Aibolands Museum); [www.aiboland.ee](http://www.aiboland.ee).

### Haapsalu

Haapsalu dates back to 1279, when it was chartered and became the centre of the Bishopric of Ösel-Wiek (Est: Saare-Lääne piiskopkond), a semi-independent Roman Catholic prince-bishopric. Haapsalu's Episcopal Castle, a castle with a cathedral, was founded in the 13th century as a center for the bishopric.

Haapsalu has been well-known for centuries for its warm seawater, curative mud and peaceful atmosphere and competes with Stockholm for the





Meister Jorma Friberg

- Meister Jorma Friberg is in charge of building the Jahta. Jorma has his roots on Vormsi and went to Skeppsholmens Folkhögskola in Stockholm to learn the techniques of the old time boat building traditions. When he came back 1999, he immediately took on the task of leading our first boat building project, the Rupa.

### SCCE supports the project

- I am happy to note that the Swedish Chamber of Commerce in Estonia has decided to become one of our financial supporters of the project, says Alar. The Estonian State, several companies, organizations as well as private individuals are supporting us and we look forward to show the final outcome when the Ruhnu Jahta will be launched this summer.

- More financial supporters are of course welcome to join the project, concludes Alar. Information on the project in Estonian

language is available at [www.vikan.ee](http://www.vikan.ee) and I will be happy to give further information. Just contact me at [alar@jussuecanum.ee](mailto:alar@jussuecanum.ee).



Kristiina Sikk and Elna Siimberg

## Swecon

- I came from the fishing industry as I started up with something totally different – heavy duty construction machinery, says Elna Siimberg, Managing Director at Swecon in Estonia. It was the early 1990's and the Soviet model of the Estonian fishing industry collapsed together with the Soviet Union itself.

- At that time our company was named Lantek and we had Volvo's construction

machinery in our assortment from the very beginning. I joined the company as a management assistant and a translator. Coming from an Estonian-Swedish family I had the Swedish language skills needed and could grasp the task of taking care of the contacts between our Swedish head office and our local Estonian market.

- I was named managing director 1997 and today we are 36 persons in our Estonian organization with sales amounting to 230 million EEK last year. We have our Estonian headquarter here in Haapsalu and in addition to this location we also have service points in all major Estonian cities as well as mobile

service vans available.

- We are working on a highly competitive market. Volvo is indeed a strong global brand and that is an asset for us in Estonia where we have a 12% share of the market in terms of the number of machines delivered. Construction companies and saw mills are found among our biggest customers and our wheel-loaders are among the best selling types of machinery here.

- Construction machines of today are sophisticated high-tech tools. Hydraulic systems take care of the heavy manoeuvring work, micro-chips relays the joy-stick inputs from the operator and a rapid development in engine technology consider environmental concern by reducing the emissions.

- I have kept my Estonian-Swedish heritage and live in our family's house in Vihterpalu. It is a beautiful area with Suur- and Väike Pakri islands (Sw: Stora och Lilla Rågö) visible from the shore. This gives me some 60 km to commute to work, but on the other hand I travel quite a lot. Swecon's headquarter is located to Eskilstuna, Sweden and in addition to my work in Haapsalu I am also a board member of Swecon in Latvia and Lithuania. Seen from that angle, I am living at a central spot as Tallinn airport is some 65 km from Vihterpalu.



title as the 'Nordic Venice'.

Haapsalu's first mud cures resort was founded 1825 and since then the town has been a popular summer destination where people from all around the world come for medical treatment.



Haapsalu Castle

Haapsalu and Ilon Wikland, the illustrator of several books written by Astrid Lindgren, are closely connected. Born in Tartu, Ilon Wikland grew up in Haapsalu before she and her parents fled to Sweden 1944. It is said that many of her illustrations are based on her memories of Haapsalu when she was a child and that Haapsalu Castle is the model for her illustrations of the castle in Ronia, the robber's daughter.

### Swecon

Swecon's history starts during the 1880's as farmers associations were founded throughout Sweden. Over the years, these developed to a central association, the Swedish Farmers Economical Association, which started its activities 2001.

A cooperation agreement on sales and service of construction machinery was signed 1946 with Bolinder Munktel, later on Volvo BM and today Volvo Construction Equipment. Local Swedish farmers associations sold and serviced Volvo tractors and Volvo construction machinery for many years as independent dealers.

Swecon was formed 1999 through a merger of ten of the independent dealers with the Swedish Farmers Economical Association as owner.

Headquartered to Eskilstuna, west of Stockholm, Swecon is now present in Estonia, Latvia, Lithuania and Germany in addition to its nationwide network of Swedish dealers selling and servicing Volvo construction machinery.



# Cipax

As the new company name Cipax was introduced to the market in April last year, it also marked a continued expansion of the company in Estonia.

The next step in the

expansion program came in November last year as Cipax acquired AS Rotoplast in Saue, just south of Tallinn. And right now, Cipax is expanding even more as an additional 3.000 sqm factory building is under construction at the Taebpla plant, just east of Haapsalu.



Raili Jõgisoo - assistant to the manager, Anita Laur - accounting, Erki Soidla - quality technician and Kristiina Sikk - SCCE.

- Formerly known as Örnplast, our company's expansion here in Taebpla will require 20 more employees, said Erki Soidla, Cipax quality technician at the Taebpla plant. We started up our manufacturing here in 1994 and currently we have 50 employees working in 3 shifts.

- Cipax is a part of Xano Industri AB, a Swedish company listed on the Stockholm Stock Exchange. The business group consists of a number of companies having a leading role within production of plastic components in the Nordic and Baltic region and our company here, the former Örnplast, was included in the group 1995.

- Customer specific products account for the largest part of our business and we run projects together with the customer going from idea to a smooth logistic solution. In addition to customer specific products we also have a wide range of standard products, from boats and marine products to containers and material handling solutions for industries.

- We are a supplier and partner to a large number of customers in different fields of business in the Nordic and Baltic region, with Sweden and Norway as the dominating markets. 98% of our production here in Taebpla goes to Sweden and the end users are found within a large number of industries; heavy vehicles, chemical- and producing industries, transport, heating, plumbing and sanitation, pharmaceutical, the food industry and packaging. Quality is a key issue in our business and we are certified according to the ISO 9001:2000 standard.

- We are specialized in rotational moulding, continued Erki Soidla. It is a production method, which makes it possible to

produce everything from basic to advanced plastic details in one piece. By processing the product after production a highly complex refined product can be achieved.

- There are several basic advantages with rotational moulded products, concluded Erki Soidla. The products are manufactured in one piece without splices, resulting in stable and easy to clean products. The lifecycle is long as the risk for cracks is minimal since the material is stress free. Using polyethylene as material we get environmentally-friendly, recyclable, FDA approved, non corrosive and chemical resistant products. The weight is low in relation to the size of the product. The temperature register is wide, ranging from -30°C to +80°C, which allows a broad field of usage areas. Rotational moulding also gives a very high freedom when designing new products allowing us to achieve customer specific products. The costs for the moulds are low resulting in good profitability even at smaller production volumes.

**Text: Megazine - Tallinn**

## Cipax rotational moulding



The thermoplastic raw material, a powder, is loaded into the moulds...



...under constant double rotation the moulds goes to the oven, heated up to 230° -240° C...



...the moulds are cooled down...



...after a production cycle that typically lasts for one hour, the products can be unloaded from the moulds...



...the finish is done either manually or by using CNC machines...



...additional details can be mounted....



...following final quality inspection, the products are ready for packing and shipping.

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 **ESTONIAN AIR**

# The first years

*"We have been building our country for 90 years. And when building was impossible, we held on to it. In our hearts and in our minds."*

With those words President Toomas Hendrik Ilves greeted the Estonian people in his New Years Address 2008.

February 19th, a few days before the official 90th Anniversary of the Republic of Estonia February 24th, an impressive number of members of the Swedish Chamber of Commerce in Estonia gathered at the Swedish Embassy following a joint invitation by the Ambassador of Sweden, Mr Dag Hartelius, and the Chamber, to a reception on the occasion of the 2008 Anniversary.



Carl-Eric Lindström - DHL

**Dag Hartelius, Mart Laar took the stand and gave the SCCE-members a personal and colourful speech covering the past 90 years of Estonia's history.**



Joakim Stockman - AD Visible, Karolina Ullman - MAQS Law Firm, Mikael Orkomies and Martin Seppälä - Excedea, Gustaf Hertsius - Vin & Sprit Eesti.

funds. The administrative and political infrastructure was not in place. And, on top of this, Estonia had to fight a war for Independence.

- As the War of Independence ended, with the Tartu peace treaty signed February 2nd, 1920, Estonia could now focus on building up a parliamentary democracy. Our way forward was tough as it was for many other countries during these years. Several European countries were deeply damaged during World War I, the situation in Germany was chaotic and the global economical crisis that hit the world during the 1930's hit Estonia as well.

- On August 24th, 1939, the Soviet Union and Nazi-Germany signed the Molotov-Ribbentrop Pact in Moscow. The treaty included a secret protocol dividing several countries into spheres of Nazi and Soviet influence, anticipating "territorial and political rearrangements" of these countries' territories.

- Estonia was included in the Soviet sphere and just a month later Soviet warships appeared off Estonian ports and in June 1940 the Soviet Union invaded and occupied Estonia. The Soviets declared Estonia as the Estonian SSR in August 1940 and executions and mass deportations of political and intellectual Estonian leaders as well as other Estonian civilians followed during 1940 - 1941.

- Operation Barbarossa, the Nazi-German attack on the Soviet Union, started in June 1941 and in August the same year Nazi-German troops entered Estonia.

- At first the troops were regarded as the military help Estonia needed to end the Soviet occupation. But very soon the Estonian people learned otherwise. It was not Germans who had come. It was Nazis and it was a Nazi occupation. Estonia became incorporated in the Nazi-German Ostland-province.

- Estonians now also learned that the only difference between Communism and Nazism was the size of two moustaches - the Soviet leader had a big one while the Nazi leader was equipped with a somewhat smaller one.

- The war turned and in the autumn of 1944, the Soviet Union occupied Estonia again. This time for fifty years to come. Estonia declared its regained Independence August 20th 1991 and the last Russian troops left our country August 31st 1994. The Soviet occupation became a time of the Estonian history filled with terror, executions and deportations.

- Our Freedom Fighters, the Forest Brothers, fought against the Soviet occupation. And many Estonians in exile worked



**Mart Laar** is chairman of the Pro Patria and Res Publica Union, a member of the Estonian Parliament - Riigikogu, and was the Prime Minister of Estonia 1992-1994 and 1999-2002. He also has a PhD in history and is the author of several books on the Estonian history and the resistance to the Soviet occupation.

for putting international attention and awareness on our situation. However, Estonia, or rather the Baltics, continued to be mentioned mostly in connection with the weather report in the media of our neighboring Nordic countries; 'A low pressure is building up over the Baltics and is moving towards northwest...'

- In terms of Nordic and international media attention nothing really happened until the end of the 1980's. Media started to report on the Singing Revolution, the Baltic Chain got headlines and at Norrmalmstorg in Stockholm the Monday Movement for the support of the Baltic people started with a Monday lunch meeting in March 1990. These meetings continued for 79 consecutive Mondays until Estonia declared its regained Independence.

- It is with Communism as it is with toothpaste, ended Mart Laar. Once you have got rid of it, it is difficult, if not impossible, to get it back again.

Text: Megazine – Tallinn  
Photos: Kadi Asmer



Kristiina Sikk – SCCE Ombudsman, Mart Laar and Dag Hartelius – Ambassador of Sweden.



Mart Laar and Dag Hartelius were duly thanked with a copy of SCCE's Songbook and a bottle of Level, the super-premium vodka from Absolut. As for the SCCE Songbook, Mart Laar noted that, in addition to the Estonian and Swedish National Anthems, this is The Source for getting the complete texts to the Swedish Nubbevisor (Joogilaulud)!



## An Estonian TimeLine

### 2nd century BC

The Oeselians are mentioned in Ptolemy's Geograph as a people inhabiting Saaremaa (Latin: Oesel or Osilia, Swedish: Ösel).

### 1030

The Swedish Viking Chief Fröger is reported killed in a battle on Saaremaa.

Dorpat (Tartu) is mentioned in written for the first time.

### The 12th century

As the Berber cartographer Muhammad al-Idrisi in 1154 put Kolyvan (later on known as Lindanäs, then Reval and now Tallinn) on the map, Oeselians and Estonians had gained a reputation as raiders. A renowned raid occurred in 1187, with the attack on the Swedish town Sigtuna and with the Swedish archbishop Johannes among the casualties.

### 1280

Reval (Tallinn) becomes a member of the Hanseatic League.

### 1558 – 1583

The years of the Livonian War - a lengthy military conflict between the Tsar's Russia and Denmark, Lithuania, Poland and Sweden for control of Greater Livonia, today's Estonia and Latvia.

### 1561

Northern Estonia is ruled by Sweden, while southern Estonia briefly came under the control of the Polish-Lithuanian Commonwealth.

### 1625

Mainland Estonia came entirely under Swedish rule.

### 1632

Academia Gustaviana, the University of Dorpat (Tartu), was founded by the Swedish King Gustav II Adolf.

### 1700 – 1721

The Great Northern War. Sweden lost Estonia to Russia (1710 de facto, and 1721 de jure, by the Treaty of Nystad).

### 1857, 1869

An active Estonian nationalist movement developed during the 19th century. It began on a cultural level, resulting in the establishment of Estonian language literature, theatre and music. Significant accomplishments were the publication of the national epic, Kalevipoeg, in 1857, and the first national song festival in 1869.

### February 24th, 1918

The Estonian Declaration of Independence is issued in Pärnu.



### 1918 – 1920

The Estonian War of Independence (Estonian: Vabadussõda, literally "freedom war"), took place during the Russian Civil War and was the Republic of Estonia's struggle for sovereignty in the aftermath of its Declaration of Independence, World War I and the Russian Revolution.

February 2nd, 1920

The Estonian War of Independence ends and the Tartu Peace Treaty is signed.

**1920's, 1930's**

Initially a parliamentary democracy, the Estonian parliament (Riigikogu) was disbanded in 1934, following political unrest caused by the global economic crisis. Subsequently Estonia was ruled by decree by Konstantin Päts, who became President in 1938, the year parliamentary elections resumed.



Meanwhile in Sweden, newspaper ads said "Res till Estland under Eder sommarledighet. Resan är billig och bekväm." ["Travel to Estonia for your summer holiday. The trip is cheap and comfortable."] The Estonian beaches were popular among Swedes and the ship M/S Kalevipoeg (known as 'Kalle på väg' in Stockholm) took the Swedes from Skeppsbron at Stockholm's Old Town to Tallinn. During the summer of 1938, 2.267 Swedish summer guests were officially registered in Pärnu.

**1939**

Dated August 23rd, the Molotov-Ribbentrop Pact is signed in Moscow in the early hours of August 24th. The treaty included a secret protocol dividing Estonia, Latvia, Lithuania, Finland, Poland and Romania into spheres of Nazi and Soviet influence, anticipating "territorial and political rearrangements" of these countries' territories.

On September 24th, Soviet warships appeared off Estonian ports and Soviet bombers began patrolling over Tallinn and the nearby countryside.

**1940**

On June 12th, an order for a total military blockade on Estonia was given to the Soviet Baltic Fleet. June 14th, while the major attention of the world's media was focused on the fall of Paris to Nazi Germany, the Soviet military blockade on Estonia went into effect and on June 16th, the Soviet Union invaded and occupied Estonia.

The Soviet Union declared Estonia as the Estonian SSR in August 1940 and executions and mass deportations of political and intellectual Estonian leader's as well as other Estonian civilians followed during 1940 - 1941.

**1941**

Following the June 22nd start of Operation Barbarossa, Nazi Germany's attack on the Soviet Union, Estonia was occupied by the Nazis in mid-August and became incorporated in the Nazi German Ostland-province.

**1944 - 1991**

Soviet forces re-occupy Estonia in the autumn of 1944 after fierce battles, especially in the northeast part of the country. Tens of thousands of Estonians chose to flee to Sweden and Finland or retreat with the Germans.

In addition to the human and material losses suffered due to the war, thousands of Estonian civilians were killed and tens of thousands were deported to Gulags. In 1949, about 20,000 Estonians were forcibly deported over just a few days.

In the other direction, from the Soviet Union to Estonia, hundreds of thousands of Soviet migrants were relocated, with or without their consent, to Estonia.

**1989**

Estonia's National Flag is raised in Tallinn at Pikk Hermann (Tall Hermann's Tower) February 24th and the Singing Revolution, Estonia's non-violence movement for Independence, is well under way.



Dag Hartelius, Veiko Sepp – Ericsson Eesti and Mikael Bäckström – Ericsson Nordic and Baltic Region.



Tomomi Uchida - Arigato



Helena Almqvist – Swedish Trade Council



Mart Laar and Peter Kastberg - Fors MW



**Rita Strandberg and Reidi Strandberg** – RödL & Partner. For this special occasion Reidi was dressed in the colours of the Estonian Flag, blue, black and white.



**Õie Tamm** – Wigéns and her husband **Endel Tamm**



Also dressed in the colours of the Estonian Flag was **Karolina Ullman** – MAQS Law Firm, here welcomed to the reception by **Dag Hartelius** and his wife **Maria Falk**.



**Merli Kallas, Per Lindberg** – Stoneridge Electronics and **Mart Laar** discussing the current baby boom in the SCCE.



**Dag Hartelius and Mart Laar**

On a Pan-Baltic level, Balti Kett (the Baltic Chain) is formed August 23rd by two million people forming a more than 600 km long human chain from Tallinn via Riga in Latvia to Vilnius in Lithuania. The date chosen, August 23rd, 1989, marked that fifty years had passed since the Molotov-Ribbentrop pact was dated and the manifestation now draw the world's attention to the common fate Estonia, Latvia and Lithuania shared.

**August 20th, 1991**

Estonia declares its regained Independence and the first country to recognize Estonia was Iceland. Sweden follows August 27th and opens Embassies in Tallinn, Riga and Vilnius the following day. Estonia joins the United Nations September 17th.

**1992**

Estonia replaced the ruble with its own freely convertible currency, the kroon (EEK) June 20th. The kroon was pegged to the German mark at the rate at 8 EEK for 1 DEM. When Germany introduced the euro, the peg was changed to 15.64664 kroon for 1 euro (shortly after Estonia's accession to the European Union 2004, the parity was changed to 15.64660 kroon per euro).

After more than fifty years, free elections are held in Estonia again September 20th. A parliament is elected and Lennart Meri is elected President of the Republic.

**1994**

The last Russian troops leave Estonia August 31st.

**1996**

Initially proposed by Toomas Hendrik Ilves and Jaak Aaviksoo, President Lennart Meri announces Tiigrihüpe (Tiger's leap) - a project undertaken by Estonia to heavily invest in development and expansion of computer and IT network infrastructure in Estonia, with a particular emphasis on education. The initiative is regarded to be a main contributor to Estonia's current reputation as the most 'wired' country in Europe.

**1999**

Estonia becomes member nr. 135 in the World Trade Organization, WTO, November 13th. In a December-speech to the Swedish Institute for International Affairs, the Estonian foreign minister Toomas Hendrik Ilves talks on 'Estonia as a Nordic Country'.

**2001**

Dave Benton and Tanel Padar put Estonia on the European map as they win the Eurovision Song Contest in Copenhagen May 12th, with the song 'Everybody'.

**2003 Estonia - Nordic with a Twist**

Introducing Estonian life and people, the exhibition 'Estonia - Nordic with a Twist', is on display at the European Commission in Brussels.

**2004**

Estonia joins NATO March 29th and becomes a member of the European Union May 1st.

**2007**

Street riots hit Tallinn as a Soviet war memorial, the Bronze Soldier statue, is moved from the city center to a Tallinn War Cemetery.

In the aftermath of the riots, a cyber-attack is launched towards Estonian servers. Estonia manages to hold its fort and creates a Cybernetic Defence Centre, nicknamed Tiigrikaitse (Tiger's defence).

**2008**

Estonia celebrates the 90th Anniversary of the Republic of Estonia on February 24th .



# Growing up with the Republic

**When Amalie Käär was born in Helme, a small South-Estonian village close to Tõrva, Estonia was still part of the Russian Empire. The year was 1914 and almost exactly two months after Amalie was born, Archduke Franz Ferdinand and his wife Sophie were assassinated in Sarajevo and World War I became a cruel reality.**

Marking the 90th Anniversary of the Republic of Estonia, Amalie's great grandchild Jörgen Sikk, born 1991 – the year of Estonia's regained independence, sat down with her for a talk on the years passed:

- As most of the countryside people did during the beginning of the last century, my parents worked at nearby farms, tells Amalie Käär. I was the youngest child and had three sisters and one brother. My brother died at a very young age and one



of my sisters died when she was only twelve years old.

- I was one and a half years old when my father suddenly died at Christmas time and I don't have any real memories of him. I do however remember the aftermaths following his death. At that time, your work and living premises were connected as your employer usually also was your landlord. No one wanted to keep a widow and her family in those days, for some reason it was regarded as a taboo. Consequently my mother lost both her job and our accommodation.

- She took us to our grandparents who lived in a countryside retirement home. My grandmother was a seamstress at a nearby manor and my grandfather mainly worked as a cabinet-maker, making easier wood jobs due to his high age. My mother took work where she could and everyday she brought us milk and bread and sometimes some money as well. My sisters and I slept in the same bed as our grandmother. It was kind of a crowded solution with my sisters and grandmother next to each other and me sleeping

towards the edge of the bed.

- I don't remember much of the war following Estonia's Declaration of Independence 1918, but I do recall one incident very clearly. The retirement home was populated by a mix of Estonians and Russians and one day Russian soldiers appeared and started to shout „Are there any Estonians here?“. Of course everybody said „No“. The soldiers seemed to be in a hurry, so instead of investigating the Estonian issue more thoroughly, they started to take almost all of the food they could find. My grandmother had a loaf of bread and put it under the pillow with me on top and the bread was that way saved from the soldiers.

- There was a lot of shooting and shouting outside and we learned that the retirement home was in the middle of a fight between Estonians and Russians. The following day, Russian soldiers appeared again towards the evening. My mother took me and my sisters and we ran to the nearby forest to escape the fighting. As we were hiding, a zeppelin appeared in the sky equipped with a strong searchlight. The light was so bright that it seemed like it was in the middle of the day, but luckily enough we were not spotted.

- Eventually peace came and the Republic of Estonia also became a fact. My mother met a man and we started to move around Estonia quite a lot pending where my stepfather's work took us. This also meant that I spent one semester in a school at one place, just to find myself in another school, at another place the next semester. I didn't finish school since I was considered old enough to start to work as a maid at different farms.

- We kind of grew up together, the Republic of Estonia and I. Eventually I met a man, we got a daughter and named her Leida. My man was a carpenter and we moved to Tartu and got married there during the German occupation. My husband went to the war and I and Leida was on our own as the acts of war intensified.

- I was on my way from the market one day when I heard a lot of aircraft approaching Tartu. I took shelter under a bridge and saw how the planes started to drop bombs. At first the bombs looks like small spots in the sky, then you can actually hear them falling and finally you hear the explosions and can feel the shock waves. I later learned that this is called carpet bombing and not necessarily aimed to targets of pure military importance.

- Following this intensified warfare, the Germans actually arranged truck transports out of Tartu and I and Leida went to my sister's home in Tõrva, not so far from the Latvian border. And that is also the place where I experienced the Soviet occupation.



Leida and Amalie  
during the first Republic

- The Red Army seemed to be everywhere and communists were definitely located at strategic positions all over Estonia including Tõrva. Hearing them mocking and humiliating us Estonians was totally horrible. And you couldn't really say nor do something about it. Young men were forced to go to the Red Army and if they refused the consequences for them and their families most often got fatal. Like so many other Estonians I also had relatives who got deported to Siberia. My nephews were only sixteen years of age when they got deported and disappeared.

- Those people who supported the occupation and what it represented worked for it. The rest of us, the majority, simply kept our mouths shut. Going public with a 'wrong' sentence or even a couple of 'wrong' words lead to consequences. One day my daughter Leida came from school and told me that she had joked and said that the White Boats had arrived under the bridge over Õhne River. The



Amalie, 19 years old

White Boats was a symbol language referring to the western allies and the free world. Leida's teacher had heard the joke, immediately called for Leida and intimidated her. He also wanted me to come to the school and there was obviously a big problem with Leida's two words.

- We were pretty much isolated from the world outside the Soviet Union. The fight against communism, like in Hungary 1956 and Prague 1968 are just two examples on courses of events that I learned about much later on. Down in Tõrva we didn't have access to Finnish radio and TV as the people in Tallinn had. However, the news on Sputnik I 1957 and Jurij Gagarin and Valentina Tereshkova, the first man and the first woman in space 1961 and 1963 were well distributed. We even got the times when these space capsules would pass over Estonia and went out and looked for them.

- My daughter Leida got a good education became a teacher and moved to Tallinn. Naturally I visited her and her family there and I remember the Summer Olympics 1980 very well. The regattas took place in Tallinn and the Pirita road was built as well as the big Pirita yacht harbour. I think that all of Estonia was excited, because in addition to the Olympics we got the opportunity to see a lot of foreigners at the same time.

- The singing revolution was big, emotional and simply beautiful. Down in Tõrva somebody had taken down the Soviet flag and instead raised our Estonian Tricolour. I came from the shop and happened to see it and burst out in tears, both of joy and emotions. The Russians searched for the one who had done it, but never found him or her.

- Nowadays I am living together with my daughter Leida in a place of our own in Viimsi, just east of Tallinn. We are both pensioners and our place is actually located in the villa where my granddaughter and her family also lives. In August this year, seventeen years have passed since Estonia regained the independence and it is indeed very nice to live in a free country again. But our politicians have done many stupid things in my opinion. Many times the political arena looks like a circus and many of the politicians give me the impression that they try hard to get rich and powerful themselves instead of doing something good for all of Estonia. If our politicians can act like a man, then we and the future generations will see a good Estonia.



Text: Jõrgen Sikk,  
Megazine - Tallinn  
Photos: mcm oü,  
Amalie Käär and  
Leida Tamsalu

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## Three new Swedish related companies to Estonia every week

- 163 new companies with Swedish ownership, fully or partly, were established in Estonia during 2007, said Kaie Kuum as she met focus just before moving on from Country Manager at the

Swedish Trade Council in Estonia to new challenges on the market. Compared to 2006 that is more than a 15% increase in terms of new establishments and the total number of companies here in Estonia with some Swedish ownership went up to 1.236 companies as last year ended.



Kaie Kuum

- It is not really surprising, continued Kaie Kuum. Sweden is by far the biggest foreign direct investor in Estonia with a 40% share and investments need entrepreneurs to yield an economic return.

- As for the new companies that came here last year they are mainly small and medium sized enterprises and we can see a clear increasing trend towards businesses providing services and retail products.



- Looking at the total number of Swedish related companies, wholesale and retail account for more than a third of them and manufacturing companies are the second biggest group with a 22% share. Other major areas of activities are found in financial, accounting & legal services, real estate & renting, hotels, restaurants & cafés,

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## Myths

- The trend shows that the share of companies within wholesale and retail is growing while the share of manufacturing companies is decreasing and the most common explanation to this is lack of labour and increasing salary levels. In many respects this is putting it much too easy.

- ABB's recent Estonian recruitment campaign clearly shows that a company focusing on an attractive employment package instead of just the salary will be successful. ABB's concept gave them 270 new employees and CV's from an additional 3.000 persons to contact when the need for more employees arise.

- Mergers between Swedish companies having the same basic kind of manufacturing techniques have taken place here in Estonia as well as in other countries. The outcome is an increased productivity and from a statistical point of view this means that out of two or three legal entities comes one. That gives the statistics a certain degree of bias if you don't go a bit behind the figures.

## Reality

- I agree with a member of the Swedish Chamber of Commerce in Estonia who, in a recent Chamber newsletter, said that a too low degree of industrial automatization doesn't work in Europe. Among several Swedish owned textile and mechanical industries in Estonia we have good examples on this. Labour intensive work has been outsourced to the Far East while highly automated processes as well as final mounting and quality control takes place in Estonia.

- Estonia is indeed a highly competitive country for businesses, but it is true that the cost levels have increased. A monthly Estonian average wage was EUR 10.- in 1991, the year of the regained independence, and last year the average ended at EUR 740.-/month, but still making us a highly competitive country on the international and European market. Furthermore, a flat rate 21% income tax contributes to a good net income in the Estonian households.

- From a current, general point of view it is easier to find blue collar than white collar employees. But, it is more difficult to keep the blue collars than the white collars. Good sales persons and service personnel are still difficult to find. There wasn't really any market for these skills and professions in the Soviet system and Estonia need some more time before talented people in these trades are more widely available.

- The Estonian legislation and tax system is highly favorable for foreign investors and entrepreneurs. Nowadays you can actually form a legal entity on the Internet within just a couple of hours in Estonia. On the other hand bureaucracy is present and following Estonia's 2004 membership in the European Union, demands have been raised on an adaption to EU standards of the current tax system. There is however an Estonian political consent that the net effect of the future taxation system will remain the same.

- Real estate prices have sky rocketed and passed its peak last year. The market is cooling down and prices have begun to decrease.

- Estonia is small but indeed a high-tech oriented country. Back in 1991 Estonia had 200 mobile phone subscriptions and today we have close to 1.600.000 subscriptions. In this context it should be noted that Estonia's population amounted to 1.344.684 persons in 2007. 64% of the Estonian population aged 15 -74 are Internet users and more than 90% of all banking operations are carried out over the Internet. There are at least 350 WiFi/wireless Internet areas in Tallinn alone and among the Estonian located companies the Internet penetration is up to 95% compared to UK with 88% and Sweden with 82%.

- Estonia and Sweden have done a fantastic journey together, especially in terms of commerce, trade and business development. Towards the end of the 1980's and the beginning of the 1990's we had some 100 Swedish related companies here. The market was considered to be a bit like the Wild West and timber and metals dominated Estonia's export. Large low-cost production sites were established here during these years. In the second half of the 1990's and the first years of the 2000's the market matured and developed to lower-cost and high quality production. Small and medium sized enterprises started to establish themselves here and by 2003 we had 500 Swedish related companies in Estonia. As I said before, this figure has now more than doubled and our Swedish - Estonian development journey together goes on.

- The main tasks of the Swedish Trade Council in Estonia are to help Swedish businesses here to grow even more and also to promote Swedish export to

## The Swedish Trade Council

Founded in 1972, the Swedish Trade Council is financed jointly by the Swedish State and the Swedish business sector and has today 500 employees in more than 50 countries.

The bulk of the operations of the Swedish Trade Council are carried out abroad, where local consultants on the spot help Swedish companies to analyse business opportunities, set up their business and to grow in the market they have selected.

The Trade Council essentially provide all services required to establish a company and its products, services or ideas in new markets and also help in reinforcing the image of Sweden as an attractive country to do business with.

Information on the Swedish Trade Council in Estonia is available at: [www.swedishtrade.se/estland](http://www.swedishtrade.se/estland)

- Continuing with the textile industry, the high-end ready-to-wear sector with smaller series of fashionable and quality clothing is ruled by the fashion trend cycles and these are becoming shorter and shorter. Two months cycles are not unusual today and with this short time available for design, production and deliveries, manufacturing for Europe on the other side of the globe doesn't work. Swedish owned high quality ready-to-wear companies in Estonia are good examples on this. Estonia is not only close to Sweden, it is close to and a part of Europe as well.

# Focusing on the future



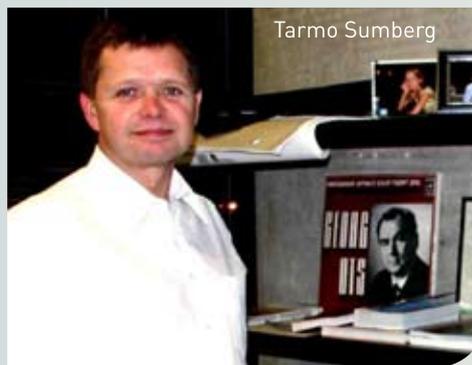
From left to right: Janar Sutt, Fredrik Tammar, Helena Almqvist, Kaie Kuum, Henrik Avasalu and Margit Linnasmägi.

Estonia. Janar Sutt is senior project manager and is now also acting country manager. Henrik Avasalu is project leader, Helena Almqvist and Fredrik Tammar are consultants and Margit Linnasmägi support Swedish companies with export information.

- As for myself I am an Estonian islander with an international background, told Kaie Kuum. I was born and grew up on Saaremaa, went to Tallinn's Technical University and took a degree as a graduated engineer in IT. I have worked for Estonia's Ministry for Foreign Affairs in Tallinn and in our embassies in Bonn and Stockholm. Before joining the Swedish Trade Council in the autumn 2005, I also started up an Estonian manning company as managing director and with a special focus on Sweden.

- The Swedish Trade Council offers a straight forward support model, concluded Kaie Kuum. And it is more or less the same for all markets where the Swedish Trade Council is present. The model splits up a company's internationalization in four phases; Understanding the Market Conditions, Take the First Step, Local Establishment and Growth. Where the Trade Council enters with its support depends on how far the client has come in this development chain.

Text: Megazine - Tallinn



Tarmo Sumberg

- Our organization in Legend Hotels and Spa's as well as our guests will see the outcome of the work we are doing today after several years have passed, said

Tarmo Sumberg, CEO at Legend Management as focus met him at the company's Tallinn head office. My own main task is to communicate with our investors and partners and also to manage the whole development team. I am working with the company's future so it could be said that I am a visitor from the future here in our office.

- Our hotels and spas are telling their own story or legend. We wish to connect these stories with the locations, histories and characteristics of the establishments, because we believe that this is what gives a hotel its personality and makes it rich in experience and details.

- Legend Management today is to the vast majority an Estonian company but, some 7% of our owners are represented by foreign capital. Among them a company with a very Swedish origin, Inter-Ikea B.V.

- I had a ten year background in the hotel trade as our first Legend Hotel project, the Three Sisters Hotel in Tallinn's old town, was initiated 2001. In cooperation with a Dutch architect, we managed to transform the three merchant houses at Pikk Street, dating back to 1362, to a luxury boutique hotel and still keep the atmosphere of the guild elders, town councillors and burgomasters from times past.

- The Three Sisters Hotel was indeed an exciting and inspiring project as a start up for me and Legend Management, remembers Tarmo Sumberg. I had been part of a big hotel chain but having an entrepreneur's spirit



myself, I sometimes had a hard time waiting for decisions to be made and actions to be taken. Launching the Three Sisters Hotel convinced me that the work model we have today is the right one for us. Here at Legend Management we focus on the future, both in terms of new hotels and spas as well as the future development of the hotels and spas we already



have, while the daily operations, sales and marketing and the care for our guests are carried out by hotel and spa professionals in our trade.

- Georg Ots Spa Hotell in Kuressaare became our second hotel and was opened in June 2004, tells Tarmo

Sumberg. Georg Ots was an Estonian baritone and became a legend himself already during his lifetime.

- Yes, Georg Ots is definitely present at our Spa Hotel, says Kätlin Tõusme, Hotel Manager at Georg Ots Spa Hotel. Portraits and photos from his fantastic career are up on the walls and our CD, 'I slept with Georg', has become a hit among many of our guests. Georg Ots Spa Hotell consequently has a distinct Estonian profile and some 66% of our guests are Estonians. Our Spa-treatments are however



Kätlin Tõusme

very international. Tibets treatment, Thai-, Shin Do- and Shiatsu-massages are some examples. In addition to the Spa we can also offer very good conference facilities and have become a popular alternative on this market.



- We are some 140 persons working at the Spa Hotel and most of them are from Kuressaare and Saaremaa, concluded Kätlin. I joined here in 2005, coming from the Three Sisters Hotel, and I am one of the very few here who commutes on a more or less weekly basis between Tallinn and Kuressaare.

- We also bought additional land next to the Georg Ots Spa Hotel already in 2002, continues Tarmo Sumberg. Right now we are building a nice group of exclusive villas there and just like the Georg Ots they are located by the sea. Our idea is that people or companies investing in a villa apartment can have it managed and rented out by the Georg Ots Spa Hotel when they are not using their estate themselves.



- Albert Hotel in Riga became our next project as we went abroad 2005, tells Tarmo Sumberg. And there are two Alberts behind Albert Hotel. First, Albert Hotel is located in the vicinity of Albertas iela, a real main street in Riga. Secondly we have Albert Einstein, a man who valued simplicity and clarity. Among other things, he has remarked, "Everything should be made as simple as possible, but not simpler", and Albert Hotel is a three star hotel offering a simple and convenient way to stay in downtown Riga.

- We planned to open Hotel Telegraaf, our second hotel in Tallinn's old town, in 2006, but lack of skilled labour delayed the opening up until the spring 2007. The Telegraaf house was originally built in 1878 and was once the exchange station for the Estonian Telegraph company. We took the delay in terms of opening but in return, we and our guests got a carefully renovated elegant building, where the combination of historical redolence and modern style really turned into a timeless classic.

- This gave us two big Tallinn premieres in 2007 as GO City SPA was inaugurated during the late autumn. It is a high-end day-spa and a stylish club in downtown Tallinn designed for guests and members valuing privacy and personality.

- As for the future we have some projects in the pipeline right



Hotel Telegraaf



now, concluded Tarmo Sumberg. Among them are a Spa Hotel in Palanga, Lithuania, a Quality Hotel in downtown Riga and a Spa Hotel in Sopot, Poland. We have developed step by step and by investing time and efforts in understanding the market potential. Combined with a straight forward and professional organization this has brought us far and I believe that this concept will move us even further.

Text: Magazine - Tallinn

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## Well compensated

Looking at the salary increases 2007, Estonian employees seem to have been well compensated compared to the inflation.



According to Eesti Pank, the 2007 inflation ended up at 6,6% while an average monthly salary went up with 16,5% - from EEK 8.073.- in 2006 to 9.407.- 2007.

Fontes' annual Estonian Compensation Survey 2007 also shows that Estonian employees were well compensated last year. The survey analyzes 27.000 jobs among 164 participating companies. 60% of the companies are based on foreign capital and 63% of the jobs analyzed are located to Tallinn and Harju county.



Fontes' survey shows a record salary increase 2007, ending up at a 22% average increase.

- It is indeed a record increase, said Fontes' Katri-Triin Maripuu at a

recent Business Seminar arranged by the Swedish Chamber of Commerce in Estonia. And there is of course a wide span in the increases among the jobs we have analyzed. The top average increases ended up at 37% and were noted among qualified workers within technology and processes while the somewhat lower averages were found within facility maintenance, other engineering, HR and accounting with a 17% increase.

- Estonia is also leading the league compared to Latvia and Lithuania. Latvia ended up at a 21% average total salary increase last year with Lithuania at a 16% increase.

The Estonian Compensation Survey can be ordered directly from Fontes. More information is available at [www.fontes.ee](http://www.fontes.ee).

## Estonia's Central Bank on inflation, economic growth and the labour market

- As expected, the January double-digit 11% inflation was affected by the rise in excise duties and the price hike of food, says Eesti Pank - Estonia's Central Bank, in a statement. The excise duties implied on fuel, alcohol and tobacco accounted for approximately 40% of the January inflation.

- The economic slowdown in Estonia continues, primarily conditioned by domestic demand oriented sectors, e.g., the construction sector. At the same time, external environment related risks have increased. The global financial market turbulences and the expected economic downturn in USA may inhibit EU's economic development, thus affecting also Estonia. In addition, Estonia's inflation rate has been higher than anticipated due to external factors, which may, in turn, limit private consumption.

- According to Eesti Pank's estimates, this year's economic growth is likely to drop more than expected. At the same time, slower growth contributes to a faster deceleration of price rises and the trade deficit.

- The wage growth in Estonia is also showing the first signs of a slowdown, which further helps inhibit inflation. In the central bank's opinion, Estonia's enterprises have managed well in the changed economic environment.



Estonia's labour market was addressed by Andres Sutt - Deputy Governor of Eesti Pank, in a speech at a seminar organised by the Estonian Employer's Confederation.

- Maintaining Estonia's



competitiveness is highly dependent on our labour market flexibility, said Andres Sutt. Several international comparisons have indicated that the legislation governing the Estonian labour market is very rigid, also when compared with other EU Member States. Therefore, it would be especially opportune to start practical and reasoned discussions concerning the amendment of the Employment Contracts Act.

- The labour market should be so flexible that it would be possible for employees to quickly relocate from less productive enterprises to more competitive ones and receive relevant training, concluded Andres Sutt. The main basis for success is the will and ability to change and this applies to both people and companies.

#### The Estonian inflation continued to climb in February

Despite the January implementation of excise duties and their spot affection on the inflation, Estonia could note a continued climb as the inflation reached 11,3% in February.

In a comment, just before focus went to print, the Estonian Ministry of Finance said that the February level will be the peak for this year. According to the Ministry the main February inflation driver was international and national price increases on food.

- It seems that the inflation peak has now been reached and that we can expect a gradual decrease over the next months, said the Ministry.

## The Swedish repo rate up again

- By keeping inflation low and stable, monetary policy shall help to create the best possible conditions for good and sustainable economic development, said the Riksbanken – the Swedish Central Bank's - Governor Stefan Ingves in a recent speech to the Swedish Parliament's Committee on Finance.

The speech followed Riksbankens February 12th decision to raise the Swedish repo rate for a third time since September 6th last year.

The February 12th raise saw an increase from 4.0% to 4.25% following an October 2007 raise from 3.75% to 4.0% and the September 2007 raise from 3.5% to 3.75%.

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 inflation rose rapidly in 2007 and is forecasted to 3.4% for 2008. That is above our target and main reasons include higher energy and food prices, but there are also high cost pressures in the background. Economic activity in Sweden remains good and the labour market is strong. Although GDP growth will slacken and employment will increase more slowly this year, resource utilisation will nevertheless be higher than normal.

- Our most recent repo interest rate decision was not an easy one, said Stefan Ingves. There is considerable uncertainty, for instance, on which direction international economic activity will take. Monetary policy acts with a lag and must therefore be based on forecasts. One might say that it is similar to navigating with a nautical chart that is continuously being redrawn a bit.



## Taxation levels Migrating



Not totally surprising, Sweden has the highest taxation levels within the EU-27 area. In a recent report from Swedbank made by Professor Sven-Olof Lodin, Sweden's reputation as a high-tax country remains firm

while Estonia's media reputation as a low-tax paradise should be somewhat modified.

- Sweden's taxation and social fees on work income is 50% higher than the EU-average. With that taxation level Sweden can't get or keep the talents, said Swedbank's Chairman of the Board, Carl Eric Stålberg in a comment.

The study shows that the taxation gap grows from 2005 to 2007, not only compared to EU-countries with a low tax policy, but also compared to EU-countries with relatively higher taxes like Norway, France and Finland who all recently lowered their highest marginal taxes.

Looking at Swedbank's report, Estonia's media reputation as a low tax paradise should be a bit modified. Estonia ends up below UK but above Ireland, Latvia and Lithuania.

Country	Total Taxation in % of GDP 2005
<b>Sweden</b>	<b>51,3</b>
Denmark	50,3
Belgium	45,5
Norway	44,3
France	44,0
Finland	43,9
Austria	42,0
<b>EU-27</b>	<b>39,6</b>
Germany	38,8
The Netherlands	38,2
UK	37,0
<b>Estonia</b>	<b>35,6</b>
Ireland	30,8
Latvia	29,4
Lithuania	28,9

The adjacent table shows the total taxation pressure in 2005 and in relation to the GDP in fourteen EU countries as well as the EU-27 average.

Though having been well compensated in terms of salary increases, Estonians continue to migrate for jobs in other countries.



- 6,8% of the Estonian labour force say that they expect to leave the country for jobs in other EU countries within the next five years, said Väino Tälli from Varamiespalvelu, as the pulse on the Estonian labour market was highlighted at a recent SCCE Business Seminar.

- Even better salaries, new experiences, learning a new language, a professional challenge, social security and personal reasons are among the top motivators for Estonians to migrate, continued Väino Tälli.

- Finland is the most popular country for migration, ranking at a 46% share among the Estonians interested in moving out. The short and fast connections between Estonia and Finland is one reason, but the language similarity and the Finnish demand for labour in the construction and service sectors are also important issues for Estonians. Following Finland; Germany, Sweden and England also rank high on the popularity list.

- The negative aspects of the migration should not be neglected, concluded Väino Tälli. The Estonian unemployment rate is low and the migration contributes to keeping it low resulting in a short supply of labour. And - it is the young generation who migrates and consequently the remaining labour is ageing. Estonia has indeed a challenge ahead in creating a balance on the labour market.



# newsflashes

## Schengen



**Speeches, fireworks and Beethoven's Ode to Joy marked the December 21st Schengen-entry in the Estonian and Latvian border town Valga (Latvian: Valka).**

The border between the two countries

goes through the city and from this December day last year it became possible for people to cross the border without any formalities.

Estonia's December 21st entry in the Schengen area makes it possible to take the car and drive from Estonia all the way down to Portugal without any formalities at the borders crossed enroute.

And from March 30th this year Estonia's international airports will cease their passport controls of passengers bound for or coming from a Schengen country.

One of the principles of Schengen is the free movement of persons. Checks of persons are not carried out at internal border crossings. There are only border controls at the Schengen area's external borders.

Although documents are not checked when one crosses an internal Schengen border, it is still necessary to carry a passport or a national ID card verifying your citizenship (a driving licence only verifies your authority to drive a vehicle, not your citizenship). Authorities - police, immigration officials - in Schengen states do have the right to check your documents and verify your identity and citizenship.

The Schengen area's history goes back to 1985 as France, Germany, Belgium, Luxembourg and Holland decided to



abolish checks on persons crossing over their internal borders. This border control-free territory became known as the Schengen area, named after the small town in Luxembourg where the first agreement was signed.

Though these five countries pioneered Schengen, they were not first with the concept. Danes, Finns, Norwegians and Swedes can cross their countries borders without passports since July 1st 1954. Iceland joined this cooperation 1955 and the Faroe Islands followed in 1966.

## More flights from more Estonian cities to Sweden

**Pärnu and Tartu are about to join Tallinn and Kuressaare with nonstop flights to Sweden.**



Peter Arvidsson

As for Pärnu, summer season flights will start up to Stockholm/Arlanda this spring and, pending some upgrading at the airport, Tartu will get a nonstop connection to Stockholm/Arlanda as well.

- Yes, from our side we are prepared to start the traffic between

Tartu and Stockholm/Arlanda, says Peter Arvidsson, Vice President Commercial at Estonian Air. The route is ideal for our SAAB SF340 aircraft, but in order to commence operations the airport needs upgrading on navigational and terminal infrastructure. We do not know today when this will happen. Initially our traffic plans include one roundtrip every weekday and, pending demand and aircraft availability, our longer term ambition is to increase the traffic to two roundtrips per weekday.



Fully implemented the current traffic planning includes these nonstop routes between Estonia and Sweden:

- **Tallinn – Stockholm/Arlanda.** Carriers: Estonian Air, SAS and FlyNordic\*
- **Tallinn – Gothenburg/Landvetter.** Carrier: City Airline
- **Kuressaare – Stockholm/Arlanda.** Carriers: Estonian Air and Skyways\*
- **Pärnu – Stockholm/Arlanda.** Carrier: Skyways\*
- **Tartu – Stockholm/Arlanda.** Carrier: Estonian Air\*\*

\* Seasonal summer traffic

\*\* Pending upgrades at Tartu airport

## DHL opens a new logistics centre in Tallinn

- Whereas a few years ago DHL was basically known as a courier company, DHL Freight, our division which deals with land-based transport, is now the company's biggest, making up around 65 percent of our total turnover, explained Mati Kärt, a member of the board of DHL Estonia and the director of DHL Freight, at the February 26th opening of the new logistics centre.



The need for a new centre arose from the growth in the volume of goods being transported and from the fact that more and more clients are looking for holistic logistics chain management in addition to transport services, continued Mati Kärt.

The new centre at Tallinn's Betooni Street will provide complex logistics services ranging from handling and loading goods to third-party logistics and cross-docking. The number of loading bridges has increased from 9 to 32 and will improve the time it takes to process goods and reduce supply times.

The first stage of the logistics centre comprises a 3.000 sqm terminal and a 4.000 sqm warehouse. Potential future expansion of the terminal and warehouse space has been taken into account, with the centre's 30.000 sqm of territory presenting plenty of opportunities. Investments in the construction of the centre exceeded 100 million kroons and similar DHL logistics centres have been opened in Latvia and Lithuania in 2007 and earlier this year as well.

## The 2008 Environmental Performance Index



The 2008 EPI, released at the World Economic Forum in Davos, Switzerland, ranks 149 countries on 25 indicators tracked across six established policy categories: Environmental Health, Air Pollution, Water Resources, Biodiversity and Habitat, Productive Natural Resources, and Climate Change.

Broadly-accepted targets for environmental performance are identified and measures how close each country comes to these goals.

# newsflashes

The 2008 EPI ranks Switzerland as number one with Sweden, Norway and Finland two to four. Estonia is ranked nineteen after Latvia ranked eight and Lithuania sixteen but before Denmark ranked twenty-five. Niger occupies the last position.

Rank	Country	Environmental Performance Index
1	Switzerland	95.5
2	Sweden	93.1
3	Norway	93.1
4	Finland	91.4
8	Latvia	88.8
16	Lithuania	86.2
19	Estonia	85.2
25	Denmark	84.0
149	Niger	39.1

Analysis of the drivers underlying the 2008 rankings suggests that wealth is a major determinant of environmental success. Top-ranked countries have all invested in water and air pollution control and other elements of environmental infrastructure and have adopted policy measures to mitigate the pollution harms caused by economic activities. Low-ranked countries typically have not made investments in environmental public health and have weak policy regimes.

## Flexenclosure awarded

The GSM Association, the global trade association representing more than 700 GSM mobile phone operators across 218 countries and territories of the world, named the Swedish clean-tech company Flexenclosure as the winner in the category of Most Innovative Carrier Infrastructure for the 2008 Mobile Innovation Global Awards.

Flexenclosure develops, manufactures and delivers turn-key base station solutions for the telecom industry. Headquartered in Sweden, Flexenclosure's modern production facility is located to Sõmeru in

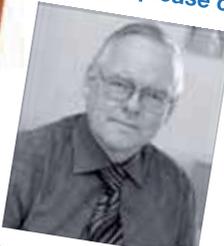


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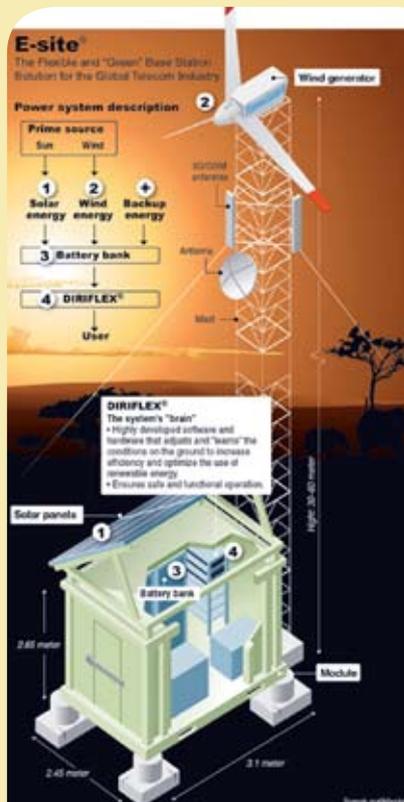
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Estonia. Flexenclosure won on behalf of their new and innovative base station solution for mobile networks, E-site. E-site runs mainly on renewable power sources like sun and wind and is the first of its kind on the market.



- We are extremely proud of this recognition for our work. The jury clearly saw not only the technological innovation but also the financial and environmental value E-site delivers. E-site will make it much easier and cheaper for telecom operators to roll out and run new base stations and networks in the long run, said Stefan Jern, CEO Flexenclosure, at the February 12th price ceremony in Barcelona. In rural areas in emerging markets many base stations are powered with diesel. Since E-site mainly uses renewable power sources, carbon dioxide emissions are minimized and the fuel costs for a base station are reduced by up to 80%. This, and other related savings will allow the operators to reduce their operating costs with at least 50%.

## From an era past

**As the hot days of the cold war turned to history, the Swedish Armed Forces have started a major process of change during the past few years. In line with similar developments in other countries, a modern mission-based armed force with smaller, more focused units that can be deployed and directed where they are needed, both in Sweden and abroad, is created.**

Just some years back and hardly visible for the eye, several locations along the Swedish coastline housed extensive, fortified coastal artillery installations. The majority of them were facing east.

Following the end of the cold war era, these fortifications are now scrapped, though a couple of them have been preserved as museums (like Femörefortet - [www.oxelosund.net/femore/](http://www.oxelosund.net/femore/) - in Oxelösund, some 125 km south of Stockholm).



The story on the last version of the Swedish fortified coastal artillery system has now been written by Col. Lars Hansson. Edited by Lars A. Hansson and with final production made in Estonia, the book, "Ersta – Från svarvspån till byggnadsminne", is available at [www.ersta1270.se](http://www.ersta1270.se). The book is in Swedish language with an English summary attached.

# newsflashes

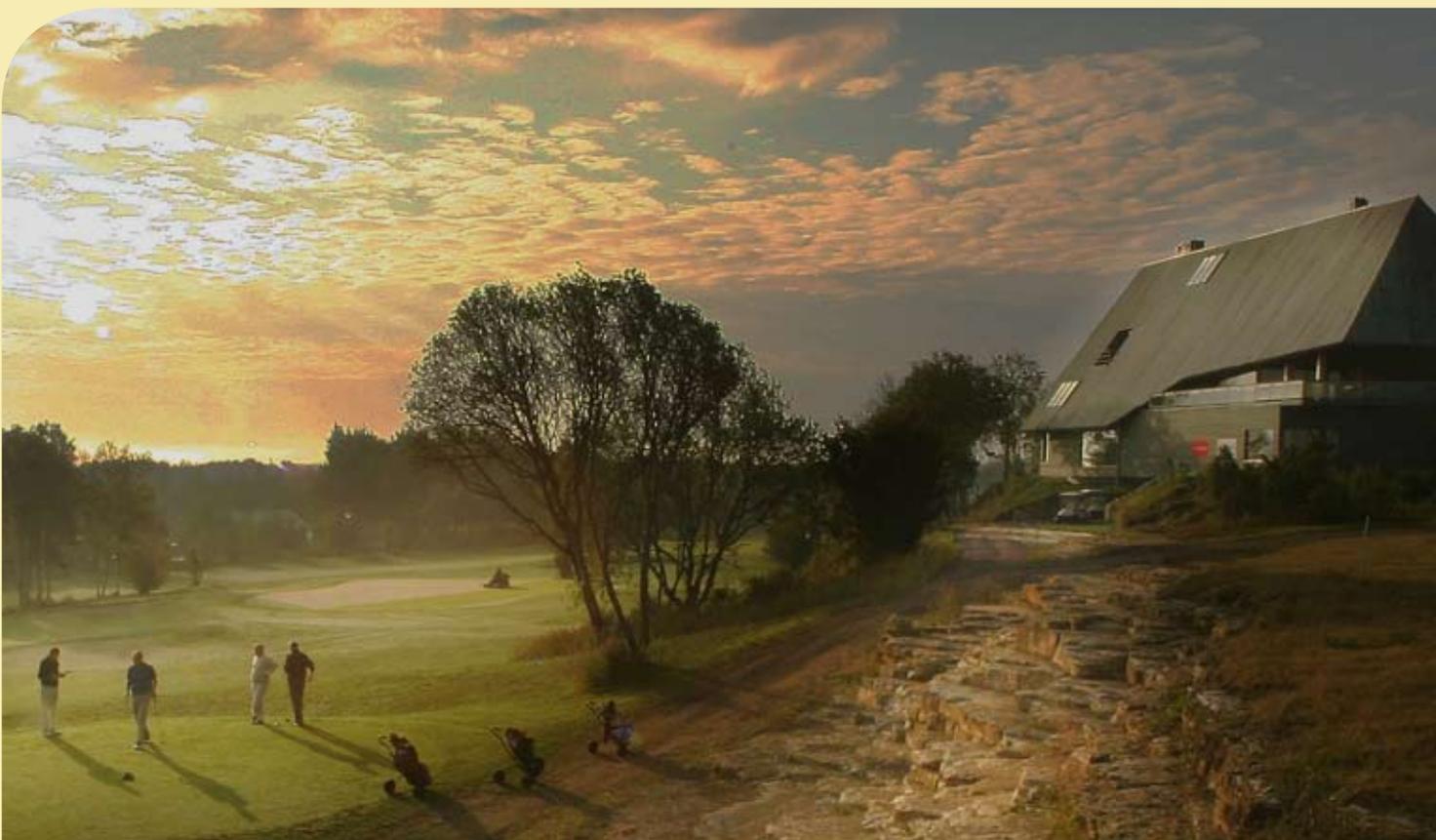
## Golf – almost a year round sport in Estonia

- **We are normally calculating with our golf courses being open 200 days per year, says Sven Uustalu, Marketing Manager at the Estonian Golf & Country Club. The lack of winter this year will most probably not change our standard calculation, but there has been very few days when we have had our courses closed due to winter conditions this year.**

- We can look forward to an exciting coming summer golf season 2008, continued Sven Uustalu. In addition to golf played by our 172 members and share owners, bookings for company golf competitions are picking up. These competitions are arranged as tailor-made packages by us, including competition administration, meals, beverages and an opportunity to relax after the 18-hole round.

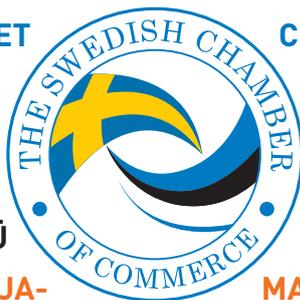
- As one of eight European golf venues being a member of the PGA European Tour Courses, we will arrange

the biggest international golf tournament in the Baltic States here in Jõelähtme this summer, concluded Sven Uustalu. It is the Estonian Amateur Open held from 25th to 27th July. We expect 144 golfers from more than 15 countries and the demands on their skills are quite high. The tournament is only open for male players whose handicap is up to 12 and female players whose handicap is better than 18.



# Right in the midst of the business

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



## The Swedish Chamber of Commerce in Estonia

# ps.

Swedish – Estonian business, commerce and trade continue to develop and grow. New Swedish related companies are entering Estonia and Swedish companies already established here expand, both in terms of their business, their number of employees and in terms of new factories and administrative localities built.

Estonian - Swedish relations goes way back in history and as **focus** visited Haapsalu and its surroundings it became very clear that the Noarootsi-area is well underway to get back what it once had in terms of Estonian – Swedish traditions. And not only in terms of traditions; the Swedish – Estonian businesses of today have indeed got established in the Haapsalu area and continue to develop.

An impressive number of members of the Swedish Chamber of Commerce in Estonia gathered February 19th at the Swedish Embassy following a joint invitation by the Ambassador of Sweden, Mr Dag Hartelius, and the Chamber for a reception on the occasion of this year's 90th Anniversary of the Republic of Estonia. Mart Laar joined and covered the past 90 years of Estonian history in a very colourful and personal way.

Both Mart Laar and I were born in the 1960's, during the Soviet occupation.

As for myself I had the opportunity to follow what happened outside the Soviet system through Finnish radio and television since I grew up in Tallinn where a good portion of the TV- and radio-antennas pointed north. I think I can speak for many of us who had that opportunity that it made us think, compare and draw our own conclusions on different political systems in the world.



As a student I found it somewhat strange that, from a Soviet travel bureaucracy point of view, it was easier and smoother to travel to Vladivostok than to the beaches in western Estonia and on the islands. Looking at the things from that perspective, Estonia's recent entry in the Schengen-area is not only a smooth and practical issue. It is also an important symbol of the freedom of moving across borders.

From a historical perspective our 90th Anniversary 2008 is not much in terms of the number of years counted. The Oeselians, people inhabiting Saaremaa, were mentioned already during the 2nd century BC. Quite a few years have passed since then and, as this year's Anniversary trigs many of us to dig a bit deeper in Estonia's history, one must say that it is a fascinating journey Estonia has done through all of these years.

Personally I am happy to have the opportunity to take part in our ongoing and continued Estonian, Swedish and international journey together.

I hope you enjoy reading this first issue of **focus** 2008 and look forward to seeing you, both old and new members as well as SCCE-members to be in the Chamber's seminars, events and activities to follow during this year of Estonia's Anniversary.

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).

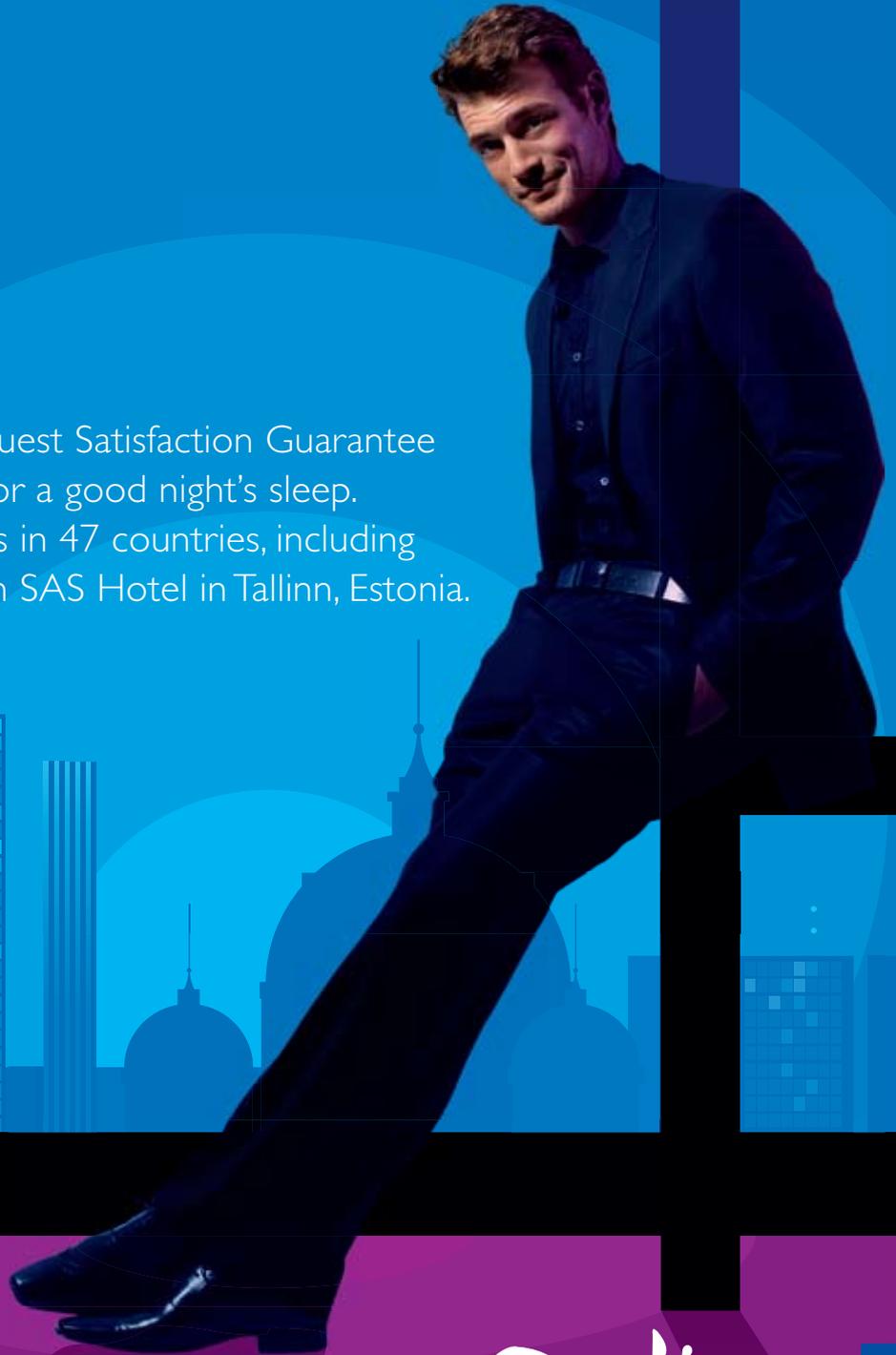
Latest news on SCCE events to come and fresh reports on events passed are always found at:

[www.swedishchamber.ee](http://www.swedishchamber.ee).



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