

# Estonian Review

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

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## THEIR MAJESTIES VISIT TO ESTONIA

### Emperor and Empress of Japan Paid a Visit to Estonia

May 24 – **Emperor of Japan Akihito and Empress Michiko arrived on an official visit in Estonia on 24 May.** The Emperor met with President Toomas Hendrik Ilves. The Estonian President and Mrs. Evelin Ilves gave a formal lunch in honour of Their Majesties.

In the afternoon the imperial couple and the Estonian president with his wife visited an open air concert in the Tallinn Song Festival Ground and in the evening Emperor Akihito and Empress Michiko met with promoters of Japanese-Estonian relations at the Tallinn Town Hall.

"I am glad to acknowledge that our peoples hold many similar and everlasting values. We highly value peace and the opportunity for free self-realization—these are natural parts of being a person," said President Ilves at the an official luncheon in Kadriorg Art Museum. In his speech, Ilves recalled the years 1868-1869, when a time of great change commenced in the history of both nations. "The enlightened reign of Emperor Meiji opened new horizons for Japan. At the same time, the Estonians gathered for a song festival in Tartu, and this solidarity grew into the precondition for the development of a nation-state in Estonia, which was then part of the Czarist Empire," said President Ilves.

In his remarks, the Japanese Emperor also recalled dates that unite the two nations, "I ascended to the throne in 1989, the same year that the Baltic Chain, which started in Tallinn and united the three Baltic countries, attracted the attention of the world," said Emperor Akihito. "In 1991, I learned that the three Baltic States were the first countries to free themselves from Soviet power, and I remember the emotions that this powerful course of history created in me," he added. According to the Japanese Emperor, Estonia, as a part of Europe, has resolutely traveled the road toward democratization as well as economic and social development. "I would like to express my sincere esteem for the profound wisdom and perseverance of the Estonian people."



**President Toomas Hendrik Ilves, Mrs. Evelin Ilves and Their Majesties Emperor Akihito and Empress Michiko in Tallinn, 24 May.**

## THEIR MAJESTIES' VISIT TO ESTONIA

### Emperor of Japan Decorated Estonian President with Supreme Order of the Chrysanthemum

May 24 - **Emperor Akihito of Japan decorated Estonian President Toomas Hendrik Ilves with the Supreme Order of the Chrysanthemum with Grand Cordon.**

The emperor received the Terra Mariana Cross with Chain from the Estonian president.

Ilves gave a festive lunch in honor of the imperial couple. In his welcome speech he thanked the emperor and all Japanese people for the welcome and support that numerous Estonians had been given on their visits to Japan. He also thanked the Japanese government for its contribution in support of Estonian culture and international cultural exchange.

The emperor said that Estonia and Japan already had friendly relations between the two world wars and expressed pleasure that the friendly relations between the countries continued to develop.

The emperor added that the Old City of Tallinn reflected Estonia's long history and rich traditions. "At the same time Tallinn is a witness of how the Estonia people, surviving the time of horror of World War Two and post-war hardship, withstood difficulties with bravery and pride," he said.

## FOREIGN NEWS

### Foreign Minister Attended ASEM Forum in Hamburg

May 29 - **Urmus Paet took part in a meeting of foreign ministers from European Union and Asian countries.**

The Asia-Europe Meeting (ASEM) in Hamburg, Germany focused on latest developments on continents, climate change issues and energy questions. The ministers were also discussing European-Asian cooperation in the field of culture.

On 28 May, Paet met with Vietnamese Vice Prime Minister and Foreign Minister Pham Gia Khiem. Estonian-Vietnamese cooperation in international organizations was discussed. Both foreign ministers agreed, that relations between the countries are good, however a lot remains to be done in promoting cultural ties and tourism.

"Visa-free travel for Estonian citizens would definitely improve relations between the two countries," Paet said. He added that in visa issues, Estonia is tied to the European Union. Nevertheless, as Estonia is becoming a member of the Schengen area, visa procedures would become easier.

Urmus Paet also met with his Pakistani colleague, Khurshid M. Kasuri. The ministers discussed bilateral relations and the situation in Afghanistan and Pakistan. Paet said that Estonia appreciates Pakistan's efforts in fighting with international terrorism. "Pakistan has a very important role in providing regional stability," Paet emphasized.

## New US Ambassador Reaffirmed President's Support for Estonia

May 28 - **The new US ambassador to Estonia, Stanley Davis Phillips reaffirmed the support of the United States and President George W. Bush to Estonia.**

"The timing of the meeting is ideal and President Ilves will get full support from President Bush," the ambassador said speaking of the upcoming visit of Estonian President Toomas Hendrik Ilves to the United States.

Phillips said that Bush was concerned about the cyber attacks targeting Estonia and that Estonia's situation was unique in the entire world history.

He said that probably the two presidents will speak about visa-free travel and that they definitely will speak about Estonian-Russian relations.

Speaking about visa-freedom, Phillips said Bush was fully supporting Estonia and recalled that this had been made clear by the president during his visit here in the fall.

"While the matter of visa-freedom has to be decided by the Congress, you have all-round support of the president," the ambassador confirmed.

He pointed out that traveling to the United States was easier for Estonians than ever before. Only one visit to the embassy is needed to get a visa and a visa is issued to 95 percent of applicants, he explained.

Speaking about his own goals in the new job, the ambassador said that he wishes to help bring investments to Estonia.

He also pointed out that because of the recent events Estonia has received a lot of coverage in the world media. A lot of attention has been paid specifically to the cyber attacks against Estonian web sites.

"The cyber attacks have brought Estonia especially sharply into the focus, and that's a moment when Estonia should tell its story to the world, especially to the United States," Phillips said. He said Estonia should speak about its openness to business, its big achievements during so short a time and the great future that is awaiting it, and that one also should think about doing PR work among US business circles.

## EU Commissioner Expresses Support to Estonia

May 23 - **Benita Ferrero-Waldner, external affairs commissioner of the European Union, expressed support to Estonia and said siege of the Estonian embassy and cyber attacks were impermissible.**

Speaking in the full house of the European Parliament (EP) in Strasbourg, the commissioner said that the most important thing was unity of the European Union.

Ferrero-Waldner said there was no violation of human rights in Tallinn and obligations were respected in the removal of the Tõnismägi monument.

The commissioner said removal of the monument was a sensitive issue and expressed regret that the demonstrations in Tallinn had turned into a riot.

Ferrero-Waldner added that people naturally have the right to express their opinion but the siege

of the Estonian embassy was unacceptable and departure of the Estonian ambassador from Moscow regrettable.

## European Parliament Passed Resolution in Support of Estonia

May 24 - **The European Parliament passed a resolution expressing support to the Estonian government.**

The resolution on Estonia collected 460 votes in favor and 31 against, with 38 abstentions.

The deputies regard as unacceptable Russian authorities' attempts to interfere into Estonia's internal affairs and appeal to Russia to observe the Vienna Convention without any exceptions. The deputies condemn Russian authorities' unpolished and openly hostile language and attempts to use economic pressure on Estonia as a foreign policy instrument. The deputies said that they regard the attacks against one of the smallest member countries of the EU as a touchstone of the European Union's solidarity.

The European Parliament appealed to the European Commission and all member countries to take part in analyzing the cyber attacks against Estonian web sites and present a study on how it would be possible to fight against such attacks and threats on the EU level. The deputies appeal to Russia to give its full support to this study.

The members of parliament also appeal to the Russian government to hold an open and unprejudiced dialogue with Central and East European countries on the history of the 20th century and crimes against humanity, including crimes against humanity committed by totalitarian communism.

## DOMESTIC NEWS

### Poll Shows Jump in Support for EU Membership

May 25 - **A fresh study by TNS Emor pollsters shows that Estonians' support for the country's membership in the European Union has grown significantly since the end of last year, and there is no marked difference between the attitudes of citizens and all residents.**

According to the poll, voting-age citizens' support for EU membership had risen to an all-time high of 85 percent in May compared with 74 percent in December, the EU press service said.

The previous high of 78 percent was recorded in October 2006.

The opinions of voting-age citizens and all residents aged 15-74 were similar but a slight difference was observed in the attitudes of ethnic Estonians and voting-age citizens of other nationalities.

Support among ethnic Estonians stood at 87 percent compared to 78 percent in other ethnic groups.

At the same time numbers of citizens opposed to EU membership have declined. In May 8 percent of citizens were against Estonia's membership in the bloc compared to 16 percent in December.

Along with growing support for the EU, the European common currency also has won more supporters.

If last year 40-43 percent favored the adoption of the euro then in May the switch to the common

currency was backed by 47 percent and opposed by 40 percent of respondents.

Supporters of the euro outnumbered opponents for the first time in Estonia.

## DEFENCE NEWS

### President Ilves: There Are No Faraway Countries in the World Today

May 23 - **"The Estonian soldier in the Balkans, Afghanistan, and Iraq is a well-trained, brave, and dedicated warrior, whose mission is to bring security to places where hate, chaos, and violence rule," said President Toomas Hendrik Ilves at a meeting in Paldiski with the members of the defence forces leaving for Iraq with the ESTPLA-15 infantry unit.**

"I, and probably also you, have been asked many times, 'Why are Estonian soldiers in Iraq? Why Estonia should be interested in what happens in that faraway country?'" said the Head of State. "The answer is simple—Iraq is not a faraway country. In today's world, there are no faraway countries, in the 21st century everything is interconnected. An unstable and internally violent Iraq endangers its region and thereby the rest of the world and also Estonia."

If we here on the shores of the Gulf of Finland want to have a more secure world around us, we could just wait for the larger democratic countries to make the world safer for us, said President Ilves, and adding, "However just waiting would be amoral and unethical. It would also be short-sighted, and would be sawing the branch we are sitting on."

"Estonia is not unethical, quite the opposite, to the best of our abilities, we try to make a contribution to make the world more peaceful. In the Balkans, Afghanistan, and Iraq, where you are now going on a mission," said the Head of State. "Estonia is not short-sighted. Our participation in international coalitions increases our security because those who help others can be sure that if necessary they also will be helped. Estonia has seen that this hope is not written on sand, but it actually happens."

According to President Ilves, there are situations when it makes no sense to discuss how some war developed, whether the reasons were good or bad, actual or far-fetched.

"These are situations in which one must improve what is possible and stand between the hostile parties, even in conflicts that resemble civil wars, that are lacking clear battle lines," said the Head of State.

"I want you to understand very clearly that you have the support and respect of the Estonian parliament, the Estonian government, the Estonian president, and most important—the Estonian people," President Ilves affirmed.

### President Ilves Visited Estonia's Eastern Border

May 29 - **During two days, the Estonian Head of State has been visiting the guard posts and checkpoints on the eastern border, starting from Luhamaa and ending in Narva.**

"The Narva 2 border checkpoint is such a gateway between the European Union and Russia, which will hopefully be characterized next year on the Estonian side by the word Schengen. Schengen means that Narva will become a gateway to all of

Europe, without any additional obstacles," said the Head of State at the official inauguration of the Narva 2 checkpoint. "This is a great responsibility for Estonia and I am sure that you, the Estonian border guards, will cope splendidly with this responsibility."

Initially, the Narva 2 border checkpoint is intended only for border crossings by the residents of Narva and Ivangorod, but in the future, Estonia hopes to make this into an ordinary international checkpoint.

### British Aircraft Carrier Visited Tallinn

May 29 - **The flagship of the British Royal Navy, HMS Illustrious, arrived in Tallinn.**

This is the first time for the Tallinn harbour to host an aircraft carrier visit. The call at Tallinn is the first landing for the ship since it attended the NATO Response Forces joint exercise Noble Mariner at Nordic and Baltic Sea. The ship was one of the lead vessels at the NRF exercise.

The aircraft carrier has a joint training with the flagship of the Estonian Navy, Admiral Pitka, which served as staff and support vessel of the NATO exercise.

The goal of the HMS Illustrious visit is to strengthen cooperation and share experience between the Royal Navy and the Estonian defence forces. The ship's crew has been looking forward to this visit as it gives a great opportunity to see the Estonian capital with which the Royal Navy has historical connections since the Estonian War of Independence. The agenda of the visit includes joint trainings and consultations with the Estonian defence forces.

British Ambassador to Estonia Nigel Haywood said the visit of the Royal Navy's flagship symbolizes the developing strategic partnership between the Royal Navy and the Estonian defence forces.

HMS Illustrious or Lusty as it is known to the crew is the second of three Invincible Class aircraft carriers and the fifth ship to bear this proud name. The ship was built at Swan Hunters Ship Builders Yard on the Tyne and commissioned in 1982.

## ECONOMIC NEWS

### Currency rates in kroons

(Bank of Estonia)

### President Ilves: The Estonian Kroon Is Part of Our Economic Success Story

May 23 - **"Some of the sources of our economic success — a stable monetary system and responsible budgetary policy — must also remain in place in the future," said President Toomas Hendrik Ilves at a conference entitled "Opportunities for the European Economy in Global Competition".**

Recalling the reintroduction of the of the Estonian kroon 15 years ago, the Head of State said that, at that time, opportunities for the European economy in global competition were not being discussed in Estonia. "Instead, people were worried about Estonia's prospects for managing its own economy. There were shortages of everything, except maybe roubles, which were worthless," said President Ilves.

"Today we know, as they did then, that money is just a means, not a goal. It is the means that helps Estonia and the Estonian people to develop and

flourish, and to feel good and secure," said President Ilves.

"And therefore, based on Estonia's long-term interests, I would be happy if, in the near future, we could speak of the Estonian kroon at a conference devoted to history and not to economics. With our values and policies, we are already in the European Union. Now is the time to arrive there monetarily," concluded the President.

At the conference, President Ilves also met with Joaquín Almunia, the European Commissioner for Economic and Financial Affairs.

### Unemployment Rate Drops to 5.3 Percent

May 23 - **The unemployment rate in Estonia dropped to 5.3 percent in the first quarter of 2007.**

The rate of unemployment was highest in northeastern Estonia (10.2 percent) and lowest in north Estonia (4.1 percent).

According to data of the Labor Force Survey, there were 36,000 unemployed persons in Estonia in the first quarter of 2007, which is 17 percent less than at the same time last year.

The number of long-term unemployed also decreased, but the share of long-term unemployed among unemployed persons was slightly bigger than a year ago. If at the beginning of last year half of the unemployed persons had been looking for a job for one year or longer, then in the first quarter of 2007 the share of long-term unemployment was 53 percent.

Employers have difficulties finding skilled workers because a large share of unemployed persons are without professional qualifications. Persons with basic or lower education have it especially difficult to find a job.

Among employed persons every tenth person has received up to basic education. Among unemployed persons such people make up a quarter.

The number of employed persons, which saw its last increase in the first half of last year, grew to 650,000 in the second quarter of 2006 and remained at the same level in the second half of the year.

Compared to the fourth quarter of 2006, the number of employed persons slightly decreased in the first quarter of 2007.

In the first quarter of 2007, 647,000 people of ages 15-74 were employed in Estonia, 36,000 were unemployed and 363,000 were economically inactive, such as students, retired persons, homemakers, and discouraged persons.

### Nearly Half a Million Estonian Taxpayers File e-Tax Returns

May 28 - **The Estonian Tax and Customs Board said more than 455,000 tax returns for 2006 were submitted via the Internet, 86 percent of all tax returns filed by individuals.**

Compared with the declaration of taxes for 2005 the number of e-tax returns increased by 11.6 percent.

According to the Tax and Customs Board 80,000 people filed the e-tax returns on the first day.

"The figure was much lower for the tax returns for 2005 and the servers did not put up to the load," said Hannes Udde, deputy head of the Tax and Customs Board service department.

To 94 percent of those who filed their e-tax returns via the Internet, excess income tax was returned within five days.

A total of 90,000 people came to the Tax and Customs office to file their tax returns on hard copy.

### Private Persons' Income up by 22 Percent

May 28 - **According to preliminary information of the Estonian Tax and Customs Board private persons declared their last year's total income at nearly 61.2 billion kroons (EUR 3.9 b), 22 percent more than in 2005.**

In all, 530,412 tax returns were filed to the Tax and Customs Board on the taxpayers' last year's incomes, 5.6 percent more than in 2005. The number of e-declarations increased by nearly 12 percent to 86 percent on year.

Taxpayers, 510.654 in number, declared their total pay and other payments at 57 billion kroons. "On the basis of the tax returns the average pay was 9,300 kroons a month, very fast growth as compared with the 7,000 kroon monthly level in the year before last," said Hannes Udde, deputy head of the Tax and Customs Board service department.

A total of 1.5 billion kroons of tax paid in excess will be returned to the taxpayers. This is 41.5 percent more than in 2005. The share of income tax to be additionally paid dropped by 8.8 percent to 684 million kroons.

Housing loan interests were declared in 89,700 cases, 11.7 percent more frequently than in 2005. The sum total of declared interest grew from 923 million kroons in 2005 to 1.4 billion kroons in 2006.

Schooling expenses were declared by 168,200 people in the total amount of 1.04 billion kroons.

### Analysts Praise Estonian Government's Swift Excise Tax Action

May 25 - **While the hikes in excise tax rates approved by the Estonian government are sure to boost inflation next year, the measure is justified in terms of economic policy and may take Estonia into the eurozone, analysts agreed.**

Maris Lauri, analyst at Hansabank, said that in regarding the economy as a whole the steps taken by the government were correct and positive.

"What the government could be reproached for is that such steps weren't taken a few years ago," she said.

According to forecasts annual inflation in Estonia will climb to 6.5 percent next year. The inflation rate and consequently also the introduction of the euro depend on several factors, Lauri said.

"There's nothing we can do if the price of oil or gas should rise steeply, for instance," she said.

Indrek Kera, analyst with Nordea Pank, said the price rises were having no particular effect on production companies and through them on the economy as a whole.

"Their effect definitely won't go beyond the pain threshold of entrepreneurs," Kera said.

Prime Minister Andrus Ansip has said that raising the excise tax rates is the best thing that can be done in the name of the euro, yet nobody can offer a guarantee that it will actually open the door to joining the common currency.

According to the package of amendments that got the government's nod, the excise tax rates for fuels, alcohol and tobacco will rise in the coming

year. Besides, excise tax will start to be levied on natural gas and electricity in Estonia.

### Profit of Fashion Company PTA Totalled 34 Million Kroons in Q1.

May 28 - **The Q1 net profit of the Estonian fashion company PTA Grupp was 33.5 million kroons (EUR 2.14 mln); in the same period the year before the company's profit was half a million kroons.**

The company's turnover in Q1 totalled 368.5 million kroons, 337.4 million kroons more than the year before, the company said this morning.

The operating profit of the PTA group amounted to 63.1 million kroons in Q1, increasing by 62.3 million kroons compared with the same period last year.

The total turnover of the Grupp's retail sales amounted to 32.3 million kroons in Q1. Most of the company's turnover is generated by the wholesale of lingerie.

In Q1 the group invested 25.1 million kroons, of which 10.5 million kroons was invested into retail trade and the rest into production.

As of the end of Q1 the group had a total staff of 2,929 of whom 194 were engaged in retail trade and 2,236 in production.

In all PTA had 57 stores with a total floor area of 7,665 square meters in six countries.

The Q1 results of PTA were influenced by the repurchase of shares in the Belarusian lingerie maker Milavitsa and restructuring of the group.

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