CHAPTER – IV

Few events in recent history have been as sudden or as dramatic as the collapse of communism and the adoption of parliamentary democracy in those nations formerly under the control of the Soviet Union. Estonia, a Baltic State, is one of them.

Estonian Republic, established in 1918, remained a de jure independent state under illegal soviet occupation throughout the period 1940-1991. An independent republic between the wars, Estonia was forcibly incorporated into the USSR in 1940 under the terms of a secret protocol to the infamous Nazi-Soviet pact. With a few notable exceptions, the democratic states of the West condemned this take-over as illegal annexation, and thus refused to recognize soviet sovereignty over Estonia and its Baltic neighbours. In practical terms, however, Estonia was transformed into a constituent republic of the USSR after the war, undergoing a far-reaching process of Sovietisation. For many representatives of the 'titular' Estonian nation, these measures were perceived as inherently assimilative in intent, raising the spectre of ultimate russification1.

During 1980s, when Gorbachev introduced his policy, known as “Glasnost”, by giving greater freedom to various republics, Estonians took advantage of this and in 1987 launched the Popular Front, an Estonian nationalist movement. On August 20, 1991, Estonia declared itself independent from the Soviet Union and a new constitution was adopted on June 28, 1992. The final removal of Russian troops and tanks occurred in August 1994 thus terminating 50 years of Russian military presence in Estonia2.

For the Estonian elites of the 1990s, the moral was clear: the country cannot rely on Russia to remain weak or suddenly become a

---

forever-benevolent neighbour. Estonia and its elites must do all they can not only to insulate the country from Russian influence, but also to push cooperation and integration with Western partners in order to keep the inter-war scenario of merely temporary independence from repeating itself. Put in the starkest of terms, Estonia could be said to have again received an opportunity to secure its sovereignty and freedom, and that if its elites were unable to realize this opportunity the country would likely face even greater doom than in 1940. As a result, the imperative to push Estonian society and its people in this direction (even if the people themselves did not always remain conscious of this need) was predominant in the minds of Estonian elites during much of the 1990s.

Naturally, it would be wrong to paint a picture of Estonian leaders as obsessed with some kind of geopolitical fear or as suffering from psychological complexes. The drive for a Westerly-oriented and developed Estonia had a lot to do with a very basic desire to simply improve the living standards and well-being of Estonian society. Yet, again the tempo or zeal with which this effort was undertaken belies a likelihood that more profound stimuli were under the surface. Fortunately for Estonia, Russia during the 1990s would remain relatively weak, not only because of the collapse of the Soviet Union, but also because of the chaotic leadership of Boris Yeltsin. It was only with the advent of Vladimir Putin that Russia could hope to develop a long-term hope of recovery. Yet, Estonian leaders (along with those of Latvia and Lithuania) could by no means take this eventual course of events for granted. Thus, from the very beginning it was clear that strong (tutelary) measures would be needed for Estonia to do all it could to guarantee a better prospect of long-term independence.

The main direction of transformation in Western civilization has been felt not only in the economic but also in the political sphere. Alongside the almost unlimited monarchical power assented to by the churches could be found limited precursors of democracy, among them the various self-governing organizations and forms of representation available.

---

to the urban middle-classes, and certain of the church institutions. In some countries, laws curtailing the absolute power of the monarchy were enacted and the first elements of parliamentarianism- "enlightened" versions of the monarchy - appeared. Later, an ever increasing range of rights were bestowed on parliament and the right to vote was extended to an ever increasing portion of the population. Institutions of modern parliamentary democracy were gradually formed and strengthened. Over the centuries, more and more countries have become democracies.

Closely tied to the changes of the political structure has been the fact that an ever increasing percentage of the population has been able to exercise their basic human rights, freedom of speech, freedom of association and the right to participate in the decision making process. Discrimination based on various criteria such as gender, race, religious affiliation, etc. is being progressively eliminated. Estonia was very much influenced by these Western ideologies, as before Russian occupation it was a part of Europe. One of the effects was the adoption of foreign examples. From the operational forms of corporate management and banking system to political institutions, from media programs to advertising, from the organization of educational activities to the financing of the arts and sciences, there was hardly an area of social activity where foreign examples have not been followed.

The six most important characteristics of the transformation that has taken place in Estonia during the past fifteen years can be noted as follows:

1. and 2. The changes follow the main directions of development of Western civilization: in the economic sphere in the direction of the capitalist economic system, and in the political field in the direction of democracy.

---

2. There was a complete transformation, parallel in all spheres: in the economy, in the political structure, in the world of political ideology, in the legal system and in the stratification of society

3. The transformation was non-violent.

4. The process of transformation took place under peaceful circumstances. It was not preceded by war. The changes were not forced upon society as a result of foreign military occupation.

5. The transformation took place with incredible speed, within a time-frame of ten to fifteen years\(^5\).

Democratization started in Estonia in the latter half of the 1980s when the country was still a Soviet republic and grasped the opportunity for change afforded by Gorbachev’s reform politics. Demands for democracy and national sovereignty were joined together in the “singing revolution” of Estonia that led to the restoration of independence in August 1991. A new, democratic constitution was approved in a referendum in June 1992, and the first fully democratic elections (since the 1930s) were held in September of the same year. Radical Westernization and integration with the western international structures of cooperation have been central aims of the new political leaders of Estonia throughout the transition\(^6\).

In 1995, Estonia marked four years of independence. The period of singing revolution, monetary reform, nationalist movement, wild market economy and withdrawing Russian troops was over. During these four years, 28 political parties were introduced but mainly only right conservative governments (mainly Pro Patria leaded by Mart Laar) were formed. Independence was secured but social, rural and national policies were quite underdeveloped. Together with the need to develop towards

---

\(^5\) Ibid.

western values it led to political change at the beginning of 1995. New key issues and priorities in political process were:

- Joining the main international organizations like WTO, EU and NATO.
- Creating peaceful relations with Russia.
- Reforming social security model.
- Ongoing privatization.
- Creating a balanced party system.
- Judicial and institutional reforms⁷.

On 5 March 1995, Estonia held its parliamentary elections since achieving independence from the USSR. The center-left Coalition Party/Rural Union alliance won an impressive victory, taking 41 seats in the 101-seat Parliament. The market-reform-oriented Estonian Reform Party-Liberals coalition won 19 seats. The center-left Estonian Center Party finished third with 16 seats. The rightist Pro Patria/Estonian National Independence Party group (now known as the Fatherland Union), fell to only eight seats. A coalition representing the Russian-speaking population, Our Home Is Estonia, won six seats. The Moderates won six seats, and the Rightists won five. On 5 April 1995, the Parliament elected Coalition Party leader Tiit Vahi as prime minister of Estonia. He formed a government with the Center Party. After a wiretapping scandal, the Center Party was forced out in October 1995 and was replaced by the Reform Party⁸.

Following the restoration of Estonia’s independence in 1991, the country’s first post-independence national legislative elections in September 1992 brought the right-of-center Pro Patria Union to power. Two years later, Prime Minister Mart Laar was ousted in a no-confidence vote over alleged financial improprieties and was replaced by Environment Minister Andres Tarand. The victory of the center-left Coalition

⁷ Ibid.
Party/Rural Union alliance in Estonia’s second parliamentary vote, held in March 1995, marked a political shift in the legislature. The results reflected popular dissatisfaction among elderly and rural voters, who were hardest hit by the Pro Patria-led government’s market reforms. Tiit Vahi, a moderate who was chosen prime minister, formed a center-left coalition with the left-wing Center Party, while promising to continue the previous government’s reform policies.

In October 1995, the government collapsed amid an illegal wiretapping scandal that implicated Interior Minister Edgar Savisaar, who was dismissed and whose Center Party left the ruling coalition. Vahi subsequently formed a new coalition in which the right-of-center Reform Party joined the Coalition Party and Rural Union. This fragile left-right minority coalition held until February 1997, when Vahi resigned over allegations that he had illegally obtained luxury apartments during the privatization process between 1993 and 1995. In March, President Lennart Meri approved Mart Siiman of the Coalition Party as the new prime minister.

Throughout 1998, the ruling left-of-center minority coalition, composed of the Coalition Party, Rural Union, the Country People’s Party, and the Party of Pensioners and Families, failed to increase its membership and its support in parliament. Consequently, Prime Minister Siiman was unable to carry out many of his political programs, including difficult legislative reforms necessary for EU membership. The most recent national legislative election, which observers called free and fair, took place on March 7, 1999. More than 1,800 candidates representing 12 parties, as well as 19 independent candidates, competed for the 101 seats in parliament. The Center Party of Edgar Savisaar won the largest share of votes, 23.4 percent, and captured 28 seats. The other six parties that met the five percent threshold needed to enter parliament were Pro Patria, which gained 18 seats, the Estonian Reform Party, 18 seats, the center-left...

---

10 The Current Digest of the Post-Soviet Press, (Columbus, Ohio, 1995), Vol.XLVII, p.27.
Moderates, 17 seats, the centrist Coalition Party, 7 seats, the left-of-center Country People's Party, 7 seats and the left-wing United People's Party, representing some of the country's large ethnic Russian population, 6 seats\textsuperscript{11}.

Although the Center Party received the most votes of any single party, the Reform Party, Pro Patria, and the Moderates, who together captured 53 seats, formed a majority coalition government and evenly divided the 15 cabinet seats among them. Despite differences between the right-wing Reform Party and Pro Patria and the more left-leaning Moderates, the new coalition, which had signed a cooperation agreement the previous December, promised to be more stable than previous governments. On March 22, 1999, parliament approved Pro Patria's Mart Laar, who had served as prime minister from 1992 to 1994, as the new premier. On September 20, 1992, Estonia held its first direct post-independence presidential election\textsuperscript{12}.

According to the constitution, any citizen by birth who has reached the age of 40 may be nominated as a presidential candidate by at least one-fifth of the membership of the Riigikogu. When none of the four candidates received an absolute majority of the popular vote in the 1992 election, parliament held the deciding round of voting and elected former Foreign Minister Lennart Meri. After the 1992 poll, the procedure reverted to the election of a president by parliament. In the last presidential election, which took place in August and September 1996, former Chairman of the Supreme Soviet Arnold Ruutel challenged incumbent President Meri. Following two rounds of voting in which neither candidate received the necessary two-thirds vote by members of parliament, the elections were moved to a vote by the Electoral College, which comprises the full parliament plus 273 local government representatives\textsuperscript{13}.

\textsuperscript{12} Ibid, p.478.
Both candidates automatically entered this round of voting and were joined by three new candidates who had been nominated by at least 21 members of the Electoral College. After two rounds of voting, Meri was reelected to his post by a comfortable margin. The next presidential election is scheduled for 2001. In late 1999, parliament voted down a bill on direct presidential elections that was sponsored by the opposition Center Party. Public opinion polls taken at the time indicated that almost 75 percent of Estonians support a direct vote for president. However, opponents of the measure, including the ruling coalition, claimed that a direct vote would create confusion about the respective roles of the president and prime minister and concentrate too much power in the executive branch at the expense of parliament.  

Estonia’s parliamentary electoral law encourages the formation of larger, and therefore fewer, political parties. Specifically, it requires parties running in national legislative elections to receive at least five percent of the vote in order to enter parliament. Since the early 1990s, many smaller parties have merged in an attempt to gain wider public support. More recently, the number of political parties registered in Estonia has declined by roughly half: from 28 in July 1998 to 18 in mid-1999 to some 13 as of mid-2000. In October 1998, two months before the registration deadline for the March 1999 parliamentary elections, an amendment to the 1994 Law on Parties raised the membership requirement from 200 to 1,000 for a political party to register and run in an election. Smaller parties raised concerns about the late introduction of these changes and claimed that the move was prejudicial against them.  

In November 1998, just four months before the March 1999 parliamentary ballot, parliament voted to abolish electoral unions. The law’s purpose was to prevent political parties from forming ultimately unstable coalitions prior to elections for the sole purpose of passing the five percent threshold to enter parliament, as occurred during the 1995

---

14 Ibid.
vote. The law was further amended in February 1999 to allow parties in parliament to form only one parliamentary faction, ostensibly to lead to a more cohesive legislature. Some analysts speculated that the ban also may lead to the by encouraging additional mergers of existing parties. Despite the continuing decrease in the number of parties, Estonia's electoral system remains multi-party based at all levels of government. Seven electoral coalitions and nine parties competed in the national legislative elections in March 1995, and 12 parties took part in the March 1999 elections.\textsuperscript{16}

In September 1998, 13 political parties were represented in parliament. After the 1999 poll, the number decreased to seven, largely as the result of the merging of smaller parties. While 19 parties participated in the 1996 local elections, the number decreased slightly to 14 in 1999. In December 1998, parliament adopted controversial amendments to the parliamentary election law and the local government council election law. According to the amendments, members of these two bodies must possess sufficient Estonian language skills to be able to participate in their respective assembly's work and to understand legal acts. The amendments, which took effect in May 1999, did not affect candidates in the March 1999 legislative elections. In a report by the Council of Baltic Sea States, the organization's commissioner expressed concern that the amendments would restrict a citizen's right to run for office and the electorate's right to vote for candidates of its choice.\textsuperscript{17}

Voter turnout for parliamentary elections increased slightly from 67 percent of eligible voters in September 1992 to approximately 70 percent in March 1995 but fell sharply to around 57 percent in March 1999. Reasons cited for the decline include confusion over the large number of candidates and parties, many of which espoused similar platforms, and the belief that voters are unable to influence the political system. While lower than figures at the national level, voter turnout for local elections has

\textsuperscript{16} Mel Huang, "A Deflating Election Experience" \textit{Central Europe Review}, (October, 1999) Vol.1, No.18, p.2.

\textsuperscript{17} Ibid.
remained steady. Approximately 52 percent of eligible voters, including non-citizen permanent residents, took part the October 1993 and October 1996 local elections. For the October 1999 local elections, turnout dropped below the 50 percent mark to 49.4 percent. Turnout was 50.9 percent for citizens and only 43 percent for non-citizens. Apathy has also been expressed in the low levels of party membership in Estonia.\(^\text{18}\)

In a survey conducted by the domestic Saar polling agency in 1997, only two percent of Estonians and one percent of non-ethnic Estonians stated that they had joined a political party. A June 2000 European Forum provided the following membership figures for some Estonian parties: Center Party, 2,100 members; Pro Patria Union, 1,400 members; Reform Party, more than 800 members; and Coalition Party, more than 500 members. According to figures from October 1998, women accounted for 45.5 percent membership in registered parties. Under the constitution, only citizens of Estonia may be members of political parties. However, non-citizens, the majority of whom are Russian-speaking non-ethnic Estonians, may vote in local elections. Several political parties have been formed to address the concerns of both citizen and non-citizen Russian speakers and to increase their involvement in Estonian politics. Most recently, the Russian Baltic Party of Estonia was established in June 2000.\(^\text{19}\)

Estonia's political situation at both the national and local levels remained largely stable between mid-1999 and late 2000. The October 1999 municipal elections produced a victory for the three-party national ruling coalition in two thirds of the country’s municipal councils, including the capital, Tallinn. Since entrance into the EU and other Western institutions remains a cornerstone of Estonia's economic and foreign policy, the necessity of reform efforts. Estonia continues to proceed rapidly in its membership talks, having closed nearly half of its negotiation chapters by the middle of 2000. Following an economic recession caused by the August 1998 Russian financial crisis, the economy


began to recover in late 1999 and exhibited increasing growth throughout the year 2000. The last phase of privatization, which involves large infrastructure and energy enterprises, slowly moved forward amid political and financial controversies\(^{20}\).

After three and a half years of fragile minority coalitions and left-right partnerships, the March 1999 parliamentary elections saw a center-right coalition form a majority government with greater prospects for stability. In contrast to the previous minority government of Prime Minister Mart Siiman’s, which had faced increasing difficulties in carrying out his political programs, the new leadership of Prime Minister Mart Laar was able to use its majority in parliament to pass various legislative measures in 1999 and 2000. Among the government’s initiatives were emergency spending cuts in August 1999 and radical tax code changes in December of that year, both of which were part of the coalition’s broader economic liberalization program\(^{21}\).

The October 1999 local elections largely mirrored the parliamentary poll held earlier that year, as the center-right grouping of Pro Patria Union, the Reform Party, and the Moderates secured victories in two-thirds of Estonia’s local councils. Their most important win also proved particularly difficult: this “triple alliance” secured a slim majority ion with other parties, including those representing Russian speakers\(^{22}\). Under Estonia’s constitution, which was adopted in 1992, a clear division of power exists between the executive and legislative branches of government. Among the main responsibilities of the country’s 101-member parliament are the adoption of laws and regulations, the passage of a state budget, the election

---


165
of the president, and the authorization of the prime ministerial candidate to form a government\textsuperscript{23}.

The executive branch, which is represented by the prime minister and his cabinet, executes domestic and foreign policy, prepares draft laws, administers the implementation of acts adopted by parliament, and directs the work of government institutions. Estonia’s president, who serves as the country’s head of state, commands a largely ceremonial position. The legal chancellor, an independent official who examines the conformity of legislation from the legislative and executive branches and local governments with the constitution, enforces a system of checks and balances. If a conflict is found and appropriate changes are not made within 20 days, the legal chancellor appeals to the Supreme Court (the court of constitutional review) for the law’s repeal. The constitution guarantees transparency in the work of the executive and legislative branches of government. Article 44 requires all state and local governments to provide information about their activities to Estonian citizens at their request. This requirement does not include information that is intended for internal use only or that is prohibited by law to be revealed\textsuperscript{24}.

However, it has been reported that government officials, particularly at the local level, arbitrarily deny citizens and journalists access to information that they have requested. Most sessions of parliament are open to the public, and all laws adopted by the legislature are published in the official State Gazette. The government press office, along with each ministry’s press secretary, disseminates official information to the news media. Despite pressure from various local and international organizations, Estonia has not adopted a freedom of information act. In July 1999, a working group composed of media, government, and academic representatives presented a draft public information law to the Interior Ministry. The law was intended to ensure

\textsuperscript{24} Ibid.
the right to gain access to documents produced by state and local authorities. In March 2000, parliament passed the Digital Signatures Act, an important precursor to an eventual public information law\textsuperscript{25}.

The Digital Signatures Act, which will go into effect in January 2001, requires the government to digitally code every online document it prepares in order to ensure its authenticity, facilitate the placement of government documents on the Internet, and provide the public with easier access to such information. During the period of political upheaval in the Soviet Union in the late 1980s, the local council elections of 1989 restored Estonia’s system of local self-government system. From 1989 to 1992, Estonia had a two-level local government system formed by 15 counties with self-governments at the regional level and six larger cities at the municipal level. The Local Government Organization Law of 1993 abolished elected county governments and reorganized the county system into regional units of the central state administration. The one remaining level of local government consisted of more than 200 towns and rural municipalities, all of which enjoy the same legal status\textsuperscript{26}.

While the 1992 constitution provided the general legal basis for local power, subsequent laws addressing specific issues of sub national government included the Territory of Estonia Administrative Division Act, the Municipal and Town Budget Law (June 1993), the Law on the Correlation between Municipal and Town Budgets and the State Budget (August 1993), and the Local Taxation Law (September 1994). According to the constitution, local authorities autonomously manage and resolve all local issues. The basic functions of local government include the provision of public services, the organization of social services, and the maintenance of local public transportation and roads. Local authorities also share


\textsuperscript{26} Mary Kaldor, Iván Vejvoda, “Democratization in Central and East European Countries”, International Affairs, (Royal Institute of International Affairs, 1997), Vol.73. No.1, p. 72.
certain responsibilities with the central government, including in the field of education\(^{27}\).

Although currently there is no regional level of self-government, county governments are responsible for organizing and coordinating the work of national institutions at the local level. During the last several years, considerable debate has been focused on reducing and consolidating the number of local authorities. Since 70 percent of Estonian municipalities have less than 2,500 residents, establishing fewer but larger local governments would help the authorities improve their financial and administrative capacities. By the end of 1999, 18 municipalities had decided to merge on their own initiative; this decreased the number of local governments from 256 to 247. One of the primary objectives of current local administrative reform is to oversee the eventual reduction of municipalities to between 60 and 80 by October 2002. Under the plan, municipalities would need to have at least 3,500 inhabitants\(^{28}\).

In order to fulfill joint tasks more efficiently and protect regional interests, local governments continue to work together through national and regional associations, including the Association of Estonian Cities and the Association of Estonian Rural Municipalities. Since the restoration of its independence, Estonia has held local elections three times: in October 1993, October 1996, and October 1999\(^{29}\). International election observers described all three elections as free and fair. While only Estonian citizens may stand as candidates, non-citizen permanent residents who have lived in their respective municipality for at least five years may to vote in local elections. In the 1999 elections, the Pro Patria Union, the Reform Party, and the Moderates—nicknamed the triple alliance—took power in two-thirds of Estonia's major cities and towns\(^{30}\).

\(^{27}\) Rein Taagepera, op.cit, p.479.


In the race for the Tallinn City Council, considered by many to be second in importance only to the national legislature, the Center Party won the most votes and secured 21 of 64 seats. The triple alliance, which also formed the ruling coalition in parliament, received 28 seats altogether. Though neither side had won an absolute majority, the triple alliance cobbled together a bare majority coalition of 33 seats. The coalition included the four members of the People’s Trust and one of the nine members of the People’s Choice, both electoral alliances of Russian speakers’ parties. The Coalition Party subsequently added its two seats to the ruling coalition. Interior Minister Juri Mois of Pro Patria became Tallinn’s mayor.

In September 2000, the Coalition Party withdrew from the ruling coalition when Mois called for the removal of two prominent Coalition Party city officials based on allegations of corruption. Nevertheless, the coalition retained its absolute majority in the city council. Municipal governments receive funding from the state budget through both direct budgetary appropriations and shared taxes; they also raise revenues autonomously. Money is allocated from the state budget to local budgets for purposes which may include supplementing budget revenues and helping to finance teacher salaries and capital expenditures. At the same time, the constitution calls for local governments to keep independent budgets and grants them the right to levy and collect taxes and to impose fees. The Local Taxation Law stipulates the kinds of taxes that local authorities may levy, including a local sales tax, an entertainment tax, and a motor vehicle tax. Local governments continue to face financial difficulties and to operate at a deficit.

According to Estonian Ministry of Finance statistics for the first nine months of 2000, total revenues and grants of local governments equaled 4.846 million kroons, while total expenditures totaled 4.866

---


million kroons. During the same period, the revenue from personal income tax (a shared tax that is centrally imposed and collected) constituted 56 percent of the total income of local budgets, while grants from the national government accounted for 25 percent of total income. The financial independence of local governments is effectively limited by the fact that the vast majority of their revenues comes from the central government. To address this problem, recommendations have been made to increase the number of local taxes and improve the efficiency of local tax collection measures.33

Although Estonia's public administration underwent six reorganizations between 1987 and 1995, substantial reform of the civil service system began in 1996 when three key pieces of legislation came into effect. The Public Service Act, the Government of the Republic Act, and the State Public Servant Official Title and Salary Scale Act, which together established a legal framework for public service, address issues such as the rights and duties of public scales for 35 different levels of employment. According to the Public Service Act, local civil servants are considered local government employees. A recent reform effort was the establishment in 1999 of the Office of Public Administration Reform (OPAR) within the State Chancellery.34

However, a comprehensive strategy for public administration reform has not been developed, and the tasks of OPAR remain unclear. Most of Estonia's civil servants conduct their work in an impartial and politically neutral manner. At the same time, the public service administration continues to suffer from a lack of qualified candidates because of competition from higher paying jobs in the private sector. Some of the specific problems that have been identified are difficulties in recruiting and retaining higher level officials (turnover rates are estimated at 15 percent), a skewed distribution of staff toward senior positions, and inequality in the remuneration of salaries. At the same time, recent positive

---

33 Ibid, p.401.
developments include the launch of a new civil servants evaluation system that was adopted in 1999\textsuperscript{35}.

Estonia's judicial and legal systems, which operate free from state political control, have continued to undergo various reforms during the last decade. Prison reform efforts gained additional momentum in 2000 with the announcement of plans to build a new facility in southern Estonia. Recent salary increases for police officers should help to attract more qualified and professional candidates. Nevertheless, delays in the criminal justice system, reports of abuse of suspects by law enforcement officials, and poor prison conditions remain serious problems. One of the first legislative priorities following the restoration of independence was the reestablishment of Estonia's constitution, which was adopted by public referendum on June 28, 1992, with 93 percent of the vote\textsuperscript{36}.

The constitution includes a chapter on the rights and obligations of citizens and non-citizens; establishes the separation of authority of the executive, legislative, and judicial branches of government; and contains sections on the national budget, foreign relations, national defense, and local government. There is no separate court for addressing constitutional matters in Estonia. Rather, the Supreme Court serves as the court of constitutional review through its five-member, Constitutional Review Chamber. On the proposal of the chief justice, who also serves as the Chamber's chairman, the Supreme Court elects members of the Chamber for no more than two five-year terms. During the first five months of 2000, the Chamber issued six rulings. One important ruling involved an austerity budget law of June 1999 that cut funding to individuals who had been forced out of restituted homes according to a 1994 housing law\textsuperscript{37}.

The legal chancellor submitted an appeal to the Chamber in January, arguing that the move violated article 116.2 of the constitution.

\textsuperscript{37} Ibid.
which states that parliament cannot reduce or eliminate budget expenditures prescribed by other laws. Unable to reach a consensus, the Chamber submitted the case to the full 17-member supreme court. In its final ruling in March, the court argued that the housing law did not specify the amount needed to implement the law. Therefore, the court could not declare the budget amendments null and void because it could not assess whether the cuts would effectively halt implementation of the housing law and, thus, constitute a violation of the constitution.\footnote{Ibid, p.152.}

Chapter two of the constitution guarantees fundamental human rights, including freedom of conscience, religion, thought, and assembly. Article 12 prohibits discrimination on the basis of nationality, race, color, sex, language, origin, creed, political or other persuasions, or financial or social status. Estonian citizens have the right to engage in commercial activities and to form profit-making associations. Foreign citizens and stateless persons residing in Estonia also enjoy this right unless otherwise determined by law. Under the constitution, property may not be expropriated without the owner’s consent, except in cases of the public interest and in exchange for appropriate compensation. In practice, the government generally respects these political, social, and economic rights.\footnote{C.E Black, “Constitutional Trends in Eastern Europe”, The review of Politics, (2000), Vol.32, No.2, p.67.}

Over the last decade, Estonia has overhauled its system of criminal legislation. An interim criminal code, which went into effect in June 1992, revised the Soviet-era law and eliminated political and economic crimes. A code of criminal procedure was adopted in 1994, and amendments to the criminal code in 1996 provided police and prosecutors with more tools to combat organized crime. Under Estonian law, a warrant is required for the search and seizure of property. During the investigative stage, the prosecutor issues warrants after probable cause has been shown. Once a case has gone to trial, the court is responsible for issuing warrants. According to the constitution, detainees must be informed promptly of the
reasons for their arrest and given the immediate opportunity to choose an attorney. If a defendant cannot afford legal counsel, the state must provide it.\(^40\)

In late 1999 and early 2000, several hundred police officers were dismissed as part of an effort to cut expenses from the Interior Ministry while providing salary increases for the remaining law enforcement officials. Since some police officers reportedly have used excessive physical force and verbal abuse during the arrest and questioning of suspects, the controversial move was designed to help attract and retain qualified individuals.\(^41\) In April 2000, parliament announced plans to construct a new prison near the southern town of Tartu. The decision represents part of the government's multiyear plan to improve conditions in Estonia's prisons, which continue to suffer from a lack of resources, inadequately trained staff, and overcrowding. Estonia's constitution establishes an independent judiciary, which in practice is generally free from interference from other branches of government. The Status of Judges Act, which regulates various aspects of the judiciary, also includes basic guarantees for the independence of judges.\(^42\)

Although most judges are politically impartial in their rulings, some judges continue to show uncertainty in their application of the law. The quality of court decisions varies considerably, but it remains particularly unsatisfactory in the lowest-level courts. To address this problem, training programs have been conducted for judges and prosecutors, with some 60 percent having undergone 112 hours of training each. Many qualified lawyers still regard a career in the judiciary as unappealing, particularly since judges' wages lag behind those in the private sector.\(^43\)

The status of Estonia's large ethnic Russian population has continued to strain relations with Russia, which has accused Estonia of


\(^{41}\) August Rei, The Drama of The Baltic Peoples, (Kirjastes Vaba EESTI Finland, 1972), p.109.


\(^{43}\) Ibid.
violating the rights of its Russian-speaking population. However, according to a recent EU report on Estonia, the rights of the Russian-speaking minority, both citizens and non-citizens, are largely observed and safeguarded. In predominantly Russian-speaking regions of the country, the Russian language continues to be used extensively in the court system and administration. While the 1993 Law on Cultural Autonomy of National Minorities provides for the preservation of the languages and cultures of national minorities, some non-citizens have termed the law discriminatory since it only applies to citizens.

During the Soviet era, large numbers of non-Estonians (mostly Russians) migrated to Estonia. They and their descendants now account for approximately one-third of the country's total population of 1.4 million. Under the 1992 Citizenship Law, which readopted legislation from 1938, anyone born after 1940 to a citizen parent of pre-World War II Estonia is a citizen by birth. Those who arrived during the Soviet period are regarded as immigrants and must apply for citizenship. A new Citizenship Law adopted in 1995 toughened certain requirements for naturalization, including lengthening the residency period. The Russian government, Russian-speakers in Estonia, and some international organizations criticized elements of the law as discriminatory.

In December 1998, the government adopted amendments that allow stateless children who are born in Estonia after February 26, 1992, to legally resident yet stateless parents to acquire Estonian citizenship. They can do so at the request of their parents and without having to pass a language test. As of August 2000, more than 1 million residents of Estonia are citizens, of which more than 112,000 have been naturalized since 1992. Bureaucratic delays and the language requirement continue to be cited as among the primary disincentives for securing citizenship. There is a dearth of qualified teachers to provide Estonian language training, and the

---

44 Ibid, p.418.
growing demand to take the national language test has left the state exam center with insufficient funding to administer the test to all who are interested\textsuperscript{46}.

In February 1999, parliament adopted amendments to the Language Law that require private sector workers, public servants, and local government officials to use Estonian when providing goods and services to the public. The law attracted considerable criticism from many Russian speakers. Some international organizations believed the law was in conflict with EU criteria by violating the principle of free movement of labour and services. In June 2000, the Language Law was amended further. It no longer requires the unconditional use of Estonian in the private sector Estonian- only in cases where it is in the public interest such as security or safety\textsuperscript{47}.

The 1998 Parliamentary and Local Elections Law, which requires candidates for public office to have a sufficient command of Estonian for participating in debates and understanding legal acts, has been criticized for restricting the rights of non- Estonian speakers to choose their candidates at the local level\textsuperscript{48}.

In the area of education, the Law on Basic and Upper Secondary Schools was amended in April 2000 to allow 40 percent of teaching in upper secondary schools to be in a language other than Estonian after 2007. Initially, all such instruction was to be provided exclusively in Estonian. During the last decade, the government has taken a number of steps to further the integration of non-ethnic Estonians into society. In 1993, President Meri established a Roundtable of National Minorities to participate in the state's national minorities' policy. Its members are representatives of ethnic minorities, stateless persons, and political parties. The post of minister without portfolio, responsible for population and

\textsuperscript{46} Ibid, pp. 184-185.
integration issues, was created in 1997. The following year, a state Integration Foundation was also established49.

In 2000, the government approved the State Integration Program for 2000 to 2007. Implemented by the Estonian Integration Foundation, the program focuses on education, language training, public awareness campaigns, and the preservation of cultural identity. Having experienced a recession after Russia’s August 1998 financial crisis, Estonia’s economy began to recover during the last quarter of 1999. A return to growth in late 1999 and 2000 helped ongoing government efforts aimed at harmonizing Estonian legislation and practices with EU membership requirements.

However, political and financial concerns continued to delay the last phase of privatization of large infrastructure and energy firms; reforms in the social sector struggled to catch up with those in the economy. Since regaining its independence in 1991, Estonia has experienced significant changes in its political sphere and, perhaps even more dramatically, in its economic sector. Beginning with major monetary reforms launched in 1992, the country drew upon a broad political consensus for the successful implementation of a wide range of stabilization and structural reform policies. Among the country’s most notable achievements are the introductions of a fully convertible currency under a currency board system, extremely liberal trade practices, a rapid and extensive privatization program, comprehensive price liberalization, and highly favorable policies towards foreign investment50.

After a banking crisis in the early 1990s, Estonia’s surviving banks consolidated and adopted more prudent financial and administrative practices. Sound economic management led to a drop in inflation rates from triple to single digits between 1992 and 1998, and real growth in gross domestic product (GDP) ranged between four to ten percent between

1995 and 1998. While two speculative runs were attempted against the currency in 1997 and 1998, both were thwarted by the currency board's strict requirements for revaluation. The government has a limited direct role over most of the economy because of the currency board arrangement and a balanced budget requirement in the constitution. As a result, Estonia now has one of the most free and competitive market systems in the former Soviet Union and Eastern Europe.

Despite impressive structural changes and growth, the Estonian economy suffered considerably from the Asian and Russian financial crises in 1997 and August 1998, respectively. The country's tiny stock market was among the first areas to be negatively affected when what had been only upward movement since its inception ended in October 1997. Estonia felt the impact of the Russian crisis in 1999, when real GDP declined by 1.1 percent and the federal budget deficit reached nearly 5 percent of GDP. The direct effect on most of the country's banks, which had invested less than one percent of their assets in Russia, was more modest; still, Estonia's general economic downturn hurt their profits. Immediately preceding the Russian crisis, Russia had accounted for about 13 percent of all Estonian exports. This figure dropped to just fewer than 9 percent in 1999. Hardest hit by this decline were Estonia's agricultural producers, for whom Russia was an important market.

During the same period, the industrial sector also contracted. The share of GDP from industry decreased from 40.6 percent in 1989 to 28.1 percent in 1998 and 25.7 percent in 1999. By contrast, the service sector has grown considerably, with its share of GDP rising from 38.4 percent in 1989 to 65.5 percent in 1998 and 68.5 percent in 1999. Estonia's dramatic shift during the last ten years from a largely industrial and agricultural economy to one increasingly based on the service sector is illustrated by average annual growth rates for the period of 1989-1999 of -5.0 percent in agriculture, -5.7 percent in industry, and 0.3 percent in services. The

---

51 Ibid.
52 Ibid, p.137.
Russian crisis served to lessen Estonia’s significant current account deficit, which had reached a high of 12.1 percent of GDP in 1997 before declining to 9.2 percent in 1998 and dropping further to 5.8 percent in 1999\(^5\). 

Although exports dropped substantially, a general recession caused domestic demand to contraction substantially. This, in turn, led imports to decline at an even faster rate. Foreign direct investment (FDI) doubled from $267 million in 1997 to $581 million in 1998 because of Swedish investments in Estonia’s two largest banks; this severely distorted current account calculations in 1998. During the second 3.9 percent, and 2.6 percent in the first, second, and third quarters of 1999, respectively, GDP began to grow in the fourth quarter of 1999. By the middle of 2000, the economy had resumed much of its previous growth. GDP increased by more than 7 percent in the first six months of 2000 over the same period in 1999. The draft 2001 budget, which assumes GDP growth of 5.5 percent and an inflation rate of 4.1 percent, is 3 percent larger than that of 2000\(^4\).

In the banking sector, the largest of Estonia’s six banks achieved positive financial results in 1999 and 2000. The upturn in the economy has also led to increased imports, a rise in the current account deficit, and a slight acceleration in inflation from 3.9 percent in 1999 to 4.1 percent as of July 2000. Unemployment levels remain high, which official statistics listed as 6.2 percent in September 2000. More accurate labor force surveys put the number at more than 13 percent in the second quarter of 2000. While grappling with the effects of the Asian and Russian crises, Estonia’s government has focused during the last few years on preparations for EU membership\(^5\).

In the economic sector, this has meant ongoing efforts to bring national legislation and practices into harmony with EU directives in areas such as agricultural policy, energy production, customs administration, and

---


\(^5\) Ibid, p.12.
the completion of pension, health care, and land reforms. Supporters of EU membership insist that Estonia’s entry will produce positive effects on the country’s future development, including improved administrative procedures, better quality control through stricter regulations, and even greater attractiveness for foreign investors. Estonia applied for EU membership in 1995 and began accession negotiations in March 1998. By mid-2000, Estonia had closed 13 of the 31 negotiation chapters of EU regulations with which applicant countries must comply to qualify for membership.\(^{56}\)

Compared to the other Central and Eastern European candidates, Estonia has proceeded the most rapidly with its membership talks. While much has been written about the potential benefits of belonging to the EU, the possible negative consequences of Estonia’s membership have received less attention. The need to comply with EU standards in areas such as infrastructure and environmental upgrading will increase government expenditures, at least in the short term. While Estonia’s current trade policies are governed by agreements with countries on an individual basis, EU regulations specify which EU member states are allowable export destinations for Estonian goods. While a number of trade concessions have been addressed in the accession negotiations, trade issues will remain relevant because Estonia’s main trading partners are EU countries.\(^{57}\)

Ironically, the Estonian government’s earlier tariff-free policy, which international organizations and Western governments praised, has been amended to meet the EU’s strict membership criteria. Specifically, Estonia introduced customs tariffs on agricultural products from non-EU countries and from countries with which Estonia does not have free trade agreements. During the last several years, Estonia’s government has advocated EU membership for economic and political. Many regard entry into the EU as yet another step along the road back to the “community of

---

European nations,” as well as a necessary precursor to NATO membership. However, others have argued that Estonia’s government has pursued various policy changes necessary for EU accession too rapidly and without sufficiently considering the possible negative effects⁵⁸.

While successive governments have continued to push for EU membership, public support declined from 52 percent in January to 43 percent in October 2000. According to one recent poll, 73 percent of those surveyed believe that EU membership will have a negative effect on consumer prices; 41 percent believe that membership will make it more difficult to reduce unemployment. By 1998, Estonia had largely completed its rapid and comprehensive privatization program, which involved the purchase and sale of vouchers on secondary markets with listed prices. Despite such impressive achievements, the last phase of the privatization process, i.e., the sale and subsequent modernization of the few remaining large infrastructure and energy enterprises to conform to EU requirements, has met with considerable difficulties⁵⁹.

In September 2001, a special assembly, comprising 101 parliamentarians and 266 local government delegates, elected the next president after the parliament failed in August to arrive at a decision. Arnold Rüütel was elected, defeating Toomas Savi by 186 to 155 votes in a run-off round. Rüütel was sworn in as president in October. In January 2002, Prime Minister Laar stepped down, and President Ruutel appointed Siim Kallas the new Prime Minister. The Reform Party and the Center Party formed a new coalition government in power as of January 28, 2002⁶⁰.

During this time, there was a change of coalition parties and of course due to that event also the change of the Cabinet of ministers that have been in power since March 1999. The reason for disintegration of the coalition was growing discredit inside of the coalition because of results of

⁵⁸ Ibid, p.32.
⁶⁰ Ibid.
local elections where the Central Party and Reform Party made a coalition in Tallinn City Council. Concrete inducement for disintegration of former coalition was "reformer’s" objection to the plan of Isamaliit (Pro Patria Union) to negotiate too big international loan for Tallinn local government (for reconstruction of municipal school buildings). The Centre Party and the Reform Party made surprisingly a new coalition also in the Parliament. This coalition was surprising because of quite controversial goals and conceptions proclaimed by these two parties before, especially those concerning taxation. The Reform Party supports reduction of rate of Estonian proportional income tax (from 26% to 20%). The Central Party supports conceptions of new gradual taxation scheme. The Coalition has a slight majority in the Riigikogu (Parliament) and holds ruling position also in majority local governments.61

After formation a new coalition parties declared their collective desire (coalition agreement) that shelved all contradictory problems between these two political parties (liability to taxation etc). In October 2002 there were regular local elections in Estonia and many new political leaders came to power on local level. Participation in elections was 52.5%. In Tallinn the Centre Party scored predominantly, despite the coalition in the capital city was formed again by the Central Party and the Reform party. In the second big city of Estonia - Tartu - the Reform Party triumphed. The new political power - Res Publica - emerged vigorously and got second result after the Centre Party. Some people who had lost trust in politics of coalition parties very often voted for a new political power, which was 'tabula rasa' for voters. Res Publica was very successful on local elections and some analysts prognosticate a good chance for this party also on national elections.62

Mart Laar's coalition government collapsed in January 2002. The Isamaaliit party and the Rahvaerakond Möödukad (RM; People's Party

Moderates) fell out with the third coalition member, the Estonian Reform Party, after it was disclosed that they had held secret talks with the opposition about local government alliances. Laar was replaced by the former finance minister, Siim Kallas. Siim Kallas, leader of the liberal Reform party, succeeded the resigned Prime Minister. These movements being two ideological opposites, the former tending to social liberalism and the latter lying on the neoliberal wing of the political scale, formed rather a weak alliance that was not due to survive the upcoming general elections. Indeed during the entire electoral campaign the two movements were fighting it out. The main cleavage in their political standpoints concerned a new income tax issue. The Centre Party supported the idea of introducing a new income tax pursuing this way redistribution of income in favour of the poorest citizens. The Reform Party opposed to any tax reform, suggesting the lowering of the present income tax by 26%.

A few days before the general elections on the 2nd of March no political group seemed to be able to win a sufficient number of votes for it to govern alone. According to the polls carried out before the elections the Centre Party and the Reform Party were expected to take the lead in the elections. Since the programmes of all the political groups in Estonia concentrated on a major spectrum of common subjects (economy, foreign policy, membership of the EU and NATO), the electoral campaign has focused mainly on the political leaders’ different characters.

In the March 2003 elections, The Centre Party secured 28 seats, Res Publica, 28, Reform Party, 19, Peoples Union, 13, Pro Patria Union, 7, and Mõõduskad Party, 6. Since none of the six parties won a majority in the Parliament, the next government was due to be a coalition. After the elections, the President of the Republic Arnold Rüütel made a proposal to Juhan Parts, the former leader of the office of Auditor General, to form a

---

new government and appointed him as the Prime Minister of the Republic of Estonia. The new government took office on 10 April 2003.  

The coalition government was formed by Res Publica, the Reform Party and the People’s Union. The aim of the coalition is to strengthen loyalty to Estonia and the development of the Estonian nation. This requires appreciation for the Estonian language and culture, education and science in the Estonian language, and the means necessary for their development. Its policy is aimed at restoring and improving the viability of the Estonian nation so as to ensure the strengthening of Estonia as a nation state. Some turbulence arose after the Justice Minister of Res Publica was caught for speeding, while the party campaigned on moral values and ethics.

Estonian catch-up with the developed industrial countries in terms of welfare and economic growth during the 90’s is associated with the application of new technology and knowledge imported from more developed countries. The last decade has witnessed economic growth that is based on technology transfer spurred by foreign direct investments that has increased the efficiency of the economy. As the economic environment has become more stable and opened up, the growth of the economy has seemed to be automatic. Overall Estonia has enjoyed positive development.

The ability to create and use economically viable new products depends mainly on the level of education. In the framework of global free movement of capital the welfare of the developed countries relies on human resources. Therefore the economic growth of Estonia and other transition economies is in direct relation to their ability to raise the level of knowledge required in the competitive economy to the level of that of the

---

64 Ibid.
countries with higher income, as well as on the ability to produce and implement strategically correct decisions\textsuperscript{67}.

The radical steps taken in the first half of the 1990s in opening up the Estonian economy and achieving a macro-economic equilibrium triggered the rapid development of Estonia into an investment-based economy. Like in other countries in a similar phase of development, privatization opened the door to the inflow of foreign investment necessary for economic growth, thereby helping to balance the deficit in the foreign trade balance.

Owing to Estonia's rapid economic development, a liberal taxation system and a favourable location, the country is at the heart of Europe's fastest growing market – the Baltic Sea Region, which has a population of over 90 million. Successive governments have adhered to the principles of Estonia's economic success: a balanced state budget, a stable convertible currency pegged to the Euro (before 1 January 1999 to the Deutschmark) and liberal trade and investment laws. \textit{The Wall Street Journal and Heritage Foundation's Index of Economic Freedom 2006} ranks Estonia as one of the freest economies in the World – 7th out of 161 countries\textsuperscript{68}.

The economy has grown by an average of close to 6 per cent a year since 1995. The continued growth of exports to western markets, integration with Nordic countries, institutional and regulatory reforms have laid a strong foundation for sustainable economic growth. The economy is likely to grow by 7-8 per cent per year in the near future. The Estonian monetary system is based on the currency board regulation. The currency board and currency peg have been fixed by law since June 1992. Estonian currency and gold reserves are stable.

\textsuperscript{68} Alari Purju, \textit{“Internationalization of Estonian Economy through Foreign Direct Investments (FDI)”}, \textit{Baltic Rim Economies, Bimonthly Review}, (2004), p.4.
The Estonian, Scandinavian-connected banking system is modern and efficient encompassing the strongest and best-regulated banks in the region. These provide both domestic and international services (including Internet and telephone banking) at very competitive rates. Both local and international firms provide a full range of financial, insurance, accounting and legal services. Estonia has a highly advanced Internet banking system: 76 per cent of inhabitants make their everyday transactions via Internet banking. Some banks are developing mobile banking, offering banking services via WAP.

Estonia's open economy, excellent transportation links and central location make it an ideal base for production and distribution. Estonia has captured a considerable share of the rapidly growing transit trade through the Baltic Sea. The deepwater port and free zone of Muuga is one of the most advanced in the region. It serves as an entrepoint for Baltic and CIS markets. The new multifunctional port and free zone in the North-East of Estonia, Sillamäe, is the most eastern port of the EU, capable to handle all cargo groups from oil-products and dry bulk to containerized cargo.

Passenger and freight links provide fast sea crossings across the Baltic Sea, while direct air connections give easy access to Tallinn from major European capitals. Estonian railways use the same gauge as throughout Russia and the CIS, making Estonia an attractive European hub for bulk shipment of goods from the Far East: 90 per cent of rail freight is transit traffic. Foreign investors, mostly Nordic, have made considerable investments into high technology and communication networks in order to modernize the IT Communications infrastructure in Estonia. As a result, the Estonian telecommunications sector is one of the most developed in Central and Eastern Europe.

---

71 Marian L. Tupy, “EU Enlargement Costs, Benefits, and Strategies for Central and Eastern European Countries”, Policy Analysis, (September, 18, 2003), No.489, p.11.
The availability of highly skilled, reasonably priced labour has been one of the cornerstones of Estonia's rapid economic development. The adaptability and flexibility of the labour market (the average monthly salary is now 462 euros) has contributed greatly to changes in the structure of the economy. Around 80 per cent of Estonia's total trade is with EU member countries. Estonia's main trade partners are Finland, Sweden and Germany. Estonia's major exports are machinery and equipment, wood and wood products, textiles, agricultural and food products. Estonia's main imports are machinery and appliances, transport equipment, metals and agricultural and food products. As of May 1, 2004 external trade relations of Estonia with third countries are based on the EU Common Commercial policy.

All bilateral free trade agreements between Estonia and third countries were denounced. As of the same date Estonia implements the conditions set out in the trade agreements between EU and third countries and applies with the EU commitments taken in the WTO. Foreign investors are guaranteed a level playing field with local firms, which include unrestricted repatriation of profits and capital along with the right to own land. There is a rapidly expanding supply of high quality commercial and office property, including a growing number of industrial parks. The establishment of free zones at Muuga Port and in Sillamäe has further enhanced Estonia's attractiveness to foreign investors.

Many costs such as energy, labour, transport services, telecommunications and property expenses are considerably lower than in other parts of the Baltic Sea Region. Nevertheless, Estonia has acquired a well-deserved reputation for the high quality of its products. Covering a wide range of industries, investors find they can achieve Scandinavian quality levels at lower costs. Estonia is one of the leaders in Central and

---

72 David R. Cameron, “The Challenges of EU Accession for Post-Communist Europe”, (Department of Political Science, Yale University, Central and Eastern European Studies, May, 2004), Working Paper Series #60, p.13.

Eastern Europe in terms of foreign direct investments (FDI) per capita. Estonian companies have made significant foreign investments of its own, mainly in Latvia and Lithuania. In 1996 Estonia ranked second after Hungary in terms of foreign investment received among the European Union candidate countries. Modernisation of the existing means of production and their active restructuring, and retraining of labour presuppose huge financial resources that are generally limited in all candidate countries. Foreign investment (especially foreign direct investment) plays an even more prominent role in technological renewal, improvement of managerial skills and in making market competition more effective\textsuperscript{74}.

Studies confirm a positive correlation between different elements of the scope of the foreign capital and the economic competitiveness both at the sectoral level as well as in the economy as a whole. It is quite evident that strong participation of foreign capital in the manufacturing industry increases the international competitiveness of an economy. Therefore, during the period 1994-1998, the GDP and productivity growth, structural changes and profitability were higher in Estonia, where foreign direct investment had stronger representation.

On the basis of the above facts, we can justifiably claim that in Estonia the engine of the productivity growth of the last decade and hence of economic development in a broader sense has been the technology transfer invoked by foreign investment, which triggered productivity increase in the economy. Many international surveys have reached the same results, concluding that foreign capital has been the leading agent of innovation in the Central and Eastern European transition countries. Productivity growth in Estonia and the other candidate countries has mainly derived either from the activity of domestic and foreign enterprises in establishing new enterprises or from foreign direct investment in those sectors that foreign enterprises have been interested in restructuring. Although the difference has been reduced with years, the enterprises that

\textsuperscript{74} Kristiina Ojuland, “Estonia Promotes Security Co-operation”, (Postimees, 8th June 2004), p.2.
have been modernised in this way still seem to be outperforming domestic enterprises\textsuperscript{75}.

The foreign investors starting activities in Estonia have been guided in their selection of strategy by their wish to be leaders both in Estonia and in their domestic markets with their low costs. At the same time, enterprises based on foreign capital and oriented to the global market and export are integrated in a concern through a parent company, and if there are no other reasons to be in Estonia, except for a lowcost expenditure base, they are very mobile and prepared to withdraw if the expenditure level increases. As most of the transition economies are privatising and conducting institutional reforms like Estonia, Estonia may foresee the emergence of a large number of direct and indirect competitors in the coming years\textsuperscript{76}.

Economic autonomy was a key demand from Estonia during the negotiations that led to its independence. The Baltic States were the most prosperous areas of the former Soviet Union and they were keen to develop economic links with their Western neighbors outside the straitjacket of central planning. Other than oil-shale, which is present in significant quantities and provides the basis of the country’s power generation, Estonia has few raw materials of its own and relies mostly on imported commodities to produce finished goods. Light machinery, electrical and electronic equipment and consumer goods are the main products. Fishing, forestry and dairy farming dominate the agricultural sector. Estonia's infrastructure, particularly the road network, is well-developed by regional standards. Post-Soviet economic policy has followed a customary pattern of deregulation and privatization\textsuperscript{77}.

\textsuperscript{75} Lieutenant General Ove I.-G. Hoff, “NATO and the Baltic preparations after invitation to join the Alliance”, \textit{Baltic Defence Review}, (2001), Vol.6, No.1, p. 23.
\textsuperscript{76} Katinka Barysch, “Enlargement two years on: Economic success or political failure?” (Briefing paper for the Confederation of Danish Industries and the Central Organization of Industrial Employees in Denmark April 2006), p.7.
In June 1992, Estonia became the first former Soviet Republic to introduce its own currency, the Kroon, which is the legal tender and is now fixed in value to the Euro. Estonia's service sector was the most developed in the former USSR, and has since expanded further with increased tourism and Western investment. There is also a thriving financial services industry. Overall, trade with the West has increased dramatically, particularly with Scandinavia; Finland, Sweden and Germany are important trading partners. Despite this, Estonia still has fundamental economic links with the Russian Federation, and the 1998 Russian economic crisis led to a recession in Estonia the following year. Growth in 2004, however, was around 5 per cent.

In 1999, Estonia joined the World Trade Organization, adding to its previous membership of the IMF, World Bank and the European Bank for Reconstruction and Development. In May 2004, Estonia, along with its Baltic neighbours and seven other countries, achieved a long-cherished ambition when it joined the European Union.

Estonia started to seek NATO membership since the restoration of its independent statehood in August 1991. When Estonia together with Latvia and Lithuania successfully separated from the Soviet Union, a rapid NATO membership was a very hypothetical perspective. The USA and NATO key members in Western Europe were concerned over the future of Russia. In Russia NATO was looked upon as a Cold War military alliance targeted against Russia and its position as a super power. NATO members could not underestimate this feeling, even if they recognized the need to expand the transatlantic institutions to include the former Warsaw Pact countries in order to avoid the spread of instability.

When the situation in former Yugoslavia developed rapidly into a civil war, NATO faced the task of avoiding the emergence of additional

---

conflict spots in Eastern Europe. Particularly if Russia could be involved. NATO could not solve this situation with a rapid enlargement, but it set out on a political dialogue. In November 1991 the NATO Summit in Rome established the North Atlantic Cooperation Council. Estonia was one of the founding members of that institution\textsuperscript{80}.

The NACC membership gave Estonia first a direct involvement with NATO. An Estonian ambassador was appointed to the NATO Headquarters and an Estonian liaison officer to the Supreme Headquarters Allied Powers Europe. It was now that Estonia had the chance to start systematic lobby in NATO structures and member states' capitals in order to gain support for its joining the Alliance\textsuperscript{81}.

According to the Estonian viewpoint of the early 1990s Russia was in no hurry to alter its Cold War-like security relationship with the Baltic States. The decision to recognise Estonian independence reached by the Soviet Union's State Council on September 6, 1991, expressed Moscow's readiness to see Estonia only as a UN member state. Moreover, Estonia joined the Conference of Security and Cooperation in Europe in September 1991. Both institutions were seen in the Baltic capitals as channels of Russian influence into international politics\textsuperscript{82}.

In autumn 1991 Russian troops were still stationed in Estonia. They were located in different parts of the country, including Tallinn. Both the Soviet Union and Russia emphasized the idea that the withdrawal of those forces was not unconditional and rapid but subject to political and technical conditions. For Russia the leaving troops were a political tool, for Estonia they constituted a serious obstacle that prevented Estonia from developing its NATO and EU integration plans. Therefore it is not surprising that Estonian official rhetorics of that period avoided stressing the NATO membership issue too much. Only when Russian troops finally

\textsuperscript{80} Ibid.
left in August 1994, a qualitatively new perspective opened up. To achieve NATO membership became an objective of Estonian foreign policy. Membership in NATO, a collective defence organization, will ensure military security, allowing Estonia to participate productively in international security co-operation as well as representing the most certain guarantee of Estonia’s national defence. Active NATO membership will always remain the top priority of Estonian security and defence policy. The basis for reforms being implemented to fulfill that purpose is that, similar to other NATO member states, stress is laid on the development of mobile and sustainable armed forces and on enhancing the capability of contributing to international peace operations. But even when Russian troops left, Estonia was still a very weak NATO candidate. According to the opinion prevailing in the West, the prospect of the three Baltic countries joining NATO was quite a distant reality, with at least half a dozen candidates in line ahead of them.

The Partnership for Peace (PfP) initiative was launched at the 1994 Brussels Summit and Estonia participated in it from inception until it joined NATO. This programme aims at enhancing peacekeeping capabilities and increasing the interoperability of the partner country’s military forces with those of NATO through joint planning, training and exercises. Participation in PfP has been of a high importance to Estonia. As a member of NATO, Estonia values highly its own experience and supports a strong relationship and enhanced co-operation between Alliance and PfP Partner countries. Estonia places a high value on the methods worked out in the framework of the programme and considers it possible to use them for enhancing new developing formats of partnership.

The aim of the plan was to move one step further in the alliance’s relations with non-NATO European states. Alongside political

---

consultations carried out under the aegis of NACC PfP proposed military cooperation which included joint military manoeuvres. PfP targeted several political objectives simultaneously. For East Europe, including the Baltic States, PfP was not a direct promise of membership but a hint that it may be possible to discuss membership in the future. Estonia joined PfP in February 1994 and submitted its PfP Presentation Document in July 1994, the same month when agreement was reached between Estonia and Russia on the withdrawal of troops.

At the same time NATO enlargement debate was starting in the USA. the 1995 Study of NATO Enlargement described the EU and NATO enlargements as autonomous but mutually supportive and parallel processes. This gave an additional indirect indication that the Baltic States had their NATO perspective as long as they had their EU perspective.

In 1995 Russia signalled the US of its accommodation with the idea of NATO enlargement if this happened step-by-step and if Russia were included in the process. One of the main architects of NATO enlargement, Ronald Asmus, also calls attention to the Nordic support for the Baltic NATO membership. The Nordic countries supported Baltic NATO membership because of their wish to establish a buffer zone between them and Russia and because of their will to prevent the power vacuum created by the independent Baltic States from being filled by Russia again.

The security of Sweden and Finland was expected to improve if the Baltic States were not only free from Russian troops but belonged to NATO, as well. Russia’s position towards granting NATO membership to the Baltic States was very important to the Nordic countries. If Russia could adapt itself to seeing the Baltic States in NATO, it would become much more cooperative with European security institutions, such as NATO and the EU’s defence dimension.

---


In January 1995 NATO launched the Planning and Review Process (PARP) under PfP which made Estonian-NATO relations more clear and membership-oriented. The six-year PARP identified concrete fields of cooperation between Estonia and NATO and mapped out necessary reforms for Estonian armed forces and military decision making in order to make Estonia meet NATO membership requirements. PARP was further strengthened by the launch of NATO-Estonian 16+1 (19+1 since 1999) Intensified Dialogue on the Question of Membership.

In May 1997 Estonia joined the Euro-Atlantic Partnership Council (EAPC) which replaced NACC. The Euro-Atlantic Partnership Council is the partnership format with the widest membership. Established in 1997 as a political forum for negotiations in the field of peace partnership, the Council currently consists of 26 NATO countries and 20 partner countries. The EAPC provides a basis for practical co-operation and consultation between NATO member countries and partner countries. Since the latest rounds of NATO enlargement, the EAPC includes fewer countries for which NATO membership is still prospective, and thus interest towards the forum has decreased. Estonia’s position is that since the character of the EAPC has changed over time, the specifics of partner countries should be taken more into consideration and the purpose of the EAPC – to contribute through a political dialogue and practical co-operation to the strengthening of peace and stability of the Euro-Atlantic region – is still necessary and highly-valued.

In the NATO Madrid Summit, July 1997, only three former Warsaw Pact countries - Poland, Czech Republic and Hungary - were invited to join the Alliance. In the Final Document of the Madrid Summit the Baltic States were mentioned as potential member candidates in the future. Then, in the NATO Washington Summit in April 1999 officially admitted

---

Hungary, Poland and the Czech Republic as new NATO member states. In its Final Communique the summit confirmed the Baltic States’ position as future member candidates but also moved a step further. Estonia, together with other candidates, concluded with NATO the Membership Action Plan which was followed by the Annual National Plans (1999-2003)²⁰.

After the Washington Summit, a growing number of western analysts began to see the Baltic NATO membership as an achievable goal. The forthcoming EU membership was seen as a tool for improving Baltic-Russian relations and therefore strengthening the Baltic NATO perspectives. Estonia was invited to the EU accession negotiations in July 1997. The EU’s Treaty of Nice from December 2000 finally settled the Union’s institutional disputes and the EU Laeken Declaration of December 2001 stated that the enlargement, including the Baltic States, would take place in May 2004²¹.

The ‘final breakthrough’ in the Baltic NATO membership issue took place in 2000-2001. The new Russian President Vladimir Putin, who took over the office from President Yeltsin in 2000, adopted gradually more neutral Russian rhetorics in the Baltic NATO membership issue. Yeltsin threatened both the Baltic States and their Western supporters with ‘grave consequences’ if the Baltic States were admitted in the Alliance. Putin opted for a strong pro-western policy. This policy involved also downgrading the importance of the Baltic NATO membership for Russian foreign and security policies²².

The Russian foreign policy concept, published in July 2000, paid considerably little attention to the Baltic States and NATO enlargement. In Estonia this was seen as a sign of more moderate Russian policies and a fact that Russian politicians generals, still supporting the Cold War

thinking, were outnumbered in Kremlin. Russia finally recognized that there was no need to confront the USA and its NATO allies in the Baltic question. For Putin the integration to the West, relations with the EU and WTO membership were much more important than the confrontation on the Baltic issue\(^93\).

In November 2002, at the NATO Summit in Prague, Estonia received the invitation to join the Alliance. The Accession Protocol (Washington Treaty) was signed in Brussels on March 26, 2003. After the Protocol was ratified in all the 19 NATO member states, Estonia became a full-fledged NATO member state in May 2004. A security political ‘project impossible’ that started a decade ago has reached its successful end. NATO membership is definitely one of the greatest achievements in the post-1991 Estonian foreign policy. NATO membership can be seen an even more remarkable achievement than EU accession since it met strong Russian opposition and western suspiciousness of Estonian defence capacity\(^94\).

For Estonia the foreign and security political change that has taken place in the past decade has been enormous. From being a peripheral small state dominated by a super power neighbor, Estonia is becoming a member of powerful European and transatlantic institutions with a possibility and obligation to participate in decision making processes that are influencing European as well as global policies. However, the new institutional memberships do not only offer Estonia a seat behind the exiting table of decision-makers but Estonia will also be more open to the international influences, including the side-effects of regional conflicts\(^95\).

The possibility of Russia’s military intervention that has dominated and is still dominating Estonia’s threat perceptions is not by far the only and certainly not the most realistic instability factor for contemporary

---


Estonia. Soft security risks, like environmental catastrophies, cross border crime, international terrorism, large-scale migration generated by regional conflicts and economic decline are much more increasing real threat scenarios to Estonia, as well. Participation in the pacification of regional conflicts is also a totally new area for Estonian foreign policy. For a peripheral nation that has lived for centuries under foreign dominance without any possibility to influence international politics, the new tasks imposed through the new institutional memberships - like conflict prevention, peace keeping and post-conflict stability building - are a great challenge.

The views of Estonian foreign policy do not indicate a considerable change in the national security discourse. NATO membership is seen as a successful end for a traditional security dilemma of guaranteeing the territorial defence in case of an inter-state conflict, i.e., the possibility of Russian dominance or even direct intervention. As a guarantee to Estonia's independence and territorial integrity, NATO membership is mainly considered in terms of classical interstate conflict which stresses the intervention of another state (in this case Russia) as the main threat to state sovereignty.

The vitality of the traditional security discourse is also evident in the elements of the Estonian NATO membership concept. The military might of the USA and its willingness to be engaged in the Baltic States is regarded as the source of NATO security guarantee. It is understood that in case of Russian intervention the security guarantee of the Article 5 of Washington Treaty can be only (or mainly) implemented through the US military support.

In order to add value to that reasoning, the US policies are supported in general. Finnish and Swedish NATO memberships are considered to be an additional and very important security guarantee for

Estonia, as it makes the defence of the Estonian territory by NATO a lot easier in an interstate conflict. Finally, Estonia may agree to NATO military bases so that non-Estonian NATO forces would be placed on Estonian soil. This again is seen as an additional guarantee securing Estonia against an outside intervention\textsuperscript{98}.

Estonia’s scepticism towards ESDP is mainly connected to the estimation of the availability of national defence resources. In the situation where Estonia has capacities to contribute only to NATO joint forces and not to both NATO and ESDP forces at the same time, NATO is clearly prioritized. This attitude may, however, change if the EU manages to create a well-functioning ESDP that is able to share NATO’s burden in Estonia’s territorial defence\textsuperscript{99}.

However, changes in Estonian security discourse can be envisaged. NATO and EU memberships create a new foreign political environment for Estonia. The new situation brings also along reconsidering of the ‘exclusivist’ approach to Russia’s participation in European political and security constellations. Cooperation with Russia gains new momenta with Estonia’s NATO and EU memberships. Russia can not afford to conflict with its border states that are members of powerful European and transatlantic institutions. When new forms of cooperation were created between Estonia and Russia, Estonian threat perceptions would also need to be reconsidered. In such a situation it is very likely that the traditional fear of interstate conflict will be replaced by prioritizing soft security risks. In the future NATO may emerge for Estonia as an organization not only providing territorial defence but also diminishing soft security risks\textsuperscript{100}.

Estonia became a member of the European Union 1\textsuperscript{st} May 2004. The elections to the European Union Parliament took place on 13 June 2004, in Estonia. It was a new and important experience. The choices

\textsuperscript{98} Ibid.
made by people were important, because the European Parliament through several agreements has gained a larger say in the EU decision making process and the Constitutional Treaty Agreement will increase its competency even more. Estonia has 6 representatives in the European Parliament: Toomas Hendrik Ilves, Marianne Mikko and Andres Tarand from the Social Democratic Party (Group of the Party of European Socialists), Siiri Oviir from the Centre Party (Group of the European Liberal Democrat and Reform Party), Toomas Savi from the Reform Party (Group of the European Liberal Democrat and Reform Party) and Tunne Kelam from the Pro Patria Union (Group of the European People’s Party – Christian Democrats)\textsuperscript{101}.

The European Parliament has 20 permanent committees where members of the European Parliament prepare for parliament sessions. Toomas Hendrik Ilves was selected as the Vice-Chairman of the Committee on Foreign Affairs. Marianne Mikko joins the Committee on Culture and Education. Andres Tarand was added to the Committee on Industry, Research and Energy. Siiri Oviir was selected for the Committee on Women’s Rights and Gender Equality as well as the Committee on Employment and Social Affairs. Toomas Savi joins the Committee on Development and Tunne Kelam joins the Committee on Regional Development\textsuperscript{102}. As a result of the European Elections 2004, Estonia has representatives in the three political groups in the European Parliament – three seats in the Party of European Socialists (PES), two seats in the Alliance of Liberals and Democrats for Europe (ALDE), and one seat in European People’s Party – European Democrats (EPP-ED)\textsuperscript{103}.

Evolving from a candidate country into an acceding country and subsequently into a Member State has changed the character of Estonia’s internal coordination system of EU issues. The earlier dialogue with the EU concerned mainly monitoring Estonia and the activities needed to

\textsuperscript{102} Ibid.
\textsuperscript{103} Ibid.
become a member, whereas now Estonia can have a say in shaping the policies of the European Union. Since Estonia is a small country, efficient operations require joint activities with focus on the most important areas. Therefore, a document regarding the government's European Union policy for 2004–2006 was drafted at the beginning of 2004. The parties involved in compiling the document included the ministries, Riigikogu, and the third sector.  

Due to the close integration of EU policies, cooperation within a country has become even more important than before. Estonia has opted for the decentralised model in dealing with EU issues, according to which the ministry in whose sphere of responsibility a respective issue rests also holds the responsibility for establishing the national position and its integrity. In order to coordinate their standpoints the central authorities may apply the best possible solutions from their point of view; however, most of the work is carried out either in permanent or ad hoc working groups, which can involve the private sector or non-governmental institutions if necessary. Solutions to most problems are sought for in expert-level working groups. If no common ground is found in such groups, the issue moves to the next level – the Council of Senior Officials (CSO) whose work involves representatives of the State Chancellery, all ministries, and Eesti Pank. If no agreement is reached there, the substantive issues are referred to the government level. The government must approve all Estonia's positions that are presented to the Council of Ministers of the European Union.

There are two other parties in the national coordination scheme: the Ministry of Foreign Affairs as the central connecting link between the government and the permanent representation of the EU; and secondly the EU Secretariat subordinated to the Prime Minister, whose principal tasks include offering secretariat services to the CSO, preparing issues on the


105 Ibid.
government agenda that are related to the EU, and resolving differences in forming standpoints on expert level.

The National Security Concept of the Republic of Estonia presents the goal and guidelines of Estonia's National Security Policy and a general evaluation of the existing security environment. This document has been drawn up and adopted on the basis of the Peacetime National Defence Act. The goal of the Estonian National Security Policy is to preserve Estonia's independence and sovereignty, territorial integrity, constitutional order, and public safety.\textsuperscript{106}

The Estonian National Security Policy is based upon the principle that security is indivisible, upon the need for international security cooperation, and upon the common defence of democratic values. As a member of NATO and the EU, Estonia wishes to ensure its national security, and thereby, to also enhance the international security environment. Membership in alliances with common democratic principles and goals is the main basis for, and guarantee of Estonia's national security. Estonia abides by the principle, that every nation has the right and freedom to choose its own solutions for its security needs and that every nation is obligated to not threaten the security of other nations. The Estonian National Security Policy and its implementation are not directed against any other nation.\textsuperscript{107}

Proceeding from its national interests as well as its membership in NATO and the EU, Estonia abides by the following guidelines in its National Security Policy:

- to actively participate in the work of both NATO and EU structures as well as to improve cooperation with other Member States;

• to participate in the international security system and corresponding cooperative endeavours, including international crisis management and peace operations, in accordance with Estonia’s commitments and capabilities;
• to develop Estonia’s military defence in cooperation with its allies so as to ensure the nation’s defence capability;
• to ensure the democratic development of society and to enhance the nation’s internal security;
• to enhance social, economic, and environmental stability\textsuperscript{108}.

To achieve the National Security Policy goal, Estonia ensures that the means for carrying out foreign policy, for defending the nation militarily, for ensuring constitutional order, for ensuring public safety, and for protecting sectors of vital importance will all be applied in a mutually coordinated fashion. The risk analysis and threat assessments drawn up by the ministries and security agencies constitute an essential basis for formulating the National Security Policy, and also help the Government to determine the short-term National Security Policy guidelines and the most important spheres of cooperation between government agencies\textsuperscript{109}.

Estonia’s national security is directly connected with developments in the international security environment. Euro-Atlantic security cooperation and integration, including the enlargement of both NATO and the EU, have reduced the threat of large-scale military conflicts in Europe. The globalization of economic and social processes and communication is creating close links between nations and exerting a crucial effect upon the security environment. Despite positive developments, the international security environment has not reached a state of stability.

With the enlargement of both NATO and the EU, there has been a significant increase in the security and stability of the Euro-Atlantic region. NATO and EU enlargement have also had a positive effect upon

\textsuperscript{108} The National Security Concept of the Republic of Estonia, Ministry of Foreign Affairs.
the Baltic Sea region’s security environment. The vast majority of the region’s states belong to the EU and many of them to NATO. The logical continuation of this process will make it possible, in the interests of peace and stability, to intensify security cooperation of the Nordic countries and the Baltic states, both within the framework of Euro-Atlantic cooperation and regionally.\textsuperscript{110}

Changes in the international security environment have brought with them new security threats. The unconventional threats among them are: international terrorism; the uncontrolled spread of weapons of mass destruction; organized crime; the smuggling of weapons, narcotics, and people; and the flow of refugees created by crisis situations. In such conditions, no nation or region of the world is beyond danger. For Estonia also, many previously non-important threats have become actual.

The increased probability that new many-faceted and often unforeseeable threats will crop up presents the ensuring of security with new challenges. The most serious threats to Estonia’s security are possible instability and uncontrollable developments in the world, as well as international crises. With the enlargement of NATO and the EU, the security and stability zone in Europe has significantly broadened. At the same time, due to the contradictory democratization processes and foreign policies of certain neighbours of these alliances, it is still not possible to rule out threats to Estonia’s security. The probability of a military conflict breaking out that would encompass all of Europe or the threat of a conflict in the Baltic Sea region has been reduced to a minimum. Membership in NATO and the EU reduces the threat of war for Estonia even more.\textsuperscript{111}

The threat of direct political or some other coercion being applied with the purpose of altering Estonia’s basic domestic or foreign policy options is minimal. Such pressure could be connected with the activities of


\textsuperscript{111} Jüri Ruus, “Parliamentary institutionalization in post-communist societies: The case of Estonia”, (Dept. of Political Science, Tartu University, Estonia, 1999), p.23.
the special services of other states as well as politically motivated economic and other measures being applied against Estonia. Integration into the EU and NATO, as Estonia’s successful political, economic, and social development plus the consolidation of society on the basis of democratic values and the successful maintenance of law and order ensure Estonia's ability to avoid the application of such coercion, and, if necessary, to effectively counter it.\textsuperscript{112}

Membership in NATO guarantees the nation’s military security, and enables Estonia to constructively participate in international security cooperation and most efficiently ensure the nation’s defence. NATO's main task is, and will be, the common defence of its Members and the ensuring of international stability. NATO has ensured Europe’s security. NATO, as the only effective international defence and security organisation, has managed to act decisively to solve crises in Europe and elsewhere in the world. NATO must be capable of responding to threats, irrespective of where in the world they occur, as well as be capable of responding to such unconventional threats as terrorism. For Estonia it is essential, that NATO will continue to fulfil its basic task -- the ensuring of a common defence. Estonia fully supports NATO’s readiness to deal with new threats as well as to participate in the prevention of international conflicts and in international crisis management.\textsuperscript{113}

NATO Member States have committed themselves to improving their military capabilities with the aim of developing modern, multi-purpose, re-deployable, mobile, and sustainable rapid reaction units. In implementing the National Security Policy, Estonia bases its Defence Policy upon these commitments, which were adopted within the NATO framework, and participates in the fulfilling of common goals. Estonia participates in NATO’s cooperation with its Partner States. The

\begin{footnotes}

\end{footnotes}
cooperation of states with various national security options as well as NATO's active role in this, increase international security and stability\textsuperscript{114}. 

EU accession, alongside NATO membership, has strengthened Estonia's national security. EU enlargement has increased security and stability in the Baltic Sea region and in all of Europe. The activities of the EU to combat the world's security threats have become more efficient. Estonia is increasing its capability of participating in the EU Common Foreign and Security Policy (CFSP) and in the EU decision-making processes generally.

To help ensure Europe's security, Estonia contributes to the development of the CFSP, and to the military and civilian crisis management capabilities of the European Security and Defence Policy (ESDP). With the development of EU security and defence cooperation, Member States have committed themselves to improving their military and civilian capabilities. Estonia is continuing the appropriate development of its military and civilian capabilities. In implementing its National Security Policy, Estonia proceeds from the commitments established by the EU goals in this sphere and participates in the achieving of common goals. Estonia supports the active exchange and coordination of information within the counter-terrorism cooperation framework of the EU Member States\textsuperscript{115}.

Participation in the EU CFSP and ESDP operations is an essential part of Estonia's National Security Policy. In accordance with the European Security Strategy, Estonia participates actively in EU actions to reduce the world's security threats as well as to enlarge and secure the stability zone in the regions directly neighbouring the EU and further abroad. The cooperation, which exists within the framework of the EU CFSP and ESDP, and its further development, must take place in a manner that does not entail the duplicating of defence cooperation taking place

\textsuperscript{114} Ibid.
within the NATO framework, and that supports transatlantic cooperation. Estonia supports steps being taken to increase the coordination of EU activities in various international organisations, within the framework of security and trade policies as well as development cooperation.\textsuperscript{116}

The foundation of European security is the working \textit{NATO} and EU partnership. The EU and NATO agreements for carrying out defence cooperation have established a firm base for developing a strategic partnership. To increase Europe's defence and crisis management capabilities, it is essential to coordinate EU and NATO military planning processes. Within the framework of international organisations, Estonia deals with issues such as political, economic, and military matters, as well as human rights and democratic freedoms. Active participation in international organisations offers possibilities for consolidating both the global and regional security environment, so ensuring Estonia's national security. The spread of democratic values and the protection of fundamental human rights and freedoms are in the Estonia's interest.\textsuperscript{117}

Estonian foreign policy proceeds from the United Nations (UN) Charter, the principles of protecting human rights and promoting international security, and the spread of democracy. Estonia's participation in UN peace operations helps to realize the aforementioned principles. Estonia participates in the formulating and implementing of the norms and principles of the Organisation for Security and Cooperation in Europe (OSCE) as well as in the prevention of conflicts and in crisis management. Estonia also participates in OSCE missions, and in cooperative endeavours in the spheres of arms control and confidence building measures.\textsuperscript{118}

Estonia participates in the work of the Council of Europe for supporting legislative reform and the protection of human rights, with the aim of assisting in the strengthening of democratic stability and the development of Europe's cultural identity.

\textsuperscript{116}Robert D'A Henderson, Brassey's \textit{International Intelligence Yearbook}, (Washington D.C., 2003), p.147.\textsuperscript{117} Ibid.\textsuperscript{118} Ibid., p.152.
Participation in regional cooperation within the framework of the Council of Baltic Sea States (CBSS) provides additional opportunities for achieving the Estonian National Security Policy goal.

The ensuring of Estonia’s national security is also enhanced by participation in international development cooperation. Estonia’s involvement is directed at ensuring peace, democracy, and the observance of human rights. Estonia helps to ensure economic and social stability as well as the reduction of poverty, in accordance with the principles of sustainable development. Estonia takes part in development cooperation according to the guidelines ratified by the parliament, on the basis of international norms and in partnership with the recipient states. For ensuring Estonia’s national security, the alliance with the United States of America is of primary importance. Estonia is developing extensive and close cooperation with the United States in all spheres of major importance. The cornerstone of European security is the U.S. military presence and consistent participation in the ensuring of this security\textsuperscript{119}.

A strong transatlantic relationship is the basis for Euro-Atlantic stability, economic growth, and continual development. In transatlantic relations, Estonia seeks cooperation based on common values aimed at ensuring peace, democracy, and security. The strengthening of the transatlantic relationship is being manifested primarily through cooperation within the NATO framework. Estonia supports the development of a stronger transatlantic cooperative relationship between the United States and the EU. The intertwining of the memberships of NATO and the EU strengthens the cooperation and partnership between Europe and the United States\textsuperscript{120}.

From the standpoint of Estonia’s national security, it is essential to ensure the functioning of democratic institutions and the rule of law as well as to ensure the protection of the fundamental rights and freedoms of


\textsuperscript{120} Ibid.
persons. The administrative, law enforcement, and judicial system are being strengthened and developed to ensure a government based upon the rule of law. The continuous development of the civil society is essential for the functioning of democratic institutions and the rule of law. The prerequisites for the development of a civil society are the openness of society, the promotion of citizens' initiative, and the availability of quality education.\textsuperscript{121}

The consolidation of a balanced and democratic society in Estonia is enhanced by the implementation of its Integration Policy. Estonia guarantees the rights of persons belonging to minorities, as well as helps to integrate the various ethnic and social groups into society. The integration of Estonian society is based upon two parallel processes: integrating society on the basis of knowledge of the Estonian language and the acquiring of Estonian citizenship, and, on the other hand, supporting the preservation of ethnocultural diversity. To ensure the efficient functioning of Estonia as a nation, it is essential to implement its Population Policy, the goals of which are to stem demographic decline and the general aging process of Estonian society, and to achieve, in the future, a positive growth rate of the population.

\textsuperscript{121} Ibid, p. 190.