

**ESTONIA'S
EUROPEAN UNION POLICY
2007–2011**

Approved by the Government of the Republic of Estonia on 25 October 2007

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INTRODUCTION AND GENERAL PRINCIPLES

Estonia has been a member of the European Union for four years. During that time we have experienced rapid economic growth and felt the solidarity of other Member States of the European Union. We have seen that an internally and externally strong European Union is in the best interests of Estonia. The correctness of the chosen path has also been confirmed by the continuously high rate of public support for Estonia's membership in the European Union.

Membership in the European Union has given us an opportunity to participate in the shaping of the future of the European Union. Over the course of half a century, the European Union has undergone impressive development. In order to cope with increasingly new challenges in a globalising world, it is necessary to anticipate problems and seek new solutions to them. This policy document presents Estonia's suggestions on how to cope with the challenges that the European Union faces in different fields.

A stronger European Union

Estonia wants to contribute to strengthening of the European Union. At the core of the European Union must lay solidarity between Member States. It is the basis for further construction of the Union and development of peace, democracy and security in the world. The European Union must contribute to the prevention and resolution of conflicts, especially in the neighbourhood surrounding the Union. In its relations with third countries, the European Union must speak with a single voice, which requires substantive and institutional strengthening of the Common Foreign and Security Policy. In order to underline the positive experience of the enlargement of the European Union so far, and to ensure the continuation of reforms and the safeguarding of democracy in the region, the Union must remain open to all European countries wishing to accede and meeting the accession criteria. Estonia also supports closer cooperation between the Member States in the field of justice and home affairs.

Competitive economy

Over the course of half a century, the European Union has contributed significantly to the improvement of prosperity and economic growth in its Member States. The Member States have found a functioning balance between the market and social protection. At the same time, we have to continue developing a competitive economy together. In order to continue successfully in the globalising world, attention must be paid to increasing the competitiveness of the Union and to creating new jobs. In order to strengthen the competitiveness we find it important to make better use of the Information and Communications Technology (ICT), especially in the relations between the State and its citizens. We are ready to share our experience regarding the use of ICT, including in the field of ICT security.

The Internal Market has been at the centre of European integration from the very beginning. In order to make the most of it, it is necessary to remove any remaining restrictions on the free movement of goods, persons, services, and capital, and to ensure the proper functioning of the internal market. The Member States must accelerate reforms which are necessary for achieving the growth and employment objectives established under the Lisbon Strategy. Also Estonia must continue reforms to further interlink research and development with the economic operators. We also need to increase labour market flexibility and continue with an active labour market policy.

New challenges: energy and climate change

The European Union must also be able to meet major global challenges, like climate change, which require changes in energy policy. The European Union largely depends on imported energy carriers, which makes it essential to speak with a single voice with the countries producing and supplying energy. At the same time, in order to make better use of resources, it is necessary to establish a real internal market of energy, ensuring free competition and creating connections between the peripheries of the European Union and other regions. In order to combat global climate change, it is indispensable that the European Union act together to reduce greenhouse gas emissions and increase the share of renewable energy sources. In order to strengthen the energy security of Estonia and the European Union, it is important to continue with the diversification of energy sources and to boost research in order to adopt new technologies.

An effective decision making process

The European Union has shown that it is also able to function with 27 members. Nevertheless, we must improve the functioning of the Union by increasing the efficiency of the decision making process. The necessary instruments for achieving those goals are provided by the new institutional framework contained in the Lisbon Treaty. In order to ensure the smooth functioning of the Union with 27 or more members, we need to prioritise the quick completion of the reform of the existing Treaties. Estonia hopes that the Lisbon Treaty amending the Treaty on European Union and the Treaty establishing the European Community will enter into force before January of 2009.

Better allocation of budgetary resources

In the coming years, we are facing discussions over the EU budget and consequently over the funding of different policy areas. In the interests of the legitimacy and efficient functioning of the Union, it is necessary to make the budget framework simpler and more transparent. The budget discussion must not bring about a decrease in the ambitions and tasks of the EU; however, supported by a comprehensive analysis of the policies the feasibility of expenditure in different areas should be discussed.

An agricultural policy that meets modern needs

Estonia supports a comprehensive discussion over the future of the Common Agricultural Policy. Agricultural policy must remain a common policy of the Union. Estonia finds it necessary to update the Common Agricultural Policy and to adjust it to the market rules so that in the future the agriculture sector would be more competitive on the world market. At the same time, the development of rural areas and the diversification of the rural economy should be supported, preserving the traditions of rural life and the uniqueness of the landscape.

Towards full integration

Estonia wishes to accede to the Schengen Area at the end of 2007. The conversion to euro is of primary importance to Estonia, in order to ensure sustainable economic growth. Estonia

will continue with a conservative fiscal and monetary policy to meet the Maastricht convergence criteria as soon as possible.

An open Union

Estonia supports the movement of the European Union towards ever greater openness. We find it important to increase the transparency of the institutions and expenditures of the European Union. We also consider it important that the legislation of the European Union is accessible to all citizens in an electronic and consolidated format.

In accordance with the principle of openness, we find it important that citizens be engaged in the forming of Estonia's positions, which is why the government has involved the public in the discussion over this policy document. In the document, the government has taken into consideration the majority of the proposals of citizens' associations as well as from the factions and committees of the *Riigikogu*. The government also continues active consultation with the *Riigikogu*, interest groups and the public regarding its positions on EU initiatives in the future.

I. COMPETITIVENESS

Strengthening the competitiveness of the European Union and its Member States continues to be one of the most significant challenges that the Union faces. Greater competitiveness guarantees the continued improvement of prosperity, and enables to channel funds into environmental protection and into ensuring the social safety of citizens. A well-functioning business sector is the basis for economic growth. The development potential of Estonia as a small country with an open economy lies, first and foremost, in the sustainable development of small and medium-sized enterprises. In addition to the activities at the level of Member States, coordination mechanisms at the EU level must also be improved.

Globalisation enhances competition, which in turn results in economic growth and price stability in the long term. At the same time, the competitive pressure accompanying globalisation presents the European Union with new challenges, solutions for which depend upon the Member States. In order to maximise the positive impact of globalisation, it is important to raise the competitiveness of European enterprises on the external markets, to preserve the attractiveness of the European investment environment, and to increase the flexibility of markets and enterprises. Above all, Estonia considers rapid development to be essential in the following areas:

- firstly, building a **fully open Internal Market**, which enables Member States to maximise the use of resources for the creation of better competition conditions for both enterprises and citizens;
- secondly, carrying out of the objectives of the **EU's Growth and Jobs Strategy** (the Lisbon Strategy), a critical analysis of the fulfilment of the Strategy in 2010, and the establishment of clear and ambitious new goals to strengthen competitiveness in the following cycle.

Estonia also finds it extremely important to raise the competitiveness of all the regions of the European Union through closer cooperation and deeper integration. Therefore, Estonia actively contributes to the development of **closer cooperation in the Baltic Sea Region**. In the field of competitiveness we believe enhanced cooperation to be of primary importance in ensuring a common open market for the member states of the European Union and the European Economic Area around the Baltic Sea (removal of technical barriers, enhancement of the movement of workers), developing the infrastructure of transport and energy, and developing the policy for research and development activities and innovation (mobility programmes for researchers and students, closer cooperation in education, and the development of a common innovation policy).

An open Internal Market

Estonia supports initiatives aiming at removing the remaining obstacles to the functioning of the Internal Market. The effective functioning of the Internal Market requires ensuring all four freedoms - **the free movement of goods, persons, services, and capital**.

Free movement of persons

Raising the competitiveness of the European Union requires an open labour market and the application of the principle of free movement of persons to all citizens of the European Union. Therefore, Estonia considers it necessary to completely open the labour market within the European Union. Estonia has imposed no restrictions on the mobility of the labour force and has called for the reviewing and removal of restrictions imposed on Estonian workers in the countries implementing the transitional arrangements. In order to assess the extent of the free movement of employees and the impacts thereof, Estonia considers it important to collect relevant statistics at the European Union level. We support the relevant initiatives of Eurostat.

Free movement of services

In order to simplify the provision of services in the other Member States and thereby accelerate economic growth and creation of new jobs in the European Union, Estonia finds it important to effectively implement the **framework directive on services**. For that purpose, an information system for the intensification of administrative cooperation between the competent authorities of the European Union must also be launched in Estonia. It is also necessary to create a single contact point for the better servicing of service providers and consumers, providing access to the information regarding requirements and enabling the provision of services, above all, by means of electronic media. During the course of the analysis of the requirements applying to the services covered by the framework directive, it is possible to remove unjustified restrictions from both Estonian legislation as well as other Member States' legislation. Therefore, Estonia stresses the need to continue work at the Community level in regards to those service sectors remaining outside the scope of the services directive, including network operators, in order to broaden the possibilities offered by the internal market.

Financial services. Estonia finds it important to create a fully integrated financial market consolidating the existing Community legislation and minimising regulatory differences. The goal is to contribute to single integrated market in financial services functioning more effectively, reducing administrative burden, avoiding over-regulation, and ensuring the accessibility of the services. Attention must be paid to securing the financial stability of the Member States, especially by harmonising the practice of financial supervision, supervising cross-border financial groups, and eliminating the flaws from the safety net.

Financial supervision and the organisation of crisis prevention and management in the EU must keep pace with the deepening financial integration. On the Estonian financial services market banks in foreign ownership are dominant, which means that the most important topic for Estonia is to ensure the financial stability in the host country. Consequently, it is necessary to concentrate on improving the organisation of the financial supervision in the EU, and on developing common principles for the prevention and management of possible cross-border financial crises.

Estonia also finds it important to elaborate a proposal for a new solvency directive in insurance sector, which would enhance the protection of policyholders and beneficiaries, while at the same time fostering competitiveness of European insurers and a better distribution of capital resources.

Transport services. Estonia supports full and rapid opening of the market for land transport services in the entire European Union. Following the principle of reciprocity, Estonia has opened its own cabotage market to all those Member States that allow Estonian road transporters to perform cabotage within their territory. Implementation of the principles of the internal market is vital for the transport sector and will result in more effective logistical solutions and less expensive services for consumers.

Media services. In implementing the new EU directive on audiovisual services, flexibility must be allowed by taking into account the specific characteristics of Member States and the different possibilities for ensuring the development and competitiveness of their audiovisual sectors. At the EU level, Estonia supports establishing requirements restricting media concentration. In developing new requirements, differences in the media sectors of the Member States and the needs to create favourable conditions for the development of new media services should also be taken into consideration. Considering the convergence and intertwining of different forms of media, the concentration of media to a certain extent, especially in smaller countries, is a natural phenomenon necessary for competitiveness of the sector and can be regulated by the Member State itself.

Social services. Estonia finds it important to modernise social services in order to guarantee accessibility, quality and sustainable funding of social services. Since social services are generally not subject to regulations on services of economic interest, Estonia supports an approach where the general principles, objectives and guidelines for the provision of social services of general interest are agreed at the EU level, but where each Member State is under the principle of subsidiarity entitled to establish more specific regulations and standards for the organisation of these services according to the specific situation and needs of the country or region.

Health services. Estonia supports the EU measures in the field of health services, in order to enable the provision of safe, high-quality and efficient cross-border health services. We find it important to clarify regulation regarding the reimbursement of cross-border health services. To ensure uniform protection of the patients' interests, Estonia supports the general requirement for liability insurance for service providers. We support the creation of a European network of centres of reference in order to make the treatment of rare diseases more efficient. Questions regarding the structure of the health care system, the establishment of the providers of health services, the list and pricing of the services and the quality standards must remain in the competence of the Member States, as these are directly linked to the sustainability of the health care system. We consider it important to enhance practical cooperation in the fields of providing necessary information to citizens, service providers and competent authorities; developing e-health services at the European Union level; movement of health care professionals and recognising prescriptions.

Free movement of goods

Estonia considers it important to create equal opportunities for entrepreneurs for marketing their products and to ensure product safety. We therefore support the development of simple and innovation-promoting legislation, a good example of which is the New Approach directives. In the areas not covered by EU regulations, and where their adoption is not proportional to the desired goal, we support initiatives which are aimed at ensuring a more

efficient implementation of the principle of mutual recognition of products in all Member States. In order to guarantee product safety, we also consider it necessary to enhance cooperation between the trans-European conformity assessment bodies and market supervisory authorities, which enables to avoid duplication in controlling the safety of products, and to save money.

Simplification of customs procedures. Estonia will contribute to creating a paperless environment for customs and trade in the EU, adopting electronic customs systems and starting the provision of “single interface” services, in as great an extent as possible. We continue to support initiatives which enable us to accelerate customs procedures. We hope that an updated Community Customs Code and its implementing provisions can be adopted and implemented by 1 January 2011 at the latest.

Ensuring equal opportunities for the use of the freedom to conduct a business

General competition policy. A preventive competition policy that includes improving the competition-related regulatory framework and effective supervision contributes to enhancing the competitiveness according to the objectives established under the Lisbon Strategy. An important challenge in the field will be the creation and implementation of the Leniency Programme¹, which could significantly help to solve competition-related crimes.

Protection of intellectual property. Estonia supports developing a single patent system covering the entire EU (Community Patent System). It is important that the new system would provide significant added value to the existing system under the European Patent Convention. The intended Community Patent System must be simpler and more cost-effective in comparison with the existing system, both in the stages of applying for and issuing of a patent, in solving relevant disputes, and must be accessible to innovative small and medium-sized European enterprises (SMEs).

In order to reduce translation costs of patent documents, Estonia finds it important that the patent system would be based on the smallest possible number of official languages. At the same time, a system must be created for the translation of the basic content of patent documents into all Member States languages in the most cost-effective manner possible.

We also support the creation of a single patent court, in the framework of which disputes related to European patents and also, in the future, the Community patents can be resolved. The patent court system must function on the principle that the first stage of the disputes is decentralised (national) and the stage of appeal is centralised.

State aid. Estonia supports the objectives of the state aid reform programme: reduction of the general level of state aid, provision of aid only for eliminating detectable market failures and channelling instead the state aid to education and retraining. In order to increase the competitiveness of the EU, a favourable legal environment must be created for business and investment.

¹ The Leniency Programme is employed in the USA, the European Commission and in many Member States as a means of detecting cartels, with the general principle that an enterprise participating in a cartel shall be subjected to inviolability regarding possible fines, if they provide the supervisory authority with information enabling the detection of the cartel, or the fine shall be reduced respective to the value of the provided information.

Consumer friendliness

Estonia supports the proposal to place consumer protection and better informing of consumers at the centre of the development of the Internal Market. Estonia is interested in the simplification and greater harmonisation of EU consumer law, in order to make the existing problem-centred regulation clearer, thus increasing the legal certainty of both consumers and entrepreneurs on the Internal Market, and ensuring a uniformly high level of consumer protection.

Estonia supports the development of a framework instrument covering both domestic and cross-border transactions, in which general rules for consumer protection are established, and which will be complemented when needed with sector-specific regulations. Such an approach enables significant simplification of the regulatory environment for both consumers and entrepreneurs, helps to remove barriers in the Internal Market, reduces distortion of competition, and makes it possible to ensure efficient consumer protection in the entire Internal Market.

Strengthening of competitiveness

Member States have set ambitious goals for increasing competitiveness by 2010. In order to continue the policy even better in the future, we must critically analyse the achieved results and acknowledge that we cannot entirely achieve the goals that have been set. On the basis of the analysis it is possible to develop measures that will yield actual results.

The first concrete steps can be taken during the updating of the EU's Growth and Jobs Strategy in 2008. In 2010, the development of the Strategy must be continued, taking into consideration the trouble spots of the first decade. Estonia maintains that the established goals are correct, in general, but significantly more attention must be paid to the implementation of the specific measures necessary for their achievement, both at the EU level and in the Member States.

In the further enhancement of the European competitiveness, Estonia believes the following to be of primary importance:

- contribution to research and development activities;
- simplification of the business environment and creation of possibilities for the establishment and development of innovative enterprises;
- development of a common information society policy and significantly improved use of the possibilities of ICT for raising the competitiveness of enterprises and developing public services;
- development of effective measures for increasing productivity and international competitiveness of enterprises (including paying more attention to education related issues);

- implementation of the principles of flexicurity on the labour market of the Member States.

Applying these principles, Estonia proposes concentrating on the following specific fields and activities in the further implementation of the Growth and Jobs Strategy.

Research and development activities and innovation

In autumn 2006, the European Commission adopted an innovation strategy accompanied by an Action Plan for achieving the Lisbon goals both at the European and the national level. Estonia supports the proposal of the Commission and the Council to better emphasise in the coming years the demand-driven approach to **innovation policy** at the European level, and to put more effort into developing specific policy recommendations.²

Estonia welcomes the Commission's initiative aimed at promoting the partnership between public and private sectors, developing research in the medium and long term, enhancing the development of technology while at the same time creating favourable conditions for enterprises to use research results. Estonia supports the development of the concept of lead markets, where the public sector creates conditions for the focused innovation activities of enterprises in the form of bringing new products and services onto the market in key fields – transport, health, internal security, and environment-friendly innovation.

Estonia finds it important to expand the circle of those who benefit from innovation policy, also paying due attention, in addition to the developers of technology, to those enterprises who today are only adopting or perfecting technological ready-made solutions, supporting the improvement of their innovation and technological development capabilities and their growth.

Insofar as the sources of knowledge and skills are universities and research and development institutions, Estonia supports measures that help to support cooperation between the higher education sector, research and businesses, in order to help companies successfully to bring new products and services onto the market, that is, to be innovative. We find supporting the capabilities, skills and motivation of both sides - companies and universities, and research and development institutions - to be extremely important. In order to improve cooperation between enterprises, research institutions and universities, Estonia believes that, *inter alia*, the necessity for cross-sector mobility must be stressed more than before, that is, creating conditions and means for more flexible career planning of people both in research institutions and in enterprises.

Estonia's principal goal in the field of research activities is to contribute to the formation of the **European Research Area**. Developing a system of research and development creates

² More has been spoken (including in Estonia) about the demand-driven approach in innovation policy and about the significant role played by consumers in the updating process of enterprises, but on the national level the diverse policy measures based on this approach have yet to be consistently implemented. Although raising the quality of research and development activities in order to increase the interest, needs and investments of enterprises cannot be underestimated, this approach still ignores the principal – enterprises are interested in bearing and increasing the innovation costs only in case their remaining on the market depends on it. The quality of research may be very high, but if it does not help gain a competitive edge on the market, the private sector is not interested in investment into it.

preconditions for enhancing culture, education, economy and administration, and consequently improves the chances of Estonia and Europe maintaining a good competitive position. To that end, the volume of research and development activities must be increased and its quality ensured. In order to achieve good results it is necessary to have a sufficient number of motivated researchers and top specialists and it is important to foster the mobility of researchers.

The European Union has set the goal of transforming Europe into a **knowledge-based society**. For that purpose, all Member States are expected to increase their contributions substantially. It is necessary to raise the research and innovation capabilities (training researchers, supporting scientific careers, establishment of global-level research infrastructure, financial support of research and development projects, etc) that will ensure opportunities for performing high-quality research and for international cooperation between research groups, and enhance socio-economic development. The basis for achieving these objectives is provided by the Estonian research, development and innovation strategy for 2007-2013, "Knowledge-based Estonia".

Estonia also supports the further development of the concept of innovation, establishing that innovation policy not only means the support of research and development activities with a market outlet, but also the more purposeful support of other forms of innovation, necessary competencies, including design. Development of organisation and innovation management also needs to be supported.

Creative industries. Estonia supports paying more attention to culture and the creative sector in different EU policies, because culture and the creative sector provide an important input into economic growth, competitiveness and employment, and thus also towards achieving the goals of the Lisbon Strategy. Estonia finds it important to coordinate the gathering of statistical data regarding culture and the creative sector on the national and EU level, as well as improving the comparability of this data. It is also important to foster contacts between the creative sector and the business world, with a view of maximising the potential of cultural and creative industries, in particular of SMEs.

Competitiveness of education

Keeping in mind the objective of increasing the competitiveness of the economy, Estonia supports the focus of the EU-level cooperation in the field of educational policy on creating conditions for a transition to a knowledge-based economy, and developing human capital for supporting the competitiveness of the labour market.

It is our common challenge to ensure that educational research and assessment would contribute more evidence to the knowledge base regarding educational policy and the practices that would enable to improve education systems more efficiently. Therefore it is important, in order to follow the Lisbon objectives in the field of education and training, to invest in the creation of a single framework of indicators and reference levels, and to make the most of international reference studies.³ The common educational goals and reference levels of the European Union must also be taken into consideration in national policies.

³ E.g. PISA; OECD teacher study, language skill study, etc.

Estonia attaches importance to the development of the European qualification framework, supporting the principles of lifelong learning and promoting the educational and professional mobility of residents. We also find it important to raise the quality and attractiveness of vocational training, the development of ECVET⁴ as a means of ensuring the comprehensive recognition and transfer of vocational studies, and increasing the share of adults participating in learning. We find it important to develop and implement common principles in the European Union regarding career services. The aim is to encourage people to obtain new skills and knowledge throughout their entire life. Estonia supports the common steps of the Member States towards the recognition of non-formal learning.

Investment in the European Higher Education Area must be continued especially through comprehensive analysis and promotion of the Bologna process⁵, resulting in the increase and more efficient student mobility, increase in the quality of European higher education and the competitiveness of higher education as a „trade mark“. Estonia finds it important to improve the accessibility of higher education, while at the same time increasing the quality of education. Each curriculum at the higher education level must meet the needs of the labour market. For this purpose cooperation between educational institutions and enterprises on the development of study programmes and the organisation of learning must be promoted, which in turn provides input for the development of in-service training consistent with formal education. Special attention must be placed on raising the number of students and graduate students of natural sciences and on encouraging young people in these studies at early levels of education.

Estonia supports the steps aimed at preserving minority languages, enhancing (foreign) language studies, and developing of the Indicator of Language Competence.

Estonia believes that the European Union must promote the participation of youth in the decision-making processes at all levels by using methods attractive to the youth. Estonia supports strengthening the focus of young people in different policy areas influencing them and developing cross-sectoral cooperation in order to improve the consideration of youth issues. In cooperation related to youth policy, Estonia continues to attach special attention to the local level in line with national priorities and regulations, as this is the decision-making level closest to the youth. Estonia participates actively in the assessment of the implementation of the open method of coordination⁶ in the youth policy area, and envisages that its results would serve as the basis for further cooperation. Estonia also believes that voluntary action must be valued more in the European Union and greater recognition should be given to voluntary action as a significant learning and work experience.

⁴ European Credit System for Vocational Education and Training (ECVET).

⁵ The aim of the Bologna process is the implementation of common and comparable higher education levels and qualifications in European higher education systems.

⁶ The open method of coordination is a cooperation framework where the Member States work towards commonly agreed objectives but are not required to harmonise their policies or the implementation framework. For this purpose, the progress of countries in achieving towards the common goals is benchmarked, and exchange of best practices organised.

Development of the business environment

Better and simplified legislation in the European Union is necessary not only to enhance business but for the smoother functioning of the Internal Market. Timely transposition of Community legislation is a prerequisite for a well-functioning Internal Market. Estonia finds it important to pursue efforts to reduce progressively the transposition deficit in Member States to 1% of all legislation to be transposed. Estonia's aim is to reduce the transposition deficit to below 1%.

In addition to the timely and correct transposition of EU legislation, Estonia also finds it important that the Commission continue to simplify EU legislation and reduce the subsequent administrative burden of enterprises, and involve the Member States more substantially in the selection of simplification priorities. Performing impact assessments of draft legislation yields positive results, but the implementation of methodology and institutional cooperation requires further development. Estonia estimates that more extensive use of information technology at the EU level can contribute to the achievement of simplification goals, especially in order to avoid the repeated submission of the required data and to promote paperless administration, but also to implement the pre-filled forms. Estonia also believes that the quality of EU legislation intended for public use needs to be improved – the present bureaucratic and time-consuming codification does not ensure the accessibility of single texts.

Promoting the activities of small and medium-sized enterprises (SMEs). Estonia estimates that in order to increase the competitiveness of small businesses it is very important to observe the principle “think small first” in both shaping of business support measures and in legislative proposals, because due to limited capabilities of SMEs, the regulations have more impact on small businesses than on large enterprises. Since developments in the economic environment have the greatest direct impact on SMEs, which constitute over 90% of enterprises in the EU, shaping of the environment must always take into consideration the impact of changes, especially on SMEs.

Improving the competitive conditions of SMEs. In shaping the business environment, it must be kept in mind that any restriction imposed on businesses hinders freedom to conduct a business and consequently affects the long-term international competitiveness of businesses. Such restrictions can be permitted only in case they are proportional to the objective to be reached. Proceeding from that, it is necessary to map and analyse all norms restricting the operating rights, and make the application for operating rights via electronic channels as convenient and fast as possible for the entrepreneur. The analysis of operating rights and the simplification of the application thereof also help create a single contact point.

Company law. Estonia supports the initiative for simplifying the EU company law, in order to reduce the administrative burden of entrepreneurs. In the near future, more attention must be paid to the instruments regarding the transfer of registered office of companies and to the need to make internal control more efficient, as well as to the development of an instrument on European Private Company. Estonia supports the efficient and smooth implementation of the “Action Plan on the Modernisation of Company Law and Corporate Governance” in the European Union.

Promotion of the free movement of risk capital. Risk capital often serves as the basis for the realisation of new ideas and solutions. At the moment, the cross-border movement of risk

capital in Europe is largely unregulated. Firstly, Estonia wishes to harmonise the definition of the nature of the risk capital employed in the Member States, after which it will be possible to reduce the differences between national legislation of different Member States regarding risk capital and the investments based on it. Estonia believes that a harmonised regulation enables significantly better use of the possibilities arising from the free movement of capital.

Occupational health and safety

In order to improve the quality and productivity of working life, Estonia finds it very important to achieve the goals of simplification and updating of the legal framework and its more efficient implementation established in the new Community strategy on health and safety at work (for the years 2007-2012). While adjusting and simplifying the legal framework to the developments of the labour market, it is necessary to ensure a continuously high level of occupational health and safety, which is important for retaining workers' ability for long term employment and increased productivity. We also find it very important to conduct scientific research at the EU level for mapping of new working environment risks and to better coordinate respective national research programmes.

Flexible labour market and employability

Estonia is convinced that in order to improve the competitiveness of the European economy, and to promote the creation of more and better jobs, it is necessary to decrease the excessive regulation of the labour market. It is important to increase the flexibility of labour relations, at the same time ensuring the social protection of the employee by efficient labour market and social security measures. Detailed regulation of labour relations at the EU level cannot create the necessary labour market flexibility required for productivity growth, because there are significant differences in the socio-economic situation of the Member States and the practices affecting the functioning of the labour market. Establishing labour relations based on flexicurity⁷ approach can be supported at the European Union level primarily by exchange of best practices and development of soft law. Estonia therefore supports the development of common principles of flexicurity at the European Union level that allow for each Member State to develop its flexicurity strategy according to its labour market situation and specific characteristics of labour relations. Estonia supports the strengthening of flexicurity dimension in the EU employment guidelines and in the national reform programmes of the Lisbon Strategy.

Flexibility of working time remains an important factor in the development of flexible labour relations. Estonia believes that the option of using individual opt out must be maintained for all employees. In order to ensure the adequate protection for employees, we support the tightening of the conditions of individual opt out when amending the directive on working time.

⁷ Flexicurity is a policy strategy which tries to increase the flexibility of labour markets, work organisation and labour relations, on the one hand, and employment security and income security, on the other hand. The level of flexibility depends on the regulation of labour relations and also on the social protection and social security systems. The education system also has a role to play in increasing employability of workforce, by creating the framework for lifelong learning.

Transport and infrastructure

The development of logistics and transport corridors

In association with the sharp increase in the trade of goods between the European Union and Asian countries in recent years, it is necessary to develop, more than before, multimodal transport corridors between the European Union and Asia. This primarily means the development of nodes (harbours, airports), linking them to roads and railroads, and the intensification of border crossings. Estonia supports the development of measures aimed at the cohesion of transport networks and the development of mutual interoperability in order to increase the effectiveness of the functioning of all transport chains, including transit operations, and to raise the level of safety. This has an important role in supporting Europe's competitiveness, economic growth and sustainable development. Transport policy should follow the principles of environment-friendliness and sustainability based on the White Paper on EU transport policy and on the Sustainable Development Strategy. We also support fast implementation of the principles of the Green Paper on urban transport. In addition, well-functioning infrastructure connections with third countries, including in the organisation of transit operations, should be established.

With regard to rail transport, the Estonian priority is to preserve interoperability of the existing rail network (1520 mm) with third countries. We are continuing cooperation on the development of the Rail Baltica rail connection. We support the extension of international transport rules on national transport, presuming that this does not affect the national right to regulate rail transport of dangerous goods with the States that are parties to the Organisation for Cooperation of Railways (OSJD) and are not parties to the Convention Concerning International Carriage by Rail (COTIF).

Estonia supports fast construction and implementation of the satellite navigation system **Galileo**. Development of individual services (e.g. positioning) and relevant hardware and software applications must be left to the private sector.

Road safety

We fully support the EU road safety strategy and initiatives for enhancing road safety in Europe as a whole. In the field of **e-safety**, framework that fosters key technologies should be developed and relevant EU legislation adopted. We support the development of regulations at the EU level in the following areas: traffic information systems, driver assistance systems and relevant legal provisions, designing user-vehicle-interfaces and e-calls (automatic emergency call) in the vehicles.

European social dimension

Demographic changes represent a common challenge for the Member States of the European Union. Among them the most important challenges are the availability of labour force and continuing of the development of social protection, including sustainability of the pension systems and satisfying long-term care needs of an increasing number of people, and providing

them with high-quality health services. The main solution can be found in linking social protection better with labour market measures – schemes of social protection must provide incentives to take up employment and encourage longer participation of the elderly in employment. In modernising of social protection systems, we consider it important to carry out cooperation with other Member States based on the open method of coordination. The concept of European social model reflects for Estonia common values and goals that are being implemented through 27 different social systems. In the Member States, different social models have developed historically and culturally, reflecting national situations and needs. These specific characteristics must be taken into consideration also in the future when updating the regulation of social protection and labour market.

Further priorities are increasing employment, supporting family life and increasing the birth rate. Challenges arising from a low birth rate mean that new solutions must be sought for reconciling working, family and personal life, such as the division of tasks in the family, considering the diversity of families, flexible work arrangements, accessibility, quality and flexibility of child day care services. In order to achieve this goal, we find it important to exchange experiences with other Member States regarding the implementation and effectiveness of family policy measures.

II. INFORMATION SOCIETY AND E-SERVICES

Cross-border usage of electronic identity

Interoperable electronic identity (e-ID), which could be used in all Member States, would serve as a significant prerequisite for the creation of trans-border e-services, allowing to shape the single European economic area and to foster the development of both public e-services and e-business. Estonia considers it important to create and implement the inter-EU principles of the interoperable cross-border usage of e-ID in a manner that takes into consideration the experiences and practices of the Member States. Estonia supports the development of a set of rules, procedures and agreements directed at the cross-border usage of e-ID, and the creation of technological solutions in the European Union.

In order to simplify the administrative formalities related to the provision of services, and to ensure the free circulation of electronically signed documents on the internal market, Estonia considers it important to adopt a legal instrument creating a system similar to the confirmation of documents with apostils (the competent body of each Member State assesses the activities of the issuers of certifications of digital signatures active on the territory of that country and provides other Member States with information about the certifiers and certifications).

E-services

Estonia supports the development of public sector e-services across the European Union, based on the principles of subsidiarity, flexibility, and technological neutrality. In the creation of trans-European services, we prefer interoperable solutions integrating the services created in the Member States. At the same time, the creation of sector-specific solutions based on top-down approach, should be avoided. To that end, we support further development and implementation of the EU information technology-based interoperability framework, and the development of single standards and recommendations. In developing the regulations regarding e-services and the Internet, Estonia prefers an approach where legal measures related to security, consumer protection, protection of intellectual property, copyright, and other considerations would not hinder the functionality of applications.

E-health

Given the increase in the mobility of patients, we consider it necessary to further develop health care information systems in order to enable better exchange of data between the health care institutions of different Member States. Electronic information exchange allows for a better analysis of causes of illnesses and necessary treatment, and a faster administration of the most effective treatment, and thus helps to ensure the safety of patients. The exchange of analysis results also enables savings on treatment resources, as the need for repeated testing decreases. Enhancing the possibilities of information exchange enables us to improve the development of services in the European centres of reference to be created for the treatment of rare diseases - to share experiences on organising treatment for rare diseases and to receive second opinions from other health service providers. Introduction of a single EU e-health information system also helps to exchange health insurance data, thus simplifying the provision of cross-border health services.

Estonia's aim is to introduce e-ID based solutions, and to ensure that the creation of cross-border applications takes into consideration the practices of different Member States. When developing the next European Union e-health action plan, it is necessary to concentrate on the creation of single standards for medical information in order to create prerequisites for the exchange of data. The action plan must also help to find solutions regarding the exchange of messages, authentication, usage of data, and data protection.

Consolidation of the electronic versions of European Union legislation

European citizens have the right and the need to be informed of the law applicable in the European Union and to have easy access to the text of the *acquis*. A judicial area, understandable and accessible to everyone, increases the transparency and comprehensibility of the functioning of the European Union. Therefore, Estonia supports the consolidation of EU legal acts and their publication simultaneously with amending texts, and granting an official status to the electronic format of the Official Journal of the European Union published on the Internet.

Digitalisation of cultural heritage

Estonia supports using new technologies in creative processes, digitalisation and long-term preservation of cultural heritage, making it available multilingually on the Internet, and using the digitalised cultural heritage in education. We support the creation of the European virtual library, assembling within it digitalised cultural information content, and ensuring multilingual online accessibility through an online search of the digital cultural heritage. The access point should be based on existing initiatives, such as the European Library (TEL) and the collections portal (MICHAEL).

Security of information and communications technology

Estonia considers it important to discuss security of networks and applications, and to develop a general policy at European Union level. We support stressing the objective of information security in the EU programmes aimed at developing the information society, enhancing the activities and the extension of the powers of the European Network and Information Security Agency (ENISA), especially on the subject of neutralising massive cyber attacks and in organising cooperation regarding information security between Member States.

Estonia calls for regulation of electronic communications, organisational structures and cooperation processes in the European Union, which would help to ensure the security of the infrastructure of the information society, against attacks in the future. At the EU level, it is necessary to analyse the present legal situation and propose new initiatives to harmonise legal approach towards cyber attacks in the Member States.

Proceeding from the global nature of the Internet, we find it important to emphasise EU cooperation in the field of information security with other countries of the world. Taking into consideration the nature of cyber attacks, we find it important to engage countries where a large share of population uses Internet.

III. CLIMATE CHANGE AND ENERGY POLICY

Climate change

Estonia wants the European Union to play a leading role in the global discussion on sustainable development and climate change. Estonia supports initiatives on energy efficiency, use of economic instruments (including trading greenhouse gas emissions and joint implementation projects), development of renewable energy and use of biofuels.

We support the leading role of the European Union in the implementation of binding measures both at the European and international level following the application period of the Kyoto Protocol in order to ensure reduction of greenhouse gas emissions also after the Kyoto period (from 2013 onwards). Therefore it is important to include all large industrially developed countries in the agreements on reducing climate change.

Estonia supports the target to reduce greenhouse gas emissions at least 20% by the year 2020 compared with the level of 1990. Fair principles must be developed as a basis for burden sharing between Member States in order to meet the EU targets. Estonia also supports other climate objectives approved by the European Council in the spring of 2007.

In order to combat climate change and develop the Estonian energy sector, it is important to develop clear principles regarding the distribution of greenhouse gas emission allowances in the European Union, which would direct businesses towards making environmental investments. Whilst developing distribution principles of greenhouse gas emission allowances, it is necessary to take into account the principle of equal treatment of all Member States. Estonia also wishes that in the implementation of the system of greenhouse gas emission allowances trading the specific characteristics of Estonia's oil shale power industry be taken into consideration.

Estonia supports the development of carbon-free energy and technologies, also technologies emitting low carbon dioxide in production of electricity from fossil fuels. Oil shale should be included in the relevant activities, especially if the usage of such technologies would be made mandatory in the future. Special attention must be paid to the development of energy technologies contributing to prevention of climate change with the help of EU research and development programmes and other policy instruments.

Estonia finds it very important to reduce greenhouse gas emissions in the transport sector. Estonia also supports the prioritisation of rail and maritime transport, and the development of public transportation. Estonia supports the inclusion of aviation sector and maritime transport into the emission trading system.

Estonia is of the opinion that greenhouse gas emissions originating from areas of peat extraction and drained peat lands should be included into calculations of total emissions.

As a result of climate change, floods will become more frequent both in coastal areas and on the shores of lakes and rivers. Estonia supports steps at the Community level, which would help to ensure efficient protection of people's health, the environment and economic activity in those EU areas prone to flood threats.

Energy efficiency

A wider implementation of energy conservation measures and renewable energy will contribute to more efficient energy usage in the European Union. Estonia is designing relevant measures aimed at achieving long-term objectives of the EU energy conservation policy aiming to save by the year 2016 the equivalent of 9% of the average final consumed energy throughout the years 2001–2005 and to achieve savings amounting to 20% by the year 2020. In the national energy conservation policy, Estonia is focusing on activities in four areas: improved awareness of the population, development of know-how of experts, investments towards energy conservation, and transposition of the EU energy conservation directives. Legislative drafting focuses on improvement of the energy efficiency of buildings and equipment (continuous development of minimum requirements for energy efficiency of buildings, shaping of operational measures of the ecological design directive) and extending the obligations of the energy market participants in the field of energy conservation. In the process of development of different fiscal instruments, for instance minimum energy excise rates, economic factors should also be taken into consideration (e.g. purchasing power parity).

Internal market and the diversification of energy sources

The development of the energy sector is one of the immediate priorities of the European Union. A well functioning internal energy market must ensure the competitiveness of the EU, well-being of its citizens, and improve the Union's environmental condition as well as security. The development of the internal energy market will have to ensure competition between different energy sources and energy suppliers. Financial support for renewable energy sources must be on a justified level and must ensure their constant increase in the share of energy balance. The share of renewable energy sources in Estonia's energy consumption should reach at least 20 % by the year 2020. The share of bio-fuels in transport will have to be at least 10%.

Estonia supports the development of regional electricity markets in the EU and the establishment of additional interconnections, including in the Baltic Sea Region. It is important that building new critical infrastructure would be co-financed from the EU budget. Estonia supports the establishment of additional power connections between Estonia and Finland and Estonia and Sweden, and prioritises the construction of a power bridge between Poland and Lithuania. Estonia will create a legal basis and ensure institutional ability to convert to the Central European Coordination of Transmission of Electricity (UCTE) standard. In addition, the construction of natural gas pipeline connection between the Baltic States and the Nordic Countries, and the establishment of liquefied natural gas (LNG) terminals in the countries around the Baltic Sea should be given further consideration.

Security of supply and the external energy policy of the European Union

It is important for Estonia that the European Union develops a clear and strong external energy policy. The present situation where each Member State shapes its energy-related foreign policy is not a sustainable solution and fails to support the development of a single energy market. The single energy-related external energy policy of the European Union must improve the security of provision of energy imported to the Member States, ensure fair

competition on the energy market, and improve the condition of the global environment. Estonia supports the relevant initiative of the European Parliament and calls the European Commission to develop an external energy policy.

We believe that energy policy should have a central place in relations with third countries and international organisations. Estonia supports the establishment of the network of energy security correspondents (NESCO) and the development of solidarity mechanisms among Member States. The European Union must constantly monitor and analyse the aspects of energy security, and implement EU standards and competition rules for the enterprises of third countries. The EU should also focus on energy carriers (especially electricity) imported from third countries that do not meet EU standards – this may lead to market failures and affect the energy security of the Member States. Estonia finds that the cooperation between the European Union and Russia within the Energy Dialogue must be based on the principles of the Energy Charter Treaty and lead to the ratification of the Energy Charter Treaty by Russia.

IV. ENVIRONMENTAL AND AGRICULTURAL POLICY

Protection of the environment

Environmental aspects must be taken into account in the development and implementation of all European Union policies. In the shaping and implementation of different sectoral policies, availability of environmental information, transparency of social, economic and environmental impact assessments and inclusion of the public in the decision-making process influencing the environment nationally or across borders, are truly important. In order to better achieve the goals of environmental protection, environmental education must be given more attention.

The development of the EU environmental policy must be based on a research-based approach. Solution of environmental problems must be based on the “polluter pays” principle, by taxing production causing environmental damage and phasing out subsidies for such production. In order to value natural resources and the environment, and encourage technological innovation in the area of environment, Estonia will continue to implement the ecological tax reform. In order to more efficiently implement environmental policy, we support the establishment of the UN environmental organisation UNEO on the basis of the former environmental programme, which enables the European Union to share its extensive experiences in the field of environmental protection with other countries.

An important part of ensuring sustainable development is the implementation of the European Union’s **waste policy** through waste prevention, and environmentally safe and sustainable management of waste and natural resources. We support the simplification of waste policy and consolidation of requirements into a single legal act. We also support the implementation and development of the principles of waste hierarchy and establishment and fulfilment of clear goals in recovery. Estonia supports the long-term vision of the European Union to become “a recycling European society” by employing economic levers in addition to technical and technological measures, e.g. the producer liability principle and implementation of ecological taxes in the waste area. We also think it is important to further develop the Basel convention in order to specify provisions related to shipment and transfer of waste to prevent the abuse of the problems of legislation and its implementation in developing countries.

In order to promote sustainable consumption, Estonia supports the implementation of an **environmentally friendly public procurement system**, both in Member States and in the EU institutions (including criteria for assessment of environmental aspects of products/services, market research, information portals with catalogues of environmentally friendly products/services, etc.). Estonia considers it important to develop joint indicators for environmentally friendly public procurements and the organisation of corresponding studies and training activities coordinated by the European Commission.

In order to ensure sustainable development, Estonia supports preservation of natural diversity and efficient protection of natural resources, including appropriate implementation of the provisions of the EU habitat and bird directives and operation of Natura 2000 network. Estonia would like to see European Union funds available for the protection of forests, water bodies and natural wetlands, semi-natural communities and landscapes. It is important to decrease the share of project-based activities in implementing protection organisation activities. Natural diversity and protection of species must be ensured through the

implementation of a sustainable hunting policy. Estonia also supports the development of new soil protection measures.

In the area of ambient air protection, Estonia considers it necessary to perform obligations arising from the protocols of the Geneva Convention on long-range transboundary air pollution, implementation and update of the ambient air quality management system and organisation of phasing out usage of ozone depleting substances.

Common maritime policy

Estonia supports the development of an **integrated EU maritime policy** and development of a common maritime space, where areas related to marine economy would be integrated with the internal market rules and where the same customs, safety, security and environmental requirements would apply. We support an environmentally friendly and balanced approach to the development of all economic activities related to the sea. Estonia also supports the increase of the EU's role in relations with third countries and international organisations, including the development of common positions in relations with third countries. In order to preserve and develop a competitive maritime sector, it is necessary to improve cooperation between Member States in the field of education and research, which could also mean establishment and coordination of common education and research networks. In ensuring better operation of the internal market and faster movement of goods, Estonia places priority on the development of short sea shipping and motorways of the sea, along with the implementation of a common maritime space.

Protection and sustainable use of the Baltic Sea is very important for Estonia. In the development of the EU Marine Strategy Directive, Estonia considers it important to take into account specific needs of the region. The Baltic Sea action plan of HELCOM⁸ covers four main ecological problems of the Baltic Sea – eutrophication, hazardous substances, biodiversity and maritime affairs. Proceeding from the EU Marine Strategy Directive, each Member State must develop a national marine strategy for their marine waters, which must be in compliance with regional programmes and strategies. In the development of the Estonian marine strategy, attention must be paid to the use of renewable energy sources on the sea, preservation of the quality of life in coastal areas, safety of marine transport, anti-eutrophication activities, preservation of biodiversity and decreasing the impact of hazardous substances on the Baltic Sea. The European Union must interlink the issues of the marine environment/ecosystems of the Baltic Sea with neighbourhood and development cooperation policies in order to achieve a sustainable, integrated maritime policy in the EU as a whole as well as in dialogue with its neighbours, including in matters of marine environment protection discussed with Russia. On the European Union level, Estonia considers it necessary to better coordinate matters of pollution abatement in the Baltic Sea and other marine territories of the European Union, including the inspection of delivery and receipt of waste at ports, which would take into account individual conditions and capacities of Member States.

⁸ Helsinki Commission i.e. HELCOM organises international cooperation on the basis of the Baltic Sea Convention on the protection of the environment for the protection of the Baltic Sea marine environment.

Modernising common agricultural policy

Although the main goals of the **common agricultural policy** of the European Union have not lost their relevance, the emphasis is, however, shifting, as both the transformed needs of the society as well as the developments in world trade must be taken into account.

The development of a common agricultural policy must be continually directed towards the development of an agricultural sector that is more competitive on the world market and will, in long run, need less direct aid and market regulation. Estonia supports phasing out production restrictions, including milk production quotas and obligations to set land aside from production. Estonia wishes to focus more attention to the development of rural area as a whole. Estonia supports a gradual decrease of resources spent on direct payments and market regulation measures and expanding measures supporting rural development at the expense of released resources. In reassigning money for the support of rural development, the specifics and needs of different regions of the European Union must be taken into account. We consider it important that the EU budget section for agriculture and rural development would remain at a sufficient level to ensure preservation of the living environment and employment in rural areas and compliance of income of agricultural producers with the general living standard.

The purpose of **the rural development policy** of the European Union must be the facilitation of structural adaptation of agriculture, promotion of environmentally friendly activities and promotion of diversification of economic activities. The development of villages must also be promoted; the living environment of rural areas must be improved so that national lifestyle and traditional village culture would be preserved. Hereby, particular attention must be paid to supporting local initiatives. Estonia supports quality-oriented environmentally friendly activities, whereas more substantial obligations must be established for producers, particularly regarding the protection of environment, special habitats and animals. Decisions regarding local development must be made in accordance with the principle of subsidiarity.

We support the harmonisation of **agricultural direct payment** levels between Member States. In further development of the direct support system, public services provided by the agricultural sector (including maintained landscape) must be valued equally across the European Union. The support must be ultimately decoupled from historical production levels and the basis for support must be the number of hectares of agricultural land actually maintained in good agricultural and environmental condition in a state. At the same time, Estonia supports the principle that the level of payments decoupled from the production volume is higher for agricultural producers providing goods and lower for those only providing green services. This should prevent activities undertaken solely for the acquisition of support. In the development of a future direct payment scheme, the positive and negative aspects of the current Single Payment Scheme and Single Area Payment Scheme must be taken into account. In the future, the direct payments system should not become an obstacle in improving production structures.

Research and development activities must be directed towards better utilisation of the agricultural potential. More attention must be paid to the development of people, introduction of new technologies and basic research. The use of agricultural goods for producing energy is becoming increasingly important, which, in addition to reaching the goals of energy policy,

allows the diversification of rural enterprise and to improve the structure of agricultural production.

Changes to the common agricultural policy should not lead to an increase in the administrative burden and a more complicated inspection system. Simplification of the acquis in the field of common agricultural policy must also continue.

In the establishment of a common **crisis and risk management system**, the practice in different Member States must also be taken into account. It is important to ensure flexibility, which enables to take into account the specific characteristics of crisis situations of specific Member States and which do not limit the development of corresponding systems based on private initiative.

The common agricultural policy must remain a common policy and this also applies to funding. In order to prevent an excessive increase in the share of state aid and unequal competition due to aid given in a different extent through the budgets of Member States, Estonia supports the provision of state aid on an equal basis, avoiding derogations.

Safe, high-quality and competitive food

It is ever more important to ensure the consumer the safety, quality and availability of food and feeding-stuffs produced and imported into the EU. In order to ensure equal competition, food safety requirements must be applied to Member States on the same conditions. Making derogations to individual Member States during transitional periods must be based on thorough analysis. In implementing food safety requirements, it must be ensured that possibilities for production of traditional products would be preserved and the trade in food products would not be unreasonably hindered on the Community's internal market and with third countries. We consider it necessary to support activities (product development, better met consumer expectations), which ensure the increase of competitiveness of the food sector, both on the internal and external markets.

In order to create equal competition conditions, differentiation and marketing of food containing **genetically modified organisms** (GMOs) and conventional and organic products must be precisely regulated at the level of the European Union, whereas Member States should preserve the possibility to tighten the aforementioned conditions. With the use of GMOs, the principles of precaution and liability of the producer must be employed and relevant goods must be clearly labelled. The public must have an overview of the extent of GMO cultivation in a Member State. The EU decision-making process in the field of GMOs must be simplified and more transparent. Public opinion must be incorporated in the decision-making process regarding GMOs on the European Union level. Estonia places value on the thorough assessment of possible risks related to GMOs and proceeds from the opinion of national expert committees⁹ in making decisions, but also takes into consideration the positions presented with the inclusion of the public. Member States must preserve the possibility to establish GMO-free regions on the local level.

⁹ E.g. the gene technology committee formed by the government or the committee on novel foods formed by the Minister of Agriculture.

Estonia supports the goals and measures of the European Action Plan for Organic Food and Farming and places great importance to organic production in the European Union. In order to develop the organic product market in the EU, Estonia supports the establishment of common and clear labelling.

In order to decrease hazards resulting from the use of plant protection products, Member States must have the possibility to establish regions, where the use of plant protection products is limited or prohibited.

Fisheries policy

The common fisheries policy of the European Union must ensure sustainable development of the fisheries sector. Therefore, Estonia places value on measures that support recovery of reserves of endangered fish species and achievement of good condition thereof, sustainable use of fish resources and international competitiveness of the fishing industry.

Estonia supports the development of sustainable management of fish resources at the international level. The international agreement concluded in Johannesburg in 2002 must be implemented as soon as possible, according to which fish resources must be preserved or recovered at a level that can provide maximum sustainable yield by 2015 at the latest.

Decisions regarding the fisheries sector must be based on thorough research and socio-economic analyses. Estonia supports the establishment of long-term recovery or management plans for the restoration and protection of endangered fish species resources. The plans must take into account specific characteristics of different regions. Estonia also considers it very important to implement effective Community measures to prevent illegal, unreported and unregulated fishing. At the same time, the simplification of the common fisheries policy should continue.

Fisheries support must continually be directed towards sustainable management of fish resources and implementation of structural adaptations necessary for increasing competitiveness of the fisheries sector. The development of aquaculture based on market demand must be promoted, paying special attention to efficiency, quality and sustainability of the environment.

It is important for Europe and Estonia that traditional fishing grounds (including coastal and inland fishing), methods and opportunities are preserved and developed. The development of infrastructure related to fishing in these areas must also be continued. In order to preserve employment, diversification of the fishermen's activity must be supported, particularly in areas with decreased fish resources.

Sustainable management of fish resources in the whole world creates possibilities for liberalisation of fish trade.

V. ECONOMIC AND FINANCIAL POLICY

European Union economic policy coordination

European Union's growing economic integration, global competitive pressure and an ageing population call for close economic policy coordination. In coordinating economic policies adherence to the Lisbon Strategy and strengthening of the Stability and Growth Pact holds particular importance for Estonia. In the context of both processes, the main emphasis is on the sustainability of public finances, increasing the efficiency of the government expenditure and improvement of the quality of public revenue. Strong fiscal discipline, establishment of medium-term budgetary goals that are more ambitious than current goals, and strengthening the preventive part of the Stability and Growth Pact, both through increased responsibility of the Member States as well as by developing a corresponding analytical framework, are important for achieving these goals. In assessing the efficiency and effectiveness of expenditure, Estonia strongly supports exchange of experiences and best practices.

The importance of the Eurogroup¹⁰ in making decisions in matters of economic policy has increased on a yearly basis. Estonia supports enhancement of the Eurogroup's role, but considers it important that transparency and equal cooperation is ensured in economic policy coordination (including full information of the representatives of Member States outside the euro area about the Eurogroup's activities).

Enlargement of the Economic and Monetary Union

Estonia supports further enlargement of the euro area as this will significantly help to promote economic integration and competitiveness of the European Union. In order to ensure stable development of economy of the euro area and efficiency of the common monetary policy, it is important that all Member States joining the euro area would fulfil convergence and stability criteria in a sustainable manner. In order to better assess the economies wishing to join the euro area, it is important to deepen at the EU level the discussion of the specific characteristics and risks of rapidly growing economies. In assessing the fulfilment of the criteria, it is important to ensure equal treatment of all Member States. Estonia supports continuation of discussions on the interpretation of the Maastricht inflation criterion.

Introducing the euro is one of the main priorities for Estonia, in order to ensure continuous economic growth and competitiveness. Estonia will continue with an economic policy supporting stable and rapid development, which creates prerequisites for adoption of the euro as soon as possible. Considering the rapid growth of the Estonian economy, to balance the accompanying risks, it is particularly important to have a state budget with a sufficient surplus.

Tax issues

Despite the long-term goal of the EU to harmonise legislation in the field of indirect taxes to ensure proper functioning of the Internal Market, a number of differences still remain, which

¹⁰ Ministers of Finance of the euro zone

complicate operations of enterprises on the Internal Market. Direct taxes do not concern intra-community trade and are therefore poorly harmonised at Community level. However, different initiatives are being considered which would increase cooperation and coordination between Member States. Estonia's goal is to preserve the current stable and simple tax system and to contribute to the reduction of differences and administrative burden of tax authorities in the European Union.

Estonia supports the general idea that indirect taxes must be harmonised in the European Union. This means as few derogations as possible in the value added tax and excise duty systems, which make the systems complicated, costly to administer and distorts competition. Estonia supports the Commission's goal to update and simplify the performance of VAT liability in the European Union. In the value added tax area, Estonia supports the rapid adoption of the VAT package. Estonia supports the work commenced by the Commission to fight against **tax evasion**. According to the Commission, Member States are annually deprived of 100 billion Euros due to VAT fraud, which constitutes 1% of the GDP. In the coming years, the Union should agree upon common measures in the fight against fraud, which are efficient and proportional and do not excessively burden businesses or create new opportunities for fraud.

When drafting a Common Consolidated Corporate Tax Base, it is important to bear in mind that the outcome should have a broad tax base and would be simple, transparent and reduce administrative burden on enterprises in all Member States and would not negatively affect the business environment in Estonia. In addition, an increase in the administrative burden of tax administrations must also be avoided. Estonia does not support harmonisation of tax rates.

The EU budget reform process

In reforming the European Union's budget, Estonia proceeds from a simple, transparent budget and own resources system without derogations. The budget must be future-oriented and increase the competitiveness of Member States. The budget and its structure must conform to the priorities of the EU and the budget review must be based on the analysis of the effectiveness of current EU policies. The budget must also more strongly support the activities of the European Union as a global partner and provide clear added value for citizens as well as for the EU as a whole.

In order to develop more detailed Estonian positions, policy areas covered by the general EU budget will be analysed to provide an assessment from the viewpoint of the Estonian and European taxpayer as to what activities should be financed at the EU level or the national level, or jointly.

After thorough analysis of policies by the Commission and Member States, we must be prepared for a change of direction in the European Union's budget if necessary, focusing more on the development and future needs of the Union. More attention should be paid to energy (energy security, energy efficiency, etc.) and to Common Foreign and Security Policy. The choices made in directing funds must be based on the interests of the European Union as a whole and be performed irrespectively of the development of budget revenue. In the first stage of the budget reform discussions, deciding on the volume of the general EU budget should not be a goal on its own.

By 2014, an efficient control and supervision mechanism should operate in most Member States, which will enable significant acceleration and simplification of administration of programmes financed from the European Union's budget. The goal is to prevent a situation in which the complexity of rules and insufficiency of controls endangers achievement of programme goals or unreasonable increase of administrative burden. From the point of view of developing the competitiveness of the EU, it is particularly important to achieve success in rapid and effective implementation of innovation and research programmes and regional development programmes.

In June 2007, the Fourth Report on Economic and Social Cohesion of the European Commission initiated discussions over the future of the **regional policy** of the European Union. Estonia is interested in an efficient regional policy and considers it necessary to continue with the current approach, where the main emphasis is placed on helping poorer regions. Assisting lagging regions in richer Member States needs reconsideration to avoid simple redistribution of resources of the Member States through the EU budget and ensure that resources are directed towards achieving the goals of the EU as a whole.

The budget revenue or own resources system of the European Union needs to become significantly simpler, more transparent, comprehensible and fair and all derogations must be phased out (including the United Kingdom's rebate). One possibility is for the general EU budget to be financed from the components that are also currently used – these are traditional own resources and a GNI based payment. Alternative budget financing sources also merit discussion, represented by the so-called European Union tax. As a final result, it is important that the new system is balanced, sufficiently fair and easy to administer.

VI. CLOSER COOPERATION IN JUSTICE AND HOME AFFAIRS

Estonia's primary interest is to actively support the implementation of goals agreed upon in the justice and home affairs five-year action plan for 2005–2009. Strategic planning must also continue after the end of The Hague programme in 2010 and the new strategy should be based on the existing one.

It is important for Estonia that its citizens can move in Europe freely and their rights be protected all over Europe, regardless of Member State of residence. It cannot be overlooked that Europe without borders also simplifies movement of criminals and therefore, it is essential that Europe stands united in the fight against cross-border crime.

Estonia believes that joint action in the framework of the European Union is an important element in implementing the principle of solidarity. The EU must also become even more effective in supporting Member States in the field of civil protection. The greatest challenges in the following years are to strengthen the capabilities of the Community mechanism for civil protection in response to major emergencies inside the EU and enhanced cooperation regarding critical infrastructure protection.

Estonia's goal for the near future is to achieve a political evaluation of the totalitarian communist regime and its legacy. It is important that such a political position would be adopted at a prominent level (e.g. resolution of the European Parliament). Explicit condemnation of communist totalitarianism means safeguarding the security and stability of the EU and its imminent neighbourhood, and is a precondition for overcoming problems of the past and developing good neighbourly relations with the Russian Federation.

Promotion of cross-border activities

Establishment of a more favourable legal environment for cross-border economic relations

Estonia is interested in the development of the Common Frame of Reference (**CFR**) for **European contract law**. There are inconsistencies between legal acts of the European Union regulating contract law that must be removed. The CFR could also form a basis for a common European civil code. A common civil law, which regulates contractual relationships and which different contractual partners of Member States may choose for regulating their relations would simplify considerably economic relations and decrease trade barriers. Such a development of the CFR would also significantly facilitate the development of legal science in Europe as a whole: European universities could teach and study European contract law and juridical research in the field of contract law performed at the top universities of Europe could be used in Estonia.

Further harmonisation of private international law

Estonia supports **harmonisation of private international law** in the European Union including in family and succession law matters. The national legislation of Member States is unable to provide satisfactory solutions for the regulation of the area, and therefore further steps and actions are needed at the Community level. The draft regulations on maintenance obligation and divorce matters are currently relevant for Estonia. The number of international

family relations and related disputes is rapidly growing. It is in the interests of Estonia to ensure that Estonian citizens or persons permanently residing in Estonia know which country's law is applicable in matters of divorce or succession. It is important that a Community legal act would prevent the application of legal provisions in breach of constitutional values and a Member State's legal order.

Safe Europe

Mutual recognition in criminal matters

Implementation of mutual recognition in criminal matters is important both in the pre-trial and post-trial phases. Estonia's purpose is to ensure equal treatment of all EU citizens during the entire criminal procedure. Estonia supports the EU-wide legal provisions regarding procedural law, the presumption of innocence, supervision order and minimum standards of gathering evidence, exchange of information extracted from criminal records and cross-border supervision of probation measures and their rapid implementation.

Estonia supports initiation of a discussion concerning compensation of unreasonable expenses related to the cross-border dimension of the criminal procedure. Estonia also considers it important that different sanctions established by the EU are mutually recognised between the Member States.

Harmonisation of criminal justice

Fighting against organised crime, including human trafficking, terrorism and offences against children is an ongoing challenge for Estonian law enforcement and judicial authorities. Due to their cross-border nature, it is only possible to achieve success against those types of crime in cooperation with other Member States. Estonia supports the establishment of minimum rules at the EU level regarding necessary elements of a criminal offence and punishments for some types of cross-border crimes, such as drug-related crimes, human trafficking and crimes related to information technology.

Estonia considers it important that all crimes against humanity are treated equally on the European Union level. Mere national criminalisation of crimes committed by totalitarian regimes is not sufficient as it does not sufficiently emphasise Europe's solidarity in front of the victims of crimes against humanity and creates an opportunity to condemn countries that criminalise such crimes. Therefore Estonia welcomes and supports steps taken by the European Commission (public hearings, green paper), which should lead to the development of a legally binding instrument.

Exchange of Information

Estonia supports the transposition of the **Prüm Convention** into the EU law and development of Prüm implementation agreement. Introduced by the Hague programme, the **principle of availability** enables the unhindered exchange of data crucial in the fight against crime between law enforcement authorities across the internal borders of the EU. Estonia considers

it important to ensure access of the EU law enforcement authorities to information systems such as SIS (Schengen Information System), VIS (Visa Information System), EURODAC (*European Dactyloscopie*), CIS (Customs Information System) and FIDE (Customs File Identification Database).

Issues related to the enlargement of the Schengen area

Although Estonia acceded to the Schengen area through the first generation Schengen Information System (SIS I+), the development and implementation of the second-generation system (SIS II) will remain a priority. Estonia considers it important that the introduction of SIS II would take place according to the agreed time schedule (term of completion: end of 2008 / beginning of 2009) and Member States would be informed of all developments related to the creation of SIS II.

In order to strengthen the internal security and develop visa policy, Estonia wishes to promptly implement the common Visa Information System (VIS) of the European Union. VIS enables identification of persons residing in a country illegally without documents and simplifies the expulsion of citizens of third countries.

Europol and Eurojust

In the fight against crime, Estonia sees a significant role being played by the European Police Office (Europol) and as a result, supports measures planned for enhancing the institution's work, expanding its authority over crimes, which are not directly related to organised crime. We also support Europol's participation in joint investigation teams in order to simplify and enhance the support of Europol to Member States in connection with cross-border preliminary investigation.

It is important to strengthen cooperation with Eurojust in order to fight cross-border organised crime more efficiently and improve coordination of preliminary investigation and prosecution by competent authorities of Member States. Estonia also supports close cooperation between Europol and Eurojust.

Counter-terrorism

Estonia considers consistent activities for preventing terrorist acts to be of critical importance in the field of counter-terrorism. Attention must be paid to better implementation of existing instruments in preventing radicalisation and recruitment of persons and to strengthening cooperation between Member States. In implementing the directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, it is also necessary to pay particular attention to increasing the efficiency of the system for preventing money laundering and terrorist financing in a more general context (including prevention of use of the internet for money laundering and terrorist financing, prohibition of purchasing weapons of mass destruction, also personal identification requirements).

The use of biometrical data to ensure internal security

Estonia supports the inclusion of **biometric data** on personal identification documents and visas, but also considers it important that Member States preserve the possibility to continue the use of applications on current documents (e-government services) based on the interests of the state. Member States must also have the possibility to preserve biometric data in national databases and to enable access to biometric data to the internal security institutions for the purposes of ensuring national security.

Cooperation with third countries

Judicial cooperation of the European Union with third countries

It is in the interests of Estonia that the European Union enhances cooperation with its neighbours in civil and criminal matters. Estonia supports the European Union in encouraging its neighbours to join different international conventions regarding civil and criminal justice (e.g. various instruments developed by the Council of Europe and the Hague Conference on Private International Law). Also, actual implementation of these instruments, as well as the supervision of the implementation by independent international institutions is to be considered highly important.

Both, Estonia and other Member States are impacted by the capacity of the Member States to conclude agreements with third countries in areas covered by EU legislation. In order for a Member State to conclude agreements with third countries on matters within the Community competence, there is a need for a clearly established derogation in a community legal act regulating the corresponding area.

Estonia is of the opinion that agreements concluded with third countries that contradict Community legislation must either be amended or denounced. For that purpose, the Commission's activities are essential in repealing agreements in conflict with Community legislation or establishing such derogations in the legislation of the corresponding area that would enable a particular Member State to take action in these matters.

Migration

Estonia supports a common migration policy of the European Union and a more integrated approach to solving matters related to migration. It is important for Estonia that the migration policy of the European Union would not only focus on preventing illegal immigration, but would include cooperation with countries of origin and transit of immigrants, take into account the needs of labour markets of the European Union and Member States, facilitate integration of immigrants and manage the accompanying social and cultural risks. As the population of the European Union is aging and labour shortage is on the rise, it is necessary to ensure a more efficient management of migration flows to preserve competitiveness.

Estonia considers it important to develop legislation on the level of the European Union that creates favourable conditions for immigration and residence of highly qualified workforce in

the EU. It is important to promote legal migration, cooperate with third countries (spreading information regarding possibilities of legal migration, technical aid), develop further and if possible, implement the concept of circular migration¹¹. In preventing illegal immigration, it is important to enhance control on external borders of Europe, ensure effective implementation of readmission agreements, lay down sanctions for criminal cells organising illegal migration as well as operators creating demand by using illegal immigrant labour. Estonia also sees the need for more objective, reliable and comparable migration data and analysis, which can be achieved through open and coordinated cooperation between Member States.

External borders

Estonia is interested in developing a technically advanced and unified monitoring system for border surveillance at all external borders of the European Union. In order to prevent illegal migration, it is important to efficiently implement an integrated border management of the external borders, including developing operational cooperation and cohesion between competent authorities. Estonia supports strengthening of the authorities of FRONTEX in managing joint operations and the use at the EU level of Rapid Border Intervention Teams (RABIT) and their resources in the prevention of massive illegal immigration.

Common visa policy (visa reciprocity, readmission and visa facilitation agreements)

Visa reciprocity as part of the common visa policy of the European Union must be based on the solidarity of Member States where the European Community is regarded as a single partner and a unified approach is established for visa requirements or visa exemptions with regard to citizens of third countries as well as those of the EU Member States.

The conclusion of **visa facilitation and readmission agreements** with third countries must remain a priority of the migration policy of the European Union so that facilitating visa issuance procedures will help to develop relations between people as well as countries and to ensure quick performance of readmission obligation of persons illegally residing in a Member State. Estonia considers it important that the implementation of concluded agreements is monitored and if the third country is not fulfilling its obligation of readmission the Commission should be prepared to limit the visa facilitations provided in the agreements.

Asylum system

Estonia is interested in the establishment of a **common European asylum system** in near future, as this would ensure the establishment of a common asylum procedure and a uniform status for those who have been granted asylum or subsidiary protection status. In addition to adopting legal instruments, Estonia supports the improvement of practical cooperation between national asylum authorities of the Member States as it is only through uniform practices that a single asylum space can be developed which gives protection to those who

¹¹ There is no agreement yet regarding the exact definition of circular migration between the Member States and the European Commission. This is primarily used to describe simplification of migration conditions between one or more EU Member States and a third country.

require it and deals fairly with those found not to be in need of protection. Estonia is of the opinion that resettlement of refugees should continue to be voluntary for the Member States. Estonia's first priority is the integration of immigrants currently residing in Estonia. Hence Estonia is not planning to resettle refugees in the coming years. At the same time Estonia fully supports the provision of financial aid by the European Commission to those Member States who are willing to participate in resettlement activities.

VII. EUROPE AND THE WORLD

Estonia's interests lie in a strong and unified Europe. The goal of the European Union and Estonia as its Member State is to **increase the security and well-being** in the **close neighbourhood** of the European Union as well as **the rest of the world by supporting the spread of human rights and democracy, non-proliferation of weapons of mass destruction and combating terrorism**. For this purpose the European Union must have enough capacity to prevent and resolve crises. To strengthen international security and stability, Estonia's aim is to facilitate the increase of European Union's international influence by participating in the development of a Common Foreign and Security Policy.

The European Union enlargement process

Estonia supports **further enlargement** of the European Union as it thereby increases the security and well being of the whole Europe, including Estonia. The perspective to join the EU is encouraging candidate countries to implement necessary political and economic reforms. Enlargement of the EU also enhances competitiveness and security of the Union itself.

Estonia's goal is to ensure the continuation of the enlargement process according to the existing principles without setting any additional conditions and at the same time underlining the importance of complete fulfilment of the current criteria. The opportunity to join the European Union must remain an option for all European countries wishing to do so and meeting the accession criteria. Estonia wishes to facilitate further integration of candidate countries to the European Union. The capacity of the EU to function must be ensured through necessary reforms and the merits of enlargement will have to be better explained to the general public.

We support full integration of new Member States Romania and Bulgaria into the European Union. Estonia also supports the accession of Croatia into the European Union, the continuing integration and promotion of accession negotiations with Turkey and commencement of accession negotiations with Macedonia.

Estonia is interested in long-term stability in the Balkans and therefore continues to support the European perspective of the Western Balkan countries. The realisation of the European perspective should proceed in accordance with the implementation of necessary reforms and compliance with international obligations.

We support the confirmation of membership perspective to other European countries according to their interest, capacity and readiness to fulfil the conditions and criteria for EU membership.

To achieve those goals, Estonia actively participates on the European Union level in discussions and decisions concerning enlargement policy. Estonia strives towards a consensus on enlargement issues (including gaining public support for enlargement) and monitors and supports the development of candidate countries and other European countries wishing to join the European Union.

The importance of transatlantic relations for the European Union

Estonia is interested in the continuation of the strong and close relationship between the European Union and the US as partners sharing common fundamental principles. Estonia is also interested in the development of more focussed and more extensive economic integration and political consensus between the two partners. Our goal is active cooperation between the European Union and the US that would create stability in the immediate neighbourhood of the European Union as well as across the world; achieving mutual visa exemption being an integral part of it.

By prioritising Transatlantic relations in its foreign policy, Estonia has undertaken the task to help the development of relations between the European Union and the US, the practical expression of which is the expansion of cooperation areas and strengthening cooperation formats. Estonia seeks to increase efficiency in energy cooperation between the European Union and the US.

A criterion for achieving those goals could be the level of increased confidence in covering all topics of mutual interest and finding common solutions.

European Neighbourhood Policy

Estonia aims at an increasing consensus inside the European Union regarding strong support for the European neighbourhood policy (ENP partner countries) and strengthening of the European neighbourhood policy. It is particularly important for Estonia that support for development of democracy and market economy as well as for the implementation of the elements of four fundamental freedoms of the EU (e.g. conclusion of free trade agreements and development of visa simplification procedures) would continue with the regard to the most relevant development cooperation countries to Estonia (such as Ukraine, Moldova, and Georgia). Estonia supports the start of negotiations on visa facilitation and readmission agreements with Georgia as soon as possible. Estonia supports closer cooperation in the energy sector with European neighbourhood policy partner countries. To further facilitate development of relations, Estonia is planning to open a diplomatic representation in Moldova.

European Union's activities directed at partner countries in the framework of the European neighbourhood policy derived and guided primarily by the capacity and the ambition of each and individual partner country. In order to support reform efforts of partner countries, the European Union must give target countries with clear signals about the importance of continuing reform efforts and implementing in full the European Neighbourhood Policy Action Plans. European Union should elaborate perspectives for cooperation for future cooperation with the ENP partner countries. Financing should become increasingly dependent on achievement of a given partner country, allowing the more successful partner to move forward faster (e.g. through more efficient contractual relationships or sectoral agreements).

Estonia supports active participation of the European Union in finding solutions to “frozen conflicts” in Moldova and in the South Caucasus.

Although the ENP is extended to Belarus, it lacks the prepared Action Plan due to current political situation in the country. Estonia supports the call of the European Commission to develop relations with Belarus as soon as the local authorities clearly declare respect for democratic values, human rights, and the rule of law. In connection with this, Estonia supports providing more EU's development aid than thus far to lagging countries such as Belarus, including support to NGOs and creating study opportunities at European universities for students persecuted on political grounds. Estonia also supports the EU consultations to reduce visa fees for citizens not connected to political leadership and law enforcement institutions in Belarus.

Central Asia

Estonia supports speedy and effective implementation of the **EU Strategy for Central Asia** adopted in 2007, the main aim of which is to decrease poverty in the region. The strategy prescribes closer cooperation between Central Asian countries and the EU in the following areas: education, human rights, democracy, economy, energy, and security. Estonia considers it important to stress that the strategy must be flexible enough to allow individual approach to countries of Central Asia with an emphasis on country-specific issues. It must also help strengthen stability and security of the region and promote cooperation in the field of energy between the European Union and countries of Central Asia. Estonia views the Central Asia strategy more extensively, i.e. the general regional context must be taken into account, including the need to effectively fight against spread of drugs, human trafficking and trafficking of arms in Afghanistan.

Western Balkans

Estonia continues to support the development of countries of the **Western Balkans**. Estonia is prepared to share its experience of the European Union accession and reforms according to its development cooperation priorities and financial abilities. To facilitate this, Estonia is planning to open a diplomatic representation in one of the Western Balkan countries.

In the nearest future Western Balkans will continue to be one of the regions of intense activity for CFSP/ESDP. Estonia contributes to the stability in the Western Balkans through participation in NATO and the European Union missions as well as being active on the political level. Regarding Kosovo; Estonia supports the EU policy, which calls for immediate resolution of Kosovo's status. Estonia supports the propositions put forward by the special representative of the Secretary-General of the UN, Martti Ahtisaari.

Middle East, Asia, South-America and Africa

Estonia also actively participates in other priority regions of the EU Common Foreign and Security Policy. Our specific contribution and input to European Union's efforts for stabilising the situation in the Middle East starts with the establishment of embassies in Israel and Egypt. These embassies are out-posts through which Estonia's shared experiences may be helpful in the liberalisation of economy and implementation of other reforms.

Estonia looks for opportunities to contribute in co-operation between the EU and Africa in the framework of the EU – Africa Joint strategy. The purpose is to participate in development cooperation in the light of achieving the Millennium Development Goals. Estonia participates in cooperation between the European Union and the South American countries and is developing bilateral relations with countries of South America.

Estonia supports the development of EU common strategy towards China and India. Estonia is also actively participating in the political dialogue of the Asia-Europe Meeting (ASEM) helping to protect and advance democratic values in the region within the limits of its abilities.

Russia

The strategic partnership of the EU with **Russia presupposes proceeding from common European values.** We consider it important that the EU policy towards Russia would be common and harmonised and would be based on solidarity among Member States. The EU's common positions should include matters of economic cooperation (including adherence to market economy principles), development of the rule of law, democracy and human rights in Russia (situation of national minorities) and securing the external border of the European Union; including relevant immigration and refugee policies.

Estonia supports the conclusion of a **new framework agreement** based on common values and replacing the current Partnership and Cooperation Agreement. The new framework agreement must define, as clearly as possible, mutual rights and obligations in order to exclude the possibilities for interpretation. The agreement must ensure mutually beneficial cooperation between the EU and Russia, whereas the EU stands as a strong and unified party. Estonia considers it important that the new framework agreement would include strong reference to roadmap of four common spaces of the EU and Russia, which were agreed upon in 2005.

In the **common economic space**, Estonia values transparent cooperation in the energy sector adhering to rules (including nuclear energy safety), Russia's approach to the WTO and cross-border cooperation. In the **common space of freedom, security and justice**, full implementation of the visa facilitation and readmission agreements between the EU and Russia entered into force on 1 June 2007, the visa dialogue and observance of democracy and human rights are important. In the **common space of external security** resolution of frozen conflicts in common neighbourhood area and cooperation and dialogue in other matters of international security are of high importance for Estonia. In the **common space on research, education and culture**, we consider it necessary to deepen and strengthen cooperation in the field of education, research and culture (including cooperation with Finno-Ugric peoples and return of cultural assets).

In the framework of the **European Union Northern Dimension**, Estonia supports the development of environmental and social partnership projects and possible establishment of partnership in the areas of transport and culture.

European Security and Defence Policy (ESDP)

In order to strengthen international security and stability Estonia's objective is to contribute to the increase of the international influence of the European Union. Expanding activities in the field of ESDP will help to improve the capacity of the EU and to enhance Union's crisis prevention and crisis management activities. This presumes rapid and sufficient common response capacity, and requires the development of the necessary Estonian capabilities for participation in the crisis management operations.

Estonia actively participates in the preparation of crisis management operations. EU's increased involvement in crisis management activities in its immediate neighbourhood is in the interests of Estonia, especially in countries that are interested in Euro-Atlantic integration, such as Georgia and Moldova.

In the framework of the ESDP, it is necessary to implement and specify the concept of European rapid reaction units, drawing conclusions from the acquired experience. Estonia is preparing to be an active participant in the **European rapid reaction units** – by participating both in civilian crisis management teams with civilian experts as well as by providing military units for EU battle groups in 2008 and 2011. In order to participate in military crisis management operations (in the European neighbourhood as well as more distant locations) as a reliable partner, preparations and training must be on-going.

Estonia supports and welcomes the increased attention for **civilian crisis management activities** without which a sustainable and stable solution for crisis situations is impossible. Estonia's active participation in the development of the ESDP must also include active participation of Estonian experts in EU's civilian missions. For this, it is necessary to launch a civilian experts training system that would ensure Estonia's sustainable participation in civilian missions at a level, which would correspond to Estonia's possibilities.

Relations between European Union and NATO

Estonia considers the European Union and NATO as complementary organisations. Due to necessity to use existing resources reasonably, closer cooperation between them is essential. Enhancing cooperation means both coordinated activities in crisis management operations as well as deepening the political dialogue up to the strategic level. Cooperation between the EU and NATO in such crisis management operations as Afghanistan is particularly important.

The synergy arising from the cooperation of the EU with NATO is in the interests of both organisations. Thus, in addition to existing **Berlin+ arrangements**, there must be readiness for further expansion of practical and political cooperation between the EU and NATO. The Estonian government will continue to raise the issue of enhancing active cooperation on different levels in both the European Union and NATO.

Estonia supports a comprehensive approach to crisis management operations, which means coordination of activities (particularly in the civilian sphere) between the more prominent

international institutions, e.g. the European Union, NATO, UN, the World Bank, the International Monetary Fund, G-8, etc.

External trade relations

Estonia considers further liberalisation of the world economy to be important for promoting European exports, supporting economic growth and creating stable external trade rules, which encourage further development of enterprises. As a member of the EU, Estonia's interest is to promote the development of EU's common commercial policy and to ensure utilisation of presented opportunities by companies.

Estonia considers further development of **the World Trade Organisation (WTO)** system important. In order to maintain and strengthen the competitiveness of Estonian and European enterprises, Estonia supports further liberalisation of world trade as well as conclusion of new bilateral trade agreements with important partners. Estonia supports the development of closer economic relations between the EU and the USA, Canada, rapidly growing economies in Asia, and the accession of Russia, the Ukraine and other close neighbours of the EU to the WTO on terms and conditions acceptable to the members of the organisation.

From the point of view external aspects of EU competitiveness, Estonia pays particular attention to the liberalisation of the trade in services in relations with third countries, **procurement markets**, trade aspects and the development of an efficient legal framework for the protection of intellectual property rights. Priority is placed upon improving market access for EU exporters in third countries (including raw material markets) by decreasing customs tariffs and elimination of non-tariff barriers. At the same time, Estonia supports the review of the legal environment of trade protection measures of the European Union from the viewpoint of a globalised economy. Estonia supports changes that are accompanied by an increase in the competitiveness of the EU and in addition to fair competition, also ensures fair rules to international competitors.

Development cooperation

Estonia continues to support EU's efforts to achieve UN Millennium Development Goals by 2015. Estonia wishes to contribute to development of stronger and increasingly efficient **EU common development policy**. Moreover, Estonia places great importance on stronger coordination and information exchange between Member States in the field of development cooperation.

Estonia is prepared to **increase resources assigned for development cooperation** and is making an effort to fulfil financial commitments assumed with other Member States in the European Union framework. By 2011, Estonia wishes to achieve the goal of 0.17% ODA of the GNI established for new Member States of the EU. Estonia considers it necessary to increase cohesion of various policy areas related to the development cooperation of the EU. This primarily concerns external trade as well as environment, energy, security, migration, agriculture, etc. Estonia supports the aid for trade initiative of the EU as the initiative will help to increase trade capacity of poorer countries, which is one of the key issues in poverty alleviation.