

1/2010

newsflashes



fOCUS



foCUS
met:

Jaan Männik

Chairman of the Board,
Eesti Pank – Estonia's Central Bank

Photo: Lea Tammik

Right in the midst of the business

ABB AS 3STEPIT ACG NYSTRÖM EESTI ADVOKAADIBÜROO GLIMSTEDT STRAUS & PARTNERS ADVOKAADIBÜROO LEPIK & LUHAÄÄR LAWIN ADVOKAADIBÜROO LUIGA MODY HÄÄL BORENIUS ADVOKAADIBÜROO VARUL VILGERTS SMALIUKAS AS ADVOKAADIBÜROO POHLA & HALLMÄGI ADVOKAADIBÜROO SORAINEN LAW OFFICES ADVOKAADIBÜROO VIRRI&GÄRDE&HÖIJER ALSTOM ESTONIA ALTENBERG REVAL ANTHILL CUSTOMER SERVICE ESTONIA AQ LASERTOOL BANCTEC BERCO BESQAB PROJEKT JA KINNISVARA BLADHS EESTI BLUE DRUM BNT LEGAL&TAX CHRISTIANSEN CONSULTING CITY AIRLINE DELOITTE DHL ESTONIA DPD EESTI EESTI AGA ELECTROLUX EESTI EMBASSY OF SWEDEN ERICSSON EESTI ESTNATURE OÜ ESTONIAN GOLF & COUNTRY CLUB ETAL GROUP EXCEDEA FALKONET METALL FARM PLANT EESTI FUSION VARAHALDUSE GENCS VALTERS LAW FIRM GOODYEAR DUNLOP TIRES BALTIC HUMAN SEARCH HUSQVARNA IF EESTI KINDLUSTUS AS INTEREXPRESS JUS SUECANUM KIDDE EESTI AS KINDLUSTUSEST KINDLUSTUSMAAKLER KNT MEEDIAD AS LEINONEN OÜ MAQS LAW FIRM MCM - MARKET COMMUNICATION MANAGEMENT MEDIA MENU INTERNATIONAL MERITON HOTELS MPS EESTI MÖLNLYCKE HEALTH CARE NETLEAD NORDEA BANK NORDIC LINT ORIFLAME EESTI OUTOKUMPU BALTIC PEDERSEN & PARTNERS PERNOD RICARD EESTI POSTEN LOGISTIC SCM OY EESTI FILIAAL PRIMUS EESTI PROEKSPERT PROPARTS PÕHJAMAAD MINISTRIT NÕUKOGU PÕLTSAMAA FELIX PÖYRY RADISSON HOTEL RAGN-SELLS RAPLA PLAST REGUS REVAL HOTELS RIMI EESTI RMCONSULTING AB & PARTNERS RÖDL & PARTNER SANDHOLM ASSOCIATES SAPA PROFILID AS SAS SCANDINAVIAN AIRLINES SYSTEM SCANDIC HOTELS SCANIA EESTI SCHENKER SCHLÖSSLE HOTEL GROUP SIEVERT SIROWA SSAB SWEDISH STEEL EESTI STENSTRÖMS SKJORTFABRIK EESTI STONERIDGE ELECTRONICS SUNNY BUSINESS SVEAFSTIGHETER SWECON SWEDBANK SWEDISH TRADE COUNCIL IN ESTONIA SVENSKA HANDELSBANKEN AB EESTI SÖDRA EESTI TALLINK HANZA TARKON TEDER GLIKMAN JA PARTNERID TELEGRAAF HOTEL TELIA SONERA TIETO EESTI WAHLQUIST VALLIN BALTICS VARAMIESPALVELU VEINIPOOD WENDRE WIGEN SINDI VIIMSI MÕIS VIKING KINNISVARA VIKING MOTORS WINDAK VOGLERS EESTI VOLVO ESTONIA VÄVAR



The Swedish Chamber of Commerce in Estonia

Rüütli 9 | EE-10130 Tallinn | Estonia | www.swedishchamber.ee | info@swedishchamber.ee | (+372) 501 9813



Anders Hedman
Chairman
SCCE

Dear reader,

Super-Euro!

Soon Estonia will join the Eurozone. I think this is quite clear at this stage. In 2009 Estonia's currency and deficit looked risky and the euro looked like a safe port. This year Estonia looks much more stable but the problem is that the Eurozone looks like the port of Port au Prince before the earthquake.

What should we do then?

My answer is simple, we have to adopt the euro January 1st, 2011 but Estonia should immediately take the initiative to strengthen the Eurozone once we are in.



Until then, let's be happy for the weaker euro which helps Estonian export in markets like Sweden, Norway, Denmark, USA, UK and Russia. Actually the Kroon is now slowly being devaluated as it is pegged to the euro and the Eurozone is suffering because of the PIIGS (Portugal, Ireland, Italy, Greece and Spain).

Estonia has shown the way again just as it did in the early 1990's; Estonia became a liberal economy with low flat taxes. During this crisis Estonia has shown that the only way out of it is to cut costs. Private persons have to do it, companies have to do it and of course also countries must do it when they have been living over their assets for years. To borrow money and get crazy state budget deficits and huge state debts, can create severe problems for the financial system globally. Iceland is one of the risk countries, but so are also the PIIGS.

The deal with the PIIGS must be clear: Cut your costs heavily or be thrown out of the Eurozone. Personally I think it will be difficult for the politicians in PIIGS to do the savings needed. It is possible in Northern Europe but not in the south due to regulations, traditions and mindsets.

As it is now, Zorba the Greek becomes a pensioner aged 55 while Fritz the German has to wait until he turns 67. How can Ms Merkel explain to the 65 years old Fritz, still working

hard and paying taxes, that he has to support bailing out Greece including the 65 years old Zorba who has enjoyed life as pensioner since ten years back and likes to have his Metaxa while dreaming of Aphrodite. It would simply be political suicide for Ms Merkel!



Therefore the only reasonable way, in case PIIGS do not manage, is to kick them out and instead get a Super-Euro to which Germany, Netherlands, Belgium and the Nordic countries should belong. Such a currency zone would consist of countries with the same approach to work ethics and work length. The Baltic's are maybe not there yet, but they are on a good track.

USA and our security

The US is now battling with their financial problems and they are of course of another magnitude than the problems in Europe if we count in absolute figures. This can only lead to one long-term conclusion: The US will become more isolationistic.

The days of US acting world police are over and it is not the Russians or Chinese who will stop it. It's going to be the Americans themselves. The American people will not agree to spend billions of dollars and the lives of their sons and daughters for some strange cause in Iraq or Afghanistan. The reason they haven't stopped yet is that they are still too proud, but reality will catch up with them. This means that



regional powers will play a bigger role and this will have consequences for Europe and especially for the Baltic States.

The Baltic States and the Scandinavian countries should pay more attention to defense issues. Tomorrow big brother USA will not be around with his rifle and then the Bear will come knocking on the door again. Bears tend to be hungry when they feel that spring is in the air, don't they?

Enjoy reading **focus** nr 1, 2010!

Anders Hedman
Chairman SCCE

Publisher

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Address:

focus
The Swedish Chamber of Commerce in Estonia
Rüütli 9, EE-10130 Tallinn, Estonia

E-mail:

kristiina@swedishchamber.ee
Tel: (+372) 501 9813

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

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

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The Swedish Chamber of Commerce in Estonia

The Swedish Chamber of Commerce in Estonia - SCCE - is a non-profit association registered in Estonia. Since its foundation 1991 the SCCE has grown considerably and today the Chamber unite 120 member companies and organizations headquartered in Estonia, Sweden as well as other countries.

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

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

Following a SCCE initiative, FICE - Foreign Investors' Council in Estonia was founded in August 2008. FICE is a lobby group acting through contacts with the Estonian Government and Estonia's Governmental bodies. Together, the eight countries represented in FICE account for more than 80% of the foreign direct investments in Estonia.

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

The 2010 fee for basic membership in the Swedish Chamber of Commerce in Estonia is EEK 5.900,- per year and EEK 20.000,- per year for Royal Membership. Membership is only granted to legal entities.

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

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The Swedish Chamber of Commerce in Estonia
Rüütli 9, EE-101 30 Tallinn, Estonia
www.swedishchamber.ee, info@swedishchamber.ee
Tel.: (+372) 501 9813

Meet SCCE's Council 2010

**SCCE's Council 2010** (left to right):

Christer Östholm - RIMI Eesti Food, Janar Sutt - Swedish Trade Council, Anders Hedman - Sirowa, Karolina Ullman - MAQS Law Firm, Fredrik Thern - SEB, Per Lindberg - Stoneridge Electronics, Reidi Strandberg - Rödl & Partner.
Portraits: Anders Näslund - Boomerang Subcontracting, Katrin Luhaäär - Scandinavian Airlines, Rein Leipalu - Ragnsells.

SCCE's General Assembly 2010 enjoyed a cozy Estonian countryside atmosphere as the proceedings went on at restaurant Kuldse Notsu Kõrts in Tallinn, February 11th.

Kristiina Sikk and Reidi Strandberg presented SCCE's Annual Report 2009 as well as the budget and event calendar 2010. The Assembly could look back at a successful year for SCCE. Though the financial crisis had taken its toll among the members, 15 companies were welcomed as new members in SCCE last year.

As the Assembly elected SCCE's Council 2010, **Christer Östholm**, RIMI Eesti Food, **Fredrik Thern**, SEB and **Janar Sutt**,



Swedish Trade Council were welcomed as new members of the Council and **Gustaf Hertsius** and **Conny Storm** were elected as SCCE's Auditors 2010. **Tiina Reijonen**, **Kristoffer Lindberg** and **Henrik Avasalu** left the Council and the Assembly thanked them for their valuable contributions to the SCCE.



This year new members have already started to join up with SCCE and three of the Chamber's old members have chosen to become Royal Members.

Final planning for SCCE's upcoming activities during the second, third and fourth quarters 2010 are now ongoing and information on these will be e-mailed to our members and will also be published at www.swedishchamber.ee.

Report: Kristiina Sikk - SCCE Ombudsman
Photo: Lea Tammik



Royal Members:



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EXPORT RÅDET
SWEDISH TRADE COUNCIL

ABB



MAQS LAW FIRM

Radisson BLU

RAGN SELLS

schlossle hotel group
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Rödl & Partner

TeliaSonera

New procedures for filing annual reports

- As of January 1st, 2010, companies, non-profit associations and foundations shall file their annual reports electronically, says Reidi Strandberg, Associate Partner and Head of Business Process Outsourcing at Rödl & Partner Baltics.



Web portal

- A web based IT-portal has been created for the

report filers and auditors, where they can create the annual report, sign it, add an auditor's report and send it to the registry. The reporting portal is located at the web address of the Centre of Registers and Information Systems; <https://ettevotjaportaal.rik.ee>.

The portal is available in English, but the final report is displayed in Estonian.

If none of the management board members have an Estonian personal identification code, the person entering the data cannot be prescribed in the portal. In this case the easiest solution is for the accountant to enter the portal and choose [Submitting the annual report] from the menu and [Add report]. The company can be found by the registry



Photo: Hans Bjurling

code and the report can be entered in the prescribed forms. Then, the finished report is printed out, signed by the management board members, scanned and submitted to the registry.

Format

- A new solution for electronic filing of annual reports has been developed, and involves entering the report data and information on previously prepared forms in XBRL-format. The reporting forms are universal and those accounting entities which prepare their annual report in accordance with Estonian generally accepted accounting principles and are liable to prepare an unconsolidated annual report, must file it in the XBRL-format. Other accounting entities file their annual reports electronically in the reporting portal in PDF format.

Who should file and sign the annual report

The annual report, and documents filed with it, should be prepared and filed at the web portal by an authorized representative of the entity; a member of the management board, general partner, limited partner with right of representation, liquidator, trustee in bankruptcy or branch manager entered into the registry of accounting entities.

- The representative can however authorize another person to prepare and file the annual report and the authorization can also be made via internet or through a notary.
- All representatives should sign the annual report digitally at the web portal. If that is not possible, the representatives sign the annual report documents prepared on paper and add it to the web portal in PDF format.

Time limit

- The management board is liable to file the confirmed annual report with profit distribution or loss covering proposal, sales revenue and auditor's report to the Commercial Registry within six months after the end of the financial year.

Text:

Reidi Strandberg - Associate Partner and Head of Business Process Outsourcing, Rödl & Partner Baltics



focus on legalities

Transfer of business does not terminate the employment relations

by **Kaido Künnapas**, associate MAQS Law Firm



The new Estonian Employment Contract's Act (ECA, Est: Töölepinguseadus) was born in the middle of a world-wide economic crisis and bankruptcies. Unfortunately it has failed to protect some aspects of the employees' rights in case of transfer of business.



Kaido Künnapas

Similarly to the earlier ECA, the new one is driven by the idea that a transfer of business cannot be the sole ground for termination of employment. This follows from EU law and the regulations are more or less the same all over the European Union.

The new owner of a business should fulfil the obligations of the employment contracts with no substantial distinctions, but only if the new owner continues to carry on the same or at least similar economic activities. The EU Court of Justice' case law gives "transfer of business" a very wide meaning. For example, an economic unit without any clear organizational structure and significant material or immaterial property providing labour force rental service can be seen as a integral "business unit" that can be transferred. With it then follows the employees and their employment contracts, whether or not this was the wish of the seller and purchaser of the business unit in question.

Transfer of ownership or possession of the business? Does not matter

The legal grounds for transferring a business should have no effect on the employment relations. For example, if a University rents out its copy centre to a private entrepreneur then the existing work relations in the copy centre must continue. There is no right for the Uni-

versity to terminate the employment agreements in the copy centre just because the copy centre itself has been rented out. The renting company will get the employees as part of the package.

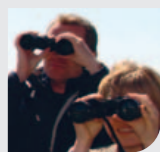


Contract termination can be forbidden even if the business or business unit has been transferred on the grounds of an authorization agreement. In 2004, a company called Kötter started to carry out the security checks on passengers and their luggage in an airport under a contract concluded with the German State. All the security equipment (e.g. walk-through metal detectors, a baggage conveyor belt with automatic X-ray screening, hand-held metal detectors and explosives detectors) was transferred to Kötter from the previous contractor Securicor, whose authorization agreement with German State was terminated. As surprising as it may seem, this unit can be seen as a business unit in the meaning of the law meaning that the new operator of the security equipment became the employer of the security staff working with the equipment.

Joint and several liabilities of the transferor and the transferee

It is remarkable that the new ECA (differently from the





Here we are. What's next?

A Nordic - Baltic conference on the economic environment arranged by the Swedish Chambers of Commerce in Estonia and Latvia

Friday, May 7th 2010, 10.30–18.00
Scandic Rannahotell, Pärnu

- 10.30 Buffet breakfast at Scandic Rannahotell
- 10.30 • **Opening and welcome addresses**
The Chairmen of the Swedish Chambers of Commerce in Estonia and Latvia
- **Introduction to the conference**
Mikael Orkomies, Partner at Excedea and our conference moderator
- 11.00 **Here we are. What's next? A Nordic - Baltic Outlook**
Daniel Bergvall, Economist, SEB Economic Research, Stockholm
- 12.00 Lunch
- 13.00 **Business in the Baltics**
Veiko Sepp, President, Ericsson Eesti AS
- 13.20 **Because it's a jungle out there**
Aleksandrs Kazachkovs, Partner at MAQS Law Firm Riga, and Karolina Ullman, Partner at MAQS Law Firm Tallinn
- 13.40 **The Swedish Chambers' of Commerce Global Network – Benefits and Opportunities**
Carl-Johan Jargenius, the Association of Swedish Chambers of Commerce and Industry, Stockholm
- 14.00 **Q&A Session, Panel Discussion and Wrap Up**
- 15.00–18.00 **Swedish Businesses in the Pärnu area**
Study visits by bus to Wendre and AQ Lasertool  
- 19.00 Dinner and mingle at Villa Ammende

Conference costs:

- Per person: SCC members 21 €, non-members 30 €. The price includes breakfast, lunch and study tour by bus.
- Optional dinner and mingle at Villa Ammende, per person: SCC members 26 €, non-members 32 €.
- Accommodation at Scandic Rannahotel, per night: Single room 36 €, double room 42 €.

Registration:

- SCCE: info@swedishchamber.ee, tel: (+372) 50 19 813
- SCCL: scc@sccl.lv, tel: (+371) 29 51 7877

We wish you all most welcome!

Kristiina Sikk
Ombudsman
The Swedish Chamber of Commerce in Estonia

Kaija Silarāja
Executive Director
The Swedish Chamber of Commerce in Latvia

Conference sponsors



earlier one) offers the employees the same protection as it provides to other creditors – up to five years. This protection only concerns the obligations that has fallen due before the transfer or will fall due within five years from the transfer. An employee can choose against which employer to file a claim – the new or the old one. It is crucial to notice that the purchaser of the business is liable for all the claims arisen from the transferred contracts unless agreed otherwise.

Unclear distinctions caused by insolvency proceedings

The situation is much more problematic if the business is transferred in the course of bankruptcy proceedings. According to the ECA, the provisions of transfer of employment contracts do not apply when the employer has been declared insolvent in bankruptcy proceedings. The problem arises from the fact that the Estonian Obligations Act (Est: Võlaõigusseadus) contains a regulation for transfer of employment contracts and the ECA does not exclude these provisions. The key issue is which regulation should be applied in case the business is transferred in the process of bankruptcy proceedings.

If the contracts can be terminated, then it would be contrary to the EU directive, according to which it is possible to terminate employment contracts only if the purpose of the insolvency proceedings is liquidation. Estonian bankruptcy proceedings do not always have the purpose of liquidation in case the debtor is actually viable and can regenerate its economic capability.

However, if the employment contracts are being transferred on the grounds of the Obligations Act, then this would distinguish the employment creditors from other creditors; it would place the employees in a more favourable position than the other creditors.

Estonian legislators will hopefully amend the law to make it more understandable following the purposes of the EU directive. But until then, there is some remarkably good soil for disputes.



Jaan Männik

Jaan Männik, Chairman of the Board, Eesti Pank

• As I took up the position as Chairman of Eesti Pank in the middle of 2008, it is quite obvious that I also walked right into the global financial crisis, said Jaan Männik as focus met him in his office at Eesti Pank. I had been a pensioner since the year before, but following a proposal from President Toomas Hendrik Ilves I was offered to Chair the Board of Estonia's Central Bank which I accepted and took office June 13th, 2008.

Eesti Pank is a constitutional institution analyzing and administering the Estonian monetary system, including Estonia's monetary policy. As Estonia's Central Bank, Eesti Pank is a national agency, independent of the Government and accountable to Riigikogu, the Estonian Parliament.

Located in downtown Tallinn, Eesti Pank comprises six buildings forming an almost quadrangle block. The 1904 red brick bank building of the former Credit Society of the Estonian Knighthood with its eye catching corner tower is a well known Tallinn landmark, also housing the Eesti Pank museum in the basement. The neighboring Eesti Pank building is the former Reval office of the Russian National Bank and this is where the Large Hall, or the Independence Hall, is found; one of the symbols of Estonia's Independence as the Temporary



Eesti Pank

Government was established here February 24th, 1918.

The Chairman

• I have held the position as Chairman of the Board in several companies and organizations through the years and I would say that the Chairman's role is basically the same wherever he or she serves, said Jaan Männik. Being Chairman of Eesti Pank is no exception; I participate in a process analyzing what has happened and putting focus on what is going to happen.

• My role as Chairman also includes giving speeches in different countries and connections. I was recently in Malmö, speaking at a seminar on Estonia



Jaan Männik

• My mother was pregnant with me as my parents fled from Estonia September 27th, 1944. Two fishing boats were waiting in the port of Pärnu, ready to take them and a group of other Estonian refugees across the Baltic Sea to Sweden, tells Jaan Männik.



Detail of Aibovaip (the Aibo tapestry) at Aibolands Museum in Haapsalu.

• My mother had settled onboard one of the two boats when my father said that he, for some reason, wanted them to take the other one instead. Being pregnant and not feeling too well, my mother wanted to stay where she was and so they did. As the course was set for Sweden my parent's boat got engine troubles. The other one continued and obviously visual contact between the two refugee boats was lost. That other boat was never seen nor heard of again... Destiny was obviously on my parents' side this September night,



arranged by the Chamber of Commerce and Industry of Southern Sweden, the Estonian Embassy in Stockholm and Enterprise Estonia. My main message was that it has been hard times for Estonia the recent years and the country has taken many difficult decisions to counter the impacts of the economical downturn. Estonia has managed to handle the situation and our extremely small foreign debt, less than 3% of the GDP, is an invaluable asset.

Estonia and Sweden

• **Estonia has learned its lesson and has understood the consequences of an overheated economy and also drawn the proper conclusions, said Jaan Männik.**

• The downturn began 2007 and last year we saw a 15% contraction of Estonia's GDP as the global financial crisis went on, though some signs of a recovery began to visualize. The price we are paying on a national level is increased unemployment and a drastically decreased domestic demand.



• Estonia is a small country and that gives us possibilities to be flexible and have a readiness for quick adjustments to changes in the economical environment. Furthermore, it has also been politically possible to make the necessary cuts in the State budget.

• The economical downturn has reached the bottom now. We will see a zero-growth for still some time to come followed by growth as our main export markets recover and pick up economical speed.

• Foreign investments in Estonia will also grow. Investors are focusing on the future and Estonia's hard work and optimism for the future has been duly noted in the international investment community.

• **Sweden is indeed the biggest foreign direct investor in Estonia and has held this position for quite some years now. In addition to Swedish investors' positive economical outlook for Estonia, I believe the reasons to be partly historical and partly the result of Sweden's internationally oriented mindset, said Jaan Männik.**

• As for history, the ties between Estonia and Sweden go back 1.000 years in time and include not only economical but also cultural and ethnical ties.

• Since I have been working abroad for many years with the Swedish export industry, I have myself been part of Sweden's internationally oriented mindset. Swedish exports is a key for the country's success and, based on my own experiences, I can say that there are few countries in the world where you will not

▶▶▶ which wasn't the case for the majority of the passengers and crew onboard MS Estonia exactly fifty years later.

• My parents went ashore Swedish soil in Slite on the north eastern coast of Gotland. They were taken to the mainland and spent their first time in Sweden in the Doverstorp refugee camp located a bit west of Norrköping.

During its existence from the spring of 1944 up until 1946, this camp became the first contact with Sweden for some 500 refugees from Estonia, Latvia and Lithuania and an additional 1.500 war refugees from other European countries.

• **When I grew up there were basically two alternatives for my future; either I should become an engineer or a macro economist. I became an engineer, but I'm happy to say that later in my career I also got in contact with macro economics via my present position.**

• I graduated from the Faculty of Engineering at Lund University as a Master of Mechanical Engineering and my first jobs took me abroad, among other countries to USA, Yugoslavia and Saudi Arabia.

• I had been working abroad for seven years when I decided to go back to Sweden and become a bit more of a permanent resident. I actually took the decision in the Saudi Arabian desert one night. I was working for Alfa Laval down there and as I stood in the desert this night, I thought about my life and my ancestors; I felt that I wanted a life more like the generations before me had.



• **The desert obviously does something to you. It is most probably not a coincidence that three of the big religions, Christianity, Islam and Judaism, took shape and were formed by people spending time in deserts. And this desert night I had made my decision; I went to Stockholm and experienced the sensation of being able** ▶▶▶

find Swedish salesmen marketing their country's products and services. As for Swedish investments, Estonia has the advantage of being located just across the Baltic Sea from a Swedish perspective.

• With investments come management and I believe that the Swedish management style, non-authoritative and flexible, have further contributed to the country's talents in getting a return on the investments. I believe that this management style also proved its qualities during Sweden's successful EU Presidency last year.

• The discussion on the Swedish banks' situation in Estonia is history now. Actions have been taken and the powerful contributions made in this context by Riksbanken, Sweden's Central Bank, and the Swedish Government are highly appreciated and naturally of the utmost importance for Estonia's financial system.

The euro

• **It is important to stress that it is not Estonia making the decision whether we will have euro in our wallets 2011, underlines Jaan Männik. No decision has been made yet and a somewhat lower profile in the ongoing media speculations wouldn't do any harm.**

• **In our December 2009 'Report on the Adoption of the Euro' the Board of Eesti Pank says that "Estonia has good opportunities to fulfill the Maastricht criteria in spring [2010], which would allow to adopt the euro in 2011". This statement is still valid and the figures behind**

it will be scrutinized as the European Central Bank and the European Commission prepare their Convergence Reports this spring. These reports will be presented to ECOFIN, the Economic and Financial Affairs Council composed of the Economics and Finance Ministers of the EU Member States, who makes the final decision.

The euro was introduced as an accounting currency 1999, and euro coins and banknotes entered circulation January 1st, 2002. The currency is in use in 16 EU Member States known as the Eurozone, and since its introduction the euro has developed to ▶▶▶



Jaan Männik and Kristiina Sikk, SCCE's Ombudsman

▶▶▶ to go on customer calls by taking the subway instead of an intercontinental flight.

• After a couple of years in Sweden, I entered the telecom business and this coincided with Estonia's singing revolution followed by the restored independence and the collapse of the Soviet Union. In 1993 I got the opportunity to continue in the telecom industry, but now in Estonia working with, among other companies, Telia, Estonian Telephone (nowadays Elion) and EMT.

• **I have held the position as Chairman of the Board in some Estonian companies and organizations since 1997, and in 2008 I was offered the same position in Eesti Pank – Estonia's Central Bank.**

• I am a bit dyslectic and as such in good company; Sweden's King Carl XVI Gustaf has the same problem. And as several other persons with dyslexia, for example IKEA's Ingvar Kamprad and Sir Richard Branson of the Virgin Group, I have a talent for understanding and handling figures.



Jaan Männik with the Estonian-Swedish Calendar 2010, published with support from SCCE

• For natural reasons this serves me well. Not only in my work, but also in my family. I am the father of two children, 12 and 14 years old, and they have discovered their father's talents with mathematics. Occasionally this keeps the three of us busy during the evenings with math homework or solving math problems just for fun.

• **Mathematics is basically about understanding relations and coherences and having that understanding in your baggage through the adult life is a valuable asset, ends Jaan Männik.**

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the second largest reserve currency and the second most traded currency in the world after the U.S. dollar.

• Greece, Portugal, Spain, Italy and Ireland, all in the Eurozone since 2002, are facing budget deficits being above the Maastricht criteria for adopting the euro, said Jaan Männik. This doesn't strengthen the euro but on the other hand it hasn't had any long term weakening effects either. Tough budget cuts have to be implemented in these countries and whether this can be done on a national level with political EU support or if more hands on actions are needed from EU and the international community remains to be seen.

• EU and the euro have strong public support in Estonia. I am however a bit concerned over the fact that the debate on EU and the euro as a federal institution and monetary instrument versus national autonomy in these respects haven't come further. This is nothing unique for Estonia; I am of the opinion that this is something valid for several EU Member States.



• As for Estonia, the introduction of the euro would have three main effects, concluded Jaan Männik;

- 1) Estonia would take another step towards Europe.
- 2) The devaluation discussions would enter the history books and Estonia would gain a strong and solid profile.
- 3) The stability in the investment and economical markets influencing Estonia would increase.

Text: Megazine - Tallinn
Photo: Lea Tammik

focus on the ECONOMY

Here we are. What's next?

Estonian and Swedish companies have shown remarkable flexibility in adjusting to the economical crisis, say economical analysts as they take a closer look at the current state of the economy.



Companies responded and adjusted to the economical downturn very quickly and many managed to lay a fundament for their survival. At the same time a price has to be paid for the actions taken; unemployment continues to increase and domestic demand decrease.

A key issue for turning the economies to growth again is an increased demand - external as well as domestic. According to the EU Commission it is on its way, but will pick up very slowly while unemployment will continue to increase, though in a slower pace than last year.

Unemployment

• We do not expect any improvements in terms of employment figures until 2011, said Joaquin Almunia, EU's



Commissioner for Economic and Monetary Affairs in a recent outlook.

• According to Eurostat, Estonia's unemployment in the third quarter 2009 was third-highest in Europe, behind Latvia and Spain, and ahead of Lithuania, wrote Edward Lucas, a correspondent of The Economist. Estonia is on its way out of the crisis but the unemployment figures are very worrying being on the highest level since 1991.

As for Sweden, the Minister for Finance Anders Borg now predicts a 9% Swedish unemployment level 2010 instead of 12% as predicted in a nightmare scenario last year.

• We can now go on from the emergency phase of fighting the crisis and afford a fight against unemployment, said Anders Borg in a comment.

Credits

Commenting on the finance market the EU Commission says it has noted stabilization and an improvement, though banks are restrictive with credits.

• This is a continued

Swaying domino bricks



• With a strong centre; the European Central Bank in Germany and the EU Commission, and a weak periphery; countries like Greece, Italy, Spain, Portugal and Ireland, the centrifugal force will increase and a number of countries might be forced to leave the European Monetary Union, said the New York based economy professor Nouriel Roubini, also known as Dr. Doom, at the World Economic Forum.

A common factor for the euro countries hit hard by the crisis is a decreased competitiveness on the international market.

Greece has a considerable budget deficit and faces exploding risk premiums on state debt instruments. Portugal's and Spain's economies are among the weakest in the euro-zone. Italy's budget deficit is way above the euro-zone limit and Ireland has been forced to make drastic budget cuts.

• The euro system has proved itself stable so far, but there is nothing more destabli-





ters of the 27 EU member states. We don't foresee the growth as the immediate result of increased exports, but we do expect increased Swedish domestic demand and a stronger development of our service sector.

A prognosis from the Swedish based Carnegie Investment Bank says that the average margin of Nordic companies will land at around 10% for 2009 which equals a drop of 3-4% compared to the record years 2006 and 2007. This is an extraordinary and surprisingly low drop as history shows decreased margins with up to 6% during previous economical crisis and downturns.



Photo: Pawel Flato
Prime Ministers Andrus Ansip and Fredrik Reinfeldt with Norway's PM Jens Stoltenberg in the middle

Anders Borg's and Carnegie's statements are good news for Estonia. Sweden is by far the biggest foreign direct investor in Estonia and is also one of Estonia's main export markets. Together with Finland, these two Nordic countries represent an engine for Estonia's economy. However, just relying on Sweden and Finland is not enough for Estonia's economic recovery and a continued and sustainable growth.

A new chapter needed

- What Estonia really needs is a new account of it-



ing than a common idea that something is stable, wrote the Swedish journalist Per Lindvall quoting the macro economist Hyman Minsky.

- This perceived stability made other countries close their eyes on the growing state economy imbalances in Greece, Italy, Spain, Portugal and Ireland whose budget deficits are way above the limit stipulated for euro-countries, continued Per Lindvall.

- Greece is the biggest problem right now and it is highly unlikely that other euro- and EU-countries believe that Greece can handle the situation by itself nor let the country go bankrupt.

- The big question is how Greece should be supported and how the problem with euro-countries corrupting the monetary system should be handled. And finally, who will pay the bill?, concluded Per Lindvall.

problem as we will not get any sustainable economic recovery without normal credit flows, commented EU Commissioner Joaquin Almunia.

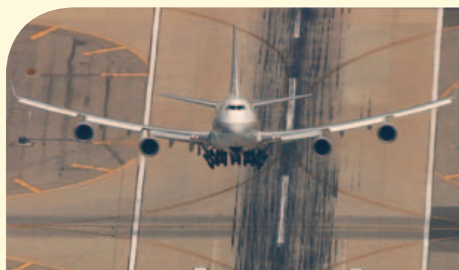
Hit hard by the crisis, Latvia's Prime Minister Valdis Dombrovskis addressed the credit issue in a Financial Times interview. Comparing the generous credits given during the economic boom with today's lack of credits he said:

- Of course one can say that Latvians acted irresponsible when they borrowed so much money.
- However, borrowing an irresponsible amount of money requires that somebody lends out an irresponsible amount, said Valdis Dombrovskis to Financial Times.

Recovery

Sweden's Minister for Finance Anders Borg now sees clear signs on a Swedish recovery and has adjusted the country's economic growth prognosis to 3% for 2010 and slightly above for 2011 and 2012.

- It looks like Sweden's growth the coming three years will be stronger than most other EU countries', said Anders Borg at a recent meeting with ECOFIN - the Economic and Financial Affairs Council composed of the Economics and Finance Minis-



self - the great story of the past 19 years needs a new chapter, wrote the Economist's correspondent Edward Lucas. Estonia should not aim to stay only as a low-cost provider of goods and services.

- The best way to be taken seriously is to have something new and interesting to say; show that brainpower, creativity and innovation deserve a place at the top table. Europe needs that dynamism, innovation and flexibility more than ever.

Lessons learned

In their 13th Annual Global CEO Survey, PricewaterhouseCoopers asked 1.198 business leaders from around the world on their lessons learned as they are now shifting from crisis mode to a growth agenda:

- Long-term planning is critical - but be prepared to change at a moment's notice



The importance of strategy, clearly understood by customers, employees and business partners, cannot be underestimated in a crisis.

Yet the speed with which market conditions change today can render planning models moot. The key is to embed agility throughout an organization to enable rapid reaction to fast-changing trends while maintaining a strategic positioning.

- Stay disciplined on costs, but incur them to innovate

The vigorous cost-cutting measures adopted over the past year exposed inefficiencies throughout organizations, and CEO's remain highly focused on costs. Yet this inward concentration needs to be balanced with a long-term focus on what it will take to remain competitive. 'I've discovered that you can't actually reduce your costs dramatically and still remain profitable', said one UK-based CEO.

- Encourage banks to lend - but assume they won't

Companies are paying far closer attention to their own cash management and leverage, and have learned not to rely on a single source for financing. The reality is that this is the time to deepen the relationship with the bank. Financing costs are rising as banks become more selective; they will favor companies whose strategy and long-term outlook give them confidence.

- Manage risk in good times and bad

The importance of good risk management practices was by far the most frequently cited 'lesson learned'.

CEO's faulted their own approaches to risk as much as they did the risk practices in the financial sector. The time to manage risks and address complacency is when conditions are improving. The alternative has proven daunting.

Bubbles and crises

- What happened in Estonia was not a financial crisis, but a local bubble and its international impact, reported ERR - Eesti Rahvusringhääling (Estonian Public Broadcasting), quoting a January interview with Estonia's Finance Minister Jürgen Ligi.

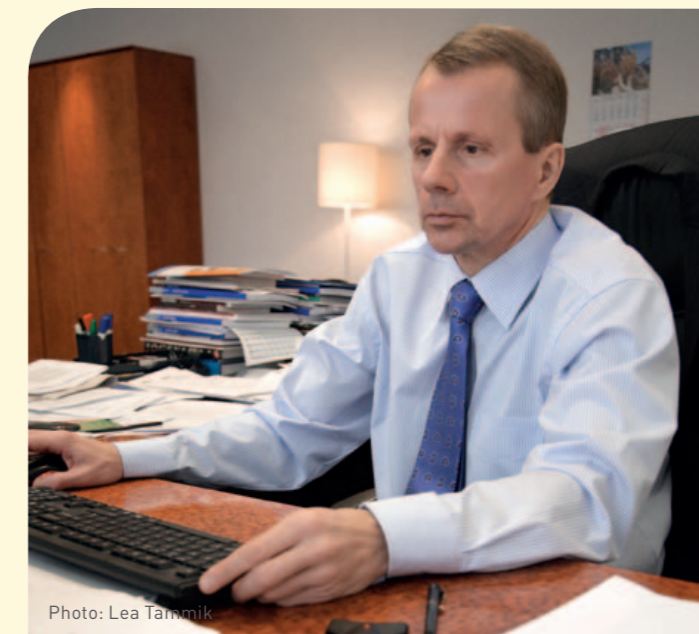


Photo: Lea Tammik
Jürgen Ligi

As for Estonia the bubble did indeed burst, the global financial crisis had indeed its impact on the country and in January bubbles and crises were intensively discussed at the 40th WEF - World Economic Forum in Davos. Are we getting back to normal or are we witnessing a delusive calmness before the next bubble and crisis?



- We have been through a heart failure, but heart failures are not necessarily lethal, said David Ruben-

V, U or W



- For quite some time I was convinced that the current economical recovery will be slow and shaped like a U, says Nouriel Roubini, the economy professor at Stern School of Business, New York University and known as Dr. Doom. Today I'm afraid this might be as wrong as believing that the recovery will be quick and V-shaped. We might very well face a double dip, a W-shaped economic development.

FOUR
ON
TOUR
focus



This time **focus** on tour met RIMI Eesti Food, continued to Viljandi for a visit to Farm Plant Eesti and concluded the tour in Tartu and Tallinn by taking a look at the hospitality trade.

Changed consumer behavior



Christer Östholm

• Nowadays we can see a clearly changed consumer behavior in Estonia, says Christer Östholm, Rimi Eesti Food's Country Managing Director. Known as cherry picking in our trade, it means that people are spending more time shopping for best available price in several stores. Furthermore sales of basic food stuff increases while sales of semi-manufactured food products have decreased.

Rimi Eesti Food AS is a part of Rimi Baltic, fully consolidated into the Swedish ICA Group since 2007. In Estonia the company operates 20 hyper- and super-markets under the Rimi brand and 58 Säästumarket Hard Discount.



only an issue for us to keep our share of market, we have to lower our costs as well, says Christer Östholm. We employ some 2.700 people here and managed to lower the salary costs with 5% last year and a further 2% salary decrease is scheduled for this year. Additionally we have downsized our staffing at the central office from 180 down to 150 persons and during three months last year they had two unpaid working days per month. Rental costs for our localities have been and still are renegotiated, while costs for heating has a considerable impact on our cost structure and are hard for us to influence.

- Estonian consumers are adapting to lower income levels by spending more time on price shopping and they obviously also spend more time at home cooking their meals based on basic ingredients. At the same time the number of shopping occasions has dropped from 4 -5 to 3 per week, continues Christer Östholm.
- The market is down and it's back to basics in our trade as the margins are small and we have to cover our costs by maximizing sales volumes. Our total Estonian Säästumarket and Rimi market share is 22%, putting us on top of the list ahead of competing chains.
- Given the weakened Estonian domestic demand it is not



It's ICA in Sweden



RIMI Baltics' Swedish mother company, ICA AB, doesn't operate under the RIMI brand in Sweden. It's ICA in Sweden with more than 1.300 ICA shops all around the country branded ICA Nära, ICA Supermarket, ICA Kvantum and MAXI ICA Stormarknad.



It all began in 1917 as Hakon Swenson founded Hakonbolaget, the origin of today's ICA, in Västerås, Sweden. At the core of the ICA concept lays the idea of getting individual retailers to join forces and form purchasing centers, allowing them to achieve the same economies of scale as the chains by making joint purchases, establishing stores and sharing their marketing costs.

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stein, CEO at the investment company Carlyle Group.

China was put on the agenda as a risk factor for a new bubble.

• China has a very unbalanced growth, said Daniel Hoffman, Chief Economist at Zurich Financial Services, as he presented WEF's Global Risk Report. Chinese economic stimuli packages led to a 30% credit increase in the country last year and in cities like Beijing and Shanghai real estate prices have increased with 60%.

• The situation is delicate and a less than 6% Chinese growth is a red warning light for the world economy.

Rolf Dörig, representing the international manning company Adecco had a positive view and said that though unemployment levels will continue to increase this year signs of a change for the better has already turned up in USA and France.

• On a longer term, lack of labour will be the biggest challenge, said Rolf Dörig.

ILO – the International Labour Organization had another viewpoint and wanted a global political pact against unemployment.

• The banks, the unemployment, the stock and commodity market rally, and the US dollar are the biggest threats right now, said Nouriel Roubini in a recent CNBC interview. The banks are carrying big losses and many are still severely under capitalized. Unemployment will result in decreased demand. The stock and commodity market rally came too early and speculations might drive up prices on oil, energy and food stuff to levels that the world economy can't handle.

• If USA would let inflation consume their gigantic foreign debts, then the USD will crash on the market, said Nouriel Roubini to CNBC.

Marc Faber, considered as another Dr. Doom and publisher of the newsletter The Gloom, Boom & Doom Report, supports Nouriel Roubini's dreary outlook.

• This financial crisis is just an appetizer, says Marc Faber. The persons who are supposed to lead the recovery are the same individuals who failed in predicting the crisis. Nothing will be achieved except for creating regulations being worse than the ones which paved the way for the crisis.

• 27 million people around the world lost their jobs 2009, including 10 million young people not getting a job after finishing their education. When it comes to jobs we need the same political support as has been shown in saving the banks, said the ILO Manager Juan Somavia.

Several CEO's of the world's leading banks also addressed the Forum on lessons learned, future realistic credit volumes and solid securities but also warned for an over regulated finance market.

• Everybody will loose if we don't have effective finance markets, said Deutsche Bank's CEO Josef Ackerman whose speech was characterized as self criticism with a touch of a bank mutiny against the politicians.

Research and text: Magazine – Tallinn

Falkonet Metall OÜ
Tel: (+372) 60 54 060
E-mail: info@falconet.ee www.falconet.ee

Falkonet Metall is a member of: The Estonian Recycling Organization, the Swedish Chamber of Commerce in Estonia and the Estonian-Swedish Chamber of Commerce.





• I have been based in Tallinn working with Rimi Eesti Food for a bit more than a year now, says Christer Östholm. I have a background as a lawyer and started up with ICA in Sweden back in 1985. With the exception of two years working with a bank, I have been with the company ever since.

Farm Plant Eesti's Managing Director, as focus met him in the company's Viljandi feed factory. The ownership structure gives us strength, both internally and when it comes to create volumes in the purchasing of commodities needed for our production.



Jyrki Virtanen, Farm Plant Eesti and Kristiina Sikk, SCCE

• Being a Swede living and working in Estonia I have noted some differences between our two countries in the way we do business, concludes Christer Östholm. One example is the Estonian Consumer Protection Law, which among other issues says that campaign offers – offers where we really slash the prices on good products – should be available for unlimited purchase. The consequence, as we have noted, is that these campaign products immediately are bought up by competition and offered at their stores to prices way above our original offer. I'm not convinced that this protects the interests of Estonian consumers.



Feed, fertilizers and agricultural products



The oval, green symbol in Farm Plant Eesti's logotype is well known to most Swedes. It relates to the Swedish Lantmännen Group, owned by 40.000 Swedish farmers and operating a number of businesses closely related to farmers' needs in 19 countries.

• The Swedish Lantmännen Group owns 50% of our majority owner Scandinavian Farmers, said Jyrki Virtanen,

• Producing and selling animal feed accounts for the majority of our turnover and our feed production of 100.000 tons per year makes us the market leader in Estonia, told Jyrki Virtanen. Fertilizers are an additional important part of our sales. We produce 30.000 tons per year and that generates 35% of the turnover while other agricultural products account for the rest.

Farm Plant Eesti started by importing feed additives in 1993 and three years later the company purchased a concentrated feed factory in Taebla. Having a history going back to 1880, the Swedish Lantmännen Group had grown big in Sweden and searched for new markets for their continued expansion. Thus they bought 85% of Farm Plant Eesti in 2002 and the current ownership structure – Scandinavian Farmers owns 85% and Yara 15% of Farm Plant Eesti – dates back to 2006.

• Farm Plant Eesti employs 65 people and 40 of them are working here in Viljandi, said Jyrki Virtanen. In addition to Viljandi we also have produc-



Swedish agriculture has a long tradition of cooperative collaboration and the forerunner of today's Lantmännen was formed in 1880 as a farmers' union in Skaraborg County.

The main aims of the early cooperatives were to improve quality control, reduce purchase prices and transport costs and facilitate the exchange of experience between farmers.

Local associations were eventually formed, but the need to establish larger trading partners soon became apparent, and the next step was often to form regional associations at county level.

Today's Lantmännen was established January 1st 2001 and is a producers' cooperative. This

tion sites in Taebla, Elva and Türi, and in December 2009 we also went into the retail business as Farm Plant Eesti bought six shops from Konekesko Eesti. Located in Jüri, Mäeküla, Tartu, Rakvere, Võru and Viljandi these shops sell fertilizers, food and equipment for animals and pets, agricultural and garden equipment as well as equipment for milk producers.

• **Farm Plant Eesti's market is in Estonia and though we saw our turnover drop to EEK 500 million last year compared to EEK 750 million in 2008, I am optimistic for the future. Our plan is to grow on our home market and Estonia has a well functioning farming industry; the Estonian farmer is professional and the farms are relatively big, concluded Jyrki Virtanen.**

collective name refers to producers of goods or services collaborating in marketing, distribution, sale, processing and purchase of materials and equipment.



The purpose of the organization is to maintain a highly competitive enterprise and a cooperative with clear owner control based on the farmers' needs. One of its goals is to create a cohesive Group, able to maximize its strength throughout the value chain and tap into synergies and economies of scale.



New digital solutions combined with well proven analog techniques make it possible for Farm Plant Eesti to run one feed production shift with only two men operating the process



Touring the Farm Plant Eesti Viljandi production site with Epp Saluveer, Production Manager - Viljandi: An impressive system of big tubes transports the feed ingredients...



...to the mixer...



...before final delivery to the consumers.

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www.roedl.ee

Lithuania
Tilto Str.1/2
Vilnius 01101
Tel: (+370) 5 212 35 90
e-mail: vilnius@roedl.lt
www.roedl.lt

Latvia
K.Valdemara iela 33
Riga 1010
Tel: (+371) 67 334 280
e-mail: riga@roedl.lv
www.roedl.lv

Global Headoffice
Äußere Sulzbacher Straße 100
Nürnberg 90491, Germany
Tel: (+49) 911 91 93-0
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Hospitality

Some businesses reflect the ups and downs in the economy more than others and the hospitality trade is one of them.

Nineteen years ago



Things were a bit different 19 years ago and a member of the Swedish Chamber of Commerce in Estonia recalls his first visits to Tallinn during the winter of 1991/92:

• It was recommended to bring a sleeping bag and toilet paper in your baggage, tells the SCCE member. There were no guarantees that heating worked on a 24hrs basis seven days a week, which called for the sleeping bag. And the commodity shortage of those days also included toilet paper. ▶▶▶



The Estonian Hotel and Restaurant Association's statistics for 2009 show that its member hotels accommodated 21,2% fewer guests last year compared to 2008 and the average occupancy rate dropped to 45,3% from nearly 50% in 2008. Net turnover of the hotels in the association shrank 35,7% compared to 2008.

Estonian restaurants had an equally gloomy 2009. Member restaurants of the Estonian Hotel and Restaurant Association report that their net sales contracted with 39,8% compared to 2008.

The Estonian hospitality trade has developed tremendously since the restored independence 1991. Tallinn offers a wide selection of accommodation options ranging from hostels to five-star luxury hotels. And in the rest of Estonia available alternatives range from farmhouse and exclusive mansion accommodation on the countryside to budget and higher end hotels in the bigger cities.

Tallinn

As the Estonian passenger train operator GoRail reported that they added extra trains on the Tallinn - Moscow and Tallinn - St. Petersburg routes during Christmas, New Year and Epiphany, **focus** had a talk with four Tallinn hotels' general managers; how was the occupancy during the holiday season and how does it look so far for 2010?



Michael Stenner, Hotel Telegraaf

• We had a good occupancy during the festive season, said Hotel Telegraaf's General Manager Michael Stenner. The Russians have found their way back during these holidays which is a positive sign since Russia is one of our core markets.

• Sweden and the other Nordic countries together with UK and Germany are also belonging to our core markets and I believe I can say that I see the light in the end of the tunnel now.

• Christmas' and New Year's occupancy was better than last year but the Russians spend less money for food and drinks, said Kay Peter Bischoff, General Manager at Schlössle Hotel and Hotel St. Petersburg. Our outlook for 2010 is optimistic as we cut down expenses wherever we could and now we are spending in marketing to hopefully get more guests.



Kay Peter Bischoff, Schlössle Hotel and Hotel St. Petersburg

• Nevertheless the incoming flights to Tallinn are still an issue and I wonder why Estonian Air is flying to Nice rather than some important destinations generating an inflow instead of an outflow of passengers, continued Kay Peter Bischoff. That Turkish Airlines is coming is a good sign and hopefully Easy Jet will increase their flights and Lufthansa will open up again on the Tallinn - Munich route with direct connections to the US.



Olivier Rochefort, Radisson BLU Hotel

• Our Christmas bookings were good, the occupancy was above 60%, and during New Year we had a full house with most of these bookings from Russia, and we were very busy the following weekend as well, said Olivier Rochefort, Radisson BLU Hotel's General Manager. We are trying to keep a realistic outlook 2010 and therefore we are expecting more or less the demand to be similar to 2009, with perhaps a little more demand coming in the second semester while last year was the contrary with demand quieting down in the second half.

• Geographically we do not expect any shift, our proximity markets that are Scandinavia, Russia and the Baltics

▶▶▶ • The shortage of commodities had a further impact on the menu at the first dinner with my new Estonian colleagues. We sat down in the Tallinn hotel restaurant and could choose between kangaroo or crocodile cutlets. Parts of an Australian shipment of deep frozen meat had obviously found its way to Tallinn.

• The restaurant was very empty but a lady in a long black dress appeared and started to play harp. This first dinner in Tallinn had kind of a surrealistic touch.

• We took an after dinner walk and passed Vabaduse Väljak. There were not too many cars parked there and the few we saw were Lada's, Moskvitch's and Volga's. Entering the old town, the ruins next to Harju Street from the Soviet World War II bombings were still visible. Nowadays this spot has been covered and you can enjoy a pizza there during summertime or skate during wintertime.

• Flying to Tallinn from Stockholm took you on a different route compared with today. The heading was set to a point just south of Helsinki and there the aircraft turned south towards Tallinn. Though being in the process of demounting, former Soviet military bases were still in existence and passing Paldiski and the Ämari air force base, as today's Stockholm flights do, was out of the question. Anyhow, on a clear day you got a good view of the former Soviet missile base on the Viimsi peninsula as the aircraft approached Tallinn.

• Tallinn airport's old terminal was still in use during these days. Getting inside this classic building was like entering the 1930's and I ▶▶▶

should keep being our main source markets, continued Olivier Rochefort. Group requests are quite plentiful, however conversion is uncertain as the market is competing with other European cities, and one convincing factor is cost and ease of transportation.

• We had a good occupancy during the holiday season and in addition to a couple of happy Swedes the majority of all our Christmas guests were Finnish and during New Year we welcomed a lot of Russians, said Meriton Hotels' General Manager Heinz Weisl. The European Figure Skating Championships in January brought us a busy week as well with skaters, leaders, trainers, journalists and spectators among our guests.



Heinz Weisl, Meriton Hotels

• As for 2010 I believe that our conference and spa facilities which opened last year at the Meriton Grand Conference & Spa Hotel will be a key factor for our competitive edge, concluded Heinz Weisl. Combined with our other two Tallinn hotels, Meriton Old Town Hotel and the just recently opened Meriton Old Town Garden Hotel, I believe we can offer a hospitality concept suitable for a wide range of guests.

MICE – international Meetings, Incentives, Conventions and Exhibitions

• Tallinn lost an important January event with 1.000 delegates of the pharmaceutical industry to St. Petersburg simply because Tallinn has no adequate facility to host a gala dinner for this number of guests, said Olivier Rochefort, putting the finger on Tallinn's lack of MICE facilities for bigger internationally composed events.

Estonian media report that Tallinn's bunker shaped Linnahall is now closed and up for a renovation though any details of the project have not been revealed so far. Furthermore no future development plans for Tallinn's fairs and exhibitions grounds in Pirita have been presented yet.

• Bigger meeting venues should be located close to the main international first class hotels in the market. This is definitely a topic of discussion at the Estonian Convention Bureau and the Estonian Hotel and Restaurant Association. It should be of national importance to support sustainable development of tourism in Estonia's only metropolitan area, especially MICE business, continued Olivier Rochefort. The hotel infrastructure is there, and the Old Town is



▶▶▶ thought for myself that this might be the case; maybe I am entering a society that has been preserved like the content in a tin jar during fifty years of occupation and now the restored independence has opened the jar. As we all know Estonia picked up speed and few countries have developed so fast and in so many respects as Estonia has in just nineteen years.

►►► a natural selling argument. I have worked in Myrtle Beach, USA, and Quebec City, Canada, where both cities have partnered with other levels of government and local business interests to build and operate state of the art large conference and exhibition centers. In the years following their opening, their airports have also expanded due to increased demand and additional flights.

Michael Stenner, Kay Peter Bischoff and Heinz Weisl all agree and say that the issue of an adequate MICE-venue is a frequent subject in their talks with Estonian and Tallinn political leaders.

As for Sweden, Stockholmsmässan – Stockholm International Fairs & Congress Center says that creating a proper MICE-venue for international events is not a question of a host city's or country's size. The events arranged are international and consequently a considerable part, and in most cases the majority of the participants are from abroad.

• **One Swedish krona spent on a MICE-event at Stockholmsmässan generates another four kronor to Stockholm companies, and to the City and County of Stockholm. This makes us the biggest single generator of visitor incomes to Sweden, says Stockholm International Fairs & Congress Center, jointly owned by the City of Stockholm and the Stockholm Chamber of Commerce.**



Tartu

Tartu is not only about higher education offered by institutions like the University of Tartu, Baltic Defence College and the Estonian Aviation Academy.

Adding to the Swedish background of the University, companies with full or part Swedish ownership like Hanza Tarkon, Primus Eesti and Sievert Eesti are well established in Tartu since many years now. A wide range of additional export oriented Tartu based industries and SME's further contribute to the city's international atmosphere.



The Swedish Governor General of Livonia Johan Skytte, who made the preparations for the creation of the University of Tartu founded by King Gustav II Adolf 1632. The memorial was unveiled by Sweden's Queen Silvia in connection with the University's 375 years anniversary in 2007.

• **We celebrated our first anniversary at the end of February this year, said Jaana Pärna, Manager at Hotel Antonius, located just across the street from the University. We offer 6 Suites, 3 Double de Luxe, 8 Superior Double Rooms and a single Garret Room. Our guests are mainly international business travelers, many of them with their work connected to the University.**



Jaana Pärna, Hotel Antonius

• Our first year of operation was successful, told Jaana Pärna. Our occupancy was 80% last summer and the rest of the year accounted for a 60% occupancy.

• Hotel Antonius is located in a medieval building and the old vaults in our restaurant give our guests a touch of times past. We put quite an effort in preserving the medieval atmosphere here while at the same time creating an elegant restaurant with an atrium decorated with a rose garden ceiling painting.

• **In general the hotel business in Tartu is less seasonal compared to Tallinn, said Jaana Pärna. We don't have any real big peaks or extreme low seasons; our occupancy rate is more evenly spread out over the year.**

Commenting on the rather new air connection between Tartu and Stockholm/Arlanda, Jaana Pärna said that Hotel Antonius has not seen any additional number of Swedes as a result of the flights. During the winter season 2009/2010 the route is operated four times per week, with a mid-day rotation on Thursdays and Sundays and a late afternoon/evening rotation performed on Mondays and Fridays.

Texts: Megazine - Tallinn

The first 92 years

Celebrating Vabariigi Aastapäev – Estonia's Independence Day



It has by now become a tradition for the Swedish Chamber of Commerce in Estonia to commemorate and celebrate Estonia's Independence Day.

As a more formal SCCE tradition this yearly celebration is quite young. February 19th, 2008, a few days before the official 90th Anniversary of the Republic of Estonia February 24th, an impressive number of members of the Swedish Chamber of Commerce in Estonia gathered at the Swedish Embassy in Tallinn following a joint invitation by the then Ambassador of Sweden to Estonia, Dag Hartelius and the SCCE to an evening reception.



2008: The first 90 years at the Swedish Embassy in Tallinn

Few people can make times past living as Mart Laar and welcomed by Dag Hartelius, Mart took the stand this evening and gave a personal and colorful speech covering the past 90 years of Estonia's history. Mart Laar is not only chairman of the Pro Patria and Res Publica Union and a member of the Estonian Parliament – Riigikogu; he also has a PhD in history and is the author of several books on the Estonian history and the resistance to the Soviet occupation.

The first 91 years were celebrated February 26th, 2009 together with the German-Baltic Chamber of Commerce. This year Indrek Tarand, the then Director of the Estonian War Museum – General



2009: The first 91 years at the Estonian War Museum – General Laidoner Museum in Viimsi Manor

Laidoner Museum, welcomed the Chambers' members to Viimsi Manor.

Indrek gave life to Estonia's dramatic first years of Independence, with a special focus on General Johan Laidoner and foreigners fighting for Estonia during the War of Independence 1918-1920.

The first 92 years: Estonia – Nordic, with a twist

The theme was Nordic at this year's 92nd Anniversary of the Republic of Estonia. The reception took place February 15th at the Nordic Council of Ministers' Office in Tallinn and was jointly arranged by NCM, SCCE, and the Danish and Finnish Chambers of Commerce in Estonia.



2010: The first 92 years at the Nordic Council of Ministers' Office in Tallinn; Karolina Ullman, SCCE's Vice Chairman and Carita Pettersson, Head of NCM in Estonia

This year's theme goes back to the time when Estonia prepared for its upcoming membership in the EU 2004. An exhibition was opened in Brussels to introduce the country to old and new EU-members and it was headlined 'Estonia – Nordic, with a twist', putting Estonia on the map as a Nordic country.

• **We have hosted all kinds of receptions in these premises,**

The Hueck House



Carita Pettersson, Head of the Nordic Council of Ministers' Office in Tallinn and her colleagues have an interesting work place. Their office is located in a medieval house, known as the Hueck House, at Lai 29 in Tallinn's old town and this specific building is associated with a number of ghost stories.

In the 1930's, people often heard sounds of someone shuffling through the Lai 29 house and making knocking noises. One account tells of a servant being hit on the legs by an invisible force, another of a man's face peering from inside a wall.



Most tales relate to the ghost of a monk that was supposedly walled up in the house. This belief is probably based on the true story of Johann von Hiltten, ►►►

a radical monk who lived in the Hueck House in the 15th century as the guest of Hermann Greve, a merchant and alderman.

In 1464, von Hilten caused a stir by secretly performing a marriage ceremony for Greve's stepdaughter, Margarete Büddinck, to a tradesman from Bremen against the family's wishes. To complicate matters, von Hilten had himself fallen in love with the young Margarete, and wrote her passionate love letters in his own blood.



Apparently not charmed by this gesture, she rejected him, but he took revenge by convincing Greve to cancel her dowry and revoke the lease on the house he had given to Margarete's husband.

If there is the ghost of a monk in this house, it is probably not Johann von Hilten. He was imprisoned by the Catholic Church and died in Germany.

Some believe it is Margarete's ghost that haunts the house and a more recent account tells of loud noises on one particular staircase in the house – maybe the very same staircase where Carita Pettersson and Marina Kaljurand held their speeches at the celebration of the 92nd Anniversary of the Republic of Estonia...

Marina Kaljurand represented the Estonian State at this year's reception. She is Undersecretary for Foreign Economic Relations and Development Aid at the Ministry of Foreign Affairs, Estonia's Ambassador, non-resident, to Kazakhstan and also Estonia's Chief Negotiator on accession to OECD.



but this is the first time we host one for the Nordic business community. A bit astonishing perhaps, keeping in mind that the NCM office has been here since 1991, said Carita Pettersson, Head of the Nordic Council of Ministers' Office in Estonia.

The reason why is obviously that our priorities have changed. In the 90's we were very much an aid office, but today, in particular after Estonia became an EU member and in accordance with our guidelines, approved by the Nordic governments and by the Estonian government, we cooperate on a partnership level, for mutual Baltic and Nordic benefit.



We have a joint Nordic-Baltic business grant schedule and our focus as for business activities is set on the so called creative economy. We are trying to promote partnerships and a business environment for companies capable of generating welfare and jobs in the Baltic Sea region by using intellectual property, concluded Carita Pettersson her welcome speech.

The first 92 years

2009 was a difficult and challenging year, but today we can say that the political and financial decisions taken in Estonia were right. But nothing came granted; it came at significant cost, said Marina Kaljurand in her speech. Cuts in wages, cuts in personnel, high unemployment rate, lost jobs which are all personal tragedies, and uncertainty in the future.



Marina Kaljurand

So, what can Estonia put on the positive side? Fulfillment of Maastricht criteria, finishing the accession negotiations with the OECD, the first signs of improvement of export and a possible economic growth, and a better Estonian image.

Estonia is today portrayed as one of the few EU countries that can keep and is willing to keep budgetary discipline. Estonian exports have started to improve because our main export markets are doing better. New investors are coming to Estonia, some of them from Nordic countries and some of them relocating businesses to Estonia.

In focus nr 2, 2009, Anders Hedman wrote in his editorial; "I think it is very painful indeed for many Swedish-Estonians when their friends in Sweden read about the bad Estonian economy and the possible devaluation of the Estonian currency". We all remember headings and information – often biased – about Estonia, the Baltic countries, and Eastern European countries, but today the overall picture is changing in a positive direction for Estonia.

Do we like it? Yes. Are we happy about it? Are we happy that instead of Baltic losers the press is writing about difficulties in Latvia? Are we happy that we will join the Eurozone and OECD as the only Baltic country? Well, so and so. Of course, we are happy that we are doing comparatively well but we will be happier if the region as a whole will be successful and prosperous.



The first 92 years

Although we as countries in the northern part of Europe have different personalities, we are also so similar. We share interests, values, principles and ... humor. We laugh at the same jokes that we make about our neighbors. We like cold and snowy winters. We even enjoy them. When 2 cm of snow cause public emergency in Brussels, Paris, London or Rome – we smile our Nordic smile and pack our skies for weekend ski trips. We have a similar attitude towards work and pleasure, we prefer working to siesta, we have internet access 24/7, and we even belong to the same organizations - UN, WTO, OSCE, NATO, EU, EN and soon - OECD.

From this summer there will be one Baltic-Nordic country that will belong to all of the mentioned organizations. That is Estonia. And that is something! At the same time we should not lose our cool Nordic-Baltic heads, we should keep our priorities straight and tails up!

Trust me – we will never be selfish and forget our Nordic friends who for ages have been loving, supporting, sometimes irritating and patronizing, but always honest and friendly. So whenever Sweden and Finland will decide to join NATO, we will support. Whenever Iceland and Norway will decide to accede to the EU, we will support. Whenever Latvia, Denmark, Sweden and Lithuania will be ready to join the Eurozone, we will support. And I could continue.

And, there is one more thing that unites us – it is the Winter Olympics. We will keep our fingers crossed for our skiing queens and kings and of course we hope that our own royalties will win. But we know how to enjoy a good sport event and fair competition. So, if we lack an Estonian winner, we will be equally happy to see Nordic winners.

Because we are Estonians and Nordics with a twist, all year round, concluded Marina Kaljurand her highly appreciated speech.

Report: Megazine - Tallinn

Hoppet av Spithamn is given new life

Estonia's Swedish-speaking population was a sea-faring people. The land along the coast line and on the islands in northern and western Estonia is barren and only suited for limited farming.

It was the women who cultivated the earth and took care of the animals. The men built ships and sailed with the products that the women had produced, mainly po-

tatoes, to Stockholm, Helsinki, Turku, and other trading centers around the Baltic Sea.

Built in Estonia



Hoppet av Spithamn. Length: 21,82 m, breadth: 6,84m, draught: 2,1m, weight: appr. 60 tons, including 15 tons of lead ballast.

Hoppet av Spithamn is one of these ships and the only sailing vessel having survived the occupation of Estonia.

She was built by shipbuilder Mathias Schönberg in Spithamn, a small seaside village in Nuckö (Noarootsi) during the years 1925–1926 and sold to Finland in 1927. She sailed as a cargo vessel under Finnish flag up until 1965 when she was sold to Stockholm and used for pleasure cruising.

Rebuilt in Finland

Hoppet av Spithamn is a culture historically unique vessel, now being reborn in Finland. A group of enthusiasts of sailing cargo vessels have decided to save Hoppet for the future.

Hoppet and other sailing vessels built in Estonia and other places around the Baltic Sea often didn't survive more than 30 years. That was according to plans and the captain would already have the next boat under construction as his vessel's thirtieth anniversary came closer. The masts and rig from the old boat would be reused while the remainder would be chopped up.

Sten Westerholm



Sten Westerholm is an author, a former journalist and the Managing Director of Rederi AB Hoppet, the company owning Hoppet av Spithamn.

Sten Westerholm also took the initiative to recreate Svenska Folkhögskolan i Estland – Rootsli Rahvaülikool Eestis (the Swedish college in Estonia for adult education) and was its Headmaster 2001–2006.

As an author Sten Westerholm has written several books, the two latest on the Estonian-Swedish districts in Estonia and the last surviving Estonian-Swedish built cargo vessel; Hoppet av Spithamn.



THE STENHUS RESTAURANT

The Stenus Restaurant - exquisitely presented indulging meals.

The Stenus restaurant is famous in Tallinn for its superb 13th century vaulted ceilings and the huge roaring log fireplace. Dine in the elegantly tapestried rooms by candlelight and enjoy some of the best haute cuisine on offer in this city.

During the summer months, the Stenus Courtyard Garden is an ideal setting to enjoy drinks, light meals and some of our homemade desserts. Open from May-September, weather permitting.

PÜHAVAIMU, 13/15 10123 TALLINN
PHONE +3726997700-FAX +3726997777
SCH@SCHLOSSLE - HOTELS.COM
WWW. SCHLOSSLE - HOTELS. COM

The first 92 years

Being more than 80 years old Hoppet's hull has outlived its life. But the old hull has been a standing model for the rebuilding work and fresh wood details have been put in place piece by piece. Hoppet is an exact replica of the original ship, only much better and stronger.

Hoppet's new hull is now almost ready for the sea and has been under construction since three years in Loviisa, Finland. The hull will be launched to the sea June 15th this year and works with the interior and navigational equipment will follow. Meanwhile her rig is constructed in Mariehamn, Åland and smith works are done at Skeppsholmen in Stockholm.

The rebuilt Hoppet av Spithamn will be fully ready for the sea in the spring 2011 and her maiden voyage will go to Estonia and Dirhamn, located on the other side of Spithamn's head where she was originally built.

The future



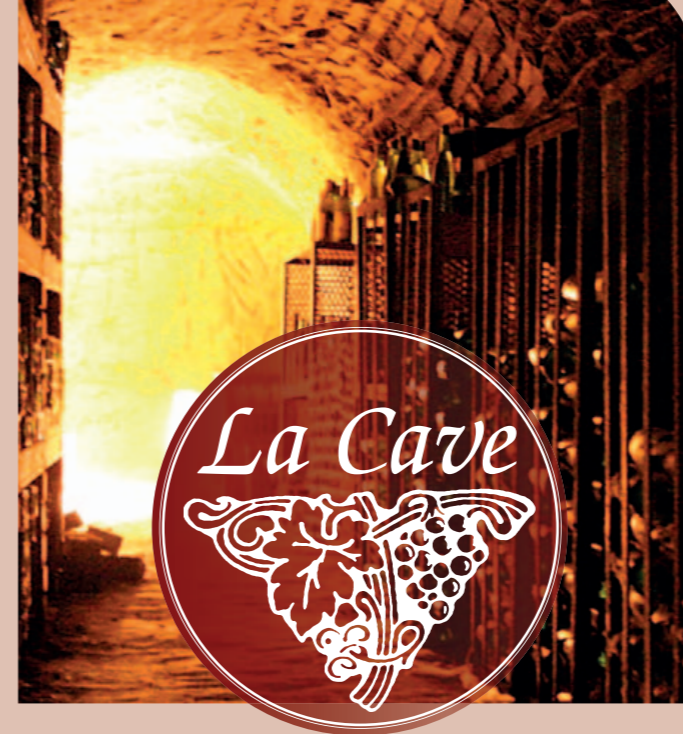
The plan is to have Hoppet sailing the Baltic Sea again. And not only there, but also in bigger waters as a sailing training vessel and as a living storyteller of times past.

Most of the wood for the new hull comes from the forests east of Helsinki and was donated by the forest owners Svenska Litteratursällskapet and Svenska Kulturfonden. The oak wood for the stem come from the domains of Burs vicarage on the Swedish Baltic Sea island Gotland.

Restoring a vessel of Hoppet's size is a big and expensive task, but we have come so far in rebuilding her that we can safely say: Hoppet will sail again.

However, donations are required to secure her future and more information on Hoppet av Spithamn is found on her own website; www.hoppet.fi.

Text: Sten Westerholm
Photos: Maj-Len Westerholm



The Focus Point - FP System



FP 96-100:
An extraordinary wine of profound and complex character displaying all the attributes expected of a classic wine of its variety. Wines of this caliber are worth a special effort to find, purchase, and consume.

FP 90 - 95:
An outstanding wine of exceptional complexity and character. In short, these are terrific wines.

FP 80 - 89:
A barely above average to very good wine displaying various degrees of finesse and flavor as well as character with no noticeable flaws.

FP 70 - 79:
An average wine with little distinction except that it is a soundly made. In essence, a straightforward, innocuous wine.

FP 60 - 69:
A below average wine containing noticeable deficiencies, such as excessive acidity and/or tannin, an absence of flavor, or possibly dirty aromas or flavors.

FP 50 - 59:
A wine deemed to be unacceptable.

The main wines for this evening were four Chateau Kirwan from the vintages 1999, 2000, 2003 and 2004.

Together with the entry course file of Duck with green salad, balsam vinegar, parmesan-onion crispy chips and black-currant sauce we first tried the 1999. The first thing that hit my nose is the oaky fragrance that finds its way up through the Spiegelau-glass. It is very aromatic and modern styled with a deep ruby color and it has a considerable size, depth and muscle which indeed are unusual for the 1999 vintage. After some time in the glass the wonderful aromas of cassis and berries, with hints



Four vintages Chateau Kirwan at Restaurant Dominic

While cleaning up my mailbox one day in February, I noticed an old invitation to a Chateau Kirwan tasting at restaurant Dominic in Tallinn. I checked my calendar and yes, I was free. A fast call to my wife and after confirmation from her we were soon in a taxi and on our way.

of spices comes into my mind. It is clearly a full bodied vintage with fine tannins and a delicious long fruity aftertaste. I would give this wine 91/100 Focus Points and the vintage is mature now.



With the starter we also had the 2004 Chateau Kirwan and this vintage has still to remain in the bottle. It was too young now and kind of a sleeper at this stage. But without doubt a great vintage that just needs more time. The dense purple color is accompanied by aromas of flowers, black cherries, cassis, licorice and a small amount of oak, but much less oaky than the 1999. After keeping it some time in the glass the aromas of cedar and black currants become more notable. I would say that the wine is medium-bodied with a good underlying acidity and moderate

Investing in wine



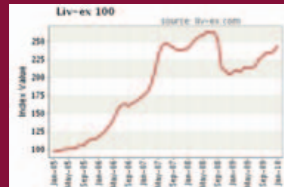
Fine and vintage wines never file for bankruptcy and a case of a fine vintage might very well be a profitable alternative to investing in shares on the stock market. But, it takes knowledge to be successful.

• Invest in the best wines available in the world and these are to 90% Bordeaux wines, says Ole Nielsen, CEO at the wine broker WineFinder. But, out of more than 7.000 wine producers in Bordeaux only some 50 wines are considered interesting.

What wines and what vintages the market considers interesting is a matter of influence. The American wine specialist Robert Parker and his newsletter The Wine Advocate has become one of several renowned authorities. An increased global interest, especially from Asia, makes Parker's opinions duly noted on the international market.

The Liv-ex 100 Fine Wine Index is considered a benchmark and represents the price movement of 100 of the most sought-after fine wines for which there is a strong secondary market.





The majority of the index consists of Bordeaux wines (91% red and 1% white) - a reflection of the overall market, although wines from Burgundy (3,6% red), the Rhone (0,3%), Champagne (3,4%) and Italy (0,7%) are also included.

Just like the stock exchange there are ups and downs on the wine market. Johan Magnusson, operating the wine cellar Magnusson Fine Wine in Stockholm, provides some comfort for the downs:

- You can always drink and enjoy the wine if the investment turns out to be a failure, says Johan Magnusson.

cassis, wood and tar. Definitely a wine with potential which will not suffer from yet some 10 more years in the bottle. 90 Focus Points from me.

Last but not least, the 2003 and my clear winner of the evening. A real beauty! Blackberry, Indian spice and dried flowers plays in your upper organs when tasting this wine. It is extremely silky and fills your mouth with pure well caressing finish. Sweet tannins and ruby/purple-tinged effort. Medium-bodied with plenty of sweet tannin in addition to low acidity. An impressive structure! 94 Focus Points and to appreciate the greatness of the 2003, you should of course try it together with some other vintages to get the understanding and feeling for this great wine.

The dessert was a Peach crème brûlée with Blue Cheese ice-cream! Excellent combination especially with a 2007 Sauternes from Maison Schröder & Schyler. 80 Focus Points!

Dominic is a great restaurant located opposite Telegraaf Hotel on Vene Street 10 and has real enthusiasts like Sommelier Imre Uussaar and Chef Allar Oesalg. Highly recommended with a very good wine list for Tallinn circumstances.



Report: Anders Hedman

tannins. The maturity of this wine is definitively 15 years ahead. 88 Focus Points now, but with potential to grow.

The main course was lamb carré and filet with a spicy risotto accompanied by goat cheese/pumpkin pure with grilled vegetables in Bordeaux sauce. It was very interesting and we started off with the Chateau Kirwan vintage of 2000. 2000 was a great year in Bordeaux although not as good as 1961, 1982 or 2005, but still clearly one of the better years of the last 50 years. Kirwan's vintage 2000 is a full-bodied, dense, chewy wine, which is very unusual for Kirwan. The black/purple color is followed by a chewy, concentrated persistent effort with terrific ripeness. I can smell

Dinner for six

Imagine inviting friends for dinner at your home without cooking yourself. Contacting a catering company is of course one option, but I recently went for another alternative.



In action; Chef de Cuisine et Sommelier Jaanus Vabi

Jaanus Vabi is an experienced chef and sommelier working with SCCE's member Veinipood. In addition to giving advice and selling wines, Jaanus also offers his services as chef in your own kitchen.

Outsourcing the cooking tasks was tempting so I invited Benno and Reidi Strandberg, Hillar Lauri and Tiina Makarov to try out the concept.

Jaanus arrived a couple of hours before our guests and started up by preparing the more time consuming parts of the cooking. A basic idea is actually that as much as possible of the cooking should take place when everybody has arrived. That gives a dinner arrangement like this a certain kind of togetherness as all can follow what's going on in the kitchen, questions are answered and cooking tips given.

As our guests arrived vegetables and fruits were already cut and mixed. Eggs and beef had been taken out of the fridge to be room tem-

The concept

Outsourcing the cooking tasks for a dinner in your home is a straight forward and simple concept.

Following an agreement with Jaanus Vabi on the menu and the selection of wines, I made the shopping and the only thing Jaanus brought himself was his own two kitchen knives and a sharpener.



- Cutting ingredients should just be a smooth process of cutting and not a fight, said Jaanus.

Pots, pans, bowls, plates, glasses and other hardware resources are to be provided from your own collection and you should be prepared for Jaanus entrance in the kitchen domain a couple of hours before the guests arrive. >>>



pered for making the sauce béarnaise and the Chateaubriand. The red wine sauce was more or less ready - it's amazing to witness a bottle of red wine being reduced in the pot to a nice sauce with a discrete sweet taste mixed up with the flavor of spices and herbs.

And, our first dish this evening was also ready to be served; the amuse-bouche, a hors d'œuvre made of trout roe on a bed of red onion and sour cream mix on the top of a piece of Tuscany bread and decorated with a piece of lemon.

We had a Riesling to the amuse-bouche and continued with that wine for the appetizer which was tiger prawns marinated in sweet and sour Thai sauce, quickly fried in a hot pan and served with green salad and a fruit salsa. Jaanus used kiwi, pineapple, pears, chili peppers and strawberries for the salsa.

Chateaubriand was our main course and was served on a bed of vegetable Julienne with red wine sauce at the side and béarnaise sauce on top. Cucumber, carrot, apple, radish and cauliflower formed the basis of the Julienne.

We had Pomerol and a simpler, but very good Bordeaux table wine to the Chateaubriand - an interesting combination clearly illustrating the differences between wines.

Apple cake with ricotta cheese topped with almonds was served for dessert and the evening was rounded up with coffee and a selection of Grappa, Cognac and Armagnac for the avec.

In addition to a very good dinner, I believe I can say that all of us enjoyed the evening. The concept of following a chef in action in the kitchen worked as a beautiful get-together ingredient in our dinner for six.



The quality of vegetables and fruits is often questionable in the shops and keeping an extra critical eye on what you put in the shopping cart is recommended. Getting tender beef is also somewhat adventurous here. I preordered the beef in Viimsi's Lihapood and think the outcome was totally ok (though a Swedish friend of mine muttered something about the need for Östermalmshallen in Stockholm for getting real tender beef).

We had quite an extensive dinner menu and I used the leftovers of the Chateaubriand for Boeuf Bourguignon the following day.

Any disadvantages with the concept?

Well, you are left with the dishes and an aftermath support of either an enthusiastic family or a cooperative dish washing machine is recommended.

The chef and sommelier Jaanus Vabi can be contacted on e-mail: jaanus.vabi.002@hotmail.com, tel: (+372) 58 163 996.

Reporting from the kitchen and dinner table (but not from the cooking stove):

Kristiina Sikk

Estonian transit cargo trade

“China and Estonia are separated by just one country”, said President Toomas Hendrik Ilves as he met the Chinese vice Prime Minister Zhang Dejiang in November last year.

“Estonia could serve as one gateway for China to the European Union, but also toward the south”, continued President Ilves.



Located 17 km east of Tallinn, Muuga Harbor is the biggest cargo harbor in Estonia and is now in the process of a second major phase of development.

Called ‘Muuga Harbor Intermodal Facilities’ the project involves further development of the eastern extension of the harbor including reclamation of 43 ha of new hinterland area, provision of utilities networks, and construction of a 2 km long access road. The additional hinterland area will be used for building a railway marshalling yard handling containers and a road connection between the industrial free-zone park and the container terminal area. It will also host additional general use and storage areas as well as loading and waiting areas for trucks.

Total costs are estimated to EUR 23.3 million and EIB – the European Investment Bank is expected to finance the project with EUR 11.5 million.

Muuga Harbor is handling 90% of the transit cargo volume passing through Estonia and 80% of the total cargo volume of Port of Tallinn. Close to 75% of the cargo loaded at Muuga Harbor includes crude oil and oil products, with dry bulk – mostly fertilizers, grain and coal – and other types of cargo accounting for the remaining volume.

Stockholm Vision 2030

In twenty years central Stockholm is expected to have 1 million inhabitants and the greater Stockholm area 3,5 million people living and working there.

newsflashes

Stockholm Vision 2030 is a construction project involving the area around the Stockholm ports Värtahamnen and Frihamnen, both well known for ferry passengers from Estonia and Finland. More than 12 million passengers per year are arriving to Stockholm by sea and they are estimated to spend some 5,5 billion SEK in the capitol city. Stockholm Vision 2030 aims at providing a further development in terms of 10.000 new apartments, 30.000 work places as well as increased and improved infrastructure facilities for shipping, commerce and trade.

• As for Värtahamnen and Frihamnen, Stockholm Vision 2030 will result in a living city district close to the sea and will also contribute to a more environmental friendly development of the shipping and land infrastructure compared to the present Stockholm port facilities launched in 1870, says Henrik Widerståhl, acting Managing Director of Ports of Stockholm operating the ports in Stockholm, Kapellskär and Nynäshamn.

A greater Stockholm District Court of the Environment has however ruled out most of the basic plans and Ports of Stockholm are now in the process of appealing the ruling.



Talsinki

Despite a decision by the EU Regional Development Fund Interreg, not to support a feasibility study of a rail tunnel between Tallinn and Helsinki, talks on the project are still ongoing between the two cities’ Mayors, Edgar Savisaar and Jussi Pajunen.

newsflashes

- 6,4 million passengers traveled between Helsinki and Tallinn in 2009, apparently a European record, said Helsinki’s Mayor Jussi Pajunen in a February 2010 statement. Tallinn and Helsinki account for close to two million inhabitants totally and the rail tunnel and the Rail Baltica project is a question of whether we want to be in the heart of Europe or remain provinces in the outskirts.



A Eurotunnel cross section shown at the National Railway Museum in England

Local decisions on the feasibility study for the rail tunnel are expected in 2011 and the project involves 70 – 85 km of tunnel, an additional 10 km of rail infrastructure on land and the construction time is estimated to last for 20 years.

As a comparison Eurotunnel, the English Channel rail tunnel opened for traffic in 1994, is 50,5 km long and took 6 years to build. The total cost was £ 4.650 million, equivalent to appr. £ 10.152 million today. As the first idea on this tunnel appeared in 1802, it took 186 years before the final construction works began.

Useful but weak



Estonians consider trade unions as useful but weak according to a recent study commissioned by EAKL - the Confederation of Estonian Trade Unions.

67% of the respondents in the study considered trade unions weak, and 14% downgraded the unions to very weak while no respondent went for very strong as their evaluation option.

However - at the same time 83% of the respondents being members of a trade union found their membership useful.

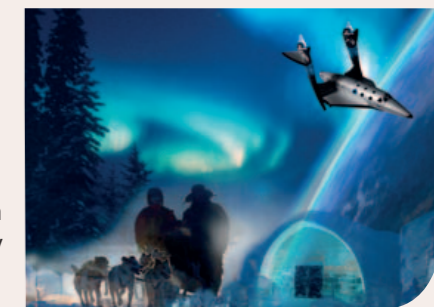
• Both members and politicians value the trade unions’ activities for protecting the workers’ interests, said EAKL’s Chairman Harri Taliga in a comment. However, all expect more activity from us, and our members and Estonian workers in general expect us to achieve higher salaries.

Of the non-members interviewed in the study, 23% said they would be prepared to join a trade union if there was any in the company they work for. But almost as many said that they do not see any good in joining a trade union and another 18% have never thought about it. Only 3% quoted opposition by the employer as the reason for not joining a trade union.

Passenger spaceflights from Sweden

As Sir Richard Branson and 800 guests witnessed the December roll out of the Virgin Galactic SpaceShipTwo at the Mojave Spaceport in California, plans for commercial passenger spaceflights from Spaceport Sweden were also revealed.

Virgin Galactic’s space ships seats six passengers and two pilots and their space flights will take the people on-board up to space in a ballistic trajectory reaching an altitude of 110km – more or less ten times higher than we fly in today’s passenger jets. From launch to touch-down a spaceflight will last for approximately two and a half hours. Virgin Galactic has chosen the Mojave Spaceport and Spaceport Sweden in Kiruna as their two sites for launches.



• Sweden has been very welcoming and enthusiastic about our project and I am hopeful that we could start to launch spaceflights from Spaceport Sweden soon after our first launches from the US Mojave Spaceport, said Richard Branson at the roll out ceremony.

Spaceport Sweden, located to Kiruna in the very northern part of Sweden, is a co-operation between the Swedish Space Corporation, the IceHotel in Jukkasjärvi, Kiruna Airport and Kiruna’s business-development company Progressum, with the aim to be a world leading spaceport actor and Europe’s first and most obvious place for commercial spaceflights.

• We have space competence and the infrastructure needed through the Esrange Space Center being in operation close to Kiruna since more than forty years. Additionally we can offer northern lights, midnight sun, Europe’s last remaining wilderness and an ice hotel

– that’s not a bad package, says Spaceport Sweden’s Johanna Bergström-Roos.

Spaceflight ticket prices?

- The starting price for flights is \$ 200,000 per passenger with refundable deposits starting from \$ 20,000, says Virgin Galactic.

The first ticket to a Swede was sold in February this year and the first spaceflight from Spaceport Sweden is planned to take off in 2012.

Economic freedom

For over a decade, The Wall Street Journal and the Washington based think tank The Heritage Foundation, have tracked economic freedom around the world with their Index of Economic Freedom.

The Index covers 10 freedoms – from property rights to entrepreneurship – having been measured in 179 countries 2009. Estonia is ranked as number 16 and Sweden as number 21 on the list.

| Rank | Country | Overall Score 2009 |
|------|-------------|--------------------|
| 1. | Hong Kong | 89,7 |
| 2. | Singapore | 86,1 |
| 3. | Australia | 82,6 |
| 9. | Denmark | 77,9 |
| 16. | Estonia | 74,7 |
| 17. | Finland | 73,8 |
| 21. | Sweden | 72,4 |
| 29. | Lithuania | 70,3 |
| 37. | Norway | 69,4 |
| 50. | Latvia | 66,2 |
| 179. | North Korea | 21,4 |

• Estonia is ranked 7th out of 43 countries in the Europe region, and its overall score is well above the regional and world averages, says the Index of Economic Freedom. Estonia has relatively low tax rates and total government expenditures, including consumption and transfer payments, are moderate.

• Sweden’s score has increased by 1,9 points since last year, comments the Index. The country has a very burdensome income tax rate but a moderate corporate

newsflashes

tax rate. The top income tax rate is effectively 57% percent, and the corporate tax rate is 26.3%, reduced from 28% percent as of January 1st, 2009. Total government expenditures, including consumption and transfer payments, are very high. In response to the global crisis, Sweden undertook one of the largest fiscal stimulus programs in all of the European Union, estimated at 6.6 percent of GDP.



Getting a job

The Swedish text-analysis company Saplo has studied more than 1.000 job ads to find out what kind of qualities employers are looking for these days.

Four qualities turned out to be most frequent in the job ads studied:

- ✓ Structured
- ✓ Taking own initiatives
- ✓ A minimum of personal prestige
- ✓ Sales oriented

• Having these qualities is one thing, highlighting them in a job application is quite another story, said Saplo’s Manager Mattias Tyrberg.



work. And, writing a personal and less formal application definitely helps.

• Getting a job in times like these when the competition for getting a vacant position is extremely sharp, requires that people are brave enough to market themselves. A different set up of the CV, maybe with photos from the past career, might

newsflashes

Contingency plans

Having been NATO-members since 2004, Estonia, Latvia and Lithuania will this year see discussions on formal NATO contingency plans take shape for the defence of the three countries.

• The Baltic States will get their plans, probably approved by NATO’s military side rather than its political wing, wrote The Economist’s columnist Edward Lucas in a recent article. The contingency plans will be presented as an annex to existing plans regarding Poland, but with an added regional dimension. That leaves room for Sweden and Finland - not members of the NATO alliance but increasingly close to it - to take a role in the planning too.

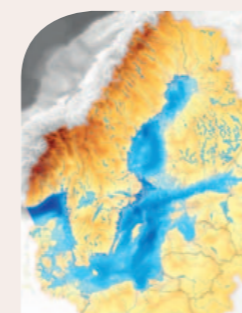


Two Swedish manufactured Gripen Fighters from the Czech Air Force air-policing Baltic airspace in 2009 as part of the NATO air defence Quick Reaction Alert task

Estonia’s Defense Minister Jaak Aaviksoo said that a trend was gaining ground in NATO to involve also non-members, such as Sweden and Finland, in the regional defense plans.

• We’re talking about the next step in enhancing our defense capability, said Jaak Aaviksoo in a comment. These regional defense plans are based on evaluations of concrete risks.

The EU’s Baltic Sea Strategy



• Since the EU enlargement 2004, challenges facing the Baltic Sea Region have increased. Escalating environmental threats, gaps in economic development and poor transport accessibility are issues which need to be tackled urgently, says the EU.

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newsflashes

dency, the Baltic Sea Strategy was endorsed in October 2009 and it will now be implemented with a stakeholder forum scheduled for October 13-15, 2010 in Tallinn.

Following her February 2nd appointment as Sweden's new Minister for EU Affairs, Birgitta Ohlsson and Estonia's Minister of Foreign Affairs Urmas Paet got a chance to meet in Brussels a few weeks later.

- The successful start of the Baltic Sea Strategy shows that regionally based strategies will grow in importance in the future, said Birgitta Ohlsson and Urmas Paet in a joint statement.

- Estonia is focusing on three areas within the framework of the Baltic Sea strategy, namely marine environment and navigation, improved interconnections linking together the Baltic Sea region, and the further development of knowledge based society, said Urmas Paet.

Birgitta Ohlsson visited Tallinn in the beginning of March and got a further opportunity to discuss the Baltic Sea Strategy with Estonia's Ministry for Foreign Affairs. Her Tallinn program focused on environmental issues and included a couple of study visits; one of them at Ragn-Sells, where Birgitta Ohlsson took a closer look at the company's waste management contributions for the development of an eco-cycle economy.



Rein Leipalu,
Managing Director, Ragn-Sells Estonia



Birgitta Ohlsson,
Sweden's Minister for EU Affairs

ps.

At one of our first meetings this year, I was encouraged by the SCCE Council to continue my Swedish language studies.

Though I have Estonian-Swedish roots from the Noarootsi/Nuckö area and though I am living together with a Swede, I can't say that Swedish has been a second, third or even fourth language of mine through the years.

However, some years back I picked up Swedish language studies at Svenska Folkhögskolan in Tallinn (and I am happy to note that Folkhögskolan's headmaster at that time, Sten Westerholm, contributes with an article in this issue of **focus**). These studies combined with some conversations in Swedish at home did me well. Though I am not so keen on speaking Swedish publicly yet, I can at least follow a Swedish conversation and get the general picture of the content.



I got a bit surprised myself over the ability to understand Swedish as I suddenly just had to read two books in Swedish last summer. Two friends gave me the first book in Stieg Larsson's Millennium trilogy as it just had been published in Estonian translation; 'Lohetätöveeringuga tüdruk' (Swe: Män som hatar kvinnor). I quickly realized why this trilogy had sold more than 12 million copies worldwide, and why Stieg Larsson was the second bestselling author in the world 2008. I just had to read the two remaining books immediately! Since my man had them in the bookshelf, I picked them down and started to read - in Swedish. It went surprisingly well and was probably good for my self confidence too, as I didn't have to ask for translation support that often.

Compared to the three biggest languages in the world, Chinese (Mandarin), Spanish and English; Swedish and Estonian are extremely small languages. It is estimated that Swedish is spoken by some 10 million people around the world. This figure includes Sweden's 8 million natives, 1,1 million immigrants to Sweden, some 300.000 people in Finland and some 70.000 descendants to Swedish emigrants in the USA. And, it shouldn't be forgotten that Swedish is, though to a small extent, still spoken in Estonia, mainly in the Noarootsi area. An equal estimate for Estonian accounts for the language to be spoken by some 1,1 million people around the world; 950.000 people in Estonia and the rest being



found mainly in Sweden, Canada and the USA.

Judging from e-mails, phone calls and other contacts, I believe I can say that we are witnessing an economic change for the better starting to take place now. The international interest for Estonia and the business opportunities we can offer is growing. And the spirit of Estonian entrepreneurship has started to blossom again.

As it has been through the years, a good part of this interest is coming from, and is also directed to, Sweden.

English will remain the official language of the Swedish Chamber of Commerce in Estonia. Though our main focus is on Estonian - Swedish commerce, trade and investments, our members represent not only Swedish and Estonian



nationalities but several others as well and English is a way for us to unite linguistically. However, I intend to further improve my Swedish language skills and hope that the outcome will be mutually beneficial, both for SCCE's members and me.

March has just started as I write this. The Olympic Winter Games in Vancouver are over and offered many late evening excitements in front of the TV. The winter has held us in a firm grip for a good number of weeks by now and though I am of the opinion that winter and snow goes together, I think that a Swedish saying is appropriate; Lagom är bäst! (appr. in this context: a moderate amount is best!).

SCCE has several interesting seminars, business lunches and events coming up for the spring and I look forward to seeing you, both old, new and members to be, at our upcoming activities.



I hope you enjoy reading this issue of **focus** and latest news on SCCE events to come and reports on events passed are always found at: www.swedishchamber.ee.

Sincerely,

Kristiina Sikk
SCCE Ombudsman

Contributions to **focus** from the members of SCCE, both in terms of editorial content and advertising, are welcomed. **focus'** advertising opportunities including sizes, prices and technical requirements are available at our website: www.swedishchamber.ee

If you haven't already done it - please do put us on the mailing list for pressreleases, articles as well as your point-of-view on issues of general interest for the commerce and trade between Estonia and Sweden.

Latest news on SCCE events to come and fresh reports on events passed are always found at www.swedishchamber.ee and you can reach me for further information at email: kristiina@swedishchamber.ee or by phone: (+372) 501 9813.

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