7. The relationship was again dominated by the disputed border and the treatment of the substantial ethnic minority. Things improved considerably as the year wore on. By April relations had been reduced to a seriously bad state: a foolish pro-Chechen parliamentary statement enraged the Russians, and the venomous dispute between the two rival Orthodox Church factions led to large though peaceful demonstrations. The Russian Presidential campaign inevitably added more tension, but in May Kallas realized Estonian policy was in a cul-de-sac and announced a major change of tack. However it was not until autumn that the border agreement was finalized, though the Estonian hope that it could be signed at Lisbon proved vain. The border treaty was only agreed because the Estonians took the (for them momentous) decision to give up their insistence that the Russians acknowledge the 1920 Tartu Peace Treaty as the symbol of the legal continuity of the Estonian state. The zigzagging 'control line' south of Lake Peipus will be straightened out, and day-to-day aggravations over border crossings removed, but the real prize is to approach the EU with the problem resolved. A genuine dialogue is at last underway with the Russians. Kallas broke the ice with Primakov in October, his successor Ilves followed up in December, and Primakov may visit Tallinn next month. Vähi keeps lines open to his friend Chernomyrdin, and hopes that the problem of Russian tariffs can be tackled next.

8. But the fundamental problem, and the one the Russians try to link with the border, is the situation of the half-million ethnic Russians living here. Most of those who voted in the Russian election plumped for Zyuganov. Many older people are unable or unwilling to learn enough Estonian to become citizens, and it is easy for Moscow politicians to exploit their fears about the eventual phasing-out of Russian-language secondary education, or about job security in moribund Soviet-era industries. Yet a lot of Russians are obviously committed to Estonia, and rather excited by the idea of Europe. Many send their children to Estonian kindergartens. They were able to vote for Russian-speaking candidates in the local elections, thanks to a concerted Western lobbying campaign, and the Estonian authorities eventually did process the numerous applications for residence permits by the July deadline, or shortly thereafter. Even most of the retired military were given permits. All EU colleagues and the OSCE mission (about whose continued presence the Estonians were much more relaxed this year) are unanimous in feeling that the human-rights abuses that Moscow alleges are non-existent or at least grossly exaggerated. But the Russians have leverage, and the Estonians are all too conscious of this when they consider their chances of joining the EU and eventually NATO.

[redacted]

9. [redacted]