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but bids for the first 38 state enterprises up for sale closed on schedule on 22 December. There are over 100 bids at least two of them British.

16. Bilateral relations are very good and we have established excellent working relationships with the key Ministries and other main players. The Know How Fund is greatly appreciated as is the FCOSAS and we have managed to attract worthwhile visitors under the sponsored visits scheme. I look forward to the early opening of British Council's ELT Resource Centre, hopefully next month. The visits by Mr Gummer in July and the RN Mine-hunting Squadron in September covered two fields in which we have a long tradition of mutual cooperation. However, leading Estonians have said to me (and I agree) that our relations need thickening by more contact at Ministerial level. I very much hope we can invite Mart Laar, the Prime Minister, to London during the course of this year. Also the Foreign Minister, Trivimi Velliste, who is good value and extremely pro-British. And it goes without saying that visits by one or more members of Her Majesty's Government would be very well received here. Apart from an FCO Minister I have in mind Trade, Energy and Environment.

17. A year ago I suggested that if Estonia got through the winter she would survive. A year on it is a safe bet to say that Estonia is here to stay. It will be hard going for the next year or two: unemployment will surge as those inefficient state enterprises unattractive to private buyers are allowed to fail. And living standards will improve only slowly provided the government keeps its nerve and its economic stabilisation and reform programme in place.

18. It has been - and remains - enormous fun setting up this small but worthwhile Mission. Now that we are established in highly satisfactory office and residential accommodation, we can devote more time to teeth activities and less to administering ourselves. I am conscious that our present resources enable us to do little more than responsive work on the Commercial side. Interest in this market is growing and I am dismayed by the negative attitude shown by ECGD. It is surely time they stopped lumping Estonia together with the other FSU Republics. Alone among them Estonia has a strong, convertible currency. Alone Estonia has substantially redirected her trade to the West. And her economic programme has been endorsed by the IFIs. At the very least ECGD could surely have a look at the market for themselves.

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