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CONCLUSION: PROSPECTS FOR 1995

15. There are some lingering attitudes from Soviet times, and there is a sheer lack of money as yet for many ordinary people. But in just over 3 years, a group of startlingly youthful Estonian leaders have managed to reestablish this small nation both politically and economically, to reorient its trade links to the west, and singlemindedly to position it for eventual NATO and EU membership. Estonia has a strong Nordic 'feel', and (in Tallinn at least) there is an air of real economic progress. The threat in 1995, if any, is not so much one of a serious faltering in the free market economic approach, but the unpredictability of Russian behaviour, especially in regard to their ethnic cousins here. The parties which win in March will almost certainly be less right-wing than the present coalition, but their determination to keep Estonia broadly on its present economic course will probably be the same. Their approach to Russia will be similar too: at times nationalistic to the point of obstinacy, but in the end basically realistic over contentious issues. They will still need help and advice from us and our EU partners, through 'political dialogue'. But 1994 - the 'Estonia' disaster excepted - has been a good year for this country. "We are rid of our fundamental problem, the foreign troops," said Luik in Parliament in his year-end review. The next government's priorities will be continued progress towards Scandinavian-style capitalism, an even closer relationship with the EU and with NATO, and determined defence of national interests in relation to Russia. Neither the March 1995 elections, nor events in Russia itself, will easily throw the Estonians off course.

16. I am copying this despatch to HM Ambassadors in Moscow, Riga, Vilnius, Stockholm, Helsinki, UKRep Brussels, and UKDel NATO.

I am, Sir
Yours faithfully,



C R L de Chassiron

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