

UNCLASSIFIED

52

005671

MDHIAN 3445

UNCLASSIFIED

FM TALLINN

TO DESKBY 230900Z FCO

TELNO 236

OF 221345Z DECEMBER 92

INFO PRIORITY VILNIUS, RIGA, MOSCOW

INFO ROUTINE HELSINKI, KIEV, STOCKHOLM, OSLO, COPENHAGEN, WASHI'

INFO ROUTINE BONN, PARIS, UKDEL NATO, UKREP BRUSSELS, [REDACTED]

js
23/12

no js
papl (11/2)

M

ESTONIA: LATEST DEVELOPMENTS.

SUMMARY

1. SEVENTH ROUND OF TALKS WITH RUSSIANS REGARDED AS SUCCESS. FOUR AGREEMENTS INITIALLED. CSCE MISSION TO VISIT ESTONIA. BANKING CRISIS CONTINUES BUT ONLY ONE OF 3 COMMERCIAL BANKS INVOLVED GOES INTO LIQUIDATION. FORMER MINISTER OF FOREIGN AFFAIRS APPOINTED NEW HEAD OF PRIVATISATION BOARD. LOANS AGREED BY EBRD AND JAPANESE EXIM BANK.

DETAIL.

2. THE SEVENTH ROUND OF ESTONIAN-RUSSIAN NEGOTIATIONS TOOK PLACE IN LOHUSALU NEAR TALLINN ON 16 AND 17 DECEMBER. FOUR AGREEMENTS WERE INITIALLED ON MILITARY AND CIVIL PENSIONS, CUSTOMS POSTS AND THE HANDOVER TO ESTONIA OF LIGHTHOUSES, BUOYS AND BEACONS. NO (NO) AGREEMENT REACHED ON DATE FOR TROOP WITHDRAWAL BUT TROOPS CONTINUE TO DEPART AND ESTIMATES ARE THAT LESS THAN 9000 REMAIN. NO (NO) PROGRESS ON ECONOMIC ISSUES BUT RUSSIANS PREPARED TO DISCUSS THE US DOLLARS 80 MILLION WORTH OF ESTONIAN BANKING ASSETS FROZEN IN MOSCOW AT THE NEXT MEETING ON 14 AND 15 JANUARY.

CSCE MISSION.

3. A 6-MAN MISSION WILL SPEND SEVERAL MONTHS IN ESTONIA FROM JANUARY OR FEBRUARY TO LOOK AT HUMAN RIGHTS. TWO EACH WILL BE BASED IN TALLINN, NARVA AND KOHTLA-JARVE.

BANKING CRISIS.

4. THIS CONTINUES AND TARTU COMMERCIAL BANK HAS GONE INTO A LIQUIDATION FORCED BY AN UNWISELY LIBERAL LOANS POLICY. THE OTHER TWO BANKS INVOLVED SEEM SET TO SURVIVE, AT LEAST IN THE SHORT TERM.

PRIVATISATION.

5. A NEW PRIVATISATION BOARD HAS BEEN APPOINTED HEADED BY JAAN MANITSKI, FOREIGN MINISTER IN THE VAHI GOVERNMENT. THE PROGRAMME OF PRIVATISATION REMAINS ON SCHEDULE I E TODAY IS THE CLOSING DAY FOR BIDS FOR THE FIRST 38 ENTERPRISES ON OFFER.

FOREIGN LOANS.

6. THE EBRD HAS SIGNED EMERGENCY FUEL ASSISTANCE AGREEMENT WITH ESTONIA WORTH SOME US DOLLARS 40 MILLION. AND IT HAS BEEN REPORTED THAT THE JAPANESE EXIM BANK WILL MAKE AVAILABLE A LOAN OF US DOLLARS 20 MILLION.

LOW

YYYY

DISTRIBUTION

126

MAIN 121

.BALTIC
EASTERN D
PUSD
CED
CSCE UNIT
ECD(E)
ECONOMIC ADVISERS
CFSP UNIT
ERD
HRPU
INFO D//BRIEFWRITERS
JAU(E)

NEWS D
PLANNERS
RAD
SECPOL D
UND
WED
ECFAD/ODA
PS
[REDACTED]
PS/PUS
[REDACTED]

ADDITIONAL 5

CAOFF// [REDACTED]
CAOFF// [REDACTED]
CAOFF// [REDACTED]
MODEK/DI (SEC)
MODEK/NEPSI
NNNN