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## BALTIC HORIZONS

10. Two notable features this year were enthusiastic Estonian participation in the pan-Baltic conference in Visby, and a serious effort to get on better, as the outside world expects them to, with the other Baltic States. A free-trade agreement in agricultural products was agreed, border and customs procedures overhauled, and BALTBAT carried forward. In mid-year, the Estonians made a successful effort to settle their dispute with Latvia over the sea border and fisheries, and Meri's autumn state visit sealed the rapprochement.

11. A major priority during the middle months of the year was Estonia's chairmanship of the Council of Europe's Ministerial Committee, which Kallas carried off with noted success, especially during his July visit to the Trans-Caucasian candidate countries. He also devoted much effort to developing relations with Ukraine: not only is trade increasing fast, thanks to a FTA, but Estonia prides itself on giving valued help eg on how to run a currency board. And Estonia set its sights on membership of WTO and also of OECD, goals reaffirmed by Ilves.

## UK/ESTONIAN RELATIONS

12. We are seen as consistently supportive of Estonia's EU aspirations, and this makes for very good bilateral relations. Successful visits by Lord Cranborne and Sir Nicholas Bonsor were followed by that of BOTB Chairman Martin Laing. Our effective military assistance, ranging from advice by General Johnson's IDAB to training of NCOs by the Royal Marines, is much appreciated (the Marine Colour Sergeant concerned got a decoration). The Estonians are already thinking, as we need to, about how to mark the eightieth anniversary of the arrival here of RN ships in 1918 to assist the independence struggle. Our trade relations are thriving: volumes increased by nearly 150% this year, and we continue to be a major investor, though overtaken by the Americans. Our range of KHF projects and the things we can quickly do with AUSPB and BPS money - like financing medical training - win us lasting credit.

13. But there are some shadows. Two high-profile investments, the Next store and an Ulster-owned textile firm, were closed down. [REDACTED]

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[REDACTED] In September the bizarre football non-match between Scotland and Estonia put the latter on the front (or back) pages. Luckily it did not spoil the following week's successful Scottish Arts Festival. On the whole our relationship is a strong one: the Estonians applauded the formulation on Baltic EU prospects in your September New York speech, and raised their own London profile by