

2/2019



Legalities



Never alone again



Summer Wines



Newsflashes

fOCUS



Janno Karu, Scania Baltics:

Time to Act on
Sustainable
Transport



Photo: Scania



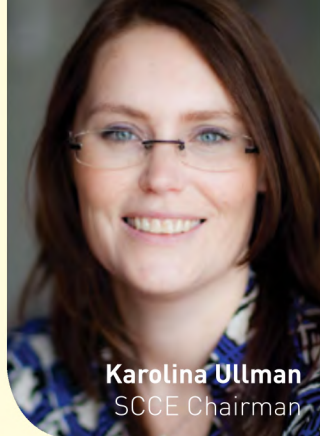
DRIVING THE SHIFT



To us at Scania, it is evident that innovation, profitability and sustainability should go hand in hand. On our journey towards becoming the leading provider of sustainable transport systems, we focus on Energy efficiency, Alternative fuels and Electrification, as well as Smart and safe transport. These factors must work in parallel with each other, because it is only in combination that these will

create a truly sustainable transport system.

We believe in the strength of cooperation and are convinced that partnership equals leadership. Together with our customers, and their customers, we are determined to accelerate change in the shift towards a future of sustainable transport solutions.



Karolina Ullman
SCCE Chairman

Dear Reader,

Is this the Estonia we wanted? I am referring to the new coalition in the Estonian Government. Being a Swede living in Estonia it has been so easy to brag about this little country where I have chosen to live. Now I am practising another feeling – embarrassment.

I am of course a supporter of democracy and the rule of law. I acknowledge that EKRE got its votes in a fair election. But I have difficulties to understand how so many people in Estonia thinks that EKRE's ideology and the way they communicate their message makes sense. I probably need to spend more time outside of the business-Mecca Tallinn. I will learn. I did not anticipate the Centre party's hunger for power either. Now I just hope that the good reputation Estonia have achieved, that have been good for exporting companies and that has helped in attracting entrepreneurial people here, will not get too damaged.

I will remain an optimist. There will be new elections. There will be new governments formed.

Let's talk about something much more positive: The Song Festival (in Estonian Laulupidu) this summer.



In the beginning of July, the 27th Song Festival takes place in Tallinn. It actually all started in the year 1869 as a way to gather Estonians from all over the country to become

more aware of their nation and culture, and it played an important role in the national awakening of Estonia as a self-governing state. Remember that serfdom was abolished in today's Estonia as late as in 1861. Even during the Soviet occupation, the Song Festivals were held but then with the programme pre-approved by the Communist Party and of course no songs celebrating Estonia but celebrating the System. (But after the official programme, people spontaneously started to sing the forbidden Estonian songs and got away with it... every time).

This year, the Song Festival is celebrating its own 150 years' anniversary and many of the songs have references to early Estonian national culture such as poetry by Kristjan Jaak Peterson (the first Estonian poet) and Lydia Koidula (who wrote the poem that is the motto of this year's Song Festival "The Land of My Fathers, the Land that I Love" in Estonian "Mu isamaa on minu arm", music performed on the kannel (an ancient Estonian harp) and



much more. There will be some 30 000 singers (!) and up to 100 000 in the audience. I hope you will be there – it will be a blast!

And if you are a beginner when it comes to the Song Festival – go at least to see the procession where all the singers and dancers are parading through Tallinn.



The procession starts from the Freedom Square and moves out to the Song Festival Grounds in Kadriorg on Saturday 6 July starting at 13:00. You will be overwhelmed.

Wishing you all a wonderful summer!

Karolina Ullman
Chairman of the Swedish Chamber of Commerce in Estonia

PS.

In case you are a singer just waiting for the right choir to present itself I would like to take the opportunity and present my choir, S:t Mikael's kyrkokör (the choir of Swedish St Michael's church here in Tallinn). The choir is bilingual Swedish-Estonian and will be looking for additional singers starting in the autumn 2019. In the summer of 2020, we will be performing in the 4th Swedish-Estonian Song Festival in Haapsalu. Contact person for the choir is Eva-Tiina Põlluste polluste@hotmail.com.

And yes, we will be singing at the Song Festival this summer. See you there!

Royal Members:



Publisher

focus is published by the Swedish Chamber of Commerce in Estonia – SCCE.

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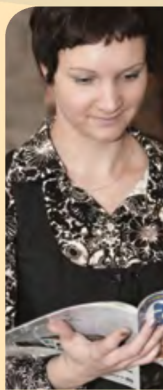
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Please contact SCCE's Ombudsman Kristiina Brodén for further information: kristiina@swedishchamber.ee

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The Swedish Chamber of Commerce in Estonia

The Swedish Chamber of Commerce in Estonia, SCCE, is a non-profit association registered in Estonia. Since its start, the SCCE has grown considerably and today the Chamber unite more than 130 member companies and organizations headquartered in Estonia, Sweden, as well as other countries.

SCCE is in many ways a mirror of the intensity in Swedish-Estonian commerce, trade and investments. Sweden is the biggest foreign direct investor in Estonia, and Sweden is also a major export market for Estonia.

A main task of SCCE is to create an environment for networking and exchange of information. The Chamber acts as a meeting place by arranging seminars, business lunches, company visits, meeting business delegations, as well as arranging social events for the members.

Following a SCCE initiative, FICE – Foreign Investors' Council in Estonia was founded in August 2008. FICE is a lobby group acting through contacts with the Estonian Government and Estonia's Governmental bodies. Together, the nine countries represented in FICE account for an impressive 80% share of the foreign direct investments in Estonia.

Special and unique SCCE member benefits include opportunities to further market their businesses in the News from Members section of the Chamber's website, as well as taking advantage of a steady flow of Member Bonuses.

The fee for Basic Membership in the Swedish Chamber of Commerce in Estonia is 449€ consisting of: a) Basic fee 200€, b) Service fee 249€ + VAT. The fee for Royal Membership is 1.349 € consisting of: a) Basic fee 200€, b) Royal Members' extended service package: 1.149€ + VAT. Membership is only granted to legal entities.

For more information about SCCE, please visit www.swedishchamber.ee. You are also welcome to take a direct contact with SCCE's Ombudsman Kristiina Brodén: kristiina@swedishchamber.ee, tel: (+372) 501 9813.

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focus

on legalities

Hidden Tax Risks of Transfer Pricing

The information contained in the documentation must be sufficiently detailed and factual for the tax authority.

By Katrin Sarap, Attorney at Law, Partner, NJORD Law Firm and
Anne-Lii Kask, Lawyer, NJORD Law Firm



Recent developments in the area of business have led to increased attention and awareness in the field of transfer pricing.

authorities, the countries worldwide started to increasingly notice a significant shortfall in their tax revenues, although several well-known companies operated at least part of their businesses precisely in that country. Since the tax systems of the countries were different and largely non-transparent, several group companies could increase their profit by shrinking their tax base in different countries. The Organisation for Economic Cooperation and Development (OECD) has spent 7 years by now developing an action plan on Base Erosion and Profit Shifting (BEPS) aiming at reducing the tax base shrinking and transfers of cross-border operating businesses.

The BEPS action plan consists of 15 different clauses, some of which are indicative and some mandatory for the countries.

Although Estonia has not fully implemented the BEPS action plan, the below-mentioned tax changes within the framework of administrative cooperation are related to information exchange between the tax authorities, regarding

- **binding preliminary rulings**, with a potential cross-border impact (e.g. the counterparty or his business is located abroad);

- **the reporting of large corporate entities**; the annual reporting concerns the Estonian large corporate entities with an annual revenue exceeding EUR 750 million and the basic information included in the annual accounting report on tax liabilities, profits, share capital, tangible assets, activities (of subsidiaries) and employees.

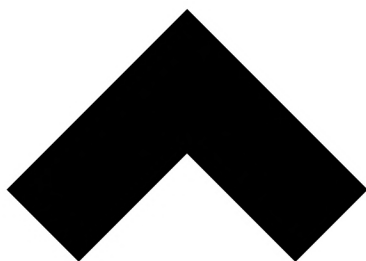


Before recent changes in the alignment of national tax systems throughout the world, cross-border operating businesses had the advantage of applying the differences in the applicable tax laws in the transactions between their associated companies and record the group companies and their activities in a country with better economic and tax liability benefits. Due to tax situations, the given business models ended in tax evasion, not tax avoidance and consequently, their business models were not illegal.

Fight against Shrinking Tax Base and Profit Shifting

Disregarding business ethics and the sense of morality, affecting both the competing companies as well as the tax

Assessment of the arm's length price and the economic content of the transaction are the main principles for ensuring the legality of the reported content and transfer pricing in line with law. Hence, we shall provide an >>>



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overview of the meaning of the aforementioned principles to ensure the legal application of the Income Tax Act, Regulation No. 53 (passed on November 10, 2006) of the Minister of Finance "Methods for determining the value of transactions conducted between associated persons" (hereinafter the Regulation) and the Tax and Customs Board's guidelines for determining the transfer price.

Who are the associated persons?



Before defining the terms "transfer pricing" and "arm's length value" it is necessary to clarify the concept of "associated persons".

Income Tax Act, § 8, subsection 1 provides that the persons are deemed to be associated if they have common economic interests or if one person has dominant influence over the other. In any case, the following persons shall be considered as related parties:

- spouses, partners, direct blood or collateral relatives;
- companies belonging to one group;
- a legal person and a natural person who owns at least 10% of the share capital, the total number of votes or rights to the profits of the legal person;
- one person, together with other persons with whom the person is associated, owns more than 50% of the share capital, the total number of votes or rights to the profits of a legal person;
- legal persons where more than 50% of the share capital, the total number of votes or rights to the profits belong to one and the same person or associated persons;
- persons who own more than 25% of the share capital, the total number of votes or rights to the profits of one and the same legal person;
- legal persons where all members of the management board or the body substituting for the management board are the same persons;
- employers and their employees, employee's spouses, cohabitants or direct blood relatives;
- a person is a member of the management or control-

ling body of a legal person, or the spouse or a direct blood relative of a member of the management or controlling body.

At this point it is worth mentioning that the above list does not provide a complete list of the associated persons and upon assessing the criteria of related parties in case of suspicion, it is recommended to always consult your legal advisor.

The Arm's Length Principle and Evaluation



According to the Income Tax Act, § 8, subsection 2, transfer price is the price of a transaction between associated persons that must be equal to the value of similar transactions between non-associated persons (i.e. the arm's length price).

The legitimate pricing obligation of transfer pricing arises from the fact that the non-associated parties of transaction act in accordance

with their own business interests and maximizing their own profit thereby. The interests of associated persons do not necessarily have to be independent of each other and a most profitable transaction price shall be agreed in respect of the tax liability.

Example

Company A, belonging to a group, was established in a country, where the dividend taxation regime and the tax rates are less favourable than in the country, where company B, its sister company, was established. The associated parties have agreed on a price in their mutual transactions, e.g. sale of raw materials from company B to company A, which is significantly higher than the arm's length value and company A can conceal the indirect payment of its accumulated profit to company B on the basis of the raw material sales transaction and transfer it to a country, where company B is established and the more favourable taxation rules apply.

Such transactions were previously a daily revenue of the group companies' tax planning. With the digital era and rising awareness, the tax authorities started to better notice such structures and it was understood that such aggressive tax planning is not fair to other market players, who do not carry out transactions with the associated persons. In this example, company A and B did not violate any tax law according to earlier standards, but the necessity for applying the principle of a fair market value was created.

Arising from the abovementioned, at present transaction pricing is based on the arm's length principle, as it may be assumed that the fair price is the value agreed by the

market players, who are not associated persons.

The arm's length principle is laid down in § 14, subsection 7 and § 50, subsection 4 of the Income Tax Act, § 2 of the Regulation and article 9 of the double taxation avoidance agreement signed with foreign countries.

The articles of the Income Tax Act provide that in case the price agreed between the associated persons differs from the arm's length price, such unreasonable costs or the income not added shall be considered as profit allocation and the difference between the price of the associated persons and the arm's length price shall be subject to income tax. The aim to guarantee that hidden distributions are justly taxed according to law, shall extend to a resident legal person, sole proprietor, as well as the permanent establishment of a non-resident legal person located in Estonia.

The Economic Content of the Transaction and Transfer Pricing Documentation



One of the most significant aspects in determining the fair arm's length value of the transactions is the economic content of that transaction, which must conform to the form of transaction.

Interpretation of the economic content results from § 83 and § 84 of the Taxation Act, which refers to the need to determine whether the conditions agreed between the transaction parties actually comply with the Act.

Interpretation of the economic content is a detailed description of the real situation, aiming to demonstrate that the transaction was not artificial, for the purpose of deliberate tax evasion.

In compliance with § 50 subsection 7 and § 53 subsection 46 of the Income Tax Act, the Tax and Customs Board has the right to request additional data from the resident company and the non-resident permanent establishment concerning the transactions with associated persons, activity of the companies belonging to the same group and structure of the group.

The tax authority shall provide a deadline of 60 days at least for data submitting. It is worth noting that § 18 subsection 1 establishes additional requirements for documentation for the following persons:

- for a resident credit institution, insurance undertaking and business association registered in a securities market;
- if one transaction party is a person situated in a low tax rate territory;
- for a resident business association having 250 or more employees including associated persons, or having a turnover of 50 million Euros or more including associated persons in the financial year preceding the transaction, or having a consolidated balance sheet total of 43

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▶▶▶ million Euros or more;

- for a non-resident being active in Estonia via a permanent establishment and having 250 or more employees including associated persons or having a turnover or 50 million Euros or more including associated persons in the financial year preceding the transaction or having a consolidated balance sheet total of 43 million Euros or more.

Irrespective of the fact whether additional requirements for documentation apply, the information contained in the documentation must be sufficiently detailed and accurate, to certify the application of the arm's length price in the transaction between the associated parties. The general requirements stated in the Regulation are a good guideline also for those persons to whom the additional documentation requirements do not apply. Upon information collection, we recommend all companies to adopt the circumstances, described in the Regulation, that can be used to justify the formation of the transfer price and certify the arm's length value.

Conclusion



All group companies are recommended to critically review the agreements between associated parties and the transac-

tions entered into on the basis of such agreements to ensure the legitimacy of those transactions in the light of the Income Tax Act and the consequent transfer pricing adjustment. Whereas in general, determining a fair arm's length price in cross-border transaction is very complicated, then identifying the arm's length value of transfer prices is one of the most challenging concerns for the group companies, since that requires experience and legal, accounting as well as business knowledge. On the other hand, a thorough inspection and adjustment of transfer prices, if necessary, may release several group companies from the additional high tax burden and profitably optimise further tax planning.



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- Scania's aim is to drive the shift towards a sustainable transport system, creating a world of mobility that is better for business, society and the environment, says Janno Karu, Managing Director Scania Baltics.



Time to Act on Sustainable Transport

- In the past year, the transport and logistics ecosystem has been moving in the right direction when it comes to acknowledging sustainability challenges. Demand for sustainable transport solutions is increasing, not only from our customers, but also from their customers – the buyers of transport services. Urban authorities are already prompting a switch to transport that uses biogas, battery electric or other fossil-free energy sources, says Janne Karu and continues:

- We welcome this development and are already working in partnership with our customers to understand what their customers need to fulfill increasingly tough sustainability targets. We work across boundaries with cities, operators and their customers too, taking the whole transport system into consideration in a systematic way.

- On a corporate level, Scania President and CEO Henrik Henriksson has set an ambitious goal for the company's future; To be the leader in Sustainable Transport. The world can't wait for a "one size fits all" solution; the conditions and issues vary so much from place to place that there is no silver bullet. On the contrary, fossil-free, sustainable options should not be considered to be in competition with each other – all of them are better for our climate than the fossil fuels we have now. We urge authorities and institutions to enable and simplify the use of them all. We have solutions here and now!

- We base our approach to sustainable transport on the fundamental pillars of energy efficiency; Alternative fuels and electrification, and smart and safe transport.

- The potential when combining these pillars is huge. Increasingly energy-efficient combustion engines will continue to play a role in the transport system of the future, running on fossil-free fuels or combined with an electric powertrain. Vehicle electrification is developing quickly and with its environmental, social and cost benefits, it will play a fundamental role going forward. We are working full speed ahead on electrification with industry partners to solve infrastructure and battery capability issues for the technology to fulfill the business requirements of heavy bus and truck customers. When optimizing these transport and mobility flows in a smart way, using ▶▶▶



Refueling a distribution truck with renewable electricity is the future, available already today



Scania can date its history back to 1891 when Vabis – Vagnfabriks Aktiebolaget i Södertälje was established as a railway car manufacturer. Twenty years later, in 1911, Vabis merged with the Malmö-based company Maskinfabriks-aktiebolaget Scania, and the thus formed company took the name AB Scania-Vabis.

Development and production of engines and light vehicles were set to Södertälje, while trucks were manufactured in Malmö. The company's logo was redesigned from Maskinfabriks-aktiebolaget Scania's original logo with the head of a griffin, the coat of arms of the Swedish region Scania (Skåne), centered on a three-spoke bicycle chainset. Initially the head office was located in Malmö, but in 1912 it was moved to Södertälje.

Early Scania-Vabis vehicles can today be seen at Scania's Visitor Centre in the Marcus Wallenberg Hall, located next to Scania's head office in Södertälje. The museum is named after the late financier Marcus Wallenberg Sr., who contributed to the development of Scania in the early 20th century. ▶▶▶

►►► digitalisation and automation, we continue to reduce waste in the transport system.

- Our aim is that wherever in the world you go to buy a Scania solution, you should be offered an alternative to a fossil-fuel vehicle. We are committed to making sustainable solutions our standard offer, and fossil-fuelled engines the alternative.

- Partnership between companies is crucial in accelerating change. Besides the synergies that lie in sharing certain research and development within Volkswagen Truck & Bus, Scania is collaborating with a range of players within the ecosystem of transport and logistics, creating clusters of teams with key players, such as fuel and technology suppliers. Partnership equals leadership in the shift towards a sustainable transport system, says Janno.

- Recognizing that there is no single, stand-alone solution to the issues affecting global transport, Scania has adopted a holistic three-pillar approach to driving the shift towards a sustainable system. The focus is on energy efficiency, alternative fuels and electrification, and smart and safe transport, all of which – individually or combined – will help to bring about that shift.

- Scania has a long-term vision for its operations to be carbon neutral, and is working to minimize greenhouse gas emissions from the full life cycle of its products and operations. In 2017

►►► Today's Scania is a world-leading provider of transport solutions, including trucks and buses for heavy transport applications combined with an extensive product-related service offering.

Scania offers vehicle financing, insurance and rental services to enable its customers to focus on their core business. Scania is also a leading provider of industrial and marine engines.

With around 52.100 employees in about 100 countries, Scania's sales and service network is strategically placed all around the world. Research and development activities are mainly concentrated to Sweden, with branches in Brazil and India. Production takes place in Europe, Latin America and Asia with facilities for global interchange of both components and complete vehicles. In addition there are regional production centres in Africa, Asia and Eurasia. During 2018, Scania produced 101.375 vehicles compared to 95.781 in 2017.

processes; activities designed to improve the company's energy efficiency; and converting to renewables. The aim is for all the electricity Scania purchases to be fossil-free by 2020.



- In Estonia, all Scania workshops and premises use renewable electricity. The use of materials and chemicals in repair and maintenance processes are deeply investigated and we are constantly working to make the processes less harmful for the environment. One, and a rather simple, key element in the workshops is good waste management and recycling. We also carefully select chemicals and materials that are less harmful for the nature and safer to use for our staff.

Gas – a rather simple solution, available here and now

- Gas-fuelled vehicles are increasingly being seen as one of the fastest ways for the transport industry to fight air pollution, CO² emissions and noise – and no longer only in urban areas. Competitive fuel prices as well as public and private initiatives around the world are boosting the gas trend, and sales are taking off.

- Vehicle sales can sometimes be seen as a barometer for larger societal changes. Right now, the instrument points steadily towards high pressure for



The first Scania CNG – Compressed Natural Gas truck with a 13 L engine in Estonia has been used as demo vehicle



The LNG – Liquefied Natural Gas fuel in the truck thermos tanks is cold, appr. -140 °C. The fuel can also be renewable biogas with a CO₂ reduction rate of more than 92%

more gas vehicles; and Scania's 2019 order book for gas-fuelled trucks and buses is denser than ever.

- Gas vehicles are seen as an important halfway step in the shift towards sustainable transport, as biogas is one of the best and most efficient ways to reduce the emissions of greenhouse gases from transport.
- Compared with diesel, natural gas can reduce CO₂ emissions by 15 percent, and if it is mixed with biogas the reduction can be even bigger. With 100 percent biogas in the tank the CO₂ emissions can be reduced by up to 95 percent.
- Scania's gas trucks run on methane gas. This means both biogas and natural gas can be used in parallel, making any switch from one to the other a straightforward and easy transition. Both types of gas are also available in either compressed form or in a cooled-down liquid state. Another characteristic of gas engines is that they emit fewer particles and nitrogen oxide than diesel does.

- On the Estonian market, the gas-powered Scania are really booming! 9 years ago, the first 5 CNG – Compressed Natural Gas buses for Tartu City were the pioneers. In July this year, the whole bus system in this second largest city in Estonia will, though being red,

turn green with 54 brand new gas-powered Scania. The key idea is to use bio CNG, to reduce the CO₂ from public transportation with 90%.

- In the heavy truck transport area, the CNG Scania are also booming. After the first demo CNG-unit was introduced, it has convinced most of the testers that CNG is friendly for both budget and environment. About 5% Scania trucks sold in Estonia will be CNG on 2019 and this is not bad at all for the first year on market. This is one of the most outstanding results in Europe.



- Scania has a unique portfolio of solutions for all commercially available alternative fuels, says Janno Karu

- Scania has a unique portfolio of solutions for all commercially available alternative fuels – biogas, bioethanol, biodiesel, compressed natural gas (CNG) and Hydrotreated Vegetable Oil (HVO) – as well as plug-in hybrids and fully electric busses, concludes Janno Karu.



One of the Scania CNG buses in Tartu

Text and photos: Scania



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focus on the ECONOMY

U-turn triggers rally – and better growth?

- The world economic growth has decelerated and several central banks around the world have now pushed the break on policy rate hikes, said Daniel Bergvall, an economist at SEB Economic Research in Stockholm, as he commenced the end of May outlook on the economy with a Swedish, Nordic and International perspective.



Welcomed by Ambassador Mikael Eriksson, members of the Swedish Chamber of Commerce in Estonia gathered at the Ambassador's Residence in the Embassy of Sweden for the end of May outlook on the economy, presented by SEB's Daniel Bergvall

- The central banks' policy shift, more or less a U-turn, has enabled stock markets to reach new all-time highs this spring, continued Daniel Bergvall as he commented and discussed the May issue of SEB's quarterly report *Nordic Outlook*.



"Early 2019 has seen a U-turn in global monetary policy"

"Early 2019 has seen a U-turn in global monetary policy, with most major central banks – led by the US Federal Reserve and the European Central Bank – cancelling or greatly postponing their normalisation plans. Both real economic and fiscal factors are behind this reversal. The global economy has decelerated, while wage and price increases have

remained moderate despite tight labour markets. Among other things, the U-turn reflects concern about financial markets, with last year's sharp stock market decline fresh in mind. Another factor behind the central banks' caution is that monetary policy toolkits are rather empty in most places, with limited room to correct for any policy mistakes," writes SEB's *Nordic Outlook* and continues:

"The dominant trend in recent years has been that political uncertainty factors have largely had a limited, and above all a temporary, effect on financial markets.

This pattern became even clearer starting in 2016, when the Brexit referendum and the election of Donald Trump led the world into an era of heightened uncertainty. During this period, financial market volatility has actually trended lower, except during two periods of market turbulence in 2018 (February and the fourth quarter). And these surges of volatility were mainly driven by worries about the economy and interest rates, showing that central banks are apparently far more important than general political events in the current environment."

"On a global level, we predict that unemployment in advanced economies will fall a bit further from the current 5%, which is the lowest since 1980. Inflation has again surprised on the downside. Trends towards accelerating pay increases have faded to some extent, helping improve the outlook for continued stable economic growth. We foresee a global GDP growth of 3,3% this year, compared to our earlier forecast of 3,5%. But we are sticking to our forecast of 3,5% globally in 2020," says the *Nordic Outlook*.

"As the euro zone growth slump has lasted longer than expected, the mood in euro economies has become noticeably gloomier in the past year, but a slow improvement is discernible," writes the *Nordic Outlook* and concludes:

"At present, Spain is the only large euro zone country ►►



where the manufacturing Purchase Managers' Index still indicates expansion. The German economy, which served for years as the engine of the euro zone, is hampered by crisis symptoms in the car industry and generally weak growth in exports to the important Asian, US and British markets. However, the euro zone growth will bottom out around mid-year and start to recover during the second half of 2019."

The Swedish krona



For many years until the 2008 financial crisis, the krona was steady at around SEK 9,00 per euro. As these lines are written in mid-May, the exchange rate is climbing towards SEK 10,70 per euro.

"The krona is perceived as highly undervalued and most would probably agree that the krona's depreciation in recent years is connected to the rather extreme monetary policy of the Riksbank, including negative key interest rates, large-scale bond purchases and – for a while – an open mandate to intervene in the foreign exchange (FX) market to counter krona appreciation. Meanwhile more underlying structural factors seem to explain this post crisis depreciation," writes SEB's May issue of the *Nordic Outlook* and continues:

"In recent years, wide interest rate and yield spreads against the dollar and other currencies have made it attractive for Swedish insurance companies and financial institutions to increase their foreign currency exposure, especially because the krona has trended weaker. Low rates and yields may also have helped make the SEK a funding currency for speculative FX market players that can ►►►

In terms of commerce, trade and investments, Sweden is in the top league on the Estonian market; what happens in the Swedish economy has an impact on the Estonian economy.

- Sweden's economy is slowing due to reduced housing construction and cautious household spendings. Furthermore, weaknesses in the German industrial sector, as well as negative and positive forces in the US, China and Europe, are altogether having an impact on the economic growth, said Daniel Bergvall.

"Sweden's GDP growth is slowing due to soft international demand and falling home construction, yet loose fiscal policy and a weak krona will keep growth close to trend in 2019 and 2020. The Riksbank is postponing its rate hikes further; the repo rate will be 0% at year-end 2020," writes the *Nordic Outlook* and continues:



"Although most sentiment indicators have weakened since January, we are sticking to our Swedish GDP growth forecast of 1,6% in 2019, and despite both domestic and international sources of concern, we forecast that Swedish economic growth will remain stronger than in many other parts of Europe, but we have lowered our 2020 growth forecast to 1,7%."



such investments have fallen by nearly 10%. The decline will continue this year. As expected, the downturn has primarily been due to tenant-owner flats, while rental unit and single-family home construction is far more stable. During the fourth quarter of 2018, a leveling off was apparent. We are sticking to our forecast that housing starts will fall to about 45.000 this year, some 30% lower than in 2017. In 2020 we predict a slight upturn to 50.000 units."

"Swedish manufacturing investments will remain weak, while the rapid upturn in public sector investments will continue. The public sector consumption has been in an expansionary phase since the 2015-2016 refugee crises. The upturn is now decelerating, but demand for public services remains strong. Public sector employment is rising by nearly one per cent a year. This is above the

"The downturn in Swedish housing construction began in mid-2017 and has been reflected since then in falling residential investments. Compared to the peak in Q1 2018, the decline

►►► take advantage of the spreads. Meanwhile negative interest has probably helped to change the behavior of Swedish exporters. It is reasonable for them to try to avoid converting their foreign revenues to kronor, since negative interest means it costs money to keep these funds in Swedish accounts."

"Yet the krona would probably have depreciated even if Swedish monetary policy had been less extreme. During the 2011-2012 euro crisis, the krona soared as Swedish economic fundamentals helped make the SEK look like an attractive alternative to a threatened euro. During this period, the SEK reached levels that were probably overvalued against the euro and various other currencies. After a normalisation in the euro zone, this advantage has long since disappeared from FX pricing. Meanwhile there has apparently been a gradual negative change in several structural factors that determine the long-term value of the krona."

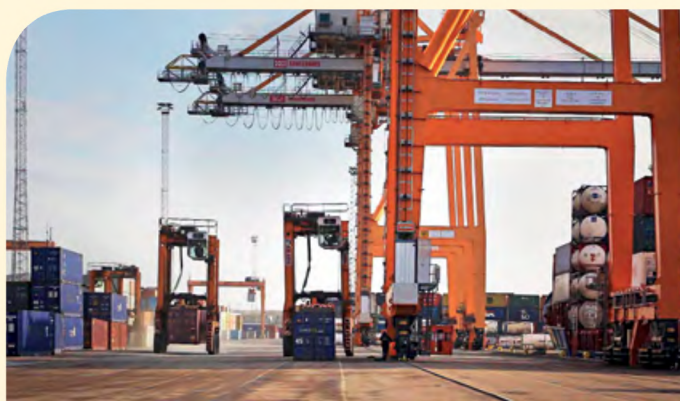
"We expect continued krona depreciation, with the EUR/SEK rate approaching 11,00 this autumn. We still believe the krona is undervalued and expect it to appreciate further ahead, but this assumes that the Riksbank will continue its slow policy normalisation in coming years while growth stabilizes in the euro zone. If so, we expect EUR/SEK to fall to 10,20 by the end of 2020," concludes SEB's *Nordic Outlook*.

historical trend, though slower than during the previous three years. Although economic growth is slowing, public finances still look strong. Last year's budget surplus was nearly 1% of GDP, and public sector debt fell below 40% of GDP, the lowest in about 40 years."



"The Riksbank's actions and negative interest rates are the principal negative drivers of the weak Swedish krona. After its dovish announcement in April, we expect the Riksbank to maintain its negative key rate until the second half of 2020, thus reinforcing the krona-negative environment, but clear signs of a turnaround in euro zone economic growth might support the krona. We foresee a gradual krona appreciation, with the EUR/SEK rate approaching 11,00 this autumn and 10,20 at the end of 2020," says the *Nordic Outlook*.

"Despite weak economic growth in the euro zone, Estonia's exports held up well in the second half of 2018, increasing by almost 5% in Q4. Yet it is difficult to imagine this trend continuing as the economies of its main trade partners slow; Finland, Sweden and Germany account for almost 40% of Estonia's total exports. Risks are especially evident in the sectors related to the real estate market, such as sales of construction materials, prefabricated houses and furniture," writes the *Nordic Outlook* and continues:



"Both domestic and external factors will start to weigh down Estonia's economic growth. While private consumption continues to thrive due to full employment and rapid wage growth, demography is already dragging down construction volume."

"Construction volume peaked in 2018 at around 15%

focus on the ECONOMY

higher than in 2007. A decline in the number of building permits implies lower activity in 2019, but the slowdown will be gradual. The outlook for the construction market will become more troublesome in the longer term due to the significant population decline in the younger age cohorts as well as reduced EU funding for public investment projects. The effect on the economy is being softened by the fact that the high construction volume of recent years was sustained largely because of the increased use of foreign labor. Unlike the pre-financial crisis era, this has prevented a large shift of labor to construction from other sectors."

"The main driver of Estonia's economy in 2019 and 2020 will be strong private consumption. Fast wage and salary growth, paired with large tax refunds, will give households confidence to continue their shopping spree and household spending will also benefit from lower inflation."



"In Q4 2018, Estonia boasted the highest employment rate among the EU countries with 69,3% of the population aged 15-74 being employed. Large inflows of foreign labour, mainly from Ukraine, have helped to balance the situation. Yet wage growth in a tight market has been substantial, with average pay increasing by 7,3% last year. Looking ahead, Estonia's meager productivity gains will start to change the picture. Large layoffs have already been announced by businesses unable to bear increased costs. This will cause the unemployment rate to increase slightly, but the changes will not be dramatic. Wage growth will nevertheless remain strong, and average monthly pay could reach almost EUR 1.400 this year."



"As for all three Baltic countries, they have been relatively resilient to the international deceleration. In 2018 their growth figures were among the highest in the euro zone. But looking ahead, a slow-

down in GDP growth is unavoidable as exports weaken. If productivity growth cannot keep up with far faster pay hikes than those in major customer countries, this may become a problem in the longer run," concludes the *Nordic Outlook*.



A robotic table at East-Tallinn Central Hospital's spinal surgery centre

East-Tallinn Central Hospital performing world-class surgery



The star of the East-Tallinn Central Hospital operation unit that was renovated last year is the spinal surgery centre's robotic tables, but the unit is also used by the Orthopaedic Centre. The Centre's director Dr Andres Kööp says that all the possibilities for world-calibre surgery are now in place.

When Dr Kööp started working for the hospital on 1 September 1994, the renovation was under way – the third major project of such nature he has witnessed over the years.

“Each renovation has brought the hospital to the best-in-class, state-of-the-art standards of the given era. Even the flooring that replaced the Soviet-era linoleum in 1994 was not ‘tomorrow’s’ floor but that of the day after tomorrow,” he says. “The handwash stations, lamps and even the operating table came to us through

humanitarian aid, but the frameworks were built to euro standards. It was futuristic back then but would not raise any eyebrows today. The operating room smelled of new chemicals and hand wash agents, like in the West. It was the first realisation that we had stepped into a new era.”

Eight years later, a new and even more imposing renovation was performed.

“Telecommunications were installed, a camera was fitted into the operating lamp as it is today, and this gave us the possibility of telemedicine and webcasting

operations,” says Dr Kööp about the then state-of-the-art renovation.

Now a third major renovation has been completed, giving the centre all the possibilities for performing world-class surgery.

“In the past, we also had relatively good conditions, although the operation unit was becoming a little tired,” says Dr Kööp, who notes ventilation as one advantage of the new unit. “Ventilation is an expensive system, you can’t see better air with the naked eye, nor can you sense it, really, because even if the air seems fresh, it can have a high bacterial count.”

“The benefits of ventilation can be seen according to indirect quality criteria. For instance, you see that the number of wound infections is down. You might ask: so what? But this is of the utmost importance for patients – whether you recover from an operation or complications result. In the context of orthopaedics, it means pain in the long term, wound problems and follow-up doctor’s appointments. This is emotionally complicated for people and quite expensive for society in the financial sense. That’s why it’s important.”

“The lighting conditions for operations have also improved – the new lamps give us many new options; the operating room system has also changed. Earlier, we had an open system, but now each room has doors and this, too, should ensure a decrease in infections and thus provide a more secure environment for patients and a calmer work environment. The suite of rooms lays the preconditions for better quality of medical care.”

“Picasso once said ‘give me a museum and I will fill it with art’; we now have rooms and we will try to fill them with medical art,” said the Orthopaedic Centre director and added that the operation wing is the best-in-class in Estonia. At the same time, everything depends on the team’s competence.

“The people who use the machines matter. No instrument or operating table by itself will yield success. Success comes from team cooperation, skills and experience.”

The team’s capability develops step by step; you can’t skip any steps. Every day you have to keep on hauling the grains of sand up the mountain one by one. Medicine will never be a *fait accompli* – it’s in constant development: the principles that held true yesterday may not be valid today or tomorrow.”

“Every solution is individual – each body reacts differently to external stimuli. Every surgery, no matter how standard, is different: temperature fluctuations, blood pressure variations – everything has an effect.

An operation is like going through the forest after a storm – you never know how the trees have fallen, whether you have to go over, under or around. The goal is to know, but the action must be based on the situation.”

“When we look at the rest of the world, where is orthopaedics heading? Put briefly, we are moving toward robotic surgery where a robot performs surgeries or some stages thereof, but this requires a separate set of technical conditions to be fulfilled,” says Dr Kööp, adding that “robot” is a general term, it doesn’t mean a box with appendages that hold a scalpel. Robot in this sense is more of an IT solution that gives recommendations to doctors. There is also progress being made toward solutions where artificial intelligence performs some of the actions that are currently done manually by doctors.

“We are making the first forays into this field – such as in planning surgery. The precondition is the existence of high-quality diagnostics instruments, and the programme gives its recommendations on this basis: which implant and what sizes to choose. There are some nuances that today’s IT devices cannot anticipate; the final details will be determined in the operation. Figuratively speaking, we are in the starting blocks but haven’t started running,” says Dr Kööp.

The final goal of all the developments is to ensure the safety of the patient, the effectiveness of which can only be evaluated years later.

“At that point, we can assess whether the prosthetic device stability has improved, whether the number of infections has decreased. It’s like planting an apple tree – the number of apples and the flavour will be determined later,” says Dr Kööp.

“We have a modern operating unit, instruments and competent people, we have nothing to be ashamed of. For example, Dr Smirnov is the top Eastern European trainer at the AOTrauma Centre. He is already training trainers.”

“In a way, we’re back in 1994 – in terms of the space – but in much better conditions and with more capable personnel: you can clearly sense that our operating capability is significantly greater. The East-Tallinn Central Hospital’s Orthopaedic Centre performs about 3000 operations each year,” concludes Dr Andres Kööp.

Text and photos: East-Tallinn Central Hospital

Never alone again

Following the restored independence on 20 August 1991, Estonia's prime foreign policy goal was to join both EU and NATO. During and after his 1992 – 2001 Presidency, Lennart Meri was one of all the Estonian officials who promoted the two memberships, both on an international and national level.

The aim was Estonia's quick return to Europe, de-Sovietisation, and the restoration and development of nationhood according to the principle of Estonian legal continuity. National security, as well as having a solid base for international commerce, trade and investments, were indispensable conditions for the development of Estonia.



Estonia: Nordic with a Twist

The exhibition took place just a few months before Estonia became a member of the European Union and marked the end of Estonia's almost nine years long lobbying for membership in the EU.

Estonia's formal way into the EU started on 28 November 1995 as Estonia submitted its official application for accession to the European Union. This was followed by a long row of accession negotiations lasting from 1998 to 2002, and ending with Estonia signing the EU Accession Treaty on 16 April 2003.

On 14 September 2003, it was time for the Estonian people to make their opinion on the EU membership known. The question to be voted on in that day's referendum was: *Are you in favor of the accession to the European Union and passage of the Act on Amendments to the Constitution of the Republic of Estonia?*

66,83% of the voters were in favor of the accession to the EU (as a comparison, 52% of the Swedish voters said yes to the EU in Sweden's 1994 referendum) and on 1 May 2004, together with Cyprus, Czech Republic, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia, Estonia finally became an EU member state.



Lennart Meri in the spring of 2004 – fifteen years ago

And finally, on his 75th birthday party 2004, fifteen years ago, Lennart Meri could and did, with an affirmative voice, say; "Estonia will never be alone again." His 29 March birthday that year, coincided with Estonia becoming a member of NATO the very same day. And, just slightly more than a month later, on 1 May 2004, Estonia became a member of the European Union.

Nordic with a Twist

Invited by the European Commission, the Estonian Ministry of Foreign Affairs hosted an exhibition in Brussels at the end of 2003. It was headlined "Estonia: Nordic with a Twist" and emphasized Estonia as a Nordic country in a modern and very straight-forward way.



Juhan Parts, Estonia's then Prime Minister, and the slogan: "Say YES to the EU. Life will be better"

THE FIRST 101 YEARS



Through the fifteen years that have passed, Estonia's further integration into the EU has continued. On 21 December 2007, Estonia joined the Schengen area and on 1 January 2011, Estonia became the 17th EU member state to join the eurozone. Altogether, vital issues for Estonia's economic growth as well as to fully benefit from the four basic freedoms of the EU; free movement of people, goods, services and capital.



The mere fact of joining the EU gave the Estonian economy an overnight boost and support from the EU's Structural Funds have been, and still are, of vital

importance for the Estonian society and economy.



During the EU's seven year budget period 2007 – 2013, Estonia received a total of 4,764 billion euro, or a little more than 500 euro per person and year, in EU support. These funds were, among many other areas,

used to combat unemployment during the years of international financial crisis. Some 80% of Estonia's active labor market measures were financed through EU funds. Furthermore, significant investments were made into transport infrastructure with a large number of highways and crossings being renovated and ports reconstructed. Additionally, 2.000 km of superfast Internet broadband fiber cables were built, thus enabling 60.000 households, 14.000 companies and 500 public sector agencies to be connected.

During the current EU budget period 2014 – 2020, Estonia has been allocated 5,86 billion euro from the structural funds and in agricultural support. Infrastructure improvements will continue, but focus has now also been put on smart economic growth, the well-being of people and improvement of the standard of working and living conditions. EU supported investments are being done into the development of education, employment, environment, economy, energy, transports and information technology.

Through the years, Estonia has identified its interests and priorities in the EU, and worked for them in Estonia, in Brussels as well as in the other member states.

The spectrum of Estonia's interests in the EU is indeed wide ranging from electronic identity to enlargement of the EU, and from a strong monetary union to an effective foreign policy. Joining the European Union made Estonia bigger and currently, Estonia's exports to the EU member states account for 75% of its total exports.



- Estonia supports the European Union as an organization of Member States, not as a United States of Europe or a Federal State in any form, as this is what the Estonian people voted for when they decided on Estonia's accession to the EU. That the Conservative People's Party of Estonia (EKRE) is now part of the government does not change the fact that Estonia will continue to be a pro-European country, said Prime Minister Jüri Ratas at a beginning of May meeting of Heads of State and Government of those countries that have joined the EU since 2004. ►►►



Tallinn, 29 March 2019:
The NATO flag projected on the Stenbock House, the seat of the Estonian Government

►► Founded in 1949, NATO – the North Atlantic Treaty Organization celebrates its 70th anniversary this year and Estonia can look back at 15 years as a member of the military alliance.

"As witnesses to some of the great crimes of the last century, our new members bring moral clarity to the purposes of our alliance," said the then US President George W Bush as Estonia, together with Bulgaria, Latvia, Lithuania, Romania, Slovakia and Slovenia, joined NATO on 29 March 2004.

Already on the following day, 30 March 2004, the NATO Baltic Air Policing mission started.

It is a 24/7/365 mission guarding the Estonian, Latvian and Lithuanian airspaces with fighter aircraft from NATO countries' Air Forces. The first two years, the

fighters were on a three months rotation schedule, changed to four months long duty periods in 2006.

During the first ten years, the Baltic Air Policing fighters were based at the Zokniai/Šiauliai Air Force Base in Lithuania but in April 2014, the air policing capacity was doubled as the Ämari Air Force Base, west of Tallinn, was added to the mission. Normal deployments consist of 4 fighter aircraft and around 100 ground support personnel per each Air Force Base.

In 2014, the Russian military intervention in the armed conflict in Ukraine's Donbass region was ongoing, and Crimea was annexed by Russia during the winter the same year.

Thus NATO decided to place Enhanced Forward Presence (eFP) battle groups in Estonia, Latvia, Lithuania and Poland. The eFP battle group in Estonia is primarily based in Tapa, east of Tallinn, and became fully operational in 2017.

Through the years, the international security environment has changed considerably and NATO's security concept has expanded to new areas including, among others, terrorism, energy security and cyber defence.



A SCCE study visit to the NATO Cooperative Cyber Defence Centre of Excellence in Tallinn



Baltic Air Policing, here performed by the Hungarian Air Force with the Swedish manufactured multirole fighter aircraft Saab JAS 39 Gripen

Following major cyber attacks on Estonian public and private institutions in 2007, CCDCOE – the NATO Cooperative Cyber Defence Centre of Excellence was formed and opened in Tallinn in early 2008. In May 2017, Sweden joined CCDCOE as a Contributing Participant, a membership status eligible for non-NATO nations.

Today, NATO consists of 29 member countries. Sweden is a close partner to NATO but not a member of the alliance.

Summarized as 'militarily non-aligned, but not neutral', the Swedish Parliament adopted a declaration of solidarity in 2009, saying:

"Sweden is not a member of any military alliance. Threats to peace and our security can best be averted collectively and in cooperation with other countries. It is impossible to imagine military conflicts in our region that would affect only one country. Sweden will not remain passive if another EU Member State or Nordic country suffers a disaster or an attack. We expect these countries to take similar action if Sweden is affected. Sweden should therefore be in a position to both give and receive military support."



Research: Megazine, Tallinn

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Summer Wines



The season of outdoor living, grilling, vacation and togetherness with family and friends is finally here.

f₂₄ocus has asked Priit Parts, Anna Mattioli, Teet Laur and Kristi Kruger to recommend some of their favorite Summer Wines.



Priit Parts

Priit Parts is Restaurant Manager and Sommelier at Savoy Boutique Hotel's Restaurant MEKK in Tallinn's Old Town.

Members of the SCCE could enjoy his wine selections as both Easter and SCCE's Wine Academy 2019 were kicked-off at Restaurant MEKK in March. As for Summer Wines, Priit has the following recommendations:



Roeno Amè Rosè

A very nice Rosè Wine and a favorite, not only of mine but also among our guests at MEKK's summer terrace. It is a light Rosè with a sparkling taste of strawberries and works fine as a social drink or as an apéritif.



Chapoutier Bila-Haut CdR Blanc

A medium-fat, dry White Wine from southern France. A mixture of very exciting berries, resulting in a multi-faceted enjoyable wine with and without food. Fish and crustaceans in creamy sauce as well as stewed rabbit pairs very well with this wine.



Chapoutier Bila-Haut CdR Village Rouge

A medium filled Red Wine also from southern France. It is a ripe berry styled Summer Red Wine matching very well with beef and game carpaccio, grilled beef, and dishes from the Mediterranean cuisine.

- It is hard, if not impossible, to imagine a real Festa d'Estiu, Summer Party in Catalan language, without Sangría, says Anna Mattioli.

Anna has her family roots in Barcelona, the capital city of Catalonia, and since several years by now, she has been studying and working in Estonia, currently as a Spanish language teacher in Tallinn.



- It takes a while to prepare Sangría, but it is well invested time, says Anna Mattioli

- Whether it is in Catalan, Spanish, Estonian or Swedish language, Sangría is always called Sangría and I am happy to note that it is an appreciated summer drink when we gather with friends in my Estonian/Swedish/Spanish family. It takes a while to prepare Sangría, but it is well invested time. Here is my recipe:

Sangría á la Anna

Ingredients:

- 3L Red Wine (preferably Cabernet Sauvignon, Merlot, Syrah, Malbec or Pinot Noir; BiB wines will do just fine)
- 6 Peaches
- 3 Apples
- 1L freshly squeezed Orange Juice
- 4 branches of Cinnamon

(Some people add sugar melted in water, but I don't because it makes it too sweet in my personal opinion)

Preparation:

- Pour the wine and the freshly squeezed orange juice into a big bowl. Cut the peaches and the apples into little squares and put them into the bowl quickly before they get brown. Then add the cinnamon branches (and the sugar if you want it sweeter). Stir it all a little bit, cover it with a plastic film and let it rest for 24 hours.



- Serve with a generous amount of ice and enjoy it by first drinking the Sangría and when that is finished in your glass, you eat the fruits with a spoon. They taste delicious and contain a considerable amount of



►► alcohol. Salut, bon estiu – cheers and have a nice summer!

- While talking about Summer Wines, I would like to promote three Rosè Wines from Navarra, one of my favorite parts of Spain in addition to Catalonia and the Basque Country, continues Anna.

- Navarra is considered to be one of the most important viticulture areas of Spain and their Rosè Wines have earned a well-deserved international reputation as some of the best in the world. That is mainly because of Navarra's own grape, the Garnacha Tinta, which gives this natural reddish color to the wine and luminous taste in the mouth. These Rosè Wines are also perfect to accompany any kind of dish, from apéritif to dessert.



Garnacha Tinta

- Unfortunately, my three favorites are not yet available in Estonia, so I suggest that you reserve some extra space in your bag for a couple of bottles next time you visit Spain:



◀ **Viña Zorzal,
Rosado –
100% Garnacha Tinta**

This Rosè was considered the best in last year's harvest. It is described as dry and fresh with memories of wild berries. Strawberry notes typical of the Garnacha grape, very agreeable to the palate, and an uncharacteristically long finish in the mouth for a Rosè.

**Señorío de Sarria,
Rosado –
100% Garnacha Tinta ▶**

Intensely aromatic with notes of wild red berry fruits; strawberry, raspberry and redcurrant. Fresh and balanced with good length of flavor and a long, lingering finish.



◀ **Mediodía Inurrieta,
Rosado –
100% Garnacha Tinta**

A lively and youthfulness Rosè, the Garnacha in a modern and creative vision. It develops subtle and inexhaustible aromas of cherries and strawberries and creates smoothness in the mouth.

Teet Laur is Head Chef at the Embassy of Sweden in Tallinn, and the vast majority of his menus with matching wine selections have for obvious reasons a Swedish, Estonian and Nordic profile.



Teet Laur

- I do indeed have some favorite wines matching my summer menus, both at work and at home, says Teet.

- Choosing among them is a tough task, but here are three favorites of mine for this summer, one from France and two from Italy:

Côte Mas Crémant de Limoux Brut ▶

A Sparkling Wine from France with lively citrus, good sweetness and acid balance. The wine is matured for 12 months in the bottle and can be enjoyed as just a social drink, an apéritif or with seafood and salads.



Torre Rosazza Pinot Grigio 2016 ▶

A floral and fruity White Wine from Italy. Feel the soft, full-bodied wine with long aftertaste of apricot and ripe pear. Very suitable as a social drink and matches perfectly with poultry, seafood and low fat fish.



◀ Cecilia Beretta Valpolicella Ripasso Superiore 2016

A strongly aromatic, full-bodied Red Wine, also from Italy. Feel the cherry and blackcurrant plum. It is a very well balanced wine, suitable for grilled beef, lamb and game.



Kristi Kruger

- Veinipood – WineShop is a family-owned company mainly dealing with wines from the Old World. Over the years, we have discovered a number of small private wineries and for this summer, I would like to recommend a couple of my favorite Portuguese Vinho Verde wines, says Kristi Kruger, CEO at Veinipood.

- Vinho Verde literally means Green Wine and they are known for their vibrant fruit, low alcohol and refreshing qualities, a combination that makes them one of the most versatile partners with food. Vinho Verde is an ideal wine pairing for salads, seafood and Asian cuisine, or just as an apéritif.

- The first two wines are produced by the Casa de Vilacettino vineyard, located in Alpendurada in Northwestern Portugal. With a predominantly south sun exposure, it makes it one of the most prosperous locales of the region set to the production of Vinho Verde:

◀ Vilacettino Vinho Verde Doc



A citric wine assimilating an aroma of white fruit from the orchard to a slight tropical taste, revealing itself as fresh, smooth and enjoyable, ideal to drink at any moment.

Casa de Vilacettino Grande Escolha Vinho Verde Doc ▶

A citric and attractive aroma that reveals plum and peach assimilated with tropical and lemon-grass notes, revealing itself in the mouth with a perfect and intrinsic mineral content, undoubtedly making it an ambassador wine.



- The next three wines are produced by the Quinta D'Amares vineyard, located in the municipality of Amares in the heart of the Demarcated Region of Vinhos Verdes in Northwestern Portugal:



◀ Quinta D'Amares Alvarinho Vinho Regional Minho IG

A structured wine, with great freshness and complexity, tropical fruit notes aroma and a long final taste. This wine is a perfect pairing for dishes based on gratin vegetables, seafood or fatty fish.

Quinta D'Amares Loureiro Vinho Verde Doc ▶

A wine of great freshness, exuberance and aromatic intensity, with floral notes and citric nuances, without ever losing balance and elegance. A great wine to pair with white meat, seafood, fish, small meals, salads and oriental dishes.



Quinta D'Amares Rosé Vinho Verde Doc ▶

A wine of a pleasant salmon tonality and soft tropical aromas, with large volume of mouth, creamy, complex and fresh. A perfect wine to enjoy with grilled white meat dishes, oriental, pasta and pizza, or as an appetizer.



- All these Vinho Verde wines are available at our shops in the Järve and Viimsi Shopping Centers in the Tallinn area, concludes Kristi Kruger.

Report: Megazine, Tallinn

One Past, Many Futures

Estonia's former President Lennart Meri (1929 – 2006) once said '*Europe has one past, but an infinite number of futures*'. Named after him, the Lennart Meri Conference is a high-level annual meeting where foreign and security policy issues are discussed from the perspective of the Northern and Eastern parts of Europe.



Photo: LMC/Annika Haas

At the 2019 Lennart Meri Conference's welcome dinner: President Kersti Kaljulaid met Sweden's former Prime Minister and Minister for Foreign Affairs Carl Bildt

This year's Conference, headlined 'One Past, Many Futures', focused on foreign policy and security developments and the choices they bring.

"As risks to democratic values and rule-of-law societies grow, the triumph of the liberal order no longer seems inevitable. Confrontation and conflict occur not only between adversaries, but also between allies. Even as NATO celebrates the 70th anniversary of the North Atlantic Treaty, transatlantic relations are as endangered as they are vitally important. And more broadly, the policy choices of the US worry allies and cheer adversaries across the globe," said the organizers in the introduction to the 2019 Conference.

Swedish panel participants in several of the many Conference sessions included Peter Hultqvist – Minister for Defence, Anders Åslund – Senior Fellow at the Atlantic Council, and Gustaf Göthberg – Candidate for the European Parliament representing the Moderate Party.

newsflashes

Exceeding

The Estonian employment rate of people between 20 and 64 years of age was 79,5% last year, thus exceeding the EU strategy target of reaching a total employment rate of at least 75% for people in this age range by 2020, says a report from Eurostat.



The highest employment rate 2018 was in Sweden with 82,6%, followed by the Czech Republic and Germany, both with 79,9%. The lowest employment rates were recorded in Greece with 59,5%, followed by Italy with 63% and Croatia with 65,2%. The EU average employment rate was 73,2%.

Increasing

The 2018 Estonian House Price Index increased with 5,9% in average, says a spring report from Statistics Estonia.



The average prices of apartments increased with 6,4% and of houses with 4,7%. In downtown Tallinn, as well as in Tartu and Pärnu, the apartment prices went up with 7,3%, in greater Tallinn with 6,6%, and in the rest of Estonia with 3,6%.

newsflashes

Energy Transition

- Sweden has shown that ambitious energy transition policies can accompany strong economic growth, said Paul Simons, Deputy Executive Director at the International Energy Agency, as he presented the agency's latest energy transition review.



- Sweden is now a global leader in building a low-carbon economy, with the lowest share of fossil fuels in its primary energy supply among all our member countries.

- One key factor for maintaining a secure electricity supply is the regional power market. Sweden is well connected with its Nordic and Baltic neighbors and has become a large net exporter of electricity. As the share of wind power continues to increase, supported by green electricity certificates, regional energy trade becomes even more important, concluded Paul Simons.

Emissions

The share of Estonia's electricity produced from renewable and alternative sources has increased considerably during the last few years. However, despite this improvement, the development of renewable energies in Estonia is still slow, while the production of electricity at power plants fueled with shale oil continues.



In terms of CO₂ emissions per capita, Estonia is currently one of the leaders in Europe, producing 35 times the EU average with 98% coming from oil shale burning and refining, reports OECD – the Organisation for Economic Co-operation and Development.

- We need to get our energy plans in order, comments Raine Pajo, a member of Eesti Energia's Management Board.



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We have a long experience in coding and troubleshooting both in Cloud and telco and we working in Development and Operations design team.

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xVentures provide 24/7 emergency support and we have a long experience in support and service, and we have supported the biggest Telco operators worldwide.

xVentures provide presentations in Cloud components and Artificial Intelligence, and we will present how the AI will impact ordinary business and Cloud telco business as such.

xVentures hold a Certificate in AI (Artificial Intelligence) from MIT (Massachusetts Institute Technology) in area: Implications for Business Strategy.

■■■

We participate in Webcast from Mirantis, Red Hat and IBM on monthly basis to follow the latest news and trends.

■■■

To follow the company on daily basis see at website <http://xventures-ou.com>

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Locked Shields

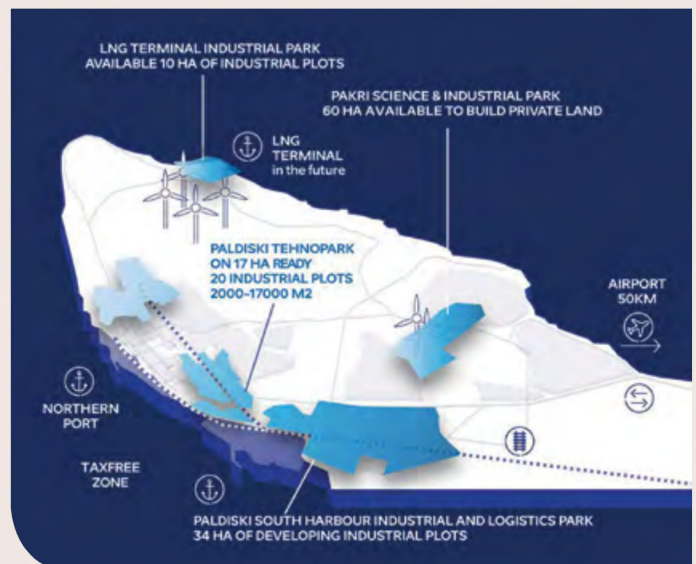


After France and the Czech Republic, the Swedish team took the third place in this year's edition of the cyber defence exercise in Tallinn; Locked Shields 2019.

Organized by the Tallinn based NATO Cooperative Cyber Defence Centre of Excellence – CCDCOE, Locked Shields is the largest and most complex international live-fire cyber defence exercise in the world.

- This year the exercise evolved around 4.000 virtualized systems that had to take more than 2.500 attacks. In addition to maintaining more than 150 complex IT systems per team, the teams had to be efficient in reporting incidents, executing strategic decisions and solving forensic, legal and media challenges. Protection of critical infrastructure is essential to ensure the efficient operation of both military and civilian organizations; it is the foundation of our modern digital lifestyle, comments Lauri Luht, Head of Cyber Exercises at CCDCOE.

Promoting Paldiski



Known as Rågervik in Swedish language more than 300 years ago, Paldiski is currently running a campaign promoting the seaside town as The Baltic Sea Industrial Hub.

- Paldiski is conveniently located by the Baltic Sea, just 50 kilometers west of Tallinn. We have more than 400 hectares land for industrial developments available at prices being among the most favorable in the EU in terms of advantages and capabilities. Furthermore, we can offer low building and running costs, as well as local produced green energy at competitive prices. Our ports offer good connections, among them Tallink's Ro-Ro ship MS Regal Star operating between Paldiski and Kapellskär, north of Stockholm, says Rene Sildvee, Project Coordinator at Invest In Paldiski.

Fotografiska Tallinn

Fotografiska, the Stockholm-based internationally renowned meeting place for the world's best photography, takes its first step abroad this summer as it opens up Fotografiska Tallinn in the Telliskivi Creative City.



- Fotografiska aims to redefine the traditional museum experience by using the power of photography to unite, spread awareness and create positive impact in society. By giving space to the stories behind the images we open up discussions on topics that can't be ignored, whether they are beautiful, painful, surprising or uncomfortable, says Margit Aasmäe, the CEO of Fotografiska Tallinn.

- We are thrilled to expand globally, and we believe Telliskivi Creative City in Tallinn is a perfect home for the first Fotografiska outside Sweden. New York City will follow later this year, and London thereafter, says Jan Broman, co-founder of Fotografiska.



ABB. On the pulse of digital revolution





Renewed

The first phase of a comprehensive guest room renewal finished this spring as SCCE's Royal Member, Park Inn by Radisson Meriton Conference & Spa Hotel in Tallinn opened 84 new superior rooms.



The renewed superior rooms are well-designed, featuring the Park Inn color scheme and offer a generous size averaging 20-25 m² each. The second phase of the

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room renewal will start in the last quarter this year, resulting in a total of 164 superior rooms by spring 2020. With 465 guest rooms, Park Inn by Radisson Meriton Conference & Spa Hotel is the largest hotel in the Estonian capital and also offers large conference venues covering a total area of 1.100 m².

Decreasing

- The share of taxes in Estonian labor costs, the tax wedge, decreased with 2,54 percentage points in 2018, thus being the biggest decrease reported by any member of the Organization for Economic Cooperation and Development – OECD, says a recent report from the organization.
- The decrease is the result of Estonia's tax reform which increased the net income for people with low to medium

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salaries, comments Dmitri Jegorov at the Ministry of Finance.

The Ministry of Finance also said that the decline in the tax wedge is important, as an excessively high tax wedge may discourage employment and negatively affect the development of the labor market.



Inauguration

- This is the first new house that has been built at Aibolands Museum, the museum of the Coastal Swedes, for 27 years, said Ülo Kalm, Director of the museum, as he and Ambassador Mikael Eriksson inaugurated *Gårdshuset* (the Back Yard House) at the end of April.



Ambassador Mikael Eriksson and Ülo Kalm, Director of Aibolands Museum

Aibolands Museum is located in Haapsalu – Hapsal in Swedish language and considered to be the capital of the Coastal Swedes. The museum tells about the everyday life of the Coastal Swedes with many tools and objects displayed, including the 20 meters long embroidered tapestry depicting the thousand-years-old history of the Coastal Swedes.

ps.

In the spring issue of focus, Tallink told about their investments for continued sustainable growth. And in this summer issue, Scania tells about their aim to drive the shift towards a sustain-



able transport system and thus contribute to creating a world of mobility that is better for business, society and the environment.

Environmental issues has been and still is a major subject in the public debate and it is good to learn that hands-on and concrete actions are

being done and further developed to minimize the negative effects of emissions.

"The effects of global warming and the transition to a sustainable level of fossil fuel emissions pose new challenges and opportunities for companies and investors," writes SEB in their May issue of *Nordic Outlook*. And, in their latest energy transition review, the International Energy Agency says: "Sweden is now a global leader in building a low-carbon economy, with the lowest share of fossil fuels in its primary energy supply among all our member countries."



Swedish CleanTech – green innovative solutions and technologies – is on its

way to become a successful export product just like, for example, music. In that context, I can't refrain from mention that, though Estonia with the Swedish singer Viktor Crone came on 20th place and Sweden came on 5th place in this year's Eurovision Song Contest (updated results by the European Broadcasting Union on 22 May), there was a Swedish contribution involved in the winning song 'Arcade' representing the Netherlands. Performed by Duncan Laurence, the song was co-written by the Swedish producer and song writer Joel Sjöo. >>>



This year's Lennart Meri Conference (see the Newsflash section in this issue of **focus**) was headlined 'One Past, Many Futures' and

focused on foreign policy and security developments and the choices they bring.

"The Conference is in Estonia, but it's not about Estonia," wrote Estonia's public service radio in a summary. However, between the Conference sessions a major discussion subject, at least among the Swedish participants, was Estonia's current Government coalition.



Riigikogu – The Estonian Parliament

Following the Conference, Carl Bildt, Sweden's former Prime Minister and Minister for Foreign Affairs and a participant at the Conference, commented on the coalition and wrote on his blog: "Inte så få frågor sig om inte detta, alldeles

oberoende av politiska sakfrågor, kommer att ha en negativ effekt på omvärldens hitintills mycket positiva bild av utvecklingen i detta land. Och jag tillhör dem som instämmer i den frågan. Hur centerpartiet tänkt i denna fråga vet jag inte." (**focus**'s translation: 'Not so few are asking themselves whether this, quite independently of political issues, will have a negative effect on the world's so far very positive image of the development in this country. And I belong to those who agree on that issue. How the center party [Keskeraakond] thought in this issue, I don't know.')

- The Swedish and Estonian tax systems have obviously become more similar. And, the reason is not that the Swedish tax system has become simpler..., said one of the Swedish participants at SCCE's March Business Lunch Seminar on taxes.



Verner Silm

- Today's Estonian tax system include much more issues to consider than just VAT, social tax and our flat income tax, said Verner Silm, Attorney and Specialist Lawyer for Tax Law at Rödl & Partner Law Office.

Verner's main topics included possible tax risks with transactions and issues like the use of an employer's car, loan transactions between employer and employee, renunciation of monetary claims against the employee, covering employee costs, reimbursement of home office

expenses, cross-border taxation of digital services for small businesses, changes in tax proceedings, and current measures to combat tax evasion.



An Outlook on the Economy at the Embassy of Sweden

Headlined 'U-turn triggers rally – and better growth?', Daniel Bergvall, an economist at SEB Economic Research in Stockholm, gave us an Outlook on the economy with a Swedish, Nordic and International perspective at an end of May Business Lunch at the Ambassador's Residence in the Embassy of Sweden.

- The world economic growth has decelerated and several central banks around the world have now pushed the break on policy rate hikes, said Daniel Bergvall and a report from the Outlook is published in the Economy section in this issue of **focus**.

A well balanced mix of Wellness, Health, Beauty, Good Food and Wines, as well as Sports has also been arranged by SCCE this spring.



With Helina Eha and Cadrin Lokotar at HC Studio

In the beginning of April, SCCE gathered for a couple of very nice and cozy After Business Hours dedicated to Wellness, Health and Beauty at HC Studio in Tallinn's Old Town. As many of us spend most of our working days sitting in front of a computer, Helina Eha and Cadrin Lokotar had included physical exercises and body stretching in our program together with healthy snacks, face care tips and an introduction to the Japanese Zogan face massage.

Easter and SCCE's Wine Academy 2019 were duly Kicked Off as SCCE gathered at Savoy Boutique Hotel's Restaurant MEKK on a beautiful mid-April evening. Welcomed by Restaurant MEKK's Executive Chef Rene Uusmees and MEKK's Sommelier Anni Voolaid, we enjoyed a specially composed and delicious Easter Menu with perfectly matching Wines.



The Easter Prelude at Restaurant MEKK

Sports is an excellent complement to good food and wines, and in the beginning of May, SCCE's second Tennis Tournament took place at the Tallink Tennis Centre in Tallinn. The Tournament was played in doubles with Janar Sutt, representing SCCE's Royal Member Briox, keeping track on the results, and competing himself together with Riina Bachmann from Handelsbanken. Team Inge Suder – East Tallinn Central Hospital & Rafet Peksen – Boomerang won the first prize and each of them got a Stockholm Cruise for two with Suite accommodation onboard Tallink's cruise ferries Baltic Queen or Victoria I. Second prize, round trip tickets from Tallinn to Stockholm with Nordica, went to Team Karolina Ullman – Njord Law Firm & Antti Pynnönen – Incap. Team Riina Bachmann – Handelsbanken & Janar Sutt – Briox took the third prize and each of them got a bag with Stay Fit products from Wellness by Oriflame.



Janar Sutt handed over the prizes to the Winning Tennis Team; Inge Suder and Rafet Peksen

Among our members it is well-known that the summer season can't really begin without SCCE's traditional Summer Party.



SCCE's Summer Party 2019

This year, we gathered at Rannarahva Muuseum – The Museum of Coastal Folks in Viimsi and enjoyed a Summer Party Buffet and Grill with Beer, Wine and Nubbe, all with a touch of Sweden and Estonia, as well as high spirits and cozy togetherness throughout this end of May evening.

Summer is also the season of outdoor living, grilling, vacation and togetherness with family and friends. In this issue of **focus, Priit Parts, Anna Mattioli, Teet Laur and Kristi Kruger recommends some of their favorite Summer Wines, including a recipe on a Catalan Sangria.**



Summer Wines

I hope you enjoy reading this summer issue of **focus** and, as usual, latest news on SCCE events to come and reports on events passed are always found at www.swedishchamber.ee.



Sincerely,
Kristiina Brodén
SCCE Ombudsman

Contributions to **focus** from the members of SCCE, both in terms of editorial content and advertising, are welcomed.

If you haven't already done it, please do put us on the mailing list for press releases, articles, as well as your point-of-view on issues of general interest for the commerce, trade and investments between Estonia and Sweden.

As for advertising opportunities in **focus** and on our website www.swedishchamber.ee, I will be happy to provide information on sizes, prices and technical requirements. Welcome to contact me at: kristiina@swedishchamber.ee or by phone: (+372) 501 9813.

Latest news on SCCE events to come and fresh reports on events passed are always found at www.swedishchamber.ee, and you can reach me for further information on email: kristiina@swedishchamber.ee or by phone: (+372) 501 9813.



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