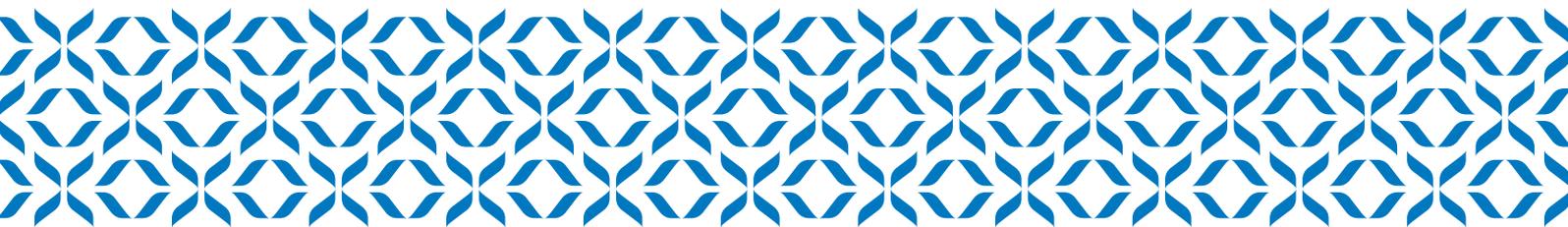




REPUBLIC OF ESTONIA
GOVERNMENT

ESTONIA'S EUROPEAN UNION POLICY 2015-2019



PREFACE

Estonia's European Union Policy for 2015-2019 (EU Policy 2015-2019) is the fourth framework document that has been drawn up since the country's accession in 2004. The main aim of this document like with all its predecessors is to establish uniform governance and common goals as a foundation for Estonia's activities as a member of the EU. This goal is reflected in the framework principles below, which formed, together with the Government's work plan a basis for the composition of this document. Naturally, the objectives and work plans of EU institutions have also been taken into account. Our expectations are based on the strategies and action plans in various sectors. This framework document contributes to achieving these plans. Although the document has been divided into chapters and various sectoral policies its aim is to have an approach that reaches across sectors and that the related actions are harmonised.

Each of the previous framework documents has had its roots in a different period of our EU membership. The upcoming period is shaped not only by ongoing crises and the ability of the EU to cope with them, but also by the unique and first-time opportunity for us to assume the role of the Presidency of the Council of the European Union. Therefore, this document will not only set the framework for the Government's activities in the coming period, but will also form the basis for Estonia's Presidency in the first semester of 2018. We see the EU as a response to potential challenges and we strive to be in the forefront in the development of this Union. We are open to improving institutions and competencies, and to cooperating in new areas. From a sectoral perspective, Estonia's Presidency will be focused on the development of the Single Market and the Digital Single Market, energy policy, neighbourhood and foreign policies. An entire third of the document focuses on issues related to the development of the information society.

The EU Policy 2015-2019 was in the making from April through November 2015, and it is a result of collaboration between the Ministries, the Government Office and broad-based consultations. In addition to discussions in the standing committees of the Estonian Parliament (the *Riigikogu*), there were 23 consultations with sectoral experts and a public consultation, which yielded 130 proposals. The Prime Minister reports yearly to the Parliament on the work of the Government and on the implementation of this document. This extends the document's lifetime and helps to take into account current developments in its implementation process. In addition, we have identified 69 initiatives in this document that we want to develop further before the start of the Presidency. The Prime Minister presented this document to the Parliament on November 17, and the Government approved it on December 10, 2015.

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FRAMEWORK PRINCIPLES

In shaping European Union policies for the period 2011–2015, Estonia abides by the following framework principles:

- I The cornerstones of the European Union's common values and cooperation are trust and solidarity, and Estonia is ready to contribute to their promotion. In planning and implementing its European Union policies for the period 2015-2019, Estonia abides by the principle that the EU must be strong, open, unified and capable to evolve. Estonia sees the EU as a solution to a number of challenges facing us, and in developing its policies Estonia prefers to proceed within the framework of the Treaties, including in the process as many Member States as possible.
- II Estonia strives to be in the forefront of the EU development and is open to the strengthening of its institutions and competencies, and to cooperation in new areas. Estonia does not exclude amending the Treaties if need be. If necessary, Estonia is ready for enhanced cooperation on the basis of the Treaties or other legal grounds in concordance with the goals of the Treaties. Efficient regional cooperation is instrumental in implementing the policy goals of the EU.
- III Estonia sees the development of the EU's Single Market and Digital Single Market, the establishment of the Energy Union, strengthening of the common foreign policy and the Eastern Partnership as potential priorities for its Presidency of the Council of the European Union in 2018. During our Presidency, we want to focus on information society development and the use of digital solutions in all areas.
- IV Europe's security environment has deteriorated. The EU needs a renewed global security strategy based on a common threat assessment, supporting the development of defence capabilities and enabling an adequate and broad-based response to changes and threats that the external environment and technological developments cause.
- V The European Union must be unified in its external relations, promote common values, security and liberal external trade policy, support the interests of the EU's small and medium-sized enterprises, while also promoting the security of the citizens of the EU globally. In order to strengthen the unity and decisiveness of the European Union, foreign and security policy relations with third countries should first of all be channelled through EU institutions and all areas and instruments of external action should be integrated.
- VI The European Union's development is supported by an increasing focus on the respect of fundamental rights and on the principles of democracy and rule of law, including the implementation of the best modern practices of good governance and better regulation, and digital solutions. Estonia considers the creation of a comprehensive EU system for the protection of fundamental rights necessary, and supports enhanced monitoring of the principles of rule of law.
- VII Estonia puts an emphasis on the design of a policy framework that:

1. supports the development of the four freedoms and an internal security policy that supports them, promotes innovation and ensures better access to the single market. Estonia sets a focus on the development of the Digital Single Market, creative industries, the services market and capital market, and on the free movement of persons;
2. is based on an understanding that the euro area must be stable, achieve a status of reliability and be able to solve crises within the monetary union. Given the specific circumstances of the euro area Member States, Estonia is ready to tighten the rules and strengthen the institutions in areas which are necessary for the monetary union to function optimally and according to its purpose, in keeping with the Treaties;
3. supports the increase of the European Union's security, competitiveness and productivity, helps to solve problems of an aging population, contributes to the development of an inclusive labour market, public health, and energy market, development of relations with our neighbours, support the inclusion of geographically peripheral Member States in the Single Market, all while allocating funds to these areas and increasing the EU policies' resilience to crisis and ensuring the participation of small Member States in these policies;
4. promotes the valorisation of resources and an ecological management of natural resources, including the development of the bioeconomy and circular economy;
5. supports the promotion of the European Union's values, its security and the broadening of its freedoms and a coherent use of its foreign and trade partnership resources in the European Union neighbourhood. For the EU, relations with the United States of America are strategically and economically important with a particular priority given to the signing of a comprehensive free trade agreement.

EDUCATION, YOUTH, CULTURE AND SPORTS

1. Since the start of the economic crisis, increased emphasis in Europe has been given to the importance of creating new jobs, facilitating labour mobility, skills development and retraining. Another source of concern is too many young people leaving education and training system with a low qualification level. Focusing on future growth, Estonia has set as the main goal to increase employment and productivity, which entails decreasing the percentage of people without a professional or vocational education. Therefore, **investing in skills development** is of great importance to us, as is the central **role of education, training and lifelong learning in increasing the professional competitiveness of people**. We also attach great value to a fair and equal access to high quality education, and the efficient use of investments in education. The labour market must be inclusive and use the skills potential to the full extent. In cooperation with partners it is important to find sustainable solutions for developing skills and for lifelong learning, while paying more attention to the elderly.
2. Consequently, we find important to **decrease the skills gap**, and to improve coordination between the monitoring and forecasting of the labour market and the development of skills. It is important to know which skills contribute to economic growth and increase productivity. It is also necessary regularly to assemble information concerning key occupations and skills required on the labour market in order better to take into account the needs of the labour market in learning, teaching and developing career counselling. It is important to elaborate further on the topic of skills across Europe, finding better implementation and concurrence of the EU recognition and transparency instruments, supporting exchange of experiences between Member States and emphasizing the development of the system for **Recognizing Prior Learning at all levels of education**.
3. From the perspective of the development of information society, it is important to develop **digital competence**¹ as a general competence, and to acquire specialised digital skills in the learning process. A common understanding of the essence of digital competence has to be established in the EU by developing the digital competence self-assessment framework of the EU (DIGICOMP). European-level cooperation is also needed in the area of measuring digital skills and in developing digital evaluation systems. It is equally important to improve the **availability and variety of digital learning materials** that enable students and educators

¹ Digital competence is an ability to use the constantly developing digital technology for coping in the fast-changing society with tasks related to learning, functioning as a citizen or communicating with the community. It includes also the use of digital means for finding and preserving information, evaluating its relevance and reliability, the participation in digital content creation, the use of appropriate digital means and methods for problem-solving, communicating and cooperating in various digital environments. This competence also entails being aware of the threats associated with the digital environment, being able to protect one's privacy, personal data and digital identity; to follow the same moral and value principles in the digital environment as in everyday life.

to implement a student-centred teaching approach. In support of the learning process, we stress the importance of developing Open Educational Resources at the EU level.

4. **It is important to promote IT education** in order to meet the challenges and expectations of the developing economy and information society. To achieve this, it is important to support developing coding skills of both girls and boys from an early age, the mobility and knowledge-sharing of IT teachers, and the development of international study programmes.
5. Emphasizing the potential of young people should be a priority in the context of an inclusive society and labour market. We need to recognise that young people are a risk group on the labour market and we must support the initiatives to increase their competitiveness. The aim is to develop EU youth strategy that will add value to the Member States' endeavours to improve the inclusion of young people, especially those at risk of exclusion.
6. During the EU's new budgetary period it is important to continue financing the EU's education and youth programmes from central resources. These programmes must be focused on lifelong learning, cooperation across Europe, sharing of best practices and on increased support to study mobility that will improve the skills and personal development of young people. The funds of the programme shall be allocated and divided between Member States in a transparent, objective and fair way.
7. The impact of culture, sports and cultural and creative industries in the society is horizontal. Therefore the development of cross-sectorial action plans and measures that would enhance the combined effect of the cultural, creative and sports sectors should be supported, and their integration with other sectors. This creates broad-based preconditions for increasing competitiveness, employment levels, productivity and innovation.
8. **Cultural and creative industries** combine, first of all, business, innovation and cultural policies, while also having common points with educational, regional and social policies. They also initiate innovation processes in other areas and help to find new solutions for societal problems such as demographic processes, social inequality and environmental issues. The contribution of the cultural and creative sector into the EU's GDP is estimated at 3.3% and into employment, 3%.²
9. Thus, the cultural and creative sector should be recognized as an integral part of a knowledge-based economy and issues related to cultural and creative industries should be handled horizontally in policies and strategies planned at the EU level. The definition of cultural and creative industries (i.e. the scope and extent of areas included in the sector) is a matter of convention, i.e. varies by country or region, and because the sector is

² Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Promoting cultural and creative sectors for growth and jobs in the EU, 26.09.2012, COM(2012)537.

experimental, dynamic and fast-changing by definition. Therefore the sector cannot be treated unequivocally in policies or strategies, nor can distinct lines of activity or principles be described in great detail. The possibility of new areas becoming a part of this sector should be left open and we should avoid focusing on certain areas, e.g. those that are of a high priority economically or culturally at a certain point in time.

10. It is important that **support to the cultural and creative industries sector should continue** within the framework of the structural and investment funds of the EU and that of the Creative Europe programme. It is important that in order to decrease their dependency on public funding, the financial system of the cultural, sports and creative sectors must be developed with the aim of finding alternative instruments, including the involvement of private sector funding.
11. Reliable statistics that would be comparable throughout the EU should be collected concerning the cultural, creative and sports sectors, delineating the development opportunities of these sectors and enabling them to have a greater impact, in conjunction with other areas on the competitiveness, economic growth and social cohesion of Europe.
12. The implementation of various policies must proceed from the premise of **defending cultural diversity** and **protecting cultural heritage**. The European Heritage Label and the EU Cultural and Green Capital initiatives bring significantly more visibility to various regions of Europe, thus supporting the enhancement of competitiveness and driving regional development. The European Year of Cultural Heritage is planned for 2018. It will give Estonia as the Presidency an opportunity to showcase Estonia's experience in expansive handling of cultural heritage and inclusive managing of heritage. It is important that the EU positions on **protecting cultural heritage in conflict situations** should be formulated. The Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict (UNESCO) and the Directive of returning cultural objects unlawfully removed from the territory of a Member State do not provide sufficient protection of cultural heritage against various threats. It is necessary to see the protection of cultural heritage as a part of environmental protection and as an indicator of sustainable development.
13. Digitisation turns culturally valuable material into an economic asset, creates opportunities for innovation and creative development in all sectors of the economy. It also ensures cultural diversity and facilitates a dialogue between cultures and generations, thus promoting access to cultural content, including its availability for educational institutions. We support digital preservation of culture at the EU level and it is important that the innovative development of Europeana³ should entail a common multi-language search feature as an access point to Europe's digital cultural heritage. It should pay attention to

³ www.europeana.eu, Europe's digital library and archive providing free web access to Europe's cultural heritage.

innovative data management, interoperability, the quality of information content, technical standards, multi-language search functions and re-use of materials.

14. It is important to develop EU-level cooperation in combating the use of illegal substances, manipulating sports results and other cross-border problems threatening the integrity of sports in professional and recreational sports. Estonia considers it important that the EU should sign the Council of Europe Convention on the Manipulation of Sports Competitions.

JUSTICE AND HOME AFFAIRS

Internal Security

15. The European Union must act jointly to find solutions to the problems arising from a changed external security environment and from the socio-economic situation in the EU, such as the growing immigration pressure, the proliferation of terrorism and extremism, but also the aging of the working-age population, which causes labour shortage and the lack of highly-qualified workers. The EU must promote preventive measures and react to the emerging threats, including hybrid threats, in a joint and coordinated manner. Although EU-level cooperation in justice and home affairs has been significantly broadened and intensified as a result of the multi-annual framework programmes, the existing capabilities and cooperation structures can be used more efficiently. It is necessary to foster cooperation between the justice and home affairs authorities, and to develop the interoperability of information systems in this area with the aim of increasing the efficiency of information exchange and response capabilities. It is of high importance that **EU-level cooperation measures and regulations should be evidence-based; they should take into account the actual situation of each Member State and the differences in threat levels** so that operational activities could be coordinated more flexibly. Today's security risks do not stop at the EU's external border. Therefore, it is **highly necessary to strengthen the coordination between the internal and external dimensions of security policy**. First and foremost is the promotion of security dialogues and operational cooperation with EU's neighbouring countries, strategic partners and international organisations. In implementing the EU's renewed internal security strategy there is a need for a more systematic monitoring, analysis of the results and adjustment of activities in line with risk assessments.
16. In the EU, there must be a system in place for providing efficient and rapid assistance to another Member State in the event of a crisis. We support further development of TFEU's solidarity clause⁴ framework for making **European crisis response** more efficient. It is necessary to ensure a clear overview of the Member States' capacities to provide rapid assistance at the EU level. For testing out and developing these capacities, it is necessary to organise regular training exercises. EU-level cooperation in internal security must be promoted for establishing **common special capabilities**⁵, including by using the opportunities provided by the **European Civil Protection Mechanism**. All Member States must ensure a sufficient capacity to receive external aid for civil protection, and develop

⁴ According to section 222 of TFEU, Member States can apply for help from other Member States in case of terrorist attacks or emergencies caused by natural or man-made disasters, and the Union and its Member States will act jointly in a spirit of solidarity.

⁵ Special capabilities, special equipment, technology and training refer to modalities that are used seldom in Estonia and that are very expensive to create. An example of special capability is CBRNE (Chemical, Biological, Radiological, Nuclear, and Explosives defences) etc.

comprehensive Host Nation Support (HNS) plans. We support activities that are directed towards harmonising the risk assessment principles of Member States. In order to ensure an even higher level of internal security more attention should be paid at the EU level to ensuring **the continuity of vital cross-border services**⁶. It is necessary to enhance the security of critical infrastructure, and to promote cooperation in network and data security.

17. In the fight against terrorism, it is of the highest importance to **prevent radicalisation and counter recruitment and funding of terrorism**, both offline and online. **Enhanced information exchange and an updated legal framework** are the essential prerequisites for combating terrorism. In order to prevent terrorism and other forms of serious cross-border crime, it is crucial to establish the **EU passenger name record (PNR) system**. It will ensure common standards for collecting and processing data and is also cost-efficient for the flight operators. To guarantee efficiency, the EU's future PNR system must also be applied to EU internal flights, with a perspective of including ship and railway transport bookings data in the PNR system. It is necessary to continue **Negotiating PNR agreements with third countries** at the EU level, while ensuring high data protection standards.
18. As terrorism and international organised crime are related, additional measures have to be applied to prevent crimes that are adjacent to terrorism, especially trafficking of weapons and drugs, money laundering and trafficking of human beings. We consider it necessary to **strengthen the firearms regulations** and to adopt common firearms deactivation standards in the EU. Cooperation between Member States and the EU's legal framework for **cross-border seizure and confiscation of criminal proceeds** has to be reinforced.
19. In order to reduce the availability of illegal drugs there is a need for more efficient control over **the illicit trade of drugs on the Internet**. This includes a quick and coordinated control mechanism for **new psychoactive substances**. Applying evidence-based policies and developing measures for reducing drug-related harm are crucial in decreasing drug usage. Limiting the spread of highly harmful heavy drugs is of particular importance.
20. One of the prerequisites for an efficient fight against crime is well-functioning cross-border cooperation between Member States based on trust and mutual recognition. **In the field of crime prevention** Member States must cooperate more closely by developing and using knowledge-based and evidence-based measures. **The European Crime Prevention Network** should have a more significant role in coordinating, disseminating and implementing prevention policies in the Member States.
21. **Implementation of existing instruments of cooperation in the field of criminal justice** is important for ensuring mutual recognition and trust among the Member States. More

⁶ See Council Directive 2008/114/EC of 8 December 2008 on the identification and designation of European critical infrastructures and the assessment of the need to improve their protection.

attention should be paid to the **training of law enforcement and judicial officials** in order to increase their awareness of the practical implementation of EU law and of the legal systems of different Member States. Legislative activities should also continue in this field with the aim to improve international cooperation in criminal matters. We consider **establishing a clear and functioning legal framework for the transfer of criminal proceedings** especially important, as it would facilitate solving conflicts of jurisdiction, and would also allow the prosecution to be carried out in the most appropriate Member State. Transfer of criminal proceedings is necessary to ensure the fundamental rights of individuals and the efficiency of criminal proceedings.

22. In order to provide more efficiency, it is important to increase the **use of modern technologies in the area of criminal law and judicial cooperation**. Taking into account the increasing digitalisation of crime, the EU must apply appropriate measures **to facilitate the exchange of information**, including an enhanced interoperability of different information systems. For establishing a secure technological base and reducing the costs, existing structures (e.g. eu-LISA⁷) should be used for devising and maintaining information systems.
23. It is necessary to increase the EU's capacity to prevent and discover cybercrimes and other crimes committed in cyberspace. Attention should be paid to **increasing the capability to obtain and process digital evidence, and to enhance cyber-forensics capabilities**. In cybercrime prevention we support **limiting access to online content based on clearly defined legal grounds**. Such limitation should be applicable only to illegal content (e.g. sexual abuse of minors, inciting violence etc.). This limited access should also apply to stemming the spread and funding of terrorism and to preventing radicalisation. If possible, we prefer other means of enforcement, primarily the efficient work of law enforcement authorities and in cooperation with Internet service providers.
24. **The annulment of the Data Retention Directive** by the EU Court of Justice in the spring of 2014 created fragmentation of the EU law, significantly decreasing law enforcement authorities' possibilities to obtain communication data necessary for criminal investigation from relevant Member States. Taking into account the mobility of persons within the EU and the frequent cross-border nature of serious crime, it is important to ensure that investigators have access to the data required in the case regardless of where such data is located. Therefore, it is of high importance to establish at the EU level the rules on the retention and cross-border use of communication data for the purposes of law enforcement.
25. With regard to investigation and prosecution forensics is an important area. By 2020, the European Forensic Science Area must be established. To achieve this, mutual trust and

⁷ The European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)

cooperation should be enhanced. **In order to ensure free movement of forensic evidence** there is a need for EU-wide accreditation requirements of forensic laboratories and for clear rules on the exchange of forensic evidence.

26. Corruption has a significant negative impact on the Member States' economy and distorts competition. Therefore the European Union has to continue improving the **efficiency of the fight against corruption**. The EU's evaluation of the anti-corruption fight in the Member States should be based on clearly defined criteria and on a transparent procedure that leads to specific and measurable recommendations on decreasing the risk of corruption in the Member States. A wider use of digital solutions increases transparency and prevents corruption. It is also important for the EU to become a full member of GRECO⁸, as this would enable the evaluation of the EU institutions by an independent body according to the same criteria as the Member States.
27. **When developing the EU's migration policy**, links to other policy areas and labour market forecasts should be taken into account in order to decrease structural unemployment and to **ensure the competitiveness and sustainability of the EU's economy**. We support the creation and improvement of such cooperation mechanisms between Member States, businesses and trade unions in the field of **employment and migration**, which aim to create a better understanding of the needs of the employment market and the economy as a whole. We also support measures that are focused on **promoting the immigration and mobility of highly qualified workforce, researchers and students**. At the same time, we do not find it necessary to establish new legal migration channels, but rather focusing efforts on an efficient implementation and modernisation of the existing legal acts of the EU. More attention should be paid to **ensuring the successful adaptation and integration** of migrants, including applicants for international protection.
28. Ensuring proper functioning of the **Schengen area** must be a strategic priority in order to guarantee free movement of persons and a high level of security. The management of the EU's external borders requires a geographically balanced approach. Also the **protection of land borders should be strengthened**. We support the consolidation of the EU's common **border management standards** and consider it important that all Member States follow a uniform standard of border management. There is also need for further strengthening and modernising of the **integrated border management system**, especially in view of implementing new technologies and increasing border security. Efficient use of modern technology is a significant compensation measure in the Schengen Area that is instrumental in combating both illegal immigration and crime. The aim of new IT solutions is to speed up border crossings, to compile comprehensive information on all persons who cross borders,

⁸ The international anti-corruption organisation Group of States against Corruption.

and to provide support to police and border guard authorities in carrying out security checks and identifying offenders. The EU's entry-exit system and the Registered Travellers programme (the so-called **smart borders package**) should be implemented as soon as possible. Although border management is primarily the responsibility of Member States, we see a significant role for Frontex⁹ and **consider it necessary to increase its resources** so that it could provide support to Member States in case of unprecedented or disproportional threat, including extraordinary migration pressure. The agency has the necessary capabilities for such a task, such as the rapid border intervention teams (the RABIT mechanism¹⁰). Estonia is **ready to discuss the establishment of a common European border guard system in a long-term perspective**. However, the quality of border protection must not be weakened as a result of such pooling of resources, and uniformly high level of border protection must be ensured for the entire external border.

29. For combating illegal migration and minimising security threats there is a need for efficient cooperation mechanisms that would provide a better overview of the movement of persons in the Schengen Area. The **misuse of visas and residence permits should be prevented** by means of fast information exchange between Member States and application of the *ex ante* and *ex post* monitoring measures. There is also a need to increase the efficiency of **monitoring secondary migration in the Schengen Area**, *inter alia*, by inserting the information on return decisions in the Schengen information system. It is important that the EU should present a common position vis-à-vis third countries on visa policy issues. Granting visa exemptions must be based on clearly defined prerequisites and impact analyses, and preparations for managing possible adverse effects should be more thorough. **Readmission agreements should form a basis for concluding visa facilitation agreements** and should include provisions on readmission of third country nationals who have entered through that country. The Member State that has issued a foreigner a permit to enter the Schengen Area should also be responsible for the return operation. We consider **non-conditional implementation of readmission agreements** important and find that the European Commission should be given a more significant role in monitoring the implementation of such agreements.
30. The EU has experienced extremely strong migration pressure in the past few years. To alleviate this, it is necessary to carry out more efficient action in third countries, especially regarding the root causes of migration. We support **achieving a more efficient mobility partnership through regional development and protection programmes** and the **enhancement of the border management capacities of important source and transit countries of migration**, and their inclusion in mutual partnerships in order to increase their

⁹ The agency for coordinating operative cooperation on the external borders of the European Union.

¹⁰ RABIT – Rapid Border Intervention Teams

capacity for handling migration streams, preventing illegal migration and ensuring optimal protection of highly vulnerable persons. The EU should not neglect cooperation with its eastern partners while tackling the situation at southern borders. We support enhanced focus on **combating criminal organisations involved in human trafficking and smuggling**, including civil-military cooperation initiatives for disrupting the activities of traffickers. Combating human trafficking and smuggling must remain a high priority for the EU agencies responsible for internal security.

31. Considering the ongoing long-term crisis situations in the neighbourhood of the EU, immigration pressure to the European Union is likely to continue. Member States facing extraordinary migratory pressure must be supported. At the same time, the capacity of Member States to receive refugees and support their integration is different, and has to be developed gradually using also the budgetary means of the EU. Estonia is ready to relocate refugees in case of extraordinary migratory pressure **on a voluntary basis and in accordance with the proportion of the country's economy and population in the EU**. Establishing hotspots in frontline Member States that are facing extraordinary immigration pressure and enhancing cooperation with EASO¹¹, Frontex and Europol makes it possible to provide international protection more quickly to persons in genuine need and to return the persons who do not qualify for international protection. In order to **avoid and prevent the misuse of the Common European Asylum System**, all Member States should systematically carry out proper identification procedures and fingerprinting. There is need for uniform level of implementation of existing information systems, including EURODAC¹² and increasing the role of EASO. More attention should also be paid to **quick processing of asylum applications**, including in cases of unmerited applications. We support establishing a common European list of safe countries of origin for that purpose.

Data Protection

32. The rapid development of technology and globalisation has a significant impact on both the protection of personal data and trust towards the Digital Market. It is necessary to reach such an **agreement concerning the data protection reform** initiated in 2012, which ensures an appropriate balance between the free movement of data and the right to privacy, increasing personal rights while also supporting economic development. Unified data protection rules will allow law enforcement and judicial agencies to cooperate more efficiently, increase trust and guarantee legal certainty. In the implementation of the General Data Protection Regulation, a similar application of rules by Member States' data protection authorities must be guaranteed in order to ensure the harmonised functioning of the Internal

¹¹ The European Asylum Support Office.

¹² European Union information system for comparing the dactyloscopic data of asylum seekers and persons crossing borders illegally.

Market. Common electronic data exchange mechanisms that would ensure cooperation between data protection institutions should form an integral part of the implementation of the reform.¹³

Judicial cooperation and the e-Justice Project

33. For improving the accessibility of legal protection it is important to guarantee the enforcement of court judgments and a seamless cross-border enforcement procedure, above all in the form of information exchange. In the interests of facilitating civil procedures, the free movement of public documents should continue to be promoted. At this time, the cross-border extension of civil court judgments has been expedited using various means, the most important being the Brussels I Regulation¹⁴. The course chosen with the amendment of the Brussels I Regulation¹⁵, that of abolishing the procedure for enforcement of court decisions (the so-called exequatur procedure) should also be applied to other legal acts concerning cross-border civil proceedings (most importantly the Brussels II Regulation¹⁶). At the same time, the need to guarantee equal protection to all parties of the court proceedings has to be taken into account when abolishing the exequatur procedure.
34. The development of European e-Justice facilitates cross-border cooperation and the availability of legal information and data, largely by implementing IT solutions and establishing cross-border digital services, which is an important goal for Estonia. The development of the e-Justice portal¹⁷ into a joint interactive one-stop-shop will provide citizens, entrepreneurs and legal practitioners with simplified access to the law on a national and EU level. One of the key topics regarding the electronic legal environment of Europe is to ensure the sustainability of the sectoral development. We regard extending the jurisdiction of the Tallinn-based European Union Agency eu-LISA¹⁸ to the management of the e-Codex¹⁹ and e-Justice environments and the assumption of their administrative structure as the best solution.

¹³ See also the subparagraph "Free Movement of Data", sections 206-207.

¹⁴ Council regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

¹⁵ Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters.

¹⁶ Council regulation (EC) No 2201/2003 of 27 November 2003 concerning jurisdiction and the recognition and enforcement of judgments in matrimonial matters and the matters of parental responsibility, repealing Regulation (EC) No 1347/2000.

¹⁷ <https://e-justice.europa.eu/home.do?action=home&plang=et>

¹⁸ <http://www.eulisa.europa.eu/>

¹⁹ E-Codex – e-Justice Communication via Online Data Exchange, <http://www.e-codex.eu/>

The Principle of Rule of Law

35. Common EU fundamental values have to be honoured and followed in the EU. The EU's fundamental values include fundamental rights and the principle of Rule of Law, which is understood as a set of general legal principles arising from the common constitutional traditions of Member States. Honouring the principle of Rule of Law is integrally connected to democracy and to respecting fundamental rights. To ensure adherence to the fundamental values of the EU, the EU must, in accordance with the Treaties be able to solve crises that threaten the principle of Rule of Law. In doing so, the sovereignty of a Member State should not be unnecessarily interfered with, and the competences of EU institutions arising from the Treaties must be respected. Estonia supports the accession of the EU to the European Convention on Human Rights in order to avoid problems that may arise from the different development paths of two European systems – those of the European Court of Human Rights and the Court of Justice of the European Union.

Mutual Recognition of Administrative Decisions

36. The principle of mutual recognition is a cornerstone of legal cooperation in the EU. The recognition and enforcement of civil and criminal court decisions in the EU occurs through the EU's legal acts and international conventions, giving the enforcing institution a guarantee that the court decision of another Member State complies with all relevant conditions. However, we currently lack common minimum requirements and guarantees that would make it possible to **recognise on the basis of EU law administrative decisions (taken by a Member State)**. Administrative law varies by Member State, and if an institution is to enforce an administrative decision taken by an administrative body of another Member State, the institution should have certainty that the decision complies with certain important conditions, e.g. the principle of fair process, adherence to personal rights etc. Thus far *ad hoc* solutions have been used as the need has arisen. Therefore there is a need to analyse **possibilities for developing a set of general EU-level principles for administrative cooperation and the recognition and enforcement of administrative decisions.**

ENVIRONMENT

37. Over the past 40 years, more than 300 environmental legal acts have been adopted by the European Union, all together forming the most comprehensive standard in the world. As a result of this, the pollution of air, water and soil has been decreased significantly. For example, legislation concerning chemicals has banned several toxic or dangerous substances, the quality of water in the EU is the best in the world, and over 18% of the territory of the EU has been designated as Natura 2000 areas. Therefore, it is important to continue effective implementation of the already existing law. In further EU environmental policymaking, it is important to establish the principle of not setting new targets or making commitments before the existing objectives have been attained. One of the most important tasks for more efficient fulfilment of the existing targets is to **ensure better cohesion between the environmental protection objectives and other policy areas**.

Resource Efficiency

38. The competitiveness of a country depends increasingly on the resource intensity of its economy and the ability of various sectors to increase resource efficiency by adopting new technologies and solutions. The resource intensity of the products and services of Estonian economy continues to be high. Domestic material resource productivity²⁰ is 0.42 EUR/kg in Estonia²¹, while the average figure in Europe is 1.93 EUR/kg²². High usage of oil-shale is characteristic of Estonia, making up more than a third of domestic material usage. Therefore, **we need to continue developing an economic system that is more resource efficient, greener and thus also more competitive**. To promote resource efficiency it is necessary to increase the quality and share of secondary raw materials, green employment that would involve green product design. Further, it is important to develop eco-innovation and the development of green technologies, thus supporting businesses and increasing the awareness of a comprehensive green economy among businesses and consumers.
39. It would be beneficial to set an individual indicative resource efficiency target for each Member State. The target should be non-binding, so that the Member State could adopt such policies and measures that are economically and environmentally most feasible, while also complying with broader national policy objectives, e.g. those of energy, climate or rural policies. The Member State-level **resource efficiency targets** should take into account the particularities of that country, as the distribution of industry sectors varies by country and setting a common, mandatory target would require unreasonable investments.

²⁰ Resource productivity is defined as the ratio of gross domestic product over domestic material consumption and commonly expressed in euro per kilogram of material.

²¹ Estimate, 2013, EUROSTAT

²² Estimate, 2013, EUROSTAT

40. It is important to **develop and systematise various mandatory and voluntary measures related to circular economy**²³ at the EU level and internationally (such as eco-labelling, energy labelling, the European Eco-Management and Audit Scheme EMAS, green public procurement). One way to promote circular economy is to link voluntary measures with mandatory requirements to a greater extent (e.g. when the EMAS environmental management system is used in industry, the mandatory surveillance system can be replaced with EMAS auditing).
41. We consider it necessary to move in a direction where the Industrial Emissions Directive considers the industrial sectors and production methods arising from the specific geographical location of Member States, while retaining the general purpose of the Directive to direct industries towards a more resource-efficient and cleaner production.
42. In order to make optimal decisions that have significant impact on the environment, **it is necessary to analyse the regulations concerning the environmental impact assessment as an integral whole**. Directives governing the environmental impact assessment and strategic environmental assessment should ensure effective procedures in order to reduce the administrative burden of the public and business sectors.

Waste Management

43. **When setting new objectives for waste management** and municipal waste recycling targets for promoting circular economy, the **existing achievements of Member States** and their capacity to meet new objectives have to be taken into account. Municipal waste recycling in Estonia was at 31% in 2013, and the target of 50% set for 2020 is a difficult task. We support setting limitations to the disposal of municipal waste in landfills to increase waste recycling. To achieve this, general requirements for waste treatment prior to disposal have to be established (incineration and mechanical biological treatment of waste), and criteria for the calorific value and organic matter content of the disposed residual waste. We also support the implementation of other measures that help prevent the generation of waste and promote the recycling of generated waste.
44. **Reporting requirements** for waste must be made **clearer and more uniform**. For example, instead of allowing four different methods for calculating municipal waste recycling targets, one method should be established for all Member States. Using a common calculation method will enable comparison of the capability of different Member States to meet the general objectives.

²³ *Circular economy* refers to an economy that focuses on the recovery and recycling of non-biological resources and materials. Collecting products at the end of their lifecycle and separating materials makes it possible to use them for manufacturing new products.

45. In several Member States there are differences and deficiencies in the review and financial transparency carried out by manufacturers on behalf of producer responsibility organisations. **We support the establishment of common rules and minimum requirements for implementing extended producer responsibility** at the EU level. In Estonia, extended responsibility is applied to waste from end-of-life vehicles and their parts, tyres, electric and electronic equipment, batteries and accumulators, agricultural plastic and packages.
46. To promote free movement of goods produced from waste materials, we support, *inter alia*, common requirements for separate collection and treatment of biodegradable waste, for compost and digestate.

Climate Change

47. The EU is of the position that the international climate agreement has to ensure attaining the long-term emissions target – to reduce global emissions by at least 50% compared to 1990 by the year 2050. It is important to reach a binding and ambitious agreement with obligations that can be reviewed and adjusted if necessary.
48. The EU fulfils its obligation to reduce greenhouse gases in three parts according to the activity areas – the EU Emissions Trading System, emissions in sectors covered by Effort Sharing Decision, and emissions in sectors covered by Land Use, Land-Use Change and Forestry.
49. **Greenhouse gas emissions** must primarily be **reduced in sectors where the corresponding measures are the most cost-efficient**. To this end, the EU Emissions Trading System has to become more efficient and it has to ensure a sufficient price signal of carbon dioxide to allow for investments that are needed for emission reduction. At the same time, additional market-distorting normative interventions in the trading system have to be avoided. Also, there is room for promoting technological innovation and implementation of tested technologies. In the trading system, **the implementation of carbon leakage measures has to be continued**. When the international climate agreement comes into force, there is a need to review the list of carbon leakage sectors and sub-sectors depending on the level of ambition of third countries. When determining and evaluating the carbon leakage sectors and sub-sectors the competitiveness of each specific sector has to be thoroughly analysed in view of the stricter requirements of the EU. The sectors that are influenced by unfair market conditions are in particular need of support.
50. We support the establishment of the **NER 400 fund**. The new fund will be financed from the revenue generated by the sale of allowances in the period 2021-2030, and it will include innovative projects that use renewable energy solutions, projects for promoting carbon capture and storage, and innovation directed at reducing carbon emissions. In determining the criteria for using the means of the **NER 400 fund**, it is necessary to guarantee a **geographical balance of the allocated funds** and to find opportunities to support

technologies that concern a comparatively small number of installations in a carbon-intensive sector, such as the oil-shale industry. It is necessary to facilitate the possibilities for funding projects in their preparatory stage and to reduce the Member States' risks related to providing guarantees to projects.

51. The instructions and rules on state aid for allocating free allowances for the modernisation of electricity production after the year 2020 should be worked out by the end of 2018 at the latest. This would give a needed minimal notice. We also support the timely elaboration of instructions and rules needed for the implementation of the modernisation fund. This fund would primarily support the promotion of energy and resource efficiency and the modernisation of energy systems.
52. **In sectors affected by the Effort Sharing Decision²⁴ it is necessary to develop flexibility instruments** for decreasing emissions. We prefer solutions that give the Member States more discretion on how they will meet the goals. For example, there needs to be a balance between climate change mitigation and the goals for food security. To promote the potential of agriculture in capturing carbon dioxide, the best opportunities have to be found for the agricultural and land-use sectors for implementing climate change mitigation measures and keeping track of greenhouse gases.
53. With the inclusion of the land use, land-use change and forestry (LULUCF) sector in the EU's commitment to decrease the emission of greenhouse gases by 2030, we find that the **LULUCF sector should be dealt separately from the effort-sharing decision sectors because of the specifics of the sector**. We support establishing a common basis for the emissions reporting from the LULUCF sector starting from 2021. The new system should consider carbon capture, storage and emissions from all land-use methods in a balanced manner. The **calculation methods** should take into account a cross-sectoral approach and the **situation must not be worsened for Member States that apply the principles of sustainable forestry**. For example, a longer calculation period, taking into account the impact of climate conditions, a higher use of biomass for meeting the goals of other sectors, etc., are of high importance. It is important to assure that the definition of biomass sustainability criteria in the framework of the EU Renewable Energy Directive²⁵ should not limit Estonia's opportunities to use indigenous bio-resources.

²⁴ Decision No 406/2009/EC of the European Parliament and of the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020.

²⁵ Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC.

54. We consider it important that the use of hydrofluorocarbons should be limited and alternative refrigerants such as carbon dioxide or ammonia should be used in technology, as stipulated in the Montreal Protocol to which the EU is a party.

Ambient Air Quality

55. In negotiations concerning the decreasing emissions into ambient air and developing specific measures for lowering emissions, our underlying goal is to maintain and improve the high air quality level of Estonia. The most important indicator for setting emission ceilings is reducing the negative impact on human health, without neglecting the socio-economic situation. An impact assessment and analysis of a Europe-wide modelling of emission reduction possibilities must entail a detailed impact assessment at the level of Member States.
56. We have supported the initiative of the Baltic Marine Environment Protection Commission (HELCOM) countries to submit an application for conferring on the Baltic Sea the status of a nitrogen emission control area (NECA) in the long term. We find that HELCOM should agree upon the time of the NECA regulations' entry into force beforehand. In order to avoid competition distortion, the Baltic Sea and the North Sea (including the English Channel) should be declared NECA areas simultaneously.

Biodiversity

57. We attach great importance to meeting the EU's biodiversity targets. These entail halting the loss of biodiversity by the year 2020, and include maintaining functional ecosystems and their services ensuring biological diversity and forming a basis for social and economic well-being. The EU's Biodiversity Strategy sets the goal that by 2020, 100% of habitat types and 50% of species must have a favourable or improved status. One of the prerequisites for status improvement is the efficient functioning of the Natura 2000 network, which means development of the green infrastructure and the restoration of at least 15% of damaged ecosystems. In Estonia, there are 60 habitat types and 99 species classified as threatened in the EU, while only 52% of the habitat types and 54% of the species have a favourable status; the status is inadequate for 45% and 27% respectively, poor for 3% and 8% respectively, and the status of 11% of the species is unknown²⁶.
58. **Maintaining and improving the functioning of the Natura 2000 network** plays a crucial role in meeting this target. Species are threatened by decreasing area of their habitats, worsening living conditions and land fragmentation. It is important for us that the co-funding of activities required for achieving the protection goals of the EU's Natura 2000 network is guaranteed and clearly formulated in the EU budget.

²⁶ Habitats Directive implementation report (2013): <http://cdr.eionet.europa.eu/ee/eu/art17/envuc0mhq>

59. In the event of future amendments to the Habitats and Birds Directives, in addition to the protection measures it must allow also for making regional exceptions to the strict protection requirements, taking into account national specifics based on scientific evidence (e.g. in the case of the brown bear).
60. The spread of invasive alien species (e.g. alien varieties of hogweed, the Chinese sleeper, Signal crayfish) reduces biodiversity significantly. Import restrictions have been set to certain alien species in Estonia. As importing is not the only way for alien species to spread, there is a need to identify other spreading channels and take the appropriate measures. The entry routes of invasive alien species have to be analysed in order to determine the role of ports and railways, for example, in the spread of alien species.

Water Management and Marine Environment Protection

61. Approximately half of the EU's surface water will not achieve good status by the target time set for the end of 2015, while almost 62% of the waters of Estonia are in good status. Therefore, it will be necessary to review water policy in the coming years and to enforce additional regulations for limiting the content of dangerous substances threatening the aquatic environment, and for ensuring the quality of bathing water and ground water.
62. We consider it important that the **measured values used for evaluating water status in the EU should be comparable and of equal precision**. We support the development of water information systems, improved flow of water-related information, better collection of information, increasing the precision of measurements, and the reliable presentation of measurement results. We consider the development and dissemination of a unified approach to the EU's transboundary water bodies important for the purposes of cooperation with third countries.
63. The main goal of the EU Marine Strategy Framework Directive is to maintain or achieve good environmental status of marine areas by 2020 at the latest. In Estonia, 45% of marine areas are in good status. For achieving good status of marine areas, regional and international cooperation is needed to coordinate sustainable use of marine areas. Uniform protection standards should be established for marine areas across the EU. The integration of spatial planning of marine areas and the principles of integrated coastal zone management are also of great importance for ensuring **integrated and coherent management of the coastal zones of Estonia, the Baltic Sea and the EU**.

Environmental Digital Services

64. Collecting, processing, sharing and publishing environmental data has a vast information and communication technologies potential, permitting both better user convenience, data availability, and cutting costs. So far, cooperation between Member States in sharing environmental data has been mostly project-based, which is has been fragmentary in nature

and has increased the administrative burden. Therefore, more attention should be paid to **developing possibilities for transborder data flows, and the corresponding digital services.**

65. Environmental reporting and transmission of environmental data to the EU have not been fully digitalised nor sufficiently oriented towards remote monitoring solutions. Neither is there certainty that the forwarded data is actually used in decision-making processes, including in cases of cross-border environmental impact. Therefore, it is important to **review environmental monitoring and reporting** at the EU level, in keeping with the once-only principle. In order to promote new, innovative solutions it would be beneficial to prefer remote-sensing solutions in fulfilling monitoring obligations.

Forestry

66. Over 51% of Estonia's terrestrial area is covered with forest. Therefore, we value diverse and sustainable forest management, including protection and a sustainable increase in the use of wood as a renewable natural resource. It is important to study and support opportunities for promoting and increasing the use of wood at the EU level.
67. As forestry falls under the Member States' jurisdiction, we find that decisions related to the sustainable management of forests should be taken at national level, on the basis of specific historical, social, economic and ecological conditions.
68. At a global level, greater coherence is needed between forestry-related international agreements and organisations to enable the **development of principles of sustainable forestry** at all levels, including between EU institutions. A better coordination will help to implement the EU's forestry strategy and its interim evaluation in 2017 and 2018.

COMPETITIVENESS

Single Market

69. While the single market of the European Union is a unique example of economic cooperation, there are still some shortcomings for citizens and the business sector. Although many legal obstacles have been removed, new ones have replaced them, because the Member States tend to interpret rules differently. 60% of businesses have stated that they would more likely consider Europe as a location for their operations if the European legal environment were better designed²⁷. As Estonia's domestic market is quite limited, exports form one of the most important inputs to economic growth. In 2014, the EU with its 500 million consumers ranked at approximately the same place within the total export output from Estonia as in the year before (72%)²⁸. To promote export, capable and competitive exporting businesses should be supported regardless of their size. It is of crucial importance to ensure **equal opportunities and starting positions for companies** also in other Member States, in particular with regard to taxes, environmental fees, packaging excise duties, etc.
70. Therefore, three goals have to be taken into account when designing the policy for the development of the EU single market. First, it is imperative to **create a true single market** instead of the present, rather fragmented EU internal market, with as few obstacles as possible to the free movement of goods, persons, services, and capital, and to other fundamental freedoms. Today, the services sector accounts for 70% of the GDP of the EU and fills 90% of new jobs, while accounting for only 20% of the internal trade in the EU²⁹. It should still be kept in mind while designing EU policy that goods and services are intertwined, and research suggests input from the services sector makes up on average 40% of the value of manufactured goods.
71. Enhancing competitiveness through the development of a knowledge-based economy and thereby achieving a **higher position for the European industry in the global value chain** is also of great importance. A third goal, combining the first two, is to achieve all this through a digital environment, i.e. **to achieve a functional digital single market**.
72. The EU single market does not yet present a favourable growth environment for ambitious companies starting their business. On the other hand, the development of e-commerce has increased the choice of goods available for consumers and fostered the emergence of a Europe-wide market of goods. As of the year 2014, 63% of the working-age population of the EU have bought goods and services via the Internet, on the domestic market and cross-

²⁷ Reform EU to help reshore jobs – CBI European Survey, CBI, March 2014.

²⁸ Economic Review of 2014, Ministry of Economy and Communications and Ministry of Finance, 2015.

²⁹ Regulating services in the European Union, Vossilis Hatzopoulou, April 2012.

border (57% in Estonia)³⁰. We consider it crucial **to address legal disparities that hinder the cross-border sales of goods and services**, for example, in sales and consumer legislation, copyright and data protection rules, provisions of private international law applicable to the companies, insolvency and tax law.

73. The agreement of the European Patent Court reached within the framework of enhanced cooperation is a significant step towards guaranteeing a uniform legal protection for inventions. Establishing the European Patent Court will certainly have a positive effect on the cross-border sales of goods, and to innovation and the development of the economic environment at large. For the European Patent Court to start functioning, the new institution should be guaranteed access to other Europe-wide instruments of judicial procedure such as the Council Regulation on taking of evidence.
74. In order to nurture entrepreneurship and innovation, attention should be paid to **a continuing simplification of the business environment** and to **reducing unnecessary regulatory burdens**. Therefore, we support the relevant Better Regulation initiatives of the Commission, including those further developing the rules and practices on evidence-based impact assessment, strengthening the assessment of the impacts on the digital economy and competitiveness. We also support widening public consultations with EU citizens and stakeholders in the analysis of both the existing and in the drafting of new legislation, and reinforcing the **implementation of the Regulatory Fitness and Performance Programme (REFIT)**.

Digital Single Market

75. **Europe's Digital Single Market must be based on the principles of openness and competition**. Its regulations must let small businesses grow and invite companies from the whole world to enter the European market and invest here. Europe is the largest exporter of digital services: we must ensure that European rules will in the future continue to let our businesses stay competitive globally. Consumers of the Digital Single Market include end-consumers and all sectors of the economy that may benefit from the growth of commerce, consumption and the growing productivity made possible by digitalisation.
76. Establishing the Digital Single Market would increase the EU's GDP by 4% by 2020³¹. While a full opening of the services market would increase the GDP by 1.8%³², adding digital features to it would account for an additional growth of 3%³³. Estonia maintains that in addition to the four freedoms **it is important that data would also move as freely as possible in the**

³⁰ Digital Economy and Society Index, 2015

³¹ The Economic Impact of a European Digital Single Market, Copenhagen Economics, March 2010.

³² The Economic Impact of the Services Directive: A first assessment following implementation, European Commission, 2012.

³³ Mapping the Cost of Non-Europe, 2014-2019, European Parliamentary Research Service, European Parliament, 2015.

Digital Single Market. This will allow Europe's economic environment to offer wider choices and better prices to the citizens of all Member States and provide new growth opportunities for businesses.

Developing the Business Environment

77. In the present economic environment, **companies should have the opportunity to move to other Member States freely**, but currently this involves several time-consuming and costly procedures, in other words a high administrative burden. Today, the most important issues of company law belong to the jurisdiction of Member States, which has a fragmenting effect on the business-related legal environment. To make the establishment of a company regulated by the common principles attractive for entrepreneurs, EU company law should develop in a direction that facilitates cross-border movement of companies. A common legal environment has to be created at the EU level that will **allow the transfer of a company established in one Member State to another** without the need to liquidate the company first in its home country and to re-establish it in the country of destination (cross-border conversion/transfer of seat). It is instrumental to create a legal framework for cross-border divisions of companies, and to extend the scope of the Directive on Cross-Border Mergers so that it would include other company types besides limited liability companies. Along with allowing for the movement of companies there is a need to adopt provisions of private international law applicable to the companies. Entrepreneurs are not interested in creating new company types, but rather in the **modernisation and harmonisation of important issues of company law that facilitate cross-border mobility**.
78. Establishing a company over the Internet is becoming a natural part of the modern world, and for this reason the EU needs to strive towards allowing companies to start up cross-border activities in other Member States electronically with minimum effort and without physical presence. Prerequisites for this include a secure cross-border personal identification mechanism and the successful implementation of the regulation on electronic identification and trust services for electronic transactions³⁴ (e-IDAS), which will enter into force on 1 July 2016. Service providers should ensure **transparent procedural rules for opening a bank account** in another Member State, and we should also consider the right of a legal person to have a bank account³⁵ (as in the case of the free movement of persons).

³⁴ Regulation (EU) No 910/2014 of the European Parliament and of the Council became effective on 17 September 2014.

³⁵ Sections 77 and 78 do not concern taxation - see the chapter on taxation.

79. Companies from any Member State must have **access to the information related to establishment³⁶ and for obtaining an activity license** (e.g. taxation, labour laws) in every Member State, and they must be able to conduct business via the e-government portal, i.e. via the Point of Single Contact of each Member State (registry entries, application for licenses and permits, submitting a notice of starting activities, etc.)³⁷.
80. There must be a **functioning interoperability of the business registries of Member States** to let entrepreneurs conduct business on the basis of the registry entry of their home Member State, keeping the entrepreneur's track record, which is one of the main guarantees of reliability for the entrepreneur. At present, the lack of such system prevents the access of newly-established subsidiaries in another Member State to the public procurement contracts, financial services, etc.
81. To prevent abuse of cross-border movement, it is necessary to ensure that a person subject to a business or activity ban in one Member State would not be able to avoid these bans by moving to another.

Sale of Goods and Services, Including over the Internet

82. **Sales law, the rules imposed on the provision of goods and services, and consumer rights should be as uniform as possible** across the European Union and increase consumer confidence. This is conducive to the development of e-commerce and thus also provides businesses a wider opportunity for marketing their goods and services. Along with the development of smart devices, there is also a growing trend of using digital content³⁸ (music, films, games, books etc.) with these devices. There is a prevailing sense of uncertainty concerning the rights related to the use of digital content, as rules stipulated in contract law and limitations and exceptions set by copyright laws vary by Member States or are insufficient. When modernising the EU consumer law, we prefer an approach that would **decrease the fragmentation of regulation between Member States**. Fragmentation makes it difficult to use the benefits provided by the Single Market, especially for small and medium-sized businesses. As harmonisation of contract law has proven difficult, we should focus on

³⁶ By establishing, we mean the activities of an entrepreneur for an unspecified time at a registered place of business based on the requirements set for permanent activity by the Member State where the place of business is located (e.g. registering the company, obtaining an activity license or permit, required infrastructure).

³⁷ The points of single contact of Member States together form the EUGO network. Points of single contact: http://ec.europa.eu/internal_market/eu-go/index_et.htm

³⁸ Pursuant to the EU Directive 2011/83/EU of 25 October 2011 on consumer rights, the term digital content means data which are produced and supplied in digital form, such as computer programs, applications, games, music, videos or texts, irrespective of whether they are accessed through downloading or streaming, from a tangible medium or through any other means. Contracts for the supply of digital content should fall within the scope of this Directive, while if digital content is supplied on a tangible medium, such as a CD or a DVD, it should be considered as goods within the meaning of this Directive.

its most important aspects. We see potential in the **modernisation of certain aspects of sales law**, above all in regards to standard terms consumer contracts and sales warranty.

83. As the supply of goods and services has moved increasingly to the Internet, freeing the consumer to an increased degree from the constraints of time, technical equipment and geographic location. This has caused the proliferation of the so-called passive sales – where consumers find a suitable solution and place the order themselves. We need to end **unjustified geographically based restrictions** (geo-blocking). For adjusting to the possible impacts brought about by the abolition of geo-blocking, we support considering adaptive measures. Similarly we are in favour of carrying out an analysis of the non-discrimination provisions of the Services Directive, especially regarding the grounds for refusal to provide service. In order to promote cross-border e-commerce, Estonia favours **fostering competition and supports new business models in the parcel delivery market** with the aim of promoting quick and reasonably-priced delivery of goods across borders and to peripheral areas.
84. To the end of improving consumer confidence, Estonia attaches great importance to the **cooperation between national authorities responsible for the enforcement of consumer protection laws** in EU-wide networks.

Recognition of Activity License and Professional Qualifications

85. Restrictions set on the free movement of services by the Member States still hinder cross-border provision of services. These include the requirement of registration in the local registry of the other Member State, authorisation requirements, requirements concerning legal status and equity division, national standards, specific qualification requirements, etc. As such obstacles are incompatible with the goals of the Single Market, it should be ensured that an **activity license** (attestation, activity permit) **obtained in one Member State would be easily recognised in all Member States**. It should be possible to conduct all procedures necessary for achieving recognition through electronic channels and within the framework of cross-border data exchange between relevant authorities, and by further developing data exchange through the EU internal market information system IMI³⁹.
86. In promoting cross-border business, granting an activity license should be based on trust towards an entrepreneur from another Member State and an **efficient application of follow-up control measures** (market surveillance), not on implementing unreasonable and overburdening national measures that present an obstacle for starting activities. The **harmonisation of national requirements should be gradual**, starting with the most important sectors of economy at the EU level, as this would result in a simpler process of automatic mutual recognition. If extending the freedom of providing cross-border services in entire EU

³⁹ The Internal Market Information System (IMI).

proves impracticable, Estonia sees two possibilities for proceeding. First, the use of **enhanced cooperation** to extend free movement of services, and/or, second, the use of **country specific recommendations for opening economic sectors in Member States** in the European semester framework.

87. As of 2015, there are a total of 4,700 different professions regulated in the Member States. The recognition of professional qualifications is a complex process in the European Union, as there are significant differences in the corresponding regulations⁴⁰ of various Member States. Since such abundance of regulations is an obstacle to market access, those **regulated professions where there is no clear threat to life and well-being of the consumer should be deregulated**. The recognition of professional qualifications entails an expensive bureaucratic procedure for the applicant, which means that there is a need for specific guidelines to Member States for further simplification. In the next revision of the Professional Qualifications Directive, the **transparency exercise should continue**, as it obligates Member States to analyse and justify their regulation of professions. Also, we support **enhancing the European Commission's follow-up functions** regarding any unreasonable restrictions Member States might impose on regulated professions.
88. In order to enable Member States' automatic recognition professional certificates issued by another Member State, there is need for **maximum harmonisation within sectors**. Also it is necessary to **develop new European professional standards** and to **apply the European Qualification Framework** in all Member States. It is necessary to further develop digital procedures so that all **administrative procedures related to professional qualifications recognition could be performed electronically**. The present input-based levels of the Directive should be replaced by the output-based levels of the European Qualification Framework, as these would allow for a simpler recognition of professions and add new opportunities for recognising professional qualifications.⁴¹
89. Estonia finds that the **notification system** relating to new requirements imposed on the provision of services and to new regulations applicable to professional qualifications **must be made more efficient** by adding a standstill period requirement similar to the notification procedure governing technical regulations⁴².

⁴⁰ A profession is regulated if there are legislative professional qualification requirements for it (education, training, work experience).

⁴¹ The European Qualifications Framework (EQF) is a translation tool that helps communication and comparison between qualifications systems in Europe. Its eight common European reference levels are described in terms of learning outcomes: knowledge, skills and competences. This allows any national qualifications systems, national qualifications frameworks (NQFs) and qualifications in Europe to relate to the EQF levels.

⁴² Pursuant to the Directive 98/34/EC (Codified by the Directive (EU) 2015/1535)).

Conformity Assessment of Goods and Mutual Recognition

90. Although several product groups have been harmonised in the EU, there are still problems with recognising the test results and conformity certificates of products, as the Member States' authorities and business partners often recognise only the conformity certificates that have been issued by large and well-known laboratories, or only those issued by laboratories based in the buyer's Member State. This results in the high cost of the products' conformity assessment, especially for small businesses if they have to carry out the assessment outside their home country. It also decreases demand for the services of experimental laboratories of smaller Member States, inhibiting their sustainability and investment ability. Estonia considers it necessary that the European Commission should exercise **more efficient surveillance on the mutual recognition on testing and conformity assessment** between Member States. It is necessary that measures for **optimising the network of conformity assessment laboratories** should be implemented at the EU level, for example by developing criteria and incentives for establishing laboratories that serve the markets of multiple Member States, resulting in the enhancement of versatility and availability of laboratory services.

Cross-border Access to Public Procurement Markets

91. Public procurement accounts for 19% of the EU's GDP⁴³, although a single market has by no means yet been achieved in this area⁴⁴, and this is a factor restricting the competitiveness of European industry and services. Procurement contracts awarded to undertakings from other Member States make up 13.4% of all procurements on the average, with significant differences ranging from 0 to 44%. The problem lies in the disproportionate requirements that the contracting authorities and contracting entities set (e.g. a requirement that the tenderer has to be registered in a national register etc.) or the ambiguity of procurement terms, which complicate fulfilling the contract and achieving the procurement targets. Therefore, Estonia supports setting a stronger focus on the effective **implementation of the Public Procurement Directives** adopted in 2014.

92. It is also necessary to pay attention to **increasing the awareness of contracting authorities** and contracting entities, and to developing and **implementing best practices for cross-border public procurement** so that no unjustified restrictions are set for cross-border tenderers out of ignorance or habit. In addition to the EU information system for public procurement⁴⁵, it is beneficial to consider other means to **disseminate information about**

⁴³ Annual Public Procurement Implementation Review 2013, Brussels, 1.8.2014

http://ec.europa.eu/internal_market/publicprocurement/docs/implementation/20140820-staff-working-document_en.pdf

⁴⁴ The volume of resources involved in public procurements is remarkable in Estonia as well - e.g. in 2013, 8,078 public procurement procedures were carried out with a total cost of 1,638 million Euros (approximately 12% of the GDP).

⁴⁵ <http://simap.ted.europa.eu>

public procurements in other Member States, for example, calls to tender could be published in a common electronic channel (similar to the Public Procurement Register of Estonia). We consider it necessary that all Member States should **adopt fully electronic procedures**, including cross-border e-invoicing, as soon as possible.

European Union Law Favouring Innovative Business Models

93. Digital economy is becoming mainstream and thus cannot nor should not be seen as something separate from the rest of the economy. However, digital economy has brought along some challenges that need specific attention, such as the innovative peer-to-peer or **collaborative or sharing economy business models** that will presumably bring along a significant price decrease in various service sectors (hotel and accommodation services, taxi services, parking, etc.) and improve opportunities for consumers. The success of these business models proves that an essentially equal or higher level of consumer protection can be ensured with a lower regulative burden for entrepreneurs in some business sectors. At present, sometimes completely unregulated collaborative economy services are competing with regulated services. As new business models emerge, the EU institutions and Member States should carefully evaluate whether a significant simplification of sectoral legislation would ensure protection of the interests, safety, etc. of consumers and workers and let collaborative economy and traditional service providers compete on equal terms. Europe must be ready to **take advantage of the opportunities provided by new business models** and ensure the attractiveness of the EU for entrepreneurs implementing innovative ideas. New business models must be accompanied by digital solutions that facilitate tax collection (see more on this in the taxation chapter).
94. For Estonia it is important that the European Commission would analyse the impact of Internet-based platforms in detail, **taking into account the rapid changes in technology, business models and consumer behaviour**, which all can affect the applicability of potential regulations. Certain measures should be applied to all existing platforms, e.g. a requirement of transparency regarding the use of information obtained through a platform or the activity principles of the platform, as these may be necessary for the majority of market participants for planning their activities.

Industry

95. The European Commission has emphasised the importance of industry in the context of employment (one job in industry will create 0.5 to 2.0 jobs in other sectors), export (80% of the EU's exports are from industrial production) and in development and innovation. Therefore, Estonia supports initiatives directed at improving the competitiveness⁴⁶ and

⁴⁶ Topics that have a significant effect on the competitiveness of industry have been touched upon in various chapters of Estonia's European Union Policy: the impact of energy prices on industry in the energy chapter, resource efficiency

economic development of the European Union. Considering that a stronger economy and industry will ensure a higher quality of life for its people, when drawing up EU policies and sectoral development and/or action plans, it is indispensable to **consider the impact that new policy proposals will have on the European competitiveness**. We would like to highlight that Estonia supports the implementation of environmental requirements and international climate agreements. At the same token it is important to consider the competitiveness of Europe's industrial sector when preparing regulations. In the EU, Estonia advocates that in the interest of industry and taking into account indigenous resources, it should be possible to apply exceptions, when necessary.

96. Estonia has an interest to enhance the **digitalisation of industry** and thus also a smart industry that is based on a high level of digital literacy and digital competence of entrepreneurs⁴⁷. **Free and secure movement of data** (which is also one of the main topics of the chapter on the information society) is the basis for creating a real-time economy and new forms of entrepreneurship. We also find that a **more efficient use of big data and machine learning** will give a significant boost to the competitiveness of Europe's industry and to manufactured products with higher added value. Therefore, it would be advantageous to consider EU-level measures aimed at promoting the adoption of these concepts by enterprises.
97. Europe's industrial policy must take into account the interests of all Member States. Industrial policy measures should harmonise competitiveness and thus **promote cooperation between Member States' enterprises and clusters**, allowing small and medium-sized enterprises to participate in the industrial value chain within the European Union and globally.

Copyright Protection

98. The premise of further developing the field of copyright should be that businesses act on a Single Market, not a national one. Also, the principle of free movement of persons gives consumers the right to choose their residence among the Member States. Therefore, it is important to **improve cross-border availability of works**. The owner of copyright and related rights is free to decide on the scope of use of their work and the extent to which it will be made available to the public. In the first instance it is the owners of these rights who can improve the cross-border availability of works to consumers. For the better functioning of the Digital Single Market, it is necessary to develop various supporting measures letting market participants **improve the availability of copyright works and of the subject matter of**

in the environment chapter, public procurement and mutual recognition in the Single Market chapter, innovative public procurement and the investment policy of research and development and innovation needed for businesses in the chapter on R&D and innovation, and infrastructures are described in corresponding chapters.

⁴⁷ Digital competence is handled in more detail in the chapter Education, Youth, Culture and Sports.

related rights across the EU, and benefit from it (e.g. technological solutions, analysis of the need for harmonising certain measures related to contract law, and the implementation of such measures).

99. The extent to which copyrighted works can be used freely in the public interest varies somewhat in the Member States. Different exceptions and limitations on the free use of works have a hindering effect, primarily on cross-library lending and the work of researchers. It is necessary that in the application of exceptions and limitations to copyright and related rights in the public interest there is a need to **make certain cases of free use uniformly mandatory across the EU**. Above all, the mandatory exceptions could be those that enable better movement of information for educational and research purposes, and exceptions that concern persons with disabilities. Also, mandatory cross-border application of the parody exception in the sense of the Information Society Directive should be discussed.
100. There is a need for further analysis of whether restrictions on rights for educational and research purposes allow educational and research institutions to use the subject matter of rights for the purposes of data mining and text processing and, in the case of libraries, also for automated processing and indexing. As a result of this analysis, it would be necessary to discuss adding a new exception, or specifying the existing exception for research **to facilitate data mining and text processing**.
101. Web-based use of works is constantly growing and the legal framework must support it. Libraries should have the possibility, on specifically agreed conditions (including technological restrictions), to **make subject matter of rights** in their collections **available in an electronic format** also independently of the institution's special devices, so that users could peruse the subject matter of rights at a place and a time of their free choice.
102. We find that the issue of eBooks needs deeper analysis with the purpose of reaching an agreement on the amendments in EU law necessary to **facilitate the lending** (making available to the public) **of eBooks**, while taking into account the interests of the rights' owners, mediators and publishers in a balanced manner. One possible way forward in lending eBooks is to **apply a specifically defined exception to the right of making a work available to the public** (including, for example, an obligation to remunerate owners of rights for this exception through a certain compensation mechanism).
103. The requirement of paying a fee for reproducing an audiovisual work or an audio recording of a work for personal use is based on the Information Society Directive⁴⁸. As the Directive does not provide direct guidelines to Member States to establish a corresponding system, Member States have adopted different solutions. We find that the **regulation of the private**

⁴⁸ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society.

copying levy should be clearer in the EU. For example, there could be a more precise regulation on whether it is permissible to use a system financed from the State budget when implementing the Information Society Directive, and specify the ceilings of tax fees calculated according to the storage file size.

Audiovisual Works

104. One of the main goals of the policy must be ensuring that European audiovisual content reaches European consumers in the most direct and simple manner possible.
105. We attach great importance to the **principle of technology neutrality of regulations** – legal instruments regarding linear and non-linear audiovisual services should not differ. **Instead of technology-based regulation, the size-based regulation should be considered.** This implies that in the interest of Internet freedom and freedom of speech, audio-visual Internet communications of smaller size should in general remain relatively free and unmonitored, and self-regulation of media would be applied to it. In a single market of audio-visual services, large providers of such services should be required to follow the provisions of the EU's Audiovisual Media Services Directive regardless of their technical broadcasting channel or other activities.
106. We consider the **country of origin principle to be a cornerstone of the Audiovisual Media Services Directive**, and it should remain so. In the event of a renewal of the jurisdiction of media services, the service providers who exercise control over their broadcast content and whose headquarters/editorial offices are located in an EU Member State, should be differentiated from those whose actual editorial responsibilities are in institutions located in third countries. In the case of the latter, there should be **a mechanism that makes it possible to stop their broadcasting in other Member States** if the content originating from third countries is a threat to public security or instigates hatred, or if the service ignores the regulations of the advertising market of the target country. Regardless of the broadcasting channel or technical platform, **regulations ensuring the protection and decency of minors should be uniform.** Developing the media literacy of children and parents should be a part of Europe's media regulations.
107. It is necessary to improve the efficiency of **cooperation between the independent regulatory bodies** of media services and the quality of central jurisdiction databases.
108. The **conditions of access** for independent producers of audiovisual works **to subscription-based video services platforms** that have a significant impact on the Single Market must be transparent, simple and ensure equal terms of competition. The working principles and user statistics of these platforms have to be understandable and transparent for the market participants and to the regulatory bodies.

109. Based on consumer protection rationale the **EU regulations should impose minimum norms to audio-visual advertising**, especially in the case of alcohol and tobacco products or in case of advertisements unsuitable for minors.

Space

110. The space sector is an area of strategic importance for Europe and has great potential for contributing to the economic growth and competitiveness. In the years 2014-2020, the EU will invest over 12 billion Euros into space activities, developing the Earth observation programme Copernicus, the satellite navigation programme Galileo and financing space-related research activities. It is our position that considerable investments made into space programmes should also have an **economic output**, primarily through increasing the quality of public sector services and through developing small and medium-size businesses. Therefore we support the development of satellite-based equipment and **applications based on satellite data** within Member States and cross-border, and their delivery to users. Thus we support the **satellite data dissemination platform of Copernicus** and others that will enhance the development of business models and entrepreneurship based on remote sensing data.
111. We find that all EU Member States and businesses regardless of their size should have the opportunity to participate in space-related activities. It is important to use the benefits offered by the membership in the **European Space Agency** for promoting entrepreneurship and research in Estonia. Participation in tenders and partnership programs, and the resulting technology transfer into the economy will increase the benefits of space activities.

Research, Development and Innovation

112. Research, Development and Innovation (RDI) plays an important role in enhancing the competitiveness of the EU. **RDI policy should be seen as a central instrument in achieving economic and social goals**. The EU's activities and budget must be in line with the competitiveness and growth enhancing objectives of the Europe 2020 strategy to compete and cooperate at global level. While the EU's RDI expenditure accounts for 2.01% of its GDP, the corresponding indicator is 2.81 for the USA and 3.38 for Japan⁴⁹. Also, attention must be paid in removing innovation barriers in EU legislation and **increasing the R&D investment capacity of businesses**. To ensure the development of knowledge-intensive sectors of the economy and the creation of high value-added- jobs, it is important to promote the **commercialisation of RDI outputs**.

⁴⁹ R&D expenditure, Eurostat, 2015, http://ec.europa.eu/eurostat/statistics-explained/index.php/R_%26_D_expenditure

113. **The EU has to set the goal of designing an innovation-friendly internal market.** To achieve that, obstacles to innovation have to be identified and removed in the existing EU legislation and in the design of the legislative process. We are in favour of applying the so-called **innovation principle**, i.e. the incorporation of an impact assessment on innovation by the proposed legislation in the specific field.
114. **In order to achieve that 3% of the GDP is invested into RDI**, it is important to motivate businesses to invest more into RDI and further involve other policy sectors. First, it is necessary **to simplify considerably the EU's RDI framework conditions**, including ensuring alignment between competition policy regulations (e.g. state aid) and the goals of competitiveness policy; increase risk tolerance in the instruments designed to support RDI; create real synergy between Structural Funds and Horizon 2020. It is also imperative to continue the simplification and harmonisation of the implementation principles and financial rules of the Structural Funds and EU programmes at the EU level. Secondly, it is necessary to increase the integration of RDI activities into other EU policy sectors so that **ordering of applied research in the EU's various policy sectors would take place on a systematic and coordinated basis**.
115. In order to increase the alignment between the EU's competitiveness goals and the strategic administration of the EU, **the monitoring of the European Research Area (ERA) should be better linked to the European Semester process**, including in the preparation of reports and reform plans at national level and in the broader discussion of RDI topics in annual country reports.
116. The difference in the Member States' innovation capacity prevents the development of a single European Research Area, causing brain drain (especially from weaker regions) and significant regional differences in the research and innovation performances. According to the innovation performance indicators, in 2014 the innovation performance of 15 Member States increased and that of 13 Member States, including Estonia, decreased⁵⁰. It is important to remove the obstacles that do not allow everyone to contribute equally to increasing the competitiveness of EU.
117. **To decrease the regional innovation gap**, the European Commission has to analyse regularly the situation, map the reasons and intervene with appropriate measures to decrease the gap. The location of European large research infrastructures, which are co-funded from the EU budget, should be regionally balanced and all Member States should have **equal opportunities to participate in the establishment and decision-making process concerning the research infrastructures**. In order to boost the EU's competitiveness and to enable a

⁵⁰ Innovation Union Scoreboard, 2015, http://ec.europa.eu/growth/industry/innovation/facts-figures/scoreboards/files/ius-2015_en.pdf

knowledge-intensive economy, **it is highly relevant to support smart migration policy**. It is important to promote research and learning mobility that is regionally balanced within the EU and attractive for researchers, students and innovators from third countries. Smart migration policy must be based on similar principles and provisions within the EU. Estonia considers it important to promote the mobility of researchers between sectors and countries, and an open and uniform employment conditions.

118. Other problems, besides the innovation gap, are the fragmentation of the EU's RDI initiatives and partnerships, as it is difficult for Member States, research facilities and businesses to participate due to limited means, and the ineffective governance of the European Research Area.
119. Therefore, it is necessary to **continuously assess and simplify the EU's RDI cooperation models and partnerships** and aim at reducing the number of instruments. The governance of the ERA should be more effective by increasing the role of the European Research Area and Innovation Committee (ERAC) and their focus on innovation issues and socio-economic outputs. A common analysis and assessment policy has to be developed in the monitoring mechanism of the ERA. In evaluating the progress of the ERA, cooperation with other know-how providers, such as the OECD, has to be ensured. Member States have to implement the ERA priorities through appropriate actions in their action plans or strategies.
120. The conditions for participation of the EU's RDI partnerships and joint initiatives of the Horizon 2020 framework programme give big players a competitive advantage. It continues to be a challenge to ensure the transfer of research results from the framework programmes' projects into the market and societal use. Therefore, the aim in designing the next framework programme should be creating **a simpler, more cohesive funding instrument and removing barriers to participation**. The new framework programme must promote the widening of participation in EU partnerships and guarantee greater support to small and medium-sized projects.
121. Excellent research is a breeding ground for innovative ideas and technologies helping to solve the societal challenges. **The framework programme's structure must support all stages in the research to innovation chain**. It is necessary to accelerate the take-up of the results of excellent science by businesses, and their application to solving socio-economic challenges. To achieve this, **particular attention must be paid to promoting cooperation between research and business, including the creation of innovation networks**. In the coordination of projects, decision-making bodies and conceptual solutions, more attention should be paid to the involvement of businesses, integral solutions and knowledge transfer. In the framework programme and in state consulting bodies, it is imperative to ensure a high level of competence in research and innovation. Interdisciplinary research has to be promoted.

122. Defining **the concept of open science** in the EU has to be achieved in a coordinated effort and introduced to researchers and the general public. Consequently, **it is necessary to harmonize the intellectual property rules** related to the development of open science, **support the corresponding authentication and authorisation infrastructures, and the standardisation of metadata**. To ensure the sustainability and widespread use of existing research digital infrastructures, it is necessary to develop the interoperability of similar national digital infrastructures. All Member States must have equal opportunities for participating in Europe-wide data infrastructures and resources. Moreover, it is important to make these infrastructures easy for end users to use. The goal is to create conditions for Open Access on uniform basis **to research infrastructure, results and data**.
123. By using the resources available to the public sector more efficiently businesses can be encouraged to develop innovative solutions and thus to contribute to increasing the competitiveness of the economy. The total volume of public procurements accounts for 19% of the EU's gross product⁵¹, which demonstrates the importance of the public sector as a contracting partner for innovative products and services. By setting a standard for innovation in goods or services as one of the conditions for public procurements, the resources already in place can be used to promote businesses development. To open up the hidden potential of public procurements to enhance innovation-based economic growth, **the EU should set a Europe-wide goal to promote innovation through public procurements**⁵². It is necessary to develop **EU-level measuring and surveillance system** to ensure regular monitoring of the implementation of the EU's innovative public procurement goal.
124. An inception of Europe-wide cooperation in RDI is found at the regional level. In the Baltic region this is shaped by the EU Strategy for the Baltic Sea Region. **The Strategy should support research cooperation, mobility opportunities and the development of the interoperability of research infrastructure**. The activities of this Strategy should have a **focus** on innovation and the opportunities provided by the digital economy, **including the development of cross-border e-services**.

⁵¹ Public Procurement Indicators, 2012,

http://ec.europa.eu/internal_market/publicprocurement/docs/modernising_rules/20141105-indicators-2012_en.pdf

⁵² Draft ERAC Opinion on Innovation Procurement, 2014, <http://data.consilium.europa.eu/doc/document/ST-1215-2014-INIT/en/pdf>

ECONOMIC AND FINANCIAL AFFAIRS

The Economic and Monetary Union

125. The euro area has managed to survive an existential crisis and is recovering from the economic crisis. Significant steps have been taken during the past **few years to restore the stability and reliability of the euro area and their effectiveness is becoming evident. The economic governance framework of the euro area has contributed to getting public finances in order and to identifying imbalances**⁵³. The new framework has not yet succeeded to decrease sufficiently the **debt levels of Member States**⁵⁴ and **not urged the euro area countries** to implement sufficient reforms⁵⁵. Thus the steps taken have not been able to dispel political doubt that the euro area and its membership are irreversible. The ultimate aim in developing the EMU is to eliminate any doubt about the permanence of the euro area, to ensure the stable currency and to support the emergence of the single financial and capital market.
126. Although it is difficult to see new Member States joining the euro area in the upcoming period, the economic governance framework and the conditionality of the budget system of the EU have to be used purposefully to strengthen the EU's stability orientation and to fulfil the Maastricht criteria that form a prerequisite for accession to the euro area. It would be beneficial to undertake an evaluation as to whether the existing legal framework and measures are optimal for the functioning of the euro area and efficient enough to prevent and resolve insolvency.
127. The **economic governance framework** of the euro area that is based on the Stability and Growth Pact should be focused on the implementation of the existing rules in order to promote the coordinated development of the economy, budgetary policies and the financial sector, and to increase integration where necessary. The focus should be on reducing public debt burden, preventing macroeconomic problems and enhancing competitiveness. The general and country-specific recommendations, the budgetary procedures of Member States and their surveillance, but also the resolution of identified problems are to be unified into one whole in the European semester. We expect the European Commission to use its competences to assess budgetary plans and to issue economic policy recommendations.

⁵³ In 2011, 23 Member States out of 27 had excessive budget deficits, by 2015, the number had decreased to 9 out of 28.

⁵⁴ In the first quarter of 2015, the average debt of the government sector in the EU was 88.2% of GDP and 92.9% of GDP in the euro area. Debt level exceeds 60% of GDP in Belgium, Germany, Greece, Spain, France, Croatia, Italy, Cyprus, Hungary, Malta, Netherlands, Austria, Portugal, Slovenia, Finland and the UK.

⁵⁵ The Commission estimates that a little over 40% of the reform recommendations given in the course of the European semester have been implemented

(http://ec.europa.eu/economy_finance/publications/economic_briefs/2014/pdf/eb37_en.pdf)

The use of the flexibility instrument⁵⁶ must remain within the limits of the Stability and Growth Pact. The surveillance procedure is supported by **the strengthening institutional framework of the euro area**, which will help to prevent macro-economic problems, and support and enhance of competitiveness of the euro area.

128. In addition to measures related to public finances, there is a need for **structural reforms** with a long-term impact. While implementing such reforms, instead of applying country specific recommendations, it may be justified to use more binding measures, which could be supported to a certain extent by financing mechanism connected to development targets. Public finances and economic governance of the Member States that follow the rules of the Stability and Growth Pact in a sustained manner is the precondition for the euro area budgetary capability. Further fiscal integration and the accompanying growth of risk sharing among the Member States requires equivalent steps for fulfilment of budgetary rules at the national level and measures aimed at eliminating moral hazard. We prefer that structural reforms and reserve fund type solutions aimed at alleviating economic crises be implemented at the Member States level. However, we are also ready to discuss limited options from the central (EU) budget, if moral hazards are eliminated. We find that such options and the related risks should be thoroughly assessed beforehand and planned as a part of the upcoming EU budget planning procedure, instead of creating new and separate instruments. Private sector investments should be involved in EU-level financing.
129. To ensure the further financial stability of the euro area it is important to strengthen the market signals and to share risks by utilising financial markets. Therefore, we see the completion of the banking union and the establishment of the capital markets union as key elements in the context of the future development of the euro area (see below).
130. The integration of measures created outside the Treaties⁵⁷ into the legal framework of the European Union is possible in accordance with developments that deepen the euro area.

The Financial Sector

131. The completion and implementation of the EU **Banking Union** – the system based on Single Supervisory Mechanism, crisis resolution and deposit insurance – plays an important role in the integral functioning of the Economic and Monetary Union and increases trust towards the euro area as a whole. The Banking Union should contribute in preventing the problems in banks, help resolve cross-border banking crises efficiently, break the systematic connection between banks and financing public debt as well as minimise the use of taxpayers' money for solving problems related to banks.

⁵⁶ The 'fiscal compact' would be the basis for a more specific assessment of a Member State, setting long-term goals and financing related to the implementation of structural reforms.

⁵⁷ The Fiscal Treaty on the Stability, Coordination and Governance of the Economic and Monetary Union, and the Treaty Establishing the European Stability Mechanism.

132. To achieve these goals, the implementation of the Banking Union has a central role in the coming years – i.e. the application of the single supervisory mechanism and single resolution mechanism along with decreasing national derogations. Linking the European Stability Mechanism with the Single Resolution Fund will present an opportunity to start a rapid bridge financing system until the Single Resolution Fund has achieved the full capacity, and become a permanent single safety net. We are ready to develop a **single deposit guarantee system** for the completion of the Banking Union. We see non-euro area Member States joining the Banking Union as well. This will promote the cross-border cooperation between supervisory authorities and will enable to resolve crises on the basis of a common set of rules. Taking into account the size of a Member State and its market, the single system must continue to enable direct assessment of risks and ensure balance of rights and liabilities also for those Member States where the subsidiaries and branches of international banking groups are located.
133. Financing of companies has so far been bank-based in the EU, and less oriented towards capital markets. **Establishing the Capital Markets Union** will decrease the fragmentation of financial markets, diversify the financing sources of the economy (including providing better access to financing for small and medium-sized enterprises), strengthen cross-border capital flows and promote the appearance of innovative services. Removing obstacles and broadening financing opportunities through capital markets will help companies apply for more financing outside the banking system, which will give greater development opportunities for start-ups and further expansion opportunities for bigger companies. In order to exploit the potential of the EU's capital markets and their economic growth, it would be optimal to eliminate fragmentation of the Single Market and national restrictions inhibiting the growth and expansion of companies.
134. It is important to assure an unequivocally free movement of services for the capital markets of all Member States across the EU on the basis of existing legislation (e.g. cross-border offering of shares of investment funds without any obstacles). Besides the major financial centres, also smaller and less liquid markets should benefit from the Capital Markets Union. In addition to the more traditional sectors of capital markets (like stock exchanges). Other financing sources for small enterprises should also be diversified by developing financing through venture capital or crowdfunding platforms. It is necessary to have a unified approach in sectors for which there is no common regulation (such as crowdfunding and covered bonds). It should also be regulated proportionately in a manner that takes into account smaller market participants and will increase legal clarity in these sectors. In the provision of financial and investment services, it is imperative to decrease the administrative burden that overregulation causes for smaller financial intermediaries. This measure would help to improve market access for small businesses, enhance competition, create new business models and decrease the cost of services.

Taxation

135. Taxation is a sovereign right of the Member States. At the same time, it is important to ensure that the different taxation systems will not hinder cross-border economic activity in the Single Market. When harmonising exchange of tax information the aim should be to avoid as much as possible the double administrative burden that similar initiatives of the OECD and the EU may cause. We support shifting the tax burden from capital and labour towards the resources, consumption and pollution in order to enhance competitiveness, employment and resource efficiency. **Combating tax evasion and avoidance is the priority in the area of taxation**⁵⁸.
136. **Value added tax** is the largest source of revenue for the Member States. Therefore, harmonisation of the value added tax system of EU should be pursued in order to **make it more efficient and fraud-proof**. To achieve that, it is necessary to take up the principle of taxation in the country of destination. Other important issues include the application of a quick reaction mechanism of reverse charge, a more efficient exchange of information between Member States, a simplified tax declaration when goods supplied across borders to the final consumers, and the retaining of strict VAT registration requirements. The risk of fraud related with the movement of tax exempted goods between Member States should be avoided. Continuation of digitalisation of tax administration would contribute significantly to making the system more robust, especially if supported by the sharing of best practices and potential legal initiatives for creating shared platforms.
137. A sturdier and more efficient VAT system could be secured by reducing derogations and by abolishing tax exemptions where they are inefficient (including reduced VAT rates that cause cross-border distortions of competition and the exemption granted to the EU Member States' diplomats).
138. VAT has direct impact on cross-border economic activity in the Single Market. Therefore it is important to continue to reduce the administrative burden of taxable persons and to simplify the fulfilment of tax liability especially with regard to international passenger transport, the Digital Single Market and e-commerce.
139. The underlining principles **in regulating corporate taxation** should be guaranteeing the functioning of the Single Market and preventing distortions of competition. Also, it is important to enhance the cooperation between Member States in fighting against tax evasion and avoidance. International taxation principles have to be aligned with the developments stemming from globalisation, where the value creation chains used by companies have become global and often it proves difficult to determine the place where

⁵⁸ According to the estimate of the European Commission, 1 billion Euros in taxes remains uncollected by the Member States (http://ec.europa.eu/taxation_customs/taxation/tax_fraud_evasion/missing-part_en.htm)

revenue is generated. The explosive growth of digital economy has clearly identified the bottlenecks of taxation, as digital solutions present the opportunity to create revenue without being physically present and it is difficult to determine the royalties paid for IT applications developed in other countries. Companies have to pay a fair share on their earnings in taxes in the country where value was created and revenue earned. Therefore, it is necessary to determine clearly the jurisdiction where revenue is generated, which would also be the place of taxation.

140. **A common consolidated corporate tax base** should eliminate tax evasion and minimising taxes. It should be based on a harmonised broad tax base, while giving Member States flexibility in determining the moment of taxation. The consolidation of the tax base should not be a part of this initiative, as the use of transfer prices has proved to be an efficient enough instrument. The present taxation framework of the EU already sufficiently facilitates taking up economic activities in another Member State for companies, so there is no need for further harmonisation of taxes. We wish to ensure the continuation of the present corporate tax system in Estonia, and therefore we do not support the establishing a minimum effective corporate tax rate in the EU.

Customs

141. In addition to the collection of taxes, Customs operates increasingly as a watchdog for the internal market, enforcing the policies of the EU and its Member States already at the border, as its tasks include the enforcement of legal acts related to, for example, public health, consumer protection, the environment and agriculture. Member States alone are not able to secure the customs border of the EU and there is need for **greater unity, deeper cooperation and integration**. To combat illegal activities on the external border of the EU (e.g. arms trafficking, smuggling of drugs and cigarettes), it is necessary to conduct the security and safety risk analyses related to the international movement of goods in a harmonised manner in the whole of the EU. Therefore, it is important to weigh the merits of the possibility of transferring the deepening development of cooperation between land border customs authorities to a **permanent cooperative body or agency**, similar to the single agency handling the border-crossing of persons (Frontex⁵⁹). A central EU security, safety and risk management information system that could be developed and managed centrally, similarly to the Schengen information system (e.g. by eu-LISA) **would guarantee uniform risk management**. This approach also supports the achievement of the security targets set in the European Agenda on Security. To ensure a uniform functioning of the European Customs Union, it is necessary to gradually implement a centralised development model for the development of customs information systems.

⁵⁹ The agency for coordinating operative cooperation on the external borders of the Member States of the European Union.

EU Funds

142. Designing the general budget of the European Union, the *juste retour* approach still prevails, although the budget is meant to finance the implementation of EU common policies and the attainment of the common objectives, to create added value and to unite the EU into an economically and politically coherent whole.
143. The coming budgetary framework period (2021+, i.e. starting in the year 2021) the funds Estonia will be receiving from the EU budget are likely to be smaller and their use more strictly regulated than in the 2014-2020 period. Therefore, cohesion policy funds and investments into the rural and fisheries sectors should be used to increase our competitiveness in a manner that will enable future sustainable development without additional large-scale investment support from the EU.
144. **The implementation of the EU's annual general budget should become more flexible, allowing for a more even distribution of payments within a year and the possibility of re-allocating funds.** Use of the funds should be simplified and related primarily to policy priorities and programme targets. The budget will not be able to accommodate the EU's additional tasks and the increased demand for investment needs if the funding principles of the budget and contributions from Member States will not change in **planning the next financial framework (MFF 2021+)**. Therefore, it is necessary to change the financing volume and proportions of the EU spending policies (including a reduction) and to affect its internal reorganisation – to change the focal objectives and topics, and the ways that EU funds are used.
145. We consider the possibility that after the mid-term review of the Multiannual budgetary Framework in 2016, budget negotiations for 2021+ may start in 2018, during Estonia's Presidency of the Council of the EU. **The mid-term review of the MFF in 2016⁶⁰** should ensure that the **EU's general budget is capable of reacting to the changes and priorities arising from the environment** (security situation and defence policy, migration pressure, economic development, the sustainability of the euro area, etc.). There is also a need for an increased role of innovative financing instruments and cooperation with international financial institutions at budget implementation.
146. **Using the EU funds** for achieving policy objectives should be focused, allow for certain flexibility to adjust objectives if needed, e.g. in reaction to sudden changes in the macroeconomic environment. The application mechanisms must be efficient and effective.

⁶⁰ In the MFF 2014-2020 agreement, 34% of the budget was allocated to cohesion policy, 39% to agricultural and fisheries policy and rural development, 13% to competitiveness and employment, 6% to external activities, 6% to administrative expenses, 2% to security and the policies of EU citizenship.

In the implementation of foreign funds⁶¹ cohesion policy programmes and various EU programmes (e.g. Horizon 2020) should be combined for better results. Instead of introducing new instruments it is preferable to adjust the existing ones and to look for synergy in the combined use of various instruments. The present objective of ensuring financing of **macrostrategies** (including the Baltic Sea Region Strategy) could be changed to achieving political agreements of key importance. This could also be the model of specific improvements in the EU and be a platform for distributing best practices between the Member States

147. The so-called **genuine own resource of the EU**⁶² should be autonomous, transparent and simple, eliminate the direct link between money received into the budget and the Member State, and make the collection of budget revenue clearer for citizens. When implementing new own resources (e.g. an EU tax), it is necessary to keep in mind its impact on the tax and administrative burdens, and also the sufficiency, stability and long-term fairness of the own resource.

⁶¹ In Estonia's state budget, foreign/external funds accounted for 11.9% in 2014 and 12.1% in 2015; in 2016, the share of foreign/external funds will slightly exceed/be a little over 9%. Approximately half of all public sector investments in 2013-2015 have been financed using foreign/external funds. A major share of the foreign funds is made up of European Structural and Investment Funds in the volume of 4.4 billion for Estonia within the 2014-20 financial framework.

⁶² Analysis by the high-level group and commission led by Mario Monti, due to be completed in 2016.

AGRICULTURE AND FISHERIES

148. **A common agricultural policy that is financed from the common EU budget is the prerequisite for guaranteeing the functioning of the internal market and ensuring fair competition.** Although the objectives of the EU's present Common Agricultural Policy (CAP) continue to remain relevant, more attention should be paid to new challenges in the future. The resources used for producing food – soil, water and biodiversity – are limited⁶³. In order to ensure sufficient food supply for the growing world population, we should **concentrate on the sustainable management of resources.** To improve the subsistence of small and medium-sized enterprises in the EU, **it is important to continue to implement the CAP and to simplify the cross compliance system.**
149. The EU's scheme of direct payments has to be **uniform, transparent and simple, and guarantee fair competition for agricultural producers.** Therefore the implementation of the single area payment system has to continue in the next financial period and also the harmonisation of unit rates that started at the reform discussions of the CAP in 2013⁶⁴. By the end of the current financial period, the level of direct payments in Estonia will reach 75% of the calculated average direct payment per hectare (ha) in the EU. For the allocation of direct payments, there is a need for a practical definition of the terms active producer and payment recipient in order to differentiate their payment rates from those persons simply maintaining permanent grassland areas. **The so-called greening payments also need critical reviewing, especially the obligations related to ecological focus areas.** In the implementation of environment and climate-friendly agricultural production methods, it is necessary to find balanced solutions that consider the specific natural conditions of the region, the benefits from green economy, and the administrative burden. In payments related to voluntary coupled support, it is necessary to take into account socio-economic factors in addition to statistical indicators of production volumes.
150. The CAP **market management measures** should not play a decisive role in the formation of production decisions, **but there must be an EU-level readiness to intervene quickly in case of market failures, major price fluctuations and the appearance of other aggravating factors of the market situation.** The implementation of school milk, fruit and vegetables schemes have to continue in order to shape children's healthy eating habits. We support the merging of these schemes in the long term and increasing the EU budget for both product groups.
151. **We consider the existence of common state aid rules necessary,** in order to avoid competition distortion as a result of state aid in Member States. When developing public

⁶³ The State of the World's Land and Water Resources for Food and Agriculture, FAO, <http://www.fao.org/nr/solaw/solaw-home/en/>

⁶⁴ The present support rate agreement is based on the number of hectares of agricultural land that can potentially qualify for support in 2009, while the number has increased by almost 100,000 ha by 2015.

support regulations at the EU level, it is necessary to take into account the distinctive character of the agricultural sector and not to apply automatically requirements from other sectors.

152. **In the area of the trade of agricultural produce and products**, the principles of the free market economy must be ensured and the **proper application of the rules of competition** in order to avoid abuses by companies with a greater market power. Considering the fact that over 50% of the food and beverages sector turnover in the EU is generated by small and medium-sized enterprises, measures should be developed to **improve their capability to gain access to new foreign markets**.
153. The estimated volume of annual food loss in the EU is 89 million tons, i.e. 179 kg per person. Estonian households discard food evaluated at approximately 63 million euros in terms of annual food loss⁶⁵. **It is imperative to reduce food wasting**. CAP and EU food labelling rules that engender inefficient production and uneconomical consumption need reviewing. It is necessary to prioritise energy and resource-efficient production methods that facilitate a **quicker delivery of food to consumers**, and to promote innovation in recycling foodstuffs. It would be advantageous to organise EU-wide campaigns aimed at raising the consumers' awareness.
154. Also, **measures supporting the bio-economy** have to be applied in order to provide better conditions for the development of bio-economy in areas that have not been covered so far, thereby increasing the added value of companies and the gross product of the economy, and creating new jobs.
155. **The EU's Rural Development Policy** must remain a part of the common agricultural policy. The objective of the Rural Development Policy is to **support the competitiveness of agriculture, sustainable use of the agricultural environment, and a balanced and sustainable development of rural areas**. Rural Development Policy must lead to decreasing dependency on support mechanisms and enable a quicker reaction to crises.
156. To ensure the economic sustainability of rural areas, we have to concentrate on activities that **help ensure a versatile structure for agriculture** where both family farms and large agricultural companies play an important role. More attention should be paid to **decreasing distortion of competition within supply chains**. To mitigate risks, measures are needed that would help **diversify agricultural production** and support **an improvement of the positions of producers**. Various measures that are aimed at joint activities and a short supply chain, a better bargaining position for producers, higher quality and a higher level of added value play

⁶⁵ *Toidujäätmete ja toidukao teke Eesti kodumajapidamistes ja toitlustusasutustes*. H. Moora, E. Urbel-Piirsalu, K. Õunapuu, SEI Tallinn 2015, <http://seit.ee/publications/4562.pdf>

an important role here. To ensure the sector's sustainability, we should continue to promote **the generational renewal and the involvement of young people in the sector.**

157. Agriculture produces not only food, but also public goods such as biodiversity and open landscapes. It plays an important role in alleviating and adapting to the climate change. **Active environmental measures that create added value and address the impact of agriculture on soil, water and the biodiversity** guarantee the provision of these public goods. We prefer that the compensation mechanisms for the impact of environmental restrictions in Natura areas should be a part of environmental, not agricultural policy. To increase resource efficiency, **research and development activities** should be promoted, especially the transfer of the results of R&D activities to businesses, as this would ensure **sustainable intensification**⁶⁶. It is also necessary to adopt new technologies and to make contributions into long-term investments for the agricultural infrastructure, for example land improvement.
158. In the social dimension of rural development, **the main focus should be on the development of human resources, the conservation of agricultural heritage and the improvement of living environment.** In order to provide agricultural producers with an opportunity to diversify their activities and thus create alternative jobs in rural areas, **support for the diversification of economic activities must continue.** It is impossible to evaluate or solve all the distinctive characteristics and needs of local life at the Member State level and according to a single model. Therefore **it is important to continue and extend support to local community-led initiatives.**
159. The demands on the Rural Development Policy increase, yet this is not reflected in the EU budgetary allocations. Therefore, the fiscal proportions of the Common Agricultural Policy should be adjusted in favour of rural development in the future and **financial support to rural development must increase or at least retain its present level.** In the **distribution of rural development funds between Member States, low population density should be taken into account,** as ensuring services and infrastructure is more expensive in sparsely populated areas. Other aspects that should be considered in the distribution of rural development funds include the proportion of eco-friendly agriculture, the scope of areas with natural constraints, and the scope of areas of high natural value.
160. **Due to limited resources, the access to capital should be improved for the companies situated in rural areas.** Financial instruments like loans and guarantees should be used more. The non-repayable aid for investment that are used for enhancing the competitiveness of agricultural production, the food sector and other rural businesses are justified if they are meant for investments, which are not given priority (e.g. environmental investments) or if

⁶⁶ An efficient and environment-friendly use of resources.

they generate structural changes, significantly increase economic efficiency or reduce dependency on subsidies.

161. Considering the fact that EU's agricultural markets are more exposed to the world market and competition and the corresponding price volatility, **it is necessary to pay more attention to crisis management instruments that would, *inter alia* insure the income of agricultural producers against market and production risks.** Making crisis management instruments simpler and more flexible would increase the ability to respond to crises.
162. We support a scientific approach to the risk assessments related to EU's food safety, animal and plant health, genetically modified crops, and to the development of appropriate measures. The developed measures must be **well targeted and proportionate**, take into account corresponding costs for the public and private sectors, and the administrative burden. **EU has to act coherently** to handle crises that influence international trade such as animal diseases, outbreaks related to plant health, the political motives of third countries⁶⁷.
163. The EU will have to **harmonise and simplify surveillance rules and fees to ensure food safety** and the functioning of the internal market. Agreements for the new legislative package of the EU food safety must ensure equal terms of competition and the continued use of existing resources and technical solutions. The EU's rules on plant protection and the marketing of plant propagating material have to be adapted to reflect **the development in the corresponding fields and the international requirements.**
164. In the field of food hygiene, **it is necessary to increase the ease of doing business for the small scale food operators.** In order to guarantee an unambiguous and easy application of provisions concerning activities of small businesses, it is advisable to open negotiations to renew food hygiene rules. At the negotiations concerning the EU's food legislation, food fraud⁶⁸ and origin requirements, it is necessary to pay more attention to increasing the efficiency of **consumer rights protection** and cooperation between Member States.
165. **Decisions related to market access to genetically modified food and feed and to animal cloning, must ensure the coherence of the EU's internal market and the well-being of animals.** In the EU, restrictions on use and market access to genetically modified food and feed should be allowed only on scientific grounds⁶⁹, and the EU-level procedure for permits must be retained. Animal cloning for agricultural production should not be allowed in the EU

⁶⁷ By political motives it is meant the varying food safety standards of countries that can be used for justifying trade restrictions applied for political reasons.

⁶⁸ Although food fraud has not yet been defined in the EU, the term usually refers to conscious infringement of food safety or quality requirements for the purpose of financial gain.

⁶⁹ Pursuant to the precautionary principle set out in the Treaty on the Functioning of the European Union, research-based consideration must ground the safety of genetically modified food or feed. If safety cannot be proven, these products will not be allowed on the EU market.

due to the animal welfare problems caused by the technologies used. The use of the second or later generation offspring of cloned animals should be allowed, as the prohibition would result in a disproportionate administrative burden. Agricultural animals may be cloned for the purposes of producing medicines or medical devices, or for preserving rare and endangered animal species.

166. Organic farming is a fast developing sector with great potential, where demand for products is growing faster than supply. **EU legislation supporting organic farming must be harmonized, and during its implementation it is necessary to maintain consumer confidence.** It is important to continue to subsidise production and to harmonise the requirements concerning organic products for EU producers and for those from third countries. Cooperation with other countries and participation in international organisations of the field are important for the sector development.

Fisheries

167. At the mid-term review of the EU's common fisheries policy and in the design of the new policy, we should focus on the areas where present measures have not brought desired results. EU law addressing fisheries sector must take into account the distinctive regional characteristics in order to guarantee more efficient procedures and a quicker decision-making process. Research and development cooperation in the sector should be coordinated on regional and international levels if possible. The agreement on general principles concerning the future of fisheries policy should be kept distinct from the negotiations over sufficient financing.
168. **Achieving and retaining a sustainable status of fish stocks** on the principle of sustainable management⁷⁰ and improving the selectivity of fishing gear⁷¹ should remain the objectives of EU fisheries policy. To achieve this, the multiannual **management plan for the stocks of cod, herring and sprat** and a multiannual management plan **for the stocks of salmon in the Baltic Sea** have to be established and approved. These management plans need to follow the ecosystem-based approach⁷². Similar **ecosystem-based fisheries action plans which help** to ensure the protection of marine biological live resources also have to be developed

⁷⁰ Sustainable management or maximum sustainable yield, MSY, is the highest theoretical balanced catch that can be taken from the fish stock on a stable and average basis in the average existing environmental conditions without endangering the regenerative capacity of the stock.

⁷¹ Selective fishing means using fishing methods or equipment that allow a targeted catch of organisms by size or species in the course of fishing operations, in a manner that allows specimens not belonging to the target species to be avoided or released unharmed; this includes the characteristic feature of fishing gear to catch the target species.

⁷² An ecosystem-based approach to fish stock management is an integrated approach to fish stock management within ecologically relevant limits, which is aimed at organizing the use of natural resources, taking into account fishing as well as other human activities and at the same time preserving biological diversity as well as the biological processes required for the protection of the composition, structure and functioning of habitats, considering the knowledge and aspects related to the biotic, abiotic and human-influenced components of the ecosystem.

for **other fisheries areas in the EU**. When developing long-term multispecies fish stock management plans, **it is necessary to keep in mind the stability of the fisheries sector**. In case of migratory and other species important for coastal fishing, attention has to be paid to **opening migration routes and managing habitats** while also focusing on creating cohesion between the EU and national principles.

169. In the fisheries management, the EU should **focus on decreasing and simplifying bureaucracy, and making the fisheries management more rational**, taking into account the distinctive characters of fishing methods and recommendations agreed at the regional level. To achieve a balance between fishing capacities and fishing opportunities, **market-based measures should be applied instead of relying on subsidies for decreasing the fleet**. It would be advisable to avoid **initiatives accompanied by an excessive reporting obligation for the Member States**. Annual assessment of the balance between fishing capacities and fishing opportunities for the purpose of monitoring the target levels of the fishing fleet register are not justified in the fleet segments where a transferable quota system of fishing opportunities to persons or ships involved in fishing is implemented.
170. In the policy concerning fishing market and trade the focus should be on developing innovative solutions for processing and marketing of fishing and aquaculture products. To increase the level of market transparency, fishing data should be made public in the whole of the EU. Vertical integration should be promoted as well as the establishment of a short supply chain and the strengthening of producer organisations. EU policies should be focused more on finding new reliable markets, which would ensure a larger share of European fish and fish products in the food export. At consultations in regional fishing organisations and with third countries regarding fishing agreements, solutions should be sought that reflect the interests of Member States and help guarantee the protection of fish stock.
171. The aim of the EU's policy should be a **competitive fisheries sector, which operates under the principles of market economy**. To achieve this, at the mid-term review of the European Maritime and Fisheries Fund it is necessary to move towards **a financing mechanism based on flexible financial instruments**, which were created to decrease dependency on subsidies and for overcoming market failures. The administration of the European Maritime and Fisheries Fund **should be harmonised with the principles applicable to the structural funds**. We should strive **towards solutions that enable a more targeted and rational use of the subsidies**. The subsidies must support achieving structural changes while considering regional differences. The EU's budgetary resources for developing the fisheries sector should also have a positive effect on the sustainable management of fishing stocks.

EMPLOYMENT, SOCIAL POLICY, HEALTH AND CONSUMER PROTECTION

Employment and Social Policy

172. According to the European Commission's spring economic forecasts, in 2016 economic recovery will continue in Estonia and in the EU as a whole. The Commission forecasts an economic growth of 2.1% for the EU, 1.9% for the euro area and 2.9% for Estonia. The unemployment rate should decrease to 9.2% in the EU, 10.5% in the euro area and 6% in Estonia. However, the unemployment rates of Member States vary considerably, from under 5% in Germany to over 20% in Greece in 2014. Youth unemployment in Estonia was 15% and 22.2% on average in the Member States in 2014. For the European Union to achieve a high level of competitiveness, **it is important to provide every person** (including persons with health damage, the long-term unemployed, persons with a burden of care, young and elderly) **with an opportunity to enter or re-enter the labour market** and to ensure the acquisition of the required skills **and to create the conditions for long-term participation in employment**. Referring to the high average level of youth unemployment in the EU, there is need for more attention to involving young people in the labour market, also by simplification of the transition from school to employment. At the same time, the growing proportion of elderly in the general population poses the challenge of solving employment problems related to this group as well.
173. Still, unemployment has become structural even in the Member States with a well-functioning economy, as the large share of long-term unemployed demonstrates. Estonia's long-term unemployment indicator stood at 3.3% in 2014, which is less than the 5.1% for the EU in 2013. The most common obstacles to the mobility of workers in the EU are insufficient language skills and the difficulty of finding a job. As a partial solution to the problem it is important to increase awareness of employment opportunities in the EU and to develop appropriate support services. It is necessary to encourage **professional and geographic mobility** (including domestic labour mobility) in order to balance the supply and demand of the labour market. We should promote labour mobility especially in the sectors where there are constantly vacant jobs available or where the skills of the employees do not comply with the requirements of the labour market as this measure increases competitiveness. Investing into the skills development described in paragraphs 1 and 2 and the central role of education, training and lifelong learning supports this objective.
174. We find that there should be **as few exemptions as possible obstructing the movement of persons across borders** in the Single Market. Also, monitoring measures need to be in place to ensure that Member States will not apply indirect measures against the free movement of persons and services under the pretext of combating misuse of free movement. Effective cooperation between Member States is a prerequisite for decreasing fraud and error. **The existing principles of the social security coordination regulation support the free movement of persons** and we should not change them. At the same time, we find that the social

security coordination rules⁷³ need to be updated in order to adapt to the developments in the Member States. The coordination principles of those family benefits that are closely related to the economic and cultural situation of the Member States need to be reviewed. In the coordination of family benefits there should be differentiation between parental benefits, traditional family benefits and other state-specific benefits fulfilling various aims of family policy, so that the rules would be clearer and income replacements would be handled separately from benefits meant for children.

175. We attach great import to the further development of the **Electronic Exchange of Social Security Information** between EU Member States so that by 2018, quick solution of cross-border social security cases could be guaranteed.
176. In order to create high-quality jobs, the regulative environment must promote entrepreneurship and jobs creation while maintaining a balance between flexibility, job security, health and safety at work. The **EU working time rules have to be modernised and made more flexible**. Rules that correspond to the needs of the labour market, the employees and the enterprises should enable a more flexible organisation of working time, leisure and on-call time, which would prevent potential labour shortage problems in certain sectors. The possibility of using individual opt-outs from overtime agreements should also be regulated unambiguously at the EU level, so that also in the future employees could use this opportunity based on the principle of freedom of contract. The Commission's work plan includes monitoring the implementation of the **Posting of Workers Directive**⁷⁴ as a part of the mobility package, and revising and amending the Directive if needed. It is important to concentrate on securing the **efficiency of the implementing directive**⁷⁵ **and that before there is sufficient implementation practice it is important to tread with caution in regards to opening the basic directive**.
177. **Occupational health and safety legislation needs to be updated** to avoid, *inter alia*, excessive administrative burden, to decrease the reporting burden of businesses and to simplify compliance with the legislative requirements, especially for micro and small-sized enterprises. High-quality EU legislation also requires improvements in the representation of partners, an improved transparency in sectoral negotiations and a thorough impact assessment related to the **EU-level agreements between the social partners**.

⁷³ Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems.

⁷⁴ Directive 96/71/EC of the European Parliament and of the Council concerning the posting of workers in the framework of the provision of services.

⁷⁵ Directive 2014/67/EU of the European Parliament and of the Council of 15 May 2014 on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No 1024/2012 on administrative cooperation through the Internal Market Information System (the "IMI Regulation").

178. **For ensuring the quality of working life it is important to promote gender equality**, including through support for work-life balance, by reducing the pay gap and the impact of gender stereotypes and thus decreasing horizontal and vertical gender segregation in the labour market. It is appropriate to **lay down minimum requirements on parental leave through legislative measures** as this will also support sharing parental responsibilities between women and men. However, these minimum requirements should not set standards for the benefit amounts, as this should remain under the purview of Member States.
179. The current indicator used for assessing the completion of the EU 2020 poverty and social exclusion target is not suitable for measuring the efficiency of socio-political measures. During the economic recession, for example, the level of relative poverty decreased, despite the high unemployment rate and decreased income. During the economic growth, on the other hand, relative poverty increased. This shows that it is not the level of income but rather the inequality of the distribution of income that influences the relative poverty rate. Therefore, it is necessary to develop **an appropriate and reliable indicator at the EU level for measuring the results of reducing poverty and social exclusion**. The indicator should be comparable between Member States and provide timely data.
180. As the social security systems and economic situations of Member States vary, it is imperative that **the levels and methodology of minimum income schemes** and the components of the reference budgets **remain within the competence of the Member States**. In particular it is important to take into account the citizens' actual consumption.
181. It is necessary to elaborate a **new EU action plan for children's rights** with the aim of ensuring a coherent view on children's rights and child protection at the EU level and a common approach to coordinating cross-border child protection cases. The action plan should primarily focus on children's rights, poverty, abuse, juvenile delinquency and issues related to coordinating cross-border child protection cases.
182. It is necessary to apply the principle of equal treatment in all EU policy areas. In order to guarantee equal level of protection for all appropriate groups, it is essential to adopt a horizontal equal treatment directive. We attach great importance to a more efficient and systematic application of gender mainstreaming in all policy areas of the EU and to an increase in the corresponding capacities on various levels of decision-making both in the Member States and in the EU.

Health Policy

183. Harmful use of alcohol is one of the main causes of health damage and loss of productivity in Europe. According to the 2012 WHO report, 12% of the deaths of women and 28% of the deaths of men in Estonia in the age group 15-64 are alcohol caused. To prevent and

decrease alcohol consumption and the harm it causes, we have designed robust measures in all key areas of alcohol policy in the national **Green Paper on Alcohol Policy**⁷⁶. To achieve results however, there is need for cooperation at the EU-level, in several important areas. As alcohol consumption levels have remained stable in Europe for the past 10 years and no decisive success has been achieved in the reduction of harm caused by alcohol, we find that the EU needs a **new, broader alcohol strategy for decreasing alcohol-related harm** and promoting the health and productivity of the workforce, based on the objectives of the WHO Global Strategy on Alcohol.

184. It is necessary to improve **availability of medicines** in the EU, including the delivery of new medicinal products to patients without any delay. Efficient, safe and high-quality medicines that are approved in the EU must be equally accessible to everyone; therefore we find it important that the availability of medicines in the EU should not depend on a patient's home country or on its size. In the legislation concerning the pharmaceutical sector, the decision-making process for obtaining marketing authorisations for pharmaceuticals could be simplified, and costs related to the packaging of pharmaceuticals placed on the market in various Member States could be decreased. Manufacturers of pharmaceuticals could be obliged to select all Member States as involved countries in the marketing authorisation procedure, including mutual recognition and decentralised procedure, and allowing for the simplified possibility to use repeat procedure of marketing authorisation where a previous authorisation has lapsed, etc. To alleviate risks related to disruptions in supply, there is a need for an EU-wide database for sharing information on topical issues concerning the availability of pharmaceuticals, including supply problems caused by manufacturers. Together with improving access, it would be beneficial to promote the **best practice of joint procurement of pharmaceuticals**, as this would facilitate the EU-level implementation of the Joint Procurement Agreement.
185. Problems resulting from incorrect or excessive use of antibiotics continue to increase in Europe. **Taking into account multi-sectoral nature of antimicrobial resistance, the goal of this policy is a systematic and effective control of its spreading.** In order to achieve this, Member States should toughen their pharmaceuticals policies. Antibiotics should be attainable only based on the prescription and relevant tests should be made prior to the prescription. It is important to strengthen the Europe-wide surveillance mechanism of antibiotics use in accordance with the One Health⁷⁷ initiative and to monitor pharmaceutical residues in natural environment. To this end, it is important to implement a system for the

⁷⁶ *Alkoholipoliitika roheline raamat*, approved by the Government on February 20, 2014, http://www.tai.ee/images/PDF/Alkoholipoliitika_roheline_raamat.pdf

⁷⁷ Council conclusions of 22 June 2012 on the impact of antimicrobial resistance in the human health sector and in the veterinary sector – a 'One Health' perspective, 2012/C 211/02.

registration and use of antibiotics. Based on the monitoring results it is necessary to create environmental quality standards i.e. safety boundaries for those pharmaceuticals and their residues that affect the environment the most. At the EU level, all public health, veterinary and environment related interest groups and also general public should be actively notified about antimicrobial resistance. It is necessary to precise the requirements of advertising veterinary medicines similarly to those of human medicines, so that the choice of medicine by a veterinary doctor would be appropriate, be based on concern for animal welfare and human health, and would not encourage the consumption of antibiotics.

186. It is important that the goals of the EU's e-health cooperation should include the right and opportunity to gain **digital access to a one's own health data**, and the means to share them securely for various digital services. In order to make it possible for everyone to have an electronic health record by 2018, it is necessary to remove several technical obstacles. So far, the main focus has been on establishing common standards for the digital use of health data, which continues to be an important goal. However, the EU should also agree on a gradual roadmap for ensuring the digital processing of pre-defined health data and for sharing them with patients and other health services providers, also across borders. A gradual roadmap will facilitate coordinating standardisation efforts. The issue of the organisation of legal framework is closely related to the above. Our position is that the EU's Data Protection Regulation has to increase legal clarity in the whole of Europe, but its application to the provision of healthcare services and its role in supporting innovation in this area require special attention. Because of the exceptionally rapid development of digital technologies, new data is constantly produced from the smart devices that people use themselves. It is necessary to find solutions for the optimal interoperability of such data and data generated in healthcare institutions.
187. In view of the sustainability of healthcare systems and the aging population, a **stronger integration between the health and social sectors** is necessary. The **development of personal medicine** is a new opportunity in view of creating more patient-centred healthcare services while increasing the sustainability of healthcare systems. A topic such as the issue of the **interoperability of health and genetic data** needs attention, considering the large volume of data and privacy issues.
188. Sharing experiences between Member States provides us with a detailed overview of health systems of the EU and makes it possible to adopt best practices. It also gives health policy more prominence in the context of the EU's economic and financial policies. For this reason it is important to conduct a **Health System Performance Assessment**, as it will enable making evidence-based choices in order to ensure the sustainability of healthcare systems, will demonstrate the transparency of these systems and the necessity of accountability. Traditionally, **Health Technology Assessment** (HTA) is used for analysing the cost-efficiency of pharmaceuticals, and recently there have been plans to extend it to medical devices as

well. Therefore it is necessary that HTA activities should become more efficient and better coordinated in the EU, and that the assessment should concern an even larger field, including public health programmes, healthcare services and the development of digital services.

TRANSPORT, TELECOMMUNICATIONS AND ENERGY

Transport

189. An efficient and functional organisation of transport and the corresponding infrastructure form the basis for the functioning of the four Fundamental Freedoms of the European Union, and are a crucial prerequisite for increasing competitiveness. One of the central theses of the transport policy presented in the White Paper on Transport Policy⁷⁸ reads, “**Curbing mobility is not an option.**” This should not be given up in the future. Because of its cross-border nature, transport policy is a key element of Europe’s economic integration.
190. In sectoral transport policy, we support the continued **opening** of road transport, aviation, rail and marine sectors in order to ensure an integrated transport market in the EU. New EU initiatives must be preceded by detailed impact assessments that consider the specifics of Member States and regions. EU initiatives should also guarantee interoperability of different systems on the one hand, while on the other hand avoiding unreasonable favouring of specific technologies and investments that may become quickly obsolete. A **uniform application of rules** is important in the entire transport sector as is the aim to decrease environmental and administrative burdens. This can be achieved by a **wider adoption of digital services**. In long-term perspective, using Europe-wide and international information systems should permit abandoning paper documents and reducing greenhouse gas emissions while retaining the efficiency of the transport sector.
191. Estonia requires modern connections to major European hubs, being as it is located in the geographical periphery of the EU. **High quality flight connections** are of crucial importance for guaranteeing the competitiveness of a country, even if not all the lines are always commercially viable. It is important to continue developing the EU’s major projects of common interest, with a view of developing high-quality south-bound land connections that cater to the needs of Estonia and target countries in the form of **Via Baltica** and **Rail Baltic**. In the development of water transport, cooperation between the ports of neighbouring states is important for ensuring ice-free connection in the winter navigation period and mutual aid in case of threats and disasters. Improving connections with neighbouring areas of the EU also deserves attention. To some extent, the means of the European Regional Development Fund could be used to this end.
192. The pan-European transport network TEN-T has to be developed according to the agreements made in 2013, without significant adjustments in the **location of core network corridors** and EU **projects of common interest**. It is necessary that the European Commission should evaluate the implementation of the core network’s coordination and

⁷⁸ Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system; 28.03.2011; COM(2011) 144.

administration system, in order to determine which measures are needed for its improvement.

193. In the context of financing transport projects from EU funds, it is important to **guarantee sufficient funding for the completion of the Rail Baltic project** and thus create a north-south rail corridor that will provide a better connection between Estonia and the rest of the EU internal market. In the interest of sustainability financing EU's cross-border projects should continue from the centrally-administered **infrastructure facility** during the next **multiannual financial framework**. We continue to be in support of combining various EU facilities to maximise results, given that such arrangements avoid redundancies. **We support a wider use of financial instruments** in financing transport infrastructure, on the condition that these instruments are simple, transparent and thus attractive for all involved parties.
194. Modern information and communication technology (ICT) solutions have the potential to play a major role in enhancing mobility, resource efficiency and environmental sustainability. Important principles of the ICT policy, for example the regular updating of public sector IT systems and **once-only declaration of data**, should also be reflected in the transport sector. We are open to using new technologies in the transport sector and we support the development of Europe-wide rules and standards for a quick and safe introduction of **autonomous vehicles**. All Member States should join both the existing and future **transport information systems**, and it is necessary to increase the number of services provided through these systems. There is added value in the further development of joint road transport systems (e.g. ERRU, Tachonet, and Resper)⁷⁹.
195. In transport policies related to third countries, a number of problems are more easily solved at the EU rather than the national level. This requires **an active role of the European Commission within its competences**. The EU has to be **united** in transport-related issues in international organisations, in relations with third countries, and it has to **defend the interests of its Member States**. It is important to ensure that third countries fulfil the obligations arising from international treaties.
196. In the road transport sector, it is important to **decrease bureaucracy** and to remove obstacles to the free movement of goods and services. The trend of further liberalisation of road transport must continue; **restrictions on cabotage**⁸⁰ have to be abolished. It is essential

⁷⁹ European Register of Road Transport Undertaking (ERRU), implemented pursuant to Art 16 of Regulation (EC) No 1071/2009 of the European Parliament and Council, the national register of driver cards issued to professional drivers, established on the basis of Art 31 of Regulation (EU) 165/2014 of the European Parliament and Council (TACHOnet), the European Union driving license network established on the basis of Directive 2006/126/EC of the European Parliament and Council, Art 15 (RESPER).

⁸⁰ Cabotage – provision of road transport services in Member States that are not the carrier's state of establishment. At present, cabotage transport is restricted (carriers are allowed to make 3 cabotage trips in 7 days following international transport), which is an obstacle for the functioning of the Single Market and increases the expenses of

to combat signs of protectionism in the transport of goods and passengers. The functioning of a single transport market requires a **uniform application of rules**, which should primarily be attained through existing institutions and cooperation formats (including the EuroControlRoute).⁸¹

197. We support the **traffic safety** vision of the *Transport White Paper* for reducing the number of road traffic fatalities **to almost zero by the year 2050**. It is of highest priority to review the requirements for professional drivers, to adapt them to developments in road transport and make the requirements concerning work and driving time easier to follow. **Ensuring the safety of more vulnerable road users** such as cyclists, pedestrians and persons with special needs requires due attention.
198. In the area of road charging (including road taxes), we attach importance to harmonisation and transparency of the principles of determining the rates, but also to re-channelling collected fees into **optimising the transport system**, which entail improvements in the quality of infrastructure, designing a sustainable transport system, and decreasing the environmental and climate impacts of transport. It is also important to harmonise technical solutions across the EU. However, Member States should **retain the right to decide**, whether they want to implement a road tax within the EU regulations on their territory and to which types of vehicles they want to apply it, basing it on time or distance. When applying the fees, it is necessary to consider the **gross impact on the economy, the environment and the population**, including the impact on the people's economic well-being, on the price and availability of transport services, on the competitiveness of businesses, etc.
199. Concerning the review of public bus transport legislation, we see the need for the **possibility of continuing to award public service contracts directly**, especially in the case of carriers controlled by local competent authorities, in order to ensure compliance with local specifics and demand, and an operative and flexible public bus transport.
200. It is necessary to have exemptions in legal acts regulating the railway sector that will help guarantee a legal and technical compatibility necessary for proper operation between the EU and third countries that use the same gauge (1520 mm). In addition to the technical differences, the rail network in Estonia being quite sparse and the number of passengers relatively low the Estonian railway passenger transport market differs also from various densely populated regions in Europe, which form the reference point for drafting EU-level

freight carriers in the EU. Besides the reinforcement of the internal market and economic benefits, this issue also addresses climate and energy policies: reducing the number of empty trips would help save the environment as well as energy. Much more cohesion is needed between different policy areas in these matters.

⁸¹ Euro Contrôle Route (ECR) – a cooperation format of authorities responsible for road transport surveillance in EU Member States, aimed at using cross-border cooperation, joint exercises and harmonised surveillance for improving traffic safety and working conditions of drivers as well as ensuring sustainability of road transport and fair competition.

legislation. **Therefore we need more flexibility in legislation for optimal organisation of our passenger transport.** In railway-related legislation, the European Commission has sometimes started new initiatives before the previous ones have been fully adopted and implemented. Therefore we underline the significance of **implementing already adopted legislation.**

201. In the legal framework concerning the EU's air transport, the needs of more peripheral regions have to be taken into account. As Estonia currently lacks modern international railway connections that in the central European countries successfully compete with air transport, **the existence of high-quality flight connections is extremely important for Estonia's competitiveness,** especially for promoting foreign investment and tourism. The Estonian market is characterised by **a small catchment area and a peripheral geographic location;** therefore the present legislation of the public aviation service, which is extremely difficult to apply for international flights, and the state aid rules for the aviation sector have to be updated and made more flexible in order to ensure the mobility of persons and economic development. We support the effective implementation of the **Single European Sky (SES),** including cooperation between various providers of air navigation services and a more efficient cooperation of functional airspace blocks⁸², the opening of the support services market and implementation of cross-border air traffic control. The EU has to continue and intensify the process of signing aviation contracts with third countries. These contracts should contain provisions for regulating competition that guarantee an equal treatment of air carriers from the EU and from third countries.
202. It is necessary that the European Commission should develop **a unified set of safety regulations for remotely piloted aircraft systems,** while Member States should retain more flexibility in the application of safety regulations of smaller-sized remotely piloted aircraft systems. In addition to the safety regulations, legislation of unmanned aircraft should reflect **safety, data security and the privacy of individuals.**
203. In shipping, we continue to support developing the internal market and the abolition of repeated customs procedures. As almost 90% of the EU's foreign trade is conducted via marine routes⁸³, development and implementation of new legislation should preferably be done at the level of the **International Maritime Organization (IMO),** where its implementation would be global. This would help ensure the competitiveness of ships sailing under the flag of an EU Member State and avoid distortion of competition. Striving towards common

⁸² *Functional Airspace Block (FAB)* – an airspace block based on operational requirements and established regardless of State boundaries, where the provision of air navigation services and related functions are performance-driven and optimised with a view to introducing, in each functional airspace block, enhanced cooperation among air navigation service providers or, where appropriate, an integrated provider.

⁸³ http://ec.europa.eu/transport/modes/maritime/index_en.htm (19.11.2015)

positions in the IMO must be based on the currently applicable legal framework and **consider the interests of Member States in a balanced manner**. The implementation of **electronic formats** for more ship documents (certificates, logbooks) throughout the EU could ease the high administrative burden of shipping. Implementation of an electronic format for certificates should also be set as a goal on the IMO level. In developing legislation it should be kept in mind that the share of the EU's fleet in the global fleet has to grow or at least retain its present level – otherwise the competitiveness and significance of EU Member States at the IMO will decrease.

204. Fulfilling existing or planned shipping-related environmental requirements generally presupposes costly investments into new technical equipment, and some Member States allocate state aid to this end. In order to avoid distortion of competition, it would be instrumental to discuss restricting state aid or **allocating funds to improving the environmental performance of ships** from the central EU budget during the next multiannual financial framework. In the implementation of shipping-related environmental requirements, it is important to consider the potential risk of a modal shift to land transport, as it generally has a more significant negative environmental impact than marine transport.

Information Society

205. Creating, using and processing of information have gained increasing importance in the sphere of economy, politics and culture. The knowledge created thereby can make a major contribution to the European Union's economic growth and its global competitiveness. In order to unlock this potential we need to ensure free movement of data and further develop electronic communications, e-governance, trust and (cyber) security.

Free Movement of Data

206. The fast, unobstructed, secure and reliable movement of data is one of the pillars of modern society. With technological progress, data has become a key driver of economic and social development. Today, we know how to collect data and we are getting better at securing and protecting it. However, there is a lack of a driving force for the free movement of data that could also open up new types of business potential. **Free movement of data should in practice become a fifth freedom of the EU** alongside the free movement of goods, persons, services and capital. Digital data exchange increases transparency and gives citizens a better overview of how their data is used.
207. To achieve this, we must guarantee **every physical or legal person the ownership of data pertaining to them or generated by them**, regardless of whether the data is processed by a public or a private legal entity. Persons must have real control over their data. It means having the right to request an electronic, machine-readable extract of one's personal data, data pertaining to oneself as well as data generated by oneself, and to forward this data to the data processors of one's own choice.

Electronic Communications

208. Modern ultrafast data connections have become an indispensable part of society. A communications infrastructure that reaches everywhere is available for everyone and is globally competitive in its speed and quality is one of the prerequisites for development, innovation, competitiveness and economic growth. Various market barriers (e.g. sparse population) prevent market forces from fulfilling alone all the expectations placed on communications networks. It is the government's responsibility to contribute to the development of the electronic communications sector in order to guarantee **access to ultrafast Internet everywhere in the European Union**.
209. As a crucial part of the legislation regulating the field of communications is set at the EU level, it is important that the review of the EU's electronic communications policy continue **to promote competition and decrease the costs of operators** throughout the European Union. Given the growing importance of travel, cross-border business and governmental initiatives (cross-border digital services, establishment of Data Embassies⁸⁴, etc.), the European Union should lead the development of broadband infrastructure that meets the needs of the future. **Roaming charges should be abolished in the EU by 2018** (by lowering the wholesale roaming charges), making ultrafast Internet available across the borders for domestic prices. Guaranteeing observance and **implementation of the principle of network neutrality** is important for ensuring equal opportunities for telecommunications enterprises and providers of web-based services.
210. Growing mobility and the rapid increase in the usage of smart devices create a growing demand for allocating radio spectrum ranges to wireless broadband. It is necessary **to find suitable frequency bands and to harmonise the timetables for making them available** in order to meet the growing demand. At the same token it is important to keep in mind the need to harmonise the frequency bands of the EU's peripheral Member States with those of third countries, and ensure an efficient use of the spectrum.
211. Developing communications networks will also help decrease network congestion and ensure development based on the principle of network neutrality. This is important for ensuring a **free, open Internet that offers equal competitive terms to businesses and promotes innovation**. The EU and its Member States should participate actively and unanimously in the globalisation process of the functions of the Internet Assigned Numbers Authority (IANA)⁸⁵. We should prefer solutions that guarantee a balance between various

⁸⁴ Data Embassies are an extension of the Government Cloud that can be used for creating data backups or for operating from a secure data centre from outside the territorial borders of the State, if needed. The main purpose of a data embassy is to guarantee the digital sustainability of a State.

⁸⁵ Internet Assigned Numbers Authority (IANA), basically the steward of the Internet's "phone book". NTIA has delegated the administration of the functions of IANA to ICANN, but it still administrates changes in the root zone of

stakeholders of the global community (governments, businesses, third sector, research community, etc.) and that are aimed at the stable functioning of the Internet as an open and borderless environment, while avoiding the chances of unilateral intrusion by governments or other (physical or legal) persons into its global functioning.

E-governance

212. At present, the potential of e-governance is largely untapped on all administrative levels in the European Union. The efficient and innovative use of information and communication technologies must lead to a leap in the development of public administration and reduce the red tape in the EU institutions as well as in the Member States.
213. E-governance provides a variety of opportunities for the private and public sectors. Quicker, more reliable and less costly exchange of data as part of common cross-border services that certify compliance with various requirements or rules would help make the Single Market more transparent, more efficient and save time and costs for all market participants. **To fully use the potential of e-governance**, it is necessary to establish agreements on **common cross-sector interoperability principles and base components** in the EU at the soonest. This will help make EU-wide as well as regional cooperation more efficient and less expensive, and promote innovation even in sectors where cooperation is not the first priority. In the course of the review of the European Interoperability Framework, the application of the framework and common base components for cross-border data exchange and digital services started at the EU level should be set as a policy objective, and mandatory if the EU funding is used.
214. **Adoption and mutual recognition of highly reliable electronic identity and trust services** continues to be a priority as one of the significant preconditions for economic growth. The EU should set a goal that all EU residents have and use a trustworthy electronic identity. To ensure **rapid and effective implementation of the eIDAS regulation**, EU institutions and Member States should increase their **cooperation with the private sector**, especially the banks and telecommunications companies. This would ensure a widespread adoption of digital signatures and create new possibilities for fully electronic procedures and services. Estonia proposes that the EU sets a **target of 20% of the working-age population of the EU using qualified electronic signature**.
215. Estonia considers it important **to implement EU-wide the once-only principle** for dealings with the public sector. In order to enable automatic data exchange between Member States and EU institutions, the EU should pursue the **cross-border implementation of technologically open machine readable data exchange and principles of mutual trust** across

domain names. The process of globalisation of the functions of IANA (calling together the global community of stakeholder groups, presenting recommendations) should be led by ICANN.

sectors. Sectoral legislation already enables extensive and constantly growing cross-border data exchange, for example in justice and home affairs, taxation and customs, internal market (consumer protection, technical harmonisation, etc.). **Common standards and guidelines for their implementation** are needed both to stimulate and improve efficiency of data exchange between Member States along its entire life-cycle and to spur further innovation. It is important **to carry out a pilot project of the once-only principle** at the EU level.

216. Public sector innovation would also benefit from the more effective use of new technologies and **improved IT coordination in EU institutions**. An increased cooperation would support both the adoption of digital signatures and EU-level public sector data exchange. At the same time, it would also highlight existing best practices and areas of improvement, and would promote the adoption of best practices across the EU.
217. The EU Agency for large-scale IT systems **eu-LISA** builds its success on an effective and open partnership with Member States and EU institutions, contributing to achievement of common goals. The operational management and hosting of IT systems undergirding cross-border public services should be delegated to **eu-LISA**⁸⁶ which **should take on a cross-sectoral profile that includes the administration of the base components of EU's e-government digital service infrastructure**. Central development of information systems carried out by a dedicated competence centre will yield synergies, economies of scale, efficiency, security and interoperability for every such system, and ensure sustainability of their development and management. Expanding the eu-LISA mandate would permit cost savings and the development of a secure technological base in areas beyond eu-LISA's existing core duties related to the internal security⁸⁷ only (e.g. centralised management and development of the EU customs information system as well as e-Justice and e-CODEX). **eu-LISA should ultimately be the steward of all EU-level cross-border services and interoperability base components**.
218. The European Commission and Member States should use the e-Government Action Plan and other tools, including the European semester, to **develop and implement innovative practices from the public sector** and to **evaluate Member States' progress**. One goal that should be promoted and accompanied by an EU-level metric is the **no-legacy principle** – a principle of regularly updating public sector information systems.

⁸⁶ The European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA).

⁸⁷ Administration of the Schengen information system SIS II, the visa information system VIS and Eurodac, the information system for comparing dactyloscopic data of asylum seekers and illegal immigrants.

Trust and Cybersecurity

219. Cybersecurity is a key enabler for development of the information society and the ensuing economic benefits. It is also the key to using ICT to strengthen both fundamental and citizens' rights. A wide uptake of digital solutions depends increasingly on whether these are considered secure. There is already a great deal of cross-border interdependency in the EU, especially in economic sectors that entail significant cybersecurity risks (e.g. telecommunications, financial sector, etc.). Therefore **ensuring a common level of cybersecurity in the EU** is one of the important prerequisites for the effective functioning of the Single Market.
220. At present, cybersecurity cooperation between Member States is fragmented and based solely on good will, although the application of the Network and Information Security Directive should institutionalise and intensify these beginnings. Cooperation related to cybersecurity should not be limited to cooperation just between the Member States and EU institutions. An **increased mutual sharing of competencies, technologies and situational awareness** should play an important role. This in turn would help all Member States better to evaluate risks and threats, and would let them contribute to improving trust and security across the EU through mutual information exchange, support, joint training and response. Enhanced cooperation between Member States is much needed in the organisation of essential services with cross-border dependencies. The final goal should be to **uniformly safeguard the EU cyberspace as a whole**.
221. We support the enhancement of the EU's central cybersecurity capabilities, including through **strengthening the capabilities of CERT-EU⁸⁸ and ENISA⁸⁹**. Estonia supports expanding the mandate of ENISA with the aim of promoting together with the Commission the cooperation between the Member States and by providing them the know-how on cybersecurity.
222. Supporting intensive and internationally competitive **research and development activities in the cybersecurity sector** must continue within the framework of Horizon 2020 as well as other relevant EU funds.
223. One of the prerequisites for properly functioning information society, and the security and safety of various essential services is a **use of trustworthy cryptographic algorithms**. Estonia supports **analysing encryption-related security issues**. Methods used to ensure the security of our societies should not discredit the reliability of products and services based on these technologies.

⁸⁸ EU Computer Emergency Response Team (CERT).

⁸⁹ European Union Agency for Network and Information Security.

224. Europe's approach to network and information security must form an integral part of a general approach to cyber defence and cybersecurity. Estonia supports the **renewal of the EU's Cyber Security Strategy**, paying special attention to network and information security measures related to vital sectors (including aviation, transport, energy and telecommunications).

Energy

225. The European Union energy policy decisions must be based on the objective of improving the competitiveness of the EU economic environment in comparison with other regions of the world. To achieve that, the strategic management of the energy policy of the European Union and the developing processes of sectoral policies are brought together under the **European Energy Union Strategy**⁹⁰. Thus, Estonian EU policy on energy in 2015-2019 is intertwined with developing the Energy Union. **Regional cooperation plays a significant part** for Estonia in attaining its goals in the Energy Union, where the countries of the Baltic Sea set a good example to other regions of the EU by their implementation of the Baltic Energy Market Interconnection Plan (BEMIP).

226. **Ensuring energy security** and developing the Nordic-Baltic power and gas market, and incorporating it in the EU's internal energy market is one of the priorities of Estonian EU policy on energy. Imported energy accounted for approximately 53% of all energy consumed in the EU in 2013 (in 2002, this number was 47%, a decade earlier it was less than 40%). Estonian energy dependency rate was 11.9% in 2013, making it the least dependant Member State on imported energy. To increase energy security and decrease its dependency on external energy suppliers, the EU should value primary energy sources located in Europe, and use them more efficiently. **When using indigenous energy sources**, the goal should be to increase added value and to decrease environmental impact, corresponding to attaining national and EU targets for renewable energy and reducing greenhouse gases emission. To this end **we have to avoid setting disproportionately high environmental requirements** for the use of indigenous energy sources for a short term. This might force energy producers to discontinue production in the EU prematurely, without being replaced by energy production that would have a significantly smaller environmental impact or would rely on renewable energy.

227. The objectives of the Energy Union must include **eliminating energy islands** and decreasing the dependency on such energy operations of third countries, where the principles of the EU's internal market do not apply. For the energy markets of the Baltic States, this means the **desynchronisation of energy systems from the united energy system of Russia** and

⁹⁰ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank - A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy, 25.02.2015, COM(2015) 80.

synchronising it with the frequency range of Central Europe. In the development of gas infrastructure, the objective is connecting the Finnish and Baltic markets through establishing the **Balticconnector pipeline**, and integrating the region to the rest of the European gas market through the Gas Interconnection Poland-Lithuania. It is essential to guarantee EU's recognition of major cross-border energy infrastructure projects as **projects of common interest**. It is also essential to ensure the support necessary for their implementation, and this should be based on the activities and deadlines agreed in the BEMIP framework (2015-2020).

228. An important prerequisite for developing the internal energy market is the unconditional implementation of the third energy package **with minimum exceptions**. We support as **market-based** operation of the electricity market as possible, a strong emission trading system and a **fact-based calculation of external costs in energy prices** in the EU. This will decrease the need of Member States to intervene into the functioning of the market through various support schemes (price regulation, financial support for renewable energy or fossil fuels). The EU must act on the union and the regional Nordic-Baltic-level to integrate energy markets, harmonise market operation rules and guarantee market transparency. **Liberalisation of the Member States' markets** and **removal of market barriers** also need attention. The promotion of single energy market should, *inter alia*, ensure the availability of competitively-priced energy for industry, while keeping in mind that energy price should not leave EU enterprises in an unfavourable competitive situation compared to those from third countries.
229. In order to evaluate and improve the security of supply of electricity and gas for the EU, it is imperative to continue to improve of the EU legal framework, by paying more attention to solutions that **regional cooperation** may provide. **A regional system adequacy assessment** would help improve the efficiency of the electricity system, the use of generation capacities, and use the existing system more efficiently. It will also afford an integral overview of the electricity security of supply of the region, of the available generation capacities and the need for new capacities. In order to improve cooperation between Member States, it is necessary to develop common binding **action plans for preventing and solving crisis situations** in the case of supply problems. Measures and EU funds have to be applied to diversify gas supply sources and to improve storage opportunities, to the end of decreasing import dependency.
230. EU energy producers must be guaranteed **a level playing field vis-à-vis the producers of third countries in cross-border energy trade**. This would decrease uncertainty in investing into new energy generation capacities. The same EU cross-border trading rules that apply to trading between different price regions on the EU internal market must also apply to energy trading with third countries. This would guarantee equal treatment of all market participants and be consistent with EU trade policy.

231. The European Union must increase unity, coordination and transparency in energy-related **foreign relations**. The EU must **decisively implement its existing competencies** in competitiveness, energy and environmental policies in order to limit the external suppliers' opportunities to manipulate Member States. Applying these measures requires a greater **solidarity** between Member States at the European level. It is necessary to intensify cooperation with the Energy Community Treaty Countries and develop energy corridors so as to diversify EU sources of supply.
232. The EU climate and energy frameworks for 2020 and 2030 envisage a growing exploitation of renewables. Estonian national target of increasing the share of renewable energy is to reach 25% of final energy consumption by 2020, EU-level target of 27% across the whole of the EU has been set for 2030. **We support the use of renewable energy especially in areas where it has the highest potential of competing with fossil fuels**. Attention should be paid to using renewables in the energy sector and acknowledging the need to prefer district heating in areas where it is economically viable. In this context, Estonia could share its experience in using renewable energy for heating.
233. The availability of renewable energy resources differs significantly across Member States, and consequently the price of exploiting these resources varies. **Using cooperation mechanisms**⁹¹ and opening of national renewable energy support schemes will promote the exploitation of renewable energy sources in Member States where it is economically most viable. The new governance framework of the Energy Union must support the use of solutions that let Member States contribute jointly to attaining the EU energy objectives. Considering Estonia's good renewable energy potential, solidifying cooperation mechanisms in the EU legislation is in our strategic interests.
234. It is important to continue activities aimed at improving energy and resource efficiency of the economy. Framework conditions applied and measures developed at the EU level must consider the regional and historical characteristics of Member States and allow us to **carry out the investments needed for improving the resource efficiency of the oil shale industry**, to increase added value and to decrease the environmental impact.
235. **Setting and fulfilling the EU 2030 energy efficiency target** must follow the logic of the 2020 target by giving Member States sufficient flexibility for determining the appropriate national efficiency rate and indicator. The sector of energy efficiency in Estonia differs remarkably from the EU average because of the high energy intensity of the oil shale industry and the

⁹¹ The Renewable Energy Directive enables three forms of inter-state cooperation mechanisms: 1) statistical transfers, where a country with surplus renewable energy sells its renewable energy statistics to another country; 2) joint projects, where a project located in one Member State is developed and financed in a joint manner and the production is shared between the states; and 3) joint support schemes, where Member States harmonise their support schemes and the produced energy is integrated into a common market.

low usability of natural gas. Therefore, uniform solutions at the EU level may not be the most suitable for Estonia. We support the nonbinding Europe-wide target set for 2030 in the EU climate and energy frameworks to increase energy efficiency by 27%⁹² and we will contribute to it by increasing the efficiency of the oil shale industry, decreasing the energy consumption of buildings and increasing the energy efficiency of transport. Due to the specific conditions of Estonia, we regard focusing on final energy consumption as the most efficient way to save energy. In addition to the regulative measures, it is possible to cooperate on energy efficiency and to contribute to attaining joint goals also at the level of financing joint energy efficiency projects. Just as with renewable energy, the implementation of energy efficiency measures comes at a different cost for different regions of the EU. That is why Estonia and other countries of Central and Eastern Europe should be allowed to propose **energy efficiency projects for joint funding**, including in the areas of district heating and co-production. The Baltic States separately are too small for establishing a large-volume energy efficiency fund, but there is potential in the incorporation of various energy efficiency projects into one major investment. Measures of this kind will enhance the development of energy services markets and make it possible to realise the most cost-effective potential of energy savings in the context of the EU.

236. **The energy consumption of the transport sector** forms a rather large share of the final consumption in the EU Member States (approximately 30%), in Estonia it accounts for 18%⁹³ on average, with a growing trend in the past years. Therefore efficiency measures, increasing the share of public transport running on renewable energy, and liquid and gaseous fuels produced from renewable energy sources have a significant role in the transport sector. **Using alternative fuels and developing the corresponding infrastructure** and promoting reasonable mobility will let us **exploit indigenous resources** (e.g. biomethane in the case of Estonia) to improve the mobility and efficiency of the transport sector. Estonia supports the EU initiatives for increasing energy efficiency of transport and decreasing CO₂ emissions via supporting the use of efficient vehicle technology, local sustainable biofuels and a more efficient use of infrastructure.
237. Estonia has a unique experience in developing a broad-based **smart meter infrastructure** and opening the energy market, supported by an **innovative data exchange platform** in the European context. Digital infrastructure, i.e. the electronic ID and the X-road⁹⁴, along with the opening of electricity and gas markets and aggregation of consumption data allow for **the appearance of new business models**, such as projects based on aggregated

⁹² Compared to the 2007 forecasts of primary energy consumption by the year 2030.

⁹³ Source: Eurostat. Average energy consumption in the transport sector in the years 2002-2012 has been considered.

⁹⁴ X-Road is the backbone of digital trust services in Estonia. It is the environment that allows the various public and private sector digital service databases to link up and operate securely. <https://www.ria.ee/en/x-road.html>

consumption and micro-generation management. Using similar protocols and data processing methods in tandem with the integration of energy markets will create opportunities for dynamic interoperability of data, and for cross-border provision and consumption of energy services. We strive to make the solutions created for the Estonian market also available on the energy markets of other Member States, especially the Baltic Sea states, which would create **growth potential for Estonian energy and IT businesses**.

238. In regard to the new EU **strategy for research and innovation strategy**, the focus should be on the development of such energy technologies (including technologies aimed at consumption, storing, transmission and distribution, and generation) that make it possible to achieve energy and resource efficiency in the entire energy value chain, thereby decreasing the EU's dependency on imports. The strategy should not be limited to the use of biofuels, but should also address the **development of alternative indigenous low-carbon fuels**, capturing of CO₂ emitted during the consumption of fuels and its storage, and replacing imported liquid and gaseous fuels. We support the goal of the European Energy Union Strategy to increase the channelling of research and development funding from the EU budget into renewable energy. We are eager to cooperate with other Member States of the region in the BEMIP framework in order to promote further **cooperation between research centres and the businesses of the region**, which would result in a better, more cost-efficient use of RDI infrastructure, their capacities and EU financial instruments, thus fully exploiting the regional innovation potential.
239. For developing energy projects that increase cross-border energy security, the next EU multiannual financial framework should also provide for **an instrument that works according to the principle of the Connecting Europe Facility**. We wish to use the facility of the European Fund for Strategic Investments⁹⁵ in the energy sector for securing Estonian co-financing for regional projects of common interest and for promoting projects that improve energy security and help attain the climate, renewable energy and energy efficiency targets. It should also be taken into account that **investment security is one of the prerequisites for the sustainable development of the energy sector**.

⁹⁵ Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee Of the Regions and the European Investment Bank - An Investment Plan for Europe; 26.11.2014; COM(2014) 903.

FOREIGN AFFAIRS

Common Foreign and Security Policy (CFSP)

240. The goal of the Common Foreign and Security Policy of the European Union is to promote democracy, common values and security in the neighbourhood of the EU, but also globally. The EU bases its activity on international law and the principles of democracy, human rights and the rule of law; these principles also hold a key relevance for the digital environment. Central components of value-based foreign policy are the spread of internet freedom and the use of e-governance to the end of contributing to transparency, engagement and the fight against corruption. In the areas of foreign and security policy, the EU attends to its relations with third countries primarily via the EU institutions. The areas and instruments of the EU's Common Foreign and Security Policy must form an integrated whole and be linked with other policy areas, such as trade, climate and energy policies.
241. The EU needs a coherent and meaningful **European Neighbourhood Policy** promoting the application of democratic values, principles and regulations in the neighbourhood of the EU. Such a policy is based on partnerships and common values, and focuses on areas of common interest with the partners – security, trade development, energy connections, energy security, and mobility. At the same time, the EU should distinguish more between partners according to their desire and ability of integration, while supporting the democratisation and reformation processes *inter alia* through the European Endowment for Democracy⁹⁶.
242. Estonia actively supports the **Eastern Partnership** under the auspices of the European Neighbourhood Policy. It is important to implement the association treaties signed with Ukraine, Moldova and Georgia and that they function to the full extent. We are in support of the reforms underway in these countries, including those that promote good governance, foster democratic development, reinforce their security, and create a more robust economic environment. In the medium term we should grant those partners of Europe whose integration process is at a more advanced stage **access to the four fundamental freedoms**, but also to the fifth fundamental freedom – free movement of data. Estonia is in favour of affirming the European perspective to such countries. It is important that the EU should contribute to the development of our Eastern Partners by financial means.
243. The EU bases its relations with its **southern neighbours** on universal values – democracy, rule of law, human rights – and the readiness of the partner countries to proceed with necessary reforms. The EU's cooperation with the UNO and regional partners is important for preventing and resolving crises, combating terrorism and organised crime, achieving

⁹⁶ Joint communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A new response to a changing Neighbourhood, 25.5.2011, COM(2011) 303.

sustainable development objectives and supporting the reforms in the security sector of the southern neighbour countries. It is necessary to pay, special attention in EU's southern neighbourhood to using education and information and communication technology for social reforms, supporting women's rights and developing an EU trade policy that would support the economies of the southern neighbours.

244. **The enlargement of the EU** must continue according to the framework and conditions provided in the Treaties, with a view to the renewed consensus on enlargement agreed upon in 2006⁹⁷. Estonia supports the accession aspirations of European states participating in the accession process and is ready to share its reform experience with all interested parties in order to facilitate their accession.
245. Estonia is an active proponent of the **development of the EU's trans-Atlantic cooperation opportunities**, especially in the areas of security, defence cooperation and free trade. We support all efforts to develop trans-Atlantic relations, strategic relationships and to coordinate the EU's positions.
246. In its **Russia policy**, the EU must be united and coherent in order to ensure the security of Europe and its basic principles against Russia's aggressive behaviour. The EU uses both dialogue and sanctions to stop Russia's aggression in Ukraine and the growing pressure on other neighbouring countries of the EU. Sanctions must remain in force until Ukraine's sovereignty and territorial integrity have been restored to the full extent. The EU must improve its strategic communication capabilities in order to combat the spread of misinformation from Russia. Problems in the EU-Russia relationship are of a long-term nature because of Russian policies. Relations can be improved when Russia starts to respect its international obligations, in particular respecting the sovereign choices and territorial integrity of its neighbours. In its relations with Russia, the EU must consistently insist on respecting human rights and the fundamental freedoms.
247. One of the bases for reinforcing the CFSP and CSDP is the new **Global Strategy on Foreign and Security Policy for the European Union** that deals with the changed security environment. It is important that the new strategy should define the EU's foreign and security policy objectives and the means for reaching them. The strategy must also provide guidelines for dealing with the challenges and threats that the EU faces, taking into account the Russian military aggression and other topical issues such as the instability in the Middle East and Northern Africa, the migration crisis and the spread of terrorism. The new strategy must be based on a harmonised risk assessment and it ought to adopt a realistic approach to the threats arising from the east and the south. Although the strategy should define the EU's broader global goals, the EU's priority should remain its immediate neighbourhood and

⁹⁷ The consensus is based on the EU's absorption capacity.

the restoration of peace and security there. The strategy must reinforce the importance of close cooperation between the EU and NATO as a basis for Europe's security arrangement. It must also contain the topic of hybrid threats, cyber-defence and the importance of strategic communication. Estonia's supports efficiency in the EU's foreign relations that must be based on the coherence of the EU's foreign and domestic policy instruments and the Union's close cooperation with its partners.

248. In order to constrain and restrict mass migration, Estonia supports the EU's comprehensive approach to migration. In addition to the review of the EU's internal measures and existing policies on migration, asylum and returns, it is necessary to tackle the root causes of migration in the source countries: the EU's role in resolving crises and conflicts, combating poverty, providing humanitarian aid, and protecting human rights. It is important to support all measures that will help to stem migration in the source countries, including through cooperation with and support to transit countries.
249. In order to offer better protection of our citizens in third countries, Estonia supports **more efficient consular cooperation between Member States**. Estonia also continues to support the increasing role of the European External Action Service in the coordination of the provision of consular services and protection to citizens, especially in crisis situations.

Trade Policy

250. The European Union is dedicated to developing liberal **trade policy** globally by retaining a strong multilateral trading system, by contributing to abolition of global poverty, and by continuing to sign bilateral free trade and investment protection agreements with important trade partners. In the context of increasing competition, the EU and the US have to cooperate more closely in order to find solutions to global political, economic and environmental problems. Therefore it is essential that the Transatlantic Trade and Investment Partnership TTIP should be signed at the soonest, as the treaty is the embodiment of a trans-Atlantic partnership based on common interests, and thus a crucial security guarantee for Estonia and the whole of Europe. Trans-Atlantic cooperation in the fields of cyber defence, cybersecurity and strategic communications is of vital importance. Estonia is also desirous for the EU to sign trade treaties with a number of other countries, including Japan, and supports the promotion of the EU's relations with other strategic partners such as China, India and Brazil.
251. It is important that the Doha Development Round of the WTO has ended successfully. The EU's market access strategy functions well and it supports the EU businesses' entry to foreign markets. To facilitate the activities of European SME-s especially in third countries, Estonia supports a more efficient use of the opportunities provided by the Enterprise Europe Network.

252. The EU prepares for the 2019 review of the Cotonou Agreement regulating its relationships with African, Caribbean and Pacific countries such that it will give due consideration to the development of the international environment and that of the partner states in the past 15 years.

Development Cooperation

253. The EU's **Development Cooperation Policy** must be aimed at decreasing poverty and increasing stability and welfare, strengthening good governance, democracy, human rights and equality.
254. An efficient and coordinated implementation of the EU's development cooperation policy that is coherent with various policy sectors (trade, security, environment, agriculture, etc.) can contribute to the creation of a decent living environment in the developing countries. This would decrease and eliminate various stimuli for forced migration in source countries, including long-term humanitarian crises. Accordingly, it is important to contribute through the EU to the human development, to reinforcing the rule of law and good governance, to fight against corruption and to economic development for job creation in partner countries. It is also important to contribute to the prevention of conflicts and recovery from them, and to the protection of human rights, including women's rights there. We also support increasing coherence between development cooperation, the prevention of humanitarian crises and the reconstruction process.
255. Estonia supports EU coordination of development cooperation, including joint programmes, as this will help reduce redundancy of development cooperation activities. In the application of the EU's foreign policy instruments, it is important to maintain coherence between the Development Cooperation Instrument and the European Neighbourhood Instrument, including the transfer of reform and transition experience to the ENP countries. In evaluating the efficiency of development cooperation, in addition to fiscal discipline it is important to pay more attention to reasonable and sustainable attainment of set goals.

Common Security and Defence Policy (CSDP)

256. **The EU's Common Security and Defence Policy (CSDP)** must contribute to ensuring security in Europe and to promoting regional stability. The CSDP must support the Member States' efforts in the area of defence, improve awareness of the security threats of various European regions, and increase solidarity between Member States. The CSDP should enhance the Member States' defence capabilities through, *inter alia*, increased defence expenditures, improved quick response capability, increased resilience to hybrid warfare, improved cooperation between military and non-military sectors of the EU, tightened cooperation in the area of military capability development, and by promoting the defence industry.
257. It is necessary to **improve significantly the cooperation between the European Union and NATO**, as this would enable more efficiency, and avoid duplication in crisis management and

capability development. Estonia will continue to look for opportunities to enhance cooperation between the EU and NATO in areas where there is clear interest from both sides, for example cyber defence, preparation for hybrid warfare, strategic communication and raising situational awareness. Estonia supports close staff-to-staff contacts between the EU and NATO.

258. The annexation of Crimea and Russian aggression against Ukraine highlight the need to address both conventional and non-conventional military threats. It is our aim to arrive at a better understanding in the EU regarding the so-called **hybrid warfare**, and to take steps to averting security threats and assuring the readiness to respond in the case of hybrid warfare against the Union or one of its Member States. The following should be done at the EU level: 1) identify the EU's vulnerabilities in various sectors (besides the CSDP, also strategic communication, cybersecurity, commerce, finance, energy, legislation and the fight against corruption), 2) map the existing measures for preventing hybrid threats and for reacting to them, 3) find ways for the EU to support the resilience of its Member States and partners. We want to channel discussions of a general nature into specific decisions and action plans.
259. **Defence expenditures** have continued to decrease in the EU in spite of the fact that the economic crisis has passed and the security situation has rapidly deteriorated. Decreasing defence expenditures have a negative effect on the military capacities of Member States and on the CSDP as a whole. Therefore it is Estonia's aim to keep the need for sufficient defence expenditures constantly in the political focus, which may result in setting new targets or indicators in the EU. Estonia supports EU initiatives that improve the efficient use of defence budgets.
260. **Crisis Regulation.** Force generation for the EU's military operations has been problematic, and the readiness of Member States to participate has decreased. The EU should be able to manage international crises independently, especially in the European neighbourhood. This requires political will to enforce one's own interests, and sufficient military and civil capabilities from the Member States. We will continue to contribute to the military operations and civil missions of the EU. We support the establishment of the EU's permanent Operational Headquarters. The EU's rapid response battlegroups have never been used. One of the reasons being the large costs of deploying them, which the Member States participating in the battlegroups have covered largely by themselves. Estonia has set its aim towards increasing joint financing of the battlegroups (primarily strategic transport) and continues to contribute to the battlegroups. Estonia supports the EU efforts towards increasing the partners' capability to handle security crises themselves (the so-called train and equip initiative, supporting security reforms in partner countries), but the circle of recipients should not be limited to the sub-Saharan region.
261. **In the fight against terrorism**, coherence between the internal and external dimensions of the EU is important. Preventing violent extremism and responding to it requires, *inter alia*,

providing diverse aid to endangered countries and strategic communication for ensuring also the EU's internal security. We aim to achieve a situation where the EU addresses terrorism, violent extremism and terrorist foreign combatants in a comprehensive horizontal framework without topical or geographical restrictions, focusing more on the root causes of terrorism. To achieve that, it is necessary to increase the external dimension of the EU's anti-terrorism activities, as this would diminish the need to deal with consequences such as combatting terrorism inside the EU or alleviating migratory pressure caused by terrorism. Therefore, information exchange, and cooperation between Member States, third countries and international organisations is of great importance.

262. **In cyber defence**, work has to continue towards ensuring sufficient cyber defence capabilities for the EU and the Member States to handle potential crises. We aim to achieve a deliberate and comprehensive coordination and administration of various strands of the EU's cyber policy. Cyber defence has to be developed coherently and equal to other orientations in the cybersecurity of the EU. This calls for applying existing policies in this area, such as the 2013 Cyber Security Strategy and the 2014 Cyber Defence Policy Framework, and analysing the mechanisms and capabilities that the EU and the Member States need for improving general cyber hygiene, joint situational awareness, cyber administration, and response capabilities to cyber incidents. In addition to the above, the areas of cooperation with the greatest potential are strategic and technical level joint exercises with NATO and other partners, research and development activities, and cyber defence training.
263. **Pooling and sharing** helps to increase the military capabilities of Member States and therefore increases security in the EU, which a stronger European defence industry also supports. In pooling and sharing, Estonia departs from its own defence needs and seeks to develop capabilities in areas where our interests coincide with those of other countries. It is important that the European Defence Agency (EDA) develops capabilities that already exist in Estonia or which we want to develop. We also support the channelling of the European Commission research and development funds into areas with critical shortcomings.
264. It is important to retain the **European defence industry's** competitiveness and to improve the defence industry market's efficiency. Therefore we support the European Commission's plans to finance CSDP and dual-use equipment research and development, to provide more efficient support to SMEs, to increase security of supply and to open the EU's defence industry market. Estonia also supports a clear and consistent implementation of the 2009 directives regulating public procurement in the field of defence and the transit of defence industry products.