

ESTONIA

By Interfax-CNA

The Estonian economy enjoyed a growth rate of about 4.8% in 2003, and record low inflation of 1.3%

Capital goods imports rose by 26.7% in the fourth quarter, and Estonia's trade gap widened 21% to Kr27.2 billion in 2003. Foreign trade turnover grew 12% to Kr152.2 billion, of which exports rose 10% to Kr62.5 billion and imports 13% to Kr89.7 billion. Estonia exported goods to 156 countries and imported them from 176. The EU accounted for 68% of exports, as in 2002, and the CIS for 6%, compared with 5% previously. The EU accounted for 54% of Estonia's imports, compared with 58% in 2002, and the CIS for 15%, compared with 10%.

In December 2003, Standard & Poor's Ratings Services revised its outlook on Estonia to 'positive' from 'stable' following a review. At the same time, Standard and Poor's affirmed the 'A-/A-2' long and short-term sovereign credit ratings on the republic.

Oil shale is Estonia's prime mineral resource, occurring in deposits in a single economic layer of thickness of 2.5 to 3 m at depths of 7 to 100 m over an area of 2,700 km². The country's reserves of oil shale are considered to be the largest in the world (3,800 Mt) and its experts estimate that they are sufficient for about 50 years of development. Its output accounts for 70% of world oil shale production and two thirds of Estonia's total mineral output. Oil shale is used as a fuel and also as a raw material in the chemical industry. It is the main fuel used in generating electrical power domestically.

Oil shale is mined mainly by Eesti Põlevkivi, with output amounting to 12.5 Mt/y in accordance with local demand. The company continues to produce shale in the Estonia and Viru underground mines as well as two open pit mines. The state owns 49% of Eesti Põlevkivi.

Meanwhile the Environment Ministry has granted mining rights to Merko Kaevandused Mining to excavate oil shale in East Virumaa county until 2028. Merko Mining, which is a subsidiary of Estonia's largest construction company Merko Ehitus, is the first private company to acquire domestic oil shale mining rights.

Merko has announced that it will invest €5-10 million in the mine. Because the state does not allow more than one permit per mining site, the state-owned oil shale mining company Eesti Põlevkivi will lose its mining rights for the East Virumaa site. Under the licence conditions, the company must excavate no less than 400,000 t/y and no more than 1 Mt/y. Merko plans to start mining within two years.