

President Toomas Hendrik Ilves today delivered a speech at the Estonian Annual Innovation Conference INNOESTONIA 2006 held at the Tallinn University Conference Centre.

"Indicators of economic development are higher salaries and pensions and growing profits of entrepreneurs. More and more new development projects in the real estate market and showy schoolhouses. But also inflation, how the introduction of the euro has fallen behind the horizon and sharply oppressive shortage of skilled labour are indicators. Let alone revelling in consumption that we see when looking at the 25 percent increase in retail trade turnover, real estate prices and sales statistics of automobiles," the Head of State said in his speech and asked whether we are ready for a slowdown of growth and possible set-backs.

In his speech President Ilves articulated two risks: "Firstly, Estonia's economic growth is to a great extent based on the inflow of external money and is heating up domestic consumption. Estonia's current account deficit is not declining but increasing and amounts to 13 percent of GDP. We spend more than we earn, we consume more than we produce. Such a situation cannot last for ever."

Secondly, the Head of State cited the last year's analysis of the Institute of Baltic Studies "Made in Estonia", "Paradoxically analysis of Estonia's past development shows that the technological structure of industry is not growing more knowledge intensive and complex, quite the opposite - distribution of labour is decreasing, so is specialisation, skills and quantity of skilled labour force; capacity to exploit new and emerging technologies is also on decline."

"Our only chance to reach our ambitious goals is through innovation. We have to enhance Estonia's functional capability, we have to make Estonia greater," the President of the Republic noted and added that "this means that if we want to enjoy the fruit of economic growth also in the future, our only chance is to partake in the knowledge created outside of Estonia. Even more - Estonia has to become a co-author of some of that new knowledge.

"To sum it up briefly - simply having money is not sufficient. No amount of money can replace human intellect. Seeking and buying talents, attracting and concentrating them is an activity that both states and corporations are today busily engaged in. I am not sure that Estonia has made sufficient efforts in that field. More likely we see how skilled specialists leave Estonia. /... / We have to bring those people back," President Ilves said.

The Head of State said that Estonia has to think how to become a magnet in the global migration of intellect. "Probably the majority of Estonian entrepreneurs agree with me when I say that we have to simplify the regulations concerning recruitment of specialists from the so called third countries. Yes, due to our difficult history Estonian people have sceptical attitude towards migrants. But the alternative is isolation and backwardness. Besides we are not talking about tens of thousands of foreign manual labourers but doctors of science and qualified engineers," the President of the Republic said.

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