

Mr. President, Ladies and Gentlemen,

I'm pleased to address you here at the opening of Estonian-Latvian business seminar organized by the Estonian and Latvian Chamber of Commerce. Our meeting takes place at a difficult time for the global as well as our regional economies. We all know these issues and therefore I shall try rather to look forward to discuss future prospects, rather than to dig into today's problems.

Latvia and Estonia's mutual interests are even greater than our mere geographical proximity and common past in the 20th century would suggest. Latvia is the 4th trading partner for Estonia both in exports and imports comprising 9-10% of our total trade. Latvia, moreover, is the most popular investment destination for Estonian capital so far. I believe our already closely intertwined economic ties will expand even more in the future, as small open economies can only lose from self-imposed isolation and protectionist policies. Of course, the same holds for the EU as whole as well, since in a global economy with players such as China and the U.S. even the largest European economies can ill-afford protectionism. This too is why the EU is built on freedom of movement of goods and services.)

To come back to Latvia and Estonia, there are obvious areas for deeper cooperation –energy security, infrastructure development (including major arterials such as the Via Baltic and Rail Baltica, as well as the underdeveloped network of roads along our Southern and Latvia's Northern border), the environment, etc. All these are part of the lifeblood of co-operation and together with the EU, provide and opportunity to improve Estonians and Latvians' quality of life as well as to help ameliorate the effects of the downturn we are in the middle of today.

In addition to improvement of trade and investments – which would also help to get through the global economic slowdown – we can do much for the entire Baltic Sea Region through the European Union's Baltic Sea Strategy, expanding the kind of close co-operation we already have between ourselves to the entire region of the Baltic as an internal lake of the Union. I am deeply convinced that this strategy will be a key element in our recovery if we are clever enough to make it so. Thus I urge the Estonian and Latvian business communities to get actively involved in the development of this project already now, before the up-coming Swedish Presidency. It is high time that we begin to make full use of the opportunities and possibilities offered by EU strategies of this type. We can use it to develop interconnecting infrastructure, invest in innovation and innovative technologies, boost trade as well as clean up the Sea we are so dependent upon.

Many of these issues are on the table already today; The downturn is a time of reflection, searching for new ways to do business and thus this is a good moment to move ahead. Looking at how the international community has recently responded to the present economic downturn, we see that many long-run projects directed to infrastructure, clean energy, etc. play a key role in recovery strategies both in the US and the EU. Let us think along the same lines with the Baltic Sea Strategy

Hard times in the economy should be used to make long-term strategic decisions, that in good times are often difficult to take. Thus, irrespective of short-term fluctuations in the markets, in

the long run the way out of from the present economic slump lies in advanced technologies and innovative solutions in a broad sense. We must raise our sights higher and look further. That would be a perfect extension of present short-term anti-crisis packages in our region and the rest of Europe. All in all, there is an opportunity in every crisis, if we seek and find it.

Finally, Estonia and Latvia as close neighbors are brimming with personal contacts. We must upon look at the small size of our countries as an advantage. It takes only a short two-three hours drive to go and see how our neighbors live, to establish new business contacts, to create new business synergies and of course, new markets. Let us use all opportunities we have for exchanging ideas and experiences, I mean here today, as well as in the future.