




# Weekly Briefing

**Estonia political briefing:  
Responding to the Climate Package  
E-MAP Foundation MTÜ**

## China-CEE Institute

Kiadó: Kína-KKE Intézet Nonprofit Kft.  
Szerkesztésért felelős személy: Chen Xin  
Kiadásért felelős személy: Huang Ping

 1052 Budapest Petőfi Sándor utca 11.  
 +36 1 5858 690  
 [office@china-cee.eu](mailto:office@china-cee.eu)  
 [china-cee.eu](http://china-cee.eu)

## Responding to the Climate Package

In December 2020, the EU leaders made an agreement to focus on reducing the entity-wide greenhouse gas emissions by 55 per cent in ten years, comparing the figures to the 1990 level<sup>1</sup>. This issue, already and inevitably, represents a ‘godzilla’ of global political economy that goes and returns, having a sincere intention to stay in the field of policy making for as long the world will exist. Back then, Jüri Ratas, the then Estonian Prime Minister, considering the fact that oil shale accounted for 72 per cent of his country’s total domestic energy production, 73 per cent of total primary energy supply and 76 per cent of electricity generation in 2018<sup>2</sup>, noted that the EU should be aiming at achieving climate neutrality at a more reasonable pace by 2050:

We need to carry out the green revolution in a smart, affordable and realistic way and turn it into a strategy for the sustainability and growth of the economy. The transition must also take into account the specificities of countries and industries and the current dependence on fossil fuels. It is important to ensure a level playing field with non-EU producers.<sup>3</sup>

It was only a matter of time when a more substantial discussion on the issue would get ‘teleported’ from strategic political ‘premises’ of Brussels and Strasbourg to become a major element of internal political debates in the EU’s Member States. In a way, it was not hard to predict, because the grand-plan on the aforementioned greenhouse gas emissions targets even, reportedly, managed to trigger “a split within [Ursula] von der Leyen’s [European] Commission”<sup>4</sup>. If the EU’s governing body is not entirely happy (in other words, unified) on the issue, then what to expect from the Member States, which are democracies and always ready to openly unfold their politically colourful palettes of different opinions? From his side, Estonian Minister of the Environment, Tõnis Mölder (*Center*), stated that the measures will be having a noticeable effect, but they should not be treated as somewhat extraordinary due to the obvious fact that they were expected anyhow:

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<sup>1</sup> ‘EU member states agree on common climate goal for 2030’ in *ERR*, 11 December 2020. Available from [<https://news.err.ee/1205089/eu-member-states-agree-on-common-climate-goal-for-2030>].

<sup>2</sup> ‘Estonia’ in *IEA*. Available from [<https://www.iea.org/countries/Estonia>].

<sup>3</sup> Jüri Ratas as cited in ‘EU member states agree on common climate goal for 2030’.

<sup>4</sup> Joshua Posaner, Florian Eder, Karl Mathiesen, and Kalina Oroschakoff, ‘Germany’s fuel-price push divides Brussels as EU sets out climate plans’ in *Politico*, 14 July 2021. Available from [<https://www.politico.eu/article/germany-europe-road-transport-fuel-price-climate-change-emissions-trading-scheme/>].

Achieving climate neutrality cannot be left to fate, and, in any case, it brings important benefits to society: more energy efficient homes that are cheap to heat and cool; a cleaner environment; greener transport; and a greener and stronger energy system. [...] In the coming months, we will discuss the matters related to the package with stakeholders and ministries to shape Estonia's negotiating position.<sup>5</sup>

In a way, from the normative point of view, Estonia's strategic position on climate change has been established quite a while ago. **Firstly**, the country has already performed its obligation, which was set by the Kyoto Protocol, to reduce emissions by 8 per cent in 2008-2012, if compared to 1990<sup>6</sup>. **Secondly**, in April 2017, the *Riigikogu* adopted Estonian low carbon strategy, 'General Principles of Climate Policy until 2050' (GPCP2050), showing a certain perspective on how to start restructuring the economy in years to come. The document represented a comprehensive vision that helped the country's political elites to set "long-term greenhouse gas emissions reduction target and policy guidelines for adjusting with the impact of climate change or ensuring the preparedness and resilience to react to the impact of climate change"<sup>7</sup>. **Thirdly**, preceding the GPCP2050 by one month, the national strategy on climate change adaptation, 'Climate Change Adaptation Development Plan until 2030' (Development Plan), was adopted by the Government, aiming at increasing "the readiness and capacity of the state, the regional and local level to adapt to the effects of climate change"<sup>8</sup>. The Development Plan focused on prioritising the following sectors of the politico-economic activity: health and rescue capability; land use and planning; natural environment, including biodiversity and land ecosystems; bioeconomy, including agriculture, forestry, and fishing industry; economy in general, including insurance, banking, and employment; society, awareness and cooperation; infrastructure and buildings; and energy and security of supply<sup>9</sup>.

Arguably, the normative platform as well as general philosophy on the upcoming changes were in place, and the country was waited for an EU-wide push to have a better comprehension of the actual procedure to be in place. This is because, as reported, the existing EU climate and energy documents have "already slashed greenhouse gas emissions by 24 per cent compared

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<sup>5</sup> Tõnis Mölder as cited in 'EU climate goals package meets mixed reception with Estonian politicians', *ERR*, 15 July 2021. Available from [<https://news.err.ee/1608278970/eu-climate-goals-package-meets-mixed-reception-with-estonian-politicians>].

<sup>6</sup> 'Kyoto Protocol' in the *Estonian Minister of the Environment*. Available from [<https://www.envir.ee/en/kyoto-protocol>].

<sup>7</sup> 'General Principles of Climate Policy' in the *Estonian Minister of the Environment*. Available from [<https://www.envir.ee/en/news-goals-activities/climate/general-principles-climate-policy>].

<sup>8</sup> 'Climate Change Adaptation' in the *Estonian Minister of the Environment*. Available from [<https://www.envir.ee/en/news-goals-activities/climate/climate-change-adaptation>].

<sup>9</sup> 'Climate Change Adaptation'.

with 1990's levels, [...] [but] while the EU economy has grown by around 60 per cent over the same period, meaning growth has been decoupled from emissions"<sup>10</sup>. In such a situation, there is a danger of getting engaged into the process of 'catching your own tail', and this is something that the EU would like to avoid by making a breakthrough in regards of re-conceptualising its humongous economy.

In the meantime, from the beginning of 2021, the then newly appointed Government of Kaja Kallas (*Reform*) made a clear announcement that **the country should reach carbon neutrality by 2050 and stop producing shale oil in 2035**<sup>11</sup>. Interestingly enough, while Estonia has already achieved what was mandatory for the country in the context of emissions reduction and renewable energy targets for 2020<sup>12</sup> (it successfully managed to reduce emissions by 64 per cent if compared to 1990), it still has the carbon footprint per capita rate being the 4<sup>th</sup> largest in Europe<sup>13</sup>. The current Prime Minister's position, which 'told' a story that Kaja Kallas is paying a very special attention to climate change-associated themes, was reiterated during one of the latest UN Security Council VTC meetings on Climate and Security, on 23 February 2021. While expressing her pride that "the European Union is leading the way", the Estonian Prime Minister spoke about her own country's complicated situation:

Although critically important, this was not an easy decision to make. Not least for Estonia, where energy production has traditionally relied on our national resource, oil shale – a fossil fuel. However, my government is firmly committed to contributing to global efforts. We have established a clear timeline for phasing out oil shale by 2040.<sup>14</sup>

Having all that, some of the members of the parliamentary opposition (more specifically, the *EKRE*) started questioning the very necessity to even get engaged with the process. Evidently, this kind of scepticism is not only of a political or, to an extent, populist nature – there is a strong resistance to some of the climate change-linked initiatives shown by different Estonian businesses. For example, *Alexela Group* (a sizeable Estonian holding company with interests in property development, energy and metal industry) has a range of declared strategic projects, which would require plenty of flexibility from the Government in the process of

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<sup>10</sup> 'EU climate goals package meets mixed reception with Estonian politicians'.

<sup>11</sup> 'Estonia' in *IEA*.

<sup>12</sup> 'Estonia' in *IEA*.

<sup>13</sup> 'EU climate goals package meets mixed reception with Estonian politicians'.

<sup>14</sup> Kaja Kallas, 'Statement by Prime Minister Ms. Kaja Kallas at UN Security Council VTC meeting on Climate and Security' in the *United Nations*, 23 February 2021. Available from [<https://un.mfa.ee/statement-by-prime-minister-ms-kaja-kallas-at-un-security-council-rtc-meeting-on-climate-and-security/>].

implementing the EU-sponsored package. For example, the company, in the coming years, would like to develop an “LNG terminal in Paldiski, increase[e] the use of liquid gas as vehicle fuel and increase[e] the volumes of electricity generation and shale oil production”<sup>15</sup>. As reported, *Alexela* is currently into developing biofuels “in the hope that their use and biogas would be allowed in the future”, but, since the European Commission made a decision “that the new cars sold in 2035 must be electric cars that do not emit CO<sub>2</sub>”<sup>16</sup>, the company would then have to close its biofuel programme.

There is another big issue in this scheme of actions – the upcoming and inevitable changes are to affect the lives in a politically sensitive region of Ida-Virumaa, which is “the most industrialised of the 15 counties in Estonia”, accounts for about 8 per cent of the country’s total GDP as well as 14 per cent of its industrial output<sup>17</sup>. Traditionally, for three decades already, the county was a political ‘home ground’ for the nominally centre-left *Centre Party* that used to exercise plenty of technics to effectively engage Ida-Virumaa’s massive Russian speaking population into voting for its programmes regardless. Things have apparently changed, and now the *EKRE*, an ultra-conservative populist party with a substantial presence in the *Riigikogu*, is attempting to find a way to be more visible in the Estonian east. Martin Helme, the leader of *EKRE*, underscoring that the package should be rejected, noted the following:

Insanity – a big quarrel is coming; it is sure a big quarrel is coming. [...] In fact, there is nothing wrong with the climate, the climate has been changing since the dawn of time – it changed before there were any people, and will change after them too. [...] The content of this package is a supercharged ideological statement to the effect that all industrial economic activities to date are harmful to the planet, and must be wiped out.<sup>18</sup>

Therefore, there is plenty of political sense in *EKRE*’s position on any of the EU-wide climate change-associated deals, and this should not be taken lightly by any other political party in Estonia – speculatively, the ultra-conservatives will grow in numbers in the local councils after the October 2021 municipal elections. Climate change as a politics-shaping theme is climbing right onto the top of the agenda pile. It will be there to stay.

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<sup>15</sup> *Alexela*. Available from [<https://www.alexela.ee/en>].

<sup>16</sup> ‘Ratas on EU’s climate package: Estonia needs to stand up for itself’ in *ERR*, 16 July 2021. Available from [<https://news.err.ee/1608280191/ratas-on-eu-s-climate-package-estonia-needs-to-stand-up-for-itself>].

<sup>17</sup> ‘Ida-Virumaa functional review’. Available from [<https://www.submariner-network.eu/files/Functional-review-Ida-Virumaa.pdf>].

<sup>18</sup> Martin Helme as cited in ‘EU climate goals package meets mixed reception with Estonian politicians’.