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COMMENT

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Estonia strives to be at the core of the EU > The decision to participate in the preparation of a financial transaction tax reflects a shift in Estonia's EU policy

In recent years, the EU policies of Estonia and Finland have evolved in opposite directions. While Finland has experienced a rise in Euroscepticism, Estonia has become an increasingly strong supporter of deepening European integration.

At the time of joining the EU in 2004, Estonia was one of the most Eurosceptic countries among the ten newcomers. Many Estonians saw EU membership as a necessary evil that confirmed the accomplishment of Estonia's "return to the West", but at the cost of weakening national sovereignty and overregulation stemming from Brussels. Estonia was an extremely liberal and Atlanticist country by European standards, which sympathized with British economic and security policies.

Against this background, Estonia's recent decision to join the preparation of the EU's financial transaction tax is astonishing. Yet this decision is a logical step in line with a gradual change in Estonia's EU policy. Since 2004, Estonia has joined Schengen and the Eurozone, emerged from a deep recession and earned a reputation in the EU as a responsible and pragmatic member state. It has gradually moved closer to its current EU orientation, which resembles Finland's position under the premiership of Paavo Lipponen (1995–2003): Estonia aims to be part of the EU's core, at the forefront of deepening integration and building a stronger Europe. Federalist developments are increasingly seen by Estonia as inevitable for the EU's survival.

The strengthened EU orientation is partly explained by major regional and global changes. The EU has become more important for Estonia's national security as a result of decreased U.S. interest in Europe, which coincides with Russia's increasingly assertive behaviour towards its neighbours. Although the US remains the primary security ally for Estonia, and although the EU cannot replace security guarantees provided by NATO, EU membership strengthens Estonia's security in many ways.

The EU's political solidarity and support has proved valuable in crisis situations, for example in spring 2007 when the relocation of a Soviet war monument in Tallinn provoked harsh Russian pressure on Estonia, or last year when seven Estonian cyclists were kidnapped by a terrorist group in Lebanon.

EU membership has also been economically beneficial for Estonia. In spite of the euro crisis, Estonia does not regret having joined the Eurozone in 2011 and believes it can survive the crisis better than Latvia and Lithuania, which have not yet adopted the euro (but have not abandoned their goal to do so). Supporting Southern European countries that are richer than Estonia does irritate Estonians, but it has been accepted as the price for preventing the collapse of the euro.

Furthermore, by showing solidarity towards fellow EU countries, Estonia expects to receive support in return when needed. Prime Minister Andrus Ansip has also noted that Estonia's contribution to the EFSF and ESM is more than five times smaller than the EU funds received by Estonia so far.

Striving to be at the core of the EU does not mean that Estonia lacks a critical attitude towards the Union. On the contrary, it sees a real need for reform in the EU system in order to improve democratic legitimacy and economic competitiveness among other things. Further transfer of power to Brussels has raised concern in Estonian public debate, but what has been more worrying is the possible dissolution of the Eurozone and subsequently the EU.

Overcoming the steep economic recession of 2008–2009 and maintaining strict budgetary discipline have given weight to Estonia's positions in the EU. Estonia has learned to influence EU policy-making and to make use of its strengths. The decision to join the preparation of a transaction tax is to some extent a tactical move that applies the skills to operate in the Union. A constructive approach to this issue, which is

of great importance for Germany and France, may strengthen Estonia's position, for example in the ongoing budget negotiations of the EU. The main argument of the Estonian government for its position on the tax is that participation in the avant-garde of deepening integration provides the best preconditions for defending national interests. At the same time, the government has stated that the decision on adopting the tax can only be made once its precise content is known.

Above all, Estonia's decision to take part in the preparation of the financial transaction tax has to be seen as part of its longer-term EU policy and vision of Estonia's place in Europe. The Finnish example has contributed to the formulation of Estonia's EU policy. During the last couple of years, the EU debate in Finland has for the first time become distinctly more Eurosceptic than in Estonia. However, the welfare and security of both countries remain tied to the EU.

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