



# ESTONIA

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On the occasion of the  
**High Level Segment of the**  
14<sup>th</sup> Session of the Commission on Sustainable Development

**Statement by**

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Distinguished Chairperson, dear colleagues, ladies and gentlemen,

Estonia aligns itself to the views of the European Union expressed by Austria, but find it worth to share its experience with the distinguished audience. Estonia shares the view that in order to be ready for achieving concrete and meaningful policy guidance and actions at CSD 15, it is of utmost importance for the outcomes of CSD 14 to be focused on key success stories and challenges to implementation.

Estonia's own experience confirms that substantial economic growth and environmentally sustainable path of development can be achieved if relevant economic and fiscal measures are applied. It is essential to design and implement incentives with the view to promote efficient, transparent and competitive markets for energy, while reducing energy related environmental and health problems, in particular those related to climate change and air pollution.

The different energy-related challenges are unevenly distributed among countries. There is therefore a need for flexible and pragmatic approaches while adhering to common goals and commitments. Estonian economy is highly dependent on fossil fuels. Approximately 90% of Estonia's energy is produced through the combustion of fossil fuels. The remaining 10% comes from renewables, such as biomass, hydropower and wind. The main domestic energy source is the combustion of oil shale, which puts high pressure on the environment - approximately 70% of atmospheric pollution, 80% of effluents and 80% of generation of solid waste are connected with the oil shale power industry.

Estonia has successfully decoupled its economic development from environmental pollution, having taken different energy-related measures, which have had also very positive effect on substantial decrease of emission of greenhouse gases. Among the most efficient measures I would mention the application of new technologies - renovation of oil shale power plants and installation of new circulating fluidized bed combustion technology, which has higher combustion efficiency allowed to reduce fuel consumption up to 25%, which in turn means substantially lower CO<sub>2</sub> emissions.

Promotion of renewable energy sources and the increase of energy efficiency, together with the demand side measures are other promising steps. The potential of Estonian renewable energy is primarily in the wind power and combined heat and power production (CHP) based on biofuels. According to Estonia's strategic energy policy objectives the share of renewable energy sources in electricity production should reach 5.1% by 2010 from virtually zero level in 2000. The use of CHP is planned to be increased in electricity production up to 20% by 2020, and the primary energy consumption is settled not to exceed the level of 2003 until 2010.

Estonia has started the introduction of ecological tax reform, which is directed towards fairer pricing of the use of natural resources and pollution, while at the same time not increasing the total tax burden. Existing CO<sub>2</sub> tax, excise taxes on fuels, feed-in prices for electricity produced from renewable energy sources are other examples of taken fiscal

measures. In addition the established EU greenhouse gas market is very promising market based tool for further increase of energy efficiency and decrease of GHG emissions.

Time is too limited to list all measures, but already this short overview should encourage nations both in developed and developing world to define ambitious, but realistic goals in further diminishing CO<sub>2</sub> emissions through different economic and fiscal tools, primarily through energy efficiency and increased use of renewables in parallel with development of new technologies and sources of cleaner energy, like hydrogen for instance.

Prosperous future of mankind needs coordinated and targeted actions of all nations in order to achieve sustainable path of development. Peaceful and sustainable co-existence on our common planet is possible only if everybody is ready to accept differences of others and willing to share their values, advantages and experiences.

Thank you for your attention.