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Permanent Mission of the Republic of Estonia
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NOTE VERBALE

The Permanent Mission of the Republic of Estonia to the Organization for Security and Co-operation in Europe presents its compliments to all Missions/Delegations to the OSCE and to the Conflict Prevention Centre and, in accordance with the Decision 4/03 of the Forum for Security Co-operation, has the honour to transmit herewith the reply of the Republic of Estonia to the Questionnaire on the Code of Conduct on Politico-Military Aspects of Security.

The Permanent Mission of the Republic of Estonia to the Organization for Security and Co-operation in Europe avails itself of this opportunity to renew to all Missions/Delegations to the OSCE and to the Conflict Prevention Centre the assurances of its highest consideration.

Vienna, February 4, 2009

To all Missions/Delegations to the OSCE
To the Conflict Prevention Centre
VIENNA



“Information Exchange on the Code of Conduct on Politico-Military Aspects of Security”

**Submitted in February 2009 by
ESTONIA**

1. Appropriate measures to prevent and combat terrorism, in particular participation in international agreements to that end.

a) List of international agreements, including all United Nations conventions and protocols related to terrorism, to which Estonia is a party

The Government of Estonia condemns terrorism in whatever form it may present itself and seeks actively to counteract all forms of terrorism-related phenomena. Therefore, in accordance with the Plan of Action for combating terrorism, adopted on the OSCE Ministerial Council in Bucharest in 2001, and as a partial fulfilment of the goals set, Estonia has become party to all 12 international anti-terrorist conventions and protocols which have been declared of primary importance by the United Nations (UN).

<i>List of international agreements</i>	<i>Opened for signature (Location and date)</i>	<i>In effect in Estonia since</i>	<i>Ratified by the Estonian Parliament Riigikogu</i>	<i>References to pertinent publications</i>
1. Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents	New York, 14.12.1973	20.11.1991	26.09.1991	20.11.1991 RT ¹ II 1994/3/9
2. International Convention against the Taking of Hostages	New York, 17.12.1979	07.04.2002	07.11.2001	07.04.2002 RT II 2001/31/156
3. International Convention for the Suppression of Terrorist Bombings	New York, 15.12.1997	10.05.2002	30.01.2002	10.05.2002 RT II 2002/8/25
4. International Convention for the Suppression of the Financing of Terrorism	New York, 09.12.1999	21.06.2002	20.03.2002	21.06.2002 RT II 2002/12/45
5. Convention on Offences and Certain Other Acts Committed on Board Aircraft	Tokyo, 14.09.1963	03.03.1994	20.10.1993	31.03.1994 RT II 1993/30-31/104
6. Convention for the Suppression of Unlawful Seizure of Aircraft	The Hague, 16.12.1970	21.01.1994	20.10.1993	21.01.1994 RT II 1993/30-31/104

¹ Riigi Teataja – State Gazette

7. Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation	Montreal, 23.09.1971	08.06.1994	20.10.1993	21.01.1994 RT II 1993/30-31/104
8. Convention on the Physical Protection of Nuclear Material	Vienna, 28.10.1979	08.06.1994	06.04.1994	08.06.1994 RT II 1994/8-9/26
9. Protocol on the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation	Montreal, 24.02.1988	21.01.1994	20.10.1993	21.01.1994 RT II 1993/30-31/104
10. Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation	Rome, 10.03.1988	16.05.2002	24.10.2001	16.05.2002 RT II 2001/28/142
11. Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf	Rome, 10.03.1988	27.04.2004	12.11.2003	27.04.2004 RT II 2003, 31, 155
12. Convention on the Marking of Plastic Explosives for the Purpose of Detection	Montreal, 01.03.1991	21.06.1998	22.11.1995	21.06.1998 RT II 1995/41/172

Additionally, Estonia is a party to the following conventions:

- United Nations Convention against Transnational Organized Crime, ratified by the Estonian Parliament on 4 December 2002;
- European Convention on the Suppression of Terrorism and its amending Protocol, ratified by the Estonian Parliament on 6 April 2005;
- Convention based on Article K.3 of the Treaty on European Union, on the Establishment of a European Police Office (Europol Convention) and its additional protocols, ratified by the Estonian Parliament on 26 January 2005.
- Convention between the Kingdom of Belgium, the Federal Republic of Germany, the Kingdom of Spain, the French Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands and the Republic of Austria on the stepping up of cross border cooperation, particularly in combating terrorism, cross border crime and illegal migration, ratified by the Estonian Parliament on 18 June 2008.

Estonia has also signed and is preparing to ratify the following conventions in 2009:

- the International Convention for the Suppression of Acts of Nuclear Terrorism, opened for signature in New York on 14 September 2005;
- the Council of Europe Convention on the Prevention of Terrorism, opened for signature on 16 May 2005.

b) Accession to and participation in other multilateral and bilateral agreements or measures undertaken to prevent and combat terrorist activities

Chapter 35 of the Estonian Code of Criminal Procedure stipulates provisions for international cooperation between countries. Estonia has concluded several international agreements with other countries and has also ratified the criminal conventions of the Council of Europe.

<i>List of multilateral international agreements</i>	<i>Opened for signature in (Location and date)</i>	<i>In effect in Estonia since</i>	<i>Ratified by the Estonian Parliament Riigikogu</i>	<i>References to pertinent publications</i>
European Convention on the Suppression of Terrorism	Strasbourg, 27.01.1977	28.06.1997	29.01.1997	28.06.1997 (RT II 1997/5/20)
Protocol amending the European Convention on the Suppression of Terrorism	Strasbourg, 15.05.2003	Has not yet entered into force internationally	06.04.2005	28.04.2005 (RT II 2005, 13, 35)
Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime	Strasbourg, 27.01.1990	01.09.2000	08.03.2000	01.09.2000 (RT II 2000/7/41)

List of bilateral international agreements:

1. The Extradition Treaty between the United States of America and Estonia;
2. Supplementary Treaty to the Extradition Treaty between the United States of America and Estonia;
3. Agreement between the Government of the Republic of Finland and the Government of the Republic of Estonia on Co-operation on Combating Crime;
4. Agreement between the Government of the Republic of Hungary and the Government of the Republic of Estonia on Cooperation in Combating Terrorism, Illicit Drug Trafficking and Organized Crime;
5. Agreement between the Republic of Estonia and the Kingdom of Spain on Extradition;
6. Agreement between the Government of the Republic of Estonia and the Government of the Republic of Moldova on Co-operation in Combating Crime;
7. Agreement between the Government of the Republic of Estonia and the Government of the Republic of Turkey on Fighting Against International Illicit Trafficking of Narcotic Drugs and Psychotropic Substances, International Terrorism and Organized Crime;

8. Agreement between the Government of the Republic of Estonia and the Government of the Kingdom of Thailand on the Transfer of Offenders and on Co-operation in the Enforcement of Penal Sentences;
9. Agreement between the Republic of Estonia and the European Union on the Participation of the Republic of Estonia in the European Union Police Mission in Bosnia and Herzegovina;
10. Memorandum of Understanding between the Government of the Republic of Estonia and the Government of the United Kingdom of Great Britain and Northern Ireland on Co-operation in Combating Illicit Drug Trafficking, Organized Crime, Illegal Immigration, International Terrorism and Other Serious Crime;
11. Agreement between the Republic of Latvia, Republic of Lithuania and Republic of Estonia on Rendering Legal Aid and on Legal Relations;
12. Agreement between the Republic of Estonia and the Russian Federation on Rendering Legal Aid and on Legal Relations in Civil, Family and Criminal Matters;
13. Agreement between the Republic of Estonia and the Ukraine on Rendering Legal Aid and on Legal Relations in Civil, Family and Criminal Matters;
14. Treaty between the Government of the United States of America and the Government of the Republic of Estonia on Mutual Legal Assistance in Criminal Matters;
15. Agreement between the Republic of Estonia and the Republic of Poland on Rendering Legal Aid and on Legal Relations in Civil, Work and Criminal Matters;
16. The agreement between Estonia and the United States concerning Co-operation for the Prevention of the Proliferation of Weapons of Mass Destruction, and for the Promotion of Defence and Military Relations;
17. Agreement between the Republic of Estonia and the Russian Federation for Developing Co-operation between the Police Departments Operating within the Border Zone;
18. Agreement between the Government of the Republic of Estonia and the Government of the Federal Republic of Germany on Co-operation for Combating Organized Crime, Terrorism and Other Relevant Crimes;
19. Agreement between the Government of the Republic of Estonia and the Government of the Republic of Slovenia concerning the Cooperation in the Fight Against Organized Crime, Illicit Drug Trafficking and Terrorism;
20. Agreement between the Government of the Republic of Estonia and the Government of Israel on Fighting Against Illicit Trafficking of Narcotic Drugs and Psychotropic Substances, Terrorism and Organized Crime.
21. Agreement between the Government of the Republic of Estonia and the Government of the United States of America on Enhancing Cooperation in Preventing and Combating Serious Crime.

(c) National measures, to include pertinent legislation, taken to implement the international agreements, conventions and protocols cited above

Estonia supports the initiatives of the UN, North Atlantic Treaty Organization (NATO), the Council of Europe and the European Union (EU), and other international organizations with similar aims to prevent and combat terrorism and to freeze the funds and economic resources used by terrorists or provided by their supporters.

Estonia has taken all necessary measures to comply with UN Security Council (UN SC) resolutions 1333, 1373, 1390, 1624 and 1787.

Estonian legislation enables the full implementation of the UN SC resolutions concerning the fight against terrorism.

All relevant Estonian legislation is in full conformity with international law.

On 2 January 2003, the International Sanctions Act entered into force, which establishes a more precise legal basis for enacting measures necessary for the implementation of international sanctions, thereby making it easier for Estonia to fulfil its international obligations.

The pertinent Estonian legislation

Estonia has taken all the necessary measures for a thorough implementation and has created effective legal framework, the main components of which are:

- ✓ the Penal Code;
- ✓ the Code of Criminal Procedure;
- ✓ the Money Laundering and Terrorist Financing Prevention Act;
- ✓ International Sanctions Act.

According to the above-mentioned two Council of Europe conventions and Section 413 of the Code of Criminal Procedure, the Minister of Justice or a legal authority appointed by the Minister can apply for the arresting of a person's assets in another country.

(d) Information on national efforts to prevent and combat terrorism, including appropriate information on legislation beyond United Nations conventions and protocols (e.g. pertaining to financing of terrorist groups)

On 17 August 2006 the Government of the Republic of Estonia approved the **Fundamentals of Counter-terrorism** in Estonia, which set goals for counter-terrorism to be proceeded from in the prevention, combating and detection of terrorism and resolution of emergencies. The Fundamentals also give an overview of the roles of all of the authorities associated with counter-terrorism in activities against terrorism.

Estonia has aligned itself with the **conclusions and plan of action of the extraordinary European Council meeting of 21 September 2001**, and with the **EU common positions 2001/930/CFSP, 2001/931/CFSP, 2002/340/CFSP and 2002/976/CFSP**. These documents specify the methods and resources for combating terrorism and terrorist financing. They also contain lists of the persons, groups, and organizations accused of furthering terrorism or financing terrorism. Estonia has also associated itself with the North Atlantic Council statement of 12 September 2001.

The international **Convention for the Suppression of the Financing of Terrorism was ratified** by the Estonian Parliament (*Riigikogu*) on 20 March 2002, and entered into force in respect of Estonia on 21 June 2002.

The International Sanctions Act (which entered into force on 2 January 2003) establishes a more precise legal basis for enacting measures necessary for the adoption of international sanctions, thereby making it easier for Estonia to fulfil her international obligations. This Act regulates the internal application of international sanctions where UN Security Council, EU Council, some other international organization or the Government of the Republic at its own initiative has decided to impose such sanctions.

The Government is able to proscribe any financial transactions with persons and entities associated with terrorism. According to Section 3 of the International Sanctions Act, the Government has powers to prohibit any commercial activity, lending activity, money payments, transactions with securities, etc with persons or entities suspected in any kind of criminal activity on an international level. The Government will implement the international sanction with appropriate regulations.

Legal provisions in accordance to the Penal Code:

As of 15 March 2007 the following amendments have been included in the Penal Code: terrorist crimes and targets of such crimes have been defined in detail. According to Section 237 of Penal Code, in addition to financing and supporting terrorist activities also belonging to a terrorist organisation, founding or leading a terrorist organisation, recruiting other people to a terrorist organisation and preparation of a terrorist crime or call for a perpetration of a terrorist crime are subject to criminal prosecution

Terrorist financing is the allocation or raising of funds to plan or perform acts, which are deemed to be acts of terrorism within the meaning of the Penal Code or to finance the operation of terrorist organizations or in the knowledge that the funds allocated or raised will be used for the aforementioned purposes.

On the basis of a court warrant it is possible, according to Section 83 of the Penal Code, to confiscate objects used to commit an intentional offence and the assets acquired through the offence if these belong to the offender at the time of the court ruling. Therefore, if a person is found guilty of supporting terrorists or participating in a crime, which has been committed to finance terrorism, it is possible to confiscate the guilty person's assets, which were meant for financing terrorism, or assets to the extent of the financing of terrorism. This is reflected in Penal Code Sections 83 and 84 (Confiscation and the substitution of confiscation, respectively).

Money Laundering

Estonia is fighting money laundering according to international standards. On 1 July 1999, the Money Laundering Prevention Act entered into force. From the same date the FIU was created and started to fulfil its functions (receiving, analyzing and disseminating suspicious transaction reports). Estonian FIU is a member of Egmont Group. From 1 January 2004 the new Money Laundering and Terrorist Financing Prevention Act entered into force and with this the FIU was given the responsibility to supervise all obliged entities except credit and financial institutions (which are at the moment supervised by Financial Supervision Authority. FIU is also responsible for the supervision over implementation of international sanctions over financial and credit institutions). Also, starting from 1 January 2004 Estonian FIU is responsible for receiving, analyzing and disseminating suspicious transaction reports on terrorist financing.

The **new Money Laundering and Terrorist Financing Prevention Act (MLTFPA)** entered into force on 28 January 2008. It introduces the principles of the EU 3rd AML/CFT Directive in Estonian legislation. Implementation of the new Act means risk-based accumulation of the strategic goals. The most important goal is to encourage the preventative system of AML/CFT. The Development Plan of Governmental Authorities 2008-2011 continues to specify prevention of money laundering and tracing criminal proceeds as a priority. Supervision over the activities of providers of services of alternative means of payment is a priority in supervision. One of the priorities, for the time being, in connection with the entry into force of the new MLTFPA is training

obliged persons. A twinning project which lasted for 1.5 years has been implemented in this context. Cooperation between the police, investigative bodies, competent state authorities and obliged persons as well as international cooperation remains a priority.

On 31 May 1999 (Regulation of the Minister of the Internal Affairs; Act Nr 63), the **Inter-Institutional Committee on Combating Money Laundering** under the responsibility of the Ministry of Internal Affairs and the **Money Laundering Committee /working group** of the Estonian Banking Association were established.

In 2006 the responsibility of AML/CFT policy was taken over by the Ministry of Finance. **A Government committee (hereinafter the Committee) for coordination of issues concerning prevention of money laundering and terrorist financing** was established in spring 2006 (Order No. 285 of the Government of the Republic of 11 May 2006). All the agencies engaged in the prevention of money laundering are represented in the Government Committee, including a representative of the Ministry of Economic Affairs and Communications. **The Advisory Committee of Market Participants** was established at the same time. The Government Committee meets regularly and problems are solved as they come up, incl. those pointed out by the risk analyses conducted by agencies. The national strategy is based on the priorities of the agencies and any problems are resolved operatively in the Committee.

The Money Laundering and Terrorist Financing Prevention Act Section 4 defines “money laundering” as:

1) Concealment or maintenance of the confidentiality of the true nature, origin, location, manner of disposal, relocation or right of ownership or other rights of property acquired as a result of a criminal activity or property acquired instead of such property;

2) Conversion, transfer, acquisition, possession or use of property acquired as a result of a criminal activity or property acquired instead of such property with the purpose of concealing the illicit origin of the property or assisting a person who participated in the criminal activity so that the person could escape the legal consequences of his or her actions.

(2) Money laundering also means a situation whereby a criminal activity as a result of which the property used in money laundering was acquired occurred in the territory of another state.

This definition conforms to the EU Directive 2005/60/EU (EU 3rd AML/CFT Directive) and to the 40 Recommendations of the FATF.

The Money Laundering and Terrorist Financing Prevention Act Section 5 defines Terrorist Financing in the following way: **terrorist financing** means financing acts of terrorism for the purposes of Section 2³73 of the Penal Code.

Money laundering has been criminalized in Section 394 of the **Penal Code**. The activities of persons obliged to fulfil the provisions of the Money Laundering and Terrorist Financing Prevention Act are prescribed in Sections 395 and 396 of the Penal Code. According to these provisions, any assets acquired through criminal activity are subject to confiscation, and the persons involved in these criminal activities are subject to criminal prosecution (punishable with a fine or with imprisonment of up to ten years). The acquisition, possession, use, conversion or transfer of, or the performance of transactions or operations with, property acquired as a result of a criminal offence or in return for participation in such an offence, the purpose or consequence of which is the concealment of the actual owner or the illicit origin of the property is punishable with a fine, or up to five years of imprisonment.

The MLTFPA Section 3 provides a comprehensive list for the persons and institutions, which have to apply money laundering and terrorist financing prevention measures:

- 1) credit institutions;
- 2) financial institutions;
- 3) organisers of games of chance;
- 4) persons who carry out or act as intermediaries in transactions with real estate;
- 5) traders for the purposes of the Trading Act, if a cash payment of no less than 200,000 Estonian kroons (EEK) or an equal amount in another currency is made to the trader, regardless of whether the financial obligation is performed in the transaction in a lump sum or in several related payments, unless otherwise provided by law;
- 6) pawnbrokers;
- 7) auditors and providers of accounting services;
- 8) providers of accounting or tax advice services;
- 9) providers of trust and company services.

(2) This Act applies to notaries public, attorneys, bailiffs, trustees in bankruptcy, interim trustees in bankruptcy and providers of other legal services if they act in the name and on account of a customer in financial or real property transactions. This Act also applies to the specified persons if they guide planning a transaction or perform an official act, which concerns:

- 1) the purchase or sale of immovables, enterprises or companies;
- 2) the management of the customer's money, securities or other property;
- 3) the opening or managing of bank or security accounts;
- 4) the acquisition of funds necessary for the foundation, operation or management of companies;
- 5) the foundation, operation or management of trusts, companies or other similar entities.

In the event of suspicion of money laundering or terrorist financing, the Financial Intelligence Unit may issue a precept to suspend a transaction or to impose restrictions on the disposal of an account or other property constituting the object of the transaction for up to thirty days as of the delivery of the precept. On the basis of a precept of the Financial Intelligence Unit may restrict the use of property for up to 60 days for the purpose of ensuring its preservation if:

- 1) during verification of the source of the property in the event that there is a suspicion of money laundering, the owner or possessor of the property fails to submit evidence certifying the legality of the source of the property to the Financial Intelligence Unit within thirty days as of the suspension of the transaction or as of the imposition of restrictions on the use of the account;
- 2) there is suspicion that the property is used for terrorist financing.

Property may be seized for longer periods only if criminal proceedings have been commenced in the matter. In this case, property shall be seized pursuant to the procedure provided by the Acts regulating criminal procedure.

Aviation Security

In 2008 an amendment to the Aviation Act was adopted. The Chapter on aviation security outlines the responsibilities regarding training of the personnel working at the airport, sets forth the requirements for security of the neighbouring areas, access to the airport and aircraft and conditions for cargo security, etc.

When drafting the Chapter on Aviation Security the drafters considered the regulation of the European Union on Aviation Security as well as the ICAO standards and recommended practises.

Cyber Crime and Security of Cyberspace

The vulnerability of cyberspace is a serious security risk which affects all nations and which must be confronted on a global level. It is necessary that the comprehensive use of information technology solutions is supported by a high level of security for information systems and general cyber security.

The aim of cyber security policies of countries and international organisations should be to reduce the vulnerability of cyberspace globally. This is accomplished through the implementation of domestic action plans, but also through active international co-operation, which supports the enhancement of cyber security on a global level.

Since the volume of professional cyber attacks is increasing and the likelihood of a large-scale cyber attack against critical infrastructures is growing it is vital that all nations pay attention to their legal mechanisms and operational capabilities on fighting cybercrime and -terrorism, as well as ensuring cyber security within their jurisdictions, which includes cooperation with other countries on extradition of cybercriminals. For that purpose it will be useful to develop national strategies or action plans which will include all different aspects of cyber security, e.g. national security and defence, internal security and law enforcement, regulations on information and telecommunications sector, international cooperation and awareness.

Cornerstones of cyber security of nations:

- 1. A system of security measures and implementing its widespread application** is based on the acknowledgement that all members of society rely on information technology solutions. The owner of every information system must understand the risks that accompany the interruption or disturbance of the services he or she offers.
- 2. Raising the level of expertise in the area of cyber security.** In order to achieve the necessary level of expertise in cyber security, these goals have been set forth for training and research: standard requirements for the level of IT security expertise possessed by IT specialists must be regulated, and an appropriate training and certification system must be created. It is crucial to ensure that there is preparedness for crisis situations in cyberspace.
- 3. Developing international co-operation.** In order to support the development of international co-operation in the field of cyber security it is important to achieve a global moral condemnation of cyber attacks that disrupt people's lives and the functioning of society. At the same time, it is important that the fight against cyber threats is not seen as an attempt to restrict human rights or democratic freedoms. It is vital to encourage widespread accession to international conventions dealing with cybercrime and cyber attacks, and making the contents of the conventions known to the international public.
- 4. Media and raising awareness.** To create awareness of cyber security issues both domestically and internationally, and to support co-operation networks with the help of the media.

Estonia signed the Council of Europe Convention on Cyber Crime on 23 November 2001. The convention was ratified on 12 February 2003 and entered into force on 1 July 2004. Estonia also signed the Additional Protocol to this convention on 20 January 2003. Estonian Government has approved the national Cyber Security Strategy on 8 May 2008.

Consequently there are relevant provisions also in the Penal Code that penalize cyber offenses: Section 206 makes it punishable to interfere with the computer data. This

includes illegal alteration, deletion, damaging or blocking of data or programmes within computer systems, or illegal uploading of data or programmes into computer systems. This offence is punishable with either a pecuniary punishment or up to 3 year imprisonment.

Illegal interference with or hindering of the operation of a computer system by way of uploading, transmitting, deleting, damaging, altering or blocking of data is punishable by a pecuniary punishment or up to three years of imprisonment (Section 207). Dissemination of spyware, malware or computer viruses is punishable by a pecuniary punishment or up to 3 years' imprisonment (Section 208). When aggravating circumstance exist then the punishment for the abovementioned offences is up to 5-year imprisonment.

Estonia held the **Chairmanship of the OSCE Forum for Security Cooperation** in the second session of 2008 (from the end of March until the beginning of September) and cyber security had a prominent place in the programme. The aim was to promote discussion which would lead not only to further understanding of cyber security but would also produce new ideas and initiatives that OSCE as a collective body could further pursue.

Cyber security was the main topic at the 32nd joint meeting of the Forum for Security Cooperation and Permanent Council held on 4 June 2008; on 29 October 2008 the Forum for Security Cooperation adopted decision FSC.DD/10/08 which foresees holding an OSCE workshop in Vienna on 17-18 March 2009 on the comprehensive OSCE approach to enhancing cyber security. The workshop will be conducted with a view to increase awareness regarding concrete steps that can be taken by OSCE participating States to strengthen cyber security, exchange information on national practices, international cooperation, lessons learned, relevant best practices, etc and to identify concrete measures for possible follow-up action by all relevant OSCE bodies.

Small Arms and Light Weapons (SALW), export control and non-proliferation of Weapons of Mass Destruction

The current export control legislation and procedures are compatible with EU regulations, **the EU Code of Conduct on Arms Exports** and with international export control and non-proliferation regimes.

According to the principles of the non-proliferation agreements and conventions that Estonia has ratified (BTWC, CWC, NPT, CCWC, Ottawa Convention, CTBT), the Government of Estonia has legal measures for effective implementation of the export control system based on the guidelines of the Australia Group, Nuclear Suppliers Group, Missile Technology Control Regime and the Wassenaar Arrangement, aiming to prevent the supplying, selling and transferring of arms, related materials, equipment, paramilitary equipment, spare parts and technical advice, assistance or training.

(e) Roles and missions of armed and security forces in preventing and combating terrorism

The competent authorities in Estonia (Ministry of Interior Affairs, Ministry of Defence, Intelligence agencies) which deal with combating terrorism either directly or indirectly have close contacts and relations with the relevant institutions of other countries and international organizations in this field. There is a well-functioning co-operation with international organizations (Interpol, Europol) in the framework of multilateral and

bilateral agreements and according to the UN SC resolutions, which are binding to Estonia.

In Estonia, the **Estonian Security Police Board** is directly responsible for the prevention of terrorism and the hindrance of terrorist acts, conducting also the pre-court investigation of offences connected with terrorism. Security Police acts in close cooperation with the FIU and financial institutions in order to detect possible transactions connected with terrorist financing. Participation in the work of the aforementioned co-ordination body under the Ministry of Interior Affairs plays an important role.

The Estonian Security Police Board has intensified its investigation process with the purpose of cutting off the monetary means of terrorists or persons connected to them, utilizing all legal means for the capture of those persons and for bringing them to trial. The Estonian Surveillance Act and the Security Authorities Act provide wide enough powers to organize prosecution activities in the framework of combating terrorism. The Estonian Security Police Board has also activated and increased the use of covert methods, provided by the Security Authorities Act, for preventing international terrorism in Estonia in view of all activities covered by Section 2 of Resolution 1390 – the movement of terrorists and their groups, financial support, as well as the supply of arms and explosives.

In addition to official institutions and enterprises, the Security Police Board acts in co-operation with relevant institutions of other countries for the exchange of operational information on the movement and activities of persons suspected of being connected to terrorist groups.

The Estonian Financial Intelligence Unit (FIU) and Financial Supervision Authority (FSA):

Estonia implements all of the UN SC sanctions on money laundering as they are part of the relevant EU policies, which are subject of the direct implementation in the EU member states.

While implementing other (i.e. non-EU) international sanctions, the FSA, with the mediation of the Ministry of Foreign Affairs, is involved in the decision making process of imposing internally possible international sanctions, as the Government's decision to impose international sanctions to suspected persons or organizations in regard of (use/not use/limited use) their financial assets (bank account) should be agreed with FSA as well.

According to Money Laundering and Terrorist Financing Prevention Act, exercising supervision over the application of the measures specified in Sections 3 (1) 3) to 5) (financial sanctions) of the International Sanctions Act, unless otherwise provided by law or legislation of the European Union, is the function of Financial Intelligence Unit.

As of 1 February 2007, exercising supervision over the application of the measures specified in the International Sanctions Act is within the competence of the FIU. Giving the FIU the function of an authority competent to impose international sanctions was justified with the fact that international sanctions should be imposed by an authority belonging to the area of administration of the Ministry of the Interior, while ensuring the confidentiality of information upon forwarding respective information to the FIU.

Before that the Financial Supervision Authority was competent to exercise state supervision with regard to this issue, but the Financial Supervision Authority has competence to exercise supervision over listed persons only (the funding scheme is based on the respective assumption – supervision is financed by the subjects of supervision), as a result of which the given function was more suitable for the FIU due to the circle of the subjects of supervision. At present the Ministry of Foreign Affairs is preparing amendments to the International Sanctions Act, regulating the supervision exercised by the FIU with regard to imposing sanctions in greater detail.

Additionally, the FIU has reviewed the list of indicators on the identification of customers and the determination of unusual and suspicious transactions and other measures to prevent money laundering and terrorist financing.

Under the Financial Supervision Authority Act the FSA exercises supervision over credit and financial institutions, regarding to compliance of internal procedures with relevant legal acts, including the ability to implement international sanctions (requirements for relevant internal procedures in place are enacted in Credit Institutions Act, Insurance Activities Act, Investment Funds Act, Securities Market Act, E-money Institutions Act and Money Laundering and Terrorist Financing Prevention Act).

In order to assist the obliged persons to fulfil the obligations raised from the new MLTFPA the FSA issued on 22 October 2008 new guidelines in the field of AML/CFT "Additional Measures for Preventing Money Laundering and Terrorist Financing in Credit and Financial Institutions". These advisory Guidelines establish for obliged persons guiding and clarifying Guidelines for the application of the due diligence measures set out in the MLTFPA – first and foremost with respect to the establishment of a business relationship, assessment and management of the risk of money laundering and financing of terrorism, information collection and action required in case of suspicion of money laundering (compliance with the duty to notify), also the internal audit rules for the review of the application of due diligence measures.

At the European level the **Estonian Border Guard** mainly cooperates with the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (FRONTEX) on exchange of information about cross-border movement of persons who represent specific categories, which forms the basis for a risk analysis prepared by FRONTEX. Risk analysis is one of the elements in planning operative-tactical activities for checking persons crossing the borders. Participation in operational, training and other activities coordinated by FRONTEX facilitates more efficient information exchange between the Member States of the European Union in fight against cross-border criminality.

As a regular procedure the Estonian Border Guard has a monthly information exchange in the framework of the Border Control Co-operation of the Baltic Sea States. The information exchanged pertains to events and occurrences that have taken place on the borders of the cooperating countries. Estonia together with Latvia, Lithuania, Poland, Germany, Denmark, Norway, Sweden, Finland and the Russian Federation participates in the above-mentioned format. Since November 2001, an information exchange has been in operation that deals with the detention of terrorists and persons connected with terrorist organizations on the borders of the Baltic Sea states. As per agreement, the co-operation partners will be immediately informed about any and all extraordinary occurrences that may be of interest to the countries participating in this format.

Cooperation between the Baltic States and activities in the framework of the Border Guarding sub-committee of Baltic Council of Ministers (in 2008 under the Estonian presidency) facilitates exchange of information between the three neighbouring countries. In 2008, under the aegis of the aforementioned form of cooperation joint operations and different meetings of experts for the discussion of border management issues and best practices were carried out. As a new initiative in the fight against cross-border criminality, in co-operation with Latvian and Lithuanian Border Guard Services secondment of immigration liaison officers (ILO) of Baltic States to Georgia and Belarus was prepared.

In the framework of agreement signed between the Estonian Board of Border Guard and Security Police Board information has been exchanged between the two agencies. On a regular basis the Security Police Board supplies the Border Guard with lists of persons suspected of terrorism or supporting terrorism in order to check, and if need be hinder the border crossing of any such persons. Pursuant to legal acts shipping companies, offering passenger transport services are obliged to transmit electronic lists of passengers to the Border Guard. Analysis of passenger information enables to fight against criminality and terrorism. Similarly, the Border Guard receives electronic lists of passengers on board of aircrafts arriving to Estonia directly from outside of the European Union.

Border crossing points are equipped with AFIS (Automated Fingerprint Information System) devices that enable identification of persons on the basis of their fingerprints. Additionally, the border crossing points are equipped with devices enabling checking of biometric data from e-passports.

In order to hinder the use of forged, lost or stolen documents, and to prevent the border crossing of persons wanted or persons, whose entry into the country has been restricted, the border crosser's information is checked against a database on their arrival to and departure from the country.

For the discovery of forged travel documents and the prevention of their use, all border points have been equipped with document control devices, and the major border points are outfitted with the VSC-2000 and DIXI-05 systems for document analysis. For the ultimate control of documents the Centre of the Evaluation of Travel Documents has been created within the Border Guard, providing expert analysis of travel documents and regularly compiling summaries of the samples of documents and of the forgeries detected. The Centre of Travel Documents exchanges relevant information with the border points and also with other government agencies and countries. As a result of cooperation with consular representations, the Travel Document Evaluation Centre constantly receives information on new trends in document forgery and new schemes of international smuggling of persons.

The **Commission of the control of the import, export and transit of strategic goods** monitors and implements through the Estonian legislative system the sanctions, boycotts and embargoes established by the UN, OSCE and the EU.

The Estonian **Tax and Customs Board** in regular co-operation with the Estonian Security Police Board has taken actions for more efficient implementation of the measures concerning the fulfilment of Resolution 1390 of the UN SC. Regular information exchange and co-operation has been started between the Customs and Security Police Board within the framework of the special agreement. Customs and

Security Police Board are also changing control equipment regularly within the framework of this agreement.

To co-operate in conditions of and to fully implement the Schengen Agreement, Estonian Tax and Customs Board and Police Board have concluded a co-operation protocol (addendum to general co-operation agreement). The co-operation protocol stipulates the conditions for the mutual use of relevant technical equipment, joint operations and training.

The Tax and Customs Board has established exchange of information also with the Board of Border Guard and the National Police Board and has access to the databases of telecommunication companies. Risk analysis is carried out both on the central and regional levels. Specific software tools (Analysts' Notebook, SAS) have been introduced. The selectivity software SELECT for declaration processing system COMPLEX, TIR, SUMDEC, ECS, etc and the selectivity module RISK of the ENCTS (Estonian National Computerized Transit System) are used for the purposes of operational and tactical risk analysis in customs declaration process. Also the risk profiles system RIHO has been implemented for disspreading information about risks and all significant control-information. In autumn 2007 a new system for intelligence purposes called ANTS was implemented (automated system for recognizing number plates) in Estonian Eastern borders (road cross-border point of *Narva, Luhamaa* and *Koidula*). Also, Estonia has in its Eastern border a system called PIRE where all vehicles movement is registered from Estonia to Russia and vice versa. All the intelligence officials are connected to the e-mail based common communication network that ensures quick distribution of essential information.

In its efforts to make the export control system more efficient, Estonia is currently focusing on the process of establishing control over brokerage activities and on traders' internal compliance programs (e.g. Commission of strategic goods has provided Customs with the list of traders dealing with strategic goods and with specific information for risk analysis).

Close co-operation with the Commission of strategic goods and the establishment of a strategic goods control contact person network in Tax and Customs Board has had good outcomes. Through several training events and seminars Customs personnel at border points has achieved significant expertise in the detection of strategic goods or parts of them.

In 2008 the contact persons of Estonian Tax and Customs Board dealing with strategic goods in co-operation with the Estonian Security Police Board and the Commission of strategic goods visited nine companies in different regions of Estonia engaged in business with the strategic goods. The objective of this visit was to strengthen the co-operation with private sector, explain legal acts concerning the strategic goods and enhance compliance.

In addition to the before mentioned, The Tax and Customs Board has introduced the PIT (Product Identification Tool) system, which contains informational material about strategic and dual use goods. The PIT system is reachable in every customs/border point in Estonia.

A comprehensive program to supply Estonian Customs with technical aid from the USA has continued. For example, at this time almost all the border points have been equipped

with radiation detection technology (e.g. stationary radiation detectors and personal radiation pagers for field officers). During 2006 and 2007 radiation detection systems were renewed in border crossing points between Estonia and the Russian Federation.

The US Embassy in Riga, Latvia has supplied Estonian Customs over the years also with standard customs control equipment such as endoscopes, density detectors, etc. This program was also continuing during 2008.

The training events on fighting against terrorism (mainly delivered by US authorities – FBI, Department of Defense, Customs Service, etc) taking place on a regular basis cover such topics as the detection of strategic goods and specific intelligence analysis. The purpose is to increase information exchange between the Estonian Customs and other relevant agencies.

A joint training exercise was carried out in *Koidula* border crossing point (in South-East Estonia) in November 2008 on the initiative of Estonian Tax and Customs Board with participation of the Security Police Board, Rescue Board, Radiation Centre, National Police Board and Estonian Tax and Customs Board. The objective of the joint training exercise was to detect goods at the EU external border, which can cause radiation and to practice joint actions involving different authorities in case of the threat of nuclear terrorism – in case of detecting a “salted bomb”.

Estonian Tax and Customs Board has also concluded Memoranda of Understanding (MOU) with *DHL International Eesti AS*, *AirCargo Estonia AS*, *TNT Express Worldwide Eesti AS*, *Schenker AS*, *Eesti Raudtee AS* (Estonian Railway Company) and *AS Eesti Post* (postal service). A co-operation agreement concluded between the Customs Board and telephone companies provides access for Customs to their electronic databases. Customs already has access to the *Estonian Air* (the Estonian national airline) passengers’ database.

Estonia participates in the NATO-led **International Security Assistance Force (ISAF)** in Afghanistan and involvement in ISAF is a high priority. Currently, 150 Estonian soldiers are serving in Afghanistan, mostly as members of the UK units (Helmand Task Force) in the Helmand Province, Southern Afghanistan. The main part of Estonian contribution is formed of an infantry company with mortar platoon. Additionally Air Force Cross Service Team, Military Police Close Protection Team and national support element are included in the Estonian contingent, as well as staff officers of ISAF HQ, Regional Command South HQ and Helmand Task Force.

2. Description of the national planning and decision-making process – including the role of Parliament and the Ministries - for the determination/approval of (a) the military posture

The principles of defence management are defined in the Estonian Constitution, the Peacetime National Defence Act, the Wartime National Defence Act, the International Military Co-operation Act, the Defence Forces Act, and other relevant legal acts.

The Peacetime National Defence Act defines the responsibilities of main institutions on the highest constitutional level responsible for national defence, tasks of the Estonian Defence Forces, rules related to preparedness for national defence and general principles of defence planning.

The International Military Co-operation Act, adopted in 2003 and last amended in 2008, establishes simpler flexible procedures for deploying forces beyond Estonia's borders and substantiates the status of visiting forces. Parliamentary approval is required for the deployment of Estonian forces for non-Article 5 operations. There are no legal impediments to the entry of Allied forces into Estonian territory, provided that the appropriate authority has given approval.

The Defence Forces Act, which entered into force at the beginning of 2009, defines the legal status, functions and structure of the Defence Forces, the bases for the management of the Defence Forces and the bases for using force by the Defence Forces.

The *Riigikogu* (Parliament) establishes the legal basis for national defence (by adopting laws and ratifying international agreements), and approves the Security Concept. Acting on proposals made by the President of the Republic, *Riigikogu* declares state of war or state of emergency, declares mobilization and decides the use of the Estonian Defence Forces (EDF) in fulfilment of the international obligations of the state. Prime Minister and Chief of Defence (CHOD) are also appointed and recalled by *Riigikogu*, acting upon proposal from President.

The President of the Republic is the Supreme Commander of National Defence. In case of aggression against the state, the President of the Republic will declare a state of war and order mobilization, as well as appoint the Commander-in-Chief of the EDF (CINC), without waiting for the resolution to be adopted by *Riigikogu*. President also appoints and recalls the Higher Command of the EDF (Chief of the Headquarters of the Estonian Defence Forces, Commanders of the three services, and Commander of the Defence League) on proposals by Government and CHOD, and promotes officers.

The National Defence Council functions as an advisory body to the President of the Republic in matters of national defence. The National Defence Council consists of Chairman of the *Riigikogu*, Prime Minister, Minister of Defence, Minister of Internal Affairs, Minister of Foreign Affairs, Minister of Finance, Minister of Justice, Chairman of the National Defence Committee, Chairman of the Foreign Relations Committee of the *Riigikogu* and CHOD.

The Government has the executive power for overall co-ordination of defence management. Government tasks ministries and other agencies with defence responsibilities, it also co-ordinates the fulfilment of defence responsibilities by local authorities and the Bank of Estonia. Government initiates work on legislation related to national defence; approves national defence plans, advised by CHOD; presents proposals on the appointment of the Higher Command of the EDF to President; approves the structure of the EDF.

The Security Committee is a government committee responsible for assessment of security situation in the country. The Committee also discusses other national defence matters and is chaired by Prime Minister. Members of the Committee are Minister of Defence (Deputy Chair of the Committee), Minister of Foreign Affairs, Minister of Internal Affairs, Minister of Finance and Minister of Justice.

The Ministry of Defence (MoD) is responsible for implementation of defence policy; by the elaboration of several strategic documents it also makes proposals for the formulation of defence policy principles. The Minister of Defence leads the MoD. The Defence Forces and the Defence League are within the area of government of the MoD.

The Minister tasks CHOD and exercises supervisory control over the Defence Forces and the Defence League. The Minister also presents accounts to *Riigikogu* and to Prime Minister.

The CHOD (the CINC in wartime) in peacetime commands the Defence Forces and the Defence League. CHOD is the senior military adviser to Government and Minister of Defence. Force planning and management of the EDF are the responsibilities of CHOD. CHOD, together with Minister of Defence, presents annual reports on the accomplishments of peacetime defence missions to the Government of the Republic. CHOD also presents accounts of the state and activities of the EDF to Government and Minister of Defence. The Headquarters of the Estonian Defence Forces is the working body for the CHOD.

(b) defence expenditures

Defence budget forms a part of state budget, which is annually approved by *the Riigikogu* and promulgated by the President.

The Ministry of Defence establishes the guidelines for defence budget. The Headquarters of the Estonian Defence Forces is responsible for budgeting for the expenditures of defence forces and responsible for their financial steering.

3. Description of

(a) Constitutionally established authorities and procedures to ensure effective democratic political control of the military, paramilitary, and internal security forces, as well as intelligence services, and the police:

The Estonian Defence Forces (EDF) are subordinated to civil and democratic control. Estonia has established civil-military relations in accordance with the traditions of other democratic states. The principles of defence management are defined in the Estonian Constitution and other relevant legal acts.

Refer also to information provided to question 2.

In addition to the above-mentioned, it is necessary to mention the State Audit Office, which is an independent state body exercising economic control. The Auditor General (AG), who is appointed and recalled by *Riigikogu* upon proposal of President, leads State Audit Office. The State Audit Office controls mainly the economic activities of public institutions, state enterprises, and other public organizations, the use and preservation of public property. At the time when the report on the implementation of state budget is debated, the AG is required to present an overview on the use and preservation of state assets during the previous budgetary year.

The work of security institutions is regulated by Security Authorities Act, which entered into force in 2001 and was last amended in 2008. This Act established a new set of functions and competence of Estonia's security institutions. Intelligence agencies have a role in ensuring national security through gathering and processing security-related information.

All intelligence services are subordinated to the respective Ministries (Ministry of Interior Affairs, Ministry of Defence). Intelligence-related tasks are divided between two agencies - the Security Police Board and the Information Board.

- (b) Constitutionally established authorities/institutions responsible for the democratic control of military, paramilitary and security forces; and**
- (c) roles and missions of the military, paramilitary and security forces, as well as controls to ensure that they act solely within the constitutional framework**

The aim of Estonia's national defence policy is to guarantee the preservation of independence and sovereignty of the state, integrity of its land area, territorial waters and airspace, constitutional order, and safety of the people.

The main tasks of the Estonian Defence Forces are:

- to defend the territorial integrity of the state;
- to prepare for military defence of the state;
- to participate in implementation of international military obligations of the state;
- to participate in disaster relief operations.

The main tasks of the Border Guard, which in accordance with the Force Structure and Development Plan of the Estonian Defence Forces 2010, adopted by the Government on 27 March 2004 is no longer included in either the operational or the training and administrative structure of the Armed Forces, are to control and defend the border on land and territorial waters, to conduct sea surveillance and limited air surveillance to support those tasks, to prevent violent alterations of the border, and to carry out search and rescue operations.

Refer also to information provided to questions 2 and 3.

(d) public access to information related to armed forces

Public access to the information related to the Estonian Defence Forces is accomplished through:

- various publications and press-releases by the Ministry of Defence and the Headquarters of the Estonian Defence Forces;
- official statements in the Parliament by the Minister of Defence;
- official internet websites of state authorities (e.g. Government, Parliament, Ministry of Foreign Affairs, Ministry of Defence, the Headquarters of the Estonian Defence Forces).

4. Stationing of armed forces on the territory of another participating State in accordance with their freely negotiated agreements, as well as in accordance with international law

International Military Co-operation Act establishes bases for simple and flexible decision-making procedures for implementing Estonian international military obligations (taking into account NATO membership). The Act also provides rules for visiting forces on the territory of the Republic of Estonia.

When stationing or receiving forces, the following principles are applied in respect of the legal status of the forces:

Unless otherwise agreed, the NATO/PfP SOFA is applied when co-operating with other countries that have signed this agreement (Agreement between the Parties to the North Atlantic Treaty and the Other States Participating in the Partnership for Peace regarding the status of their forces). In respect of the Baltic military co-operation projects, NATO SOFA governs the relationships

- between the Baltic states in respect of the status of the forces when stationed in the territory of either of the Baltic states, supplemented by trilateral agreements on the status of joint units and implementary measures to be taken in support of the projects.
- When co-operating with states that are not signatories to the NATO/PfP SOFA, separate arrangements are concluded prior to the stationing or receiving the forces, with due respect to international law.
- If forces are stationed abroad as a contribution to a peace support operation mandated by the United Nations or by regional organization in accordance with the United Nations Charter, the status of the forces will be determined by the Status of Forces Agreement negotiated by Estonia, the responsible organization or the leading nation and the receiving state.

5. Description of

(a) procedures for the recruitment or call-up of personnel for service in the military, paramilitary, or security forces, if applicable

As is stated in the Constitution, every citizen of Estonia is required to participate in national defence. Every male citizen of Estonia is required to serve in the Estonian Defence Forces – to perform his duty to serve in the Defence Forces. Performance of the duty to serve in the Defence Force is divided into performance of the conscript service obligation and performance of the reserve service obligation.

Procedures for the recruitment are defined in the Defence Forces Military Service Act in details in Chapter 6.

(b) exemptions or alternatives to compulsory military service, if applicable

Section 3 of the Defence Forces Service Act states that every male Estonian citizen is required to serve in the Defence Forces. Refusal to serve in the Defence Forces on religious or moral grounds does not release the person concerned from performance of the duty to serve in the Defence Forces. Therefore, Section 4 states that a person, who refuses to serve in the Defence Forces for religious or moral reasons, is required to perform alternative service pursuant to the procedure prescribed by law. Persons in alternative service will serve in units dealing with rescue tasks in the area of government of the Ministry of Interior Affairs or in state or local government institutions offering social services or in educational institutions for students with special needs.

Sections 72 -78 define further details for alternative service. Section 59 states the release from call-up for compulsory military service. The following persons eligible to be drafted will not be called up for compulsory military service:

- persons who are declared unfit for active service for health reasons and who are deleted from the register of persons liable to service in the Defence Forces;
- persons who have served a sentence for an intentionally committed criminal offence;
- persons who during the term of postponement of the call to service attain 28 years of age;
- persons liable to service in the Defence Forces who have served in the army, navy or air force of another state for at least twelve months will be released from call-up for compulsory military service, their compulsory military service is deemed to have been performed and they will be assigned to the reserve.

(c) legal and administrative procedures protecting the rights of all forces personnel

All persons in Estonia have the right to the protection of the state and the law. The guarantee of rights and freedoms is the duty of the legislative, executive and judicial powers, as well as of local governments. All persons have the right of recourse to the courts if their rights or freedoms are violated. Legal Chancellor acts as an ombudsman to whom all persons can turn for the protection of constitutional rights.

The Chief Inspector of Estonian Defence Forces, who is nominated by the Chief of Defence, acts as ombudsman for military personnel. He reports directly to CHOD and his main duties are involved with carrying out inspections but also checking the applications and solving the problems raised in the complaints made by the members of the defence forces.

There are no military courts in Estonia and therefore, cases that involve military personnel, are referred to civilian courts. Fair trial standards are provided to both civilians as well as military.

Estonia is a party to the NATO/PfP SOFA and its Additional and Further Additional Protocols.

6. Instruction on international humanitarian law and other international rules, conventions and commitments governing armed conflict included in military training programs and regulations

Estonian Constitution states that generally recognized principles and rules of international law are an inseparable part of the Estonian legal system. According to the Constitution, the treaties that have been ratified by the Parliament, become part and parcel of the national legislation without any further delay.

Estonia has fully acceded to the Geneva Conventions and its Additional Protocols, as well as to the Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects and its five Annexed Protocols.

On 12 May 2004, Estonia acceded to the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-personnel Mines and on their Destruction.

Estonian legal system is monistic – ratified international treaties are part of the national legal system and directly applicable. International humanitarian law and public international law are being taught at the Estonian National Defence College and at the Baltic Defence College. Principles of international humanitarian law are being taught also at unit level. Legal seminars are held for military lawyers and senior officers.

Estonia follows the principles set out in the OSCE Code of Conduct.

7. Any other information

At its 28th plenary meeting in Strasbourg on 8-12 December 2008 the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) adopted the third mutual evaluation report of Estonia.

As stated in the executive summary of the report, Estonia has improved its legal framework for the criminalisation of money laundering. The rewording of the definition

of the money laundering offence brought it very close to the language of the international conventions on the physical aspects of the offence. Estonia applies an all crimes approach and all the designated offences under the FATF Recommendations can be predicate offences for money laundering, including terrorist financing. The executive summary also notes the progress in the legislative framework covering confiscation. As of 1 February 2007, confiscation of proceeds of crime is mandatory (Section 831 of Penal Code) and (according to the firm and unanimous interpretation of judges and prosecutors) may extend to direct and indirect proceeds of crime and to proceeds belonging to third parties. The legislative framework for provisional measures has been improved as well. The new provisions on seizure and confiscation were assessed very positively by practitioners (investigators and prosecutors) and are being widely used by them. This applies also for international co-operation – there are good examples of provisional measures, confiscation and sharing assets with foreign countries in recent Estonian practice.

As stated in the executive summary, the new MLTFPA, which transposes the requirements of the 3rd EU AML Directive into domestic legislation, remedied a large number of shortcomings in the Estonian AML/CFT regime. The new MLTFPA now brings all of the relevant professions into the remit of the legal AML/CFT requirements. This particularly relates to providers of trust and company services, providers of payment services, providers of services of alternative means of payment and pawnbrokers.