3. Vocational Education and Training in Estonia: Reform Processes and Tendencies

1 Political, Economic and Social Background

Political Developments Since 1990

After 47 years under Soviet occupation a new national awakening began in Estonia in 1987. Protests against the Soviet system became more open and frequent. In October and November of 1988, more than 860,000 people signed a petition protesting amendments to the USSR constitution that would have increased centralised power. Finally, on 16 November 1988 the Supreme Soviet of the Estonian Soviet Socialist Republic (ESSR) passed a declaration of sovereignty.

In May 1990, the ESSR was officially renamed the Republic of Estonia, leading to a rapid succession of dramatic events in 1991 that culminated with the re-establishment of independence in Estonia and the collapse of the Soviet Union. Estonia declared independence on 20 August 1991 and the Union of Soviet Socialist Republics (USSR) recognised Estonian independence on 24 August. In addition, the United States renewed diplomatic ties shortly thereafter on 2 September. The United Nations (UN) accepted the Baltic States as new members on 17 September 1991. The first president of the re-established republic was chosen by parliament in October 1992.

After regaining independence from Soviet control, Estonia made steady progress towards their goal of accession into the European Union (EU). In 1993,
Estonia was accepted as a full member of the Council of Europe and in 1995, the Free Trade agreement with the EU went into effect. Also, Estonia signed an Association Agreement with the EU, and submitted a formal application for EU membership. In 1997, Estonia was invited to begin EU accession negotiations which subsequently followed in April 1998. Through a referendum on 14 September 2003, the people of Estonia gave the final ‘yes’ for accession to the European Union. Estonia, together with 10 other Eastern-European countries, became a full member of the European Union on 1 May 2004. The membership in the North Atlantic Treaty Organizations (NATO) has also been accepted.

**Economic Developments Since 1990**

The current economic situation in Estonia is well indicated by the following details:

- Inflation has been fuelled mainly by the internal and external price convergence that came with price liberalisation in 1992.
- Changes in the consumer quality and structure have also had a significant impact on prices.
- Despite a steady decrease in inflation from 1995 to 1998, it has remained relatively high because of certain domestic factors and a slow convergence with world market prices.
- In 1999 inflation was 3.3%, significantly the lowest ever. In 2001 inflation increased to 5.8%. In 2002 the consumer price index (CPI) showed a decrease of 3.6%.

Economic developments in 2000 were influenced by favourable external environments and growth in exports Estonian Institute of Future Studies, 2003. A strong United States (US) dollar and low domestic inflation had a positive impact on the competitiveness of Estonian goods. The economic growth was supported by expanding industries, mostly due to sub-contracting work with northern neighbours, and the fast growth in the areas of transport, storage and communications—the result of increased business in oil products and export.

The rise in Gross Domestic Product (GDP) to 6% in 2002 National Development Plan, 2003 shows Estonian industry to have survived the recent economic decline—being positively influenced by the economic success of the European countries. The centre of economic growth in Estonia is shifting from the domestic market and from the Commonwealth of Independent States (CIS), to exports with Western European countries. This shift means the need for a supply-structure modification—a long-term process characterised by the convergence of producer prices, real wages and productivity. The accession