



Estonia's top court to rule on EU bailout

(TALLINN) - The Estonian Supreme Court opened Tuesday an historic session to rule on whether parts of the European Union's new bailout fund are in line with the Estonian constitution.

Estonia's Ombudsman Indrek Teder sparked the case in March by questioning the constitutionality of the European Stability Mechanism (ESM), a fund meant to cushion eurozone members from contagion in the event of a repetition of the Greek debt crisis elsewhere in the 17-member bloc.

Designed as a permanent fund, the ESM is to begin operation in July and might run in parallel with the temporary European Financial Stability Facility for one year.

"The court will announce separately when it will reveal its ruling. By law, the Supreme Court has four months' time to handle the matter (...) so in the current case until mid-July," Eveli Kuklane, the Supreme Court spokeswoman told AFP.

While Estonia's government strongly defended its decision to join the ESM in a 42-page document presented to the court, several constitutional experts argued that the mechanism violates Estonia's constitution and might also contravene core EU legal agreements.

"We (...) support the opinion of the Ombudsman and consider the ESM agreement not to be in line with the (Estonian) Constitution," Estonia's Tartu University Law Department observed in an expert opinion submitted to the court.

Ombudsman Teder alleged that the ESM's emergency voting procedure "jeopardises the principle of parliamentary democracy, the principle of parliamentary prerogatives" and parliament's autonomy over public finances.

"This kind of rapid procedure can create a situation that will force Estonia to allocate finances without having the right to impact the granting and conditions of the financial aid," he said.

"The situation where some bigger states can make decisions on how other states run their finances has previously been termed colonization," Teder added.

"I am sure Estonia will not be the sole state where the question of whether the ESM is in line with the national constitution is raised," Carri Ginter, EU law expert from Tartu University told the court on Tuesday.

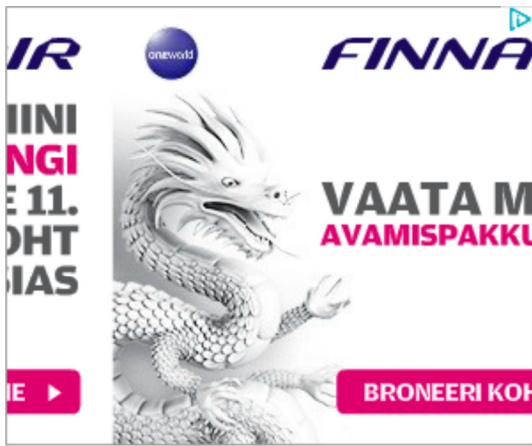
Estonian Finance Minister Jurgen Ligi staunchly defended the ESM however, arguing in court that the fund "is a totally new international organization and parliaments cannot govern any international organization.

"The Ombudsman is completely lacking in economic expertise in his viewpoint," Ligi said.

"We should trust international experts," Ligi added, a position echoed by Estonian Foreign Minister Urmas Paet who insisted Estonia's ESM membership secured the "stability of the eurozone and euro which is part of our own economic security."

Estonia, a Baltic state of 1.3 million people known for strict fiscal discipline and the EU's lowest national debt, joined the eurozone on January 1, 2011.

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