

# ALAR KARIS ELECTED PRESIDENT OF ESTONIA

Incoming head of state's main task is to keep the status-quo until 2023 parliamentary elections

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<b>Stakeholders</b>	European Union, the United States, European Union, Russia, China

In a move that surprised many in terms of its smoothness and speed, the Head of the Estonian National Museum Alar Karis was last week elected as the President of the Republic in just the second round of voting – albeit in an election in which he was the only candidate. The election was just one of a handful of cases in Estonia's history that avoided multiple rounds of voting (by comparison, his predecessor Kersti Kaljulaid was elected after six rounds). Only past heavyweights of Estonian politics such as Lennart Meri (the first post-Soviet era leader of the country) and the late Toomas Hendrik Ilves have managed better results than Karis – although neither enjoyed his luxury of an unchallenged run for office.

The unexpectedly smooth process, however, is indicative more of an efficient working of the ruling coalition rather than of the authority and blanket support for the newly elected President. It is yet to be seen if Mr Karis will create a lasting legacy in the Estonian political landscape.

Below, we take a deeper look at the background to the election and what challenges the Karis Presidency will face in the run-up to the 2023 parliamentary elections.

## PRESIDENCY AS PART OF THE COALITION AGREEMENT

The Estonian President is a largely ceremonial figure with only nominal executive power, which is constitutionally granted to the Prime Minister. In recent times, the President has mainly been perceived as a nominal Head of State and the highest moral authority to balance the conflicting interests of the ruling parties and the society.

However, arguably the last President to enjoy broad societal support and fulfil the mission of acting as an intermediary between society and the government was Arnold Rüütel, the last serving leader of the Communist Party of Estonia, who nevertheless failed to secure a second term in 2006.

Estonians do not elect their President directly, although such a proposal was registered by Lennart Meri at the end of his second term back in 2001 as one of the few presidential initiatives to constitutional changes. Instead, presidents are elected by a supermajority of 68 out of 101 in an extraordinary session of the Riikogu, the unicameral Parliament. If no winner is declared in the initial three rounds, a 208-member electoral assembly is formed from the members of Parliament and the representatives of the municipalities (reflecting the distribution of eligible voters within the municipality, but limited to a maximum of ten representatives per municipality). If this assembly also fails to reach a conclusive vote in two rounds, the process is re-started in Parliament. To make things even more complicated, new candidates can be proposed at certain stages of the process, which was the case in 2016, when the eventual winner was proposed only in the 5th round of elections.

This complex electoral system has thrown up a number of anomalies since Estonia secured independence, but this is the first time only a single candidate was proposed and indicates parties had decided on the Presidency long before the election process began. While the centre-right liberal Reform party and left-leaning Centre party command a majority (of 59) insufficient to approve a candidate, it was enough to dismiss the only opposition candidate (former speaker of the Riigikogu Henn Põlluaas from political pariah, the right-populist EKRE party) from being approved as an official candidate. Several potential candidates turned down invitations to run, including former Minister of Defence Jüri Luik, representing the right-wing party Isamaa, who is believed to have been in a position to collect enough votes in the Parliament, but declined due to his upcoming appointment as ambassador at NATO.

It remains to be seen exactly why incumbent President Kersti Kaljulaid was left without a nomination, but rumours suggest a deal on the Presidency was agreed between the otherwise ideologically hostile coalition partners, the Reform and the Centre parties. The Reform party sidelined Centre from the ruling coalition and its leader Juri Ratas from the role of Prime Minister back in January, but still formed an unlikely yet stable coalition by promising them an upper hand in selecting the presidential candidate. Ms Kaljulaid played her part by dismissing the former interior minister of the Government led by Juri Ratas Mart Helme (EKRE) after he made insulting comments about the Finnish Prime Minister Sanna Marin. This led eventually to the breakup of a coalition between the Centre Party and EKRE, paving the way for the Reform party (34) to become a major coalition partner, something that Mr Ratas could not easily accept. Although Isamaa and the Social Democratic parties did not explicitly support Mr Alar Karis in the first round of elections, they did not block his election either and allowed their members a free vote.

## **THE INCLUSIVE FOREIGN AGENDA**

Considering the limited powers of the President to significantly influence the domestic and foreign policies of the Republic (although foreign representation is among the core Presidential responsibilities, participation in the meetings of the European Council is allowed in exceptional circumstances only), it is not surprising that the political agenda of the President remains obscure and even ill-defined.

It is expected that Mr Karis, with an academic background in life sciences and pedigree as the Rector at the influential University of Tartu, will be directly involved in matters of education, science and innovation. Analysts agree he should be able to moderate efficient dialogue between political opponents and society in order to keep EKRE away from power and any success in the 2023 Parliamentary elections. A moderate by nature, Mr Karis might also prove adept at maintaining some sort of dialogue between Estonia and Russia, which would suit both coalition parties: the Centre party has not disguised its intention to engage in closer talks with Russia (although understands a friendly relationship would probably be rejected by society as a

whole), while retaining some contact without actually sending top officials to Moscow would also suit the Reform party and the Prime Minister Ms Kaia Kallas.

Taking advantage of building closer ties with the main Western allies, including US President Joe Biden, will be high on Mr Karis' agenda. There is an acute need to reinvigorate Estonia's visibility in the Western public space after a gap of five years, with most analysts considered the well-mannered and considerate Ms Kaljulaid was too restrained and lacked a sufficiently high profile to leave a lasting impression, certainly compared to her confident and straightforward predecessor Toomas Hendrik Ilves.

At this stage, it is difficult to assess how Mr Karis will fare in promoting a relationship with China. Despite Estonia's moderate success in retaining a *realpolitik* style relationship with the Asian superpower (as opposed to, for example, explicit rows between China and neighbouring Lithuania over Taiwan, Hong Kong, and mistrust over investment into the major infrastructure projects), a more significant breakthrough seems unlikely or at least challenging. Having served as Rector at the University of Tartu, Mr Karis was already denoted and refused an entry visa to China for granting an honorary doctoral degree to the Dalai Lama in 2011.

## **ALL EYES ON THE 2023 PARLIAMENTARY ELECTIONS**

Clear motives lie behind the election of Mr Karis from both the Reform (34 members) and Centre (25) parties, as they look to strengthen their positions ahead of the 2023 Parliamentary elections. While members of the ruling coalition dominate their nearest competitor EKRE (19) by a significant margin, both are vulnerable to losing public sympathy due to recent changes in the political landscape:

- › the Reform party has been forced to accept a coalition agreement with fierce opponents the Centre in order to secure Ms Kaia Kallas as PM<sup>1</sup>,
- › meanwhile, the Centre party has been shifting to a populist agenda, losing credibility among its traditional electorate in the Eastern, Russian-speaking part of the country:
  - › to retain the Prime Ministers' office in his hands back in 2019, Mr Ratas entered into a coalition with Estonian nationalists EKRE in 2019, infuriating ethnic Russian voters and pushing them into the hands of the Russian-speaking liberal party Estonia 200 or the more traditional left-wing Social Democrats, ahead of municipal elections in October 2021;
  - › Having dominated the municipal landscape since the early 1990s, Centre lost the executive office of the Russophone Eastern county of Ida-Virumaa to the Social Democrats – something unthinkable for the last 30 years.

With Mr Karis in office (a moderate but generally supportive to the Centre's agenda), Centre leader Mr Ratas may be expected to wield his soft power over the process of implementing essential parts of the coalition agreement: empowerment of regions, administrative, educational and healthcare reforms, all of which are of particular interest to his traditional electorate.

The rationale of the Reform party strategists most probably lies in further entanglement of the Centre into the reformist agenda of the liberal Right. Competitiveness, innovation, and integration have always been keywords characterizing the Reform party's policies, thus being part of the scheme Centre could be expected to dilute further their support in the East. What remains to be seen is the impact of the ongoing rise of the nationalist, Euro-sceptic EKRE party: although EKRE has eaten into the Centre's support more than that of Reform, forming a stable coalition without the support of EKRE may prove more difficult over time. Perhaps

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<sup>1</sup>Centre came second in the 2019 elections but formed a coalition with EKRE and Ratas became PM. In January 2021, he and others resigned amidst a corruption scandal and a number of issues related to EKRE. Instead of simply replacing Ratas with another candidate, a new coalition was formed between Reform and Centre: Kallas was installed as PM and it seems Ratas was promised a firm say in deciding on the next President.

the one key area of support that both coalition partners will look to the President for is help in keeping EKRE away from power.

## THE IMPACT ON THE ECONOMY

As may be expected from the nature of the position, the election will have only a limited direct impact on the investment climate. However, a President with an academic background in biotechnology and a pedigree in higher education looks a good fit to support the long and to a large extent unrealistic program of the coalition government. The targets of promoting digital healthcare and attracting investment to develop the biotechnology sector do not look within reach by the spring of 2023. However, specific prospects appear more realistic than others and the political appointment may be to their benefit in the long run.

Notably, the coalition Government has a target to cease investment into the oil shale industry by 2025 and stop energy production from shale oil by 2035, which will have a substantial economic impact on the Russophone Ida Virumaa county in Eastern Estonia. The decision carries huge psychological impact for a society with a strong affiliation to the energy sector. To mitigate this risk, the current and future Governments will aim to support the transformation of the Eastern region's economy from energy production, with a planned shifting from hydrocarbons to offshore wind power (to be developed jointly with neighbouring Latvia).

These changes and the much-needed buy-in from the society will need not only further integration of the Russophone society into broader Estonian society, but also the attraction of significant manufacturing or agricultural investment, as it may prove unrealistic to reverse the trend of internal migration (particularly among the young and higher educated) from the region to the cities of Tallinn and Tartu.

Overall, the Eastern region, home to 19% of the population, is currently responsible for just 11% of GDP, mainly promoting itself with low setup costs and a developed infrastructure. When compared to the South of the country, which has managed to create a technology hub in the academic city of Tartu, Eastern Estonia remains a stubborn stone in the shoe for Estonia's political leaders.

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