



Dear Ms Reiche,

We would like to sincerely thank you, on behalf of Prime Minister Kristen Michal, for the substantive and open meeting held during his visit, which provided a valuable opportunity to discuss Estonia–Germany cooperation and the strengthening of Europe’s joint security and defence capabilities.

Looking ahead, we would very much welcome the opportunity to meet with you personally at a suitable occasion to discuss in greater depth the possibilities for closer integration of the Estonian and German defence industrial ecosystems. We firmly believe that meaningful deterrence and defence in Europe can only be achieved through joint efforts and close cooperation across Europe, with Germany playing a central role as one of Europe’s strongest builders of defence capabilities. In this context, cross-border cooperation and investment between Estonia and Germany are critical to developing effective and modern pan-European defence capabilities with real impact.

Following the mandate given by Prime Minister Michal, we would like to highlight the opportunity to strengthen cooperation between SmartCap AS and KfW Capital. SmartCap is Estonia’s state-owned fund manager for strategically important, high-technology and high-risk sectors and manages a dedicated EUR 100 million Defence Fund investing in defence and dual-use technologies to strengthen the European defence industrial ecosystem.

We see clear potential to improve cross-border access to capital for defence start-ups and scale-ups. Joint investments would support the expansion of German companies to NATO’s eastern flank, while enabling Estonian companies to integrate into the value chains of larger German defence primes, thereby helping to reduce fragmentation in the European defence market. As a possible first concrete step, the conclusion of a cooperation agreement between SmartCap and KfW Capital could be considered to provide a framework for substantive discussions and practical joint activities. Subject to your support, SmartCap stands ready to engage with KfW Capital in a focused dialogue aimed at developing tangible and actionable forms of Estonian–German defence cooperation.

Yours sincerely,

Erkki Keldo
Minister of Economy and Industry of the Republic of Estonia

Hanno Pevkur
Minister of Defence of the Republic of Estonia