

# CHRONICLE OF MONETARY POLICY OF 2001

## AUGUST

### 14 August

*Estonian Balance of Payments Yearbook 2000* was published for the first time as a separate edition. Estonia's first ever balance of payments was drawn up in 1935. After the restoration of independence the first balance of payments was compiled in 1992.

### 15 August

The Government of Estonia endorsed the decree regulating the **procedure of the calculation of average wage**, which is to take force as of 1 January 2002. By mutual agreement of the parties of the employment contract the terms of the calculation of average wage can be made more favourable for the employee than prescribed by the decree.

### 16 August

The German Minister of Economy **Hans Eichel** visited Eesti Pank where he discussed the readiness of the Estonian economy and the financial sector for European Union membership with the Governor of Eesti Pank **Vahur Kraft**, Deputy Governors **Märten Ross** and **Andres Sutt** and experts of the bank.

### 22 August

The Belgian Minister of Finance **Didier Reynders** and Director General of the European Central Bank **Pierre van der Haegen** visited Eesti Pank. The discussion at their meeting with the Governor of Eesti Pank **Vahur Kraft**, Deputy Governor **Märten Ross** and experts of the bank focused on Estonia's economic situation and entering the European Monetary Union.

### 23 August

The Government of Estonia endorsed the decree regulating the **procedure of the calculation of holiday pay**, which is to take force as of 1 January 2002. By mutual agreement of the parties of the employment contract the terms of the calculation of holiday pay can be made more favourable for the employee than prescribed by the decree.

### 26 August

**Joint seminar of the central banks of Estonia and Finland** began in Oulu, Finland. The three-day seminar focused on the analysis of the economy and the financial sector of both Estonia and

Finland, the introduction of the euro banknotes and coins in the 12 member countries of the European Monetary Union, as well as the role of the economic research department in central banks. It was already the ninth joint seminar of the two central banks.

### **30 August**

**The international rating agency Fitch upgraded Estonia's long-term foreign currency rating or sovereign rating to A-, short-term foreign currency rating to F1 and long-term local currency rating to A+.**

Estonia's previous sovereign rating was BBB+ and A-category rating was assigned to the country for the first time. Estonia's previous short-term foreign currency rating was F2 and long-term local currency rating was A.

In its statement Fitch stressed the remarkable development of the Estonian economy over the past year. The GDP grew by 6.9% in 2000, accompanied by the considerable increase of exports. Fitch considers the strength of the Estonian economy to be in the smoothly-functioning and mainly foreign-owned banking system, extensive foreign investments, consistent economic policy and good progress made in accession talks with the European Union. The agency also pointed out the low level of general government debt – 5.4% of the GDP.

Fitch sees Estonia's problems to be the great dependence of the small and open economy from the external environment, the relatively large current account deficit, high unemployment and regional inequality, environmental damages that require large sums to fix and political tensions with Russia.

In 2000 Fitch upgraded Estonia's rating from BBB to BBB+. The rating agencies Moody's and Standard & Poor's have assigned Estonia similar ratings – Baa1/BBB+.

Among the transition countries only Slovenia has been assigned a higher rating (A) than Estonia by Fitch. Hungary has the same A- rating, the Czech Republic and Poland are rated lower, at BBB+, Latvia's rating is BBB and Lithuania's BBB-.