

III. THEORETICAL CONCEPT, METHODOLOGY AND COMPILATION PRACTICES

The IMF Balance of Payments Manual, 5th Edition serves as a methodological basis for the external sector statistics as well as for the Estonian model of the balance of payments statistics. The following is an introduction to three basic documents (balance of payments, international investment position, and external debt), their contents, definitions, sources of primary data, dissemination standard, and compilation practices.

BALANCE OF PAYMENTS

The balance of payments is by nature the consolidated income statement as well as the consolidated balance sheet of all the institutional sectors of the economy. Company's financial statements reflect the relations of a sole proprietor with the external environment. Theoretically the balance of payments has the same function, the company being the national economy in its entirety and its environment – the rest of the world.

The balance of payments is a statistical statement that systematically summarises, for a specific time period, the economic transactions of a country with the rest of the world. The period is usually a month, a quarter or a year.

Since the balance of payments reflects transactions during a specific time period, the values of the balance of payments items are *flow indicators*.

The balance of payments includes *current account*, reflecting income from the external economic activity, *capital account*, *financial account*, and *reserves*, reflecting current account financing, i.e. the structure of *external financing*.

The current account includes four major parts⁵: *goods*, *services*, *income*, and *transfers*. Goods and services balances include all goods and services purchased and sold. The income balance reflects income and

⁵ See Definitions, and Entries, pp 42, 44.

expenditure related to the use and render for use of production factors (capital and labour). Transfers are all remaining transactions that are related to the formation of gross disposable income of residents and are distinguishable from capital transfers.

The *capital account* records mainly transactions in intangibles (e.g. acquisition/disposal of intellectual property), debt forgiveness, subsidies for infrastructure development, EU structural funds, and other international capital transfers not related to the formation of gross disposable income.

The *financial account* records foreign investments, classified into four major categories: *direct investment*, *portfolio investment*, *financial derivatives*, and *other investment*. The financial account is classified by instruments and sectors. Instruments (trade credit, loans, bonds, deposits) are divided into short-term and long-term instruments based on their original maturity. In general, the classification of institutional sectors in the balance of payments distinguishes the *general government*, *monetary authorities (central bank)*, *credit institutions*, and *other sectors*.

The *reserves* reflect changes in the gold and foreign exchange reserves of the central bank⁶.

The compilation of the balance of payments is not based on the territory of the compiling country. A balance of payments transaction is for the most part a transaction (not only movement of money, i.e. cash flow) between a *resident* and a *non-resident*.

The balance of payments is compiled on an *accrual basis*, meaning that the transaction is recorded at the time the transaction was concluded between parties or a change of ownership took place, irrespective of whether money has actually been received or paid at that particular time. As a result of these transactions, liabilities or claims to the other party are established (changed), which is the object of the balance of payments.

The following principles are observed in analysing more important transactions:

- Trade transactions are recorded at the time the sale/purchase contract is concluded and a claim or a liability to a contractual sum is established;
- Services are recorded after a contract is concluded or a service rendered;
- Dividends are recorded in case a decision to pay dividends is passed at the general meeting of shareholders;
- Interests are recorded at the time the parties to the transaction record it in their accounting;
- Transfers are recorded in case a resource (goods, services, money) changes hands;
- Financial claims and liabilities are recorded at the time they are actually received; repayments are recorded at the time a contractual liability to payment is established.

All balance of payments transactions are generally recorded in *market prices*.

The *double entry system* serves as the underlying principle in compiling the balance of payments. Every recorded transaction is represented by two entries with equal values, but with different arithmetic signs: *credit (+)* and *debit (-)*. Credit reflects an increase in the financial resources available and debit reflects their utilisation (see Table 3.1).

In the ideal case, the net balance of all entries in the statement is zero. The complicity and scope of the balance of payments make the collection of statistics always inaccurate. In order to balance the accounts, the inaccuracy is reflected under the entry *errors* and *omissions*.

⁶ Reserves are usually recorded under the financial account in the IMF's Special Data Dissemination Standard but are treated as an independent account in analytical presentations.

Table 3.1. Credit and debit

	Increase of resources	Decrease of resources
	Credit –	Debit +
Current account	Exports of goods	Imports of goods
	Exports of services	Imports of services
	Income inflow to Estonia	Income outflow from Estonia
	Transfers inflow to Estonia	Transfers outflow from Estonia
Capital account	Inflow of capital transfers	Outflow of capital transfers
Financial account	Decrease of external claims	Increase in external claims
	Increase in external liabilities	Decrease of external liabilities
Reserves	Decrease of reserves	Increase in reserves

Under the Special Data Dissemination Standard current account and capital account record debit and credit turnovers separately. Only *net entries* (sums of debit and credit entries) are recorded on the financial account and reserves account, although since 2003 debit and credit turnovers are also available for certain financial account instruments.

INTERNATIONAL INVESTMENT POSITION

International investment position is a consolidated balance sheet of the financial assets and liabilities of all institutional sectors of a country as at the balance sheet date in market prices.

Since accounts are fully consolidated, the financial assets and liabilities of domestic sectors cancel each other and the international investment position refers to the *external claims* and *external liabilities* of a country as a whole. The investment position differs from the traditional balance sheet in not considering the real assets and equity of Estonian residents. Therefore the investment position is not balanced.

The net investment position is the difference between the external assets and external liabilities of all institutional sectors of a country. The net investment position is *positive* when external claims exceed external liabilities, reflecting the net debt of the rest of the world to the country. The *negative* net investment position reflects the debt of the country to the rest of the world.

It has been agreed to record claims and liabilities between the direct investment enterprise and the direct investor on a *directional principle*:

- all direct investment enterprise's claims to direct investors are deducted from direct investments into Estonia (liabilities);
- all Estonian direct investors' liabilities to direct investment enterprises abroad are deducted from direct investments from Estonia (claims).

The same concepts and definitions as in the balance of payments are used in compiling the investment position. The basic principles are *accounting on an accrual basis* and *valuation in market prices or at fair value* of the day of compiling the position.

As international investment position reflects assets and resources at a certain date, the values of investment position entries are *stock indicators*.

EXTERNAL DEBT

External debt statistics is based on external claims and liabilities, recorded in the international investment position, which are debts in their nature, meaning that they have to be repaid. Direct and portfolio investments into share capital as well as reinvested earnings (undistributed profit/loss of previous periods and reserves of equity capital) are excluded from debt accounting. In addition, neither gold reserves of the central bank nor special drawing rights (SDRs) belong to external debt⁷.

Major external debt indicators are:

- **gross external debt** – the amount of all external debt liabilities of all institutional sectors;
- **net external debt** – debt-related external claims minus liabilities, repayable by all institutional sectors.

Unlike international investment position that reflects direct investments on a *directional principle*, loans granted by resident direct investment enterprises to direct investors do not reduce direct investment liabilities, as they are entered under the liabilities' side of the balance sheet in debt accounting. Estonian residents' loans granted by non-resident direct investment enterprises are not subtracted from Estonia's direct investment claims abroad either but are added to debt liabilities instead.

Similarly to international net investment position, indicators reflecting external debt are *stock indicators*.

DEFINITIONS

- **Resident:**
 - 1) state bodies and agencies of the Republic of Estonia in the broadest sense (legislative, executive and judicial power, and their agencies, constitutional institutions), as well as local governments and their agencies;
 - 2) Estonia's diplomatic, consular and other official representative offices abroad, as well as other representative offices of Estonian agencies and organisations abroad not involved in economic or commercial activities;
 - 3) legal persons in public law and their agencies established by the laws of the Republic of Estonia;
 - 4) legal persons in private law registered in Estonia;
 - 5) branches and subsidiaries of foreign legal persons registered in Estonia;
 - 6) Estonian citizens residing in Estonia;
 - 7) aliens residing in Estonia with a permanent residence permit;
 - 8) aliens residing in Estonia with a temporary residence permit for at least one year;
 - 9) Estonian citizens studying or receiving medical treatment abroad, regardless of the length of studies or medical treatment;
 - 10) diplomats, military personnel, staff of consular and other representative offices as well as their family members staying abroad and enjoying immunity and diplomatic privileges.
- **Non-resident:** all other persons not covered by the definition *resident*.
- **Institutional sectors** are divided into the following groups in the external sector statistics:
 - *central government* – state government and defence authorities under the area of governance of central and local governments; scientific, research, health care, social care, educational, cultural, and sports institutions, and state foundations financed from a central or a local government budget;

⁷ See Entries, Reserves p 47.

- *monetary institutions* – Eesti Pank as the national central bank;
 - *credit institutions* – companies licensed by Eesti Pank the principal and permanent activities of which are to receive cash deposits and other repayable funds from the public and to grant loans for their own account and provide other financing;
 - *other sectors* – the remaining central government and private sector companies (insurers, investment funds, savings and loan associations, other financial institutions and all other remaining companies previously not mentioned (public limited companies, private limited companies, limited partnerships, commercial associations, sole proprietors), non-profit associations, and households.
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- **F.o.b. price** – an international delivery clause of goods, including the value of the goods and the cost of insurance and transportation to the customs frontier of the exporting country.
 - **C.i.f. price** – an international delivery clause of goods, including the value of goods and the cost of insurance and transportation to the customs frontier of the importing country.
 - **Normal exports** – exports of goods manufactured in Estonia and belonging to Estonian legal entities; do not include the exports of processed goods.
 - **Normal imports** – imports of goods for Estonia's domestic consumption; do not include the imports of goods for processing.
 - **Long-term capital** – claims or liabilities with a maturity of more than one year.
 - **Short-term capital** – claims or liabilities with a maturity of up to one year (inclusive).
 - **Direct investor** – investor with a qualifying holding in a direct investment enterprise, the holding being 10% or more of the share capital of the direct investment enterprise.
 - **Direct investment enterprise** – enterprise in which the investor (direct investor) has a qualifying holding.
 - **Share in a public limited company** – a security which proves the right of the owner of the share to a part of the assets and the profit of the public limited company and grants the owner of the share (shareholder) the right to participate in the general meetings of shareholders and in distribution of the profit of or the assets remaining after dissolution of the public limited company, and other rights prescribed by legislation and the articles of association.
 - **Share in a private limited company** – a security which proves the right of the owner of the share in the capital of the private limited company. The share grants the shareholder the right to participate in the management of the private limited company and in distribution of the profit of or the assets remaining after dissolution of the private limited company, and other rights prescribed by legislation or the articles of association.
 - **Debt security** – as a rule, a long-term security which proves the right of claim of the owner of the debt security and the debt obligation of the borrower and sets out that the borrower is required to repay the loan to the lender at a fixed date and pay the interest due.
 - **Money market instrument** – short-term debt securities with high liquidity and low interest and credit risk traded on money markets and which are normally discountable (i.e. the issuer repays the nominal value as the principal sum to the investor at the redemption date of the security; the interest is formed by the difference of the issuing price and the repurchase price of the security); money market instruments include *treasury bills, certificates of deposit, commercial papers*, etc.

- **Short-term position** – net investment position based on short-term external claims and liabilities. Conventionally, reserves of the central bank are considered short-term due to their nature.
- **Long-term position** – net investment position based on long-term external claims and liabilities. Conventionally, direct investments are considered long-term due to their nature.
- **Financial leasing** – loan for the acquisition of assets on the condition that the leased property remains in the ownership of the lessor until the amortisation of the loan and interests.
- **Repurchase agreement** – borrowing against securities as collateral.

ENTRIES

- **Trade balance** – includes imports and exports of goods that contribute to gross domestic product:
 - imports for national consumption – goods imported for free circulation and paid by residents;
 - national exports – exports the sale of which provides receipts to residents;
 - imports of goods for processing and exports of processed goods.

Estonia's trade balance is based on the *special trade system* of official trade statistics, registering goods exceeding free circulation⁸. Exports exclude the re-exports of imported goods previously stored in customs warehouses or provisions for sea and air transport. Imports exclude customs warehousing of imported goods, yet reflect deliveries of goods from customs warehouses into free circulation and processing. As the official trade statistics and customs statistics do not comply with the balance of payments compilation principles (imports in c.i.f. prices, residency principle vs territorial principle, etc), necessary supplements are added to the balance of payments. The most significant of them include:

- a) goods not declared in customs and not crossing frontiers but which are balance of payments transactions (e.g. fish caught in foreign waters);
 - b) goods purchased for carriers abroad: fuel, provisions, merchandise, etc;
 - c) repair of capital goods purchased and sold;
 - d) translation of imports into f.o.b. price, i.e. separation of transportation and insurance costs;
 - e) estimates of black economy.
- **Services balance** reflects services sold to and purchased from non-residents by Estonian residents:
 - *transportation* – passenger, freight and other transportation services by significant modes of transport (marine, air and other transport modes);
 - *travel* – includes expenditure on package travels of tourists and one-day visitors, as well as on goods and services in the country of destination;
 - *communications services* – comprises charges for telecommunications (TV and radio transmission, telegraph, telex and facsimile communications, satellite and cable television, e-mail, etc), postal and courier services (packaging, mailing, transportation, delivery of items, lease of letter boxes, etc);
 - *construction services* – cover the cost of construction activities abroad by resident enterprises or of construction activities in Estonia by non-residents. Construction services, as a rule, include sites or installation to be completed within one year, longer projects are treated as direct investments;

⁸ *General trade system* is also used, which registers the movement of goods across the customs frontier. This system is not suitable for the compilation of the balance of payments, as it includes also the movement of goods of non-residents through Estonian customs warehouses.

- *insurance services* – charges collected and paid upon conclusion of life and non-life insurance contracts, loss adjustment expenses, insurance expert assessments, etc. For non-life insurance, total premiums and claims payable should be recorded under current transfers. For life insurance, premiums and payments should be recorded in the financial account under long-term capital.
 - *financial services* – financial intermediation services and auxiliary services (other than insurance) related to commissions and fees of banking and securities brokerage or to custodial services, clearing, depository services, financial consulting, etc;
 - *computer and information services* – cover transactions related to fees for the use and development of databases, data processing and programming, hardware consultations, software implementation, etc; as well as services of news agencies;
 - *royalties and licence fees* – receipts and payments for the use of copyrights, licenses, franchises, patents, industrial processes or other intellectual property;
 - *merchandising* – commissions and service fees of commodity brokers and dealers. The value of trade services is the difference between the value of goods purchased by residents abroad and the value of these goods resold abroad during the same period. The goods must never enter the customs territory of the compiling state;
 - *operating leasing* – payments where the lessee uses the assets during the contract period and returns the assets to the lessor upon the expiry of the contract.
 - *miscellaneous business services* – services related to consulting (legal assistance, accounting, audit, management consulting, etc), public relations and marketing (advertising, opinion polls, market research, etc) or other technical services (waste management, environmental protection, architectural and engineering services, printing services, etc);
 - *cultural and recreational services* – audio-visual services related to radio, television and production of motion pictures, organising concerts and other events, fees to performers, organising exhibitions and museum exhibits, producer services and other sports, cultural and recreational services;
 - *government services not included elsewhere* – a residual category covering government service transactions related to embassies and consular services, military and other public sector services, state fees and foreign aid received and provided as a service (for foreign aid see also *current transfers*).
- **Income balance** reflects income related to the use and render for use of production factors (capital and labour). Income falls into two categories:
 - a) *compensation of employees* – net income of individuals (paid and received gross wages and salaries);
 - b) *investment income* – income (interests, dividends, etc) receivable and payable from foreign investment (direct, portfolio and other investments and reserves). Investment income includes *reinvested earnings* reflected as direct investment, being a proportional change equal to investment in the undistributed profit of the investment enterprise.

Accounting income from realised and unrealised exchange rates and spreads are not recorded as income, because the balance of payments records movement of financial instruments in market prices. For accounting purposes the latter comprises acquisition cost and realised exchange rate and/or price profit/loss.

- **Current transfers** are all remaining transactions related to the accumulation of residents' disposable income but not recorded elsewhere under the current account. Current transfers are unilateral, there is no consignment or service following (or preceding) the transfer and neither is it income for the use of production factors. Current transfers are usually related to taxes, fines, subsidies, donations, inheritance, membership fees, insurance premiums, and indemnities. Current transfers include also the cost of goods and services received or provided as foreign aid as offsetting entries.

Current transfers account records money flows by two institutional sectors:

- a) *general government*;

b) *other sectors*.

General government transfers are the amounts related to the transfers received from and paid by the Estonian public sector. *Workers' remittances* recorded under other sectors (private transfers) indicate remittances to the home country of outside workers with a labour contract for over one year.

- **Capital transfers** are unilateral, similarly to current transfers, but amounts received or paid have no direct impact on residents' gross disposable income. Major capital transfers include:
 - a) various grants from international funds to finance infrastructure objects;
 - b) transfers of migrants;
 - c) acquisition and disposal of non-produced, non-financial intangible assets (intellectual property, e.g. franchises, patents, trademarks, processes);
 - d) debt forgiveness.

Capital account records money flows by two institutional sectors:

- a) *general government*;
- b) *other sectors*.

- **Direct investments** in Estonia's balance of payments are investments involving a qualifying holding, which amounts to 10% or more of the share capital of the investment enterprise⁹. According to international standards, lending and other investments between an enterprise and an investor with a qualifying holding are also reflected as direct investments.

Direct investment account falls into the following categories:

- a) *share capital* of a direct investment enterprise;
- b) *reinvested earnings* – direct investor's share in proportion to direct equity participation (retained profits, available capital reserves) and statutory legal reserves;
- c) *other direct investment capital* – claims and liabilities related to lending, debt securities and trade credit between a direct investment enterprise, a direct investor, and enterprises abroad belonging into the same consolidated group.

- **Portfolio investments** account records, under claims and liabilities, securities investments that fall into the following categories:
 - a) *equity securities* – securities investment into the share capital not comprising a qualifying holding, i.e. remaining below 10% of the fixed assets and investment fund units of an enterprise.
 - b) *debt securities* – bonds and money market instruments that prove the debt claim.
 Portfolio investments are recorded by institutional sectors in the balance of payments.

- **Financial derivatives** are tradable securities indicating the right or obligation of acquisition, exchange or transfer. Their value is based on the performance of an underlying financial instrument, index or commodity allowing to trade with financial risks at markets. Major financial derivatives are *options*, *forwards*, *futures*, and *swaps*. Financial derivatives are recorded by institutional sectors, assets and liabilities separately in the balance of payments.

- **Other investments** cover all other investments that are neither direct investments, portfolio investments nor related to financial derivatives:
 - *trade credit* – outstanding or unpaid amounts for goods and services and advances, recorded on an accrual basis in the balance of payments as well as in the international investment position;

⁹ The concept describes direct investments as financial resources applied leading to a qualifying holding and a casting vote of the investor in managing the direct investment enterprise, regardless of the actual holding. As such an approach does not ensure similar treatment of the investment in the investor and recipient country, the 10% criterion is recommended to avoid statistical errors (*OECD Benchmark Definition of Foreign Direct Investment, 1996*).

- *loans* – short-term and long-term lending not related to direct investments. Loans also cover *capital lease and repurchase agreements*.
 - *currency and deposits* – foreign currency held by residents and their deposits in foreign credit institutions are recorded as assets. Estonian kroons held by non-residents and their deposits in Estonian credit institutions are recorded as liabilities.
 - *other assets and liabilities* – accounts receivable and accounts payable recorded on an accrual basis, as well as other assets and liabilities unrelated to other entries. Life insurance premiums collected and disbursements made by insurance companies are recorded here as well.
- **Reserves** – gold and foreign exchange reserves of the central bank comprising assets representing the kroon in Estonia's monetary system. Reserves are usually highly liquid tradable external assets of the central bank, entered as:
 - a) *monetary gold* – gold held as a reserve asset;
 - b) *special drawing rights* – unit of account created by the International Monetary Fund. Its value is based on a basket of four currencies (USD, EUR, JPY, and GBP). Each IMF member has a SDR account for borrowing and other related operations between the member state and the IMF;
 - c) *foreign exchange* – foreign exchange or equal reserve assets: foreign currency and deposits, equity securities, bonds, money market instruments, and financial derivatives;
 - d) *other claims* – other liquid external assets.

BALANCE OF PAYMENTS COMPILATION SYSTEM

Three very different systems and their combinations are used in the world for the compilation of balance of payments:

- **survey system (transaction-based system);**
- **international transactions reporting system (ITRS; settlements system);**
- **administrative system;**
- **mixed system.**

The survey system draws upon information from various statistical surveys and studies. Both sampling and surveys are used depending on the requirements, field of study and specificity of the compiling country. The structure of the questionnaire follows either the balance of payments structure or the structure of financial statements and accounting principles. The advantage of the survey system lies in its flexibility, but statistical surveys are expensive to conduct, they have a low response rate and are not very operational. Anglo-American countries like Australia, New Zealand, Great Britain, Ireland, the USA, and Canada are among successful users of the survey system.

The international transactions reporting system (ITRS) is based on collection, coding and processing of international payments through resident banks. Based on the description of the transaction, clients, commercial institutions or the central bank attribute a transaction code to each incoming or outgoing payment in compliance with the balance of payments structure. The ITRS allows collecting detailed and operational information, but is still limited: money flows do not reflect accrual approach, the description of a transaction or balance of payments code is often missing, netting appears, and money flows do not allow to estimate positions. The ITRS is used in the majority of countries in continental Europe.

The administrative system draws information from the data collected beforehand by various agencies. The use of this system presumes full control of the public sector over external transactions. There are few countries using only administrative information for the balance of payments whereas almost all countries use it to a larger or smaller extent. The major shortcoming of the administrative system lies in weak data quality control.

The mixed system is a combination of the above systems.

COMPILATION PRACTICES IN ESTONIA

Estonia was the first among former Soviet Union countries to start compiling the balance of payments in 1992. Due to the weakness of the banking system at that time, the survey system was introduced. However, as this system is not flexible enough in the changing economic environment, possibilities to apply the ITRS instead were studied. The new system was launched parallel to the survey system in 1994. Later, when the compilation of international investment position started in 1996, surveys became more significant. Surveys facilitate collecting information on an accrual basis together with other indicators not reflected in money flows (for example, trade credit, reinvested earnings).

Today Estonia has developed its own *mixed system* – a dual one, which has no direct model abroad. Two parallel databases are complementary and simplify error identification. The databases in combination with administrative information provide the documents (balance of payments, international investment position, etc) with better quality, the latter usually being quite complicated in very open economies of low concentration. Estonia's smallness is a major advantage here.

The survey system supplemented with ITRS information is significant for other quarterly statistics on the balance of payments and the external sector. The advantage lies in the option to collect accrual information and indicators not recorded under money flows (e.g. trade credit, reinvested earnings). For monthly balance of payments, money flows based information supplemented with various econometric models is irreplaceable in its operational speed. In order to meet European Union requirements, Eesti Pank started to release monthly balance of payment indicators in 2002.

Currently, ten different surveys are in use, collecting quarterly information from more than 3,500 enterprises. The quarterly settlements system involves approximately 80,000 transactions significant for the compilation of the balance of payments, the information of which is received through the so-called open system: the central bank gets information only on the debit or credit side of the foreign payment order¹⁰.

Apart from the above, information is obtained from other channels as well: official trade statistics, the Central Register for Securities, surveys conducted by the Statistical Office of Estonia, the Central Business Register, accounting registers in Eesti Pank, public sector institutions, etc. In addition, statistical surveys are conducted, assessments made and econometric methods applied.

Figure 3.1 and Table 3.2 give an overview of the compilation system of Estonia's balance of payments and the initial information sources.

Besides Estonia, several other central banks (including the central banks of Latvia, Lithuania, Sweden, and the Czech Republic) have preferred the mixed system (cash flows combined with surveys). With the recent EU approval this model has also been gaining popularity in other European countries that until now have been obtaining information only from the cash-based system, established under tight capital control.

¹⁰ Pursuant to the procedure valid in Estonia on the declaration of international payments and submission of data necessary for the compilation of balance of payments statistics, the resident payment originator or the resident recipient of the payment is obliged to declare all international payments in the sum of 200,000 kroons or more or in the corresponding value of a foreign currency. Declaration lies in assigning a transaction code to payments and in determining the residency of the other party to the transaction.

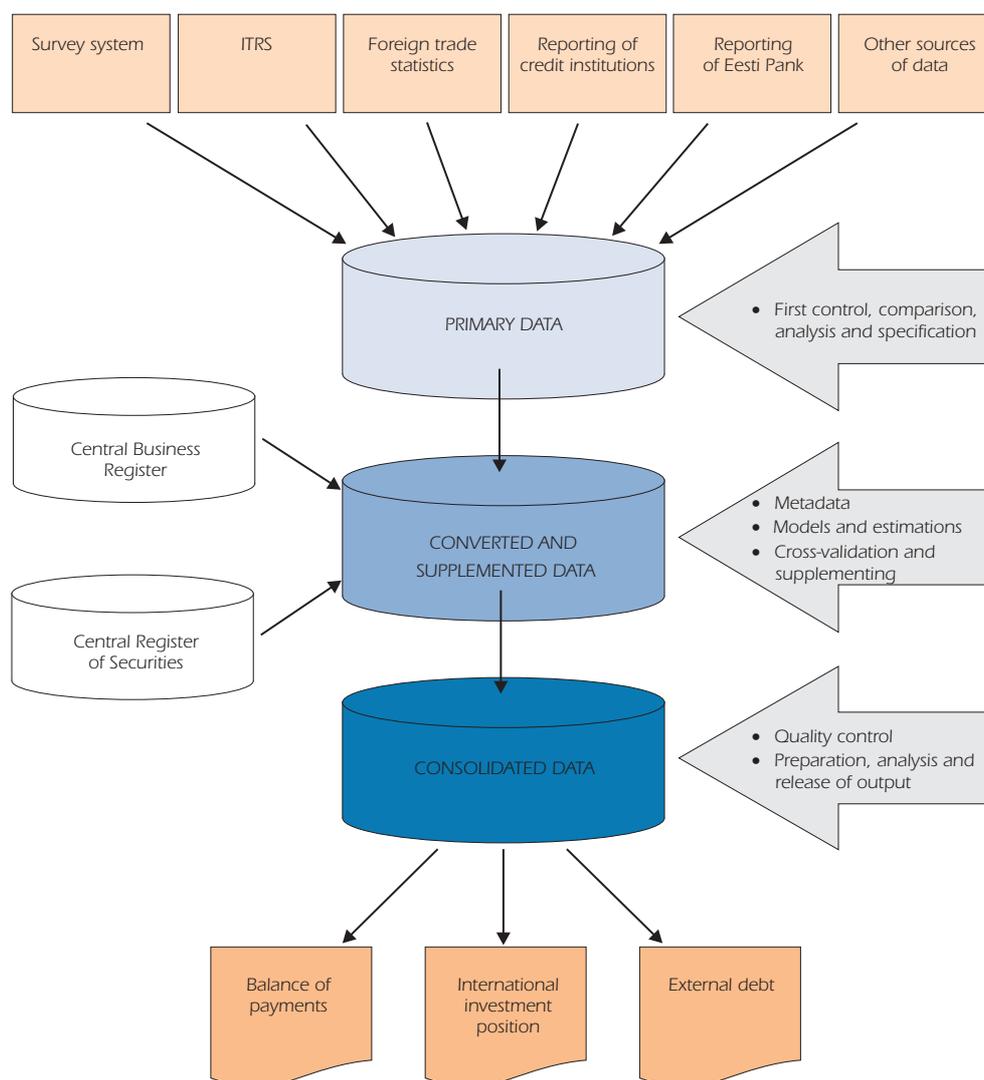


Figure 3.1. Estonia's balance of payments compilation system

Table 3.2. Scope of primary and consolidated data used for the compilation of the balance of payments and data receipt frequency

Name of report	Target group / content of report	Frequency	Due date after accounting period	Sample size / No of data sources
SURVEY SYSTEM				
Form 2	Companies with foreign ownership	quarter	20 days	1,550
Form 3	Transport companies without foreign ownership	quarter	20 days	200
Form 4	Transport companies with foreign ownership	quarter	20 days	150
Form 5	Investment funds (management companies)	quarter	20 days	36
Form 6	Companies without foreign ownership	quarter	20 days	1,150
Form 7	Companies with foreign ownership and not engaged in foreign economic activities	quarter	20 days	70
Form 9	Insurance companies and intermediaries	quarter	20 days	16
Form 10	Other financial intermediaries	quarter	20 days	24

Name of report	Target group / content of report	Frequency	Due date after accounting period	Sample size / No of data sources
SETTLEMENTS SYSTEM				
Settlements system reporting according to the procedure for declaring international payments	Incoming international payments declared in credit institutions	15 days	7 days	7
	Outgoing international payments declared in credit institutions	15 days	21 days	7
	Consolidated report on international payments	month	7 days	7
ADMINISTRATIVE INFORMATION				
CREDIT INSTITUTIONS				
Balances of resources report	Balances of selected liabilities entries of the balance sheet of credit institutions by residency and in detailed presentation	month	5 days	7
Balances of loans report	Balances of selected claims entries of the balance sheet of credit institutions by residency and in detailed presentation	month	5 days	7
Income statement	Distribution of income and expenditure of credit institutions by residency	quarter	10 days	7
Services rendered to and purchased from non-residents	Selected income and expenditure entries of credit institutions in presentation extended to non-residents	quarter	10 days	7
Securities report	Detailed report of the securities portfolios of credit institutions by residency	month	5 days	7
Off-balance-sheet items report	Report of the off-balance-sheet activities of credit institutions	quarter	7 days	7
Custodial and investment services report	Report of the custodial and investment activities of credit institutions	quarter	7 days	7
Transactional financial flow report	Report of the transactional changes in the non-residents' balances of the balance sheet entries of credit institutions	quarter	10 days	7
EESTI PANK				
Balance of payments statement of Eesti Pank	Accounting department's statement of Eesti Pank's non-residents' balances of and changes in the balance sheet entries, and changes in the income statement entries of non-residents	month	5 days	1
STATISTICAL OFFICE OF ESTONIA				
Official foreign trade statistics	Processed, supplemented and categorised customs declaration data of the Customs Board by customs procedures and different features	month	preliminary data 56 days; final data 70 days	1
Tour operators' report	Exports and imports of travel agencies (intermediation of passenger transport services included); tourists received and sent by countries	quarter	2 months	1
Accommodation establishments' report	Data on the turnover and number of tourists serviced in accommodation establishments	quarter	2 months	1
MINISTRY OF JUSTICE CENTRE OF REGISTERS				
Central Business Register, Non-Profit Associations and Foundations Register	Data on legal persons registered in Estonia and their owners	month	1 month	1
ESTONIAN CENTRAL REGISTER OF SECURITIES				
Central Register of Securities	Statistics of securities issues registered in the Estonian Central Register of Securities	month	10 days	1

Name of report	Target group / content of report	Frequency	Due date after accounting period	Sample size / No of data sources
BORDER GUARD ADMINISTRATION				
Border crossing statistics	Report of the crossers of the Estonian border by their citizenship	month	25 days	1
MINISTRY OF FOREIGN AFFAIRS				
Statistics on diplomatic missions abroad	Data on the income, expenditure and assets of the Estonian embassies and missions	quarter	1 month	1
TAX AND CUSTOMS BOARD				
Tax statistics	Data on taxes withheld from non-residents in Estonia and from residents abroad	year	as necessary	1
TALLINN CITY OFFICE				
Foreign claims and liabilities statement	Statement of the external loans, external assets, financial income and expenditure of Tallinn City	quarter	1 month	1
MINISTRY OF FINANCE				
External loans report	Report of the usage and servicing of state loans	month	10 days	1
External assets report	Report of the balance of assets of the State Treasury and changes occurred	month	1 month	1
OTHER				
Open Estonian Foundation, Estonian Migration Foundation, Estonian Authors' Society, Estonian Unemployment Insurance Fund, Estonian Health Insurance Fund, etc				5–10

Legal Base for Balance of Payments Statistics

In accordance with Section 2 Subsection 8 of the **Eesti Pank Act**, Eesti Pank is responsible for compiling the balance of payments of Estonia, the compilation being one of the basic functions of the central bank pursuant to the law. Section 34 of this Act entitles Eesti Pank to obtain, free of charge, the information necessary for drawing up the balance of payments of Estonia from all state and local government agencies and legal persons conducting cross-border economic transactions in the territory of Estonia.

Apart from the Eesti Pank Act, the **Official Statistics Act** provides for the compilation of the balance of payments as well. Pursuant to Section 4 Subsection 2 of the Act, Eesti Pank is the other main agency conducting official statistical surveys besides the Statistical Office. Eesti Pank and the respondents are to follow all provisions of the Official Statistics Act on the conduct of statistical surveys, obligation to submit data, data protection, data dissemination, and responsibilities of the parties.

On the basis of these Acts, the Governor of Eesti Pank has issued **regulations on the procedure of the declaration of international payments, the submission of data by credit institutions for the compilation of the balance of payments statistics**, and quarterly balance of payments statements of companies.

Confidentiality of Data

Pursuant to the existing legal order, Eesti Pank ensures full organisational, IT and physical protection of individual data of all balance of payments transactions. All data is used for statistical purposes only and disseminated in aggregate form without identifiable features.

Dissemination and Adjustment Policy

The **Special Data Dissemination Standard** (SDDS) is the basis for disseminating statistical data. Estonia joined the SDDS in October 1998. In statistics, the Standard sets minimum requirements for data coverage, dissemination periodicity, and timeliness.

- **Data dissemination.** Balance of payments statistics together with press releases, analyses and statistical tables for the years 2004 and 2005 will be published on Eesti Pank's web site (<http://www.bankofestonia.info>) at noon on the dates specified in the official release calendar. The calendar with the release dates for the following year is prepared in September and is available on Eesti Pank's web site.
- **Adjustment policy.** Upon collection of additional information and changes in methodology, the data of previous periods is adjusted as follows:
 - a) *regular adjustment* – the data released on dates provided in the release calendar is preliminary and revised upon the release of preliminary statistics of the next periods.
 - Adjusted quarterly data is published upon the release of the quarterly statistics.
 - Adjusted annual data (quarters included) is published, as a rule, upon the release of the statistics of the first quarter of the following year and is considered final.
 - b) *extraordinary adjustment* – in exceptional cases, when significant errors and omissions have occurred or methodology changes render results incomparably, data can be adjusted retrospectively for more than a year, of which the public will be notified.
- **Unit of account and conversion.** The unit of account for the balance of payments and the international investment position is the Estonian kroon (EEK). Statistics released in other currencies (e.g. USD) is based on the following conversion:
 - *monthly balance of payments* – the monthly average exchange rate of the currency against the Estonian kroon;
 - *quarterly balance of payments* – the quarterly average exchange rate of the currency against the Estonian kroon (quarterly balance of payments is not the sum of monthly balances converted into foreign currency);
 - *annual balance of payments* – the average exchange rates of four quarters (i.e. the annual balance of payments is the sum of quarterly balances converted into foreign currency);
 - *international investment position* and *external debt* – the exchange rate on the compilation date (balance date) or on the closest banking day.
- **Rounding.** Due to rounding, the total of sub-items is not always equal to the total of the consolidated entry.