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# Estonian Preliminary Balance of Payments for the Third Quarter of 2006

2007

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## SHORT OVERVIEW

- **Estonia's economic growth remained fast, which along with high consumption and investment needs led to a slight deterioration in the external balance. The current account deficit accounted for 12.4% of the GDP of the last four quarters in the third quarter of 2006 (see Table 1 and Figure 1)<sup>1</sup>. In absolute value, the deficit amounted to 6.6 billion kroons, exceeding the year-ago level by nearly 70% and remaining slightly below the level of the previous quarter.**
- **The current account deficit was mainly boosted by the increase in the foreign trade deficit.**
- **Other investment capital accounted for most of the foreign capital inflow.**
- **Like in previous quarters, capital inflow also occurred through the capital account.**
- **The balance of payments reserves increased by 3.2 billion kroons.**

The record large deficit on the **goods account** exceeded the current account deficit by nearly 2.9 billion kroons, amounting to 9.5 billion kroons and accounting for 18.3% of the third-quarter GDP. The exports of goods amounted to 29.4 billion kroons and imports to 38.9 billion kroons, having grown 16% and 24%, respectively, year-on-year. The increase in the deficit on transport vehicles, mineral and chemical products contributed the most to the goods account deficit.

The main export groups included electronic and oil products, timber and timber products as well as metal products. Electronic products were also the largest import group, followed by oil products, transport vehicles and chemical products. Machinery and equipment, transport vehicles, and chemical and mineral products posted the largest deficits on the goods account. Timber and timber products had an over a million kroon surplus.

Estonia's main trading partner was the enlarged European Union, whose share amounted to 64% of the exports and 73% of the imports of goods. Exports to the EU Member States decreased both in volume and share. One of the underlying reasons was the decline in the output volume of the electronics industry. At the same time, the exports of oil products increased 2.3 times year-on-year and were destined to non-EU countries. Year-on-year, the share of the CIS (Russia in particular) has grown both in exports as well as imports. Finland, Sweden, Latvia, Russia and Gibraltar were the largest export partners, and Finland, Russia, Germany, Sweden and Lithuania the major import partners.

The surplus on the **services account** was 4.2 billion kroons, having increased by 0.4 billion kroons year-on-year. The exports of services grew 14% and the imports 16%. The surplus on services grew mainly owing to transport services, especially the maritime transport of passengers and goods. The exports of transport services outpaced the imports, being facilitated by the enlargement of the shipping company AS Tallink Grupp. The services surplus was also boosted by computer and information services, which have posted relatively modest turnovers so far. The surplus on the second largest type of services, namely travel services,

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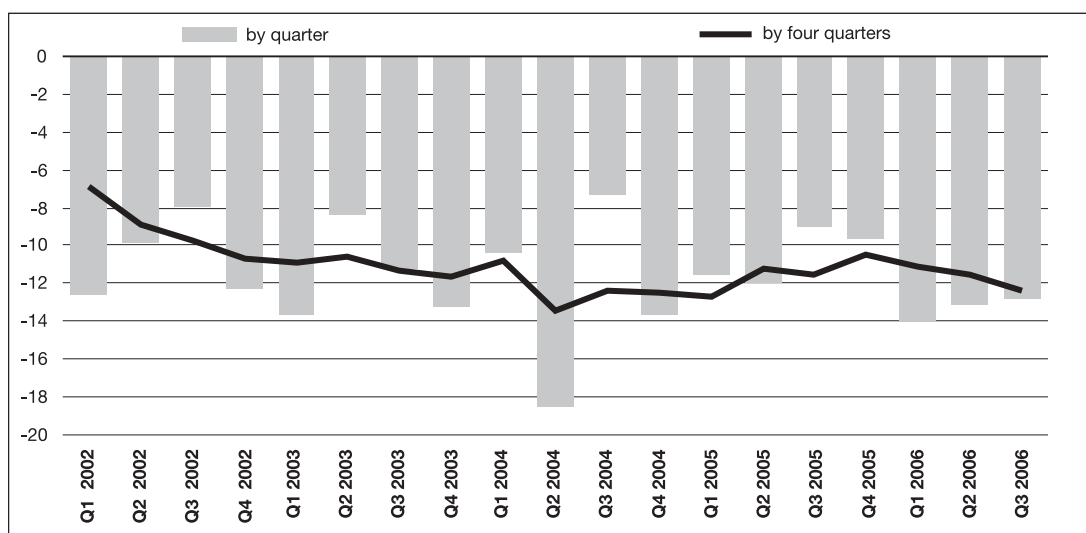
<sup>1</sup> The current account deficit without reinvested earnings, which involve no actual movement of funds, constituted 8.3% of the expected GDP of the last four quarters.

Table 1. Estonia's balance of payments (EEK m)\*

Item	2002	2003	2004	2005				2006			
	Total	Total	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3
<b>Current account</b>	<b>-12,908.0</b>	<b>-15,415.6</b>	<b>-18,351.6</b>	<b>-4,474.9</b>	<b>-5,230.9</b>	<b>-4,006.4</b>	<b>-4,426.2</b>	<b>-18,138.4</b>	<b>-6,362.4</b>	<b>-6,815.9</b>	<b>-6,634.4</b>
Goods and services	-8,564.6	-10,199.6	-11,918.7	-2,149.5	-2,823.2	-2,338.2	-3,356.9	-10,667.8	-3,862.5	-4,622.3	-5,269.6
Goods	-18,455.3	-21,666.7	-25,499.0	-4,366.8	-6,208.4	-6,166.0	-6,554.7	-23,295.8	-5,743.7	-8,534.4	-9,490.1
credit (f.o.b.)	57,948.7	63,443.7	75,199.5	21,409.6	23,606.6	25,320.7	27,811.2	98,148.2	28,381.0	30,796.7	29,446.5
debit (f.o.b.)	-76,404.0	-85,110.4	-100,698.5	-25,776.4	-29,815.0	-31,486.7	-34,366.0	-121,444.0	-34,124.7	-39,331.1	-38,936.7
Services	9,890.7	11,467.1	13,580.3	2,217.3	3,385.2	3,827.7	3,197.9	12,628.1	1,881.2	3,912.1	4,220.5
credit	28,164.3	30,674.0	35,666.4	7,872.9	10,098.5	10,796.6	11,068.2	39,836.2	8,192.8	11,210.1	12,270.8
debit	-18,273.6	-19,206.9	-22,086.1	-5,655.6	-6,713.3	-6,968.9	-7,870.3	-27,208.2	-6,311.6	-7,298.0	-8,050.3
Income	-5,391.1	-7,375.2	-7,950.9	-2,494.9	-2,976.4	-1,839.9	-1,418.2	-8,729.3	-2,375.5	-2,694.1	-1,432.0
credit	3,371.3	3,449.5	5,484.4	1,579.8	1,837.0	2,773.0	2,273.2	8,463.0	2,322.3	2,986.0	3,365.9
debit	-8,762.4	-10,824.8	-13,435.3	-4,074.6	-4,813.4	-4,612.9	-3,691.4	-17,192.3	-4,697.8	-5,680.0	-4,798.0
Transfers	1,047.7	2,159.2	1,518.0	169.5	568.7	171.6	348.8	1,258.7	-124.3	500.4	67.2
credit	2,065.6	3,670.7	5,276.7	1,398.1	1,670.3	1,350.4	1,848.6	6,267.4	1,336.8	1,846.6	1,418.2
debit	-1,017.9	-1,511.5	-3,758.7	-1,228.6	-1,101.5	-1,178.8	-1,499.8	-5,008.7	-1,461.1	-1,346.2	-1,351.0
<b>Capital and financial account (reserves excluded)</b>	<b>13,055.3</b>	<b>18,260.3</b>	<b>21,532.8</b>	<b>6,698.7</b>	<b>3,266.6</b>	<b>4,521.3</b>	<b>8,748.6</b>	<b>23,235.2</b>	<b>5,898.6</b>	<b>7,690.1</b>	<b>10,483.0</b>
Capital account	636.4	685.2	1,145.3	468.9	327.3	181.3	789.9	1,767.5	1,191.3	1,300.7	957.8
Financial account	12,418.9	17,575.1	20,387.5	6,229.7	2,939.3	4,340.0	7,958.7	21,467.6	4,707.3	6,389.5	9,525.3
Direct investment	2,611.8	10,716.0	8,746.9	13,786.5	15,458.3	2,654.5	-2,880.1	29,019.2	5,766.9	-504.8	576.1
Abroad	-2,188.4	-2,149.2	-3,388.6	-892.2	-2,529.8	-1,642.1	-2,663.2	-7,727.3	-1,830.7	-3,635.2	-4,883.1
In Estonia	4,800.2	12,865.3	12,135.5	14,678.6	17,988.1	4,296.6	-216.9	36,746.4	7,597.7	3,130.4	5,459.1
Portfolio investment	2,442.4	2,431.6	9,102.6	-5,576.7	-20,959.0	-5,331.6	4,454.7	-27,412.6	-11,975.2	-1,292.8	-6,416.5
Assets	-3,182.9	-5,351.6	-4,775.7	-3,692.5	-2,575.7	-4,609.4	59.3	-10,818.4	-5,618.7	-1,725.0	-7,766.0
Equity securities	9.1	-1,028.9	-2,893.5	-1,373.5	-1,243.1	-1,467.8	-764.5	-4,848.9	-1,243.2	-1,044.8	-860.5
Debt securities	-3,192.0	-4,322.7	-1,882.2	-2,319.0	-1,332.6	-3,141.6	823.8	-5,969.5	-4,375.5	-680.2	-6,905.5
Liabilities	5,625.3	7,783.2	13,878.3	-1,884.2	-18,383.2	-722.2	4,395.4	-16,594.2	-6,356.5	432.3	1,349.5
Equity securities	912.2	1,526.9	2,205.3	-9,703.8	-10,127.2	842.0	2,809.3	-16,179.6	-29.0	329.1	1,288.5
Debt securities	4,713.1	6,256.2	11,673.0	7,819.5	-8,256.0	-1,564.2	1,586.1	-414.6	-6,327.5	103.1	61.0
Financial derivatives	-63.7	-19.3	-8.3	45.4	-62.8	-74.9	-5.3	-97.7	103.8	42.1	-34.9
Assets	-43.2	-139.2	-35.1	61.9	-42.9	-24.7	19.3	13.5	96.8	-7.3	-59.2
Liabilities	-20.5	120.0	26.8	-16.5	-19.8	-50.2	-24.6	-111.2	7.0	49.4	24.3
Other investment	7,428.4	4,446.8	2,546.4	-2,025.4	8,502.7	7,092.0	6,389.5	19,958.8	10,811.8	8,144.9	15,400.7
Assets	695.1	-2,284.6	-11,168.8	-12,047.9	5,477.4	-2,127.6	-2,008.9	-10,706.9	-5,138.4	1,097.6	8,545.5
Long-term	-1,083.0	-565.7	-6,052.6	-1,961.8	-3,678.6	3,096.5	7,975.9	5,432.1	-866.7	-1,547.0	-279.8
Short-term	1,778.1	-1,718.9	-5,116.1	-10,086.1	9,156.1	-5,224.1	-9,984.8	-16,139.0	-4,271.7	2,644.6	8,825.3
Liabilities	6,733.3	6,731.4	13,715.1	10,022.5	3,025.3	9,219.6	8,398.3	30,665.7	15,950.2	7,047.3	6,855.2
Long-term	1,829.0	4,309.1	3,740.5	2,690.0	1,886.7	6,055.0	5,454.0	16,085.6	4,623.7	12,727.1	-1,818.5
Short-term	4,904.3	2,422.3	9,974.7	7,332.5	1,138.6	3,164.6	2,944.3	14,580.1	11,326.5	-5,679.8	8,673.7
Errors and omissions	779.5	-532.7	244.2	467.6	471.1	-471.1	-680.4	-212.8	-810.6	931.2	-640.0
<b>Overall balance</b>	<b>926.8</b>	<b>2,312.1</b>	<b>3,425.4</b>	<b>2,691.4</b>	<b>-1,493.3</b>	<b>43.8</b>	<b>3,641.9</b>	<b>4,883.9</b>	<b>-1,274.3</b>	<b>1,805.4</b>	<b>3,208.6</b>
<b>Reserve assets</b>	<b>-926.8</b>	<b>-2,312.1</b>	<b>-3,425.4</b>	<b>-2,691.4</b>	<b>1,493.3</b>	<b>-43.8</b>	<b>-3,641.9</b>	<b>-4,883.9</b>	<b>1,274.3</b>	<b>-1,805.4</b>	<b>-3,208.6</b>

\* After additional information is received, data of the earlier periods have been updated accordingly.

decreased 10%. The surplus on other business services, which held the third position, shrank approximately 50%. The structure of the total turnover of the services account remained virtually unchanged: transport services accounted for 42%, travel services for 30% and other business services for 16%.



**Figure 1. Current account deficit (% of GDP)**

In the services sector, Estonia's major trading partners were the EU Member States that accounted for 73% of the exports and 76% of the imports. Estonia had the biggest surplus with Finland (2.6 billion kroons) and the biggest deficit with Germany (0.4 billion kroons).

Total exports of goods and services, which are the direct components of GDP, grew slower than imports. As a result, the deficit on the goods and services account increased from 6.5% in the third quarter of 2005 to 8.8% of the GDP of the last four quarters in the third quarter of 2006.

The deficit on the **income account** decreased 20%, amounting to 1.4 billion kroons. The income earned by Estonian investors abroad (credit turnover) grew 21% and reached nearly 3.4 billion kroons. Labour income comprised 42% of that and the rest was investment income, 61% of which were reinvested earnings. The income earned by non-residents on the capital invested in Estonia and on compensations of employees (debit turnover) stood at 4.8 billion kroons. 94% of non-residents' income came from investment income, 70% of which consisted of reinvested earnings. Excluding from the income account reinvested earnings, which involve no actual movement of funds, the income account had a surplus of nearly 0.6 billion kroons.

The free movement of workers has been boosting residents' labour income earned abroad as well as non-residents' income earned in Estonia. The former increased 76% and the latter 87% in the third quarter of 2006, amounting to 1.4 and 0.3 billion kroons respectively. As for residents' income from abroad, most of it was earned in Finland, the United Kingdom, Ireland and Sweden. In Estonia, mainly Finnish, Swedish, Polish and Ukrainian residents earned on labour income.

The majority of residents' investment income came from the European Union (84%). Residents received investment income mostly from Latvia and Lithuania, and to a lesser extent from Russia and Germany. The largest share of residents' investment income (63%) belonged to the investors of financial intermediation. The share of the investors of real estate, renting and business activities, as well as wholesale and retail

trade was smaller. The majority of non-residents who earned investment income in Estonia came from the EU Member States (94%). In Estonia, mostly Swedish, Finnish, UK and German investors earned on investment. As regards non-residents' investment income, the bulk of it came from financial intermediation, wholesale and retail trade, and manufacturing.

The total surplus on the **current transfers and capital account** almost tripled year-on-year, amounting to 1 billion kroons. The growth can be largely attributed to the capital account (receipts from the EU structural funds and sales of emission quotas). The modest surplus on current transfers was even smaller than the year before.

The surplus on the **FINANCIAL ACCOUNT** increased by nearly a half quarter-on-quarter, constituting 9.5 billion kroons. Foreign capital inflow occurred mainly through other investment and to some extent also through direct investment.

**Direct investment** inflow was 0.6 billion kroons bigger than outflow. Foreign direct investment in Estonia increased by 5.5 billion and direct investment of Estonian residents abroad by 4.9 billion kroons.

Reinvested earnings accounted for about 60%, other direct investment capital for 26%, and equity capital investment for 15% of the direct investment inflow. Direct investment came from Sweden and Finland for the most part; the share of the European Union was nearly 100%. Over half of direct investment was made in financial intermediation, a fifth in manufacturing and a tenth in construction.

Equity capital investment accounted for 58%, reinvested earnings for 24% and other direct investment capital for 18% in the structure of residents' direct investment abroad. Investment went mainly to Finland, Lithuania and Latvia. The share of the European Union was 82%. Real estate, renting and business activities<sup>2</sup> investors made approximately a half and financial intermediaries a third of the investment abroad.

The deficit on **portfolio investment** amounted to 6.4 billion kroons. Portfolio investment assets increased by 7.8 billion kroons, quarter-on-quarter. This stemmed from the rise in the assets in general government's debt securities and money market instruments as well as credit institutions' debt securities. Liabilities grew by 1.3 billion kroons as a result of the increase in the liabilities arising from the equity securities of other sectors.

The net inflow of **other investment** amounted to 15.4 billion kroons. Assets decreased by 8.5 billion kroons, quarter-on-quarter, mostly owing to the decline in the currency and deposit assets of credit institutions. Other investment liabilities grew by 6.9 billion kroons mainly as a result of the increase in the currency and deposit liabilities of credit institutions and in the loan and trade credit liabilities of other sectors.

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<sup>2</sup> According to the classification of economic activities, the holding corporation Tallink Scandinavian AS also belongs here.

## CURRENT ACCOUNT

**Estonia's fast economic growth along with high consumption and investment needs led to a slight deterioration in the external balance. The current account deficit accounted for 12.4% of the GDP of the last four quarters in the third quarter of 2006. The external balance was mainly affected by the increase in the foreign trade deficit (see Figure 2). The current account deficit without reinvested earnings, which include no actual movement of funds, constituted 8.4% of the GDP of the last four quarters.**

The EU Member States accounted for 68% of the credit turnover (77% in the third quarter of 2005) and 77% of the debit turnover (79%). The five most important partners in Estonia's credit turnover in the third quarter of 2006 were Finland, Sweden, Latvia, Russia and Germany (totalling 55% of the credit turnover). The same countries were also the biggest partners in terms of debit turnover, although in different order: Finland, Germany, Russia, Sweden and Latvia (totalling 61% of the debit turnover). Estonia's current account deficit was the biggest with Germany and Russia, whereas the highest surplus was registered with Gibraltar and the United States (a year earlier with Finland and Latvia; see Table 2).

### Goods

**The goods account deficit of the balance of payments increased considerably in the third quarter of 2006, both quarter-on-quarter and year-on-year, amounting to a record 9.5 billion kroons (see Table 3). The exports of goods stood at 29.4 billion and the imports in f.o.b. prices at 38.9 billion kroons.**

According to the preliminary **foreign trade statistics**<sup>3</sup>, goods exports totalled 29.3 billion and imports in c.i.f. prices 40.3 billion kroons (see Figure 3). Imports outpaced exports year-on-year, whereas both imports and exports decreased quarter-on-quarter. The foreign trade deficit increased by 2.8 million kroons year-on-year, amounting to 11 million kroons.

**Goods exports** increased 18% with all main groups of goods contributing to growth, except for machinery and equipment (see Table 4). The exports of mineral products grew the fastest, increasing 2.5 times. The largest export article was motor fuel, accounting for 90% of the total goods exports. 80% of that was re-exported after processing in Estonia. The main countries of destination were Gibraltar and the United States. Smaller quantities of motor fuel were exported to Nigeria and the Netherlands Antilles. This was a low-quality fuel imported from Russia and processed in Estonia yet which is not allowed to be exported to the European Union. Electricity was sold to Latvia and Lithuania, peat to the Netherlands and Spain, and cement to Latvia. The exports of the largest group, machinery and equipment, decreased over 8%. The biggest export articles were again mobile communication devices and components with exports amounting to 3.6 billion kroons. The countries of destination were Finland, Sweden, China and Hungary. Cables and components of various machinery were exported to Finland and Sweden. The exports of metals and

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<sup>3</sup> The following analysis does not include the adjustments made to the goods account (repair of capital goods, provisions purchased from abroad, etc.) made by the Balance of Payments and Economic Statistics Department of Eesti Pank. Imports are in c.i.f. prices and have been analysed by the trading country. As of the moment of accession, the terms "exports" and "imports" are only applicable in reference to trading with third countries, while the Intrastat reporting system uses the terms "dispatch of goods" and "arrival of goods". Since the following analysis covers both intra-Community and non-Community trade, the terms "exports" and "imports" have still been used for the sake of simplicity and clarity.



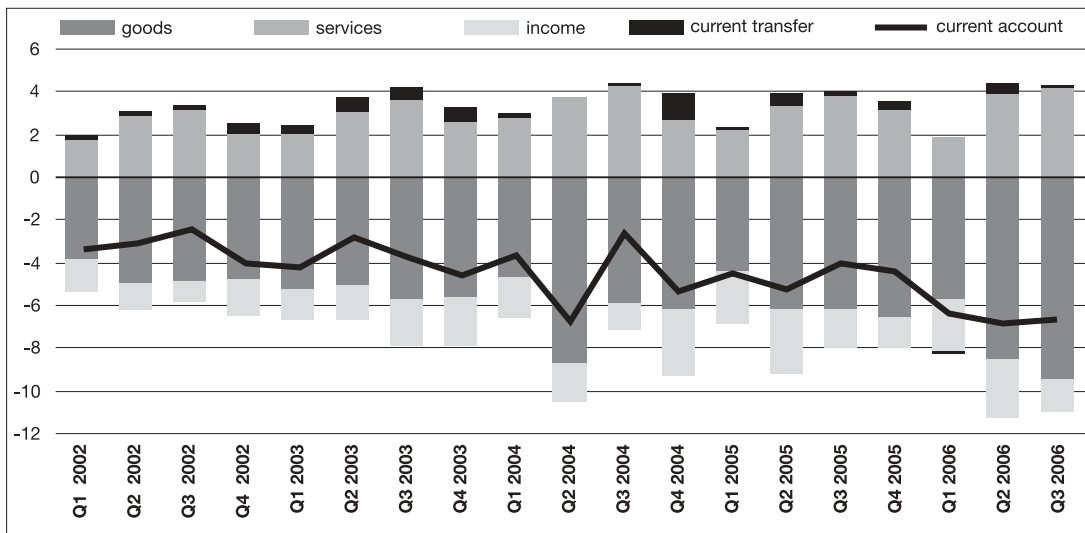


Figure 2. Current account structure (EEK bn)

Table 2. Current account balance by groups of countries (EEK m)

	Q3 2005	Q2 2006	Q3 2006
<b>EU-25</b>	<b>-3,936.1</b>	<b>-7,483.5</b>	<b>-9,157.5</b>
Germany*	-3,499.2	-3,099.0	-3,769.1
Sweden	-976.3	-1,174.0	-1,246.7
Poland	-965.5	-1,101.9	-1,178.8
Latvia	1,155.5	954.9	807.1
Finland	2,091.3	119.9	-751.0
<b>CIS</b>	<b>228.0</b>	<b>-3,654.8</b>	<b>-2,230.0</b>
Russia	171.8	-3,276.9	-1,848.4
Belarus	-392.2	-389.6	-330.5
Kazakhstan	208.7	-111.0	-202.1
<b>Other</b>	<b>-298.3</b>	<b>4,322.4</b>	<b>4,753.1</b>
Gibraltar	316.3	1,629.4	1,914.8
USA	408.0	1,823.4	1,276.6
Norway	411.1	733.7	864.7
Hong Kong	-577.3	-667.3	-539.0
British Virgin Islands	52.1	139.6	313.6
<b>Total</b>	<b>-4,006.4</b>	<b>-6,815.9</b>	<b>-6,634.4</b>

\* Countries are ranked by the absolute value of last period's current account balance.

metal products grew 29% year-on-year. The largest export article was scrap and ferrous waste metal taken to Egypt, Turkey and Thailand. Hot-rolled steel products to Russia, Latvia, Poland, Ukraine and Lithuania, and metal constructions to Denmark, Sweden and Norway followed. Timber and timber products (wooden sleepers, construction components, processed and little-processed timber) were mainly exported to Finland, Sweden, the United Kingdom, Germany and Denmark; prefabricated wooden buildings and furniture were exported to Finland, Norway, Sweden and Germany. The exports of chemical products increased 20%. Growth was supported by a considerable increase in the exports of various finishing products (putties, paints and polishes) and plastic products. Major export partners included Russia, Latvia, Lithuania, Sweden and Finland. The exports of transport vehicles increased 24%. The largest export article was previously imported

Table 3. Imports and exports of goods

	Goods – credit			Goods – debit			Balance (EEK m)
	Volume (EEK m)	Change compared to the previous period (%)	Share in total exports of goods and services (%)	Volume (EEK m)	Change compared to the previous period (%)	Share in total imports of goods and services (%)	
Q1 2002	13,206.1	-7.5	70.1	17,079.5	-5.4	81.6	-3,873.4
Q2 2002	14,666.6	11.1	64.8	19,606.2	14.8	79.5	-4,939.6
Q3 2002	14,088.5	-3.9	64.6	18,939.2	-3.4	80.6	-4,850.7
Q4 2002	15,987.5	13.5	70.0	20,779.1	9.7	81.2	-4,791.6
<b>2002 total</b>	<b>57,948.7</b>	<b>-1.4</b>	<b>67.3</b>	<b>76,404.0</b>	<b>5.6</b>	<b>80.7</b>	<b>-18,455.3</b>
Q1 2003	14,308.4	-10.5	70.5	19,528.0	-6.0	83.1	-5,219.6
Q2 2003	16,065.8	12.3	67.0	21,144.0	8.3	81.6	-5,078.1
Q3 2003	15,480.4	-3.6	63.8	21,225.1	0.4	80.6	-5,744.7
Q4 2003	17,589.1	13.6	68.7	23,213.3	9.4	81.2	-5,624.3
<b>2003 total</b>	<b>63,443.7</b>	<b>9.5</b>	<b>67.4</b>	<b>85,110.4</b>	<b>11.4</b>	<b>81.6</b>	<b>-21,666.7</b>
Q1 2004	16,930.6	-3.7	69.8	21,578.1	-7.0	82.5	-4,647.5
Q2 2004	18,019.9	6.4	65.5	26,756.9	24.0	82.4	-8,737.1
Q3 2004	19,183.0	6.5	65.8	25,104.4	-6.2	81.7	-5,921.4
Q4 2004	21,066.0	9.8	70.3	27,259.1	8.6	81.5	-6,193.0
<b>2004 total</b>	<b>75,199.5</b>	<b>18.5</b>	<b>67.8</b>	<b>100,698.5</b>	<b>18.3</b>	<b>82.0</b>	<b>-25,499.0</b>
Q1 2005	21,409.6	1.6	73.1	25,776.4	-5.4	82.0	-4,366.8
Q2 2005	23,606.6	10.3	70.0	29,815.0	15.7	81.6	-6,208.4
Q3 2005	25,320.7	7.3	70.1	31,486.7	5.6	81.9	-6,166.0
Q4 2005	27,811.2	9.8	71.5	34,366.0	9.1	81.4	-6,554.7
<b>2005 total</b>	<b>98,148.2</b>	<b>30.5</b>	<b>71.1</b>	<b>121,444.0</b>	<b>20.6</b>	<b>81.7</b>	<b>-23,295.8</b>
Q1 2006	28,381.0	2.0	77.6	34,124.7	-0.7	84.4	-5,743.7
Q2 2006	30,796.7	8.5	73.3	39,331.1	15.3	84.3	-8,534.4
Q3 2006	29,446.5	-4.4	70.6	38,936.7	-1.0	82.9	-9,490.1

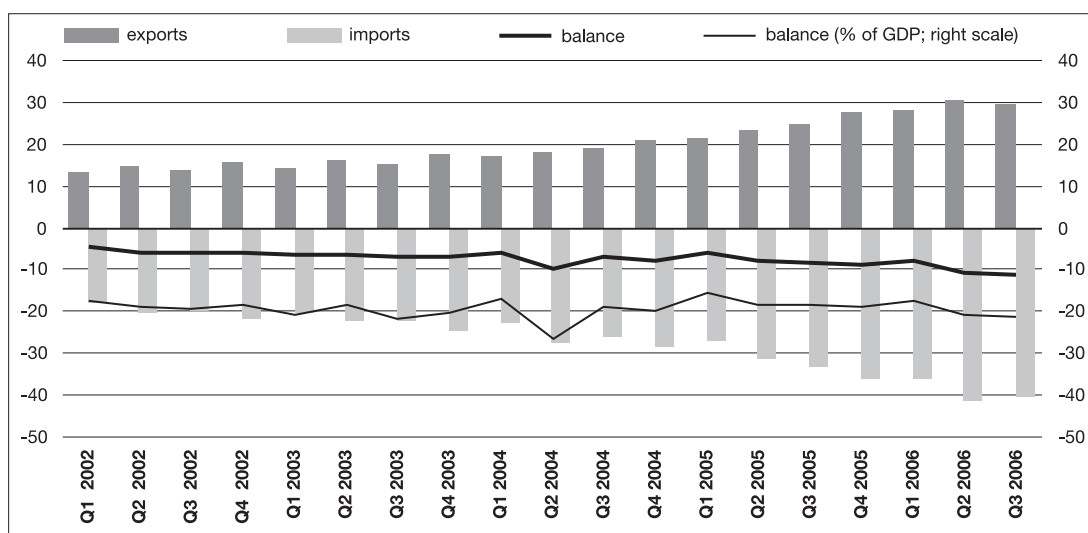


Figure 3. Estonia's foreign trade balance (EEK bn)

**Table 4. Exports by main groups of goods**

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006	Q3 2006 / Q2 2006	Q3 2006 / Q3 2005
Food	1,582.0	1,942.5	1,997.6	6.4	6.4	6.8	2.8	26.3
Mineral products	1,723.9	5,362.6	4,452.6	7.0	17.5	15.2	-17.0	158.3
Chemical products	1,806.3	2,126.6	2,166.2	7.3	7.0	7.4	1.9	19.9
Clothing, footwear and headgear	1,969.1	1,853.4	2,000.3	7.9	6.1	6.8	7.9	1.6
Timber, paper and products	3,144.1	3,696.4	3,314.9	12.7	12.1	11.3	-10.3	5.4
Metals and metal products	2,278.2	2,751.1	2,946.6	9.2	9.0	10.1	7.1	29.3
Machinery and equipment	7,594.9	7,212.4	6,962.1	30.7	23.6	23.8	-3.5	-8.3
Transport vehicles	1,696.9	2,131.0	2,101.8	6.8	7.0	7.2	-1.4	23.9
Furniture, toys, sporting goods	1,886.0	2,315.2	2,127.5	7.6	7.6	7.3	-8.1	12.8
Other	1,094.9	1,188.1	1,203.4	4.4	3.9	4.1	1.3	9.9
<b>Total</b>	<b>24,776.4</b>	<b>30,579.2</b>	<b>29,272.9</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>-4.3</b>	<b>18.1</b>

motor cars which formed 44% of the exports of that group and were mainly taken to Latvia and Lithuania. Deliveries of motor vehicle parts (incl. safety belts) were sent to Sweden, Russia and Latvia; trailers were exported to Finland and Sweden. The exports of food products increased 26%. Strong alcoholic beverages were exported to Russia and Finland, dairy products to Latvia, Russia, Germany and Finland, and mineral water to Lithuania and Latvia. However, the exports of a traditional article, canned fish, decreased 14% (particularly the exports to Russia). The exports of textile products and footwear remained at the previous year's level. Ready-made men's and women's clothes, footwear, fur and bed linen were mostly exported to Finland, Sweden, Latvia and Russia. Various other products (glass and cement products, high-precision instruments etc.) were exported to Finland, Latvia, Germany and Russia.

The growth rate of **goods imports** was slightly higher than that of exports, compared to the third quarter of 2005. Imports also increased across all groups of goods, except for machinery and equipment (see Table 5). Import growth was mainly boosted by motor fuel with the imports reaching 5.6 billion kroons and increasing 2.5 times year-on-year. Over half of the fuel was imported for processing and about 75% of that came from Russia. For the internal market, motor fuel was purchased mostly from Lithuania. Other major import articles included bitumen from Sweden and Lithuania and natural gas from Russia. In the machinery

**Table 5. Imports by main groups of goods**

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006	Q3 2006 / Q2 2006	Q3 2006 / Q3 2005
Food	2,778.2	3,012.8	2,958.1	8.4	7.3	7.3	-1.8	6.5
Mineral products	2,794.8	6,335.6	6,377.7	8.5	15.3	15.8	0.7	128.2
Chemical products	3,858.3	4,737.6	4,879.9	11.7	11.4	12.1	3.0	26.5
Clothing, footwear and headgear	2,529.5	2,473.4	2,757.6	7.7	6.0	6.8	11.5	9.0
Timber, paper and products	1,591.4	2,256.8	1,963.3	4.8	5.4	4.9	-13.0	23.4
Metals and metal products	3,351.3	4,064.8	3,932.7	10.1	9.8	9.8	-3.2	17.3
Machinery and equipment	10,740.4	10,372.0	9,880.8	32.5	25.0	24.5	-4.7	-8.0
Transport vehicles	3,307.5	5,118.1	4,911.3	10.0	12.3	12.2	-4.0	48.5
Furniture, toys, sporting goods	712.7	930.1	942.2	2.2	2.2	2.3	1.3	32.2
Other	1,365.6	2,165.1	1,702.5	4.1	5.2	4.2	-21.4	24.7
<b>Total</b>	<b>33,029.5</b>	<b>41,466.3</b>	<b>40,306.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>-2.8</b>	<b>22.0</b>

and equipment group, the largest import article was components of mobile communication devices which were imported from EU Member States (Finland, Germany, Sweden, the United Kingdom) as well as from Asian countries (Hong Kong, Japan, China). Computers were purchased from Lithuania, and roadworks machinery from the United Kingdom, Germany and Belgium. As regards transport vehicles, mostly motor cars were purchased from Finland, Germany, France and Sweden. Their imports increased 50%. In addition, components of motor vehicles, vans, tractors and trailers were purchased from EU countries and an aircraft from the United States. The imports of chemical products included medicines, tyres, plastic products and various raw materials for the chemical industry from Germany, Finland, Sweden, Poland, Latvia, Lithuania and Russia. In the metals group, imports for inward processing declined considerably. Steel products, metal constructions and pipes were imported for free circulation from Finland, Sweden and Germany. The major articles of food imports were strong and low-alcohol beverages, tobacco products, pork, coffee and sugar, most of which were purchased from EU countries. The imports of clothing, footwear and headgear mainly consisted of footwear, ready-made clothes and cotton fabric from various EU Member States and China. Timber and timber products were purchased from Russia, Finland and Latvia, and furniture from Finland, Poland and Italy. Various other manufactured goods (medical equipment, glass fibre etc.) were imported from Finland, Germany, Sweden and the United States.

The **foreign trade deficit** increased 34% year-on-year and amounted to 11 billion kroons (see Table 6). Machinery and equipment, transport vehicles, chemical and mineral products posted the largest deficits. The biggest deficit occurred in the transport vehicles group where the difference between the imports and exports of motor cars amounted to 1.8 billion kroons in the third quarter of 2006 (1.1 billion kroons a year earlier). Only two commodity groups again had a surplus: timber and timber products, and furniture and other manufactured goods.

By **groups of countries**, the exports of goods to the European Union decreased 4%, whereas exports to the CIS and other countries increased robustly (see Table 7). As regards EU Member States, exports to Finland declined 26%, i.e. by 1.8 billion kroons, but Finland was nevertheless Estonia's biggest export partner. Other major partners included Sweden, Latvia, Germany, and Lithuania. Exports to the CIS grew 43%. The largest trade partner was Russia, ranking fourth among Estonia's export partners. Exports to other countries increased the fastest, the top three destinations being Gibraltar, the United States, and China. Exports to the first two countries mostly comprised the re-exports of fuel processed in Estonia, whereas China purchased mobile phones and components.

**Table 6. Foreign trade balance by main groups of goods (EEK m)**

	Q3 2005	Q3 2006	Q3 2006
Food	-1,196.2	-1,070.4	-960.5
Mineral products	-1,070.9	-973.0	-1,925.1
Chemical products	-2,052.0	-2,611.0	-2,713.7
Clothing, footwear and headgear	-560.3	-620.0	-757.3
Timber, paper and products	1,552.7	1,439.6	1,351.5
Metals and metal products	-1,073.1	-1,313.7	-986.1
Machinery and equipment	-3,145.4	-3,159.6	-2,918.7
Transport vehicles	-1,610.7	-2,987.1	-2,809.4
Furniture, toys, sporting goods	1,173.4	1,385.0	1,185.3
Other	-270.7	-977.1	-499.1
<b>Total</b>	<b>-8,253.1</b>	<b>-10,887.1</b>	<b>-11,033.0</b>

The **imports of goods** from the European Union increased 16% and from the CIS by as much as 2.3 times (see Table 8). The top five of EU countries included Finland, Germany, Sweden, Lithuania and Latvia. Russia again ranked first among the CIS members. The goods imported from Russia amounted to 5.4 billion kroons, whereas motor fuel comprised 3.5 billion of that. Russia was followed by Belarus and Kazakhstan. The top three among other countries were China, Hong Kong and the United States.

**Foreign trade** with the EU and the CIS remained in deficit (see Table 9). As regards the EU Member States, Estonia had a surplus of goods with Latvia, Hungary and Sweden, with Ukraine from the CIS, and with Gibraltar, the United States and Norway from among other countries.

**Table 7. Exports of goods by groups of countries**

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006	Q3 2006 / Q2 2006	Q3 2006 / Q3 2005
<b>EU-25</b>	<b>19,277.1</b>	<b>19,801.2</b>	<b>18,582.4</b>	<b>77.8</b>	<b>64.8</b>	<b>63.5</b>	<b>-6.2</b>	<b>-3.6</b>
Finland	7,058.7	5,976.2	5,250.3	28.5	19.5	17.9	-12.1	-25.6
Sweden	3,011.2	3,566.2	3,292.2	12.2	11.7	11.2	-7.7	9.3
Latvia	2,356.4	2,481.9	2,811.2	9.5	8.1	9.6	13.3	19.3
Lithuania	1,269.4	1,379.9	1,556.5	5.1	4.5	5.3	12.8	22.6
Germany	1,472.1	1,658.2	1,438.4	5.9	5.4	4.9	-13.3	-2.3
<b>CIS</b>	<b>2,270.0</b>	<b>2,916.1</b>	<b>3,249.4</b>	<b>9.2</b>	<b>9.5</b>	<b>11.1</b>	<b>11.4</b>	<b>43.1</b>
Russia	1,677.6	2,158.6	2,436.6	6.8	7.1	8.3	12.9	45.2
Ukraine	365.8	483.3	463.8	1.5	1.6	1.6	-4.0	26.8
Belarus	58.9	176.5	203.0	0.2	0.6	0.7	15.0	244.8
<b>Other</b>	<b>3,229.3</b>	<b>7,861.9</b>	<b>7,441.2</b>	<b>13.0</b>	<b>25.7</b>	<b>25.4</b>	<b>-5.4</b>	<b>130.4</b>
Gibraltar	305.1	1,623.5	1,906.5	1.2	5.3	6.5	17.4	524.9
USA	651.9	2,147.2	1,555.7	2.6	7.0	5.3	-27.5	138.6
China	169.7	949.6	1,064.9	0.7	3.1	3.6	12.1	527.5
<b>Total</b>	<b>24,776.4</b>	<b>30,579.2</b>	<b>29,272.9</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>-4.3</b>	<b>18.1</b>

**Table 8. Imports of goods by groups of countries\***

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006	Q3 2006 / Q2 2006	Q3 2006 / Q3 2005
<b>EU-25</b>	<b>25,559.8</b>	<b>30,043.0</b>	<b>29,532.5</b>	<b>77.4</b>	<b>72.5</b>	<b>73.3</b>	<b>-1.7</b>	<b>15.5</b>
Finland	6,587.1	7,476.0	7,719.1	19.9	18.0	19.2	3.3	17.2
Germany	4,869.8	4,820.2	4,963.3	14.7	11.6	12.3	3.0	1.9
Sweden	2,782.4	3,731.9	3,245.4	8.4	9.0	8.1	-13.0	16.6
Lithuania	2,067.7	2,726.2	2,618.0	6.3	6.6	6.5	-4.0	26.6
Latvia	1,589.1	2,167.3	2,133.1	4.8	5.2	5.3	-1.6	34.2
<b>CIS</b>	<b>2,995.2</b>	<b>6,934.1</b>	<b>6,772.6</b>	<b>9.1</b>	<b>16.7</b>	<b>16.8</b>	<b>-2.3</b>	<b>126.1</b>
Russia	2,315.1	5,645.4	5,396.7	7.0	13.6	13.4	-4.4	133.1
Belarus	419.0	570.8	576.4	1.3	1.4	1.4	1.0	37.6
Kazakhstan	35.0	273.0	404.0	0.1	0.7	1.0	48.0	1,053.5
<b>Other</b>	<b>4,474.5</b>	<b>4,489.2</b>	<b>4,000.9</b>	<b>13.5</b>	<b>10.8</b>	<b>9.9</b>	<b>-10.9</b>	<b>-10.6</b>
China	782.2	883.2	878.5	2.4	2.1	2.2	-0.5	12.3
Hong Kong	628.2	678.8	584.2	1.9	1.6	1.4	-13.9	-7.0
USA	620.9	529.2	480.1	1.9	1.3	1.2	-9.3	-22.7
<b>Total</b>	<b>33,029.5</b>	<b>41,466.3</b>	<b>40,306.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>-2.8</b>	<b>22.0</b>

\* Analysed by trading country.

**Table 9. Foreign trade balance by groups of countries (EEK m)**

	Q3 2005	Q2 2006	Q3 2006
EU-25	-6,282.7	-10,241.9	-10,950.1
CIS	-725.2	-4,018.0	-3,523.2
Other	-1,245.2	3,372.7	3,440.3
<b>Total</b>	<b>-8,253.1</b>	<b>-10,887.1</b>	<b>-11,033.0</b>

## Services

**The surplus on the services account amounted to 4.2 billion kroons in the third quarter of 2006, increasing 10% year-on-year and 8% quarter-on-quarter** (see Table 10 and Figure 4).

The surplus on the services account increased year-on-year mainly as a consequence of the fast growth in the transport services surplus (2 and 5.3 times, respectively; see Table 11). The relatively rapid growth of services exports has recently included also computer and information services among the main categories of services. They form already 5% of the services surplus.

The exports of services amounted to 12.3 billion kroons in the third quarter of 2006, having grown 14% year-on-year. The exports of transport services, particularly passenger transport, increased faster than average (27% and 48%, respectively; see Table 12). The exports of computer and information services, which has so far been quite modest (less than 3% of the total services exports), grew by 2.6 times year-on-year.

**Table 10. Exports and imports of services**

	Exports			Imports			Balance	
	Volume (EEK m)	Change compared to the previous period (%)	Share in total turnover of goods and services (%)	Volume (EEK m)	Change compared to the previous period (%)	Share in total turnover of goods and services (%)	Volume (EEK m)	Change compared to the previous period (%)
Q1 2002	5,631.2	-20.9	29.9	3,848.7	-16.2	18.4	1,655.7	-27.5
Q2 2002	7,959.8	41.4	35.2	5,043.2	31.0	20.5	2,961.0	78.8
Q3 2002	7,712.6	-3.1	35.4	4,555.3	-9.7	19.4	3,107.2	4.9
Q4 2002	6,860.7	-11.0	30.0	4,826.4	6.0	18.8	1,953.5	-37.1
<b>2002 total</b>	<b>28,164.3</b>	<b>0.1</b>	<b>32.7</b>	<b>18,273.6</b>	<b>8.5</b>	<b>19.3</b>	<b>9,677.4</b>	<b>-12.4</b>
Q1 2003	5,989.6	-12.7	29.5	3,959.8	-18.0	16.9	2,029.8	3.9
Q2 2003	7,913.9	32.1	33.0	4,773.7	20.6	18.4	3,140.2	54.7
Q3 2003	8,768.1	10.8	36.2	5,102.5	6.9	19.4	3,665.6	16.7
Q4 2003	8,002.4	-8.7	31.3	5,370.8	5.3	18.8	2,631.6	-28.2
<b>2003 total</b>	<b>30,674.0</b>	<b>8.9</b>	<b>32.6</b>	<b>19,206.8</b>	<b>5.1</b>	<b>18.4</b>	<b>11,467.2</b>	<b>18.5</b>
Q1 2004	7,334.1	-8.4	30.2	4,561.4	-15.1	17.5	2,772.7	5.4
Q2 2004	9,479.4	29.3	34.5	5,731.0	25.6	17.6	3,748.4	35.2
Q3 2004	9,969.1	5.2	34.2	5,619.8	-1.9	18.3	4,349.3	16.0
Q4 2004	8,883.7	-10.9	29.7	6,173.9	9.9	18.5	2,709.8	-37.7
<b>2004 total</b>	<b>35,666.3</b>	<b>16.3</b>	<b>32.2</b>	<b>22,086.1</b>	<b>15.0</b>	<b>18.0</b>	<b>13,580.2</b>	<b>18.4</b>
Q1 2005	7,872.9	-11.4	26.9	5,655.6	-8.4	18.0	2,217.3	-18.2
Q2 2005	10,098.5	28.3	30.0	6,713.3	18.7	18.4	3,385.2	52.7
Q3 2005	10,796.6	6.9	29.9	6,968.9	3.8	18.1	3,827.7	13.1
Q4 2005	11,068.2	2.5	28.5	7,870.3	12.9	18.6	3,197.9	-16.5
<b>2005 total</b>	<b>39,836.2</b>	<b>11.7</b>	<b>28.9</b>	<b>27,208.1</b>	<b>23.2</b>	<b>18.3</b>	<b>12,628.1</b>	<b>-7.0</b>
Q1 2006	8,192.8	-26.0	22.4	6,311.6	-19.8	15.6	1,881.2	-41.2
Q2 2006	11,210.1	36.8	26.7	7,298.0	15.6	15.7	3,912.1	108.0
Q3 2006	12,270.8	9.5	29.4	8,050.3	10.3	17.1	4,220.5	7.9

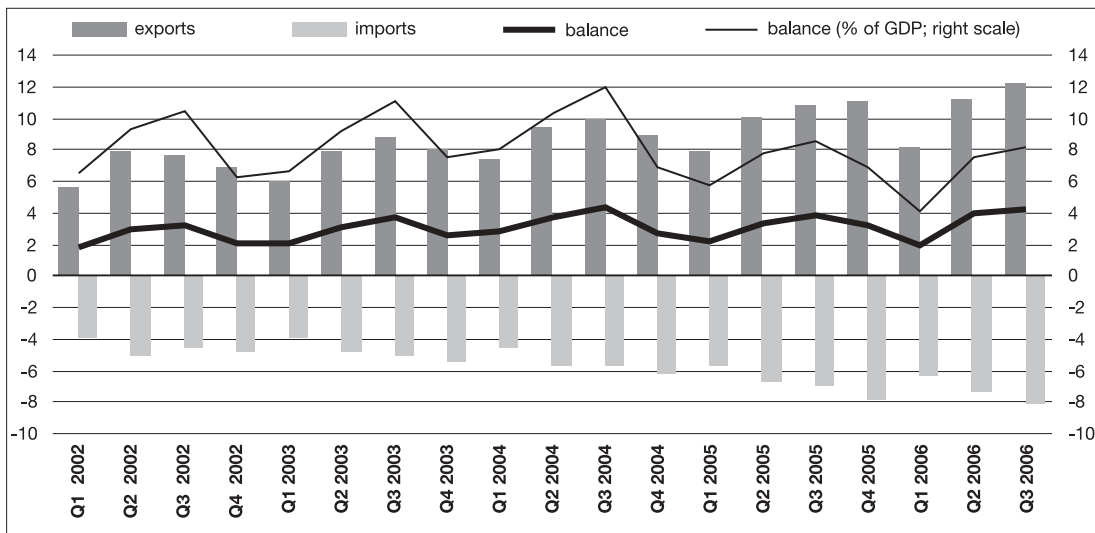


Figure 4. Services account (EEK bn)

Table 11. Services balance by major categories

	Balance (EEK m)			Share (%)			Change (%)	
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006	Q3 2006 / Q2 2006	Q3 2006 / Q3 2005
Transportation	875.9	1,201.2	1,753.1	22.9	30.7	41.5	45.9	100.1
Travel	2,298.2	2,140.8	2,070.9	60.0	54.7	49.1	-3.3	-9.9
Construction services	-107.2	-114.1	-293.6	-2.8	-2.9	-7.0	157.3	173.9
Computer and information services	42.4	121.4	223.0	1.1	3.1	5.3	83.7	425.9
Business services	711.5	526.2	376.5	18.6	13.5	8.9	-28.4	-47.1
Government services	23.5	63.6	49.2	0.6	1.6	1.2	-22.6	109.4
Other	-16.6	-27.0	41.4	-0.4	-0.7	1.0	-253.3	-349.4
<b>Total</b>	<b>3,827.7</b>	<b>3,912.1</b>	<b>4,220.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>7.9</b>	<b>10.3</b>

Table 12. Services exports by major categories

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006	Q3 2006 / Q2 2006	Q3 2006 / Q3 2005
Transportation	3,923.6	4,501.4	4,975.4	36.3	40.2	40.5	10.5	26.8
freight	2,012.1	2,353.8	2,459.3	18.6	21.0	20.0	4.5	22.2
passenger	1,006.6	1,081.1	1,493.4	9.3	9.6	12.2	38.1	48.4
other transport services	904.9	1,066.5	1,022.7	8.4	9.5	8.3	-4.1	13.0
Travel	3,890.8	3,728.0	4,138.5	36.0	33.3	33.7	11.0	6.4
Construction services	529.8	237.0	265.1	4.9	2.1	2.2	11.9	-50.0
Computer and information services	129.9	261.4	340.5	1.2	2.3	2.8	30.3	162.1
Business services	1,710.0	1,826.8	1,852.3	15.8	16.3	15.1	1.4	8.3
Government services	108.7	136.4	133.9	1.0	1.2	1.1	-1.8	23.2
Other	503.8	519.1	565.1	4.7	4.6	4.6	8.9	12.2
<b>Total</b>	<b>10,796.6</b>	<b>11,210.1</b>	<b>12,270.8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>9.5</b>	<b>13.7</b>

Geographically, the growth of services exports to EU countries was faster than average (18%; see Table 13). Exports to the CIS declined 8% year-on-year.

Imports totalled 8.1 billion kroons in the third quarter, growing faster than exports year-on-year (16%; see Table 14). As regards major categories of services, the imports of travel and business services increased faster than average year-on-year (30% and 48%, respectively).

By country of origin, changes in services imports have remained relatively stable (see Table 15). In terms of turnover, the share of Finland in services imports rose, whereas that of Russia fell.

**Table 13. Services exports by groups of countries**

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006	Q3 2006 / Q2 2006	Q3 2006 / Q3 2005
<b>EU-25</b>	<b>7,667.0</b>	<b>8,394.9</b>	<b>9,006.5</b>	<b>2,752.0</b>	<b>2,193.6</b>	<b>2,360.8</b>	<b>7.3</b>	<b>17.5</b>
Finland	3,699.8	3,792.7	4,259.5	1,328.0	991.0	1,116.5	12.3	15.1
Sweden	893.5	960.5	954.3	320.7	251.0	250.1	-0.6	6.8
Germany	655.0	753.3	616.5	235.1	196.8	161.6	-18.2	-5.9
United Kingdom	583.3	597.1	571.4	209.4	156.0	149.8	-4.3	-2.0
Latvia	438.3	474.6	486.7	157.3	124.0	127.6	2.5	11.0
<b>CIS</b>	<b>1,543.1</b>	<b>1,127.2</b>	<b>1,417.3</b>	<b>553.9</b>	<b>294.5</b>	<b>371.5</b>	<b>25.7</b>	<b>-8.2</b>
Russia	1,288.8	886.7	1,169.9	462.6	231.7	306.7	31.9	-9.2
Kazakhstan	130.7	108.4	111.0	46.9	28.3	29.1	2.4	-15.1
<b>Other</b>	<b>1,586.5</b>	<b>1,688.0</b>	<b>1,847.0</b>	<b>569.5</b>	<b>441.1</b>	<b>484.1</b>	<b>9.4</b>	<b>16.4</b>
offshore regions	363.8	386.1	394.4	130.6	100.9	103.4	2.1	8.4
Norway	167.7	250.8	386.0	60.2	65.5	101.2	53.9	130.2
Switzerland	278.6	382.7	381.5	100.0	100.0	100.0	-0.3	36.9
<b>Total</b>	<b>10,796.6</b>	<b>11,210.1</b>	<b>12,270.8</b>	<b>3,875.3</b>	<b>2,929.2</b>	<b>3,216.5</b>	<b>9.5</b>	<b>13.7</b>

**Table 14. Services imports by major categories**

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006	Q3 2006 / Q2 2006	Q3 2006 / Q3 2005
Transportation	3,047.8	3,300.2	3,222.3	43.7	45.2	40.0	-2.4	5.7
freight	2,002.3	2,178.7	2,173.7	28.7	29.9	27.0	-0.2	8.6
passenger	299.0	349.4	366.3	4.3	4.8	4.6	4.8	22.5
other transport services	746.5	772.1	682.3	10.7	10.6	8.5	-11.6	-8.6
Travel	1,592.6	1,587.1	2,067.6	22.9	21.7	25.7	30.3	29.8
Construction services	637.0	351.1	558.7	9.1	4.8	6.9	59.1	-12.3
Computer and information services	87.5	140.0	117.5	1.3	1.9	1.5	-16.1	34.3
Business services	998.5	1,300.6	1,475.8	14.3	17.8	18.3	13.5	47.8
Government services	85.2	72.8	84.7	1.2	1.0	1.1	16.3	-0.6
Other	520.3	546.2	523.7	7.5	7.5	6.5	-4.1	0.7
<b>Total</b>	<b>6,968.9</b>	<b>7,298.0</b>	<b>8,050.3</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>10.3</b>	<b>15.5</b>



Table 15. Services imports by groups of countries

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006	Q3 2006 / Q2 2006	Q3 2006 / Q3 2005
<b>EU-25</b>	<b>5,225.3</b>	<b>5,401.2</b>	<b>6,105.5</b>	<b>75.0</b>	<b>74.0</b>	<b>75.8</b>	<b>13.0</b>	<b>16.8</b>
Finland	1,224.6	1,321.7	1,611.2	17.6	18.1	20.0	21.9	31.6
Germany	959.2	932.7	1,030.4	13.8	12.8	12.8	10.5	7.4
Sweden	621.6	793.5	729.2	8.9	10.9	9.1	-8.1	17.3
Latvia	422.3	487.7	494.2	6.1	6.7	6.1	1.3	17.0
United Kingdom	410.7	368.3	473.0	5.9	5.0	5.9	28.4	15.2
<b>CIS</b>	<b>788.9</b>	<b>947.1</b>	<b>912.5</b>	<b>11.3</b>	<b>13.0</b>	<b>11.3</b>	<b>-3.7</b>	<b>15.7</b>
Russia	621.6	477.9	494.2	8.9	6.5	6.1	3.4	-20.5
Ukraine	61.3	78.7	89.5	0.9	1.1	1.1	13.7	46.0
<b>Other</b>	<b>954.7</b>	<b>949.7</b>	<b>1,032.3</b>	<b>13.7</b>	<b>13.0</b>	<b>12.8</b>	<b>8.7</b>	<b>8.1</b>
USA	207.0	193.3	225.9	3.0	2.6	2.8	16.9	9.1
Norway	94.0	87.5	101.4	1.3	1.2	1.3	15.9	7.9
China	80.7	86.0	88.5	1.2	1.2	1.1	2.9	9.7
<b>Total</b>	<b>6,968.9</b>	<b>7,298.0</b>	<b>8,050.3</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>10.3</b>	<b>15.5</b>

The growth of the **transport services** surplus was robust in the third quarter of 2006, both compared to the previous quarter as well as the third quarter of 2005. It accounted for approximately a half of the services account balance (42%; see Figure 5 and Tables 11, 12 and 14). Maritime transport, particularly passenger transport, held the largest share of transport services (see Figure 6).

The exports of transport services grew 25% year-on-year, accounting for 41% of the total services exports (see Table 12). Passenger transport gained significantly in volume as a result of higher sales in services provided on the territory of other countries. The growth in freight transport was affected by the sales and

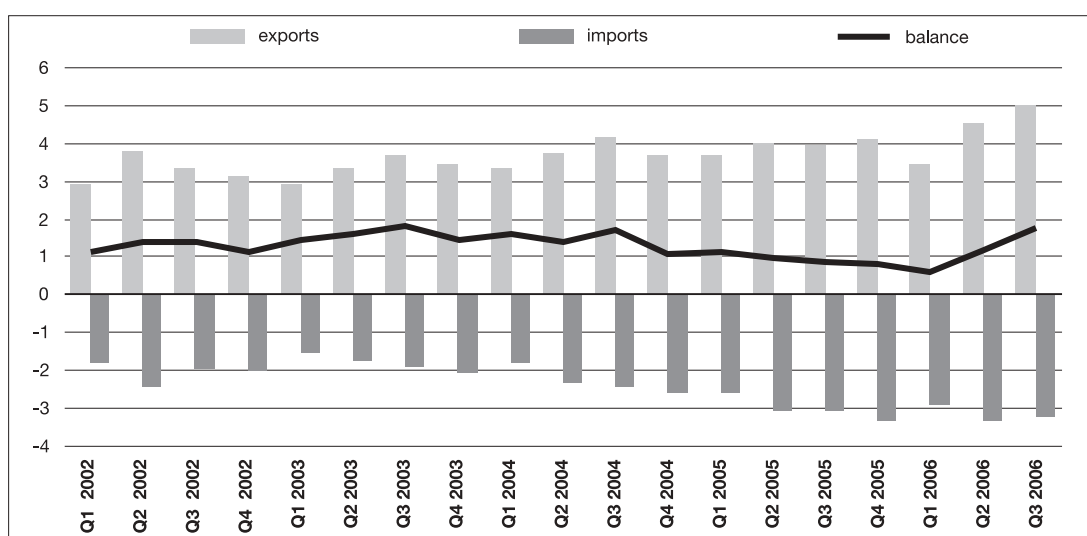


Figure 5. Transport services (EEK bn)

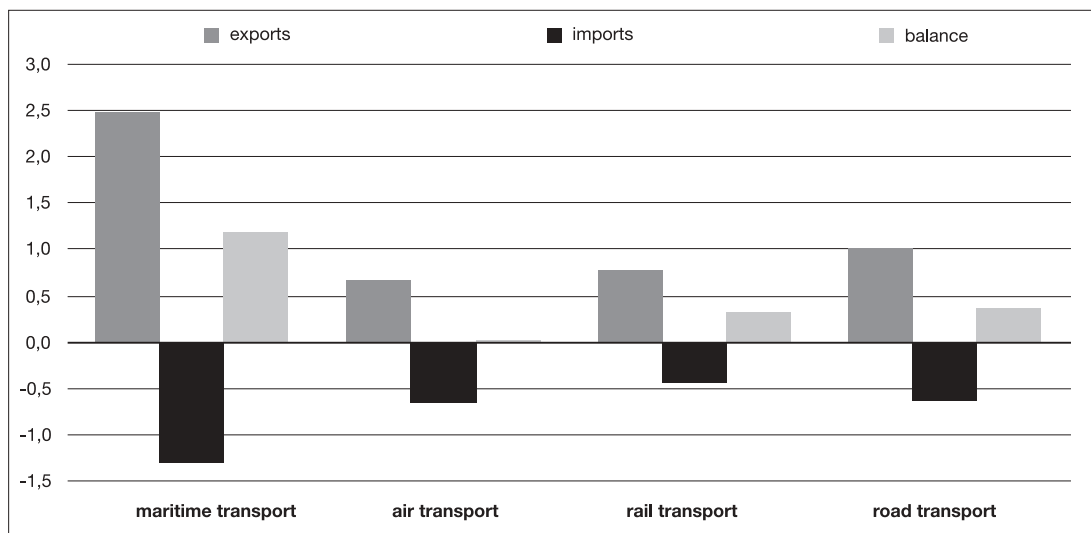


Figure 6. Transport services structure in the third quarter of 2006 by transport type (EEK bn)

intermediation of forwarding coal and oil products. The share of EU Member States in the exports of transport services stood at as much as 76% in the third quarter of 2006, having increased 39% year-on-year (see Table 16). The biggest importer of transport services was again Finland (34%); among new EU Member States, the share of Cyprus rose the most. The exports of transport services to the CIS increased 10%, largely on account of exports to the United States which decreased. Exports to offshore regions grew 22%.

The imports of transport services remained more or less at the same level as in the third quarter of 2005, increasing only 6% year-on-year. Transport services were purchased mostly from EU countries, particularly

Table 16. Transport services by groups of countries in the third quarter of 2006

	Exports				Imports		
	Volume (EEK m)	Share (%)	Change (%), Q3 2006 / Q3 2005		Volume (EEK m)	Share (%)	Change (%), Q3 2006 / Q3 2005
<b>EU-25</b>	<b>3,759.3</b>	<b>75.6</b>	<b>38.6</b>	<b>EU-25</b>	<b>2,365.4</b>	<b>73.4</b>	<b>8.9</b>
Finland	1,668.7	33.5	69.1	Finland	618.1	19.2	16.4
Sweden	451.7	9.1	21.7	Germany	363.4	11.3	5.6
United Kingdom	296.0	5.9	-2.5	Latvia	181.5	5.6	-2.3
Germany	269.1	5.4	2.9	Sweden	175.9	5.5	-3.3
Cyprus	259.4	5.2	87.2	Netherlands	124.3	3.9	8.7
<b>CIS</b>	<b>492.5</b>	<b>9.9</b>	<b>10.0</b>	<b>CIS</b>	<b>430.8</b>	<b>13.4</b>	<b>6.9</b>
Russia	379.9	7.6	-7.8	Russia	405.0	12.6	26.7
Ukraine	22.6	0.5	3.2	Belarus	25.1	0.8	-56.9
<b>Other</b>	<b>723.6</b>	<b>14.5</b>	<b>-5.3</b>	<b>Other</b>	<b>426.1</b>	<b>13.2</b>	<b>-10.0</b>
Switzerland	246.7	5.0	54.2	offshore regions	103.0	3.2	17.7
offshore regions	197.6	4.0	21.7	China	80.8	2.5	8.2
USA	127.0	2.6	-50.5	Hong Kong	57.3	1.8	45.4
<b>Total</b>	<b>4,975.4</b>	<b>100.0</b>	<b>26.8</b>	<b>Total</b>	<b>3,222.3</b>	<b>100.0</b>	<b>5.7</b>

Finland (see Table 16). As regards the CIS, transport services were primarily purchased from Russia. As for other countries, offshore regions and Hong Kong were the largest exporters of transport services.

The exports of **travel services** rose 6% year-on-year, while imports grew 30% (see Figure 7). Compared to the previous year, the number of tourism trips sold by Estonian travel agencies to non-residents decreased (by 3.7 times), whereas their value increased (6.9%). As the border crossing statistics collected at the main entry points (Tallinn Airport and Port of Tallinn) changed little year-on-year, while the statistics of accommodation establishments showed an increase in the number of non-residents' overnight stays, the

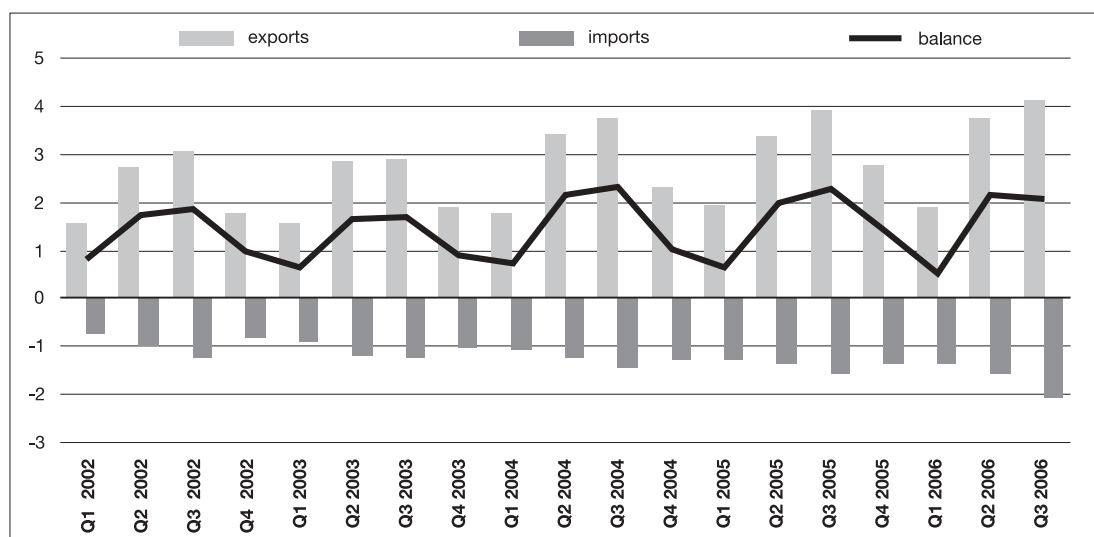


Figure 7. Travel services (EEK bn)

Table 17. Travel services by groups of countries in the third quarter of 2006

	Exports				Imports		
	Volume (EEK m)	Share (%)	Change (%), Q3 2006 / Q3 2005		Volume (EEK m)	Share (%)	Change (%), Q3 2006 / Q3 2005
<b>EU-25</b>	<b>3,199.4</b>	<b>77.3</b>	<b>11.2</b>	<b>EU-25</b>	<b>-1,532.8</b>	<b>74.1</b>	<b>38.9</b>
Finland	1,929.4	46.6	-0.3	Finland	-396.0	61.1	89.9
Sweden	313.0	7.6	35.3	Germany	-193.4	-7.7	21.2
Germany	196.6	4.8	25.6	Sweden	-135.4	-17.5	37.5
United Kingdom	174.8	4.2	46.7	United Kingdom	-130.7	-28.1	25.2
<b>CIS</b>	<b>578.5</b>	<b>14.0</b>	<b>-22.6</b>	<b>CIS</b>	<b>-260.5</b>	<b>12.6</b>	<b>20.3</b>
Russia	551.3	13.3	-23.2	Russia	-207.7	10.0	26.0
<b>Other</b>	<b>360.6</b>	<b>8.7</b>	<b>35.5</b>	<b>Other</b>	<b>-274.3</b>	<b>13.3</b>	<b>0.7</b>
Norway	176.3	4.3	265.8	USA	-70.3	3.4	45.1
USA	79.3	1.9	-35.8	Turkey	-44.6	2.2	-44.7
Switzerland	20.1	0.5	16.2	Norway	-36.0	1.7	28.3
<b>Total</b>	<b>4,138.5</b>	<b>100.0</b>	<b>6.4</b>	<b>Total</b>	<b>-2,067.6</b>	<b>100.0</b>	<b>29.8</b>

growth in travel services exports indicates that tourism trips organised by Estonian tour operators were sold to foreigners through Estonian resellers. As a result of growing labour shortage, the costs related to temporary labour from other countries are increasing as well.

The imports of travel services grew largely because of an increase in the daily expenditure of seasonal workers working abroad – the number of Estonians who used the services of travel agencies increased 5% year-on-year and the total number of Estonians that went abroad during the third quarter of 2006 grew 6%. According to the balance of payments methodology, the daily expenditure of temporary employees in the work period is recorded under travel expenses. Compared to the same period in the previous year, the most popular destinations included EU countries (e.g. Finland, Greece, France and the UK), whereas less visits were paid to hot destinations (e.g. Turkey, Egypt).

## Income

**The income account deficit stood at 1.4 billion kroons in the third quarter of 2006, having decreased by a fifth year-on-year and nearly 50% quarter-on-quarter** (see Table 18 and Figure 8).

The deficit shrank as residents' income earned abroad (credit turnover) grew faster than non-residents' income earned in Estonia (debit turnover). Their growth reached 21% and 4%, respectively, year-on-year.

**Table 18. Income**

	Inflow		Outflow		Balance	
	Volume (EEK m)	Change compared to previous period (%)	Volume (EEK m)	Change compared to previous period (%)	Volume (EEK m)	Change compared to previous period (%)
Q1 2002	646.3	-38.0	2,142.8	-20.2	-1,496.5	-9.1
Q2 2002	771.6	19.4	2,033.8	-5.1	-1,262.2	-15.7
Q3 2002	1,248.0	61.7	2,190.6	7.7	-942.6	-25.3
Q4 2002	705.4	-43.5	2,395.2	9.3	-1,689.8	79.3
<b>2002 total</b>	<b>3,371.3</b>	<b>11.6</b>	<b>8,762.4</b>	<b>10.6</b>	<b>-5,391.1</b>	<b>10.1</b>
Q1 2003	644.6	-8.6	2,036.8	-15.0	-1,392.2	-17.6
Q2 2003	1,001.4	55.4	2,535.0	24.5	-1,533.6	10.2
Q3 2003	1,139.2	13.8	3,307.4	30.5	-2,168.2	41.4
Q4 2003	664.3	-41.7	2,945.6	-10.9	-2,281.3	5.2
<b>2003 total</b>	<b>3,449.5</b>	<b>2.3</b>	<b>10,824.8</b>	<b>23.5</b>	<b>-7,375.3</b>	<b>36.8</b>
Q1 2004	647.7	-2.5	2,601.8	-11.7	-1,954.1	-14.3
Q2 2004	1,238.8	91.3	3,002.1	15.4	-1,763.3	-9.8
Q3 2004	1,912.0	54.3	3,081.2	2.6	-1,169.2	-33.7
Q4 2004	1,686.0	-11.8	4,750.2	54.2	-3,064.2	162.1
<b>2004 total</b>	<b>5,484.5</b>	<b>59.0</b>	<b>13,435.3</b>	<b>24.1</b>	<b>-7,950.8</b>	<b>7.8</b>
Q1 2005	1,579.8	-6.3	4,074.6	-14.2	-2,494.9	-18.6
Q2 2005	1,837.0	16.3	4,813.4	18.1	-2,976.4	19.3
Q3 2005	2,773.0	51.0	4,612.9	-4.2	-1,839.9	-38.2
Q4 2005	2,273.2	-18.0	3,691.4	-20.0	-1,418.2	-22.9
<b>2005 total</b>	<b>8,463.0</b>	<b>54.3</b>	<b>17,192.3</b>	<b>28.0</b>	<b>-8,729.3</b>	<b>9.8</b>
Q1 2006	2,322.3	2.2	4,697.8	27.3	-2,375.5	67.5
Q2 2006	2,986.0	28.6	5,680.0	20.9	-2,694.1	13.4
Q3 2006	3,365.9	12.7	4,798.0	-15.5	-1,432.0	-46.8

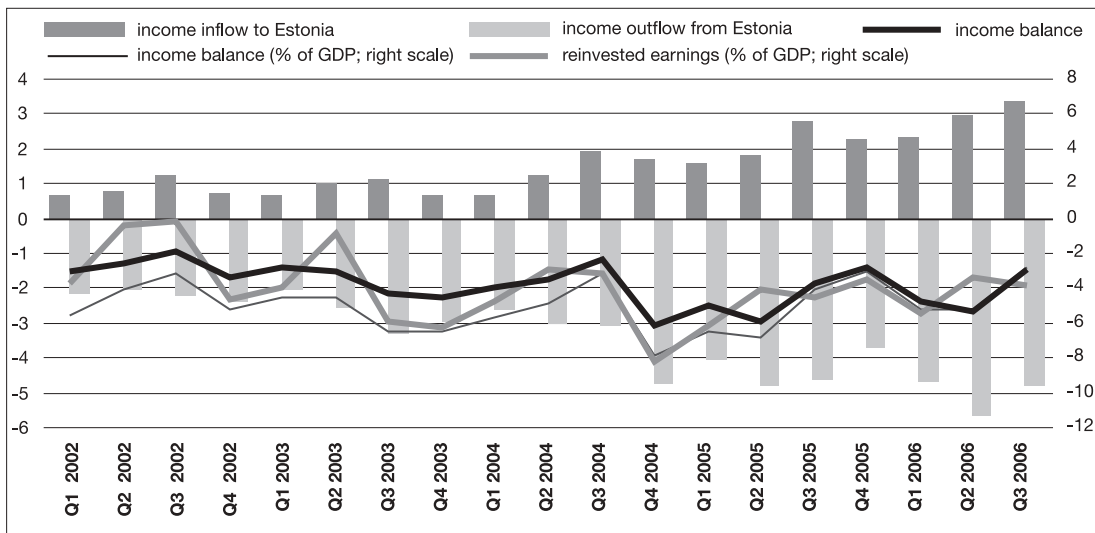


Figure 8. Income account (EEK bn)

The income account of Estonia's balance of payments is largely affected by reinvested earnings which include no actual movement of funds. Excluding from the income account reinvested earnings, the income account posted a 0.6 billion kroon surplus instead of a deficit (see Table 19).

**Income inflow** amounted to 3.4 billion kroons. Labour income grew the most, namely 75% (see Table 20). The inflow of another important component of the income account – investment income – remained at the previous year's level. Labour income accounted for 42% of the income inflow; the rest was investment income. 87% of income came from EU countries (see Table 21). Estonian residents earned labour income mostly in Finland (41% of the labour income inflow), the United Kingdom (17%), Ireland (12%) and Sweden (10%).

68% of the investment income inflow was direct investment income, with reinvested earnings forming 90% of that. The rest of income was earned on portfolio and other investment (20% and 12%, respectively).

Table 19. Structure of income account

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006	Q3 2006 / Q2 2006	Q3 2006 / Q3 2005
Labour income	660.9	1,038.7	1,143.1	-35.9	-38.6	-79.8	10.1	73.0
Investment income	-2,500.7	-3,732.8	-2,575.1	135.9	138.6	179.8	-31.0	3.0
Income on direct investment	-2,359.2	-3,179.1	-2,366.5	128.2	118.0	165.3	-25.6	0.3
income on equity	-2,296.3	-3,055.6	-2,208.0	124.8	113.4	154.2	-27.7	-3.8
reinvested earnings	-2,020.4	-1,742.9	-1,999.9	109.8	64.7	139.7	14.7	-1.0
dividends	-275.9	-1,312.7	-208.2	15.0	48.7	14.5	-84.1	-24.5
income on debt (interests)	-62.9	-123.5	-158.4	3.4	4.6	11.1	28.3	151.8
Income on portfolio investment	41.4	-70.6	201.5	-2.3	2.6	-14.1	-385.4	386.7
Income on other investment	-183.0	-483.1	-410.2	9.9	17.9	28.6	-15.1	124.2
<b>Total</b>	<b>-1,839.9</b>	<b>-2,694.1</b>	<b>-1,432.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>-46.8</b>	<b>-22.2</b>

**Table 20. Income inflow to Estonia**

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006	Q3 2006 / Q2 2006	Q3 2006 / Q3 2005
Labour income	811.7	1,248.8	1,425.1	29.3	41.8	42.3	14.1	75.6
Investment income	1,961.3	1,737.2	1,940.8	70.7	58.2	57.7	11.7	-1.0
Income on direct investment	1,422.9	1,150.8	1,325.3	51.3	38.5	39.4	15.2	-6.9
income on equity	1,345.9	1,065.7	1,222.2	48.5	35.7	36.3	14.7	-9.2
reinvested earnings	1,306.7	765.2	1,180.8	47.1	25.6	35.1	54.3	-9.6
dividends	39.2	300.5	41.3	1.4	10.1	1.2	-86.3	5.4
income on debt (interests)	77.0	85.2	103.1	2.8	2.9	3.1	21.0	33.9
Income on portfolio investment	267.1	354.8	394.9	9.6	11.9	11.7	11.3	47.8
Income on other investment	271.3	231.5	220.6	9.8	7.8	6.6	-4.7	-18.7
<b>Total</b>	<b>2,773.0</b>	<b>2,986.0</b>	<b>3,365.9</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>12.7</b>	<b>21.4</b>

**Table 21. Income by groups of countries in the third quarter of 2006**

	Inflow				Outflow		
	Volume (EEK m)	Share (%)	Change (%), Q3 2006 / Q3 2005		Volume (EEK m)	Share (%)	Change (%), Q3 2006 / Q3 2005
<b>EU-25</b>	<b>2,922.1</b>	<b>86.8</b>	<b>16.0</b>	<b>EU-25</b>	<b>4,494.5</b>	<b>93.7</b>	<b>9.8</b>
Latvia	771.8	22.9	107.6	Sweden	1,972.9	41.1	19.2
Finland	611.0	18.2	93.4	Finland	1,718.7	35.8	21.2
Lithuania	374.8	11.1	6.0	United Kingdom	280.7	5.9	-18.7
United Kingdom	262.5	7.8	17.2	Germany	235.7	4.9	25.1
<b>CIS</b>	<b>217.9</b>	<b>6.5</b>	<b>119.8</b>	<b>CIS</b>	<b>53.8</b>	<b>1.1</b>	<b>-71.9</b>
Russia	164.3	4.9	68.6	Russia	28.9	0.6	-86.4
Belarus	40.9	1.2		Ukraine	23.9	0.5	-590.8
<b>Other</b>	<b>225.9</b>	<b>6.7</b>	<b>45.4</b>	<b>Other</b>	<b>249.7</b>	<b>5.2</b>	<b>-23.9</b>
USA	103.6	3.1	-6.2	USA	98.7	2.1	-30.6
offshore regions	22.2	0.7	-91.4	offshore regions	-90.5	-1.9	
<b>Total</b>	<b>3,365.9</b>	<b>100.0</b>	<b>21.4</b>	<b>Total</b>	<b>4,798.0</b>	<b>100.0</b>	<b>4.0</b>

Residents received investment income mostly in Latvia and Lithuania (57%) and to a lesser extent in Russia and Germany. The largest share of residents' investment income (63%) belonged to the investors of financial intermediation. The share of the investors of real estate, renting and business activities, as well as wholesale and retail trade was smaller (see Figure 9).

**Income outflow** stood at 4.8 billion kroons (see Table 22). The share of EU Member States was 94%. Most of income outflow comprised investment income (94%), the rest being labour income. While investment income remained more or less at the previous year's level, then labour income earned in Estonia almost doubled. In Estonia, mainly Finnish (42%), Swedish (18%), Polish and Ukrainian residents earned on labour income.

The share of direct investment income in non-residents' investment income earned in Estonia was even larger (82%) than the respective share in residents' investment income, whereas nearly 90% of that was

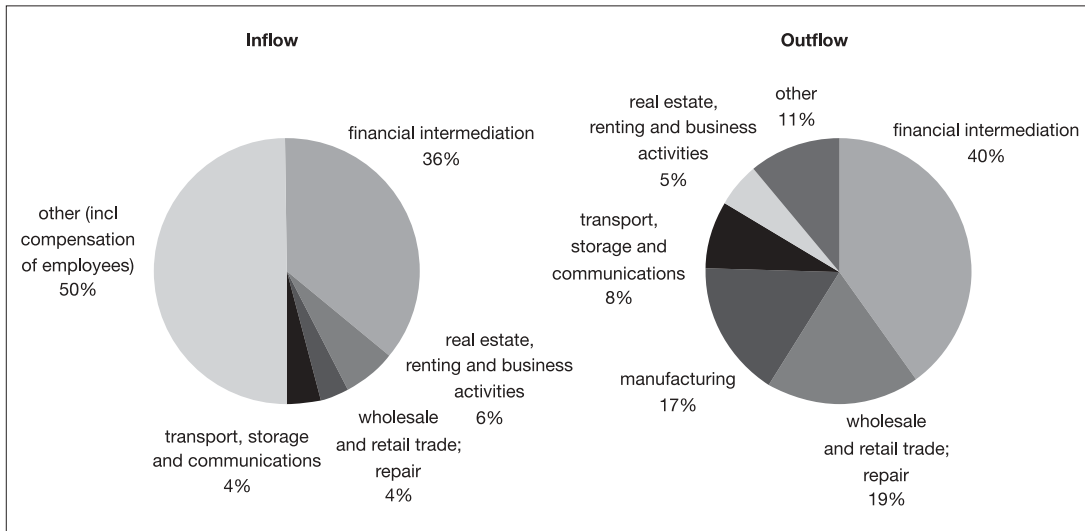


Figure 9. Inflow and outflow of income by fields of activity in the third quarter of 2006

Table 22. Income outflow from Estonia

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006	Q3 2006 / Q2 2006	Q3 2006 / Q3 2005
Labour income	150.8	210.1	282.1	3.3	3.7	5.9	34.3	87.1
Investment income	4,462.0	5,470.0	4,515.9	96.7	96.3	94.1	-17.4	1.2
Income on direct investment	3,782.1	4,329.9	3,691.8	82.0	76.2	76.9	-14.7	-2.4
income on equity	3,642.2	4,121.2	3,430.2	79.0	72.6	71.5	-16.8	-5.8
reinvested earnings	3,327.1	2,508.1	3,180.7	72.1	44.2	66.3	26.8	-4.4
dividends	315.1	1,613.2	249.5	6.8	28.4	5.2	-84.5	-20.8
income on debt (interests)	139.9	208.6	261.5	3.0	3.7	5.5	25.4	86.9
Income on portfolio investment	225.6	425.5	193.4	4.9	7.5	4.0	-54.5	-14.3
Income on other investment	454.3	714.7	630.7	9.8	12.6	13.1	-11.8	38.8
<b>Total</b>	<b>4,612.9</b>	<b>5,680.0</b>	<b>4,798.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>-15.5</b>	<b>4.0</b>

reinvested earnings. 14% of the investment income earned in Estonia was earned on other investment and 4% on portfolio investment. In Estonia, mostly Swedish and Finnish investors earned on investment (43% and 35%, respectively), and to a lesser extent also UK and German investors. Non-residents earned income in Estonia primarily on financial intermediation (43%), wholesale and retail trade (20%), and manufacturing (17%).

## Current and capital transfers<sup>4</sup>

**The surplus on the current transfers account was only 67 million kroons in the third quarter of 2006** (see Table 23). The inflow of current transfers was slightly over 1.4 billion kroons, i.e. as much as in the third quarter of 2005. The funds channelled via the general government reached 0.8 billion kroons. Most of that were allocations from the EU structural funds and the rest was VAT, income and social tax receipts from non-residents. Transfers to other sectors amounted to 0.6 billion kroons. Over half of them were transfers from EU countries (e.g. agricultural subsidies from EU structural funds). The outflow of current transfers remained slightly below 1.4 billion kroons and was divided equally between the general government and other sectors. 67% of government transfers were compulsory payments into the EU budget; the rest were mostly refunds of VAT. Other sectors' transfers were also made mostly to EU countries. Major recipients included Finland, Germany and Sweden.

The surplus on the **capital transfers** account was 0.3 billion kroons. Capital transfers into Estonia mainly comprised EU subsidies to the general government as well as to other sectors for various infrastructure objects.

**Table 23. Current and capital transfers by groups of countries (EEK m)**

	Received			Paid			Balance		
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006
<b>Current transfers</b>	<b>1,350.4</b>	<b>1,846.6</b>	<b>1,418.2</b>	<b>1,178.8</b>	<b>1,346.2</b>	<b>1,351.0</b>	<b>171.6</b>	<b>500.4</b>	<b>67.2</b>
<b>government transfers</b>	<b>762.1</b>	<b>996.5</b>	<b>792.1</b>	<b>725.9</b>	<b>672.0</b>	<b>660.3</b>	<b>36.2</b>	<b>324.5</b>	<b>131.8</b>
EU-25	649.1	855.1	612.8	718.2	664.1	648.3	-69.1	191.0	-35.6
CIS	100.8	115.8	110.3	0.8	1.2	2.2	99.9	114.6	108.1
other	12.3	25.7	69.1	6.9	6.7	9.8	5.4	19.0	59.2
<b>private transfers</b>	<b>588.3</b>	<b>850.1</b>	<b>626.1</b>	<b>452.9</b>	<b>674.2</b>	<b>690.6</b>	<b>135.4</b>	<b>175.9</b>	<b>-64.5</b>
EU-25	424.1	721.9	360.5	363.0	538.2	585.4	61.1	183.7	-224.8
CIS	11.6	26.2	71.8	24.2	37.1	25.5	-12.6	-10.9	46.3
other	152.6	102.0	193.8	65.6	98.9	79.8	87.0	3.1	114.0
<b>Capital transfers</b>	<b>194.1</b>	<b>980.3</b>	<b>327.3</b>	<b>13.4</b>	<b>62.1</b>	<b>19.8</b>	<b>180.7</b>	<b>918.3</b>	<b>307.6</b>
government transfers	166.6	777.7	279.0	0.0	0.1	0.6	166.6	777.7	278.4
private transfers	27.4	202.6	48.4	13.4	62.0	19.2	14.1	140.6	29.2

<sup>4</sup> Although capital transfers are reflected under the capital and financial account in the IMF methodology, the present analysis treats them together with current transfers. The distribution of European Union structural funds available for Estonia into current and capital transfers is not clearly distinguishable and is, therefore, based on the expert estimates of the Ministry of Financial Affairs, the Ministry of Agriculture, and Eesti Pank (according to the purpose of structural funds).



## FINANCIAL ACCOUNT

The surplus on the financial account<sup>5</sup> was 9.5 billion kroons in the third quarter of 2006. Foreign capital inflow occurred mainly through other investment and to some extent also through direct investment. Figures 10 and 11 show the structure of the financial account by categories and maturities.

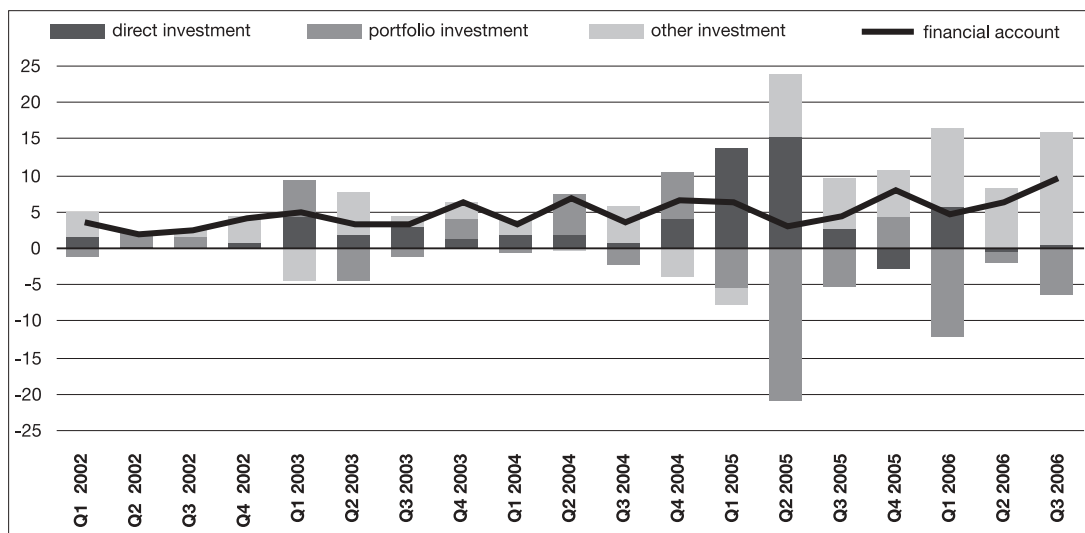


Figure 10. Changes in the structure of foreign investment capital flows (EEK bn)

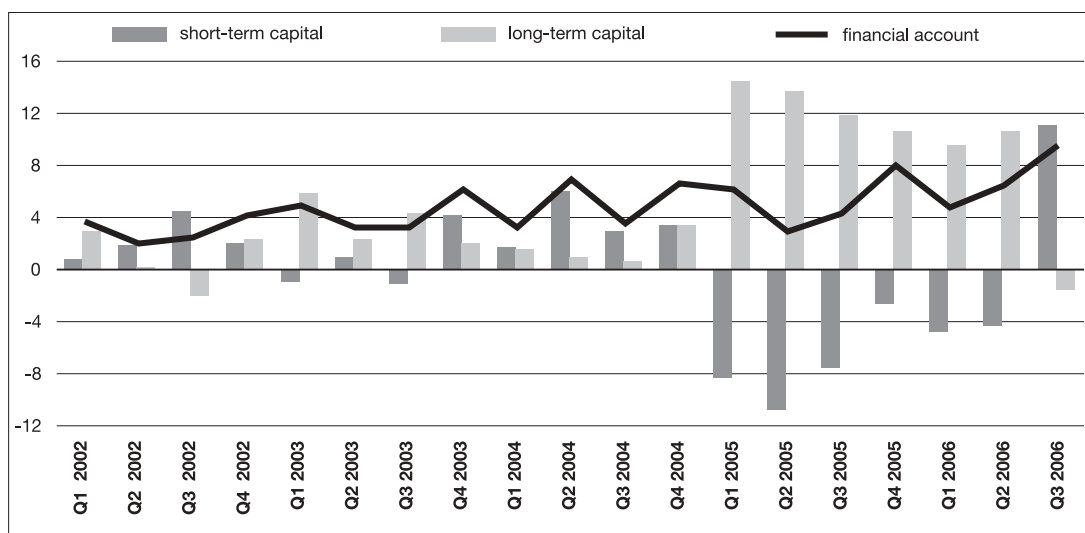


Figure 11. Maturity structure of the financial account (EEK bn)

<sup>5</sup> Without reserve assets.

## Direct investment

The surplus on direct investment totalled 0.6 billion kroons in the third quarter of 2006, accounting for 6% of the financial account surplus. Non-residents invested 5.5 billion kroons in Estonia and Estonian residents' direct investment abroad grew by 4.9 billion kroons (see Figure 12).

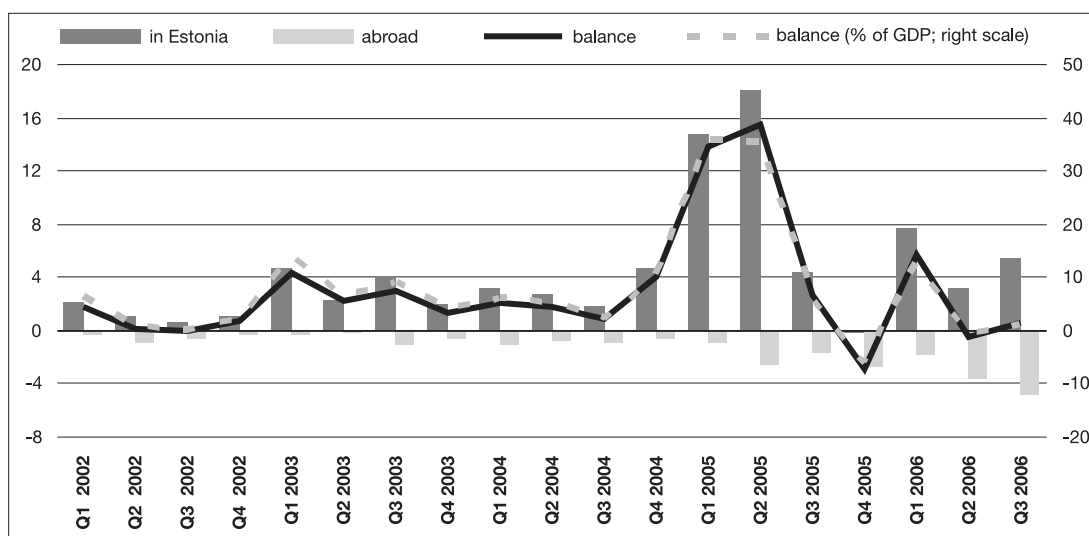


Figure 12. Direct investment (EEK bn)

Unlike the previous quarter, when the inflow of direct investment remained negative, in the third quarter of 2006 the net flow of direct investment in Estonia was again positive. Direct investment by foreign investors grew 70% quarter-on-quarter. About 75% of the inflow comprised equity capital investment. Like in the third quarter of 2005, the income of foreign owners increased by 3.2 billion kroons also in the third quarter of 2006. Highest incomes were earned in financial intermediation, trade and manufacturing. Other liabilities to foreign direct investors grew by 2 billion kroons. As regards long-term loan liabilities, the subordinated debt of credit institutions again held the largest share. Direct investors granted long- and short-term loans in the total amount of 4.6 billion kroons and the total amount of respective repayments was 2.4 billion kroons (see Tables 24 and 25).

Swedish and Finnish investors made 90% of the direct investment (53% and 37%, respectively). The direct investment of British Virgin Islands decreased by half a billion kroons mainly owing to an increase in direct investors' liabilities for goods and services. The share of EU Member States in direct investment was 99%; 43% of that came from the euro area countries (see Figure 13). 58% of direct investment inflow was invested in financial intermediation and 22% went to manufacturing (see Figure 14 and Table 26).

Compared to the previous quarter, direct investment abroad increased by a third. Equity capital investment grew by 4 billion kroons. Reinvested earnings comprised 25% of the investment outflow. Highest incomes were earned in financial intermediation. Other assets to subsidiaries and associated companies increased

Table 24. Structure of direct investment in Estonia

	Equity capital		Reinvested earnings		Other capital				Total	
	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Assets		Liabilities		Volume (EEK m)	Share (%)
					Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)		
Q1 2002	554.7	27.3	1,087.8	53.5	-269.8	-13.3	661.7	32.5	2,034.4	100.0
Q2 2002	388.9	36.7	180.8	17.1	-14.3	-1.4	503.7	47.6	1,059.1	100.0
Q3 2002	49.3	7.5	439.0	67.0	-195.1	-29.8	362.3	55.3	655.5	100.0
Q4 2002	-171.9	-16.4	1,662.7	158.2	-293.4	-27.9	-146.2	-13.9	1,051.2	100.0
<b>2002 total</b>	<b>821.0</b>	<b>17.1</b>	<b>3,370.3</b>	<b>70.2</b>	<b>-772.6</b>	<b>-16.1</b>	<b>1,381.5</b>	<b>28.8</b>	<b>4,800.2</b>	<b>100.0</b>
Q1 2003	2,320.8	49.7	1,299.8	27.8	-207.0	-4.4	1,259.1	26.9	4,672.7	100.0
Q2 2003	596.5	27.2	429.9	19.6	-167.7	-7.6	1,333.8	60.8	2,192.6	100.0
Q3 2003	1,799.7	44.4	2,474.1	61.1	-569.9	-14.1	346.4	8.6	4,050.3	100.0
Q4 2003	612.9	31.4	2,202.9	113.0	-389.5	-20.0	-476.7	-24.4	1,949.7	100.0
<b>2003 total</b>	<b>5,329.9</b>	<b>41.4</b>	<b>6,406.7</b>	<b>49.8</b>	<b>-1,334.0</b>	<b>-10.4</b>	<b>2,462.7</b>	<b>19.1</b>	<b>12,865.3</b>	<b>100.0</b>
Q1 2004	1,075.1	35.1	1,728.9	56.4	-682.1	-22.2	944.8	30.8	3,066.7	100.0
Q2 2004	1,669.3	62.4	534.7	20.0	-775.4	-29.0	1,245.9	46.6	2,674.5	100.0
Q3 2004	695.7	38.1	2,077.5	113.9	-729.9	-40.0	-219.0	-12.0	1,824.3	100.0
Q4 2004	1,198.5	26.2	3,648.4	79.8	733.4	16.0	-1,010.3	-22.1	4,570.0	100.0
<b>2004 total</b>	<b>4,638.6</b>	<b>38.2</b>	<b>7,989.5</b>	<b>65.8</b>	<b>-1,454.0</b>	<b>-12.0</b>	<b>961.5</b>	<b>7.9</b>	<b>12,135.5</b>	<b>100.0</b>
Q1 2005	12,614.1	85.9	2,748.4	18.7	-875.4	-6.0	191.6	1.3	14,678.6	100.0
Q2 2005	15,867.5	88.2	1,404.5	7.8	-450.3	-2.5	1,166.3	6.5	17,988.1	100.0
Q3 2005	314.5	7.3	3,327.1	77.4	-647.5	-15.1	1,302.5	30.3	4,296.6	100.0
Q4 2005	-114.3	52.7	2,243.7	-1,034.4	-29.2	13.5	-2,317.1	1,068.3	-216.9	100.0
<b>2005 total</b>	<b>28,681.8</b>	<b>78.1</b>	<b>9,723.7</b>	<b>26.5</b>	<b>-2,002.4</b>	<b>-5.4</b>	<b>343.3</b>	<b>0.9</b>	<b>36,746.4</b>	<b>100.0</b>
Q1 2006	1,184.6	15.6	3,140.3	41.3	-411.0	-5.4	3,683.8	48.5	7,597.7	100.0
Q2 2006	304.3	9.7	2,508.1	80.1	-847.4	-27.1	1,165.4	37.2	3,130.4	100.0
Q3 2006	834.6	15.3	3,180.7	58.3	-580.6	-10.6	2,024.4	37.1	5,459.1	100.0

Table 25. Loan capital assets and liabilities to foreign direct investors (EEK m)

	Assets				Liabilities			
	Long-term		Short-term		Long-term		Short-term	
	Grantings	Repayments	Grantings	Repayments	Drawings	Repayments	Drawings	Repayments
Q1 2003	68.8	69.9	98.3	79.7	816.3	418.8	858.2	444.3
Q2 2003	97.0	75.1	321.8	195.9	1,044.2	509.4	1,354.0	1,336.8
Q3 2003	84.5	48.1	258.0	50.1	1,943.9	501.4	400.5	1,420.5
Q4 2003	158.1	53.2	332.6	173.0	1,351.2	1,237.5	408.1	525.3
<b>2003 total</b>	<b>408.4</b>	<b>246.3</b>	<b>1,010.7</b>	<b>498.7</b>	<b>5,155.6</b>	<b>2,667.1</b>	<b>3,020.9</b>	<b>3,726.9</b>
Q1 2004	120.6	76.7	480.1	148.1	842.6	718.4	636.0	320.6
Q2 2004	189.2	105.7	528.8	220.4	1160	1004.9	670.3	289.3
Q3 2004	72.8	37.4	342.2	293.3	1285.2	1401.2	949.5	723.9
Q4 2004	110.1	151.3	422.9	200.3	1,313.5	1,757.7	835.9	863.4
<b>2004 total</b>	<b>492.7</b>	<b>371.2</b>	<b>1,774.1</b>	<b>862.1</b>	<b>4,601.5</b>	<b>4,882.2</b>	<b>3,091.7</b>	<b>2,197.2</b>
Q1 2005	315.7	162.5	431.5	213.4	1,620.1	2,118.0	1,404.3	917.8
Q2 2005	213.3	115.9	373.2	306.4	1,174.3	1,111.9	1,294.0	1,089.4
Q3 2005	336.1	81.0	656.4	340.1	2,072.6	1,165.5	1,362.9	1,192.9
Q4 2005	411.1	141.8	794.3	553.5	2,239.7	2,582.2	953.6	1,417.6
<b>2005 total</b>	<b>1,276.3</b>	<b>501.3</b>	<b>2,255.5</b>	<b>1,413.4</b>	<b>7,106.6</b>	<b>6,977.6</b>	<b>5,014.8</b>	<b>4,617.7</b>
Q1 2006	542.3	216.5	540.6	543.2	5,188.9	967.5	430.6	885.6
Q2 2006	505.4	132.8	621.4	584.7	2,246.9	1,618.1	714.0	842.1
Q3 2006	449.4	194.5	521.9	328.0	3,578.4	1,488.7	1,011.4	943.0

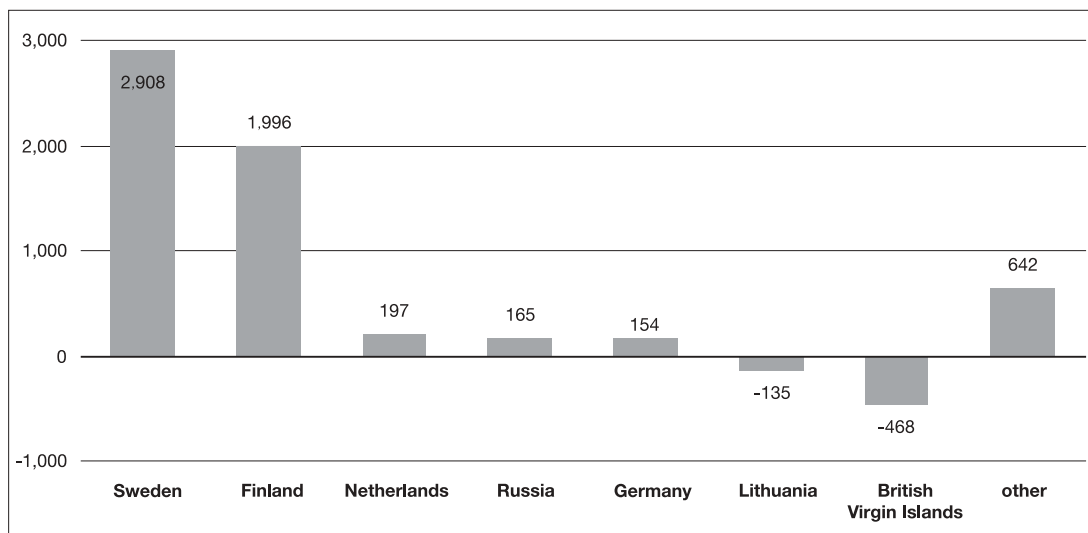


Figure 13. Direct investment in Estonia by countries in the third quarter of 2006 (EEK m)

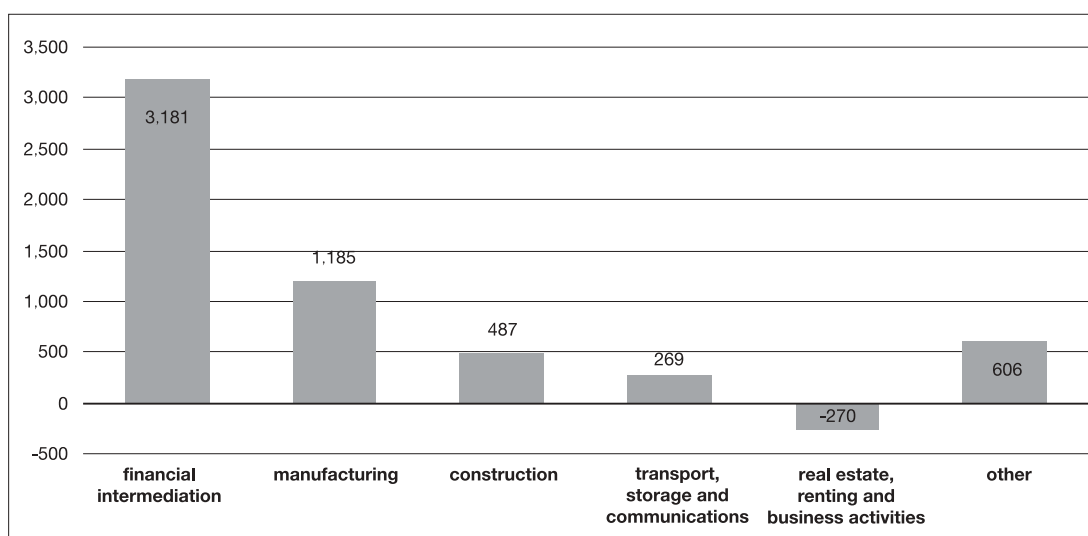


Figure 14. Direct investment in Estonia by fields of activities in the third quarter of 2006 (EEK m)

Table 26. Direct investment in Estonia by groups of countries

	Volume (EEK m)		Share (%)		Change (%)
	Q2 2006	Q3 2006	Q2 2006	Q3 2006	Q3 2006 / Q2 2006
EU-25	3,106.7	5,385.6	99.2	98.7	73.4
CIS	261.7	169.4	8.4	3.1	-35.3
Other	-238.0	-95.9	-7.6	-1.8	-59.7
<b>Total</b>	<b>3,130.4</b>	<b>5,459.1</b>	<b>100.0</b>	<b>100.0</b>	<b>74.4</b>

25%, most of which was the subordinated debt of credit institutions. Foreign subsidiaries and associated companies were granted credit in the amount 2.6 billion kroons while repayments totalled 0.9 billion kroons (see Tables 27 and 28).

**Table 27. Structure of direct investment abroad**

	Equity capital		Reinvested earnings		Other capital				Total	
	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Assets		Liabilities		Volume (EEK m)	Share (%)
					Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)		
Q1 2002	-83.4	26.1	-82.7	25.9	-141.3	44.3	-11.9	3.7	-319.3	100.0
Q2 2002	-283.5	31.8	-50.6	5.7	-591.2	66.4	34.3	-3.8	-891.0	100.0
Q3 2002	-79.5	11.6	-384.8	56.1	-308.9	45.0	86.9	-12.7	-686.3	100.0
Q4 2002	-457.5	156.8	-147.4	50.5	314.2	-107.7	-1.1	0.4	-291.8	100.0
<b>2002 total</b>	<b>-903.9</b>	<b>41.3</b>	<b>-665.5</b>	<b>30.4</b>	<b>-727.2</b>	<b>33.2</b>	<b>108.2</b>	<b>-4.9</b>	<b>-2,188.4</b>	<b>100.0</b>
Q1 2003	-80.7	29.4	-72.0	26.2	-193.2	70.4	71.6	-26.1	-274.3	100.0
Q2 2003	111.9	-51.2	-134.2	61.4	-321.8	147.3	125.7	-57.6	-218.4	100.0
Q3 2003	-282.9	26.3	-528.1	49.1	-228.7	21.3	-35.0	3.3	-1,074.7	100.0
Q4 2003	-808.3	138.9	-7.1	1.2	97.9	-16.8	135.7	-23.3	-581.9	100.0
<b>2003 total</b>	<b>-1,060.0</b>	<b>49.3</b>	<b>-741.4</b>	<b>34.5</b>	<b>-645.8</b>	<b>30.0</b>	<b>297.9</b>	<b>-13.9</b>	<b>-2,149.2</b>	<b>100.0</b>
Q1 2004	-102.8	10.2	-67.0	6.6	-804.0	79.8	-34.1	3.4	-1,007.9	100.0
Q2 2004	-1,458.4	174.8	526.5	-63.1	112.6	-13.5	-15.3	1.8	-834.5	100.0
Q3 2004	-508.9	51.5	-927.3	93.8	92.3	-9.3	354.9	-35.9	-988.9	100.0
Q4 2004	-105.2	18.9	-451.9	81.1	165.0	-29.6	-165.2	29.6	-557.3	100.0
<b>2004 total</b>	<b>-2,175.2</b>	<b>64.2</b>	<b>-919.6</b>	<b>27.1</b>	<b>-434.2</b>	<b>12.8</b>	<b>140.3</b>	<b>-4.1</b>	<b>-3,388.6</b>	<b>100.0</b>
Q1 2005	-423.5	47.5	-361.8	40.6	-69.7	7.8	-37.2	4.2	-892.2	100.0
Q2 2005	-2,570.5	101.6	351.1	-13.9	-429.3	17.0	118.9	-4.7	-2,529.8	100.0
Q3 2005	-441.4	26.9	-1,306.7	79.6	-59.6	3.6	165.6	-10.1	-1,642.1	100.0
Q4 2005	-1,779.1	66.8	-613.3	23.0	-375.0	14.1	104.2	-3.9	-2,663.2	100.0
<b>2005 total</b>	<b>-5,214.5</b>	<b>67.5</b>	<b>-1,930.8</b>	<b>25.0</b>	<b>-933.5</b>	<b>12.1</b>	<b>351.5</b>	<b>-4.5</b>	<b>-7,727.3</b>	<b>100.0</b>
Q1 2006	-374.5	20.5	-640.6	35.0	-843.7	46.1	28.0	-1.5	-1,830.7	100.0
Q2 2006	-2,075.5	57.1	-765.2	21.0	-1,031.7	28.4	237.3	-6.5	-3,635.2	100.0
Q3 2006	-2,838.1	58.1	-1,180.8	24.2	-1,212.5	24.8	348.4	-7.1	-4,883.1	100.0

**Table 28. Loan capital assets and liabilities to foreign subsidiaries and associated companies (EEK m)**

	Assets				Liabilities			
	Long-term		Short-term		Long-term		Short-term	
	Grantings	Repayments	Grantings	Repayments	Drawings	Repayments	Drawings	Repayments
Q1 2003	244.9	62.1	54.7	107.5	1.3	1.2	8.4	5.8
Q2 2003	233.3	73.8	131.7	78.4	1.5	0	38.4	22.1
Q3 2003	220.0	102.1	103.3	229.1	0.5	4.6	0.2	49.1
Q4 2003	408.9	478.6	182.4	88.8	0.8	5.8	37.3	21.7
<b>2003 total</b>	<b>1,107.1</b>	<b>716.6</b>	<b>472.1</b>	<b>503.8</b>	<b>4.0</b>	<b>11.6</b>	<b>84.3</b>	<b>98.8</b>
Q1 2004	171.2	180.1	86.2	59.9	0.3	3.3	7.3	12.2
Q2 2004	212.9	575.3	444.8	37.8	7.8	25.2	15.8	17.5
Q3 2004	134.5	193.2	122.1	91	3.5	0.9	1.6	6.3
Q4 2004	416.3	283.9	299.2	180.2	6.3	31.9	3.2	1.2
<b>2004 total</b>	<b>934.9</b>	<b>1,232.5</b>	<b>952.3</b>	<b>368.9</b>	<b>17.9</b>	<b>61.3</b>	<b>27.9</b>	<b>37.1</b>
Q1 2005	241.9	442.4	220.2	82.3	30.5	4.7	1.4	0.9
Q2 2005	378.6	224.3	649.7	312.3	29.7	2.5	2.2	7.9
Q3 2005	582.3	688.5	516.6	387.0	44.3	13.2	58.9	0.5
Q4 2005	941.2	343.6	324.0	325.8	5.2	40.4	42.4	15.6
<b>2005 total</b>	<b>2,144.0</b>	<b>1,698.8</b>	<b>1,710.6</b>	<b>1,107.4</b>	<b>109.7</b>	<b>60.8</b>	<b>104.9</b>	<b>25.0</b>
Q1 2006	762.1	524.9	347.8	482.7	78.8	20.4	2.1	0.4
Q2 2006	860.0	291.4	340.9	523.4	0.6	51.4	2.9	0.4
Q3 2006	2,337.0	619.9	276.4	260.7	20.3	39.3	3.9	4.0

40% of foreign direct investment went to Finland, followed by Lithuania (36%) and Latvia (21%; see Figure 15). Half of the direct investment outflow came from real estate, renting and business activities; financial intermediation invested 38%. 38% of direct investment was placed in the European Union and 11% in the CIS (see Figure 16 and Table 29).

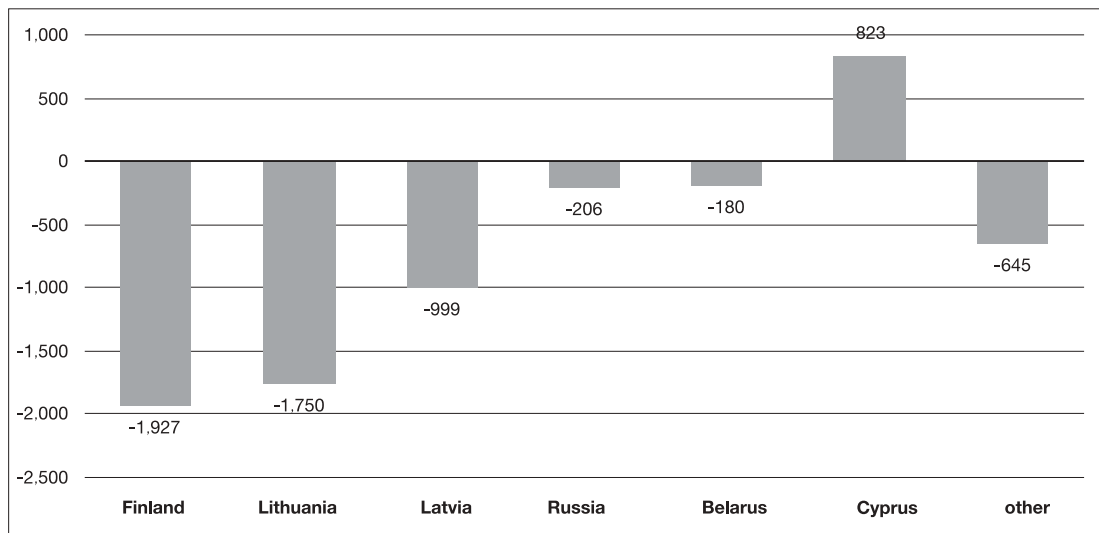


Figure 15. Direct investment abroad by countries in the third quarter of 2006 (EEK m)

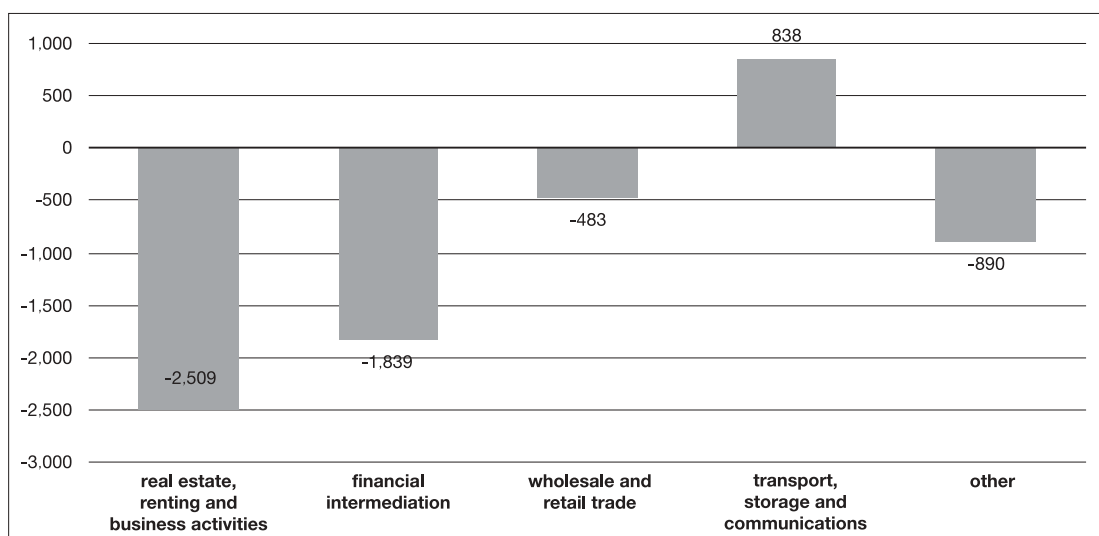


Figure 16. Direct investment abroad by fields of activity in the third quarter of 2006 (EEK m)

Table 29. Direct investment abroad by groups of countries

	Volume (EEK m)		Share (%)		Change (%)
	Q2 2006	Q3 2006	Q2 2006	Q3 2006	Q3 2006 / Q2 2006
EU-25	-3,542.0	-3,993.1	97.4	81.8	12.7
CIS	96.9	-556.4	-2.7	11.4	-674.2
Other	-190.1	-333.6	5.2	6.8	75.5
<b>Total</b>	<b>-3,635.2</b>	<b>-4,883.1</b>	<b>100.0</b>	<b>100.0</b>	<b>34.3</b>

## Portfolio investment

The **net outflow of portfolio investment** was 6.4 billion kroons in the third quarter of 2006. This resulted mainly from investments in debt securities made by the general government, credit institutions and enterprises in other sectors (see Figure 17 and Table 30).

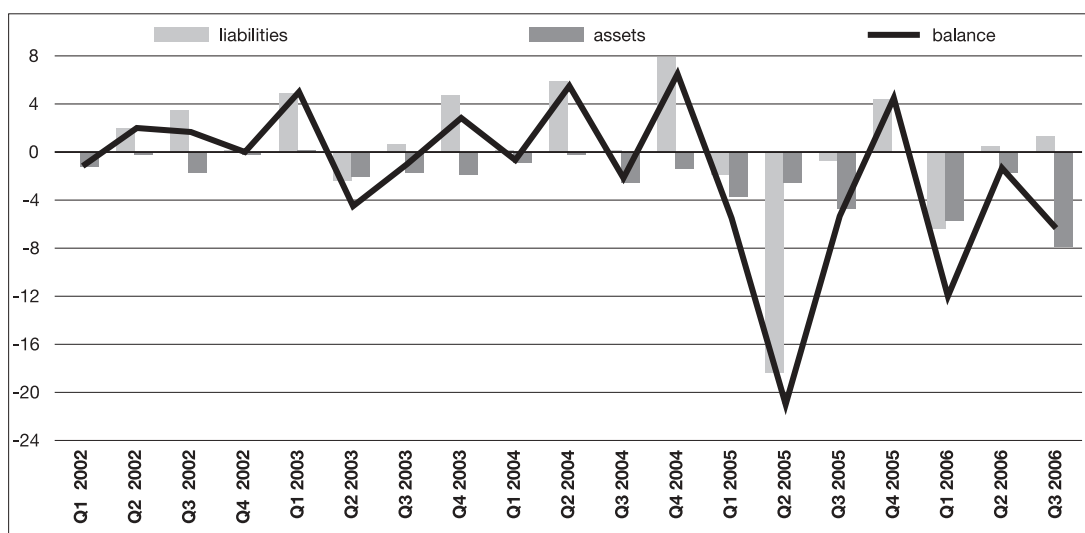


Figure 17. Portfolio investment (EEK bn)

Table 30. Portfolio investment by types of securities and sectors (EEK m)

	Assets			Liabilities			Balance		
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006
<b>Equity securities</b>	<b>-1,467.8</b>	<b>-1,044.8</b>	<b>-860.5</b>	<b>842.0</b>	<b>329.1</b>	<b>1,288.5</b>	<b>-625.8</b>	<b>-715.7</b>	<b>428.0</b>
central bank									
general government	-0.4	56.7	-250.5				-0.4	56.7	-250.5
credit institutions	-65.2	99.3	-35.6	-38.4	2.3		-103.6	101.6	-35.6
other sectors	-1,402.2	-1,200.7	-574.3	880.4	326.8	1,288.5	-521.8	-873.9	714.2
<b>Debt securities</b>	<b>-3,141.6</b>	<b>-680.2</b>	<b>-6,905.5</b>	<b>-1,564.2</b>	<b>103.1</b>	<b>61.0</b>	<b>-4,705.8</b>	<b>-577.1</b>	<b>-6,844.5</b>
central bank									
general government	-2,073.0	-23.9	-4,563.6	20.0	-65.2	19.3	-2,053.0	-89.1	-4,544.3
credit institutions	-99.9	-100.2	-1,491.0	-2,000.9	49.7	0.3	-2,100.8	-50.5	-1,490.7
other sectors	-968.7	-556.1	-851.0	416.7	118.6	41.4	-552.0	-437.5	-809.6
<b>Total</b>	<b>-4,609.4</b>	<b>-1,725.0</b>	<b>-7,766.0</b>	<b>-722.2</b>	<b>432.3</b>	<b>1,349.5</b>	<b>-5,331.6</b>	<b>-1,292.7</b>	<b>-6,416.5</b>

**Portfolio investment liabilities** increased by 1.35 billion kroons in the third quarter of 2006, with equity security liabilities growing by 1.29 billion and debt security liabilities by 61 million kroons (see Table 31). The increase in the liabilities came primarily from the rise in equity security liabilities of enterprises in other sectors. By countries, portfolio investment liabilities to the United States, Lithuania, Finland and Latvia increased the most (see Table 32 and Figure 18).

**Portfolio investment assets** increased by 7.8 billion kroons quarter-on-quarter, including equity securities by 860 million and debt securities by as much as 6.9 billion kroons (see Table 33). The general government invested 4.6 billion kroons in debt securities issued by non-residents. Credit institutions invested 1.5 billion and enterprises in other sectors 851 million kroons. By countries, Estonian residents mainly invested in Belgium, Austria, the Netherlands and Finland (see Figure 19).

**Table 31. Structure of portfolio investment liabilities**

	Equity securities		Debt securities		Total	
	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)
Q1 2002	299.2	1,159.7	-273.4	-1,059.7	25.8	100.0
Q2 2002	517.0	25.3	1,528.6	74.7	2,045.6	100.0
Q3 2002	-103.6	-3.0	3,530.2	103.0	3,426.6	100.0
Q4 2002	199.6	156.8	-72.3	-56.8	127.3	100.0
<b>2002 total</b>	<b>912.2</b>	<b>16.2</b>	<b>4,713.1</b>	<b>83.8</b>	<b>5,625.3</b>	<b>100.0</b>
Q1 2003	83.9	1.7	4,763.5	98.3	4,847.5	100.0
Q2 2003	733.8	-30.4	-3,147.4	130.4	-2,413.6	100.0
Q3 2003	563.1	89.2	68.0	10.8	631.1	100.0
Q4 2003	146.1	3.1	4,572.1	96.9	4,718.2	100.0
<b>2003 total</b>	<b>1,526.9</b>	<b>19.6</b>	<b>6,256.2</b>	<b>80.4</b>	<b>7,783.2</b>	<b>100.0</b>
Q1 2004	147.3	169.9	-60.5	-69.8	86.7	100.0
Q2 2004	459.6	8.0	5,293.4	92.0	5,753.1	100.0
Q3 2004	707.1	339.8	-499.0	-239.8	208.1	100.0
Q4 2004	891.3	11.4	6,939.1	88.6	7,830.4	100.0
<b>2004 total</b>	<b>2,205.3</b>	<b>15.9</b>	<b>11,673.0</b>	<b>84.1</b>	<b>13,878.3</b>	<b>100.0</b>
Q1 2005	-9,703.8	515.0	7,819.5	-415.0	-1,884.2	100.0
Q2 2005	-10,127.2	55.1	-8,256.0	44.9	-18,383.2	100.0
Q3 2005	842.0	-116.6	-1,564.2	216.6	-722.2	100.0
Q4 2005	2,809.3	63.9	1,586.1	36.1	4,395.4	100.0
<b>2005 total</b>	<b>-16,179.7</b>	<b>97.5</b>	<b>-414.6</b>	<b>2.5</b>	<b>-16,594.2</b>	<b>100.0</b>
Q1 2006	-29.0	0.5	-6,327.5	99.5	-6,356.5	100.0
Q2 2006	329.1	76.1	103.1	23.8	432.3	100.0
Q3 2006	1,288.5	95.5	61.0	4.5	1,349.5	100.0

**Table 32. Structure of portfolio investment by groups of countries in the third quarter of 2006**

	Volume (EEK m)		Share (%)	
	Assets	Liabilities	Assets	Liabilities
EU-25	-7,182.2	789.6	92.5	58.5
CIS	-282.9	13.5	3.6	1.0
Other	-300.9	546.4	3.9	40.5
<b>Total</b>	<b>-7,766.0</b>	<b>1,349.5</b>	<b>100.0</b>	<b>100.0</b>



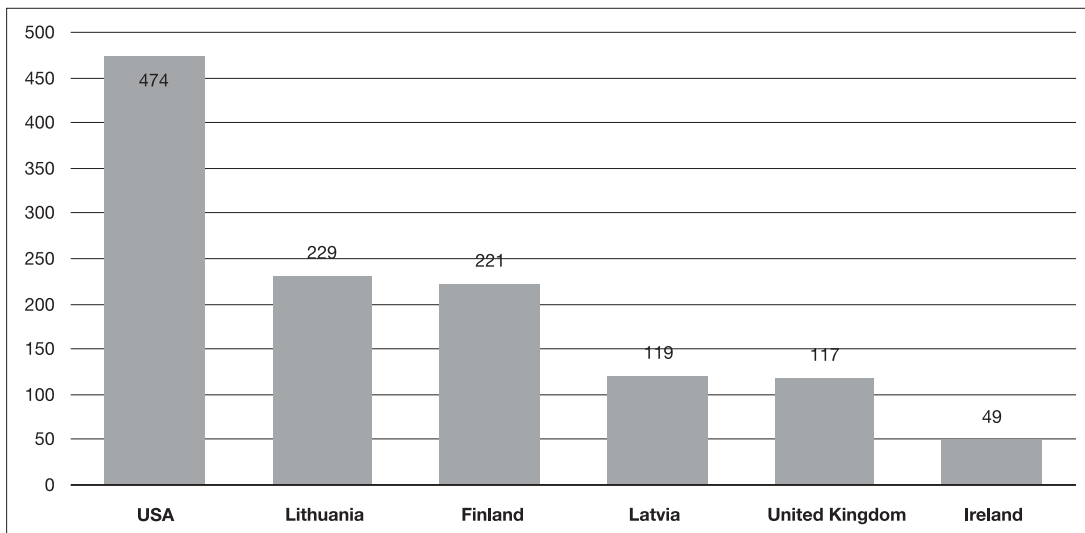


Figure 18. Increase in portfolio investment liabilities by countries in the third quarter of 2006 (EEK m)

Table 33. Structure of portfolio investment assets

	Equity securities		Debt securities		Total	
	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)
Q1 2002	-5.4	0.5	-1,155.4	99.5	-1,160.8	100.0
Q2 2002	74.5	-84.6	-162.6	184.6	-88.1	100.0
Q3 2002	-52.4	3.0	-1,678.8	97.0	-1,731.2	100.0
Q4 2002	-7.6	3.7	-195.2	96.3	-202.8	100.0
<b>2002 total</b>	<b>9.1</b>	<b>-0.3</b>	<b>-3,192.0</b>	<b>100.3</b>	<b>-3,182.9</b>	<b>100.0</b>
Q1 2003	-124.5	-65.6	314.2	165.6	189.7	100.0
Q2 2003	-263.4	12.7	-1,811.4	87.3	-2,074.8	100.0
Q3 2003	-199.0	12.3	-1,424.9	87.7	-1,623.9	100.0
Q4 2003	-442.0	24.0	-1,400.6	76.0	-1,842.6	100.0
<b>2003 total</b>	<b>-1,028.9</b>	<b>19.2</b>	<b>-4,322.7</b>	<b>80.8</b>	<b>-5,351.6</b>	<b>100.0</b>
Q1 2004	-441.6	57.5	-326.2	42.5	-767.8	100.0
Q2 2004	-565.5	307.7	381.7	-207.7	-183.8	100.0
Q3 2004	-544.6	22.3	-1,898.4	77.7	-2,443.0	100.0
Q4 2004	-1,341.8	97.1	-39.4	2.9	-1,381.2	100.0
<b>2004 total</b>	<b>-2,893.5</b>	<b>60.6</b>	<b>-1,882.3</b>	<b>39.4</b>	<b>-4,775.8</b>	<b>100.0</b>
Q1 2005	-1,373.5	37.2	-2,319.0	62.8	-3,692.5	100.0
Q2 2005	-1,243.1	48.3	-1,332.6	51.7	-2,575.7	100.0
Q3 2005	-1,467.8	31.8	-3,141.6	68.2	-4,609.4	100.0
Q4 2005	-764.5	-1,289.2	823.8	1,389.2	59.3	100.0
<b>2005 total</b>	<b>-4,848.9</b>	<b>44.8</b>	<b>-5,969.4</b>	<b>55.2</b>	<b>-10,818.3</b>	<b>100.0</b>
Q1 2006	-1,243.2	22.1	-4,375.5	77.9	-5,618.7	100.0
Q2 2006	-1,044.8	60.6	-680.2	39.4	-1,725.0	100.0
Q3 2006	-860.5	11.1	-6,905.5	88.9	-7,766.0	100.0

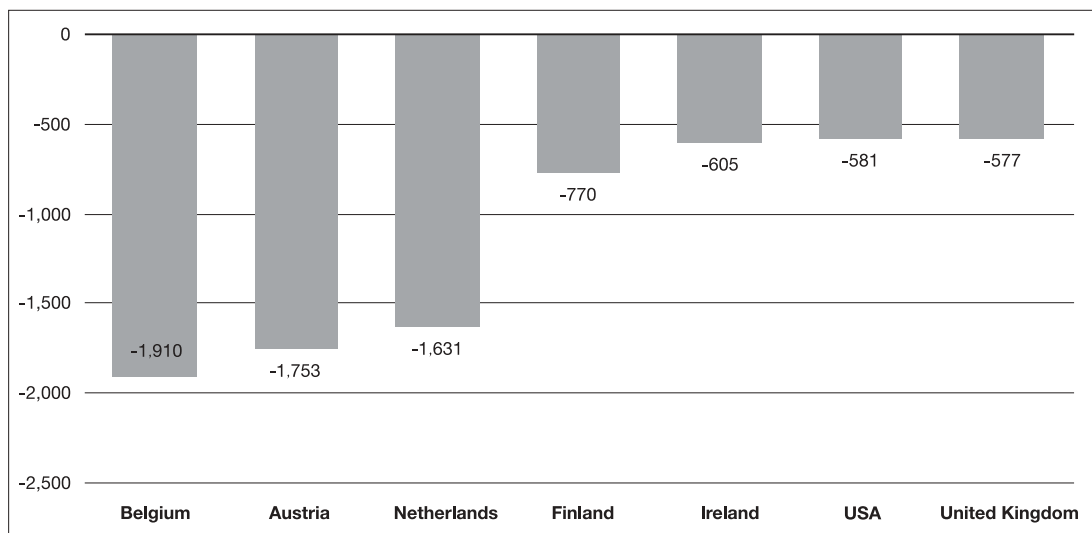


Figure 19. Increase in portfolio investment assets by countries in the third quarter of 2006 (EEK m)

## Other investment

The **net inflow of other investment** reached 15.4 billion kroons in the third quarter. This stemmed from an increase in non-residents' deposits in Estonian credit institutions and a decrease in the deposit assets of credit institutions (see Table 34 and Figure 20).

**Other investment liabilities** increased by 6.9 billion kroons over the period (see Table 35). Liabilities grew as a result of the 5 billion kroon increase in deposits, followed by trade credit liabilities with 1.1 billion, loan liabilities with 379 million and other capital liabilities with 321 million kroons. Credit institutions' short-term loan liabilities increased by 6.3 billion kroons, whereas long-term loan liabilities decreased by 2.9 billion kroons. Other investment capital liabilities to Finland, Sweden and Russia increased the most by countries and to EU Member States by groups of countries (see Figure 21 and Table 36).

Table 34. Other investment by maturity (EEK m)

	Assets			Liabilities			Balance		
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006
<b>Long-term capital</b>	<b>3,096.4</b>	<b>-1,547.0</b>	<b>-279.8</b>	<b>6,055.0</b>	<b>12,727.2</b>	<b>-1,818.6</b>	<b>9,151.4</b>	<b>11,180.2</b>	<b>-2,098.4</b>
central bank									
general government	-40.6	0.0	-40.6	-12.7	-35.8	41.4	-53.3	-35.8	0.8
credit institutions	4,282.6	-970.6	-98.9	5,818.2	11,904.7	-2,901.4	10,100.8	10,934.1	-3,000.3
other sectors	-1,145.6	-576.4	-140.3	249.5	858.3	1,041.4	-896.1	281.9	901.1
<b>Short-term capital</b>	<b>-5,224.2</b>	<b>2,644.5</b>	<b>8,825.2</b>	<b>3,164.7</b>	<b>-5,680.0</b>	<b>8,673.7</b>	<b>-2,059.5</b>	<b>-3,035.5</b>	<b>17,498.9</b>
central bank				69.9	-3.8	-20.9	69.9	-3.8	-20.9
general government	-9.6	-469.8	431.9						
credit institutions	-2,803.4	5,062.8	9,765.4	2,554.6	-8,038.3	6,275.7	-248.8	-2,975.5	16,041.1
other sectors	-2,411.2	-1,948.5	-1,372.1	540.2	2,362.1	2,418.9	-1,871.0	413.6	1,046.8
<b>Total</b>	<b>-2,127.8</b>	<b>1,097.5</b>	<b>8,545.4</b>	<b>9,219.7</b>	<b>7,047.2</b>	<b>6,855.1</b>	<b>7,091.9</b>	<b>8,144.7</b>	<b>15,400.5</b>

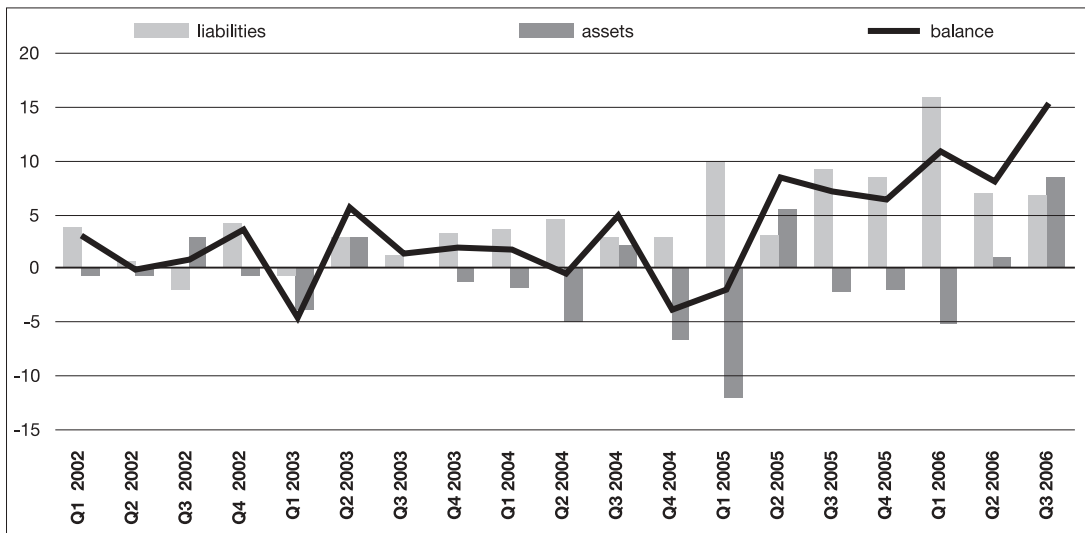


Figure 20. Other investment (EEK bn)

Table 35. Structure of other investment liabilities

	Trade credit		Loans		Deposits		Other capital		Total	
	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)
Q1 2002	160.2	4.2	2,313.4	60.6	1,340.0	35.1	3.0	0.1	3,816.6	100.0
Q2 2002	877.2	155.9	-1,821.3	-323.6	775.3	137.8	731.6	130.0	562.8	100.0
Q3 2002	1,049.1	-54.9	-1,911.0	100.0	-760.9	39.8	-287.7	15.1	-1,910.5	100.0
Q4 2002	-1,305.4	-30.6	3,382.2	79.3	2,409.1	56.5	-221.5	-5.2	4,264.4	100.0
<b>2002 total</b>	<b>781.1</b>	<b>11.6</b>	<b>1,963.3</b>	<b>29.2</b>	<b>3,763.5</b>	<b>55.9</b>	<b>225.4</b>	<b>3.3</b>	<b>6,733.3</b>	<b>100.0</b>
Q1 2003	44.5	-7.2	201.0	-32.4	-305.6	49.2	-560.9	90.3	-621.0	100.0
Q2 2003	502.9	17.5	1,162.6	40.5	1,139.1	39.7	63.7	2.2	2,868.3	100.0
Q3 2003	-684.1	-53.3	1,152.3	89.8	1,300.6	101.4	-485.9	-37.9	1,282.9	100.0
Q4 2003	21.0	0.7	703.7	22.0	2,453.8	76.7	22.8	0.7	3,201.3	100.0
<b>2003 total</b>	<b>-115.7</b>	<b>-1.7</b>	<b>3,219.6</b>	<b>47.8</b>	<b>4,587.9</b>	<b>68.2</b>	<b>-960.3</b>	<b>-14.3</b>	<b>6,731.5</b>	<b>100.0</b>
Q1 2004	-41.7	-1.2	1,652.4	46.4	1,833.4	51.5	116.2	3.3	3,560.3	100.0
Q2 2004	1,108.1	24.6	32.5	0.7	3,418.3	75.7	-45.6	-1.0	4,513.3	100.0
Q3 2004	-159.1	-5.7	1,316.7	47.1	1,305.0	46.6	335.1	12.0	2,797.7	100.0
Q4 2004	-282.1	-9.9	1,563.0	55.0	2,248.0	79.0	-685.1	-24.1	2,843.8	100.0
<b>2004 total</b>	<b>625.2</b>	<b>4.6</b>	<b>4,564.6</b>	<b>33.3</b>	<b>8,804.7</b>	<b>64.2</b>	<b>-279.4</b>	<b>-2.0</b>	<b>13,715.1</b>	<b>100.0</b>
Q1 2005	617.1	6.2	5,167.8	51.6	1,326.0	13.2	2,911.6	29.1	10,022.5	100.0
Q2 2005	1,104.0	36.5	1,517.3	50.2	2,694.0	89.0	-2,290.0	-75.7	3,025.3	100.0
Q3 2005	752.6	8.2	14,383.3	156.0	-5,790.8	-62.8	-125.6	-1.4	9,219.5	100.0
Q4 2005	-857.0	-10.2	4,385.2	52.2	4,724.1	56.3	146.0	1.7	8,398.3	100.0
<b>2005 total</b>	<b>1,616.7</b>	<b>5.3</b>	<b>25,453.6</b>	<b>83.0</b>	<b>2,953.3</b>	<b>9.6</b>	<b>642.0</b>	<b>2.1</b>	<b>30,665.6</b>	<b>100.0</b>
Q1 2006	-708.9	-4.4	9,199.5	57.7	5,605.6	35.1	1,854.0	11.6	15,950.2	100.0
Q2 2006	1,148.7	16.3	2,085.8	29.6	5,183.6	73.6	-1,370.7	-19.5	7,047.3	100.0
Q3 2006	1,132.4	16.5	379.3	5.5	5,022.7	73.3	320.9	4.7	6,855.2	100.0

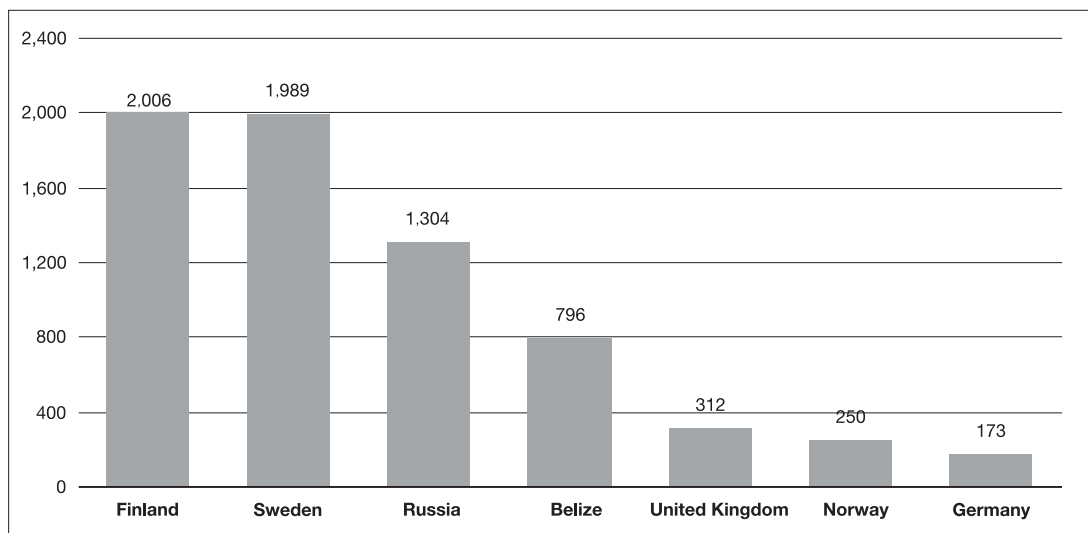


Figure 21. Increase in other investment liabilities by countries in the third quarter of 2006 (EEK m)

Table 36. Structure of other investment by groups of countries in the third quarter of 2006

	Volume (EEK m)		Share (%)	
	Assets	Liabilities	Assets	Liabilities
EU-25	9,145.3	4,594.8	107.0	67.0
CIS	1,293.2	1,485.2	15.1	21.7
Other	-1,893.0	775.2	-22.2	11.3
<b>Total</b>	<b>8,545.5</b>	<b>6,855.2</b>	<b>100.0</b>	<b>100.0</b>

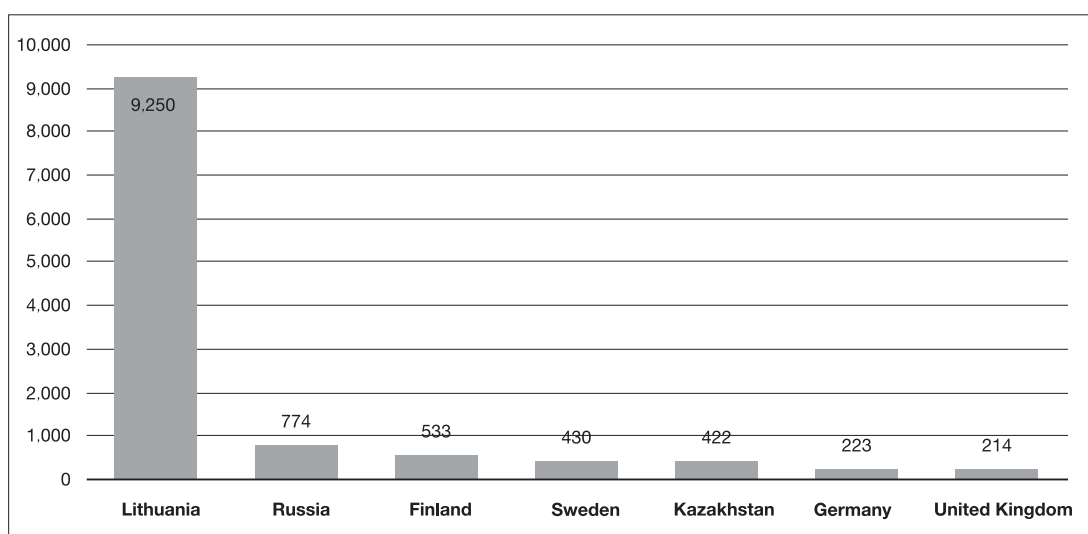


Figure 22. Decrease in other investment assets by countries in the third quarter of 2006 (EEK m)

**Other investment assets** decreased by 8.5 billion kroons in the third quarter of 2006 (see Table 37). This arose from a 9.5 billion kroon decrease in deposit assets. Loan and trade credit assets grew by 733 million and 235 million kroons, respectively. By countries, other investment assets to Lithuania decreased the most, followed by Russia and Finland (see Figure 22). Table 38 provides a more detailed overview of loan capital assets and liabilities.

**Table 37. Structure of other investment assets**

	Trade credit		Loans		Deposits		Other capital		Total	
	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)
Q1 2002	-22.8	3.2	-1,081.9	153.4	392.2	-55.6	7.2	-1.0	-705.3	100.0
Q2 2002	-208.2	31.0	1,540.6	-229.1	-1,413.1	210.1	-591.8	88.0	-672.5	100.0
Q3 2002	-464.6	-16.7	-329.0	-11.8	3,121.2	112.3	452.1	16.3	2,779.7	100.0
Q4 2002	1,743.2	-246.6	-1,454.2	205.7	-1,357.7	192.1	361.9	-51.2	-706.8	100.0
<b>2002 total</b>	<b>1,047.6</b>	<b>150.7</b>	<b>-1,324.5</b>	<b>-190.5</b>	<b>742.6</b>	<b>106.8</b>	<b>229.4</b>	<b>33.0</b>	<b>695.1</b>	<b>100.0</b>
Q1 2003	-901.1	23.1	-6,337.1	162.2	3,367.7	-86.2	-35.8	0.9	-3,906.3	100.0
Q2 2003	-765.5	-26.9	2,349.2	82.7	1,353.3	47.6	-96.5	-3.4	2,840.5	100.0
Q3 2003	-31.6	-224.1	1,962.6	13,919.1	-612.6	-4,344.7	-1,304.3	-9,250.4	14.1	100.0
Q4 2003	670.0	-54.3	-1,495.1	121.3	-1,899.0	154.0	1,491.2	-121.0	-1,232.9	100.0
<b>2003 total</b>	<b>-1,028.2</b>	<b>45.0</b>	<b>-3,520.4</b>	<b>154.1</b>	<b>2,209.4</b>	<b>-96.7</b>	<b>54.6</b>	<b>-2.4</b>	<b>-2,284.6</b>	<b>100.0</b>
Q1 2004	-161.9	9.2	-1,010.0	57.3	-374.9	21.3	-217.0	12.3	-1,763.8	100.0
Q2 2004	-571.9	11.6	-2,436.1	49.5	-490.6	10.0	-1,419.8	28.9	-4,918.4	100.0
Q3 2004	-91.7	-4.2	-1,300.1	-60.1	2,533.9	117.1	1,020.9	47.2	2,163.0	100.0
Q4 2004	-206.5	3.1	-3,709.4	55.8	-3,213.5	48.3	479.7	-7.2	-6,649.7	100.0
<b>2004 total</b>	<b>-1,032.0</b>	<b>9.2</b>	<b>-8,455.6</b>	<b>75.7</b>	<b>-1,545.1</b>	<b>13.8</b>	<b>-136.2</b>	<b>1.2</b>	<b>-11,168.9</b>	<b>100.0</b>
Q1 2005	-832.8	6.9	-2,995.2	24.9	-3,745.7	31.1	-4,474.2	37.1	-12,047.9	100.0
Q2 2005	-757.4	-13.8	-3,446.7	-62.9	5,668.6	103.5	4,013.0	73.3	5,477.5	100.0
Q3 2005	-1,484.5	69.8	1,377.0	-64.7	-2,145.3	100.8	125.2	-5.9	-2,127.6	100.0
Q4 2005	1,097.3	-54.6	8,900.2	-443.0	-12,029.1	598.8	22.7	-1.1	-2,008.9	100.0
<b>2005 total</b>	<b>-1,977.4</b>	<b>18.5</b>	<b>3,835.3</b>	<b>-35.8</b>	<b>-12,251.5</b>	<b>114.4</b>	<b>-313.3</b>	<b>2.9</b>	<b>-10,706.9</b>	<b>100.0</b>
Q1 2006	-709.9	13.8	-2,391.0	46.5	-1,594.6	31.0	-442.9	8.6	-5,138.4	100.0
Q2 2006	-1,896.5	-172.8	1,744.2	158.9	1,273.7	116.0	-23.8	-2.2	1,097.6	100.0
Q3 2006	-234.8	-2.7	-733.4	-8.6	9,488.0	111.0	25.7	0.3	8,545.5	100.0

**Table 38. Assets and liabilities of loan capital (EEK m)**

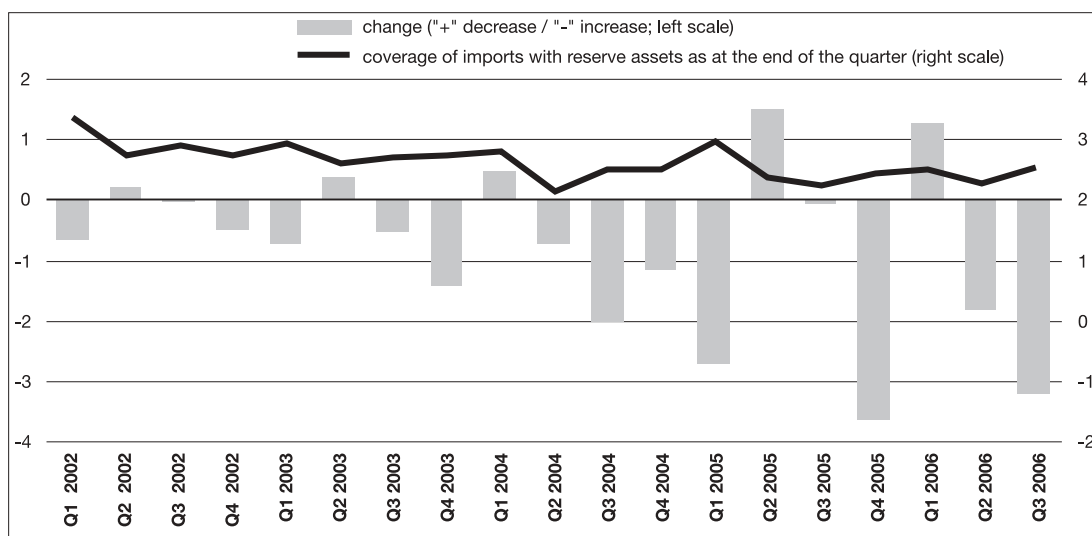
	Assets			Liabilities		
	Grantings	Repayments	Balance	Drawings	Repayments	Balance
Q1 2003	-11,076.1	4,739.0	-6,337.1	8,564.7	-8,363.7	201.0
Q2 2003	-8,846.0	11,195.2	2,349.2	6,465.1	-5,302.6	1,162.5
Q3 2003	-9,902.7	11,865.4	1,962.7	5,733.2	-4,580.9	1,152.3
Q4 2003	-5,094.3	3,599.2	-1,495.1	9,313.6	-8,609.9	703.7
<b>2003 total</b>	<b>-34,919.1</b>	<b>31,398.8</b>	<b>-3,520.3</b>	<b>30,076.6</b>	<b>-26,857.1</b>	<b>3,219.5</b>
Q1 2004	-6,702.8	5,692.8	-1,010.0	9,121.4	-7,469.0	1,652.4
Q2 2004	-8,219.5	5,783.5	-2,436.0	10,151.5	-10,118.9	32.6
Q3 2004	-5,910.9	4,610.8	-1,300.1	9,621.4	-8,304.7	1,316.7
Q4 2004	-8,949.4	5,240.0	-3,709.4	16,552.5	-14,989.5	1,563.0
<b>2004 total</b>	<b>-29,782.6</b>	<b>21,327.1</b>	<b>-8,455.5</b>	<b>45,446.8</b>	<b>-40,882.1</b>	<b>4,564.7</b>
Q1 2005	-13,037.8	10,042.6	-2,995.2	16,451.5	-11,283.8	5,167.7
Q2 2005	-6,872.4	3,425.7	-3,446.7	23,195.6	-21,678.3	1,517.3
Q3 2005	-19,205.0	20,582.0	1,377.0	41,691.7	-27,308.3	14,383.4
Q4 2005	-38,544.9	47,445.0	8,900.1	44,892.6	-40,507.4	4,385.2
<b>2005 total</b>	<b>-77,660.1</b>	<b>81,495.3</b>	<b>3,835.2</b>	<b>126,231.4</b>	<b>-100,777.8</b>	<b>25,453.6</b>
Q1 2006	-24,396.8	22,005.8	-2,391.0	40,210.2	-31,010.7	9,199.5
Q2 2006	-5,514.2	7,258.4	1,744.2	38,350.4	-36,264.6	2,085.8
Q3 2006	-4,104.7	3,371.4	-733.4	31,988.3	-31,609.0	379.3

## Reserve assets

The balance of payments reserves increased by 3.2 billion kroons in the third quarter of 2006 (see Table 39). Figure 23 provides an overview of the imports covered by reserve assets.

**Table 39. Structure of changes in reserve assets**

	Volume (EEK m)			Share (%)		
	Q3 2005	Q2 2006	Q3 2006	Q3 2005	Q2 2006	Q3 2006
Gold	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	1,473.8	654.3	-2,489.6	-3,364.8	-36.2	77.6
Securities	-1,511.8	-2,462.5	-717.3	3,451.6	136.4	22.4
equity securities				0.0	0.0	0.0
bonds and notes	-380.4	-2,372.9	-843.7	868.5	131.4	26.3
money market instruments	-1,131.5	-89.6	126.4	2,583.3	5.0	-3.9
Other assets	-5.8	2.8	-1.8	13.2	-0.2	0.1
<b>Total</b>	<b>-43.8</b>	<b>-1,805.4</b>	<b>-3,208.6</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>



**Figure 23. Changes in Estonia's gold and foreign exchange reserves (EEK bn) and coverage of goods imports without further processing (by months)**

# ESTONIA'S INTERNATIONAL INVESTMENT POSITION AND GROSS EXTERNAL DEBT as at 30 September 2006

In the third quarter of 2006, foreign investment in Estonia increased 4% and amounted to 348.3 billion kroons at the end of the quarter (see Table 40). 59% thereof was invested in financial intermediation and to a lesser extent also in manufacturing, real estate, renting and business activities, and wholesale and retail trade (see Table 41). Most of investment came from Sweden (44%), Finland (19%), and the United Kingdom (8%).

Compared to the end of the previous quarter, a few changes had occurred in the structure of foreign investment in Estonia by the end of the third quarter of 2006: the share of portfolio investment had

Table 40. Estonia's international investment position (EEK m)

	30/06/2006	%	30/09/2006	%
<b>EXTERNAL ASSETS</b>	<b>159,303.3</b>	<b>100.0</b>	<b>170,226.3</b>	<b>100.0</b>
<b>Direct investment abroad</b>	<b>32,043.9</b>	<b>20.1</b>	<b>39,709.4</b>	<b>23.3</b>
Equity capital and reinvested earnings	24,201.0	15.2	30,970.5	18.2
Other direct investment capital	7,842.8	4.9	8,738.9	5.1
<b>Portfolio investment</b>	<b>46,342.0</b>	<b>29.1</b>	<b>55,431.8</b>	<b>32.6</b>
Equity securities	15,956.2	10.0	18,043.1	10.6
Debt securities	30,385.7	19.1	37,388.7	22.0
Bonds and notes	19,148.6	12.0	21,619.8	12.7
Money market instruments	11,237.1	7.1	15,768.9	9.3
<b>Financial derivatives</b>	<b>234.3</b>	<b>0.1</b>	<b>298.5</b>	<b>0.2</b>
<b>Other investment</b>	<b>54,624.0</b>	<b>34.3</b>	<b>45,439.5</b>	<b>26.7</b>
Trade credit	11,487.3	7.2	11,819.3	6.9
Loans	20,573.6	12.9	20,612.1	12.1
Long-term	7,447.0	4.7	7,519.4	4.4
Short-term	13,126.6	8.2	13,092.6	7.7
Currency and deposits	20,962.1	13.2	11,435.4	6.7
Other assets	1,601.0	1.0	1,572.6	0.9
<b>Reserve assets</b>	<b>26,059.3</b>	<b>16.4</b>	<b>29,347.2</b>	<b>17.2</b>
<b>EXTERNAL LIABILITIES</b>	<b>334,049.1</b>	<b>100.0</b>	<b>348,284.9</b>	<b>100.0</b>
<b>Direct investment in Estonia</b>	<b>179,692.4</b>	<b>53.8</b>	<b>184,204.3</b>	<b>52.9</b>
Equity capital and reinvested earnings	160,200.3	48.0	163,310.4	46.9
Other direct investment capital	19,492.1	5.8	20,893.9	6.0
<b>Portfolio investment</b>	<b>35,953.1</b>	<b>10.8</b>	<b>38,728.3</b>	<b>11.1</b>
Equity securities	13,248.0	4.0	15,903.1	4.6
Debt securities	22,705.1	6.8	22,825.2	6.6
Bonds and notes	22,660.2	6.8	22,778.4	6.5
Money market instruments	45.0	0.0	46.8	0.0
<b>Financial derivatives</b>	<b>179.4</b>	<b>0.1</b>	<b>206.6</b>	<b>0.1</b>
<b>Other investment</b>	<b>118,224.1</b>	<b>35.4</b>	<b>125,145.7</b>	<b>35.9</b>
Trade credit	11,087.2	3.3	12,231.5	3.5
Loans	65,667.8	19.7	66,091.9	19.0
Long-term	58,409.1	17.5	53,060.1	15.2
Short-term	7,258.7	2.2	13,031.8	3.7
Currency and deposits	38,994.4	11.7	44,017.1	12.6
Other liabilities	2,474.7	0.7	2,805.2	0.8
<b>NET INVESTMENT POSITION</b>	<b>-174,745.8</b>		<b>-178,058.6</b>	
Long-term	-179,250.8		-168,170.3	
Short-term	4,505.1		-9,888.3	

**Table 41. Estonia's international investment position by fields of activity and countries (%)**

Assets			Liabilities		
Fields of activity					
	30/06/2006	30/09/2006		30/06/2006	30/09/2006
Financial intermediation	68.0	62.8	Financial intermediation	59.4	58.8
Public administration and defence; statutory social insurance	9.7	11.7	Manufacturing	9.1	9.4
Real estate, renting and business activities	6.5	8.8	Real estate, renting and business activities	9.1	8.7
Wholesale and retail trade; repair	6.8	7.0	Wholesale and retail trade; repair	7.0	7.6
Manufacturing	4.1	4.3	Transport, storage and communications	3.9	4.5
Other	4.9	5.4	Other	11.5	11.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>Total</b>	<b>100.0</b>	<b>100.0</b>
Countries					
	30/06/2006	30/09/2006		30/06/2006	30/09/2006
Germany	12.8	11.1	Sweden	44.4	43.9
Latvia	10.0	10.8	Finland	19.0	19.2
Lithuania	14.5	9.3	United Kingdom	8.4	8.4
Russia	8.5	7.8	Germany	3.3	3.3
Finland	5.3	7.8	United States	2.5	2.5
Other	48.9	53.2	Other	22.4	22.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>Total</b>	<b>100.0</b>	<b>100.0</b>

decreased and that of portfolio and other investment had increased. At the end of September 2006, direct investment accounted for approximately 53% (184.2 billion kroons) of total foreign investment. The share of portfolio investment declined the fastest (largely owing to the decrease in the liabilities arising from equity securities), forming 11.1% of external liabilities. Foreign investment in Estonia grew mainly as a result of the increase in other investment liabilities, which accounted for 36% of total external liabilities. The most preferred fields of activity for **foreign direct investment in Estonia** were financial intermediation (47%), real estate, renting and business activities (14%), and manufacturing (14%; see Table 42). Swedish investors made 53% and Finnish investors 21% of the direct investment.

**Table 42. Direct investment position by fields of activity and countries (%)**

In Estonia			Abroad		
Fields of activity					
	30/06/2006	30/09/2006		30/06/2006	30/09/2006
Financial intermediation	47.3	47.4	Financial intermediation	43.8	39.8
Manufacturing	13.3	13.6	Real estate, renting and business activities	22.6	28.5
Real estate, renting and business activities	14.1	13.6	Transport, storage and communications	11.2	10.1
Activities of households	8.1	8.0	Wholesale and retail trade; repair	8.0	7.9
Wholesale and retail trade; repair	8.0	7.9	Activities of households	4.5	4.7
Other	9.2	9.5	Other	9.9	9.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>Total</b>	<b>100.0</b>	<b>100.0</b>
Countries					
	30/06/2006	30/09/2006		30/06/2006	30/09/2006
Sweden	53.2	53.1	Latvia	36.1	33.9
Finland	20.2	20.8	Lithuania	29.4	30.1
Netherlands	2.6	3.0	Russia	10.7	9.0
Norway	2.5	2.5	Cyprus	9.3	8.5
United States	2.4	2.3	Ukraine	2.2	6.8
Other	19.1	18.3	Other	12.3	11.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>Total</b>	<b>100.0</b>	<b>100.0</b>



**Estonian investment abroad increased 7%, amounting to 170.2 billion kroons.** Financial intermediaries made 63% of the investment abroad. Investors in the public sector, real estate, renting and business activities, and wholesale and retail trade invested to a lesser extent. Estonian investors preferred to invest in the Baltic States, Germany, Russia, and Finland.

Quarter-on-quarter, the share of direct and portfolio investment in the structure of **investment abroad** slightly increased, whereas that of other investment decreased considerably. The share of foreign direct investment increased from 20% to 23%. The most active foreign direct investors were those of financial intermediation (40%), real estate, renting and business activities (29%), and transport, storage and communications (10%; see Table 42). 34% of direct investment went to Latvia and 30% to Lithuania. The share of direct investment in Russia accounted for 9% of total foreign direct investment.

**Due to the prevalence of external liabilities, Estonia's net investment position was negative by 178.1 billion kroons at the end of the third quarter of 2006, which was nearly 9% less than the volume of the GDP of the last four quarters.** 94% of the net investment position was long-term capital.

**Estonia's gross external debt increased nearly 6%, amounting to 181.6 billion kroons on 30 September 2006 (nearly 93% of the GDP of the last four quarters).** The gross external debt grew mainly because the long- and short-term debt liabilities of other sectors increased by a third. The external debt of credit institutions decreased 7%. The external debt of credit institutions accounted for about a half and that of other sectors for 30% of the gross external debt. Estonia's net external debt (assets less liabilities) increased 15% and constituted 48 billion kroons (25% of the GDP of the last four quarters; see Figure 24 and Table 43). The gross external debt amounted to a half of the external liabilities. Leaving aside the intercompany lending of direct investment companies, long-term debt liabilities accounted for 57% of the gross external debt. Their share fell by 3 percentage points quarter-on-quarter. The share of long-term debt assets formed 35% of total debt assets.

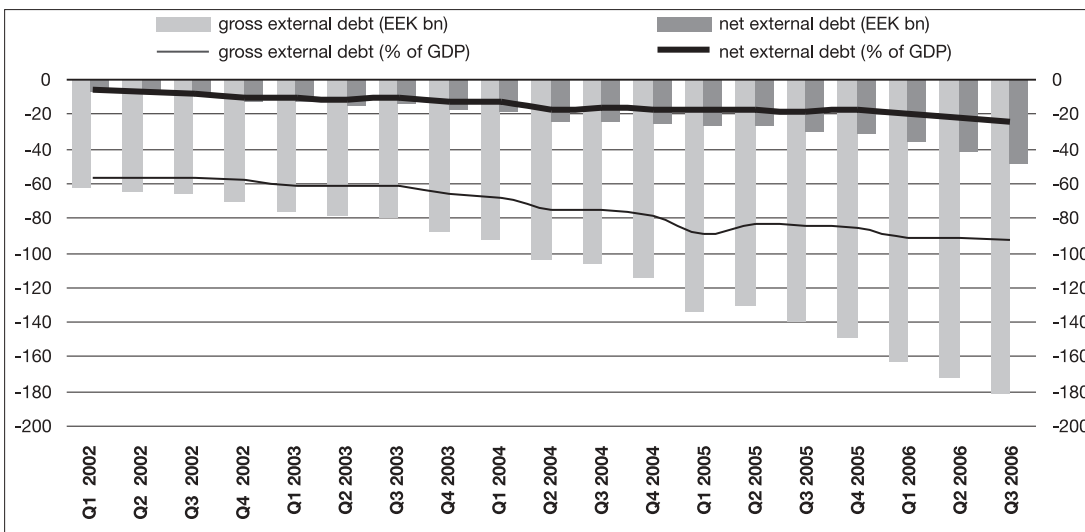


Figure 24. Estonia's gross and net external debt

Table 43. External debt (EEK m)

	30/06/2006	%	30/09/2006	%
<b>LIABILITIES</b>				
<b>I. General government</b>	<b>3,786.7</b>	<b>2.2</b>	<b>3,841.1</b>	<b>2.1</b>
Short-term		0.0		
Long-term	3,786.7	2.2	3,841.1	2.1
<b>II. Monetary authorities (NCB)</b>	<b>159.4</b>	<b>0.1</b>	<b>104.8</b>	<b>0.1</b>
Short-term	159.4	0.1	104.8	0.1
Long-term		0.0		0.0
<b>III. Credit institutions</b>	<b>95,720.3</b>	<b>55.6</b>	<b>89,227.0</b>	<b>49.1</b>
Short-term	40,822.3	23.7	42,028.3	23.1
Long-term	54,898.0	31.9	47,198.7	26.0
<b>IV. Other sectors</b>	<b>41,251.3</b>	<b>24.0</b>	<b>54,783.3</b>	<b>30.2</b>
Short-term	15,028.5	8.7	21,068.3	11.6
Long-term	26,222.8	15.2	33,715.0	18.6
<b>V. Direct investment: intercompany lending</b>	<b>31,273.9</b>	<b>18.2</b>	<b>33,675.3</b>	<b>18.5</b>
<b>GROSS EXTERNAL DEBT</b>	<b>172,191.6</b>	<b>100.0</b>	<b>181,631.5</b>	<b>100.0</b>
<b>ASSETS</b>				
<b>I. General government</b>	<b>15,693.1</b>	<b>12.0</b>	<b>19,893.5</b>	<b>14.9</b>
Short-term	7,647.1	5.9	10,112.1	7.6
Long-term	8,046.0	6.2	9,781.5	7.3
<b>II. Monetary authorities (NCB)</b>	<b>25,981.0</b>	<b>19.9</b>	<b>29,293.1</b>	<b>21.9</b>
Short-term	18,478.9	14.1	20,822.7	15.6
Long-term	7,502.1	5.7	8,470.3	6.3
<b>III. Credit institutions</b>	<b>37,286.6</b>	<b>28.6</b>	<b>28,674.3</b>	<b>21.5</b>
Short-term	19,937.4	15.3	20,376.7	15.2
Long-term	17,349.3	13.3	8,297.5	6.2
<b>IV. Other sectors</b>	<b>32,008.0</b>	<b>24.5</b>	<b>34,238.3</b>	<b>25.6</b>
Short-term	20,232.5	15.5	21,700.1	16.2
Long-term	11,775.5	9.0	12,538.2	9.4
<b>V. Direct investment: intercompany lending</b>	<b>19,624.6</b>	<b>15.0</b>	<b>21,520.3</b>	<b>16.1</b>
<b>TOTAL ASSETS</b>	<b>130,593.3</b>	<b>100.0</b>	<b>133,619.5</b>	<b>100.0</b>
<b>NET EXTERNAL DEBT (assets less liabilities)</b>				
<b>I. General government</b>	<b>11,906.3</b>		<b>16,052.5</b>	
Short-term	7,647.1		10,112.1	
Long-term	4,259.3		5,940.4	
<b>II. Monetary authorities (NCB)</b>	<b>25,821.6</b>		<b>29,188.3</b>	
Short-term	18,319.5		20,717.9	
Long-term	7,502.1		8,470.3	
<b>III. Credit institutions</b>	<b>-58,433.7</b>		<b>-60,552.7</b>	
Short-term	-20,885.0		-21,651.6	
Long-term	-37,548.7		-38,901.1	
<b>IV. Other sectors</b>	<b>-9,243.2</b>		<b>-20,545.0</b>	
Short-term	5,204.0		631.8	
Long-term	-14,447.2		-21,176.8	
<b>V. Direct investment: intercompany lending</b>	<b>-11,649.3</b>		<b>-12,155.0</b>	
<b>TOTAL NET EXTERNAL DEBT</b>	<b>-41,598.3</b>		<b>-48,012.0</b>	