

Eesti Pank
Bank of Estonia



Estonia's Balance of Payments for the Third Quarter of 2009

2010

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SHORT OVERVIEW

Current account remained in surplus

Domestic consumption in Estonia was lower than total incomes for the second consecutive quarter. The **current account surplus was 3.5 billion kroons** and comprised 6.6% of the third-quarter GDP (see Table 1 and Figure 1).

The **exports of goods and services** exceeded imports by 3.6 billion kroons and the surplus on goods and services reached 6.7% of GDP.

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

Item	2007		2008				2009		
	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3
Current account	-43,538.7	-9,670.0	-6,328.7	-4,402.6	-3,152.1	-23,553.4	-188.7	3,443.8	3,519.3
Goods and services	-28,586.2	-4,157.9	-2,418.3	-1,666.7	-2,469.0	-10,711.9	820.4	4,976.1	3,559.7
Goods	-43,581.0	-7,768.6	-7,551.5	-7,009.5	-7,051.7	-29,381.3	-2,778.9	-1,045.2	-2,168.2
credit (f.o.b.)	126,534.2	31,811.4	35,045.5	34,725.2	31,978.7	133,560.8	23,428.3	25,466.8	25,916.9
debit (f.o.b.)	-170,115.3	-39,580.0	-42,597.0	-41,734.7	-39,030.3	-162,942.0	-26,207.3	-26,512.0	-28,085.1
Services	14,994.8	3,610.7	5,133.2	5,342.7	4,582.7	18,669.4	3,599.3	6,021.3	5,727.9
credit	50,065.4	11,839.7	13,922.4	15,303.9	14,174.1	55,240.1	10,642.7	12,702.4	13,374.5
debit	-35,070.6	-8,229.0	-8,789.2	-9,961.2	-9,591.4	-36,570.7	-7,043.4	-6,681.1	-7,646.6
Income	-16,575.0	-5,493.0	-4,533.0	-3,494.4	-2,350.9	-15,871.4	-1,335.5	-2,455.0	-1,011.1
credit	19,093.3	4,296.0	4,392.8	5,452.8	3,255.0	17,396.6	2,992.6	2,147.2	3,118.4
debit	-35,668.4	-9,789.0	-8,925.9	-8,947.2	-5,605.9	-33,268.0	-4,328.1	-4,602.2	-4,129.5
Transfers	1,622.5	-19.2	622.6	758.6	1,667.8	3,029.8	326.5	922.6	970.8
credit	7,610.8	1,674.6	1,721.6	1,823.0	3,001.4	8,220.7	1,888.2	1,736.1	2,047.6
debit	-5,988.3	-1,693.8	-1,099.0	-1,064.5	-1,333.6	-5,190.8	-1,561.8	-813.5	-1,076.8
Capital and financial account (reserve assets excluded)	42,261.0	11,456.3	8,932.0	4,162.8	8,258.4	32,809.5	-1,791.2	-668.2	-8,240.2
Capital account	2,561.0	340.9	574.9	621.2	975.0	2,511.9	627.0	816.1	1,595.7
Financial account	39,700.0	11,115.4	8,357.1	3,541.7	7,283.4	30,297.6	-2,418.2	-1,484.4	-9,835.9
Direct investment	11,344.1	4,405.2	1,296.8	1,779.0	1,831.5	9,312.5	167.8	-3,314.8	-2,542.8
Abroad	-19,912.0	-4,734.3	-1,884.1	-2,996.6	-1,685.1	-11,300.1	-2,698.1	-3,706.7	-3,718.2
In Estonia	31,256.1	9,139.4	3,180.9	4,775.6	3,516.6	20,612.5	2,865.9	392.0	1,175.3
Portfolio investment	-5,558.2	1,645.4	2,428.9	-1,910.8	5,691.0	7,854.5	-259.5	-5,904.6	-2,345.0
Assets	-8,440.6	1,572.0	3,288.7	-1,551.1	7,330.3	10,639.9	652.4	-5,435.9	-2,291.4
Equity securities	-7,688.8	1,539.9	947.6	-57.6	1,672.5	4,102.5	183.4	-258.8	-798.1
Debt securities	-751.8	32.1	2,341.1	-1,493.5	5,657.8	6,537.4	469.0	-5,177.1	-1,493.3
Liabilities	2,882.4	73.4	-859.8	-359.7	-1,639.2	-2,785.4	-912.0	-468.6	-53.6
Equity securities	3,533.3	-1,007.7	-235.7	-471.8	-1,700.1	-3,415.3	-410.0	-112.5	134.9
Debt securities	-650.9	1,081.1	-624.1	112.1	60.9	629.9	-502.0	-356.1	-188.5
Financial derivatives	-797.8	792.0	-7.6	-579.3	623.2	828.5	160.1	314.7	268.1
Assets	-883.4	812.5	-56.8	-233.3	152.2	674.6	163.2	132.4	133.7
Liabilities	85.6	-20.5	49.2	-346.0	471.0	153.9	-3.1	182.3	134.3
Other investment	34,711.9	4,272.9	4,639.0	4,252.8	-862.4	12,302.2	-2,486.6	7,420.3	-5,216.1
Assets	-22,289.4	-1,867.9	-236.6	875.8	-4,433.2	-5,662.0	7,634.3	11,713.5	86.7
Long-term	-3,288.4	-662.6	-587.4	730.3	243.7	-276.0	309.6	98.8	-415.7
Short-term	-19,001.1	-1,205.3	350.8	145.5	-4,676.9	-5,386.0	7,324.7	11,614.7	502.4
Liabilities	57,001.3	6,140.8	4,875.6	3,377.0	3,570.8	17,964.2	-10,120.9	-4,293.2	-5,302.8
Long-term	46,534.1	2,465.7	-12,443.3	4,306.6	-3,850.1	-9,521.2	-435.1	-305.2	-3,324.4
Short-term	10,467.2	3,675.2	17,318.9	-929.6	7,421.0	27,485.4	-9,685.8	-3,988.1	-1,978.4
Errors and omissions	2,679.6	162.6	1,115.7	-1,688.1	-976.6	-1,386.4	-310.4	-1,591.5	1,265.4
Overall balance	1,401.9	1,948.9	3,719.0	-1,927.8	4,129.7	7,869.7	-2,290.3	1,184.1	-3,455.5
Reserve assets	-1,401.9	-1,948.9	-3,719.0	1,927.8	-4,129.7	-7,869.7	2,290.3	-1,184.1	3,455.5

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

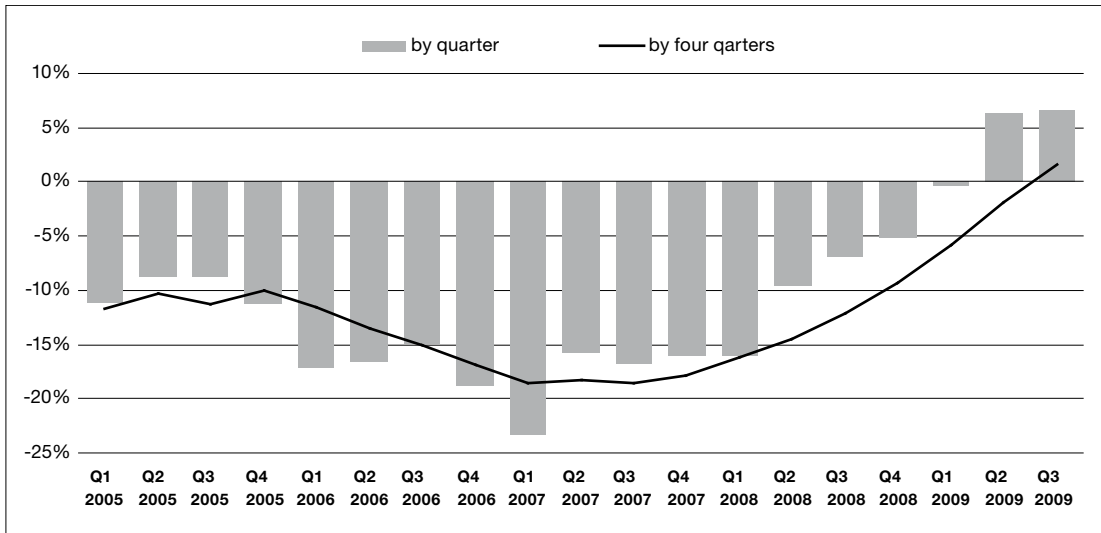


Figure 1. Current account deficit (% of GDP)

The **goods account** had a deficit of 2.2 billion kroons (4% of the third-quarter GDP), having increased by two times from the second quarter. The deficit increased owing to higher goods import growth rates compared to exports (6% and 2%, respectively). Imports and foreign trade deficit grew mainly on account of mineral products imported for processing. Compared to the third quarter of 2008, the exports of goods decreased 25% and imports by a third.

The imports of **services** also grew faster in the third quarter compared to the second quarter (15% vs. 5%), which slightly decreased the surplus on the services account. The imports of travel services increased the most owing to seasonal factors. Nevertheless, with 5.7 billion kroons the services account witnessed one of the largest surpluses of the past 18 years. Compared to the third quarter of 2008, the exports of services shrank 13% and imports 23%.

The net outflow of **labour and capital income** continued to decrease in the third quarter (by more than two times from the second quarter) and totalled 1 billion kroons. The income earned by non-residents in Estonia contracted 10%, whereas the income earned by Estonian residents abroad grew nearly 50%. Non-residents' income on portfolio investment in Estonia remained at the second-quarter level. Income declined primarily on account of other investment income (loan interests).

The surplus on **current transfers** totalled almost 1 billion kroons in the third quarter, which is nearly as much as in the second quarter. Incoming transfers increased 18% and outgoing transfers 32%.

EU Member States accounted for 71% of the credit turnover and 81% of the debit turnover of the current account.

The surplus on the **capital account** increased by two times from the second quarter and totalled 1.6 billion kroons. The increase was largely due to better use of foreign aid, which was received as capital transfers.

Estonia was net external lender: the financial account witnessed further net outflow of capital

The surplus on foreign trade was not fully invested in Estonia and thus the net outflow of capital continued also in the third quarter, amounting to as much as nearly 10 billion kroons. Net capital outflow occurred through direct, portfolio as well as other investment.

The outflow of **direct investment** exceeded their inflow for the second consecutive quarter; the net outflow increased by 2.5 billion kroons. The net inflow of foreign direct investment in Estonia grew by 1.2 billion kroons. Equity capital investment increased by 1.9 billion and reinvested earnings by 2.1 billion kroons, whereas at the same time 2.8 billion kroons were lent or repaid to foreign direct investors. Estonia's direct investment abroad grew by 3.7 billion kroons; equity capital investment accounted for 3.2 billion and reinvested earnings for 1.2 billion kroons of that. The loans issued to foreign subsidiaries and associated companies increased by 0.6 billion kroons.

The net outflow of **portfolio investment** totalled 2.3 billion kroons and was largely due to growth in equity and debt security assets. The net inflow of **financial derivatives** totalled 0.3 billion kroons.

The second-quarter net inflow of **other investment** was replaced by a net outflow of 5.2 billion kroons in the third quarter. The volume of assets remained almost unchanged, whereas liabilities decreased by 5.3 billion kroons. The trade credit liabilities of other sectors and the currency and deposit liabilities of credit institutions contracted the most.

The **gold and foreign exchange reserves** decreased by 3.5 billion kroons.

CURRENT ACCOUNT

The current recession and weak demand have contributed to the current account surplus. In the third quarter the surplus was almost as large as the adjusted surplus on the second quarter, that is 3.5 billion kroons and 6.6% of GDP (see Figure 2). The deficit on the goods account, however, increased quarter-on-quarter and the net outflow of income decreased by almost as much. The surplus on services, on the other hand, remained high. Active use was made of EU funds.

Both the credit and debit turnover grew 6% from the second quarter. Year-on-year, the credit turnover decreased 22% and debit turnover 34%. Estonia traded mostly with the EU Member States, which accounted for 71% of the credit turnover and 81% of the debit turnover (see Table 2). The four most impor-

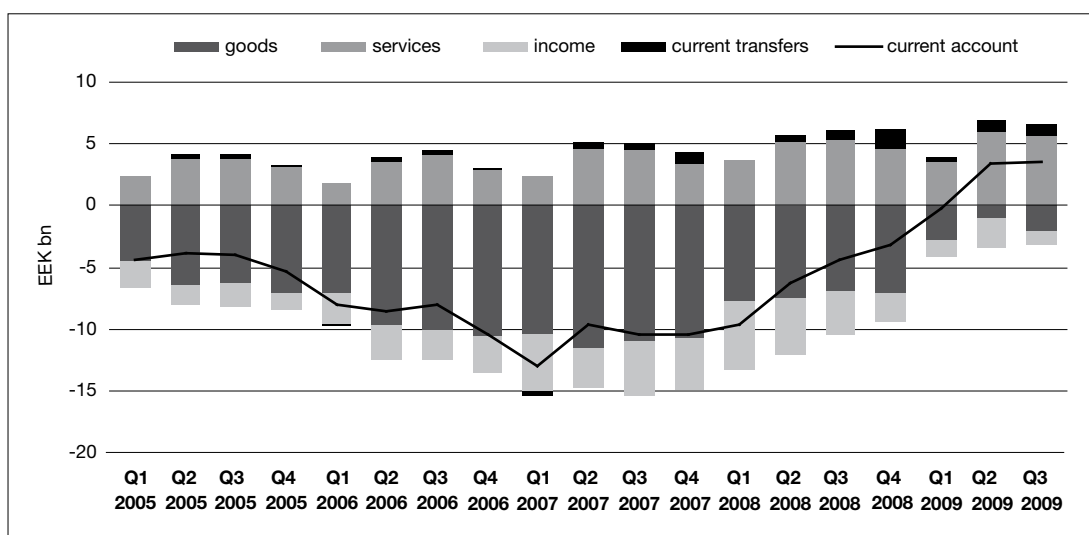


Figure 2. Current account structure

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

	Q3 2008	Q2 2009	Q3 2009
EU-27	-9,474.3	-498.1	-1,272.2
Finland	3,247.1	2,683.3	3,866.3
Sweden	-4,052.1	-1,269.5	-1,457.7
Lithuania	-970.5	-971.7	-1,392.5
Poland	-1,244.6	-854.2	-1,167.3
Germany	-4,126.7	-821.3	-1,145.0
CIS	1,490.6	41.9	1,081.8
Russia	2,678.9	275.4	1,165.7
Belarus	-1,543.8	-127.6	-632.7
Kazakhstan	73.9	263.4	241.7
Other	3,581.1	3,900.0	3,709.7
Nigeria	116.4	1,157.4	835.5
USA	1,676.5	1,235.0	745.8
Norway	920.8	578.8	623.0
United Arab Emirates	97.5	143.5	429.9
Cuba	-1.0	-74.9	-344.9
Total	-4,402.6	3,443.8	3,519.3

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

tant partners were Finland, Sweden, Latvia and Germany with regard to credit as well as debit turnover, only in a slightly different ranking. Russia was the fifth biggest partner in terms of credit turnover and Lithuania in debit turnover. The share of the five largest trade partners was 55% in both cases. Estonia had the biggest current account surplus with Finland and the biggest deficit with Sweden. The surplus with Finland somewhat increased and the deficit with Sweden decreased by nearly three times, year-on-year.

Goods

The trade account deficit increased by two times from the 1 billion kroons recorded in the second quarter but decreased by almost 5 billion kroons on an annual basis (see Table 3). The exports of goods were 26 billion kroons, having decreased 25% year-on-year; imports declined 33% and totalled 28 billion kroons. Compared to the second quarter, the exports of goods increased 2% and imports 6% in the third quarter.

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 exports of goods and services (%)	
Q1 2005	21,760.9	6.1	72.7	26,267.6	-2.9	81.9	-4,506.7
Q2 2005	23,876.5	9.7	69.2	30,271.9	15.2	81.6	-6,395.4
Q3 2005	25,605.6	7.2	70.1	31,882.3	5.3	81.8	-6,276.7
Q4 2005	28,079.3	9.7	71.6	35,155.1	10.3	81.4	-7,075.7
2005 total	99,322.3	33.2	70.8	123,576.9	24.7	81.7	-24,254.5
Q1 2006	28,849.3	2.7	77.6	35,922.6	2.2	84.7	-7,073.3
Q2 2006	31,320.9	8.6	73.8	41,024.4	14.2	84.5	-9,703.5
Q3 2006	30,074.4	-4.0	70.1	40,093.7	-2.3	82.2	-10,019.3
Q4 2006	31,186.0	3.7	73.3	41,756.1	4.1	83.0	-10,570.1
2006 total	121,430.6	22.3	73.6	158,796.7	28.5	83.6	-37,366.1
Q1 2007	30,088.6	-3.5	74.7	40,485.8	-3.0	83.9	-10,397.3
Q2 2007	33,189.1	10.3	71.5	44,665.8	10.3	83.9	-11,476.7
Q3 2007	30,197.6	-9.0	68.6	41,210.4	-7.7	81.6	-11,012.9
Q4 2007	33,059.0	9.5	72.0	43,753.2	6.2	82.2	-10,694.2
2007 total	126,534.2	4.2	71.7	170,115.3	7.1	82.9	-43,581.0
Q1 2008	31,811.4	-3.8	72.9	39,580.0	-9.5	82.8	-7,768.6
Q2 2008	35,045.5	10.2	71.6	42,597.0	7.6	82.9	-7,551.5
Q3 2008	34,725.2	-0.9	69.4	41,734.7	-2.0	80.7	-7,009.5
Q4 2008	31,978.7	-7.9	69.3	39,030.3	-6.5	80.3	-7,051.6
2008 total	133,560.8	5.6	70.7	162,942.0	-4.2	81.7	-29,381.2
Q1 2009	23,428.3	-26.7	68.8	26,207.3	-32.9	78.8	-2,779.0
Q2 2009	25,466.8	8.7	66.7	26,512.0	1.2	79.9	-1,045.2
Q3 2009	25,916.9	1.8	66.0	28,025.1	5.7	78.4	-2,108.2

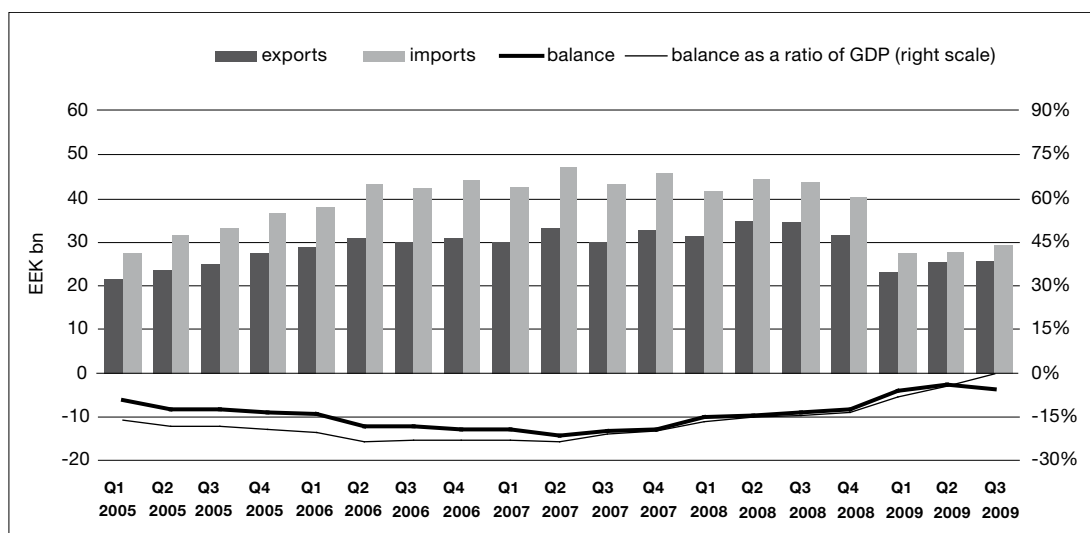


Figure 3. Estonia's foreign trade balance

According to the preliminary **foreign trade statistics**¹, goods exports totalled 25.6 billion and imports (c.i.f.) 29.2 billion kroons (see Figure 3). The foreign trade deficit contracted by 5.6 billion kroons year-on-year, and stood at 3.6 billion kroons.

Goods exports decreased across all goods groups, except for mineral products which posted a 9% growth in exports (see Table 4). The main export item was again machinery and equipment, although their exports declined 35%. Various electrical and electronic products were exported to Sweden, Finland, Russia and Latvia. 80% of the exports of mineral products consisted of motor fuels that were imported from Lithuania.

Table 4. Exports by main groups of goods

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2009 / Q2 2009	Q3 2009 / Q3 2008
Food	3,025.2	2,342.4	2,511.5	8.8	9.3	9.8	7.2	-17.0
Mineral products	4,080.4	4,674.0	4,460.4	11.9	18.5	17.5	-4.6	9.3
Chemical products	3,231.5	2,060.4	2,413.2	9.4	8.1	9.4	17.1	-25.3
Clothing, footwear and headgear	1,863.1	1,217.2	1,338.8	5.4	4.8	5.2	10.0	-28.1
Timber, paper and products	3,726.2	2,932.4	2,876.4	10.8	11.6	11.3	-1.9	-22.8
Metals and metal products	4,681.6	2,122.4	2,345.2	13.6	8.4	9.2	10.5	-49.9
Machinery and equipment	7,319.1	4,888.3	4,741.7	21.3	19.3	18.6	-3.0	-35.2
Transport vehicles	2,503.8	2,002.4	1,594.0	7.3	7.9	6.2	-20.4	-36.3
Furniture, toys, sporting goods	2,303.6	2,051.2	2,087.3	6.7	8.1	8.2	1.8	-9.4
Other	1,676.8	1,016.7	1,190.0	4.9	4.0	4.7	17.0	-29.0
Total	34,411.3	25,307.5	25,558.7	100.0	100.0	100.0	1.0	-25.7

¹ 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 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 Intra-stat 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.

nia and Russia for processing in Estonia and then re-exported to Nigeria and the United States. Electricity was sold to Latvia and Finland. The third major export group was timber and timber products, in particular wooden construction components, lumber boards, mechanical pulp and firewood, which were sent to Finland, Sweden, Germany, Denmark and Norway.

Deliveries of food products decreased 17%. The biggest item in the food group was again spirits, exported to Russia and Finland. Other food products (cheese, curds, canned fish, pork) were sold to Russia, Finland, Latvia, Lithuania, Sweden and Germany. The exports of chemical products contracted 25% and primarily consisted of construction and repair materials, carbonic acids and plastic products, which were sent to Russia, Lithuania, Latvia, Finland and Poland. Metal products (metal constructions, waste metals, various steel products) were delivered to EU countries, Turkey, Russia and Norway.

Prefabricated wooden buildings were exported to Norway, Germany and the United Kingdom; furniture and furniture components went to Finland, Sweden, France and Denmark. The (re)exports of transport vehicles have shrunk, mainly owing to a drop in motor car imports. The biggest export partners were Latvia, Finland, Sweden, Russia and Lithuania. Textile products and footwear was sold to Finland, Latvia, Sweden and Russia.

The **imports of goods** declined across all groups of goods (see Table 5). The imports of metals and metal products, machinery and equipment, and transport vehicles decreased the most. The largest import item was mineral products, 84% of which were motor fuels (for processing and domestic supply) from Lithuania, Russia and Belarus. In addition, electricity was purchased from Lithuania and natural gas from Russia. Major import items among machinery and equipment included mobile communication devices and components, cables, components of electronic products and computers imported from Finland, Sweden and Germany. Chemical products (medicines, plastic products, hydrocarbons, tyres, etc.) were purchased from Germany, Finland, Latvia and Poland; food products (alcohol, sugar, coffee, pork) were imported primarily from Finland, Lithuania and Latvia.

The imports of metal products shrank by two times compared to the third quarter of 2008; the biggest importers were Finland, Sweden, Germany and Poland. The deliveries of clothing consisted primarily of footwear, ready-made clothes and underwear from Latvia, Germany, Finland, Italy and China. Timber and

Table 5. Imports by main groups of goods

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2009 / Q2 2009	Q3 2009 / Q3 2008
Food	4,775.2	3,716.6	3,636.5	10.9	13.4	12.5	-2.2	-23.8
Mineral products	7,253.4	5,709.0	6,830.5	16.6	20.5	23.4	19.6	-5.8
Chemical products	5,464.7	4,154.1	4,414.6	12.5	14.9	15.1	6.3	-19.2
Clothing, footwear and headgear	3,035.9	1,681.9	2,034.3	7.0	6.0	7.0	21.0	-33.0
Timber, paper and products	1,914.0	1,403.4	1,559.3	4.4	5.0	5.3	11.1	-18.5
Metals and metal products	5,201.3	2,074.3	2,280.8	11.9	7.5	7.8	10.0	-56.2
Machinery and equipment	9,396.6	5,105.4	5,025.8	21.5	18.4	17.2	-1.6	-46.5
Transport vehicles	3,981.7	2,157.0	1,432.5	9.1	7.8	4.9	-33.6	-64.0
Furniture, toys, sporting goods	999.4	669.3	705.0	2.3	2.4	2.4	5.3	-29.5
Other	1,639.8	1,133.8	1,261.0	3.8	4.1	4.3	11.2	-23.1
Total	43,661.9	27,804.8	29,180.3	100.0	100.0	100.0	4.9	-33.2

timber products (toilet paper and paper towels, cardboard, paper and plywood) were imported from Russia, Finland and Latvia. The imports of transport vehicles contracted significantly: 64% year-on-year and 33% quarter-on-quarter. This was caused by a 70% decline in motor car imports from Sweden, Germany and Finland. Various other consumer goods (lamps, furniture, medical equipment) were imported primarily from EU countries.

The **foreign trade deficit** decreased 61% year-on-year but increased 45% quarter-on-quarter, amounting to 3.6 billion kroons (see Table 6). Mineral products and chemical products had the largest deficits on the goods account. Timber and timber products, furniture and other consumer goods posted considerable surpluses. Transport vehicles and metal products also recorded small surpluses.

The **exports of goods** decreased across all **groups of countries**. Exports to the EU and the CIS declined 25% and 36%, respectively (see Table 7). Goods exports from the EU, in particular Finland, Sweden and Latvia, decreased the most. Exports to the CIS shrank mainly owing to smaller deliveries to Russia.

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

	Q3 2008	Q2 2009	Q3 2009
Food	-1,749.9	-1,374.2	-1,124.9
Mineral products	-3,173.1	-1,034.9	-2,370.1
Chemical products	-2,233.1	-2,093.7	-2,001.4
Clothing, footwear and headgear	-1,172.7	-464.7	-695.5
Timber, paper and products	1,812.2	1,529.0	1,317.1
Metals and metal products	-519.7	48.1	64.5
Machinery and equipment	-2,077.5	-217.1	-284.1
Transport vehicles	-1,478.0	-154.7	161.4
Furniture, toys, sporting goods	1,304.2	1,382.0	1,382.3
Other	37.0	-117.1	-70.9
Total	-9,250.6	-2,497.4	-3,621.6

Table 7. Exports of goods by groups of countries

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2009 / Q2 2009	Q3 2009 / Q3 2008
EU-27	23,501.2	17,328.5	17,412.9	68.3	68.5	68.1	0.5	-25.9
Finland	6,393.5	4,388.8	4,427.3	18.6	17.3	17.3	0.9	-30.8
Sweden	4,517.2	3,012.6	2,968.5	13.1	11.9	11.6	-1.5	-34.3
Latvia	3,513.8	2,386.2	2,790.5	10.2	9.4	10.9	16.9	-20.6
Germany	1,668.2	1,583.9	1,522.4	4.8	6.3	6.0	-3.9	-8.7
Lithuania	1,937.4	1,303.2	1,284.0	5.6	5.1	5.0	-1.5	-33.7
CIS	5,058.7	2,782.9	3,254.0	14.7	11.0	12.7	16.9	-35.7
Russia	3,985.4	2,155.7	2,612.0	11.6	8.5	10.2	21.2	-34.5
Ukraine	605.1	287.7	293.3	1.8	1.1	1.1	1.9	-51.5
Belarus	234.2	170.3	118.8	0.7	0.7	0.5	-30.2	-49.3
Other	5,851.4	5,196.0	4,891.8	17.0	20.5	19.1	-5.9	-16.4
USA	1,984.7	1,703.0	936.3	5.8	6.7	3.7	-45.0	-52.8
Nigeria	122.1	1,157.8	839.9	0.4	4.6	3.3	-27.5	587.7
Norway	948.6	769.1	824.8	2.8	3.0	3.2	7.3	-13.0
Total	34,411.3	25,307.5	25,558.7	100.0	100.0	100.0	1.0	-25.7

The **imports of goods** decreased relatively evenly across all groups of countries, and in particular imports from Germany, Finland and Sweden (see Table 8).

The **foreign trade deficit** with the European Union declined by 6 nearly billion kroons, i.e. 50% (see Table 9). Estonia had the largest foreign trade surplus with Sweden, Finland and Denmark from among EU countries, Russia and Ukraine from among the CIS, and Nigeria, the United States, Norway and Canada from among other countries. Estonia had the biggest trade deficit with Lithuania, Germany and Poland.

Table 8. Imports of goods by groups of countries*

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2009 / Q2 2009	Q3 2009 / Q3 2008
EU-27	35,086.1	21,722.6	23,329.2	80.4	78.1	79.9	7.4	-33.5
Finland	6,128.3	3,996.8	4,090.7	14.0	14.4	14.0	2.3	-33.2
Lithuania	4,031.7	3,049.5	3,271.4	9.2	11.0	11.2	7.3	-18.9
Germany	6,334.9	2,710.2	3,053.2	14.5	9.7	10.5	12.7	-51.8
Latvia	4,212.4	2,532.9	2,922.2	9.6	9.1	10.0	15.4	-30.6
Sweden	4,239.8	2,333.0	2,355.9	9.7	8.4	8.1	1.0	-44.4
CIS	5,105.1	3,283.8	3,396.5	11.7	11.8	11.6	3.4	-33.5
Russia	2,569.2	2,837.5	2,411.0	5.9	10.2	8.3	-15.0	-6.2
Belarus	1,799.5	280.8	776.4	4.1	1.0	2.7	176.5	-56.9
Ukraine	482.2	126.4	136.9	1.1	0.5	0.5	8.3	-71.6
Other	3,470.7	2,798.4	2,454.6	7.9	10.1	8.4	-12.3	-29.3
China	1,018.2	471.1	518.8	2.3	1.7	1.8	10.1	-49.0
Norway	212.7	466.3	410.7	0.5	1.7	1.4	-11.9	93.1
Cuba	0.9	80.2	368.5	0.0	0.3	1.3	359.6	39,383.6
Other	43,661.9	27,804.8	29,180.3	100.0	100.0	100.0	4.9	-33.2

* Analysed by trading country.

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

	Q3 2008	Q2 2009	Q3 2009
EU-27	-11,584.9	-4,394.0	-5,916.3
CIS	-46.4	-500.9	-142.5
Other	2,380.7	2,397.6	2,437.2
Total	-9,250.6	-2,497.4	-3,621.6

Services

Regardless of the recession, in the third quarter of 2009 the surplus on the services account was even slightly bigger than in the year-ago period, and totalled 5.7 billion kroons (see Tables 10-11). Similar to the second quarter, the higher surplus resulted primarily from the faster decline in the imports of transport and other services (the two major types of services) compared to their exports. For the same reason, also the surplus on construction services slightly grew year-on-year. Compared to the second quarter, the net exports of services was 5% lower in the third quarter and comprised 11% of GDP (see Figure 4). Quarter-on-quarter, only the surpluses on construction services (almost double growth), financial services, and computer and information services increased.

Table 10. Exports and imports of services

	Exports			Imports			Balance	
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2009 / Q2 2009	Q3 2009 / Q3 2008
Q1 2005	8,179.7	-8.9	27.3	5,788.3	-5.9	18.1	2,391.4	-15.6
Q2 2005	10,632.5	30.0	30.8	6,812.3	17.7	18.4	3,820.2	59.7
Q3 2005	10,911.8	2.6	29.9	7,091.5	4.1	18.2	3,820.3	0.0
Q4 2005	11,144.4	2.1	28.4	8,044.3	13.4	18.6	3,100.1	-18.9
2005 total	40,868.4	13.9	29.2	27,736.4	26.3	18.3	13,132.0	-5.6
Q1 2006	8,319.5	-25.3	22.4	6,499.7	-19.2	15.3	1,819.9	-41.3
Q2 2006	11,112.3	33.6	26.2	7,516.7	15.6	15.5	3,595.6	97.6
Q3 2006	12,816.8	15.3	29.9	8,685.9	15.6	17.8	4,130.9	14.9
Q4 2006	11,361.9	-11.4	26.7	8,547.6	-1.6	17.0	2,814.3	-31.9
2006 total	43,610.5	6.7	26.4	31,249.9	12.7	16.4	12,360.7	-5.9
Q1 2007	10,175.9	-10.4	25.3	7,777.8	-9.0	16.1	2,398.0	-14.8
Q2 2007	13,229.2	30.0	28.5	8,574.1	10.2	16.1	4,655.1	94.1
Q3 2007	13,793.0	4.3	31.4	9,270.8	8.1	18.4	4,522.2	-2.9
Q4 2007	12,867.3	-6.7	28.0	9,447.8	1.9	17.8	3,419.5	-24.4
2007 total	50,065.4	14.8	28.3	35,070.5	12.2	17.1	14,994.8	21.3
Q1 2008	11,839.7	-8.0	27.1	8,228.9	-12.9	17.2	3,610.7	5.6
Q2 2008	13,922.4	17.6	28.4	8,789.2	6.8	17.1	5,133.2	42.2
Q3 2008	15,303.9	9.9	30.6	9,961.2	13.3	19.3	5,342.7	4.1
Q4 2008	14,174.2	-7.4	30.7	9,591.4	-3.7	19.7	4,582.7	-14.2
2008 total	55,240.2	10.3	29.3	36,570.7	4.3	18.3	18,669.3	24.5
Q1 2009	10,642.7	-24.9	31.2	7,043.4	-26.6	21.2	3,599.3	-21.5
Q2 2009	12,702.4	19.4	33.3	6,681.1	-5.1	20.1	6,021.3	67.3
Q3 2009	13,374.5	5.3	34.0	7,646.6	14.5	21.4	5,727.9	-4.9

Table 11. Services balance by major categories

	Balance (EEK m)			Share (%)			Change (%)	
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2009 / Q2 2009	Q3 2009 / Q3 2008
Transportation	2,117.3	2,227.7	2,186.6	39.6	37.0	38.2	-1.8	3.3
Travel	1,541.9	2,054.0	1,796.2	28.9	34.1	31.4	-12.6	16.5
Construction services	415.6	219.3	429.4	7.8	3.6	7.5	95.8	3.3
Computer and information services	272.9	251.4	261.2	5.1	4.2	4.6	3.9	-4.3
Business services	1,030.5	971.7	922.1	19.3	16.1	16.1	-5.1	-10.5
Government services	-26.3	33.5	26.6	-0.5	0.6	0.5	-20.6	201.1
Other	-9.2	263.7	105.8	-0.2	4.4	1.7	-59.9	1,250.0
Total	5,342.7	6,021.3	5,727.9	100.0	100.0	100.0	-4.9	7.2

Services exports contracted 13% year-on-year and stood at 13.4 billion kroons. Exports decreased in nearly all service categories, except for computer and information services as well as royalties and licence fees, which increased 7% and by two times, respectively (see Table 12). Compared to the second quarter of 2009, total services exports picked up 5%. The exports of transport services grew 6%, that of travel services 12% and the exports of construction services 16%. 71% of the services were purchased from EU countries; with a year services exports decreased across all groups of countries (see Table 13).

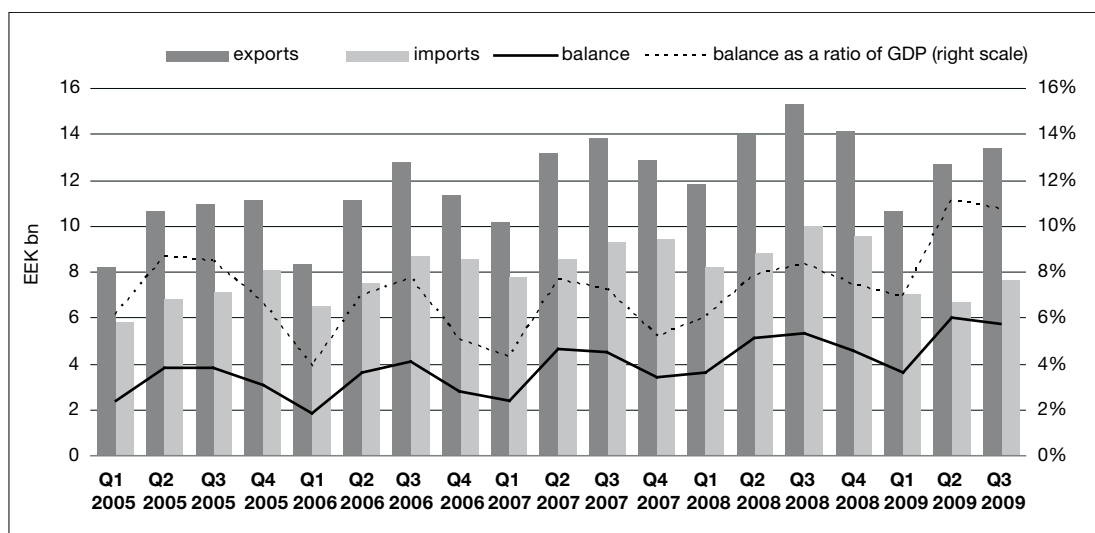


Figure 4. Services account

Table 12. Services exports by major categories

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2009 / Q2 2009	Q3 2009 / Q3 2008
Transportation	5,891.8	4,544.2	4,811.5	38.5	35.8	36.0	5.9	-18.3
freight	2,762.2	1,894.2	2,001.4	18.1	14.9	15.0	5.7	-27.5
passenger	1,546.3	1,149.9	1,221.2	10.1	9.1	9.1	6.2	-21.0
other transport services	1,583.3	1,500.1	1,588.9	10.3	11.8	11.9	5.9	0.4
Travel	4,230.4	3,507.6	3,942.8	27.6	27.6	29.5	12.4	-6.8
Construction services	746.9	568.0	656.6	4.9	4.5	4.9	15.6	-12.1
Computer and information services	456.5	507.4	486.5	3.0	4.0	3.6	-4.1	6.6
Business services	2,925.6	2,583.7	2,518.7	19.1	20.3	18.8	-2.5	-13.9
Government services	142.4	124.4	119.5	0.9	1.0	0.9	-3.9	-16.1
Other	910.3	867.1	838.9	6.0	6.8	6.3	-3.2	-7.8
Total	15,303.9	12,702.4	13,374.5	100.0	100.0	100.0	5.3	-12.6

Table 13. Services exports by groups of countries

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2009 / Q2 2009	Q3 2009 / Q3 2008
EU-27	10,781.3	9,071.6	9,483.8	70.4	71.4	70.9	4.5	-12.0
Finland	4,309.7	3,826.1	4,127.8	28.2	30.1	30.9	7.9	-4.2
Sweden	1,347.8	1,198.1	970.4	8.8	9.4	7.3	-19.0	-28.0
Latvia	790.8	595.8	679.0	5.2	4.7	5.1	14.0	-14.1
Germany	806.9	564.4	582.0	5.3	4.4	4.4	3.1	-27.9
United Kingdom	736.7	463.4	506.0	4.8	3.6	3.8	9.2	-31.3
CIS	2,134.8	1,602.6	1,761.7	13.9	12.6	13.2	9.9	-17.5
Russia	1,766.6	1,197.8	1,330.5	11.5	9.4	9.9	11.1	-24.7
Kazakhstan	114.1	219.6	223.8	0.7	1.7	1.7	1.9	96.1
Other	2,387.8	2,028.2	2,129.0	15.7	16.0	15.9	5.0	-10.8
offshore regions	467.0	536.8	628.7	3.1	4.2	4.7	17.1	34.6
Switzerland	475.1	493.8	473.7	3.1	3.9	3.5	-4.1	-0.3
USA	523.5	350.9	351.6	3.4	2.8	2.6	0.2	-32.8
Total	15,303.9	12,702.4	13,374.5	100.0	100.0	100.0	5.3	-12.6

Only exports to Kazakhstan (mainly operational lease) and off-shore regions increased by nearly two times and by a third, respectively. Exports to Finland, one of Estonia's major trade partners, decreased 4%. Year-on-year, also most of other countries purchased fewer services from Estonia.

Services imports decreased 23% from the third quarter of 2008 and totalled 7.6 billion kroons (see Table 14). The decrease concerned almost all types of services, except for computer, information and insurance services. Compared to the second quarter of 2009, the imports of services grew 15% owing to seasonal factors. The imports of transport and travel services, the two major types of services, increased 13% and 48%, respectively. The imports of other business services remained at the previous level and that of construction services shrank 35%. Services imports from the EU constituted 77%. Compared to the third quarter of 2008, imports contracted across all groups of countries (see Table 15). In the group of EU countries, only services imports from Latvia and Cyprus increased year-on-year. As regards other countries, the most services (above all travel services) were purchased from Turkey. Imports from most of other countries were lower than in the third quarter of 2008.

Table 14. Services imports by major categories

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2009 / Q2 2009	Q3 2009 / Q3 2008
Transportation	3,774.5	2,316.5	2,624.9	37.9	34.7	34.3	13.3	-30.5
freight	2,428.3	1,425.7	1,513.3	24.4	21.3	19.8	6.1	-37.7
passenger	487.8	237.5	319.4	4.9	3.6	4.2	34.5	-34.5
other transport services	858.4	653.3	792.2	8.6	9.8	10.3	21.3	-7.7
Travel	2,688.5	1,453.7	2,146.6	27.0	21.8	28.1	47.7	-20.2
Construction services	331.3	348.7	227.2	3.3	5.2	3.0	-34.8	-31.4
Computer and information services	183.6	256.0	225.3	1.8	3.8	2.9	-12.0	22.7
Business services	1,895.1	1,611.9	1,596.6	19.0	24.1	20.9	-0.9	-15.8
Government services	168.7	90.9	92.9	1.7	1.4	1.2	2.2	-44.9
Other	919.5	603.4	733.1	9.3	9.0	9.6	21.5	-20.3
Total	9,961.2	6,681.1	7,646.6	100.0	100.0	100.0	14.5	-23.2

Table 15. Services imports by groups of countries

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2009 / Q2 2009	Q3 2009 / Q3 2008
EU-27	7,507.5	5,141.4	5,860.3	75.4	77.0	76.6	14.0	-21.9
Finland	1,453.9	942.0	1,089.1	14.6	14.1	14.2	15.6	-25.1
Latvia	711.9	668.4	922.3	7.1	10.0	12.1	38.0	29.6
Sweden	798.2	485.7	622.2	8.0	7.3	8.1	28.1	-22.0
Cyprus	433.5	356.4	445.5	4.4	5.3	5.8	25.0	2.8
Germany	733.4	479.9	422.6	7.4	7.2	5.5	-11.9	-42.4
CIS	1,029.7	703.9	854.9	10.3	10.5	11.2	21.5	-17.0
Russia	709.1	457.3	646.0	7.1	6.8	8.4	41.3	-8.9
Ukraine	139.6	38.0	79.5	1.4	0.6	1.0	109.2	-43.1
Other	1,424.0	835.8	931.4	14.3	12.5	12.2	11.4	-34.6
Turkey	141.0	78.7	215.6	1.4	1.2	2.8	174.0	52.9
USA	439.0	239.0	206.7	4.4	3.6	2.7	-13.5	-52.9
Norway	180.2	95.8	107.1	1.8	1.4	1.4	11.8	-40.6
Total	9,961.2	6,681.1	7,646.6	100.0	100.0	100.0	14.5	-23.2

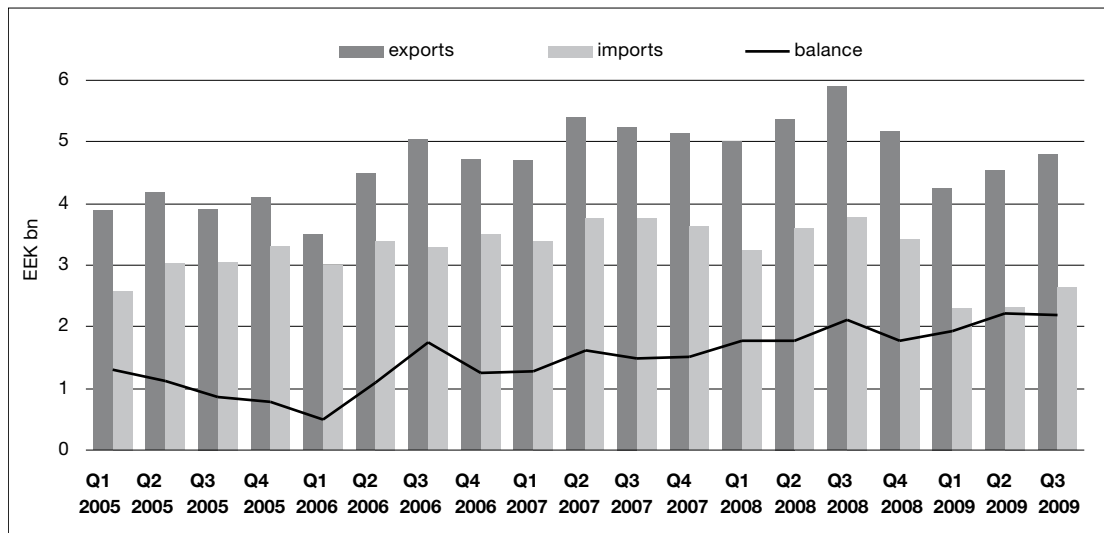


Figure 5. Transport services

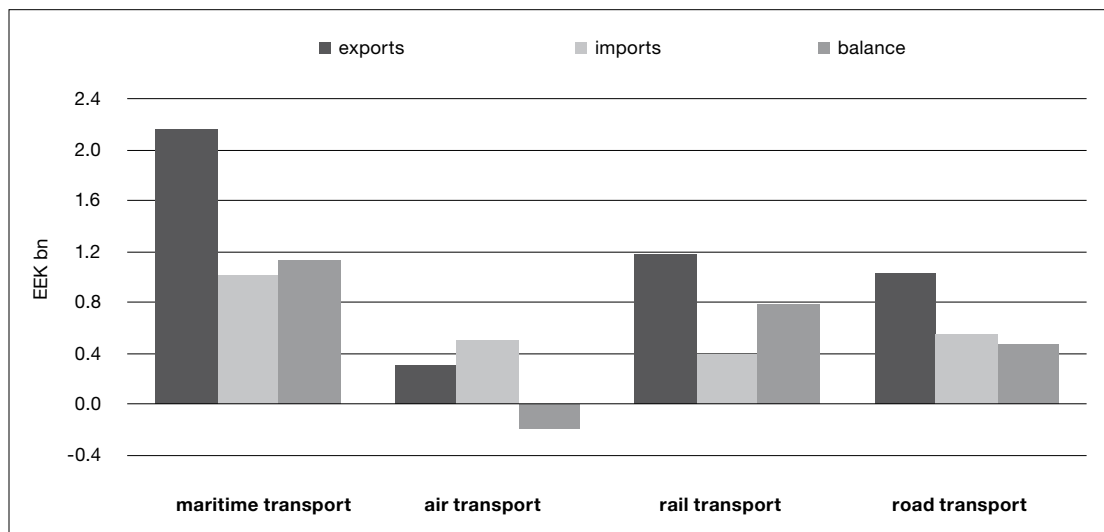


Figure 6. Transport services structure in the third quarter of 2009 by transport type

The **balance of transport services** remained virtually unchanged both quarter-on-quarter and year-on-year, comprising 38% of total services (see Figure 5 and Tables 11–13). Maritime transport accounted for the largest share (43%) of transport services. With regard to different types of transport services, only air transport still had a small deficit (see Figure 6).

The exports of transport services decreased 18% year-on-year, mainly on account of freight transport services. Compared to the second quarter, exports picked up 6%. 64% of the transport services were exported to EU countries, which is 20% less than in the third quarter of 2008 (see Table 16). Exports to other groups of countries declined too. The exports of transport services to off-shore regions increased year-on-year.

Table 16. Transport services by groups of countries in the third quarter of 2009

	Exports				Imports		
	Volume (EEK m)	Share (%)	Change (%) Q3 2009 / Q3 2008		Volume (EEK m)	Share (%)	Change (%) Q3 2009 / Q3 2008
EU-27	3,090.5	64.2	-19.7	EU-27	2,020.8	77.0	-24.9
Finland	1,081.8	22.5	-11.2	Latvia	314.9	12.0	21.3
Sweden	477.3	9.9	-14.8	Finland	298.2	11.4	-37.5
Germany	241.8	5.0	-32.9	Sweden	243.9	9.3	-25.6
Latvia	222.2	4.6	-3.8	Germany	225.4	8.6	-49.5
Netherlands	195.0	4.1	-2.5	Lithuania	166.7	6.4	-12.0
CIS	693.3	14.4	-23.8	CIS	301.6	11.5	-38.5
Russia	628.9	13.1	-25.8	Russia	189.1	7.2	-45.9
Ukraine	27.8	0.6	-31.2	Kazakhstan	52.9	2.0	156.8
Other	1,027.7	21.4	-9.5	Other	302.5	11.5	-48.9
Switzerland	331.5	6.9	0.2	China	59.1	2.3	-45.9
offshore regions	318.7	6.6	33.9	offshore regions	58.4	2.2	-54.1
USA	142.1	3.0	-22.8	USA	48.5	1.8	-68.9
Total	4,811.5	100.0	-18.3	Total	2 624.9	100.0	-30.5

The imports of transport (in particular freight and passenger transport) services decreased 31% from the third quarter of 2008. Nearly 80% of the transport services were purchased from EU countries, but 25% less than in the third quarter of 2008 (see Tables 14 and 16). The imports of transport services declined in terms of most countries, largely owing to a decrease in the imports of goods from these countries. At the same time, transport services imports from Latvia increased, making Latvia thus one of Estonia's major trade partners (12%) in that category. Growth was supported by the increased imports of other supporting and auxiliary transport services in the maritime transport sector. Transport services were purchased also from Cyprus (other auxiliary transport services), Kazakhstan (road freight transport), Turkey and Greece (air passenger transport).

The exports and imports of **travel services** has decreased considerably compared to the third quarter of 2008 – by 7% and 20%, respectively (see Table 17). The surplus on travel services slightly grew (4%), as exports decreased less than imports. Travel services are largely affected by seasonality and the third quarter is commonly the high season for travel (see Figure 7).

Table 17. Travel services by groups of countries in the third quarter of 2009

	Exports				Imports		
	Volume (EEK m)	Share (%)	Change (%) Q3 2009 / Q3 2008		Volume (EEK m)	Share (%)	Change (%) Q3 2009 / Q3 2008
EU-27	3 257.4	82.6	-0.8	EU-27	1,428.4	66.5	-23.5
Finland	2,077.6	52.7	14.7	Finland	336.2	15.7	3.2
Sweden	172.2	4.4	-53.2	Latvia	233	10.9	68.2
Latvia	155.4	3.9	-8.3	Greece	136.4	6.4	-32
Poland	137.1	3.5	134.7	Sweden	94.1	4.4	-10.7
CIS	419.0	10.6	-7.4	CIS	367.9	17.1	20.0
Russia	391.0	9.9	-3.8	Russia	316.8	14.8	53.0
Other	266.4	6.8	-33.5	Other	350.3	16.3	-30.9
Norway	58.2	1.5	-46.3	Turkey	170.7	8.0	52.3
USA	37.9	1.0	-73.2	USA	45.8	2.1	-75.2
Total	3,942.8	100.0	-6.8	Total	2,146.6	100.0	-20.2

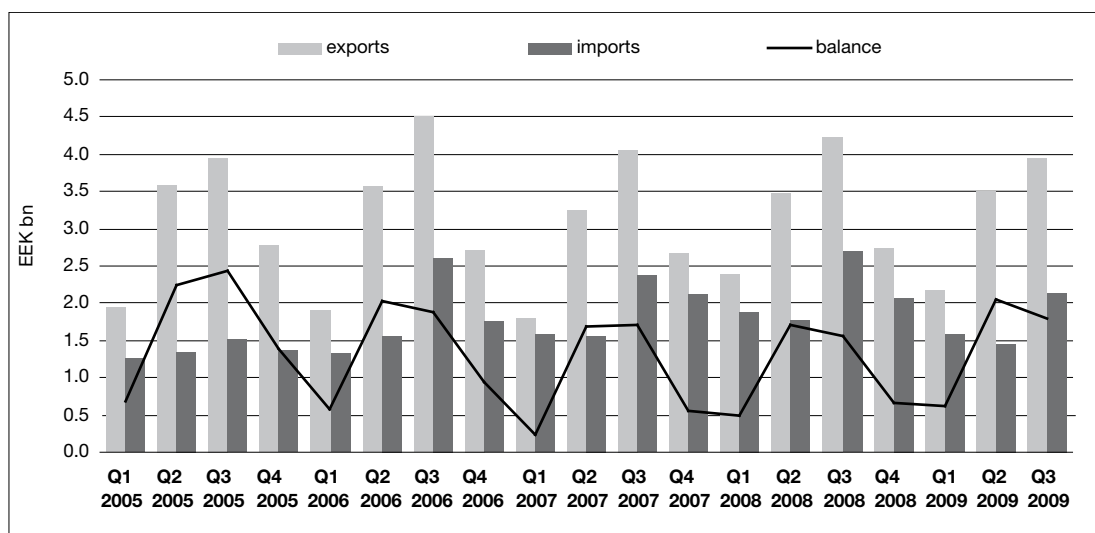


Figure 7. Travel services balance

The expenditure of EU visitors in Estonia was nearly as high as in the third quarter of 2008, as the lower spending of visitors from some EU countries was offset by the higher expenses of travellers from other Member States. More than half of the travel services were exported to Finland, with annual growth totalling 15%. Based on preliminary data, exports to Poland increased and Poland ranked fourth in the category of travel services exports. The provision of travel services to Germany, a major trade partner, decreased by a half. Visitors from the CIS spent 7% less (the expenditure of travellers from Russia decreased 4%) in Estonia than in the third quarter of 2008. As regards the group of other countries, the 35% fall in exports primarily stemmed from the decreased expenditure of tourists from Norway, the United States and Canada.

Two thirds of the travel services were imported from EU countries; year-on-year, imports contracted nearly 25%. This can partly be attributed to the reduced opportunities of finding seasonal employment in the EU. Compared to a year ago, in the third quarter of 2009 Estonian tourists spent considerably more in Finland, Russia, Latvia and Turkey – the four most popular travel destinations.

Income

The net outflow of income decreased over 50% year-on-year and stood at 1 billion kroons in the third quarter of 2009 (see Table 18). As a ratio of GDP, the deficit was 1.9%. The decrease in net outflow was primarily caused by the lower net outflow of direct investment income and, to some extent, also other investment income (income on loans and deposits; see Table 19). The net outflow of direct investment income, an important component of the income account, declined by two times both on account of dividends and reinvested earnings. The surplus on labour and portfolio investment income, on the other hand, increased. Excluding from the income account reinvested earnings, which involve no actual movement of funds, the income account deficit declined to 0.1 billion kroons (0.2% of GDP; see Figure 8). Compared to the third quarter of 2008, the net outflow of income decreased by over four times in the third quarter of 2009. This was primarily caused by the lower net outflow of investment income, in particular direct investment income.

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 2005	1,590.3	-5.7	-3,768.3	-20.8	-2,178.0	-29.1
Q2 2005	2,597.8	63.4	-4,235.6	12.4	-1,637.8	-24.8
Q3 2005	2,757.7	6.2	-4,649.6	9.8	-1,891.9	15.5
Q4 2005	2,279.7	-17.3	-3,696.5	-20.5	-1,416.8	-25.1
2005 total	9,225.5	68.1	-16,350.0	21.5	-7,124.5	-10.5
Q1 2006	2,693.8	18.2	-5,241.3	41.8	-2,547.5	79.8
Q2 2006	3,517.7	30.6	-6,301.7	20.2	-2,784.0	9.3
Q3 2006	3,781.0	7.5	-6,251.4	-0.8	-2,470.4	-11.3
Q4 2006	3,565.6	-5.7	-6,529.8	4.5	-2,964.2	20.0
2006 total	13,558.1	47.0	-24,324.2	48.8	-10,766.1	51.1
Q1 2007	3,981.5	11.7	-8,666.5	32.7	-4,685.0	58.1
Q2 2007	4,915.1	23.4	-8,248.2	-4.8	-3,333.1	-28.9
Q3 2007	5,207.5	5.9	-9,621.9	16.7	-4,414.4	32.4
Q4 2007	4,989.2	-4.2	-9,131.8	-5.1	-4,142.6	-6.2
2007 total	19,093.3	40.8	-35,668.4	46.6	-16,575.1	54.0
Q1 2008	4,296.0	-13.9	-9,789.0	7.2	-5,493.0	32.6
Q2 2008	4,392.8	2.3	-8,925.9	-8.8	-4,533.1	-17.5
Q3 2008	5,452.8	24.1	-8,947.2	0.2	-3,494.4	-22.9
Q4 2008	3,255.0	-40.3	-5,605.9	-37.3	-2,350.9	-32.7
2008 total	17,396.6	-8.9	-33,268.0	-6.7	-15,871.4	-4.2
Q1 2009	2,992.6	-8.1	-4,328.1	-22.8	-1,335.5	-43.2
Q2 2009	2,147.2	-28.2	-4,602.2	6.3	-2,455.0	83.8
Q3 2009	3,118.4	45.2	-4,129.5	-10.3	-1,011.1	-58.8

Table 19. Structure of income account

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2009 / Q2 2009	Q3 2009 / Q3 2008
Labour income	632.7	475.0	583.0	-18.1	-19.4	-57.7	22.7	-7.9
Investment income	-4,127.1	-2,930.0	-1,594.1	118.1	119.4	157.7	-45.6	-61.4
Income on direct investment	-2,901.3	-2,096.2	-1,074.1	83.0	85.4	106.2	-48.8	-63.0
income on equity	-2,769.9	-2,093.8	-986.2	79.3	85.3	97.5	-52.9	-64.4
reinvested earnings	2,183.0	-663.1	-66.9	-62.5	27.0	6.6	-89.9	-103.1
dividends	-4,952.9	-1,430.7	-919.3	141.7	58.3	90.9	-35.7	-81.4
income on debt (interests)	-131.4	-2.4	-87.9	3.8	0.1	8.7	3,591.1	-33.1
Income on portfolio investment	431.0	97.3	185.7	-12.3	-4.0	-18.4	90.8	-56.9
Income on other investment	-1,656.8	-931.2	-705.7	47.4	37.9	69.8	-24.2	-57.4
Total	-3,494.4	-2,455.0	-1,011.1	100.0	100.0	100.0	-58.8	-71.1

The net **inflow of income** increased by almost 50% from the second quarter of 2009 and totalled 3.1 billion kroons (see Table 20). The majority of the inflow was related to EU countries, above all Finland, Cyprus, Latvia and Lithuania (see Table 21). In the CIS, especially Ukraine and Russia, losses were run instead. The net inflow of labour income grew 17% owing to seasonal factors and comprised 25% of the total income inflow. 44% of the labour income was earned in Finland and somewhat less in the United Kingdom, Sweden, Latvia and Ireland. Residents' income on foreign investment increased almost 60%, mainly owing to an increase in direct investment income.

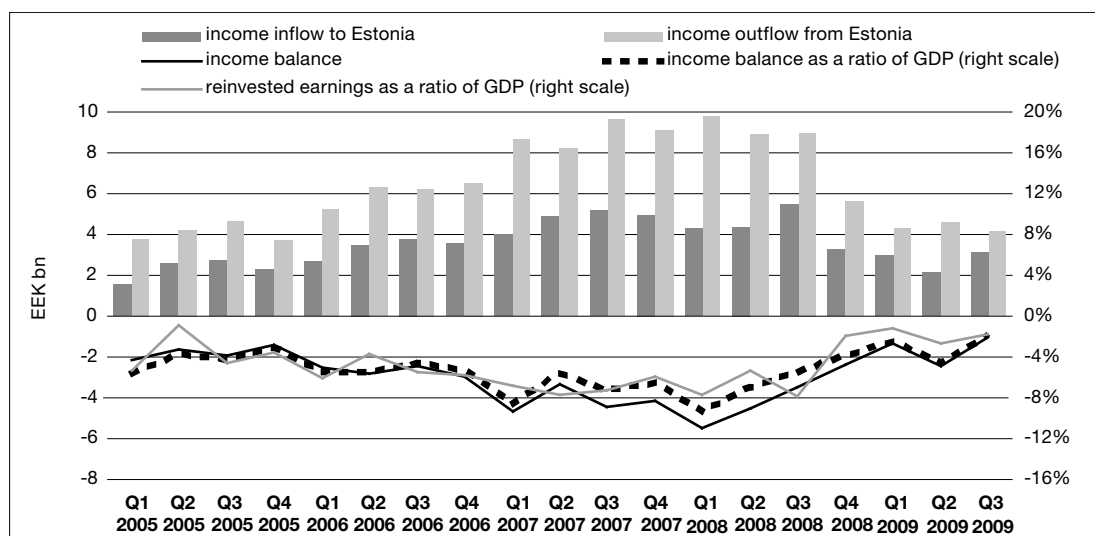


Figure 8. Income account

Table 20. Income inflow to Estonia

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2009 / Q2 2009	Q3 2009 / Q3 2008
Labour income	909.1	690.2	807.2	16.7	32.1	25.9	16.9	-11.2
Investment income	4,543.7	1,457.0	2,311.2	83.3	67.9	74.1	58.6	-49.1
Income on direct investment	2,981.5	697.7	1,704.3	54.7	32.5	54.7	144.3	-42.8
income on equity	2,633.7	336.5	1,361.5	48.3	15.7	43.7	304.6	-48.3
reinvested earnings	3,433.1	1,103.6	172.4	63.0	51.4	5.5	-84.4	-95.0
dividends	-799.4	-767.0	1,189.1	-14.7	-35.7	38.1	-255.0	-248.8
income on debt (interests)	347.8	361.1	342.8	6.4	16.8	11.0	-5.1	-1.4
Income on portfolio investment	882.0	489.5	409.9	16.2	22.8	13.1	-16.2	-53.5
Income on other investment	680.3	269.9	197.0	12.5	12.6	6.3	-27.0	-71.0
Total	5,452.8	2,147.2	3,118.4	100.0	100.0	100.0	45.2	-42.8

Table 21. Income by groups of countries in the third quarter of 2009

	Inflow				Outflow		
	Volume (EEK m)	Share (%)	Change (%), Q3 2009 / Q3 2008		Volume (EEK m)	Share (%)	Change (%), Q3 2009 / Q3 2008
EU-27	3,052.5	97.9	-39.1	EU-27	-3,806.8	92.2	-53.9
Finland	636.8	20.4	-56.7	Sweden	-2,552.5	61.8	-50.7
Cyprus	628.4	20.2	-21.8	Finland	-565.6	13.7	-61.6
Latvia	581.4	18.6	-41.9	Netherlands	-401.1	9.7	4006.2
Lithuania	495.0	15.9	-49.8	United Kingdom	-124.3	3.0	-59.2
CIS	-55.0	-1.8	-126.9	CIS	2.6	-0.1	-101.3
Russia	-24.6	-0.8	-141.9	Russia	14.8	-0.4	-109.6
Ukraine	-35.5	-1.1	-134.0	Ukraine	-6.6	0.2	-80.9
Other	120.9	3.9	-49.4	Other	-325.3	7.9	-32.9
Norway	46.0	1.5	-30.1	USA	-132.6	3.2	34.5
offshore regions	16.9	0.5	-46.3	offshore regions	-110.0	2.7	-29.4
Total	3,118.4	100.0	-42.8	Total	-4,129.5	100.0	-53.8

The net inflow of portfolio and other investment income decreased in the third quarter of 2009. In the second quarter of 2009, residents drew a considerable amount of dividends on foreign direct investment, which entailed a drop in reinvested earnings. In the third quarter, however, much less dividends were drawn and reinvested earnings grew significantly.

Most of the investment income inflow came from Cyprus, Latvia, Lithuania and Finland (84% in total). The largest share of the investment income was earned in financial intermediation (60%) and somewhat less in the fields of transport, storage and communications as well as real estate, renting and business activities (see Figure 9). Investors in the field of wholesale and retail trade witnessed losses abroad. Compared to the third quarter of 2008, the inflow of income decreased nearly 50%. This was mainly due to a decline in dividend income (from 3.2 billion kroons in the third quarter of 2008 to 0.2 billion kroons in the third quarter of 2009).

The net **outflow of income** contracted 10% quarter-on-quarter and totalled 4.1 billion kroons (see Table 22). 92% of the income earned in Estonia belonged to EU investors, mainly Swedish but also Finnish residents (see Table 21). Labour income constituted 5% of non-residents' income earned in Estonia,

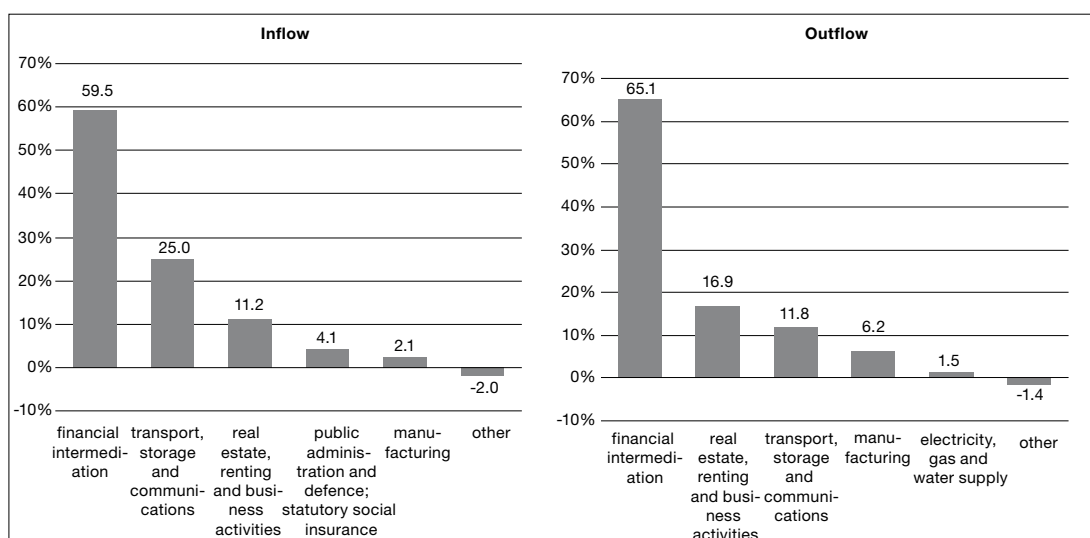


Figure 9. Inflow and outflow of investment income by fields of activity in the third quarter of 2009

Table 22. Income outflow from Estonia

	Volume (EEK m)			Share (%)			Change (%)	
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2009 / Q2 2009	Q3 2009 / Q3 2008
Labour income	-276.37	-215.16	-224.2	3.1	4.7	5.4	4.2	-18.9
Investment income	-8,670.9	-4,387.0	-3,905.3	96.9	95.3	94.6	-11.0	-55.0
Income on direct investment	-5,882.8	-2,793.9	-2,778.4	65.7	60.7	67.3	-0.6	-52.8
income on equity	-5,403.6	-2,430.3	-2,347.7	60.4	52.8	56.9	-3.4	-56.6
reinvested earnings	-1,250.1	-1,766.6	-239.3	14.0	38.4	5.8	-86.5	-80.9
dividends	-4,153.6	-663.7	-2,108.4	46.4	14.4	51.1	217.7	-49.2
income on debt (interests)	-479.2	-363.5	-430.6	5.4	7.9	10.4	18.5	-10.1
Income on portfolio investment	-450.9	-392.1	-224.2	5.0	8.5	5.4	-42.8	-50.3
Income on other investment	-2,337.2	-1,201.0	-902.7	26.1	26.1	21.9	-24.8	-61.4
Total	-8,947.2	-4,602.2	-4,129.5	100.0	100.0	100.0	-10.3	-53.8

the rest being investment income. Direct investment income accounted for 71%, other investment income for 23% and portfolio investment income for 6% of the investment income outflow. Income on direct investment in Estonia remained unchanged from the second quarter, whereas income on other and portfolio investment shrank. Similar to resident direct investors, also non-resident direct investors reinvested most of their profits, and thus reinvested earnings increased by several times.

Mostly Swedish and Finnish investors earned on investment in Estonia (65% and 12%, respectively). The biggest share (65%) of investment income was earned in financial intermediation and somewhat less in the fields of real estate, renting and business activities; transport, storage and communications, and manufacturing (see Figure 9).

Current and capital transfers²

The surplus on the current transfers account totalled almost 1 billion kroons in the third quarter of 2009, which is nearly as much as in the second quarter of 2009 but 0.2 billion kroons more than in the third quarter of 2008 (see Table 23).

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

	Incoming			Outgoing			Balance		
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009
Current transfers	1,823.0	1,736.1	2,047.6	1,064.5	813.5	1,076.8	758.6	922.6	970.8
government transfers	606.1	673.5	958.8	544.6	467.7	573.3	61.5	205.8	385.4
EU-27	537.8	598.6	741.5	531.9	423.7	513.4	5.9	174.9	228.1
CIS	16.0	12.9	9.8	4.2	3.5	2.7	11.8	9.4	7.1
other	52.3	62.1	207.4	8.5	40.5	57.2	43.8	21.6	150.2
private transfers	1,216.9	1,062.6	1,088.8	519.9	345.8	503.5	697.0	716.8	585.3
EU-27	921.8	817.1	823.0	390.3	300.2	419.6	531.5	516.9	403.3
CIS	183.3	165.5	186.0	50.2	11.3	27.1	133.1	154.2	158.9
other	111.8	80.0	79.9	79.5	34.3	56.8	32.4	45.7	23.1
Capital transfers	651.4	813.9	1,587.4	21.7	1.2	2.4	629.7	812.7	1,585.0
government transfers	243.1	577.6	1,119.8	0.2	0.2	0.0	242.9	577.4	1,119.8
private transfers	408.3	236.3	467.6	21.5	1.0	2.4	386.9	235.3	465.1

Current transfers to Estonia amounted to 2 billion kroons. Government transfers totalled almost a billion kroons and contained allocations from the EU structural funds (44%) as well as VAT, income and social tax receipts from non-residents. Transfers to other sectors totalled 1.1 billion kroons; 40% of that accounted for external aid from EU structural funds and 15% for transfers by migrants employed abroad. The outflow of current transfers amounted to 1.1 billion kroons. Government transfers comprised over 50% of that, 80% (456 million kroons) of which was Estonia's payment into the EU budget. Other sectors' transfers abroad totalled 0.5 billion kroons and were primarily channelled to the European Union (Finland, Germany, Lithuania and Latvia).

The surplus on the **capital transfers account** was 1.6 billion kroons, having increased by nearly a billion kroons from the third quarter of 2008. Most of the transfers consisted of EU subsidies to the general government as well as to other sectors for various infrastructure objects.

² 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 modest net outflow of capital in the first half of 2009 increased considerably in the third quarter and stood at 9.8 billion kroons. Net capital inflow occurred through direct, portfolio as well as other investment. Only the inflow of derivatives was bigger than their outflow. Figures 10 and 11 show the structure of the financial account by categories and maturities.

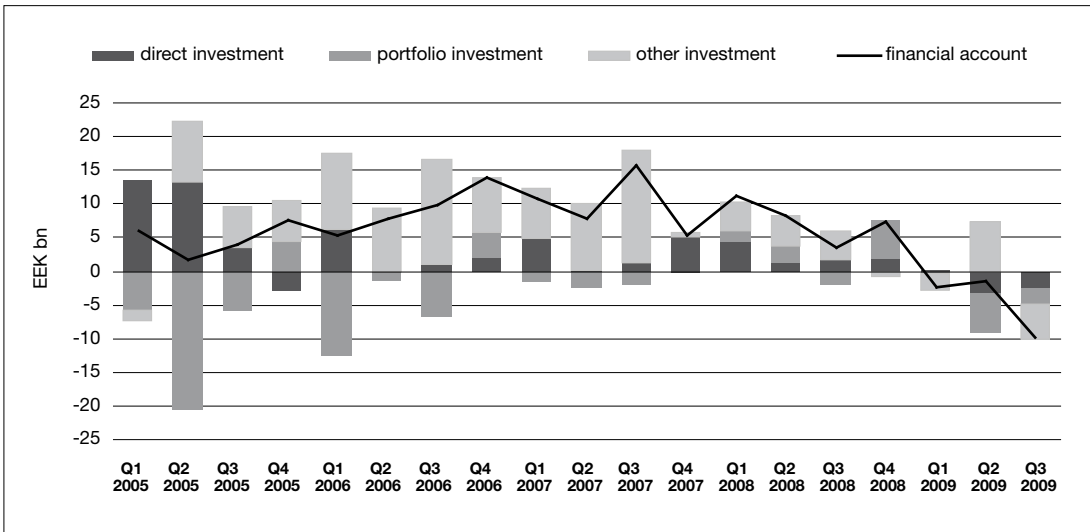


Figure 10. Changes in the structure of foreign investment capital flows

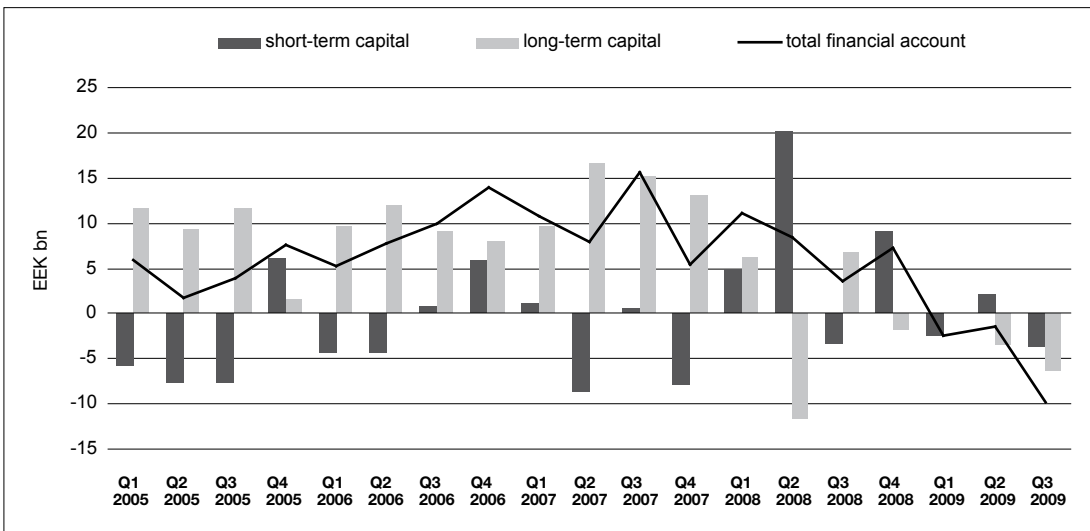


Figure 11. Maturity structure of the financial account

Direct investment

Direct investment had a deficit of 2.5 billion kroons in the third quarter of 2009. Non-residents invested 1.2 billion kroons in Estonia and Estonian residents' direct investment abroad grew by 3.7 billion kroons (see Figure 12).

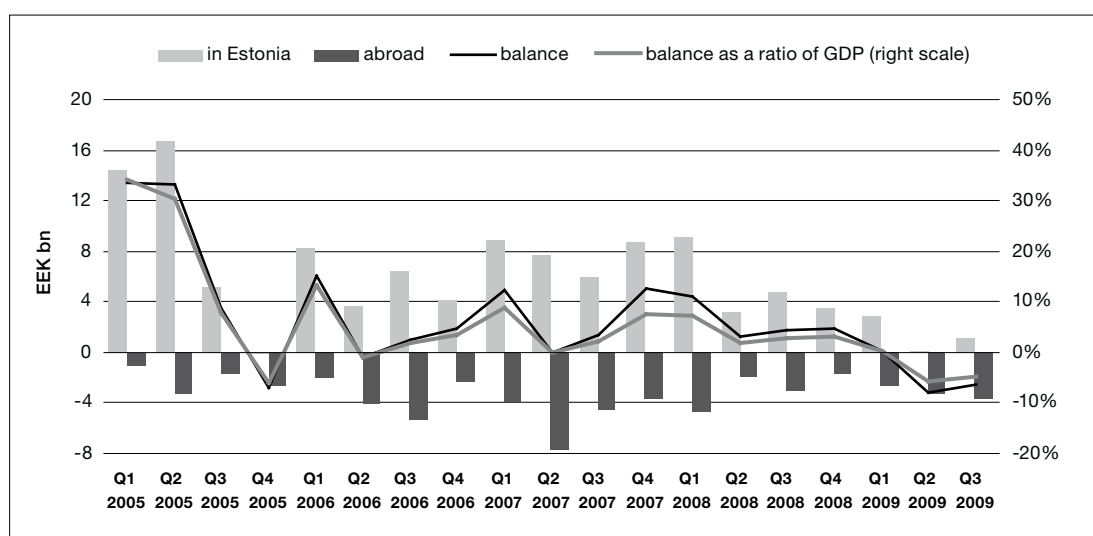


Figure 12. Direct investment

Direct investment in Estonia (1.2 billion kroons) in the third quarter of 2009 was 0.8 billion kroons bigger than in the second quarter but four times smaller year-on-year. In total, 2.1 billion kroons were reinvested, which is over three times more than in the second quarter but 50% less than a year ago. The largest investment was made in financial intermediation (1.4 billion kroons, which constitutes 70% of the second-quarter results) and to a lesser extent in auxiliary transport services and insurance (0.3 and 0.2 billion kroons, respectively). Direct investment in equity capital brought 1.9 billion kroons to Estonia. The largest direct investment (0.9 billion kroons) was made in retail trade. The intercompany debt liabilities of direct investment companies decreased by 1.5 billion kroons from the second quarter. Intercompany debt claims channelled 1.3 billion kroons out of Estonia (see Tables 24 and 25).

The Netherlands was the biggest investor with 1.4 billion kroons. Sweden followed with 0.9 billion kroons. Lithuania's and Latvia's direct investment in Estonia decreased by 0.6 and 0.4 billion kroons, respectively. Regarding groups of countries, both the EU and the CIS invested in Estonia. The net investment of other countries remained negative. Owing to the foreign ownership of banks operating in Estonia and reinvested earnings, financial intermediation has recorded the largest investment from quarter to quarter. The third quarter of 2009 was no exception: 1.6 billion kroons was invested in financial intermediation enterprises (see Figures 13-14 and Table 26).

Direct investment abroad remained unchanged from the second quarter but increased 24% year-on-year. Equity capital investment contributed nearly 85% to the outflow; retained proprietary income totalled 1.2 billion kroons. Other capital assets and liabilities decreased and the outflow totalled 0.7 billion kroons.

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 2005	12,634.1	87.8	2,442.1	17.0	-875.4	-6.1	194.5	1.4	14,395.3	100.0
Q2 2005	15,099.2	90.7	826.7	5.0	-450.3	-2.7	1,176.6	7.1	16,652.3	100.0
Q3 2005	315.0	6.1	3,368.8	64.7	-679.5	-13.1	2,198.8	42.3	5,203.2	100.0
Q4 2005	-68.8	45.9	2,248.2	-1,501.3	-8.9	5.9	-2,320.3	1,549.4	-149.8	100.0
2005 total	27,979.5	77.5	8,885.8	24.6	-2,014.0	-5.6	1,249.7	3.5	36,101.0	100.0
Q1 2006	1,146.6	14.0	3,663.1	44.6	-430.1	-5.2	3,832.7	46.7	8,212.3	100.0
Q2 2006	291.8	8.1	3,064.9	85.0	-877.6	-24.3	1,127.5	31.3	3,606.7	100.0
Q3 2006	821.7	12.9	4,384.0	68.7	-680.5	-10.7	1,860.4	29.1	6,385.6	100.0
Q4 2006	-21.5	-0.5	4,540.5	108.1	-2,475.4	-59.0	2,155.3	51.3	4,198.9	100.0
2006 total	2,238.6	10.0	15,652.5	69.9	-4,463.5	-19.9	8,975.9	40.1	22,403.6	100.0
Q1 2007	486.5	5.5	5,261.8	59.1	-486.9	-5.5	3,641.9	40.9	8,903.3	100.0
Q2 2007	2,652.2	34.2	3,661.9	47.3	-1,687.8	-21.8	3,117.6	40.3	7,743.9	100.0
Q3 2007	8.2	0.1	6,772.0	114.2	-2,116.2	-35.7	1,268.0	21.4	5,932.0	100.0
Q4 2007	1,128.1	13.0	5,807.4	66.9	-2,215.3	-25.5	3,956.7	45.6	8,676.9	100.0
2007 total	4,275.0	13.7	21,503.0	68.8	-6,506.2	-20.8	11,984.3	38.3	31,256.1	100.0
Q1 2008	1,583.7	17.3	6,057.6	66.3	-1,199.0	-13.1	2,697.2	29.5	9,139.4	100.0
Q2 2008	471.1	14.8	3,587.2	112.8	-1,753.2	-55.1	875.8	27.5	3,180.9	100.0
Q3 2008	94.7	2.0	4,153.6	87.0	-236.4	-5.0	763.8	16.0	4,775.6	100.0
Q4 2008	1,033.7	29.4	1,649.8	46.9	1,285.3	36.5	-452.3	-12.9	3,516.6	100.0
2008 total	3,183.3	15.4	15,448.2	74.9	-1,903.4	-9.2	3,884.4	18.8	20,612.5	100.0
Q1 2009	1,783.9	62.2	1,369.1	47.8	-591.7	-20.6	304.6	10.6	2,865.9	100.0
Q2 2009	1,623.0	414.1	663.7	169.3	-286.6	-73.1	-1,608.1	-410.3	392.0	100.0
Q3 2009	1,907.2	162.3	2,108.4	179.4	-1,307.4	-111.2	-1,532.9	-130.4	1,175.3	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 2005	315.7	162.5	431.5	213.4	1,620.1	2,118.0	1,404.3	914.8
Q2 2005	213.3	115.9	373.2	306.4	1,174.3	1,111.9	1,294.0	1,079.1
Q3 2005	336.1	81.0	688.3	340.1	2,854.9	1,080.7	1,362.4	1,158.7
Q4 2005	409.1	143.0	797.5	553.5	2,239.7	2,581.7	950.6	1,422.9
2005 total	1,274.3	502.5	2,290.6	1,413.4	7,889.0	6,892.3	5,011.4	4,575.5
Q1 2006	410.2	85.1	690.9	674.5	5,445.0	967.8	432.9	906.1
Q2 2006	473.5	93.1	653.4	601.4	2,204.5	1,610.9	714.0	842.1
Q3 2006	317.4	62.4	709.7	458.2	3,346.8	1,482.8	1,159.8	1,021.7
Q4 2006	919.5	368.7	1,669.8	855.2	2,320.7	2,078.4	1,812.2	623.6
2006 total	2,120.5	609.3	3,723.7	2,589.2	13,317.0	6,139.9	4,119.0	3,393.4
Q1 2007	831.9	231.4	1,024.9	1,348.3	6,412.2	2,883.7	1,201.4	925.8
Q2 2007	670.5	279.3	2,737.7	787.3	4,408.2	1,388.0	1,580.9	1,773.8
Q3 2007	1,253.3	470.6	1,614.9	421.3	2,359.5	1,867.2	3,630.0	2,565.0
Q4 2007	1,096.1	244.4	2,595.7	1,333.2	4,850.9	3,034.8	1,726.3	1,103.9
2007 total	3,851.7	1,225.7	7,973.2	3,890.1	18,030.7	9,173.8	8,138.6	6,368.5
Q1 2008	756.7	354.8	1,424.7	1,172.9	3,670.3	2,043.2	1,930.9	1,012.0
Q2 2008	1,624.3	102.5	2,427.4	2,894.2	1,813.6	2,504.4	2,070.9	1,463.5
Q3 2008	613.6	1,219.6	2,405.3	1,405.9	4,212.5	4,633.8	3,060.9	1,693.9
Q4 2008	488.2	853.1	2,720.5	2,652.9	4,070.2	2,784.7	5,316.5	5,167.4
2008 total	3,482.9	2,530.1	8,977.8	8,126.0	13,766.8	11,966.1	12,379.2	9,336.8
Q1 2009	483.6	130.8	2,027.8	1,537.6	3,035.7	2,068.8	2,738.5	3,209.3
Q2 2009	460.0	422.0	1,540.2	1,574.4	1,743.2	2,803.9	1,293.3	1,293.5
Q3 2009	1,074.9	502.7	1,417.0	807.4	1,823.6	4,555.4	4,189.6	2,453.7

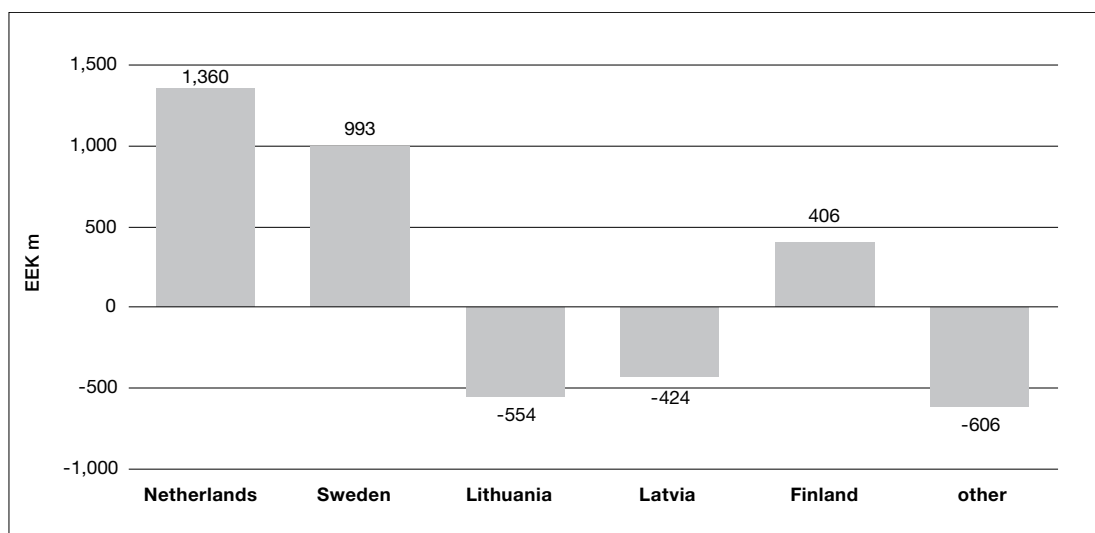


Figure 13. Direct investment in Estonia by countries in the third quarter of 2009

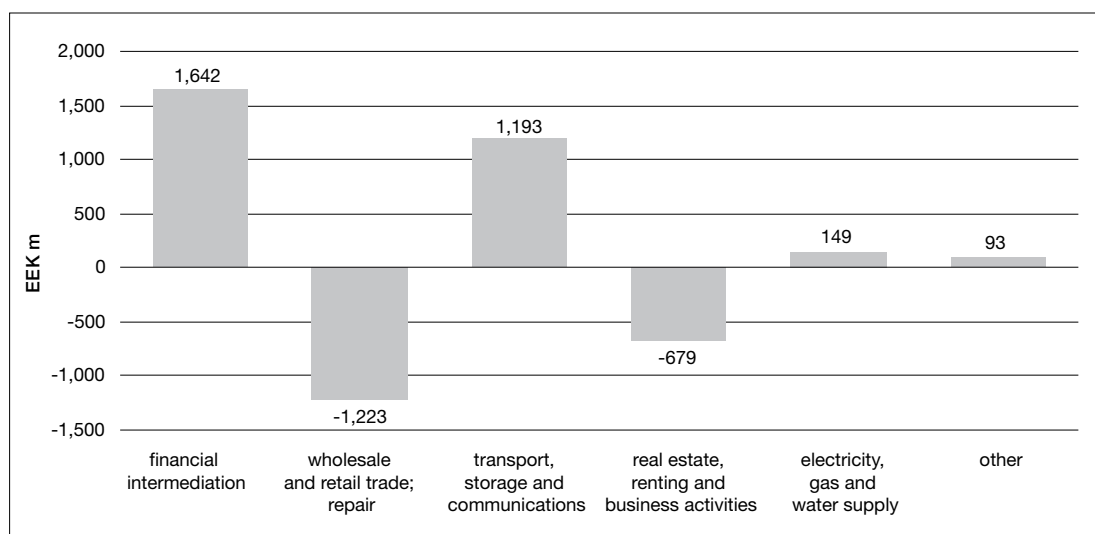


Figure 14. Direct investment in Estonia by fields of activities in the third quarter of 2009

Table 26. Direct investment in Estonia by groups of countries

	Volume (EEK m)		Share (%)		Change (%)
	Q2 2009	Q3 2009	Q2 2009	Q3 2009	Q3 2009 / Q2 2009
EU-27	831.6	997.1	212.2	84.8	19.9
CIS	-270.3	194.4	-69.0	16.5	-171.9
Other	-169.3	-16.2	-43.2	-1.4	-90.5
Total	392.0	1 175.3	100.0	100.0	199.9

As the inflow and outflow were nearly equal, the loan liabilities of subsidiaries and affiliates to Estonian direct investors did not change from the second quarter. The change in direct investors' liabilities was also only marginal (see Tables 27 and 28).

Investment in Latvia, Lithuania and Finland increased in the third quarter (by 3.4, 0.6 and 0.4 billion kroons, respectively), whereas investment in Cyprus and Sweden decreased (by 0.4 and 0.2 billion kroons, respectively). The biggest investors were financial intermediaries, followed by companies engaged in other business activities and the rental of machinery and equipment. The foreign direct investment of real estate, water and construction companies shrank the most (by 0.3, 0.2 and 0.1 billion kroons, respectively). The majority of capital outflow remained in the EU. As regards the CIS and other countries, the balance of inflow and outflow resulted in a capital inflow to Estonia (see Table 29 and Figures 15-16).

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 2005	-423.5	41.2	-361.8	35.2	-206.0	20.0	-37.2	3.6	-1,028.5	100.0
Q2 2005	-2,570.5	77.5	-408.8	12.3	-457.8	13.8	118.9	-3.6	-3,318.2	100.0
Q3 2005	-441.4	26.4	-1,306.7	78.2	-88.7	5.3	165.6	-9.9	-1,671.2	100.0
Q4 2005	-1,719.9	64.1	-617.3	23.0	-389.1	14.5	44.7	-1.7	-2,681.5	100.0
2005 total	-5,155.3	59.3	-2,694.6	31.0	-1,141.6	13.1	292.0	-3.4	-8,699.5	100.0
Q1 2006	-366.6	17.6	-891.7	42.7	-856.1	41.0	27.6	-1.3	-2,087.0	100.0
Q2 2006	-2,072.3	51.3	-1,149.6	28.4	-1,059.7	26.2	238.1	-5.9	-4,043.6	100.0
Q3 2006	-2,897.8	54.0	-1,441.2	26.8	-1,404.7	26.2	373.0	-6.9	-5,370.7	100.0
Q4 2006	-558.7	24.4	-1,362.4	59.5	-489.7	21.4	121.6	-5.3	-2,289.2	100.0
2006 total	-5,895.5	42.8	-4,844.9	35.1	-3,810.3	27.6	760.3	-5.5	-13,790.4	100.0
Q1 2007	-1,277.4	32.4	-1,566.9	39.8	-1,255.9	31.9	159.7	-4.1	-3,940.5	100.0
Q2 2007	-6,747.2	87.5	909.5	-11.8	-1,631.2	21.2	-237.8	3.1	-7,706.8	100.0
Q3 2007	-930.9	20.3	-2,397.4	52.3	-2,458.8	53.7	1,206.7	-26.3	-4,580.4	100.0
Q4 2007	-1,368.6	37.1	-1,986.4	53.9	-657.9	17.9	328.6	-8.9	-3,684.3	100.0
2007 total	-10,324.1	51.8	-5,041.3	25.3	-6,003.8	30.2	1,457.2	-7.3	-19,912.0	100.0
Q1 2008	-968.1	20.4	-1,501.4	31.7	-2,671.7	56.4	406.9	-8.6	-4,734.3	100.0
Q2 2008	-749.1	39.8	-91.7	4.9	-89.5	4.8	-953.8	50.6	-1,884.1	100.0
Q3 2008	-488.9	16.3	799.4	-26.7	-2,842.2	94.8	-464.8	15.5	-2,996.6	100.0
Q4 2008	-346.7	20.6	-474.6	28.2	-942.4	55.9	78.7	-4.7	-1,685.1	100.0
2008 total	-2,552.8	22.6	-1,268.3	11.2	-6,545.9	57.9	-933.0	8.3	-11,300.1	100.0
Q1 2009	-1,264.6	46.9	-740.7	27.5	-101.0	3.7	-591.8	21.9	-2,698.1	100.0
Q2 2009	-473.7	12.8	767.0	-20.7	-3,221.7	86.9	-778.3	21.0	-3,706.7	100.0
Q3 2009	-3,175.7	85.4	-1,189.1	32.0	652.1	-17.5	-5.5	0.1	-3,718.2	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
Q1,2005	239.7	303.9	220.2	82.3	30.5	4.7	1.4	0.9
Q2 2005	378.6	195.8	649.7	312.3	29.7	2.5	2.2	7.9
Q3 2005	582.3	659.5	516.6	387.0	44.3	13.2	58.9	0.5
Q4 2005	941.2	329.5	324.0	325.8	5.2	40.4	42.4	15.6
2005 total	2,141.8	1,488.6	1,710.6	1,107.4	109.6	60.7	104.9	25.0
Q1 2006	767.9	500.6	329.0	482.7	78.8	20.4	2.1	0.4
Q2 2006	864.7	269.7	340.9	523.4	0.6	51.4	2.9	0.4
Q3 2006	2,433.0	527.6	294.5	267.1	20.3	20.5	9.4	4.0
Q4 2006	1,296.1	1,074.8	598.9	352.9	18.9	20.3	132.6	15.7
2006 total	5,361.8	2,372.7	1,563.4	1,626.1	118.6	112.7	147.0	20.5
Q1 2007	975.3	158.8	279.5	324.6	13.9	24.5	59.6	30.0
Q2 2007	1,447.3	954.2	623.6	273.1	2.8	56.6	163.5	8.6
Q3 2007	3,095.4	305.2	566.7	531.7	11.5	19.3	1,048.0	30.9
Q4 2007	853.2	628.9	618.1	364.1	72.2	14.1	407.4	39.9
2007 total	6,371.1	2,047.0	2,087.8	1,493.4	100.4	114.6	1,678.5	109.3
Q1 2008	2,655.9	807.3	490.3	446.9	141.2	49.0	205.4	308.5
Q2 2008	990.8	1,788.2	557.8	284.0	28.4	67.6	54.7	414.6
Q3 2008	1,091.0	613.4	568.4	491.8	24.3	32.6	116.1	410.7
Q4 2008	665.1	447.4	1,286.4	789.6	60.4	131.3	218.4	45.3
2008 total	5,402.8	3,656.3	2,902.9	2,012.4	254.3	280.5	594.6	1,179.1
Q1 2009	1,346.9	427.8	410.3	716.7	61.3	13.7	48.7	95.7
Q2 2009	3,076.5	505.4	633.5	333.3	15.2	31.9	61.5	940.9
Q3 2009	685.5	693.5	376.9	359.6	62.8	22.4	24.5	38.1

Table 29. Direct investment abroad by groups of countries

	Volume (EEK m)		Share (%)		Change (%)
	Q2 2009	Q3 2009	Q2 2009	Q3 2009	Q3 2009 / Q2 2009
EU-27	-4,415.1	-3,798.7	119.1	102.2	-14.0
CIS	608.4	90.6	-16.4	-2.4	-85.1
Other	100.0	-10.0	-2.7	0.3	-110.0
Total	-3,706.7	-3,718.2	100.0	100.0	0.3

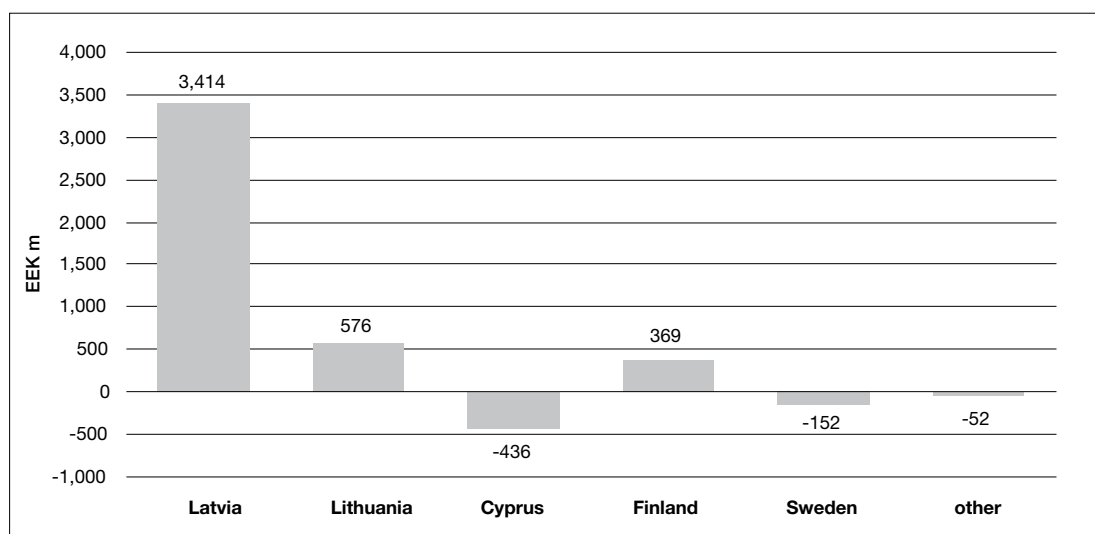


Figure 15. Direct investment abroad by countries in the third quarter of 2009

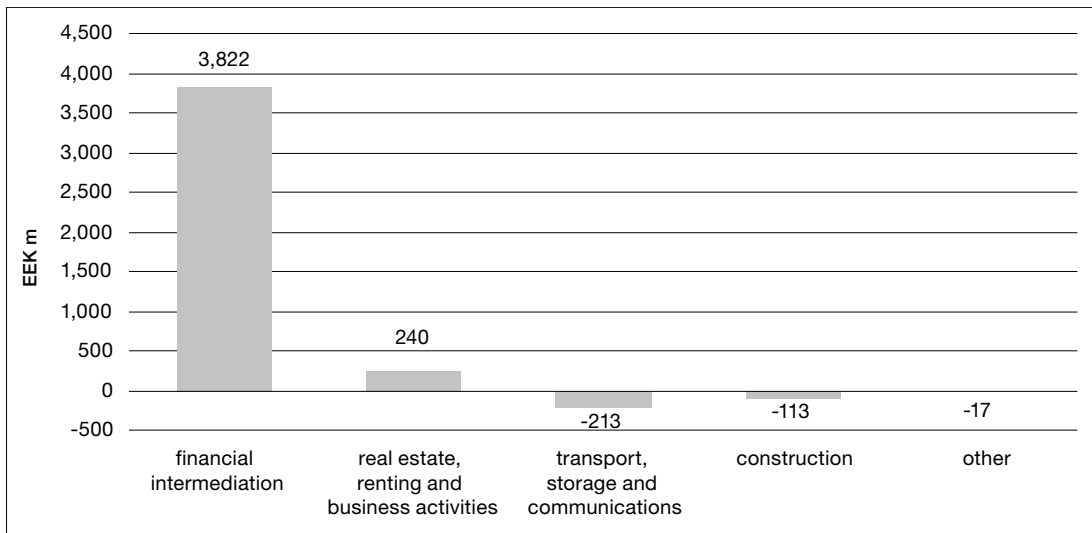


Figure 16. Direct investment abroad by fields of activity in the third quarter of 2009

Portfolio investment

The net outflow of portfolio investment was 2.3 billion kroons in the third quarter of 2009. This resulted mainly from an increase in the foreign debt security investment of credit institutions and the debt and equity security investment of enterprises in other sectors (see Figure 17 and Table 30).

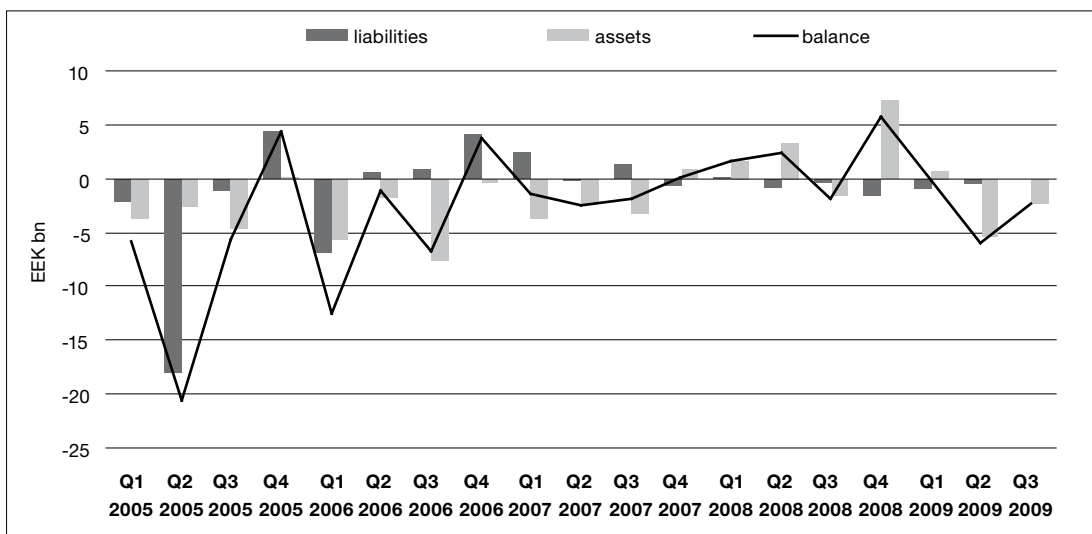


Figure 17. Portfolio investment

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

	Assets			Liabilities			Balance		
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009
Equity securities	-57.6	-258.8	-798.1	-471.8	-112.5	135.0	-529.4	-371.3	-663.1
central bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
general government	-287.2	190.8	27.0	0.0	0.0	0.0	-287.2	190.8	27.0
credit institutions	-1.2	-4.4	9.8	0.0	0.0	0.0	-1.2	-4.4	9.8
other sectors	230.8	-445.2	-834.9	-471.8	-112.5	135.0	-241.0	-557.7	-699.9
Debt securities	-1,493.5	-5,177.1	-1,493.3	111.9	-356.0	-188.6	-1,381.6	-5,533.1	-1,681.9
central bank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
general government	-1,333.9	2,046.0	318.7	135.0	-62.6	-10.8	-1,198.9	1,983.4	307.9
credit institutions	35.9	-7,015.7	-928.8	-86.4	-48.4	-254.1	-50.5	-7,064.1	-1,182.9
other sectors	-195.5	-207.4	-883.2	63.3	-245.0	76.3	-132.2	-452.4	-806.9
Total	-1,551.1	-5,435.9	-2,291.4	-359.7	-468.6	-53.6	-1,910.8	-5,904.5	-2,345.0

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 2005	-9,946.1	467.3	7,817.8	-367.3	-2,128.4	100.0
Q2 2005	-9,640.0	53.5	-8,371.2	46.5	-18,011.2	100.0
Q3 2005	483.6	-45.2	-1,552.4	145.2	-1,068.8	100.0
Q4 2005	2,750.3	63.4	1,588.1	36.6	4,338.4	100.0
2005 total	-16,352.2	96.9	-517.7	3.1	-16,870.0	100.0
Q1 2006	-498.4	7.3	-6,355.5	92.7	-6,854.0	100.0
Q2 2006	499.6	79.7	127.2	20.3	626.7	100.0
Q3 2006	839.2	100.0	-0.3	0.0	839.0	100.0
Q4 2006	2,891.5	70.2	1,227.0	29.8	4,118.5	100.0
2006 total	3,731.9	-293.9	-5,001.6	393.9	-1,269.8	100.0
Q1 2007	3,163.4	135.4	-827.7	-35.4	2,335.7	100.0
Q2 2007	910.5	-555.9	-1,074.4	655.9	-163.8	100.0
Q3 2007	812.8	59.0	565.7	41.0	1,378.5	100.0
Q4 2007	-1,353.5	202.6	685.5	-102.6	-668.0	100.0
2007 total	3,533.2	122.6	-650.9	-22.6	2,882.4	100.0
Q1 2008	-1,007.7	-1,372.9	1,081.1	1,472.9	73.4	100.0
Q2 2008	-235.7	27.4	-624.1	72.6	-859.8	100.0
Q3 2008	-471.8	131.2	112.1	-31.2	-359.7	100.0
Q4 2008	-1,700.1	103.7	60.9	-3.7	-1,639.2	100.0
2008 total	-3,415.3	122.6	630.0	-22.6	-2,785.3	100.0
Q1 2009	-410.0	45.0	-502.0	55.0	-912.0	100.0
Q2 2009	-112.5	24.0	-356.1	76.0	-468.6	100.0
Q3 2009	134.9	-251.7	-188.5	351.7	-53.6	100.0

Portfolio investment liabilities declined by 54 million kroons in the third quarter of 2009 (see Table 31). Debt security liabilities contracted by 189 million kroons, whereas equity security liabilities grew by 135 million kroons. In the third quarter only the portfolio investment liabilities of enterprises in other sectors increased. The debt security liabilities of credit institutions, on the other hand, decreased by 254 million kroons. The equity security liabilities of investment funds and the debt security liabilities of non-financial companies increased by 62 and 70 million kroons, respectively. In terms of countries, portfolio investment liabilities to the United Kingdom declined the most, followed by liabilities to the United States, the Netherlands, Cyprus and Latvia (see Figure 18 and Table 32).

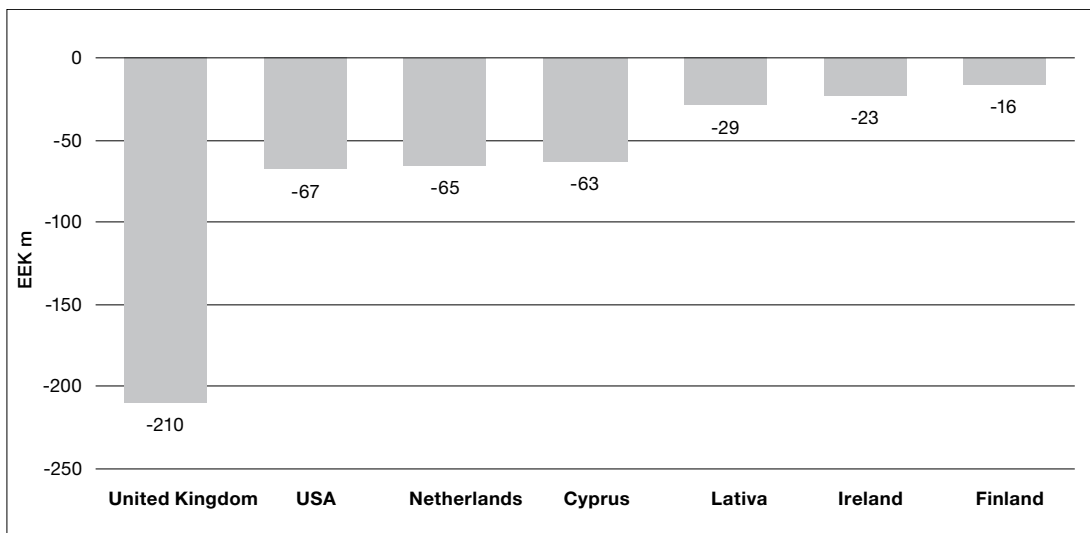


Figure 18. Decrease in portfolio investment liabilities by countries in the third quarter of 2009

Table 32. Structure of portfolio investment by groups of countries in the third quarter of 2009

	Volume (EEK m)		Share (%)	
	Assets	Liabilities	Assets	Liabilities
EU-27	-2,556.6	-33.6	111.6	62.7
CIS	89.8	-12.7	-3.9	23.7
Other	175.4	-7.3	-7.7	13.6
Total	-2,291.4	-53.6	100.0	100.0

Portfolio investment assets grew by 2.3 billion kroons in the third quarter; equity security investment comprised 0.8 billion and debt security assets 1.5 billion kroons of that (see Table 33). Growth was boosted by the foreign equity and debt security investment of enterprises in other sectors as well as the foreign debt security investment of credit institutions. As regards enterprises in other sectors, insurance companies and pension funds invested 1.3 billion kroons in debt securities and 438 million kroons in equity securities. In the previous quarters, the debt security assets of the general government decreased by billions of kroons, whereas in the third quarter the decline totalled only 319 million kroons. By countries, primarily portfolio investment assets to EU countries increased, in particular the Netherlands, France, Greece, Italy and Spain (see Figure 19 and Table 32).

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 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
2005 total	-4,848.9	44.8	-5,969.4	55.2	-10,818.3	100.0
Q1 2006	-1,231.6	22.0	-4,375.5	78.0	-5,607.1	100.0
Q2 2006	-1,057.9	60.9	-679.6	39.1	-1,737.5	100.0
Q3 2006	-670.7	8.9	-6,905.6	91.1	-7,576.2	100.0
Q4 2006	-1,609.1	562.8	1,323.2	-462.8	-285.9	100.0
2006 total	-4,569.3	30.0	-10,637.5	70.0	-15,206.7	100.0
Q1 2007	-2,197.7	59.2	-1,516.6	40.8	-3,714.3	100.0
Q2 2007	-2,832.5	124.4	556.4	-24.4	-2,276.1	100.0
Q3 2007	-2,442.2	74.3	-845.1	25.7	-3,287.3	100.0
Q4 2007	-216.4	-25.9	1,053.4	125.9	837.0	100.0
2007 total	-7,688.8	91.1	-751.9	8.9	-8,440.7	100.0
Q1 2008	1,539.9	98.0	32.1	2.0	1,572.0	100.0
Q2 2008	947.6	28.8	2,341.1	71.2	3,288.7	100.0
Q3 2008	-57.6	3.7	-1,493.5	96.3	-1,551.1	100.0
Q4 2008	1,672.5	22.8	5,657.8	77.2	7,330.3	100.0
2008 total	4,102.4	38.6	6,537.5	61.4	10,639.9	100.0
Q1 2009	183.4	28.1	469.0	71.9	652.4	100.0
Q2 2009	-258.8	4.8	-5,177.1	95.2	-5,435.9	100.0
Q3 2009	-798.1	34.8	-1,493.3	65.2	-2,291.4	100.0

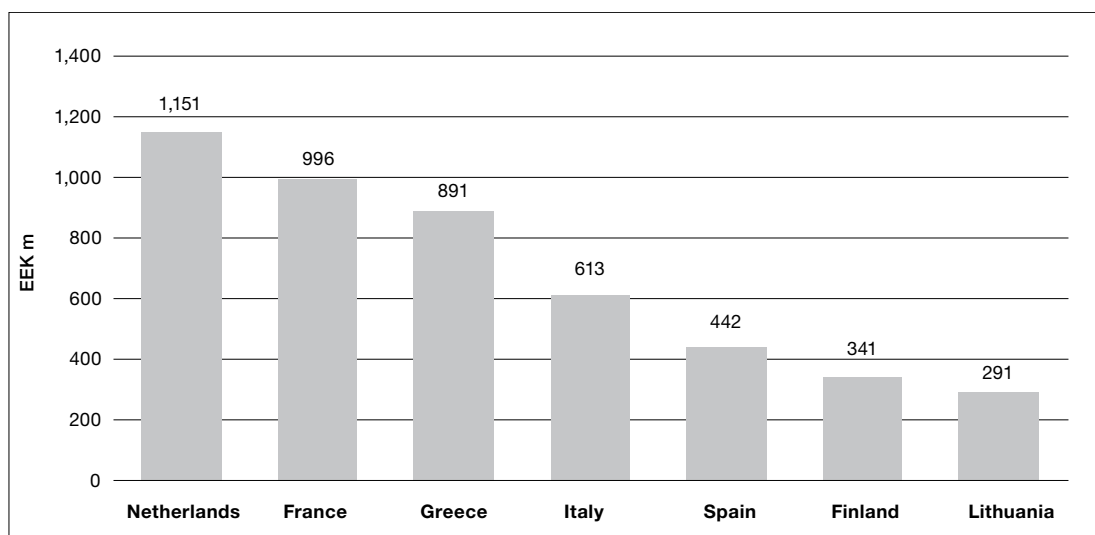


Figure 19. Increase in portfolio investment assets by countries in the third quarter of 2009

Financial derivatives

The inflow of financial derivatives totalled 268 million kroons in the third quarter of 2009. Financial derivative assets decreased by 134 million kroons (see Figure 20). This was largely caused by a decline in credit institutions' investment in derivatives.

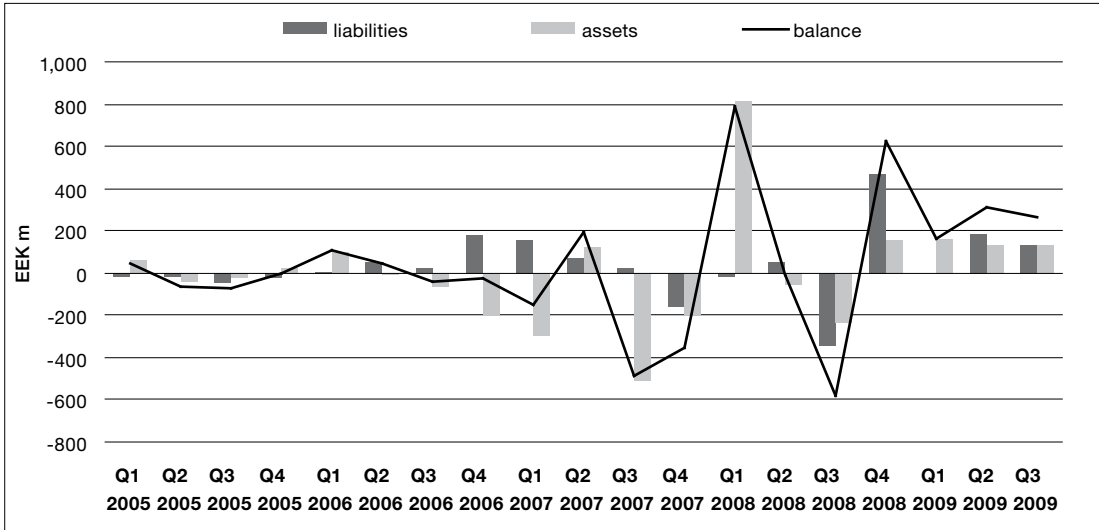


Figure 20. Financial derivatives

By countries, assets to Finland, the United Kingdom and France diminished the most. Financial derivative liabilities increased by 134 million kroons in the third quarter. The liabilities of credit institutions shrank by 67 million kroons, whereas the liabilities of enterprises in other sector grew by 200 million kroons. By countries, financial derivative liabilities to Germany increased the most.

Other investment

The net outflow of other investment stood at 5.2 billion kroons in the third quarter of 2009 (see Figure 21). The net outflow mainly stemmed from a decrease in the short- and long-term liabilities of credit institutions (see Table 34).

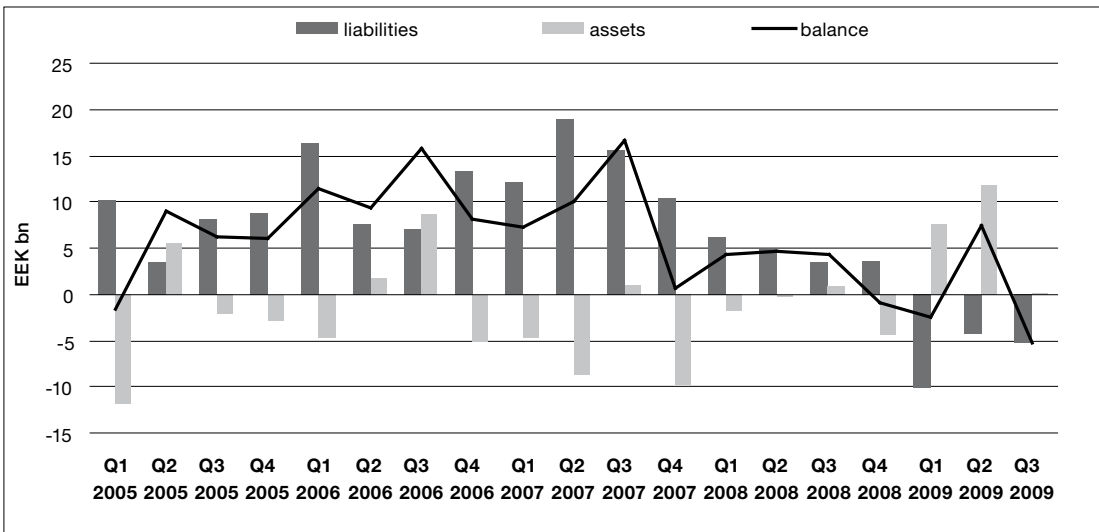


Figure 21. Other investment

Table 34. Other investment by maturity (EEK m)

	Assets			Liabilities			Balance		
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009
Long-term capital	730.2	98.7	-415.7	4,306.5	-305.0	-3,324.4	5,036.7	-206.3	-3,740.1
central bank	0.0	0.0	0.0	0.0	0.0	1,043.9	0.0	0.0	0.0
general government	-64.3	0.0	-23.7	-250.3	467.4	-394.2	-314.6	467.4	-417.9
credit institutions	899.7	184.7	-271.1	3,646.5	2,206.5	-2,622.7	4,546.2	2,391.2	-2,893.8
other sectors	-105.2	-86.0	-120.9	910.3	-2,978.9	-1,351.4	805.1	-3,064.9	-1,472.3
Short-term capital	145.7	11,614.6	502.5	-929.7	-3,988.2	-1,978.3	-784.0	7,626.4	-1,475.8
central bank	0.0	0.0	0.0	159.7	57.1	169.5	159.7	57.1	169.5
general government	-161.7	386.8	-147.2	0.0	1.1	1.1	-161.7	387.9	-146.1
credit institutions	-1,432.7	10,956.1	219.2	-3,057.1	-5,459.8	-1,781.1	-4,489.8	5,496.3	-1,561.9
other sectors	1,740.1	271.7	430.5	1,967.7	1,413.4	-367.8	3,707.8	1,685.1	62.7
Total	875.9	11,713.3	86.8	3,376.8	-4,293.2	-5,302.7	4,252.7	7,420.1	-5,215.9

Other investment liabilities diminished by 5.3 billion kroons in the third quarter. Credit institutions' liabilities related to loans/currency and deposits (incl. interbank loans) accounted for 2.7 billion kroons³

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 2005	617.1	6.1	5,172.6	50.9	1,326.0	13.0	3,054.7	30.0	10,170.4	100.0
Q2 2005	1,103.9	32.2	1,515.1	44.1	2,694.0	78.5	-1,880.7	-54.8	3,432.3	100.0
Q3 2005	753.0	9.2	13,601.0	165.8	-5,790.8	-70.6	-359.3	-4.4	8,204.0	100.0
Q4 2005	-840.6	-9.4	4,387.4	49.2	4,724.1	53.0	637.7	7.2	8,908.6	100.0
2005 total	1,633.4	5.3	24,676.1	80.3	2,953.3	9.6	1,452.4	4.7	30,715.3	100.0
Q1 2006	-416.2	-2.6	9,329.1	57.5	5,605.6	34.5	1,712.7	10.6	16,231.2	100.0
Q2 2006	1,366.4	18.1	2,132.1	28.3	5,183.6	68.8	-1,149.4	-15.3	7,532.8	100.0
Q3 2006	1,731.9	24.5	384.5	5.4	5,022.7	71.0	-63.2	-0.9	7,075.9	100.0
Q4 2006	503.4	3.8	7,387.6	55.6	5,269.2	39.6	137.8	1.0	13,298.1	100.0
2006 total	3,185.5	7.2	19,233.3	43.6	21,081.1	47.8	637.9	1.4	44,138.0	100.0
Q1 2007	-813.0	-6.7	7,993.7	65.9	4,355.5	35.9	588.1	4.9	12,124.3	100.0
Q2 2007	1,803.7	9.6	15,172.6	80.4	1,359.4	7.2	529.8	2.8	18,865.5	100.0
Q3 2007	-1,035.9	-6.6	10,222.0	65.4	7,805.5	49.9	-1,356.0	-8.7	15,635.6	100.0
Q4 2007	-297.9	-2.9	4,844.1	46.7	5,355.1	51.6	474.6	4.6	10,375.9	100.0
2007 total	-343.1	-0.6	38,232.4	67.1	18,875.5	33.1	236.5	0.4	57,001.3	100.0
Q1 2008	552.0	9.0	-744.8	-12.1	4,334.5	70.6	1,999.1	32.6	6,140.8	100.0
Q2 2008	1,300.2	26.7	162.7	3.3	3,432.9	70.4	-20.1	-0.4	4,875.6	100.0
Q3 2008	756.2	22.4	2,208.5	65.4	-313.1	-9.3	725.4	21.5	3,377.0	100.0
Q4 2008	-2,298.1	-64.4	-504.7	-14.1	7,427.5	208.0	-1,053.9	-29.5	3,570.8	100.0
2008 total	310.3	1.7	1,121.7	6.2	14,881.8	82.8	1,650.5	9.2	17,964.2	100.0
Q1 2009	-2,529.6	25.0	-34.2	0.3	-8,435.1	83.3	877.9	-8.7	-10,120.9	100.0
Q2 2009	-172.6	4.0	-1,337.2	31.1	-3,633.5	84.6	850.1	-19.8	-4,293.2	100.0
Q3 2009	-1,431.3	27.0	-336.5	6.3	-2,866.5	54.1	-668.6	12.6	-5,302.8	100.0

³ Interbank loans have been recorded under *Other investment – Loans/currency and deposits* since the data for the first quarter of 2008 (formerly under long- and short-term loans). The ECB's guideline for euro area countries and recommendation for non-euro area countries provide for the distinction between *loans* and *currency and deposits* based on the nature of the borrower. This implies that loans granted by banks to non-banks and loans between non-banks are still recorded under loans, whereas interbank loans are recorded under deposits.

and the liabilities of enterprises in other sectors for 1.7 billion kroons (see Table 35). The long-term capital liabilities of the central bank grew by 1 billion kroons as a result of a decision of the International Monetary Fund to increase the SDR issues for all of its member states. The SDR issue is also reflected in the increase in the balance of payments reserves. In addition to credit institutions' liabilities related to loans/currency and deposits, also other capital liabilities decreased by 1.5 billion kroons, partly owing to a drop in the transactions of securities before settlement date. The trade credit liabilities and loan liabilities of enterprises in other sectors decreased by 1.4 billion and 432 million kroons, respectively. Unlike in previous quarters, in the third quarter the general government liabilities declined by 345 million kroons, which indicates better use of EU funds. By countries, other investment liabilities to Sweden decreased the most (by 4 billion kroons), followed by Finland and Switzerland with 1.5 billion and 606 million kroons, respectively (see Figure 22 and Table 36).

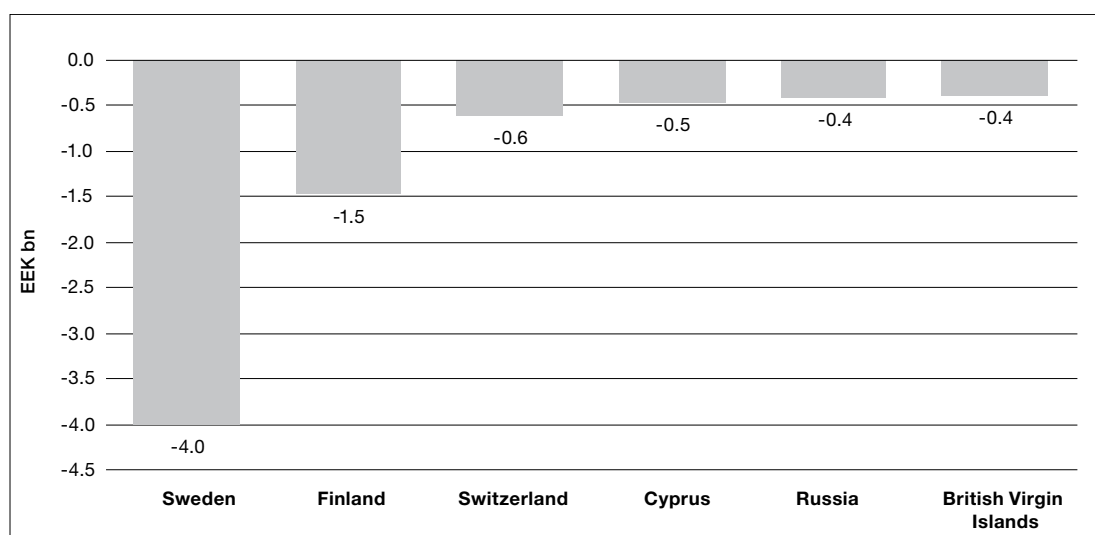


Figure 22. Decrease in other investment liabilities by countries in the third quarter of 2009

Table 36. Structure of other investment by groups of countries in the third quarter of 2009

	Volume (EEK m)		Share (%)	
	Assets	Liabilities	Assets	Liabilities
EU-27	1,023.0	-4,104.8	1,179.9	77.4
CIS	-900.5	-432.7	-1,038.6	8.2
Other	-35.8	-765.3	-41.3	14.4
Total	86.7	-5,302.8	100.0	100.0

Other investment assets decreased by only 87 million kroons in the third quarter. The assets related to the deposits of enterprises in other sectors accounted for 675 million kroons and the other capital assets of credit institutions for 487 million kroons. Similar to liabilities, the decrease in assets was also related to the drop in the transactions of securities before settlement date (see Table 37). Loan assets grew by 859 million kroons and trade credit assets by 91 million kroons. By countries, other investment assets to Germany, Finland, Latvia and the United Kingdom decreased the most (see Figure 23). Table 38 provides an overview of loan 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 2005	-832.8	7.1	-2,862.2	24.2	-3,745.7	31.7	-4,365.2	37.0	-11,805.9	100.0
Q2 2005	-757.4	-13.6	-3,418.4	-61.3	5,582.9	100.1	4,170.3	74.8	5,577.4	100.0
Q3 2005	-1,488.3	72.4	1,405.9	-68.4	-2,145.3	104.3	171.2	-8.3	-2,056.5	100.0
Q4 2005	1,121.4	-39.2	9,023.1	-315.7	-12,024.2	420.6	-978.8	34.2	-2,858.5	100.0
2005 total	-1,957.1	17.6	4,148.4	-37.2	-12,332.3	110.7	-1,002.5	9.0	-11,143.5	100.0
Q1 2006	-369.5	7.8	-2,328.7	49.2	-1,909.8	40.4	-124.3	2.6	-4,732.3	100.0
Q2 2006	-1,894.3	-108.6	1,771.7	101.5	1,272.9	73.0	594.4	34.1	1,744.7	100.0
Q3 2006	-322.1	-3.7	-614.5	-7.1	9,491.2	109.9	80.5	0.9	8,635.2	100.0
Q4 2006	-943.0	18.5	-1,360.4	26.8	-2,569.9	50.5	-211.8	4.2	-5,085.2	100.0
2006 total	-3,528.9	-627.5	-2,531.9	-450.2	6,284.4	1,117.4	338.8	60.2	562.4	100.0
Q1 2007	-213.5	4.4	-1,136.8	23.7	-3,218.6	67.0	-235.2	4.9	-4,804.1	100.0
Q2 2007	-604.4	6.9	-5,001.2	57.0	-2,183.8	24.9	-978.4	11.2	-8,767.9	100.0
Q3 2007	-740.2	-68.7	1,273.0	118.2	-902.9	-83.8	1,447.4	134.4	1,077.2	100.0
Q4 2007	916.6	-9.4	-5,228.3	53.4	-4,809.1	49.1	-673.9	6.9	-9,794.7	100.0
2007 total	-641.5	2.9	-10,093.3	45.3	-11,114.4	49.9	-440.1	2.0	-22,289.5	100.0
Q1 2008	-1,344.3	72.0	-2,656.6	142.2	2,185.6	-117.0	-52.7	2.8	-1,867.9	100.0
Q2 2008	-1,037.1	438.3	-542.6	229.3	1,524.4	-644.3	-181.3	76.6	-236.6	100.0
Q3 2008	-824.2	-94.1	4,000.7	456.8	-2,386.8	-272.5	86.1	9.8	875.8	100.0
Q4 2008	1,520.8	-34.3	-2,767.8	62.4	-2,040.3	46.0	-1,145.8	25.8	-4,433.2	100.0
2008 total	-1,684.8	29.8	-1,966.3	34.7	-717.1	12.7	-1,293.7	22.8	-5,661.9	100.0
Q1 2009	1,695.2	22.2	-432.2	-5.7	7,097.9	93.0	-726.7	-9.5	7,634.3	100.0
Q2 2009	198.1	1.7	5,918.5	50.5	5,661.2	48.3	-64.2	-0.5	11,713.5	100.0
Q3 2009	-90.7	-104.6	-858.5	-990.2	688.6	794.2	347.3	400.6	86.7	100.0

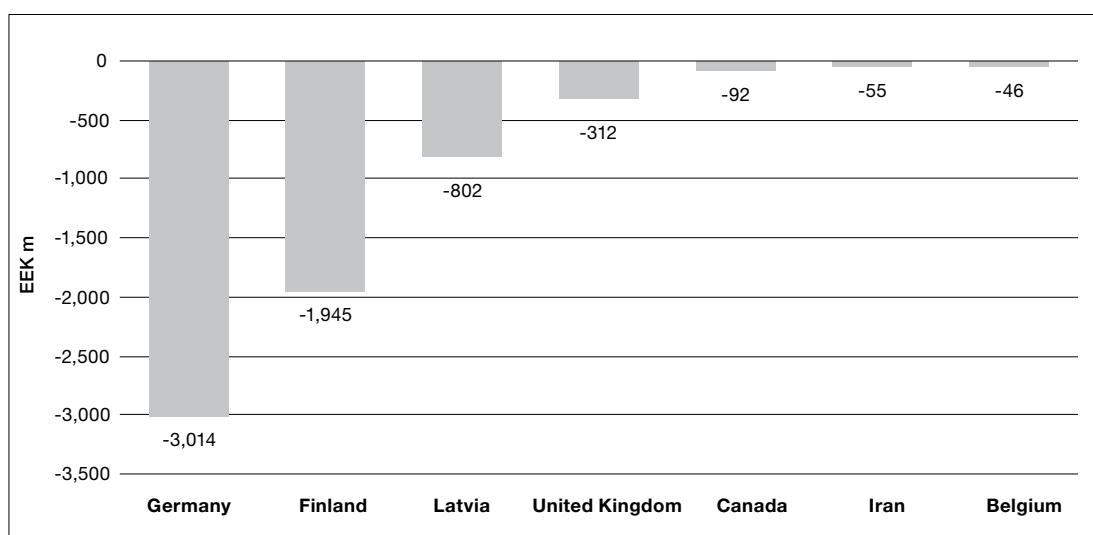


Figure 23. Decrease in other investment assets by countries in the third quarter of 2009

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

	Assets			Liabilities		
	Grantings	Repayments	Total	Drawings	Repayments	Total
Q1,2005	-13,043.5	10,181.3	-2,862.2	16,454.1	-11,281.6	5,172.6
Q2 2005	-6,872.6	3,454.2	-3,418.4	23,181.1	-21,666.0	1,515.1
Q3 2005	-19,205.2	20,611.1	1,405.9	40,909.3	-27,308.3	13,601.0
Q4 2005	-38,435.7	47,458.8	9,023.1	44,894.7	-40,507.4	4,387.4
2005 total	-77,557.0	81,705.4	4,148.4	125,439.2	-100,763.3	24,676.1
Q1 2006	-24,363.2	22,034.6	-2,328.7	40,352.3	-31,023.2	9,329.1
Q2 2006	-5,514.4	7,286.1	1,771.7	38,397.3	-36,265.2	2,132.1
Q3 2006	-4,097.5	3,483.0	-614.5	41,859.5	-41,475.0	384.5
Q4 2006	-42,037.4	40,677.0	-1,360.4	62,260.4	-54,872.8	7,387.6
2006 total	-76,012.5	73,480.7	-2,531.9	182,869.5	-163,636.2	19,233.3
Q1 2007	-53,466.9	52,330.2	-1,136.8	72,446.7	-64,453.0	7,993.7
Q2 2007	-90,414.2	85,413.0	-5,001.2	96,778.5	-81,605.9	15,172.6
Q3 2007	-116,748.6	118,021.6	1,273.0	110,177.2	-99,955.3	10,222.0
Q4 2007	-135,853.8	130,625.5	-5,228.3	84,634.6	-79,790.4	4,844.1
2007 total	-396,483.5	386,390.3	-10,093.3	364,037.0	-325,804.6	38,232.4
Q1 2008	-14,168.5	11,511.9	-2,656.6	32,813.0	-33,557.8	-744.8
Q2 2008	-12,546.3	12,003.6	-542.6	29,475.8	-29,313.1	162.7
Q3 2008	-9,575.6	13,576.3	4,000.7	20,882.9	-18,674.4	2,208.5
Q4 2008	-11,659.3	8,891.5	-2,767.8	20,663.1	-21,167.8	-504.7
2008 total	-47,949.7	45,983.3	-1,966.3	103,834.8	-102,713.1	1,121.7
Q1 2009	-11,173.6	10,741.5	-432.2	14,715.5	-14,749.7	-34.2
Q2 2009	-3,330.3	9,248.8	5,918.5	12,572.6	-13,909.8	-1,337.2
Q3 2009	-2,145.0	1,286.4	-858.5	11,089.2	-11,425.7	-336.5

Reserve assets

The balance of payments reserves decreased by 3.5 billion kroons in the third quarter of 2006 (see Table 39). Figure 24 provides an overview of the imports covered by reserve assets.

Table 39. Structure of changes in reserve assets

	Volume (EEK m)			Share (%)		
	Q3 2008	Q2 2009	Q3 2009	Q3 2008	Q2 2009	Q3 2009
Gold	0.0	0.0	0.0	0.0	0.0	0.0
SDRs	0.0	0.0	-1,044.2	0.0	0.0	-30.2
Currency and deposits	2,124.6	-3,873.5	1,742.4	110.2	327.1	50.4
Securities	-1,205.3	2,830.9	2,142.2	-62.5	-239.1	62.0
equity securities	0.0	0.0	0.0	0.0	0.0	0.0
bonds and notes	-1930.4	8997.7	-12.2	-100.1	-759.9	-0.4
money market instruments	725.1	-6166.8	2154.4	37.6	520.8	62.3
Financial derivatives	0.4	0.9	1.3	0.0	-0.1	0.0
Other assets	1,008.1	-142.5	613.7	52.3	12.0	17.8
Total	1,927.8	-1,184.1	3,455.5	100.0	100.0	100.0

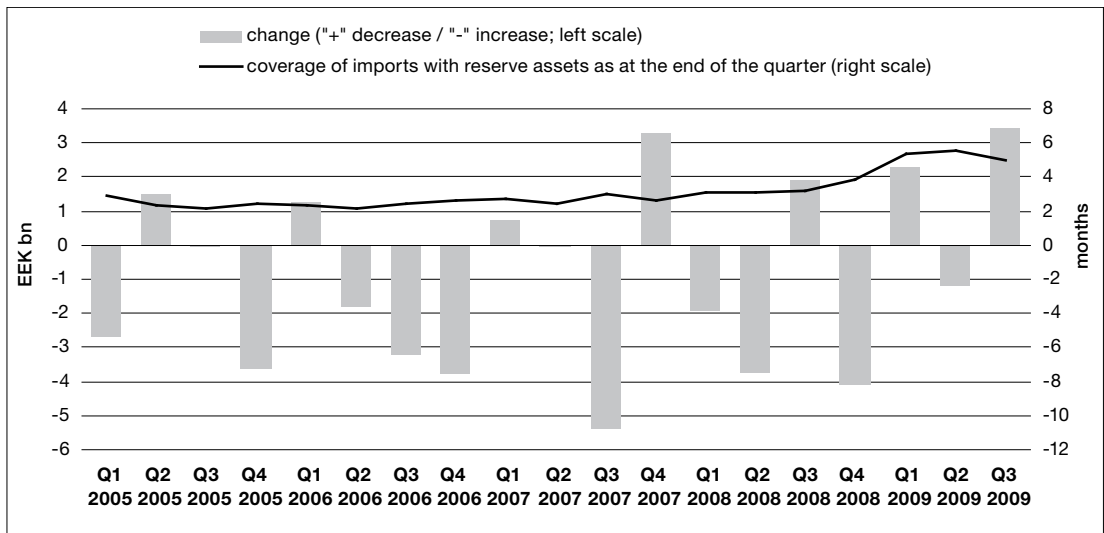


Figure 24. Changes in Estonia's gold and foreign exchange reserves and coverage of imports with reserve assets

ESTONIA'S INTERNATIONAL INVESTMENT POSITION AND GROSS EXTERNAL DEBT as at 30 September 2009

The position of foreign direct investment in Estonia decreased by nearly 6 billion kroons (1%) and totalled 402 billion kroons in the third quarter of 2009 (see Table 40). Compared to the peak recorded at the end of the third quarter of 2008, the position has diminished almost 10%. The majority of foreign investment in Estonia (56%) was invested in financial intermediation, 17% in real estate, renting and business activities, and somewhat less in manufacturing as well as wholesale and retail trade (see Table 41). Most of the investment came from Sweden (36%) and Finland (22%). The position of foreign investment in Estonia decreased for the fourth consecutive quarter, primarily owing to a decline in direct and other investment.

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

	30/06/2009	%	30/09/2009	%
EXTERNAL ASSETS	224,868.3	100.0	225,348.0	100.0
Direct investment abroad	72,268.6	32.1	72,662.3	32.2
Equity capital and reinvested earnings	46,671.6	20.8	48,060.0	21.3
Other direct investment capital	25,597.0	11.4	24,602.3	10.9
Portfolio investment	48,387.3	21.5	52,917.1	23.5
Equity securities	14,077.1	6.3	16,835.4	7.5
Debt securities	34,310.2	15.3	36,081.7	16.0
Bonds and notes	20,923.7	9.3	21,812.7	9.7
Money market instruments	13,386.5	6.0	14,269.0	6.3
Financial derivatives	525.5	0.2	369.8	0.2
Other investment	61,621.8	27.4	60,763.1	27.0
Trade credit	15,871.3	7.1	15,967.2	7.1
Loans	12,280.6	5.5	13,132.3	5.8
Long-term	9,500.5	4.2	9,953.0	4.4
Short-term	2,780.1	1.2	3,179.4	1.4
Currency and deposits	28,703.1	12.8	27,960.7	12.4
Other assets	4,766.8	2.1	3,702.8	1.6
Reserve assets	42,065.0	18.7	38,635.7	17.1
EXTERNAL LIABILITIES	407,924.2	100.0	402,166.9	100.0
Direct investment in Estonia	169,010.2	41.4	166,580.2	41.4
Equity capital and reinvested earnings	143,084.0	35.1	143,468.3	35.7
Other direct investment capital	25,926.2	6.4	23,111.9	5.7
Portfolio investment	31,621.6	7.8	34,086.1	8.5
Equity securities	7,971.4	2.0	10,662.5	2.7
Debt securities	23,650.2	5.8	23,423.6	5.8
Bonds and notes	23,576.3	5.8	23,308.1	5.8
Money market instruments	73.9	0.0	115.5	0.0
Financial derivatives	959.7	0.2	1,099.0	0.3
Other investment	206,332.7	50.6	200,401.6	49.8
Trade credit	12,044.9	3.0	10,602.4	2.6
Loans	45,219.3	11.1	44,724.7	11.1
Long-term	31,505.2	7.7	30,110.6	7.5
Short-term	13,714.1	3.4	14,614.1	3.6
Currency and deposits	140,519.7	34.4	137,267.1	34.1
Other liabilities	8,548.8	2.1	7,807.4	1.9
NET INVESTMENT POSITION	-183,055.9		-176,818.9	
Long-term	-103,079.2		-98,149.7	
Short-term	-79,976.7		-78,669.2	

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

Assets			Liabilities		
Fields of activity					
	30/06/2009	30/09/2009		30/06/2009	30/09/2009
Financial intermediation	58.9	59.5	Financial intermediation	56.9	55.6
Real estate, renting and business activities	14.5	14.4	Real estate, renting and business activities	15.6	16.5
Public administration and defence; statutory social insurance	6.8	6.7	Manufacturing	7.6	7.8
Wholesale and retail trade; repair	6.4	6.5	Wholesale and retail trade; repair	7.3	7.0
Transport, storage and communications	5.8	5.8	Transport, storage and communications	4.4	4.9
Other	7.6	7.1	Other	8.1	8.2
Total	100.0	100.0	Total	100.0	100.0
Countries					
	30/06/2009	30/09/2009		30/06/2009	30/09/2009
Latvia	13.0	13.1	Sweden	36.3	35.5
Lithuania	10.9	10.6	Finland	21.5	21.9
Germany	9.0	8.2	United Kingdom	6.4	6.4
Finland	6.5	6.1	Denmark	4.4	4.4
France	6.2	5.9	Netherlands	3.7	4.2
Other	54.5	56.2	Other	27.8	27.8
Total	100.0	100.0	Total	100.0	100.0

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

In Estonia			Abroad		
Fields of activity					
	30/06/2009	30/09/2009		30/06/2009	30/09/2009
Financial intermediation	32.8	30.8	Real estate, renting and business activities	39.2	38.8
Real estate, renting and business activities	26.7	28.1	Financial intermediation	33.3	33.8
Manufacturing	15.1	15.5	Transport, storage and communications	12.6	12.4
Wholesale and retail trade; repair	12.3	11.4	Wholesale and retail trade; repair	5.2	5.5
Transport, storage and communications	4.9	5.9	Manufacturing	3.8	3.8
Other	8.2	8.3	Other	5.9	5.6
Total	100.0	100.0	Total	100.0	100.0
Countries					
	30/06/2009	30/09/2009		30/06/2009	30/09/2009
Sweden	37.9	37.1	Latvia	30.3	31.6
Finland	23.2	24.5	Lithuania	28.1	26.6
Netherlands	8.1	9.1	Cyprus	11.3	10.7
Norway	3.3	3.4	Finland	4.9	5.6
Denmark	3.4	3.0	Russia	4.6	4.4
Other	24.2	23.0	Other	20.8	21.2
Total	100.0	100.0	Total	100.0	100.0

The structure of **foreign investment in Estonia** did not change considerably in the third quarter. The share of other capital shrank a little, whereas that of portfolio investment slightly grew, comprising 50% and 9%, respectively. Portfolio investment grew largely as a result of an increase in the equity security liabilities of other sectors. In absolute terms, direct and other investment contracted. The **position of direct investment** in Estonia accounted for 41% of the foreign investment position. Quarter-on-quarter, the position decreased by over 2 billion kroons and totalled 167 billion kroons at the end of the third quarter of 2009. The most preferred fields of activity for foreign direct investment were financial intermediation (31%), real estate, renting and business activities (28%), manufacturing (16%), and wholesale and retail trade (11%; see Table 42). 37% of direct investment in Estonia has been made by Swedish and 25% by Finnish investors. Investors from the Netherlands, Norway and Denmark have invested to a lesser extent.

Estonia's foreign investment position remained virtually unchanged in the third quarter and amounted to 225 billion kroons. Similar to foreign direct investment in Estonia, most of Estonian investment abroad was channelled to financial intermediation (60%) and real estate, renting and business activities (14%). However, unlike foreign investment in Estonia, Estonian investors have invested in many different countries, Latvia, Lithuania and Germany being the most preferred destinations (13%, 11% and 8% of total Estonian investment abroad, respectively).

The structure of Estonia's foreign investment position did not change in the third quarter, as the share of direct and other investment in the total position remained at 32% and 27%, respectively. The portfolio investment position, on the other hand, increased nearly 10% and comprised 24% of the external asset position. This resulted mainly from an increase in the equity and debt security assets of other sectors. The reserve assets declined 8% from the second quarter and thus also their share in the external asset position decreased as much. The **foreign direct investment position** remained virtually unchanged from the second quarter and totalled 73 billion kroons at the end of the third quarter. The most active foreign direct investors were those of real estate, renting and business activities (39%), financial intermediation (34%), and transport, storage and communications (12%; see Table 42). Nearly 60% of the Estonian investment abroad has been channelled to Latvia and Lithuania, and 11% to Cyprus.

Due to the prevalence of external liabilities, Estonia's net investment position was negative by 177 billion kroons at the end of the third quarter of 2009, having decreased 3% from the second quarter. 56% of the net investment position was long-term capital.

Estonia's gross external debt contracted by almost 8 billion kroons (3%) in the third quarter of 2009 and totalled 274 billion kroons at the end of the quarter, exceeding the GDP for the last four quarters by nearly 24%. The contraction can be ascribed to credit institutions, other sectors and intercompany lending between direct investment companies. Credit institutions contributed 55% of the gross external debt. The general government debt constituted approximately 4% of the debt. Estonia's net external debt (assets less liabilities) decreased 6% and totalled 87 billion kroons (see Table 43 and Figure 25). The net external debt accounted for 39% of GDP. The gross external debt comprised 68% of total external liabilities. Leaving aside the intercompany lending of direct investment companies, long-term debt liabilities accounted for 57% of the gross external debt. Long-term debt claims formed 29% of total debt claims.

Table 43. External debt (EEK m)

	30/06/2009	%	30/09/2009	%
LIABILITIES				
I. General government	10,536.0	3.7	10,132.1	3.7
Short-term	3.0	0.0	4.1	
Long-term	10,533.0	3.7	10,128.0	3.7
II. Monetary authorities (NCB)	62.5	0.0	1,259.7	0.5
Short-term	62.5	0.0	210.8	0.1
Long-term	,	0.0	1,048.9	0.4
III. Credit institutions	155,772.7	55.4	150,727.4	55.1
Short-term	72,835.2	25.9	70,672.1	25.8
Long-term	82,937.5	29.5	80,055.3	29.3
IV. Other sectors	63,611.7	22.6	61,706.0	22.6
Short-term	26,274.8	9.3	25,744.4	9.4
Long-term	37,336.9	13.3	35,961.6	13.1
V. Direct investment: intercompany lending	51,166.6	18.2	49,712.4	18.2
GROSS EXTERNAL DEBT	281,149.6	100.0	273,537.6	100.0
ASSETS				
I. General government	15,068.1	8.0	14,849.2	8.0
Short-term	3,339.7	1.8	4,987.3	2.7
Long-term	11,728.4	6.2	9,861.9	5.3
II. Monetary authorities (NCB)	41,993.6	22.2	38,560.4	20.7
Short-term	37,816.7	20.0	33,358.4	17.9
Long-term	4,176.9	2.2	5,202.0	2.8
III. Credit institutions	37,183.0	19.7	37,962.1	20.3
Short-term	28,303.3	15.0	27,649.2	14.8
Long-term	8,879.8	4.7	10,313.0	5.5
IV. Other sectors	43,676.6	23.1	44,017.9	23.6
Short-term	31,283.6	16.6	29,888.6	16.0
Long-term	12,393.0	6.6	14,129.3	7.6
V. Direct investment: intercompany lending	50,837.4	26.9	51,202.8	27.4
TOTAL ASSETS	188,758.8	100.0	186,592.4	100.0
NET EXTERNAL DEBT (assets less liabilities)				
I. General government	4,532.1		4,717.0	
Short-term	-2,379.5		4,983.2	
Long-term	6,911.6		-266.2	
II. Monetary authorities (NCB)	41,931.8		37,300.8	
Short-term	37,754.8		33,147.6	
Long-term	4,176.9		4,153.1	
III. Credit institutions	-118,589.7		-112,765.3	
Short-term	-44,532.0		-43,022.9	
Long-term	-74,057.8		-69,742.3	
IV. Other sectors	-19,935.1		-17,688.1	
Short-term	5,008.9		4,144.2	
Long-term	-24,944.0		-21,832.4	
V. Direct investment: intercompany lending	-329.2		1,490.4	
TOTAL NET EXTERNAL DEBT	-92,390.2		-86,945.2	

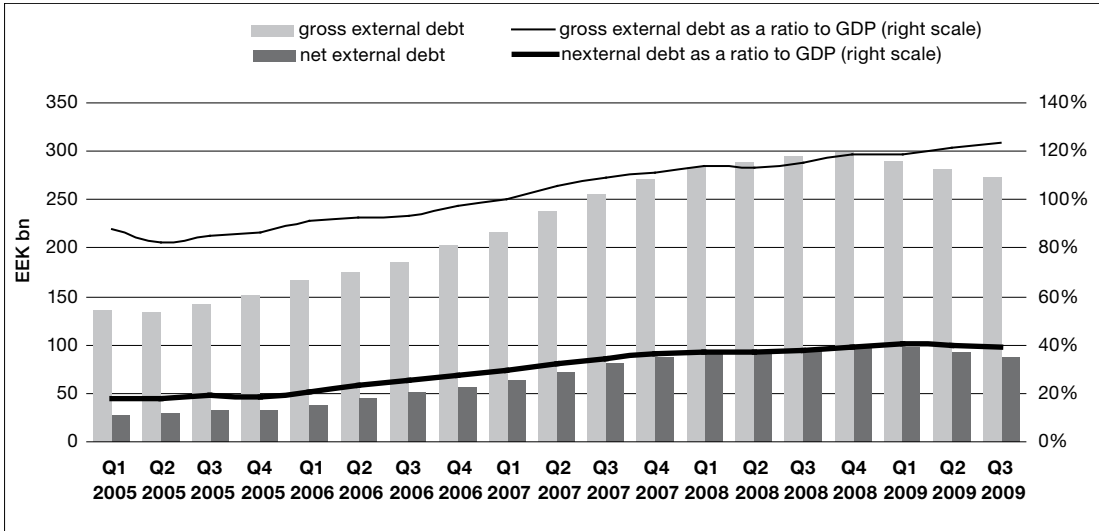


Figure 25. Estonia's gross and net external debt