

Eesti Pank
Bank of Estonia



Estonia's Balance of Payments for the First Quarter of 2010

2010

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OVERVIEW

- Slow global economic growth and continuously low domestic demand affected Estonia's current account also in the first quarter of 2010. Consequently, the current account was almost in balance, as the surplus declined considerably to 0.2 billion kroons or 0.4% of the first-quarter GDP (see Table 1 and Figure 1). The current account surplus for the last four quarters was 4.6% of the GDP for the same period.¹
- The net outflow of income increased, whereas trade deficit decreased from the first quarter of 2009.
- The income account reflected signs of easing of the recession, as the net outflow of investment income grew around 60%.
- Estonia made active use of grants from the EU budget, and the surplus on current and capital transfers totalled 2.5 billion kroons, which is almost three times more than in the first quarter of 2009.
- Estonia was a net external borrower also in the first quarter: the net outflow of capital on the financial account totalled 5.2 billion kroons and consisted mainly of other investment (loans, deposits and trade credit).
- The gold and foreign exchange reserves contracted by 1.7 billion kroons.

A small surplus on the current account

The deficit on the **goods account** declined by around a third year-on-year, and stood at 2.1 billion kroons, or 4.3% of the first-quarter GDP. Goods exports grew 17% and imports gained 11%, largely owing to processed goods (in particular mineral products). Excluding processed goods, the exports of goods (timber and timber products, furniture, and machinery and equipment) increased 9%, while imports (timber and timber products, and transport vehicles) grew 5%.

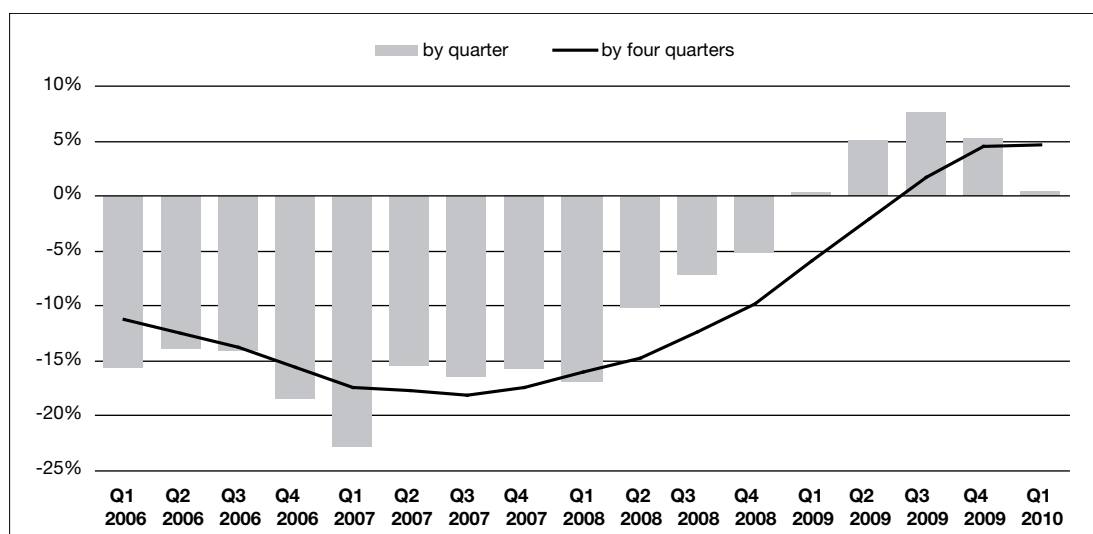


Figure 1. Current account deficit (% of GDP)

¹ Annualised current account surplus without reinvested earnings constituted 7% of GDP.

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

Item	2007	2008	2009				2010	
	Total	Total	Q1	Q2	Q3	Q4	Total	Q1
Current account	-42,574.2	-24,531.8	151.6	2,765.4	4,027.1	2,877.8	9,822.0	190.1
Goods and services	-27,862.0	-14,094.9	682.4	4,835.9	4,475.4	2,299.3	12,293.0	1,400.3
Goods	-42,717.2	-33,255.0	-3,105.7	-1,265.0	-1,728.9	-2,659.6	-8,759.2	-2,149.3
credit (f.o.b.)	127,386.6	133,600.0	23,626.1	25,673.3	26,021.1	26,947.8	102,268.3	27,621.3
debit (f.o.b.)	-170,103.7	-166,855.0	-26,731.8	-26,938.3	-27,750.0	-29,607.5	-111,027.5	-29,770.6
Services	14,855.1	19,160.1	3,788.1	6,100.8	6,204.3	4,959.0	21,052.2	3,549.6
credit	49,977.6	54,957.8	10,652.2	12,681.5	13,464.5	12,623.7	49,422.0	10,831.5
debit	-35,122.5	-35,797.6	-6,864.1	-6,580.7	-7,260.2	-7,664.8	-28,369.8	-7,281.9
Income	-16,513.3	-13,467.3	-864.1	-2,719.8	-1,188.9	-1,182.3	-5,955.1	-1,705.5
credit	19,119.5	18,290.5	3,017.5	2,170.1	3,135.8	2,221.0	10,544.4	2,812.7
debit	-35,632.9	-31,757.7	-3,881.5	-4,889.9	-4,324.7	-3,403.3	-16,499.5	-4,518.2
Transfers	1,801.2	3,030.3	333.3	649.3	740.6	1,760.8	3,484.0	495.3
credit	7,610.8	8,221.1	1,888.3	1,736.2	1,817.1	2,614.4	8,056.0	1,986.5
debit	-5,809.6	-5,190.8	-1,555.0	-1,086.9	-1,076.5	-853.6	-4,572.0	-1,491.1
Capital and financial account (reserve assets excluded)	41,489.3	30,227.7	-2,372.1	152.9	-7,780.4	1,769.5	-8,230.1	-3,250.1
Capital account	2,561.0	2,617.3	627.0	816.1	1,954.1	2,612.7	6,010.0	1,993.1
Financial account	38,928.3	27,610.4	-2,999.1	-663.2	-9,734.6	-843.2	-14,240.1	-5,243.2
Direct investment	11,194.6	6,568.9	-288.7	-3,052.4	-2,453.2	7,355.7	1,561.3	2,140.4
Abroad	-19,958.8	-11,888.8	-2,732.4	-3,723.3	-3,770.9	-7,129.5	-17,356.1	-1,613.1
In Estonia	31,153.3	18,457.7	2,443.6	670.8	1,317.7	14,485.2	18,917.3	3,753.5
Portfolio investment	-5,758.0	7,950.8	-268.4	-5,876.6	-2,344.4	-14,073.4	-22,562.8	443.1
Assets	-8,640.4	10,648.2	646.2	-5,408.0	-2,217.5	-565.4	-7,544.8	447.7
Equity securities	-7,688.8	4,095.9	183.4	-258.8	-800.0	127.1	-748.3	-1,083.5
Debt securities	-951.6	6,552.3	462.8	-5,149.2	-1,417.5	-692.6	-6,796.5	1,531.2
Liabilities	2,882.4	-2,697.4	-914.6	-468.6	-126.9	-13,508.0	-15,018.0	-4.6
Equity securities	3,533.3	-3,327.3	-412.6	-112.5	134.8	-1,053.2	-1,443.4	134.2
Debt securities	-650.9	629.9	-502.0	-356.1	-261.7	-12,454.8	-13,574.6	-138.7
Financial derivatives	-797.8	828.5	160.1	314.7	268.1	-547.1	195.8	53.8
Assets	-883.4	674.6	163.2	132.4	133.7	-150.1	279.2	-42.4
Liabilities	85.6	153.9	-3.1	182.3	134.3	-397.0	-83.4	96.2
Other investment	34,289.5	12,262.2	-2,602.1	7,951.1	-5,205.0	6,421.6	6,565.6	-7,880.4
Assets	-22,301.6	-5,591.1	7,728.8	11,556.0	-9.7	-4,247.4	15,027.7	-19.4
Long-term	-3,288.4	-276.2	312.7	97.8	-421.1	-609.2	-619.8	-2,311.9
Short-term	-19,013.3	-5,314.9	7,416.1	11,458.1	411.4	-3,638.2	15,647.5	2,292.5
Liabilities	56,591.2	17,853.3	-10,331.0	-3,604.8	-5,195.2	10,669.0	-8,462.1	-7,861.0
Long-term	46,123.7	-9,629.6	-447.2	1,884.5	-3,319.8	7,985.3	6,102.8	-2,072.3
Short-term	10,467.5	27,482.9	-9,883.8	-5,489.3	-1,875.4	2,683.7	-14,564.9	-5,788.8
Errors and omissions	2,486.8	2,173.9	-69.8	-1,734.2	297.8	-53.5	-1,559.7	1,354.3
Overall balance	1,401.9	7,869.7	-2,290.3	1,184.1	-3,455.5	4,593.8	32.1	-1,705.7
Reserve assets	-1,401.9	-7,869.7	2,290.3	-1,184.1	3,455.5	-4,593.8	-32.1	1,705.7

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

The surplus on the **services account** declined somewhat from the first quarter of 2009 to 3.5 billion kroons. The lower surplus resulted primarily from slightly stronger growth in imports (6%) compared to exports (2%). Four types of services – transport, travel and other business services, and computer and information services – accounted for 94% of the surplus. The surplus declined mainly on account of other services (merchandising and operational lease).

The net outflow of **labour and capital income** grew by two times from the first quarter of 2009 and totalled 1.7 billion kroons. The surplus on labour income remained more or less unchanged from the first quarter of 2009 at 0.5 billion kroons. The majority of the income account consisted of capital income: non-residents' income on investment in Estonia was 2.2 billion kroons bigger than residents'

income on investment abroad; i.e. 60% more than in the first quarter of 2009. The net outflow of investment income increased primarily owing to a more than three-fold growth in non-residents' reinvested earnings for income on direct investment in Estonia.

The intense use of EU subsidies, which started in the second half of 2009, continued also in the first quarter of 2010. The majority of the subsidies consisted in capital transfers. The total surplus on **current and capital transfers** grew by around three times year-on-year and stood at 2.5 billion kroons.

EU Member States accounted for 80% of both the credit and the debit turnovers of the current account.

Estonia still a net external borrower

The net outflow of capital on the **financial account**, which started in the first quarter of 2009, continued also in the first quarter of 2010, totalling 5.2 billion kroons. The net outflow consisted of other investment, whereas the inflows of direct and portfolio investment exceeded outflows.

Direct investment inflow was 2.1 billion kroons bigger than outflow. Direct investment in Estonia grew by 3.8 billion kroons, while Estonian residents' direct investment abroad increased by 1.6 billion kroons. Reinvested earnings accounted for 78% of the direct investment in Estonia and for around 60% of Estonia's direct investment abroad.

Portfolio investment liabilities did not change from the fourth quarter of 2009, whereas assets shrank by 0.4 billion kroons. This was largely due to a drop in general government's money market instrument assets. The inflow and outflow of **financial derivatives** were almost in balance.

Net capital outflow in the form of **other investment** (trade credit, loans, currency and deposits) amounted to 7.9 billion kroons. Growth in long-term assets of other investment was offset by a fall in short-term assets, meaning that assets remained at the level of the fourth quarter of 2009. The net outflow of other investment capital occurred largely as a result of a decline in liabilities, and was almost fully related to a decrease in the currency and deposit liabilities of credit institutions.

The **gold and foreign exchange reserves** contracted by 1.7 billion kroons from the fourth quarter of 2009.

CURRENT ACCOUNT

The current account was almost in balance in the first quarter of 2010 owing to slow global recovery and persistent weak domestic demand. The current account surplus stood at 0.2 billion kroons, or 0.4% of the first-quarter GDP (see Figure 2). The current account surplus for the last four quarters was 4.6% of the GDP for the same period. Compared to the first quarter of 2009, the trade account deficit declined, whereas the net outflow of investment income grew considerably in the first quarter of 2010, reflecting signs of easing of the recession. Estonia also made active use of EU funds in the first quarter.

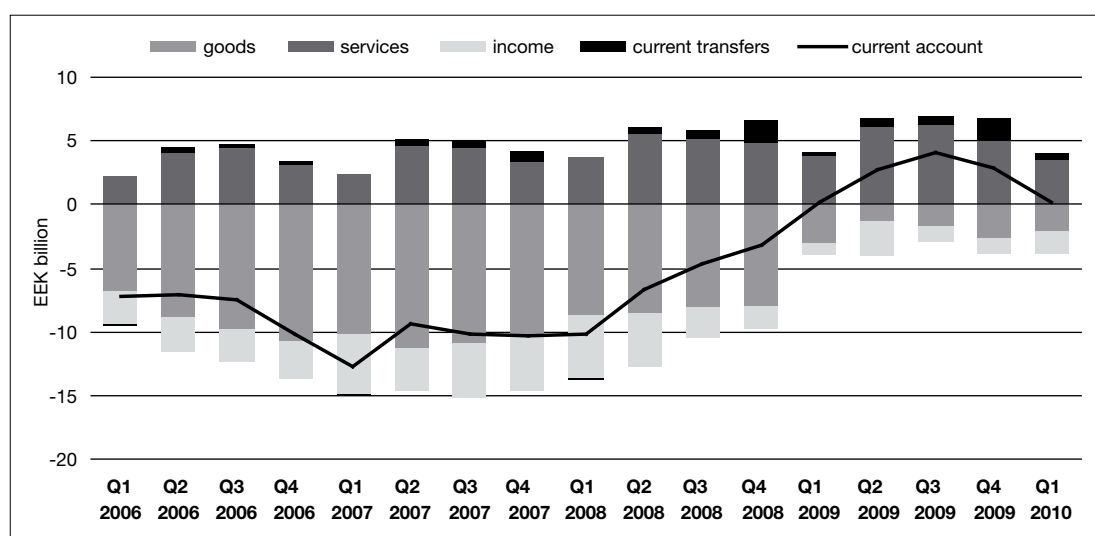


Figure 2. Current account structure

The credit and debit turnovers grew both 10% from the first quarter of 2009. Estonia traded mostly with EU Member States, which accounted for 72% of the credit turnover and 79% of the debit turnover (see Table 2). The four most important partners were Finland, Sweden, Latvia and Russia with regard to credit as well as debit turnover, only in a slightly different ranking. Lithuania was the fifth biggest

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

	Q1 2009	Q4 2009	Q1 2010
EU-27	-2,131.3	-3,437.2	-3,049.2
Finland*	3,532.5	2,681.5	2,040.4
Sweden	-1,645.8	-1,026.9	-1,651.2
Germany	-1,086.0	-1,767.0	-1,500.8
Poland	-712.9	-1,242.0	-1,150.1
France	-521.7	177.1	914.6
CIS	-436.4	2,320.2	-525.2
Russia	-430.4	2,091.1	-600.1
Kazakhstan	209.5	170.0	-134.5
Ukraine	138.6	150.3	62.8
Other	2,719.3	3,994.8	3,764.5
Nigeria	514.7	436.0	962.1
USA	245.1	1,030.4	887.6
China	-541.6	-277.4	-527.7
Canada	987.8	770.4	523.8
Norway	579.1	894.5	361.4
Total	151.9	2,877.8	190.1

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

partner in terms of credit turnover and Germany in debit turnover. The five major partner countries accounted for 52% of the credit turnover and 57% of the debit turnover. Estonia had the biggest current account surplus with Finland (2 billion kroons) and the largest deficit with Sweden (1.7 billion kroons). Year-on-year, the surplus with Finland declined more than 40%, whereas the deficit with Sweden remained unchanged.

GOODS

The trade account deficit was 2.1 billion kroons in the first quarter of 2010, having decreased by 0.5 billion kroons quarter-on-quarter and by around 1 billion kroons year-on-year (see Table 3). The exports of goods increased 17% year-on-year and totalled 27.6 billion kroons; imports grew 11% and amounted to 29.8 billion kroons.

According to the preliminary **foreign trade statistics**², goods exports totalled 27.5 billion and imports (c.i.f.) 30.6 billion kroons (see Figure 3). The foreign trade deficit contracted both quarter-on-quarter and year-on-year, reaching 3.1 billion kroons.

Table 3. Imports and exports of goods

	Goods – credit			Goods – debit			Balance (EEK m)
	Volume (EEK m)	Change compared to previous period (%)	Share in total exports of goods and services (%)	Volume (EEK m)	Change compared to previous period (%)	Share in total exports of goods and services (%)	
Q1 2006	28,870.8	2.8	76.8	35,646.0	1.4	84.7	-6,775.2
Q2 2006	31,950.7	10.7	73.5	40,736.3	14.3	84.6	-8,785.6
Q3 2006	29,993.5	-6.1	69.6	39,806.4	-2.3	82.2	-9,812.9
Q4 2006	30,822.1	2.8	72.6	41,499.8	4.3	83.1	-10,677.7
2006 total	121,637.1	22.5	73.0	157,688.5	27.6	83.6	-36,051.4
Q1 2007	30,300.6	-1.7	74.9	40,484.5	-2.4	83.9	-10,183.9
Q2 2007	33,433.6	10.3	71.6	44,658.5	10.3	83.9	-11,224.9
Q3 2007	30,400.7	-9.1	68.8	41,207.6	-7.7	81.6	-10,807.0
Q4 2007	33,251.7	9.4	72.2	43,753.1	6.2	82.2	-10,501.4
2007 total	127,386.6	4.7	71.8	170,103.7	7.9	82.9	-42,717.2
Q1 2008	31,786.9	-4.4	73.2	40,501.3	-7.4	83.4	-8,714.4
Q2 2008	35,026.3	10.2	71.3	43,561.7	7.6	83.5	-8,535.4
Q3 2008	34,711.2	-0.9	70.0	42,720.7	-1.9	81.4	-8,009.4
Q4 2008	32,075.6	-7.6	69.1	40,071.4	-6.2	81.0	-7,995.9
2008 total	133,600.0	4.9	70.9	166,855.0	-1.9	82.3	-33,255.0
Q1 2009	23,626.1	-26.3	68.9	26,731.8	-33.3	79.6	-3,105.7
Q2 2009	25,673.3	8.7	66.9	26,938.3	0.8	80.4	-1,265.0
Q3 2009	26,021.1	1.4	65.9	27,750.0	3.0	79.3	-1,728.9
Q4 2009	26,947.8	3.6	68.1	29,607.5	6.7	79.4	-2,659.6
2009 total	102,268.3	-23.5	67.4	111,027.5	-33.5	79.6	-8,759.2
Q1 2010	27,621.3	2.5	71.8	29,770.6	0.6	80.3	-2,149.3

² 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 Intrastat reporting system uses the terms “dispatch of goods” and “arrival of goods”. Since the following analysis covers both intra-Community and non-Community trade, the terms “exports” and “imports” have still been used for the sake of simplicity and clarity.

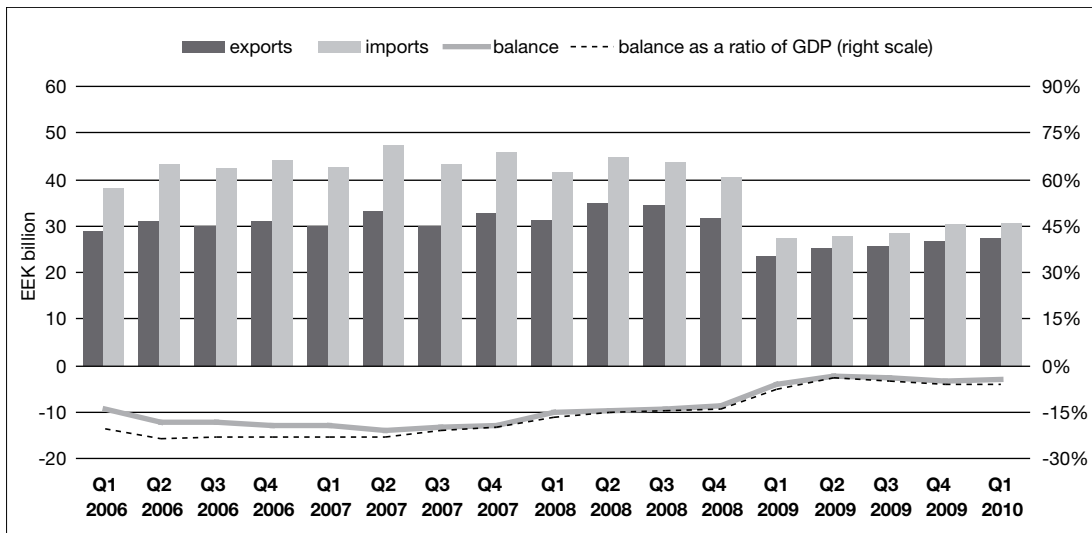


Figure 3. Estonia's foreign trade balance

The **exports of goods** increased from the first quarter of 2009 primarily owing to two groups of goods: the exports of mineral products grew by two times, and that of timber and timber products grew 23% (see Table 4). 80% of the exports of mineral products comprised motor fuel, which was imported for processing primarily from Russia, Lithuania, Latvia and Poland, and then re-exported to France, Nigeria, USA, Canada and Finland. The main export items of timber products were unprocessed and little processed timber, construction components, firewood and paper products, which were exported to Sweden, Finland, Germany, Denmark and the United Kingdom. Prefabricated wooden buildings were sold to Norway and Germany, and furniture mainly to Finland. The exports of machinery and equipment contracted 11% and consisted mostly of electrical and electronic products, which were sold to Sweden, Finland and Russia.

The exports of good products increased 10%. The main export items were dairy products (cheese, curds, milk, milk powder, etc.), which went primarily to Russia. Spirits were also sold to Russia and canned fish to Finland and Ukraine. The exports of metal products remained close to the year-ago

Table 4. Exports by main groups of goods

	Volume (EEK m)			Share (%)			Change (%)	
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010	Q1 2010 / Q4 2009	Q1 2010 / Q1 2009
Food	2,266.5	3,109.4	2,494.2	9.7	11.7	9.1	-19.8	10.0
Mineral products	3,102.7	4,391.0	6,175.3	13.2	16.5	22.4	40.6	99.0
Chemical products	1,885.5	2,376.1	2,004.3	8.0	8.9	7.3	-15.6	6.3
Clothing, footwear and headgear	1,383.0	1,217.4	1,331.2	5.9	4.6	4.8	9.4	-3.7
Timber, paper and products	2,917.3	3,337.5	3,577.2	12.4	12.5	13.0	7.2	22.6
Metals and metal products	2,223.7	2,155.7	2,147.2	9.5	8.1	7.8	-0.4	-3.4
Machinery and equipment	5,325.6	4,908.6	4,893.6	22.7	18.4	17.8	-0.3	-8.1
Transport vehicles	1,340.9	1,669.7	1,522.0	5.7	6.3	5.5	-8.8	13.5
Furniture, toys, sporting goods	1,973.1	2,285.4	2,205.5	8.4	8.6	8.0	-3.5	11.8
Other	1,014.5	1,196.8	1,157.3	4.3	4.5	4.2	-3.3	14.1
Total	23,432.8	26,647.6	27,507.9	100.0	100.0	100.0	3.2	17.4

level and included iron and steel products, which were sold to Nordic countries, Latvia, Germany and Russia. Chemical products (carbonic acids, plastic products, construction materials), transport vehicles (motor cars and spare parts, trailers and vans), and ready-made men's and women's clothes, footwear, underwear, etc. were exported mainly to the neighbouring countries: Russia, Finland, Sweden, Latvia and Lithuania.

The **imports of goods** increased across all groups of goods (see Table 5). As in the case of exports, growth in imports was affected mostly by mineral and timber products, and also transport vehicles. The imports of mineral products grew around 40% owing to motor fuel imported from Russia, Lithuania, Finland, Latvia and Poland for processing and for internal supply. The imports of timber products grew owing to increased deliveries of paper products and plywood from Finland, Russia, Latvia and Sweden. The imports of transport vehicles increased largely as a result of a ferryboat purchase from Norway; traditional import items included motor cars, vans and spare parts from Sweden, Germany, Poland and Finland. The imports of machinery and equipment remained unchanged from the first quarter of 2009, with electronic products as the primary items, imported from Finland, Sweden and Germany. The largest import items of chemical products were medicines, plastic products, pneumatic tyres and raw materials for the chemical industry, purchased from Germany, Finland, Latvia, Lithuania and Poland.

Table 5. Imports by main groups of goods

	Volume (EEK m)			Share (%)			Change (%)	
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010	Q1 2010 / Q4 2009	Q1 2010 / Q1 2009
Food	3,345.0	3,850.5	3,368.3	12.2	12.8	11.0	-12.5	0.7
Mineral products	4,886.9	5,970.4	6,768.7	17.9	19.8	22.1	13.4	38.5
Chemical products	3,904.1	4,444.0	4,206.7	14.3	14.7	13.8	-5.3	7.8
Clothing, footwear and headgear	2,060.1	1,937.1	2,166.5	7.5	6.4	7.1	11.8	5.2
Timber, paper and products	1,316.5	1,752.3	1,637.9	4.8	5.8	5.4	-6.5	24.4
Metals and metal products	2,210.4	2,246.4	2,369.7	8.1	7.5	7.7	5.5	7.2
Machinery and equipment	5,772.7	5,956.6	5,773.8	21.1	19.8	18.9	-3.1	0.0
Transport vehicles	1,644.5	1,881.0	1,987.8	6.0	6.2	6.5	5.7	20.9
Furniture, toys, sporting goods	682.7	779.3	649.7	2.5	2.6	2.1	-16.6	-4.8
Other	1,550.1	1,312.3	1,652.9	5.7	4.4	5.4	26.0	6.6
Total	27,373.0	30,129.9	30,582.1	100.0	100.0	100.0	1.5	11.7

The biggest item in the food group was again spirits, with imports growing 35% and coming from the United Kingdom, France and Finland. Other food products (pork, coffee, wines, ready-to-eat pet food, etc.) were imported from Latvia, Lithuania, Finland, Germany and the Netherlands. The imports of metal products (iron and steel products for galvanisation and for construction of iron constructions) grew slightly, and the major import partners included Germany, Finland, Sweden, Latvia, Poland and Ukraine. Footwear, ready-made clothes, underwear, synthetic fibre, knitwear, etc. were imported from Latvia, Finland, Germany, China and Italy. Other import items included lamps from Finland and Norway; furniture from Finland, China and Poland; anti-aircraft systems from Sweden, and medical equipment from Germany and Finland.

The **foreign trade deficit** decreased 22% year-on-year and amounted to 3 billion kroons (see Table 6). Chemical products posted the biggest deficit at more than 2 billion kroons, followed by machinery and equipment, food products, and clothing and footwear. Timber and timber products and other consumer goods posted considerable surpluses.

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

	Q1 2009	Q4 2009	Q1 2010
Food	-1,078.5	-741.1	-874.1
Mineral products	-1,784.1	-1,579.5	-593.4
Chemical products	-2,018.6	-2,067.9	-2,202.4
Clothing, footwear and headgear	-677.1	-719.7	-835.3
Timber, paper and products	1,600.8	1,585.2	1,939.3
Metals and metal products	13.3	-90.7	-222.5
Machinery and equipment	-447.1	-1,048.1	-880.2
Transport vehicles	-303.7	-211.2	-465.8
Furniture, toys, sporting goods	1,290.4	1,506.2	1,555.8
Other	-535.6	-115.4	-495.6
Total	-3,940.1	-3,482.3	-3,074.2

Table 7. Exports of goods by groups of countries

	Volume (EEK m)			Share (%)			Change (%)	
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010	Q1 2010 / Q4 2009	Q1 2010 / Q1 2009
EU-27	16,673.3	18,233.6	19,143.5	71.2	68.4	69.6	5.0	14.8
Finland	4,625.0	5,094.0	4,860.1	19.7	19.1	17.7	-4.6	5.1
Sweden	3,453.7	3,228.8	3,795.5	14.7	12.1	13.8	17.6	9.9
Latvia	1,999.1	2,555.4	2,284.8	8.5	9.6	8.3	-10.6	14.3
Germany	1,519.5	1,441.2	1,481.4	6.5	5.4	5.4	2.8	-2.5
France	443.3	567.7	1,480.0	1.9	2.1	5.4	160.7	233.8
CIS	2,486.9	3,405.6	2,827.9	10.6	12.8	10.3	-17.0	13.7
Russia	1,929.2	2,728.9	2,238.6	8.2	10.2	8.1	-18.0	16.0
Ukraine	258.8	293.3	241.4	1.1	1.1	0.9	-17.7	-6.7
Belarus	128.1	176.6	187.0	0.5	0.7	0.7	5.9	46.0
Other	4,272.6	5,008.4	5,536.5	18.2	18.8	20.1	10.5	29.6
USA	515.7	1,132.1	1,086.2	2.2	4.2	3.9	-4.1	110.6
Nigeria	517.2	438.6	964.6	2.2	1.6	3.5	119.9	86.5
Norway	706.4	939.6	871.7	3.0	3.5	3.2	-7.2	23.4
Total	23,432.8	26,647.6	27,507.9	100.0	100.0	100.0	3.2	17.4

The **exports of goods** increased across all **groups of countries** and the majority of major trade partners, except for Germany and Ukraine (see Table 7). Growth was primarily driven by increased exports to EU countries, in particular Finland and Sweden.

The **imports of goods** increased also in terms of groups of countries and major trade partners, except for USA (see Table 8), with imports from neighbouring Finland, Latvia and Sweden contributing the most.

Foreign trade with the EU and the CIS was in deficit (see Table 9). Estonia had the largest foreign trade surplus with France, Sweden and Denmark from among EU countries; Azerbaijan and Georgia from among the CIS, and Nigeria, the United States and Canada from among other countries. Estonia had the biggest trade deficit with Germany, Russia, Lithuania, Poland and Latvia.

Table 8. Imports of goods by groups of countries*

	Volume (EEK m)			Share (%)			Change (%)	
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010	Q1 2010 / Q4 2009	Q1 2010 / Q1 2009
EU-27	20,925.4	25,163.1	23,573.2	76.4	83.5	77.1	-6.3	12.7
Finland	3,815.7	4,594.5	4,685.5	13.9	15.2	15.3	2.0	22.8
Latvia	2,497.1	3,737.1	3,383.1	9.1	12.4	11.1	-9.5	35.5
Germany	2,817.7	3,235.7	3,050.8	10.3	10.7	10.0	-5.7	8.3
Sweden	2,266.8	2,605.9	2,989.8	8.3	8.6	9.8	14.7	31.9
Lithuania	2,511.3	3,552.0	2,510.2	9.2	11.8	8.2	-29.3	0.0
CIS	3,798.6	2,717.5	4,249.8	13.9	9.0	13.9	56.4	11.9
Russia	2,907.0	1,939.4	3,554.5	10.6	6.4	11.6	83.3	22.3
Kazakhstan	74.3	66.4	254.0	0.3	0.2	0.8	282.3	241.8
Ukraine	216.7	233.6	232.6	0.8	0.8	0.8	-0.5	7.3
Other	2,648.9	2,249.3	2,759.0	9.7	7.5	9.0	22.7	4.2
China	727.8	556.5	730.1	2.7	1.8	2.4	31.2	0.3
Norway	361.5	255.5	688.2	1.3	0.8	2.3	169.3	90.3
USA	347.3	283.9	301.3	1.3	0.9	1.0	6.1	-13.2
Other	27,373.0	30,129.9	30,582.1	100.0	100.0	100.0	1.5	11.7

* Analysed by trading country.

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

	Q1 2009	Q4 2009	Q1 2010
EU-27	-4,252.2	-6,929.5	-4,429.7
CIS	-1,311.7	688.1	-1,422.0
Other	1,623.7	2,759.1	2,777.5
Total	-3,940.1	-3,482.3	-3,074.2

SERVICES

The surplus on the services account declined somewhat from the first quarter of 2009 to 3.5 billion kroons (see Tables 10-11). The lower surplus resulted primarily from slightly stronger growth in imports (6%) compared to exports (2%). Four types of services – transport, travel and other business services, and computer and information services – accounted for 94% of the surplus. The surplus declined primarily on account of other business services, in particular merchanting and operational lease. Compared to the fourth quarter of 2009, the net exports of services were 28% lower and comprised 7% of GDP in the first quarter of 2010 (see Figure 4).

Table 10. Services balance by major categories

	Balance (EEK m)			Share (%)			Change (%)	
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010	Q1 2010 / Q4 2009	Q1 2010 / Q1 2009
Transportation	2,066.7	2,376.6	1,978.9	54.6	47.9	55.7	-16.7	-4.2
Travel	621.9	637.3	583.1	16.4	12.9	16.4	-8.5	-6.2
Construction services	-124.7	121.6	-70.2	-3.3	2.5	-2.0	-157.7	-43.7
Computer and information services	260.9	278.5	301.3	6.9	5.6	8.5	8.2	15.5
Business services	796.6	1,009.2	479.1	21.0	20.4	13.5	-52.5	-39.9
Government services	30.3	21.1	41.3	0.8	0.4	1.2	95.7	36.3
Other	136.4	514.7	236.1	3.6	10.3	6.7	-54.1	73.1
Total	3,788.1	4,959.0	3,549.6	100.0	100.0	100.0	-28.4	-6.3

Table 11. Exports and imports of services

	Exports			Imports			Balance	
	Volume (EEK m)	Change compared to previous period (%)	Share in total exports of goods and services (%)	Volume (EEK m)	Change compared to previous period (%)	Share in total imports of goods and services (%)	Volume (EEK m)	Change compared to the previous period (%)
Q1 2006	8,712.0	-21.8	23.2	6,463.5	-19.7	15.3	2,248.5	-27.5
Q2 2006	11,504.6	32.1	26.5	7,434.8	15.0	15.4	4,069.8	81.0
Q3 2006	13,079.2	13.7	30.4	8,642.8	16.2	17.8	4,436.4	9.0
Q4 2006	11,624.4	-11.1	27.4	8,448.3	-2.3	16.9	3,176.0	-28.4
2006 total	44,920.2	9.9	27.0	30,989.5	11.7	16.4	13,930.7	6.1
Q1 2007	10,132.6	-12.8	25.1	7,787.4	-7.8	16.1	2,345.1	-26.2
Q2 2007	13,229.2	30.6	28.4	8,593.1	10.3	16.1	4,636.1	97.7
Q3 2007	13,792.9	4.3	31.2	9,276.6	8.0	18.4	4,516.3	-2.6
Q4 2007	12,823.0	-7.0	27.8	9,465.3	2.0	17.8	3,357.6	-25.7
2007 total	49,977.6	11.3	28.2	35,122.5	13.3	17.1	14,855.1	6.6
Q1 2008	11,666.3	-9.0	26.8	8,045.2	-15.0	16.6	3,621.1	7.8
Q2 2008	14,132.9	21.1	28.7	8,629.6	7.3	16.5	5,503.3	52.0
Q3 2008	14,842.8	5.0	30.0	9,738.0	12.8	18.6	5,104.8	-7.2
Q4 2008	14,315.8	-3.6	30.9	9,384.8	-3.6	19.0	4,930.9	-3.4
2008 total	54,957.8	10.0	29.1	35,797.6	1.9	17.7	19,160.1	29.0
Q1 2009	10,652.2	-25.6	31.1	6,864.1	-26.9	20.4	3,788.1	-23.2
Q2 2009	12,681.5	19.1	33.1	6,580.7	-4.1	19.6	6,100.8	61.1
Q3 2009	13,464.5	6.2	34.1	7,260.2	10.3	20.7	6,204.3	1.7
Q4 2009	12,623.7	-6.2	31.9	7,664.8	5.6	20.6	4,959.0	-20.1
2009 total	49,422.0	-10.1	32.6	28,369.8	-20.7	20.4	21,052.2	9.9
Q1 2010	10,831.5	-14.2	28.2	7,281.9	-5.0	19.7	3,549.6	-28.4

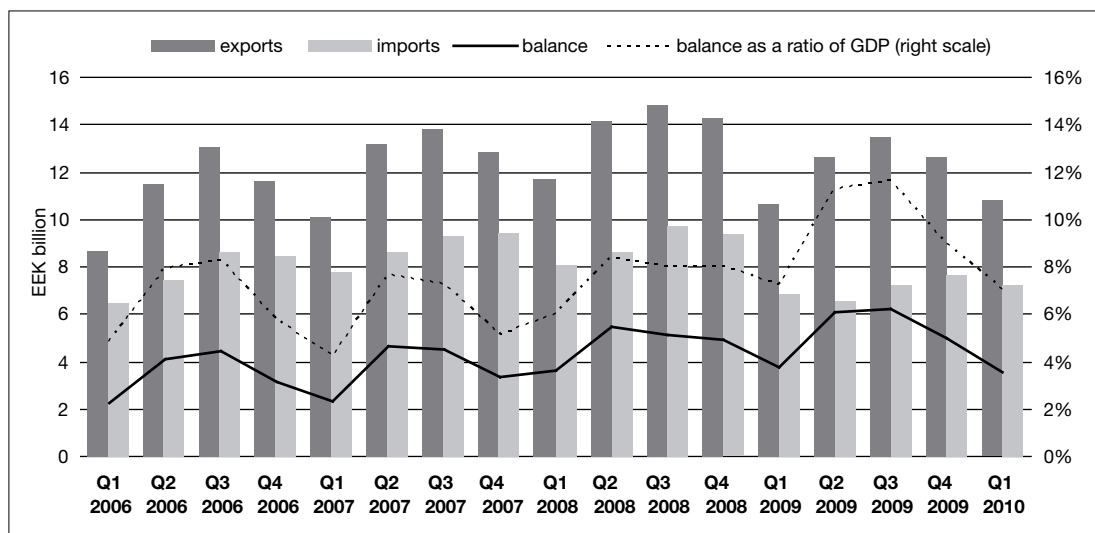


Figure 4. Services account

Services exports posted growth year-on-year, driven by the increased exports of freight transport services, and computer and information services, even though the exports other business services and construction services decreased. Quarter-on-quarter, exports contracted nearly across all types of services (see Table 12). The biggest share of services exports went to EU countries, especially Finland, although compared to the first quarter of 2009 exports to Finland slightly dropped (see Table 13). The share of CIS in services exports grew as a result of an annual increase in exports to Russia. The share of other countries fell. Compared to the previous quarter, exports decreased across all groups of countries.

Table 12. Services exports by major categories

	Volume (EEK m)			Share (%)			Change (%)	
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010	Q1 2010 / Q4 2009	Q1 2010 / Q1 2009
Transportation	4,240.2	4,720.2	4,408.8	39.8	37.4	40.7	-6.6	4.0
freight	1,871.0	2,230.0	2,234.6	17.6	17.7	20.6	0.2	19.4
passenger	713.8	861.4	659.2	6.7	6.8	6.1	-23.5	-7.6
other transport services	1,655.4	1,628.8	1,515.0	15.5	12.9	14.0	-7.0	-8.5
Travel	2,198.2	2,443.1	2,263.3	20.6	19.4	20.9	-7.4	3.0
Construction services	524.9	614.8	437.5	4.9	4.9	4.0	-28.8	-16.7
Computer and information services	462.2	597.9	544.1	4.3	4.7	5.0	-9.0	17.7
Business services	2,355.1	3,050.9	2,170.0	22.1	24.2	20.0	-28.9	-7.9
Government services	122.7	143.1	118.3	1.2	1.1	1.1	-17.3	-3.6
Other	748.9	1,053.7	889.5	7.1	8.3	8.2	-15.6	18.8
Total	10,652.2	12,623.7	10,831.5	100.0	100.0	100.0	-14.2	1.7

Table 13. Services exports by groups of countries

	Volume (EEK m)			Share (%)			Change (%)	
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010	Q1 2010 / Q4 2009	Q1 2010 / Q1 2009
EU-27	7,324.1	8,842.2	7,557.3	68.7	70.0	69.7	-14.5	3.2
Finland	2,944.1	3,451.6	2,801.9	27.6	27.3	25.9	-18.8	-4.8
Sweden	793.9	1,045.9	762.1	7.5	8.3	7.0	-27.1	-4.0
Latvia	651.8	791.9	702.4	6.1	6.3	6.5	-11.3	7.8
Netherlands	333.5	475.6	489.1	3.1	3.8	4.5	2.8	46.7
Lithuania	312.2	396.6	449.7	2.9	3.1	4.2	13.4	44.0
CIS	1,475.6	1,827.0	1,524.0	13.9	14.5	14.1	-16.6	3.3
Russia	1,040.5	1,399.0	1,212.8	9.8	11.1	11.2	-13.3	16.6
Kazakhstan	203.0	219.0	145.4	1.9	1.7	1.3	-33.6	-28.4
Other	1,852.5	1,954.5	1,750.2	17.4	15.5	16.2	-10.5	-5.5
offshore regions	527.2	633.3	598.8	4.9	5.0	5.5	-5.4	13.6
Switzerland	505.4	399.0	386.7	4.7	3.2	3.6	-3.1	-23.5
USA	294.5	384.2	308.3	2.8	3.0	2.8	-19.8	4.7
Total	10,652.2	12,623.7	10,831.5	100.0	100.0	100.0	-14.2	1.7

The imports of services grew 6% from a year-ago, but declined 5% from the previous quarter (see Table 14). Compared to the first quarter of 2009, imports were driven by transport services, other business services, travel services, and computer and information services in the first quarter of 2010. The imports of construction services shrank considerably year-on-year, while the imports of other business services declined notably quarter-on-quarter. Services imports from EU countries constituted 78% of total imports and increased 9% from the first quarter of 2009 in terms of most major trade partners (see Table 15). Imports from the CIS declined slightly from a year-ago, whereas the imports of transport services from Kazakhstan increased. Imports from other countries shrank also somewhat from the first quarter of 2009, whereas imports from Norway grew. Quarter-on-quarter, only imports from the CIS increased.

Table 14. Services imports by major categories

	Volume (EEK m)			Share (%)			Change (%)	
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010	Q1 2010 / Q4 2009	Q1 2010 / Q1 2009
Transportation	2,173.5	2,343.6	2,430.0	31.7	30.6	33.4	3.7	11.8
freight	1,423.6	1,472.6	1,533.4	20.7	19.2	21.1	4.1	7.7
passenger	233.2	225.3	244.3	3.4	2.9	3.4	8.4	4.8
other transport services	516.7	645.7	652.3	7.6	8.5	8.9	1.0	26.2
Travel	1,576.3	1,805.8	1,680.2	23.0	23.6	23.1	-7.0	6.6
Construction services	466.9	172.1	251.0	6.8	2.2	3.4	45.8	-46.2
Computer and information services	201.4	319.4	242.7	2.9	4.2	3.3	-24.0	20.5
Business services	1,558.5	2,041.7	1,690.9	22.7	26.6	23.2	-17.2	8.5
Government services	92.4	122.0	77.0	1.3	1.6	1.1	-36.9	-16.7
Other	795.1	860.2	910.1	11.6	11.2	12.5	5.8	14.5
Total	6,864.1	7,664.8	7,281.9	100.0	100.0	100.0	-5.0	6.1

Table 15. Services imports by groups of countries

	Volume (EEK m)			Share (%)			Change (%)	
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010	Q1 2010 / Q4 2009	Q1 2010 / Q1 2009
EU-27	5,232.7	5,947.4	5,688.5	76.2	77.6	78.1	-4.4	8.7
Finland	854.2	1,298.8	1,004.8	12.4	16.9	13.8	-22.6	17.6
Sweden	665.1	598.7	851.7	9.7	7.8	11.7	42.3	28.1
Latvia	647.4	772.7	766.1	9.4	10.1	10.5	-0.9	18.3
Germany	386.5	430.4	437.0	5.6	5.6	6.0	1.5	13.1
Cyprus	374.4	465.4	422.5	5.5	6.1	5.8	-9.2	12.8
CIS	623.9	577.3	609.6	9.1	7.5	8.4	5.6	-2.3
Russia	479.6	419.3	423.3	7.0	5.5	5.8	1.0	-11.7
Kazakhstan	30.1	60.4	83.4	0.4	0.8	1.1	38.1	177.1
Other	1,007.5	1,140.1	983.8	14.7	14.9	13.5	-13.7	-2.4
USA	247.0	276.2	229.7	3.6	3.6	3.2	-16.8	-7.0
Norway	85.4	87.3	113.3	1.2	1.1	1.6	29.8	32.7
offshore regions	70.1	107.2	96.8	1.0	1.4	1.3	-9.7	38.1
Total	6,864.1	7,664.8	7,281.9	100.0	100.0	100.0	-5.0	6.1

The **balance of transport services** accounted for 56% of the services account and stood at 2 billion kroons, having decreased 4% year-on-year (see Figure 5 and Tables 11–13). The decrease was due to the fact that the imports of transport services grew faster than exports. Maritime transport accounted for the largest share (40%) of transport services, followed by road and rail transport (22–23%). Air transport remained in slight deficit (see Figure 6).

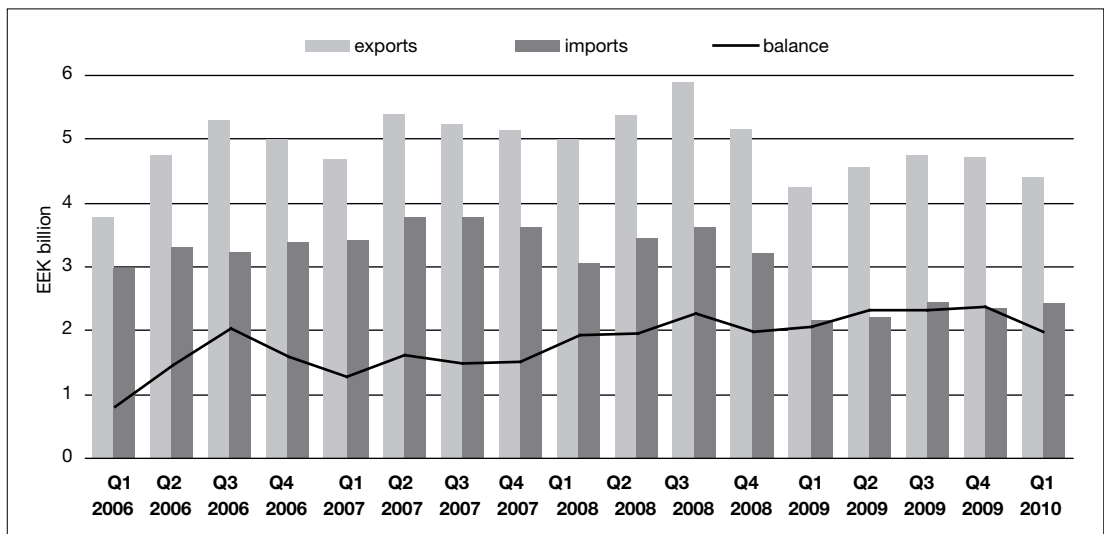


Figure 5. Transport services

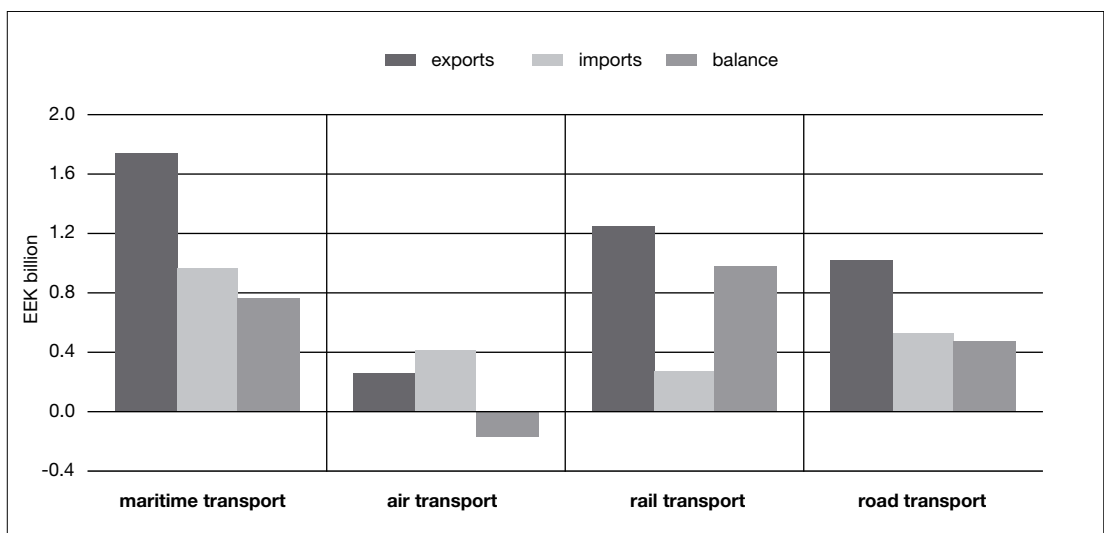


Figure 6. Transport services in the first quarter of 2010 by transport type



The exports of transport services grew from a year-ago as a result of increased exports of freight transport services, which accounted for 50% of the total exports of transport services. The majority (65%) of transport services were sold to EU countries, with exports growing 11% from the first quarter of 2009 (see Table 16). Finland was the major export partner, although exports shrank somewhat year-on-year. Exports to the Netherlands and Lithuania increased considerably at the same time. The CIS accounted for 15% of the total exports of transport services. Transport services exports to other countries contracted 10% from a year-ago, even though exports to offshore regions picked up.

The imports of transport services increased 12% year-on-year, driven by freight and other transport services (see Tables 14 and 16). EU countries accounted for 78% of the imports. The imports of transport services, in particular maritime transport, to Sweden and Latvia posted considerable growth, whereas imports from the CIS and other countries shrank.

Table 16. Transport services by groups of countries in the first quarter of 2010

	Exports				Imports		
	Volume (EEK m)	Share (%)	Change (%), Q3 2009 / Q3 2008		Volume (EEK m)	Share (%)	Change (%), Q3 2009 / Q3 2008
EU-27	2,866.2	65.0	10.7	EU-27	1,892.8	77.9	22.1
Finland	866.9	19.7	-4.6	Sweden	294.0	12.1	66.1
Netherlands	405.6	9.2	63.7	Finland	255.3	10.5	27.8
Germany	292.8	6.6	-7.3	Germany	241.0	9.9	16.6
Latvia	189.7	4.3	6.4	Latvia	222.6	9.2	54.2
Lithuania	174.1	3.9	29.6	Lithuania	154.2	6.3	10.3
CIS	669.3	15.2	-1.7	CIS	217.7	9.0	-15.9
Russia	596.4	13.5	-5.2	Russia	127.8	5.3	-32.4
Kazakhstan	46.6	1.1	1,356.3	Belarus	37.8	1.6	69.5
Other	873.3	19.8	-10.0	Other	319.5	13.1	-12.2
offshore regions	320.6	7.3	21.0	China	69.5	2.9	-1.4
Switzerland	251.5	5.7	-29.0	offshore regions	59.8	2.5	10.7
USA	132.9	3.0	38.0	Norway	58.7	2.4	82.3
Total	4,408.8	100.0	4.0	Total	2,430.0	100.0	11.8

The exports and imports of **travel services** picked up in the first quarter of 2010, having increased 3% and 7% from a year-ago, respectively (see Table 17). As imports outpaced exports, the balance of travel services decreased 6%. Regardless of slight growth, the volume of travel services was low due to seasonality effects (see Figure 7).

Growth in travel services exports was somewhat surprising, given that the prices of accommodation and catering companies dropped in Estonia. Exports was mainly driven by the 69% increase in the spending of visitors from Russia. The spending of EU visitors remained virtually at a year-ago level: the Finns spent 3% more, while the spending of Latvians decreased 9%. Compared to the first quarter of 2009, the number of visitors from more distant countries was lower in the first quarter of 2010, with their spending falling 26% in total.

The imports of travel services increased primarily in terms of EU countries, especially Finland, Sweden and the United Kingdom, where Estonian residents are seeking for employment or are engaged in short-term employment. Services imports to Russia grew 8%, whereas the popularity of Egypt, one of the main destinations in winter, dropped.

Table 17. Travel services by groups of countries in the first quarter of 2010

	Exports				Imports		
	Volume (EEK m)	Share (%)	Change (%), Q1 2010 / Q1 2009		Volume (EEK m)	Share (%)	Change (%), Q1 2010 / Q1 2009
EU-27	1,841.2	81.4	-1.1	EU-27	1,157.4	68.9	14.8
Finland	1,137.7	50.3	2.7	Finland	354.2	21.1	51.8
Latvia	209.4	9.3	-8.9	Latvia	142.7	8.5	-34.3
Sweden	166.1	7.3	-0.4	Sweden	126.8	7.5	18.8
Poland	63.6	2.8	102.4	United Kingdom	87.4	5.2	57.5
CIS	334.1	14.8	62.1	CIS	200.3	11.9	-1.8
Russia	321.0	14.2	68.9	Russia	182.4	10.9	7.6
Other	88.0	3.9	-32.9	Other	322.5	19.2	-11.5
Norway	30.4	1.3	-29.8	Egypt	83.1	4.9	-53.1
USA	15.1	0.7	-57.7	USA	36.0	2.1	-39.7
Total	2,263.3	100.0	3.0	Total	1,680.2	100.0	6.6

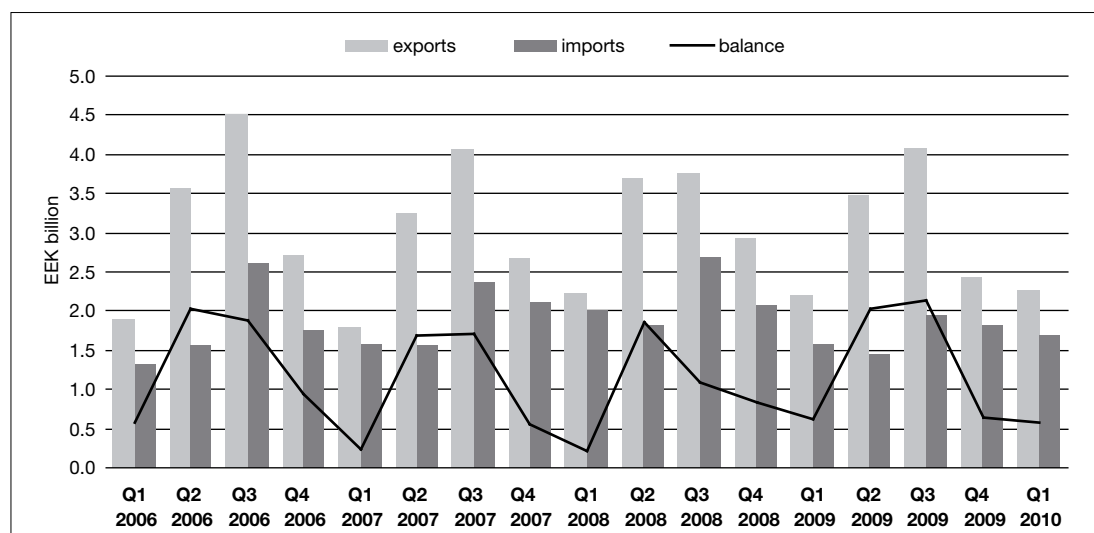


Figure 7. Travel services

INCOME

The improvement of the economic environment was reflected in a considerable growth in net income outflow, which increased by two times from a year-ago and by almost 50% from the fourth quarter of 2009. The net outflow of income totalled 1.7 billion kroons and stood at 3.4% of GDP (see Table 18). The net outflow was primarily stimulated by the 6% increase in the net outflow of investment income, whereas the net inflow of labour income remained close to the year-ago level (see Table 19). The net outflow of investment income was mainly driven by reinvested earnings, the net outflow of which increased many fold and totalled 2 billion kroons, or around 90% of the net outflow of investment income. Excluding from the income account reinvested earnings, which involve no actual movement of funds, the income account deficit turned into a surplus of 0.3 billion kroons, accounting for 0.5% of GDP (see Figure 8). The net inflow of portfolio investment income declined by a third, while the net outflow of other investment income (income on loans and deposits) decreased by around two thirds year-on-year.

Table 18. Income

	Inflow		Outflow		Balance	
	Volume (EEK m)	Change compared to previous period (%)	Volume (EEK m)	Change compared to previous period (%)	Volume (EEK m)	Change compared to previous period (%)
Q1 2006	2,693.2	18.1	-5,240.1	41.8	-2,546.9	79.8
Q2 2006	3,517.3	30.6	-6,299.2	20.2	-2,781.9	9.2
Q3 2006	3,780.5	7.5	-6,250.8	-0.8	-2,470.3	-11.2
Q4 2006	3,565.0	-5.7	-6,529.6	4.5	-2,964.6	20.0
2006 total	13,556.0	46.9	-24,319.7	48.7	-10,763.7	51.1
Q1 2007	3,980.2	11.6	-8,665.8	32.7	-4,685.6	58.1
Q2 2007	4,902.0	23.2	-8,242.9	-4.9	-3,340.9	-28.7
Q3 2007	5,232.7	6.7	-9,633.4	16.9	-4,400.7	31.7
Q4 2007	5,004.6	-4.4	-9,090.8	-5.6	-4,086.1	-7.1
2007 total	19,119.5	41.0	-35,632.9	46.5	-16,513.3	53.4
Q1 2008	4,283.8	-14.4	-9,296.6	2.3	-5,012.8	22.7
Q2 2008	4,374.6	2.1	-8,592.3	-7.6	-4,217.8	-15.9
Q3 2008	6,292.2	43.8	-8,742.9	1.8	-2,450.7	-41.9
Q4 2008	3,339.9	-46.9	-5,125.8	-41.4	-1,786.0	-27.1
2008 total	18,290.5	-4.3	-31,757.7	-10.9	-13,467.3	-18.4
Q1 2009	3,017.5	-9.7	-3,881.5	-24.3	-864.1	-51.6
Q2 2009	2,170.1	-28.1	-4,889.9	26.0	-2,719.8	214.8
Q3 2009	3,135.8	44.5	-4,324.7	-11.6	-1,188.9	-56.3
Q4 2009	2,221.0	-29.2	-3,403.3	-21.3	-1,182.3	-0.6
2009 total	10,544.4	-42.4	-16,499.5	-48.0	-5,955.1	-55.8
Q1 2010	2,812.7	26.6	-4,518.2	32.8	-1,705.5	44.3

Table 19. Structure of income account

	Volume (EEK m)			Share (%)			Change (%)	
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010	Q1 2010 / Q4 2009	Q1 2010 / Q1 2009
Labour income	536.5	529.3	519.1	-62.1	-44.8	-30.4	-1.9	-3.3
Investment income	-1,400.6	-1,711.6	-2,224.5	162.1	144.8	130.4	30.0	58.8
Income on direct investment	-332.2	-1,150.0	-1,930.7	38.4	97.3	113.2	67.9	481.1
income on equity	-218.4	-1,229.5	-1,900.7	25.3	104.0	111.4	54.6	770.5
dividends	-73.8	-931.2	63.8	8.5	78.8	-3.7	-106.9	-186.4
reinvested earnings	-144.6	-298.4	-1,964.5	16.7	25.2	115.2	558.4	1,258.9
income on debt (interests)	-113.9	79.6	-30.0	13.2	-6.7	1.8	-137.6	-73.7
Income on portfolio investment	403.0	55.4	265.6	-46.6	-4.7	-15.6	379.8	-34.1
Income on other investment	-1,471.4	-617.0	-559.5	170.3	52.2	32.8	-9.3	-62.0
Total	-864.1	-1,182.3	-1,705.5	100.0	100.0	100.0	44.3	97.4

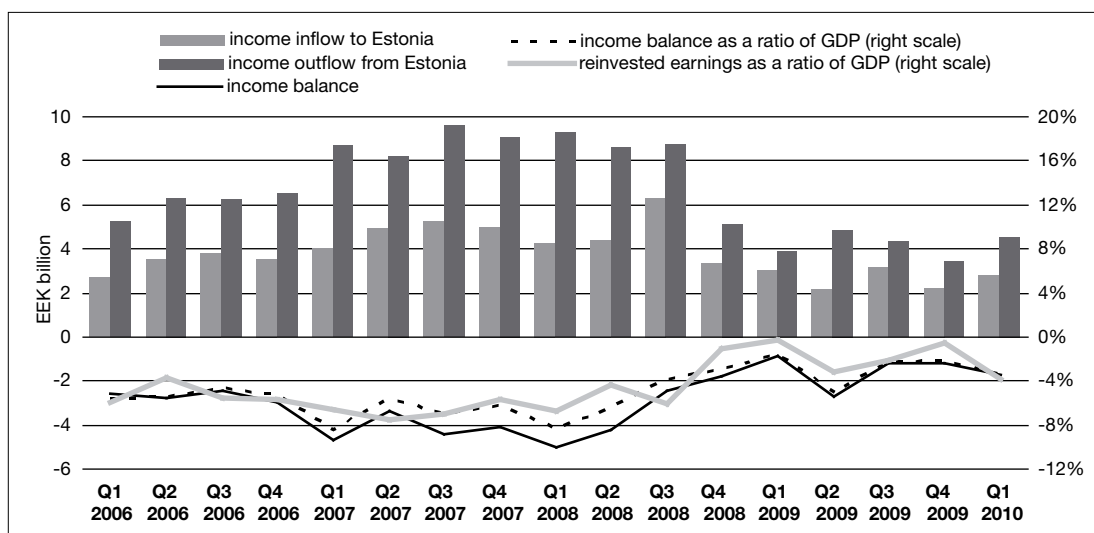


Figure 8. Income account

Income inflow shrank 7% from the first quarter of 2009, but grew over 25% from the fourth quarter of 2009 to 2.8 billion kroons (see Table 20). The majority of income inflow came from EU countries (see Table 21). Labour income accounted for 25% of total income inflow, which is about as much as in the first quarter of 2009. 43% of the labour income was earned in Finland and 15% in the United Kingdom. Although residents' income on foreign investment decreased 8%, direct investment income, the main component of investment income, increased 10%. The share of reinvested earnings in direct investment income grew 25%. Over 0.2 billion kroons of dividends on foreign investment were drawn. The net inflow of portfolio and other investment income declined.

Most of the investment income inflow came from Lithuania, Latvia, Cyprus and Finland (78% in total). The largest share of the investment income was earned in financial intermediation³ (68%) and somewhat less (17%) in transport and storage (see Figure 9). Investors in the field of wholesale and retail trade witnessed losses abroad.

Table 20. Income inflow to Estonia

	Volume (EEK m)			Share (%)			Change (%)	
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010	Q1 2010 / Q4 2009	Q1 2010 / Q1 2009
Labour income	750.5	753.0	723.4	24.9	33.9	25.7	-3.9	-3.6
Investment income	2,267.0	1,468.0	2,089.3	75.1	66.1	74.3	42.3	-7.8
Income on direct investment	1,305.3	924.8	1,430.9	43.3	41.6	50.9	54.7	9.6
income on equity	943.1	506.0	1,183.8	31.3	22.8	42.1	134.0	25.5
dividends	189.9	80.8	235.5	6.3	3.6	8.4	191.5	24.1
reinvested earnings	753.3	425.2	948.2	25.0	19.1	33.7	123.0	25.9
income on debt (interests)	362.1	418.8	247.1	12.0	18.9	8.8	-41.0	-31.8
Income on portfolio investment	607.9	299.9	375.1	20.1	13.5	13.3	25.1	-38.3
Income on other investment	353.8	243.3	283.3	11.7	11.0	10.1	16.5	-19.9
Total	3,017.5	2,221.0	2,812.7	100.0	100.0	100.0	26.6	-6.8

³ According to the new Classification of Economic Activities EMTAK 2008.

Table 21. Income by groups of countries in the first quarter of 2010

	Inflow				Outflow		
	Volume (EEK m)	Share (%)	Change (%), Q1 2010 / Q1 2009		Volume (EEK m)	Share (%)	Change (%), Q1 2010 / Q1 2009
EU-27	2,681.3	95.3	-8.4	EU-27	-4,238.4	93.8	18.4
Lithuania	636.8	22.6	4.1	Sweden	-2,470.7	54.7	-20.9
Latvia	628.4	22.3	-21.8	Finland	-589.9	13.1	-373.9
Finland	581.4	20.7	88.8	Netherlands	-486.2	10.8	328.2
Cyprus	495.0	17.6	-4.4	Denmark	-180.2	4.0	-9.6
CIS	37.2	1.3	-126.9	CIS	-131.8	2.9	49.3
Ukraine	19.4	0.7	158.1	Russia	-121.7	2.7	79.3
Georgia	9.7	0.3	2,923.4	Ukraine	-4.4	0.1	-64.2
Other	94.2	3.3	-18.4	Other	-148.0	3.3	-30.9
USA	34.4	1.2	-44.3	Norway	-26.3	0.6	4.8
offshore regions	16.9	0.6	-46.3	offshore regions	-78.6	1.7	-38.8
Total	2,812.7	100.0	-6.8	Total	-4,518.2	100.0	16.4

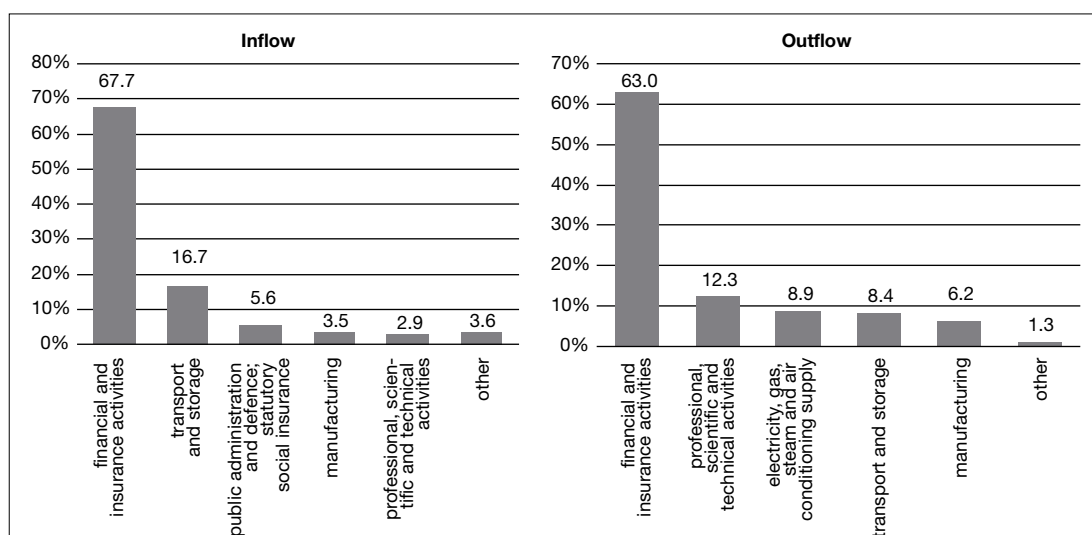


Figure 9. Inflow and outflow of investment income by fields of activity in the first quarter of 2010

Income outflow gained 16% year-on-year and totalled 4.5 billion kroons (see Table 22). 94% of the income earned in Estonia belonged to EU investors (see Table 21). Labour income constituted nearly 5% of non-residents' income earned in Estonia, the rest being investment income. 78% of the investment income inflow was direct investment income, with reinvested earnings forming 87% of that. Compared to the first quarter of 2009, reinvested earnings increased by over three times to 2.9 billion kroons. Income on loans and deposits decreased 50% from a year-ago and accounted for 20% of the investment income.

Mostly Swedish, Finnish and Dutch investors earned on investment in Estonia: 57%, 12% and 11%, respectively. Compared to the first quarter of 2009, the investors of Finland, the Netherlands, Lithuania and Russia increased their profits. The largest share (63%) of the investment income was earned in financial and insurance activities, and somewhat less in the fields of professional, scientific and technical activities, electricity and gas supply, and wholesale and retail trade (see Figure 9).

Table 22. Income outflow from Estonia

	Volume (EEK m)			Share (%)			Change (%)	
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010	Q1 2010 / Q4 2009	Q1 2010 / Q1 2009
Labour income	-213.969	-223.647	-204.3	5.5	6.6	4.5	-8.6	-4.5
Investment income	-3,667.6	-3,179.7	-4,313.8	94.5	93.4	95.5	35.7	17.6
Income on direct investment	-1,637.5	-2,074.8	-3,361.6	42.2	61.0	74.4	62.0	105.3
income on equity	-1,161.5	-1,735.5	-3,084.5	29.9	51.0	68.3	77.7	165.6
dividends	-263.6	-1,012.0	-171.7	6.8	29.7	3.8	-83.0	-34.9
reinvested earnings	-897.9	-723.6	-2,912.7	23.1	21.3	64.5	302.6	224.4
income on debt (interests)	-476.0	-339.3	-277.1	12.3	10.0	6.1	-18.3	-41.8
Income on portfolio investment	-204.9	-244.6	-109.4	5.3	7.2	2.4	-55.3	-46.6
Income on other investment	-1,825.1	-860.3	-842.8	47.0	25.3	18.7	-2.0	-53.8
Total	-3,881.5	-3,403.3	-4,518.2	100.0	100.0	100.0	32.8	16.4

CURRENT AND CAPITAL TRANSFERS⁴

The surplus on the current transfers account totalled 0.5 billion kroons in the first quarter of 2010 (see Table 23).

Current transfers to Estonia amounted to 2 billion kroons. Government transfers comprised 37% of the current transfers, over 50% of which were allocations from the EU structural funds, the rest being VAT, income and social tax receipts from non-residents. Other sectors' transfers to Estonia totalled 1.2 billion kroons, 48% of which were structural funds and 14% were transfers by migrants employed abroad. The outflow of current transfers stood at 1.5 billion kroons. Government transfers comprised 65% of that, of which 86%, or 0.8 billion kroons, was Estonia's payment into the EU budget. As a result of the large EU budget payment, traditionally due in the first quarter, and scarce use of structural funds, the government transfers account had a deficit of 0.2 billion kroons. Other sectors' transfers abroad totalled 0.5 billion kroons and were primarily channelled to the European Union, particularly Finland, Latvia, Germany, Sweden and the United Kingdom.

The surplus on the **capital transfers account** was unexceptionally large for the first quarter at 2 billion kroons. The capital transfers into Estonia mainly comprised EU subsidies to the general government and also to other sectors for infrastructure objects.

⁴ 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).

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

	Incoming			Outgoing			Balance		
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010
Current transfers	1,888.3	2,614.4	1,986.5	1,555.0	853.6	1,491.1	333.3	1,760.8	495.3
government transfers	677.8	960.8	757.9	1,117.0	443.6	971.1	-439.2	517.1	-213.2
EU-27	481.7	851.9	671.0	1,056.4	415.1	917.8	-574.7	436.8	-246.8
CIS	13.0	11.5	7.4	2.6	2.8	2.4	10.4	8.7	5.0
other	183.1	97.4	79.4	58.0	25.7	50.8	125.1	71.6	28.6
private transfers	1,210.5	1,653.6	1,228.6	438.0	410.0	520.0	772.5	1,243.6	708.6
EU-27	1,005.9	1,307.5	1,009.1	367.0	310.8	411.2	638.9	996.7	597.9
CIS	143.8	240.3	89.1	14.2	18.9	15.5	129.7	221.4	73.6
other	60.7	105.8	130.4	56.8	80.3	93.4	3.9	25.5	37.0
Capital transfers	646.5	2,609.5	2,001.7	9.2	2.6	0.8	637.4	2,606.9	2,001.0
government transfers	451.1	1,510.2	1,222.8	-	0.0	0.8	451.1	1,510.1	1,222.1
private transfers	195.4	1,099.3	778.9	9.2	2.5	-	186.2	1,096.8	778.9

FINANCIAL ACCOUNT

The net outflow of capital continued in the first quarter of 2010 and stood at 5.2 billion kroons. The net outflow of capital consisted of other investment, while the net inflow contained direct and portfolio investment. Figures 10 and 11 show the structure of the financial account by categories and maturities.

DIRECT INVESTMENT

Direct investment had a surplus of 2.1 billion kroons in the first quarter of 2010. Non-residents invested 3.8 billion kroons in Estonia and Estonian residents' direct investment abroad grew by 1.6 billion kroons (see Figure 12).

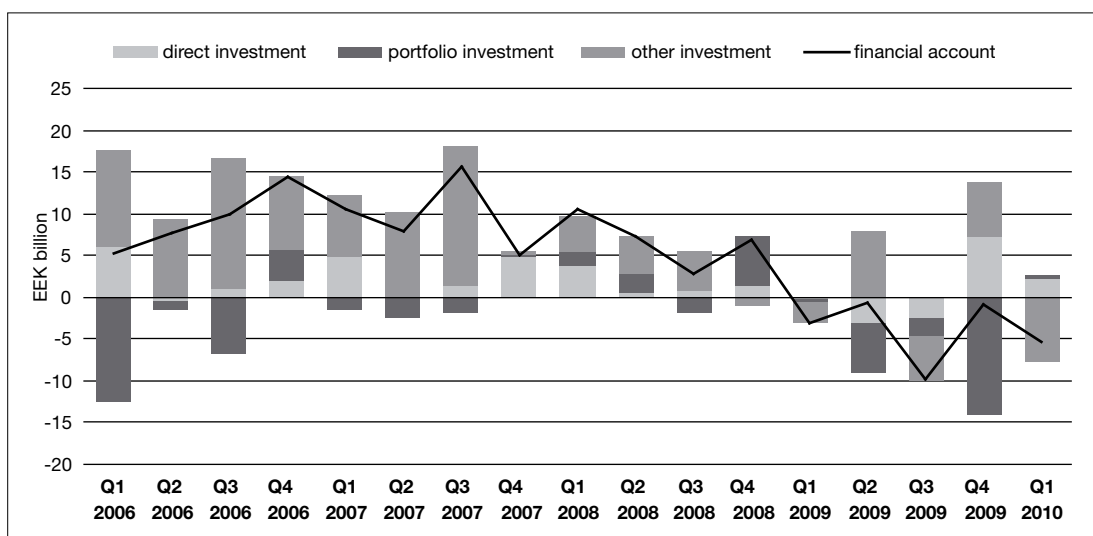


Figure 10. Changes in the structure of foreign investment capital flows

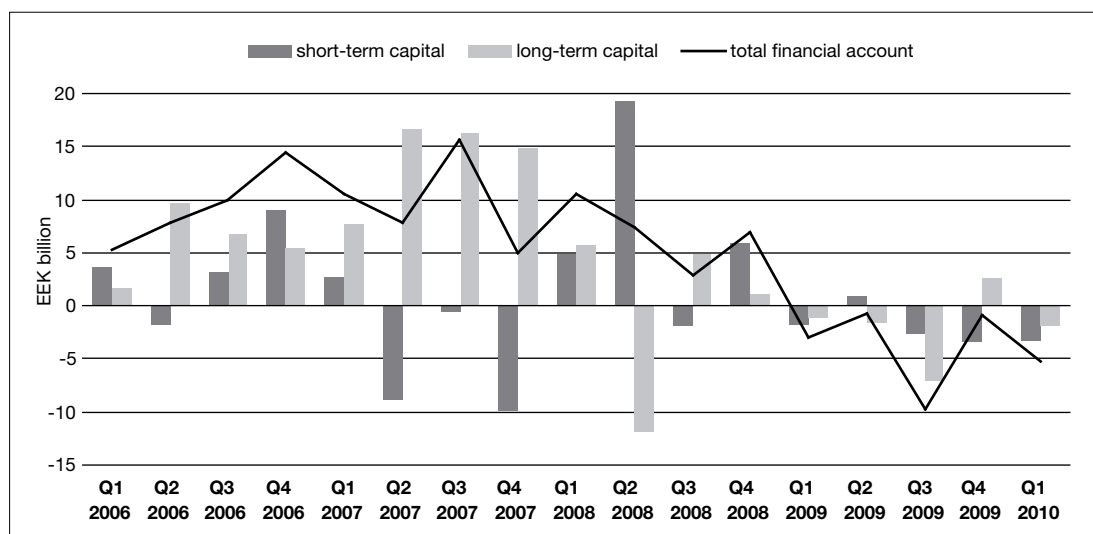


Figure 11. Maturity structure of the financial account

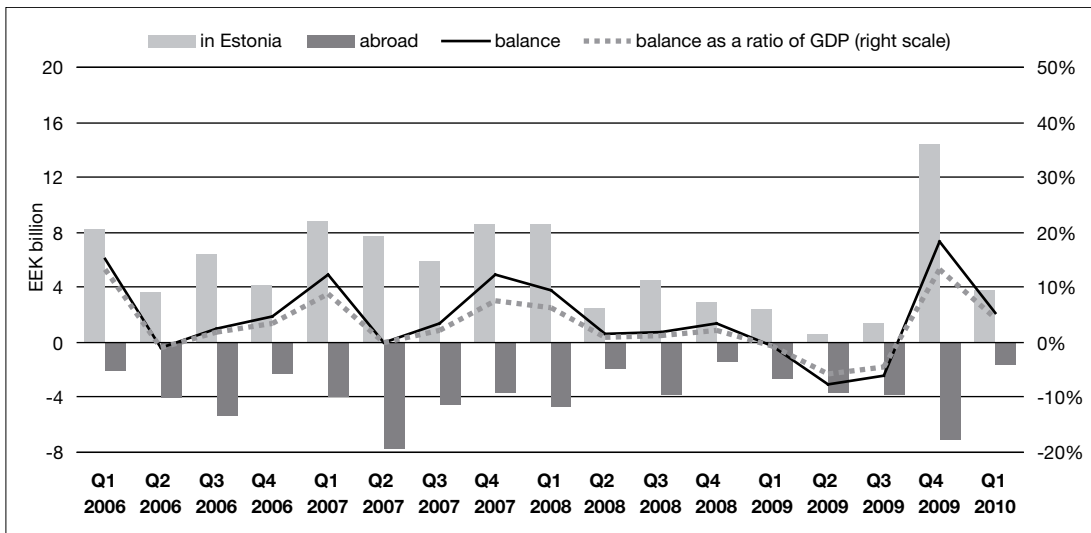


Figure 12. Direct investment

Direct investment in Estonia contracted by almost four times from the previous quarter. The sudden drop resulted from higher than average inflow of direct investment in the fourth quarter of 2009. However, compared to the first quarter of 2009, direct investment increased by 1.5 times. Reinvested earnings accounted for 75%, or 2.9 billion kroons, of direct investment. Financial intermediaries reinvested 2 billion kroons; companies engaged in professional, scientific and technical activities (includes head

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 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	-58.9	2,155.8	51.3	4,199.4	100.0
2006 total	2,238.6	10.0	15,652.6	69.9	-4,463.5	-19.9	8,976.4	40.1	22,404.1	100.0
Q1 2007	486.5	5.5	5,261.8	59.4	-504.9	-5.7	3,610.1	40.8	8,853.5	100.0
Q2 2007	2,652.2	34.3	3,661.9	47.4	-1,687.8	-21.8	3,102.9	40.1	7,729.2	100.0
Q3 2007	8.2	0.1	6,784.3	113.9	-2,107.1	-35.4	1,268.7	21.3	5,954.1	100.0
Q4 2007	1,128.1	13.1	5,774.2	67.0	-2,235.0	-25.9	3,949.2	45.8	8,616.6	100.0
2007 total	4,275.0	13.7	21,482.3	69.0	-6,534.9	-21.0	11,930.9	38.3	31,153.3	100.0
Q1 2008	1,593.3	18.6	5,558.3	65.0	-1,203.1	-14.1	2,602.3	30.4	8,550.8	100.0
Q2 2008	464.6	18.8	2,940.3	119.1	-1,772.1	-71.8	836.6	33.9	2,469.4	100.0
Q3 2008	-47.4	-1.0	3,926.9	85.7	-216.1	-4.7	919.1	20.1	4,582.5	100.0
Q4 2008	1,042.9	36.5	1,168.2	40.9	1,230.3	43.1	-586.4	-20.5	2,855.0	100.0
2008 total	3,053.4	16.5	13,593.6	73.6	-1,961.0	-10.6	3,771.6	20.4	18,457.7	100.0
Q1 2009	1,862.5	76.2	897.9	36.7	-621.9	-25.4	305.1	12.5	2,443.6	100.0
Q2 2009	1,622.2	241.8	950.3	141.7	-283.9	-42.3	-1,617.8	-241.2	670.8	100.0
Q3 2009	1,904.8	144.6	2,302.7	174.8	-1,309.8	-99.4	-1,580.0	-119.9	1,317.7	100.0
Q4 2009	13,867.0	95.7	723.6	5.0	1,179.3	8.1	-1,284.7	-8.9	14,485.2	100.0
2009 total	19,256.6	101.8	4,874.4	25.8	-1,036.3	-5.5	-4,177.3	-22.1	18,917.3	100.0
Q1 2010	712.0	19.0	2,912.7	77.6	-420.9	-11.2	549.6	14.6	3,753.5	100.0

offices), and transport and storage companies reinvested to a lesser extent. Equity capital investment in Estonia totalled 0.7 billion kroons. Largest investment, 0.3 billion kroons in total, went to construction. The intercompany debt liabilities of direct investment companies increased by 0.5 billion kroons from the fourth quarter of 2009. Intercompany debt claims channelled 0.4 billion kroons out of Estonia (see Tables 24-25).

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 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	2,321.2	2,078.4	1,812.2	623.6
2006 total	2,120.5	609.3	3,723.7	2,589.2	13,317.5	6,139.9	4,119.0	3,393.4
Q1 2007	849.9	231.4	1,024.9	1,348.3	6,413.3	2,883.7	1,168.5	925.8
Q2 2007	670.5	279.3	2,737.7	787.3	4,408.5	1,388.0	1,565.9	1,773.8
Q3 2007	1,244.2	470.6	1,614.9	421.3	2,360.5	1,867.6	3,630.0	2,565.0
Q4 2007	1,096.1	244.4	2,615.5	1,333.2	4,853.0	3,036.7	1,717.3	1,102.6
2007 total	3,860.6	1,225.7	7,993.0	3,890.1	18,035.2	9,175.9	8,081.7	6,367.2
Q1 2008	758.7	354.8	1,426.8	1,172.9	3,678.4	2,111.0	1,895.7	1,012.0
Q2 2008	1,630.3	102.5	2,443.6	2,894.2	1,813.9	2,497.1	2,021.9	1,463.5
Q3 2008	614.1	1,219.6	2,432.6	1,425.2	4,197.6	4,633.6	3,053.2	1,715.5
Q4 2008	506.8	853.1	2,722.6	2,672.2	4,017.9	2,809.0	5,283.5	5,199.6
2008 total	3,509.8	2,530.1	9,025.5	8,164.6	13,707.8	12,050.7	12,254.3	9,390.5
Q1 2009	474.1	132.9	2,040.5	1,542.9	3,037.5	2,053.7	2,708.7	3,232.6
Q2 2009	459.5	422.0	1,543.5	1,574.4	1,748.4	2,803.9	1,292.3	1,293.5
Q3 2009	1,071.3	491.2	1,384.6	785.4	1,857.0	4,540.8	4,243.5	2,504.5
Q4 2009	658.1	1,007.4	1,343.0	1,945.1	2,150.6	2,156.3	1,576.3	2,536.8
2009 total	2,662.9	2,053.6	6,311.7	5,847.8	8,793.6	11,554.7	9,820.7	9,567.3
Q1 2010	405.0	136.6	1,208.8	1,183.2	2,068.4	1,550.7	961.2	1,001.4

Over 70% of direct investment inflow came from Sweden, followed by Finland with 0.9 billion kroons and Switzerland with 0.3 billion kroons. The European Union was the biggest investor with 92% in terms of groups of countries. 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 first quarter of 2010 was no exception: 60% of total direct investment went to financial intermediaries. Investment in the fields of professional, scientific and technical activities, and electricity and gas supply accounted for 30% and 8%, respectively (see Table 26 and Figures 13-14).

Table 26. Direct investment in Estonia by groups of countries

	Volume (EEK m)		Share (%)		Change (%)
	Q4 2009	Q1 2010	Q4 2009	Q1 2010	Q1 2010 / Q4 2009
EU-27	14,201.0	3,453.4	98.0	92.0	-75.7
CIS	565.8	-131.2	3.9	-3.5	-123.2
Other	-281.6	431.3	-1.9	11.5	-253.2
Total	14,485.2	3,753.5	100.0	100.0	-74.1

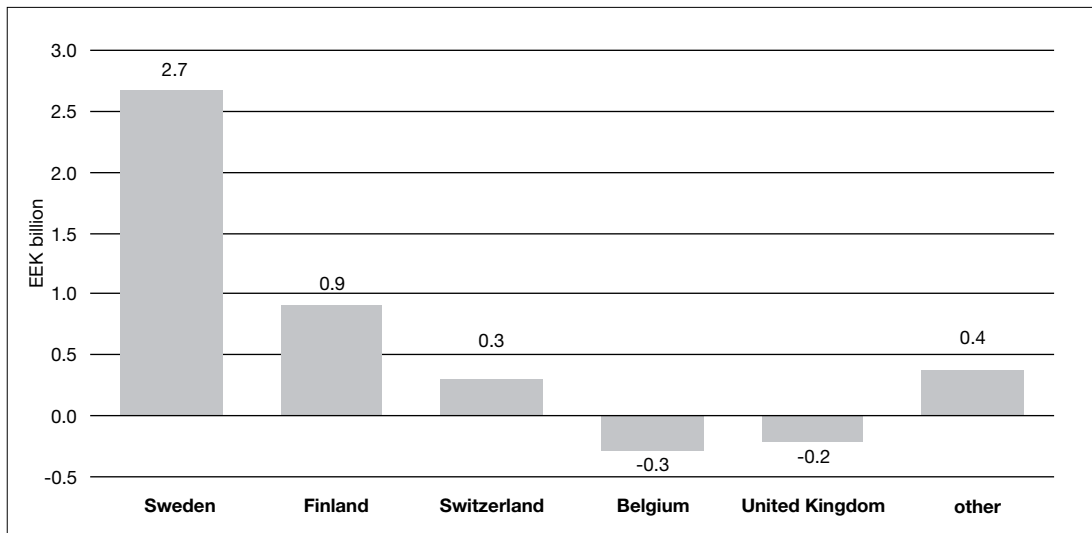


Figure 13. Direct investment in Estonia by countries in the first quarter of 2010

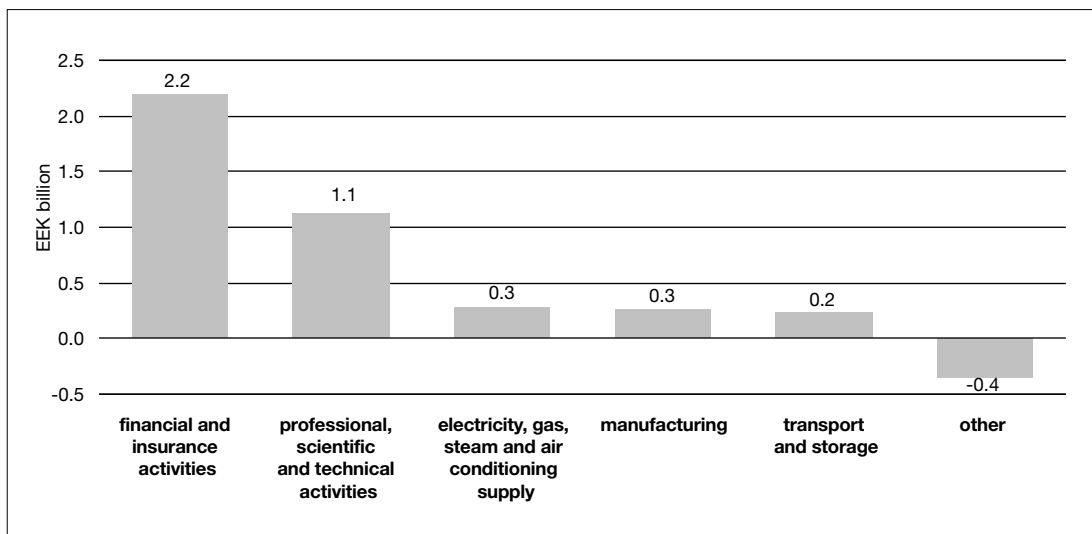


Figure 14. Direct investment in Estonia by fields of activities in the first quarter of 2010

Direct investment abroad declined by more than four times from the previous quarter and by around 40% from the first quarter of 2009. Equity capital investment comprised almost 9% of the direct investment outflow; the outflow of retained proprietary income was 0.9 billion kroons. Other capital assets and liabilities increased, and the outflow totalled 0.5 billion kroons. The loan liabilities of subsidiaries and affiliated companies grew by 0.6 billion kroons on the previous quarter, most of them being long-term liabilities. The loan liabilities of Estonian investors to foreign subsidiaries and affiliated companies remained almost unchanged. The liabilities of the subsidiaries of professional, scientific and technical activities increased the most (see Tables 27-28).

Investment in Finland, Lithuania and Latvia grew by 0.8, 0.6 and 0.5 billion kroons, respectively. Direct

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 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	51.2	-1,149.6	28.4	-1,060.4	26.2	238.1	-5.9	-4,044.3	100.0
Q3 2006	-2,897.8	53.9	-1,441.2	26.8	-1,406.4	26.2	373.0	-6.9	-5,372.4	100.0
Q4 2006	-558.7	24.4	-1,362.4	59.5	-491.4	21.4	121.6	-5.3	-2,290.9	100.0
2006 total	-5,895.5	42.7	-4,844.9	35.1	-3,814.4	27.7	760.3	-5.5	-13,794.5	100.0
Q1 2007	-1,277.4	32.4	-1,567.0	39.7	-1,257.5	31.9	159.7	-4.1	-3,942.1	100.0
Q2 2007	-6,747.2	87.5	909.5	-11.8	-1,632.8	21.2	-237.8	3.1	-7,708.3	100.0
Q3 2007	-930.9	20.2	-2,423.2	52.6	-2,460.5	53.4	1,206.7	-26.2	-4,607.9	100.0
Q4 2007	-1,368.6	37.0	-2,000.7	54.1	-659.7	17.8	328.6	-8.9	-3,700.4	100.0
2007 total	-10,324.1	51.7	-5,081.5	25.5	-6,010.4	30.1	1,457.2	-7.3	-19,958.8	100.0
Q1 2008	-996.0	21.0	-1,482.7	31.2	-2,681.1	56.4	406.9	-8.6	-4,752.9	100.0
Q2 2008	-749.0	40.1	-73.0	3.9	-97.2	5.2	-947.3	50.8	-1,866.5	100.0
Q3 2008	-488.9	12.8	-38.6	1.0	-2,834.1	74.1	-464.4	12.1	-3,826.1	100.0
Q4 2008	-123.7	8.6	-544.9	37.8	-949.2	65.8	174.5	-12.1	-1,443.3	100.0
2008 total	-2,357.7	19.8	-2,139.2	18.0	-6,561.7	55.2	-830.2	7.0	-11,888.8	100.0
Q1 2009	-1,269.6	46.5	-753.3	27.6	-111.2	4.1	-598.3	21.9	-2,732.4	100.0
Q2 2009	-474.4	12.7	769.2	-20.7	-3,239.4	87.0	-778.6	20.9	-3,723.3	100.0
Q3 2009	-3,179.5	84.3	-1,197.3	31.8	604.6	-16.0	1.3	0.0	-3,770.9	100.0
Q4 2009	-7,250.6	101.7	-425.2	6.0	422.0	-5.9	124.3	-1.7	-7,129.5	100.0
2009 total	-12,174.1	70.1	-1,606.6	9.3	-2,323.9	13.4	-1,251.4	7.2	-17,356.1	100.0
Q1 2010	-136.9	8.5	-948.2	58.8	-575.4	35.7	47.4	-2.9	-1,613.1	100.0

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

	Assets				Liabilities			
	Long-term		Short-term		Long-term		Short-term	
	Grantings	Repayments	Grantings	Repayments	Drawings	Repayments	Drawings	Repayments
Q1 2006	767.9	500.6	329.0	482.7	78.8	20.4	2.1	0.4
Q2 2006	865.4	269.7	340.9	523.4	0.6	51.4	2.9	0.4
Q3 2006	2,434.5	527.6	294.7	267.1	20.3	20.5	9.4	4.0
Q4 2006	1,297.6	1,074.8	599.2	352.9	18.9	20.3	132.6	15.7
2006 total	5,365.4	2,372.7	1,563.8	1,626.1	118.6	112.7	147.0	20.5
Q1 2007	976.7	158.8	279.6	324.6	13.9	24.5	59.6	30.0
Q2 2007	1,448.7	954.2	623.8	273.1	2.8	56.6	163.5	8.6
Q3 2007	3,097.0	305.2	566.7	531.7	11.5	19.3	1,048.0	30.9
Q4 2007	855.0	628.9	618.1	364.1	72.2	14.1	407.4	39.9
2007 total	6,377.4	2,047.0	2,088.2	1,493.4	100.4	114.6	1,678.5	109.3
Q1 2008	2,657.7	807.3	497.8	446.9	141.2	49.0	205.4	308.5
Q2 2008	992.6	1,788.2	560.8	284.0	28.4	67.6	54.7	414.6
Q3 2008	1,097.2	613.4	546.0	491.8	24.3	32.6	116.1	410.7
Q4 2008	678.6	454.6	1,294.3	795.4	60.4	34.9	218.4	45.3
2008 total	5,426.1	3,663.5	2,898.9	2,018.1	254.3	184.1	594.6	1,179.1
Q1 2009	1,356.6	428.1	416.8	745.3	61.0	13.7	48.7	95.7
Q2 2009	3,086.9	503.8	637.2	333.3	14.9	31.9	61.5	940.9
Q3 2009	718.4	697.8	378.9	365.2	62.8	22.4	24.5	38.8
Q4 2009	1,055.2	1,454.8	1,822.6	1,025.1	35.0	20.3	21.1	56.2
2009 total	6,217.1	3,084.5	3,255.5	2,468.9	173.7	88.3	155.8	1,131.6
Q1 2010	515.1	240.7	480.7	358.1	6.4	28.7	2.2	18.6

investment in Russia shrank by 0.3 billion kroons, which constitutes 17% of total net direct investment. The largest investments were made by financial intermediaries (64%), transport and storage investors (11%), and wholesale and retail trade investors (8%). The majority (88%) of the investment outflow remained in the European Union (see Table 29 and Figures 15-16).

Table 29. Direct investment abroad by groups of countries

	Volume (EEK m)		Share (%)		Change (%)
	Q4 2009	Q1 2010	Q4 2009	Q1 2010	Q1 2010 / Q4 2009
EU-27	-7,448.8	-1,414.0	104.5	87.7	-81.0
CIS	98.7	-134.1	-1.4	8.3	-235.9
Other	220.6	-65.0	-3.1	4.0	-129.5
Total	-7,129.5	-1,613.1	100.0	100.0	-77.4

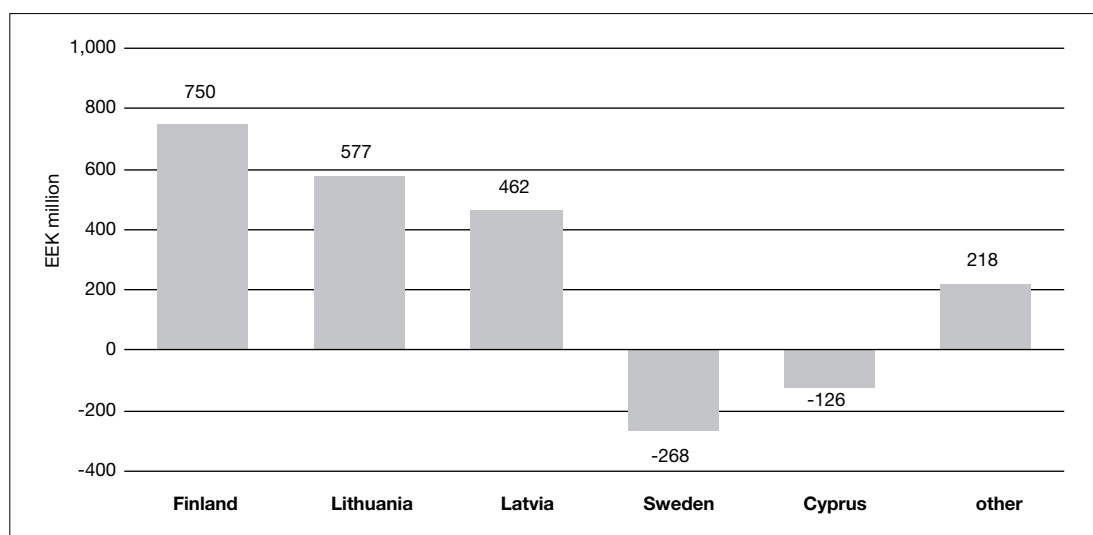


Figure 15. Direct investment abroad by countries in the first quarter of 2010

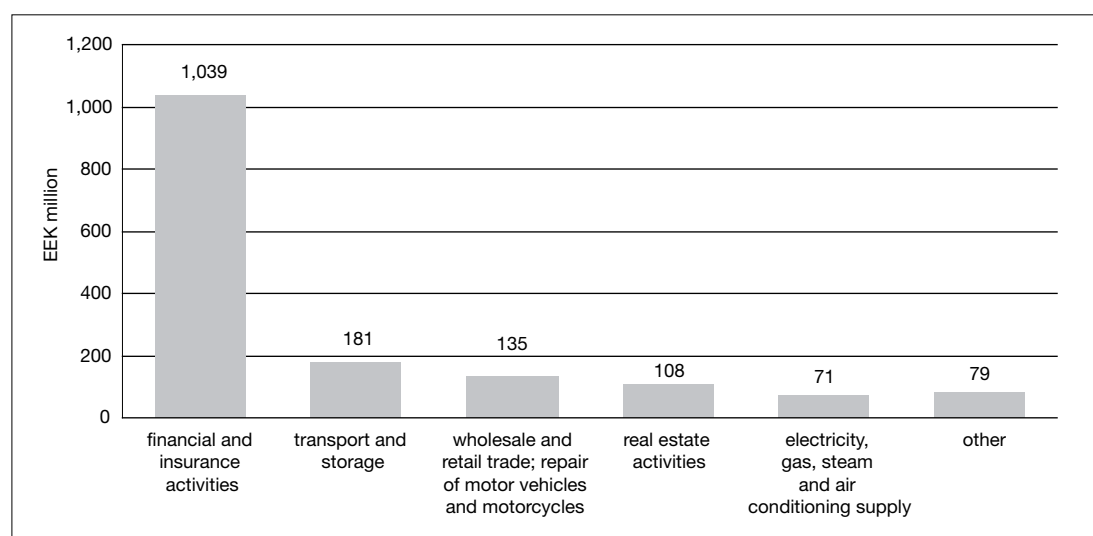


Figure 16. Direct investment abroad by fields of activity in the first quarter of 2010

PORTFOLIO INVESTMENT

The net inflow of portfolio investment was 443 million kroons in the first quarter of 2010. The net inflow primarily resulted from a decrease in the foreign money market instruments in the general government's investment portfolio. Foreign capital was invested in both equity and debt securities of enterprises in other sectors (see Figure 17 and Table 30).

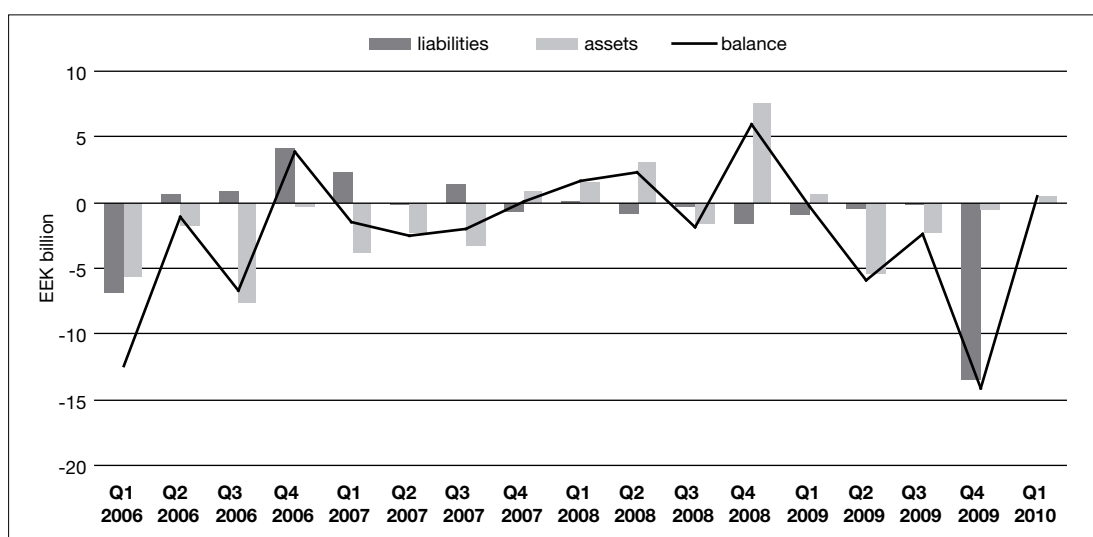


Figure 17. Portfolio investment

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

	Assets			Liabilities			Balance		
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010
Equity securities	183.4	127.1	-1,083.5	-412.6	-1,053.2	134.2	-229.2	-926.1	-949.3
central bank	-	-	-	-	-	-	-	-	-
general government	25.7	46.2	-91.7	-	-	-	25.7	46.2	-91.7
credit institutions	-0.4	4.5	-0.4	3.7	-	-	3.3	4.5	-0.4
other sectors	158.1	76.4	-991.4	-416.4	-1,053.2	134.2	-258.3	-976.8	-857.2
Debt securities	462.8	-692.6	1,531.2	-502.0	-12,454.8	-138.7	-39.2	-13,147.4	1,392.5
central bank	-	-	-	-	-	-	-	-	-
general government	1,973.9	-2,242.6	2,092.4	614.9	-123.2	8.8	2,588.8	-2,365.8	2,101.2
credit institutions	-1,644.3	2,032.4	-179.2	-1,144.0	-11,825.5	-260.9	-2,788.3	-9,793.1	-440.1
other sectors	133.2	-482.3	-381.9	27.1	-506.1	113.5	160.3	-988.4	-268.4
Total	646.2	-565.4	447.7	-914.6	-13,508.0	-4.6	-268.4	-14,073.4	443.1

Portfolio investment liabilities contracted by 5 million kroons in the first quarter of 2010 (see Table 31). The debt security liabilities of credit institutions shrank by a total of 261 million kroons, while the liabilities of enterprises in other sectors increased. Foreign investment in the equity securities of these enterprises stood at 134 million kroons and investment in debt securities at 114 million kroons. The equity security liabilities of investment funds and the debt security liabilities of non-financial companies increased by 73 and 108 million kroons, respectively. By countries, portfolio investment liabilities to Sweden and Luxembourg increased the most, followed by liabilities to the USA, the Cayman Islands and the British Virgin Islands (see Figure 18 and Table 32).

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 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	-236.3	27.5	-624.1	72.5	-860.4	100.0
Q3 2008	-469.6	131.4	112.1	-31.4	-357.5	100.0
Q4 2008	-1,613.8	103.9	60.9	-3.9	-1,552.9	100.0
2008 total	-3,327.4	123.4	630.0	-23.4	-2,697.4	100.0
Q1 2009	-412.6	45.1	-502.0	54.9	-914.6	100.0
Q2 2009	-112.5	24.0	-356.1	76.0	-468.6	100.0
Q3 2009	134.8	-106.2	-261.7	206.2	-126.9	100.0
Q4 2009	-1,053.2	7.8	-12,454.8	92.2	-13,508.0	100.0
2009 total	-1,443.5	9.6	-13,574.6	90.4	-15,018.1	100.0
Q1 2010	134.2	-2,917.4	-138.7	3,015.2	-4.6	100.0

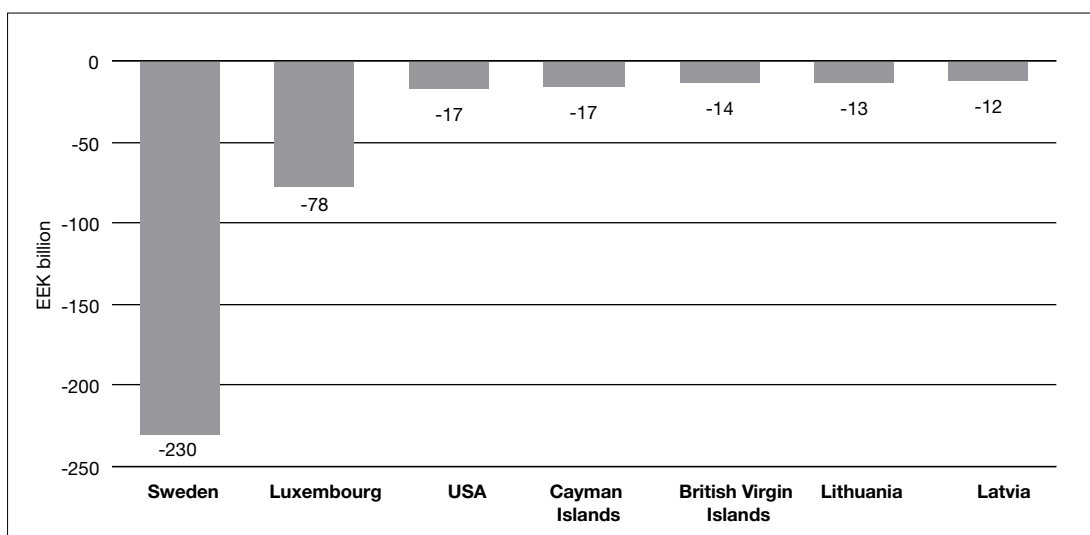


Figure 18. Decrease in portfolio investment liabilities by countries in the first quarter of 2010

Table 32. Structure of portfolio investment by groups of countries in the first quarter of 2010

	Volume (EEK m)		Share (%)	
	Assets	Liabilities	Assets	Liabilities
EU-27	675.9	-25.0	151.0	543.5
CIS	-65.5	-2.4	-14.6	52.2
Other	-162.7	22.8	-36.3	-495.7
Total	447.7	-4.6	100.0	100.0

Portfolio investment assets decreased by 448 billion kroons in the first quarter (see Table 33). Investment in foreign equity securities grew by around 1.1 billion kroons, whereas investment in debt securities declined by 1.5 billion kroons. The latter resulted from a 2 billion kroon fall in the foreign money market instruments in the general government's investment portfolio. The portfolio investment of credit institutions grew by 180 million kroons, and that of enterprises in other sectors by 1.4 billion kroons. The portfolio investment of credit institutions mainly comprised debt securities. As regards enterprises in other sectors, insurance companies and pension funds invested 377 million kroons in debt securities and 528 million kroons in equity securities. By countries, primarily portfolio investment assets to EU countries, in particular Spain, Austria, France, Germany and the Netherlands, increased (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 2006	-1,231.6	21.9	-4,383.2	78.1	-5,614.8	100.0
Q2 2006	-1,057.9	60.7	-686.1	39.3	-1,743.9	100.0
Q3 2006	-670.7	8.8	-6,928.6	91.2	-7,599.3	100.0
Q4 2006	-1,609.1	555.4	1,319.3	-455.4	-289.7	100.0
2006 total	-4,569.3	30.0	-10,678.6	70.0	-15,247.7	100.0
Q1 2007	-2,197.7	57.5	-1,621.1	42.5	-3,818.8	100.0
Q2 2007	-2,832.5	122.6	521.4	-22.6	-2,311.1	100.0
Q3 2007	-2,442.2	73.4	-886.7	26.6	-3,328.8	100.0
Q4 2007	-216.4	-26.4	1,034.7	126.4	818.4	100.0
2007 total	-7,688.8	89.0	-951.7	11.0	-8,640.3	100.0
Q1 2008	1,539.9	97.3	42.4	2.7	1,582.3	100.0
Q2 2008	947.6	30.4	2,166.9	69.6	3,114.6	100.0
Q3 2008	-57.6	3.7	-1,492.9	96.3	-1,550.6	100.0
Q4 2008	1,665.9	22.2	5,835.9	77.8	7,501.8	100.0
2008 total	4,095.8	38.5	6,552.3	61.5	10,648.1	100.0
Q1 2009	183.4	28.4	462.8	71.6	646.2	100.0
Q2 2009	-258.8	4.8	-5,149.2	95.2	-5,408.0	100.0
Q3 2009	-800.0	36.1	-1,417.5	63.9	-2,217.5	100.0
Q4 2009	127.1	-22.5	-692.6	122.5	-565.4	100.0
2009 total	-748.3	9.9	-6,796.5	90.1	-7,544.7	100.0
Q1 2010	-1,083.5	-242.0	1,531.2	342.0	447.7	100.0

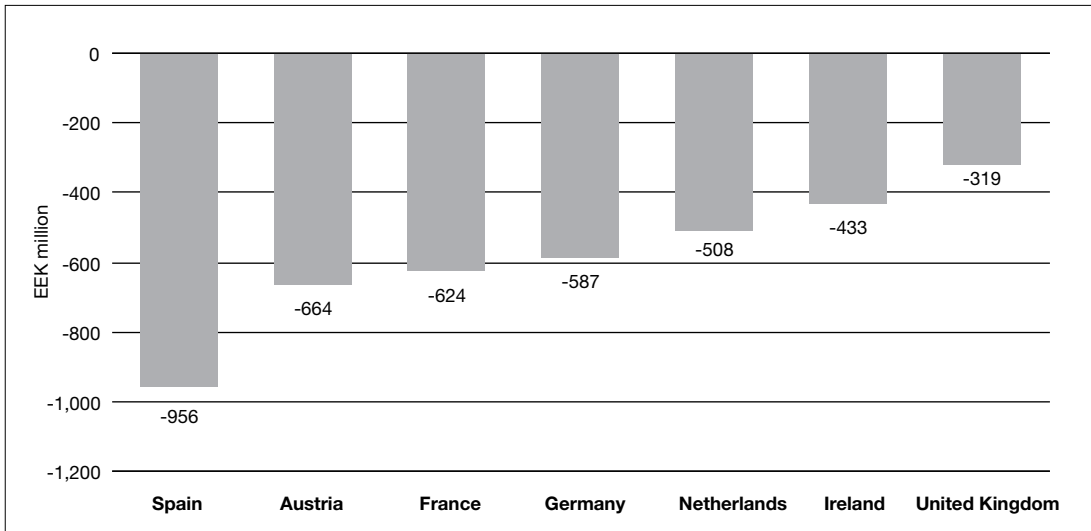


Figure 19. Decrease in portfolio investment assets by countries in the first quarter of 2010

FINANCIAL DERIVATIVES

Financial derivative **assets** increased by 42 million kroons in the first quarter of 2010 (see Figure 20), driven by growth in non-financial companies' investment in derivatives. By countries, assets to the United Kingdom and Finland increased the most. Financial derivative **liabilities** increased by 96 million kroons in the first quarter, whereas only credit institutions increased their liabilities in terms of sectors. By countries, liabilities to the United Kingdom and Sweden increased the most.

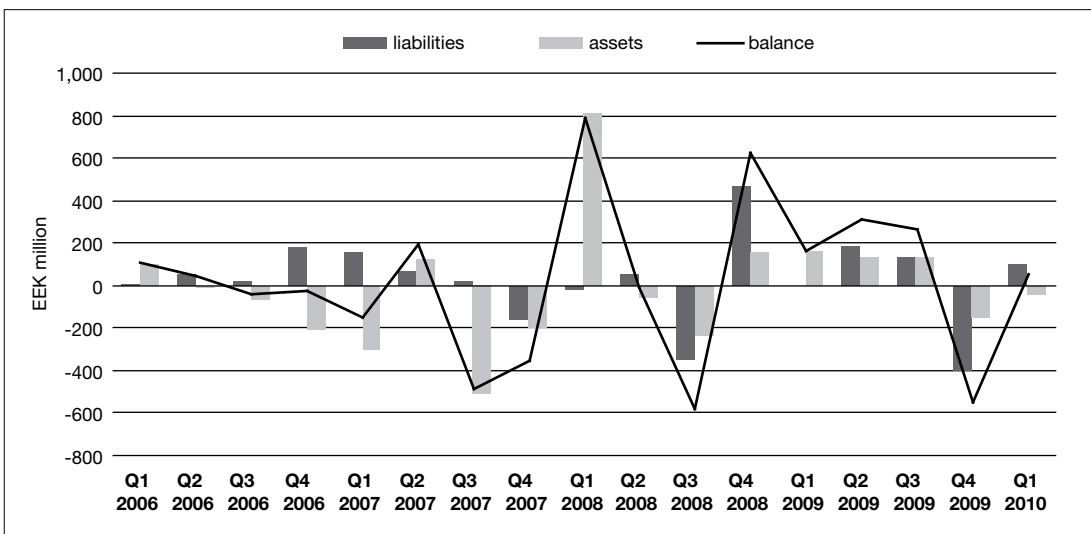


Figure 20. Financial derivatives

OTHER INVESTMENT

The net outflow of other investment stood at 7.9 billion kroons in the first quarter of 2010 (see Figure 21). The net outflow mainly stemmed from a decline in credit institutions' short- and long-term liabilities to their parent banks (see Table 34).

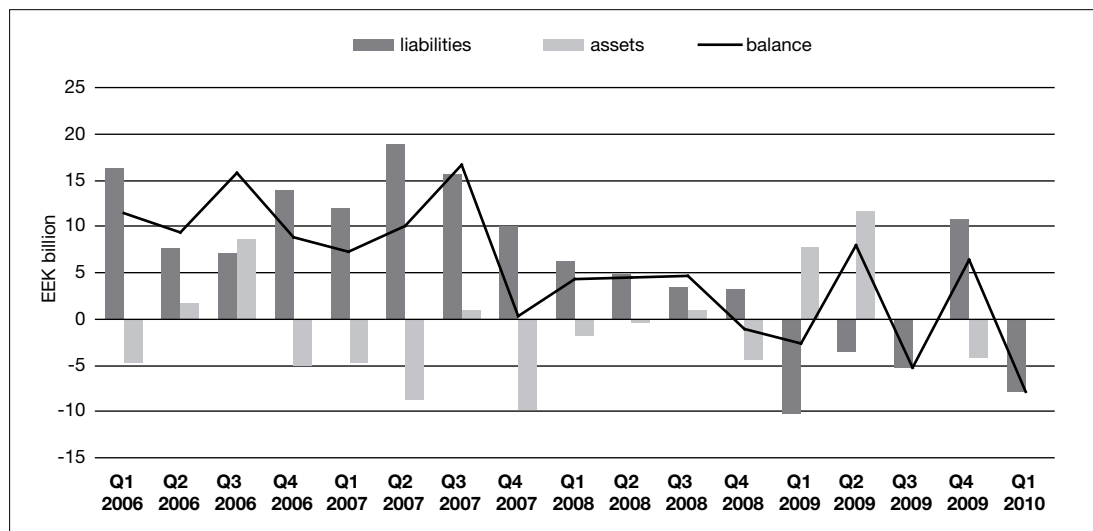


Figure 21. Other investment

Table 34. Other investment by maturity (EEK m)

	Assets			Liabilities			Balance		
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010
Long-term capital	312.7	-609.3	-2,311.9	-447.1	7,985.3	-2,072.4	-134.4	7,376.0	-4,384.3
central bank	-0.5	-	-	-	-0.1	-	-	-	-
general government	-64.3	-	-23.7	1,842.9	2,925.1	-228.4	1,778.6	2,925.1	-252.1
credit institutions	164.0	349.8	-98.0	-2,257.1	4,115.1	-2,054.6	-2,093.1	4,464.9	-2,152.6
other sectors	213.5	-959.1	-2,190.2	-32.9	945.2	210.6	180.6	-13.9	-1,979.6
Short-term capital	7,416.0	-3,638.1	2,292.6	-9,883.8	2,683.6	-5,788.8	-2,467.8	-954.5	-3,496.2
central bank	-	-	-	-35.9	-75.4	80.3	-35.9	-75.4	80.3
general government	108.2	-1,132.4	987.9	1.2	-2.4	0.9	109.4	-1,134.8	988.8
credit institutions	6,902.6	-2,911.2	2,047.3	-7,192.5	3,911.2	-6,844.8	-289.9	1,000.0	-4,797.5
other sectors	405.2	405.5	-742.6	-2,656.6	-1,149.8	974.8	-2,251.4	-744.3	232.2
Total	7,728.8	-4,247.4	-19.4	-10,331.0	10,669.0	-7,861.0	-2,602.2	6,421.6	-7,880.4

Other investment liabilities contracted by 7.9 billion kroons from the fourth quarter of 2009 (see Table 35). The loan/currency and deposit liabilities of credit institutions (incl. interbank loans) shrank by 10.4 billion kroons,⁵ whereas their other capital liabilities increased by 1.5 billion kroons. The liabilities of enterprises in other sectors grew by a total of 1.2 billion kroons on account of trade credit

⁵ 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.

liabilities. Given that the loan liabilities of other financial institutions decreased in the first quarter, the loan liabilities of enterprises in other sectors declined by 52 million kroons during that period. General government liabilities shrank by 228 million kroons over the quarter, which mainly indicates the use of EU funds. In terms of countries, other investment liabilities to Sweden decreased by 5 billion kroons, while liabilities to Latvia declined by 2.7 billion and those to Finland and Denmark by 1.4 billion kroons (see Figure 22 and Table 36).

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 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	3.6	7,387.6	53.4	5,269.2	38.1	673.9	4.9	13,834.2	100.0
2006 total	3,185.5	7.1	19,233.3	43.1	21,081.1	47.2	1,174.0	2.6	44,674.1	100.0
Q1 2007	-813.0	-6.8	7,993.7	66.7	4,355.5	36.3	454.1	3.8	11,990.3	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	10,222.2	65.4	7,805.5	49.9	-1,356.0	-8.7	15,635.9	100.0
Q4 2007	-297.9	-2.9	4,843.4	48.0	5,355.1	53.0	199.0	2.0	10,099.6	100.0
2007 total	-343.1	-0.6	38,231.9	67.6	18,875.5	33.4	-173.1	-0.3	56,591.3	100.0
Q1 2008	552.0	9.0	-744.9	-12.1	4,334.5	70.6	2,000.6	32.6	6,142.3	100.0
Q2 2008	1,300.3	26.8	162.7	3.4	3,432.9	70.8	-44.4	-0.9	4,851.5	100.0
Q3 2008	749.8	21.3	2,357.8	67.0	-313.1	-8.9	727.2	20.6	3,521.7	100.0
Q4 2008	-2,289.4	-68.6	-623.4	-18.7	7,427.5	222.5	-1,176.9	-35.3	3,337.9	100.0
2008 total	312.7	1.8	1,152.2	6.5	14,881.8	83.4	1,506.5	8.4	17,853.4	100.0
Q1 2009	-2,724.1	26.4	-31.3	0.3	-8,435.1	81.6	859.5	-8.3	-10,331.0	100.0
Q2 2009	-136.9	3.8	-734.5	20.4	-3,633.5	100.8	900.1	-25.0	-3,604.8	100.0
Q3 2009	-1,490.5	28.7	-219.2	4.2	-2,866.5	55.2	-619.0	11.9	-5,195.2	100.0
Q4 2009	-834.0	-7.8	3,198.3	30.0	7,477.2	70.1	827.5	7.8	10,669.0	100.0
2009 total	-5,185.5	61.3	2,213.3	-26.2	-7,457.9	88.1	1,968.1	-23.3	-8,462.0	100.0
Q1 2010	1,289.3	-16.4	26.3	-0.3	-10,375.0	132.0	1,198.3	-15.2	-7,861.0	100.0

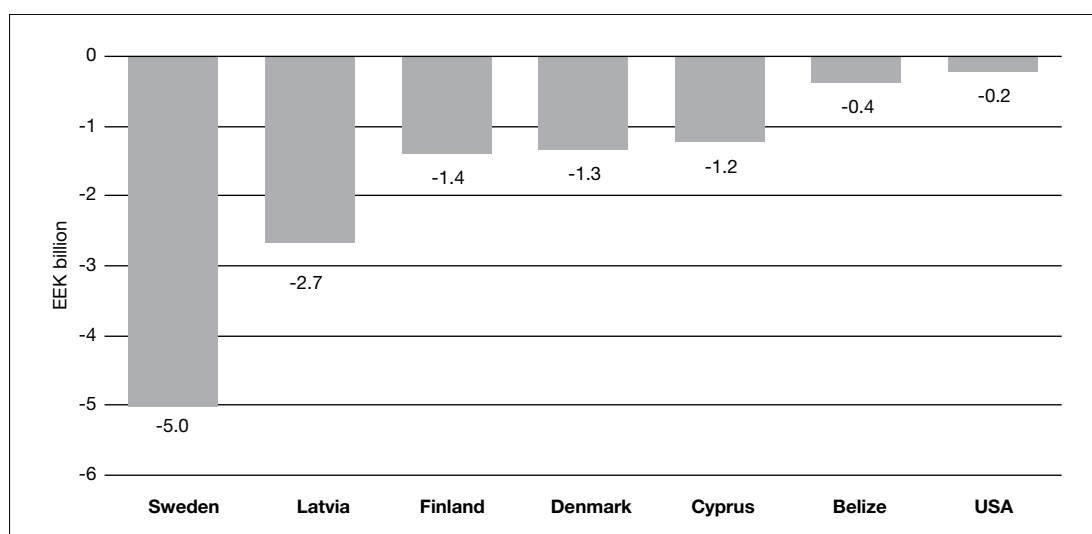


Figure 22. Decrease in other investment liabilities by countries in the first quarter of 2010

Table 36. Structure of other investment by groups of countries in the first quarter of 2010

	Volume (EEK m)		Share (%)	
	Assets	Liabilities	Assets	Liabilities
EU-27	-689.6	-9,502.4	3,554.6	120.9
CIS	-81.3	220.6	419.1	-2.8
Other	751.5	1,420.8	-3,873.7	-18.1
Total	-19.4	-7,861.0	100.0	100.0

Other investment assets grew by 19 million kroons in the first quarter (see Table 37). Changes varied across institutional sectors and instruments. Enterprises in other sectors invested 2.9 billion kroons, with trade credit and loan assets increasing by 766 million and 2.3 billion kroons, respectively. The investment of credit institutions and the general government declined by 1.9 and 1 billion kroons during the period. Credit institutions reduced primarily deposit assets, while the general government decreased their other capital assets. By countries, other investment assets to Lithuania and the United Kingdom grew the most, followed by Germany and Finland (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 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	-5,001.5	57.0	-2,183.8	24.9	-978.4	11.2	-8,768.1	100.0
Q3 2007	-740.2	-69.3	1,263.7	118.3	-902.9	-84.5	1,447.4	135.5	1,067.9	100.0
Q4 2007	916.6	-9.4	-5,231.0	53.4	-4,809.1	49.1	-673.9	6.9	-9,797.3	100.0
2007 total	-641.5	2.9	-10,105.6	45.3	-11,114.4	49.8	-440.1	2.0	-22,301.6	100.0
Q1 2008	-1,344.3	72.0	-2,656.4	142.3	2,185.6	-117.0	-52.2	2.8	-1,867.3	100.0
Q2 2008	-1,033.2	263.6	-545.9	139.3	1,368.4	-349.1	-181.3	46.3	-392.0	100.0
Q3 2008	-897.5	-83.6	3,998.3	372.2	-2,112.7	-196.7	86.1	8.0	1,074.2	100.0
Q4 2008	1,520.7	-34.5	-2,798.4	63.5	-1,982.5	45.0	-1,145.8	26.0	-4,406.1	100.0
2008 total	-1,754.3	31.4	-2,002.4	35.8	-541.2	9.7	-1,293.2	23.1	-5,591.2	100.0
Q1 2009	1,850.7	23.9	-431.2	-5.6	7,036.0	91.0	-726.7	-9.4	7,728.8	100.0
Q2 2009	108.4	0.9	5,916.3	51.2	5,620.2	48.6	-88.8	-0.8	11,556.0	100.0
Q3 2009	-62.8	647.4	-857.5	8,840.2	589.3	-6,075.3	321.2	-3,311.3	-9.7	100.0
Q4 2009	1,000.4	-23.6	-2,584.1	60.8	-1,821.4	42.9	-842.3	19.8	-4,247.4	100.0
2009 total	2,896.7	19.3	2,043.5	13.6	11,424.1	76.0	-1,336.6	-8.9	15,027.7	100.0
Q1 2010	-584.0	3,010.3	-2,995.8	15,442.3	3,026.5	-15,600.5	534.0	-2,752.6	-19.4	100.0

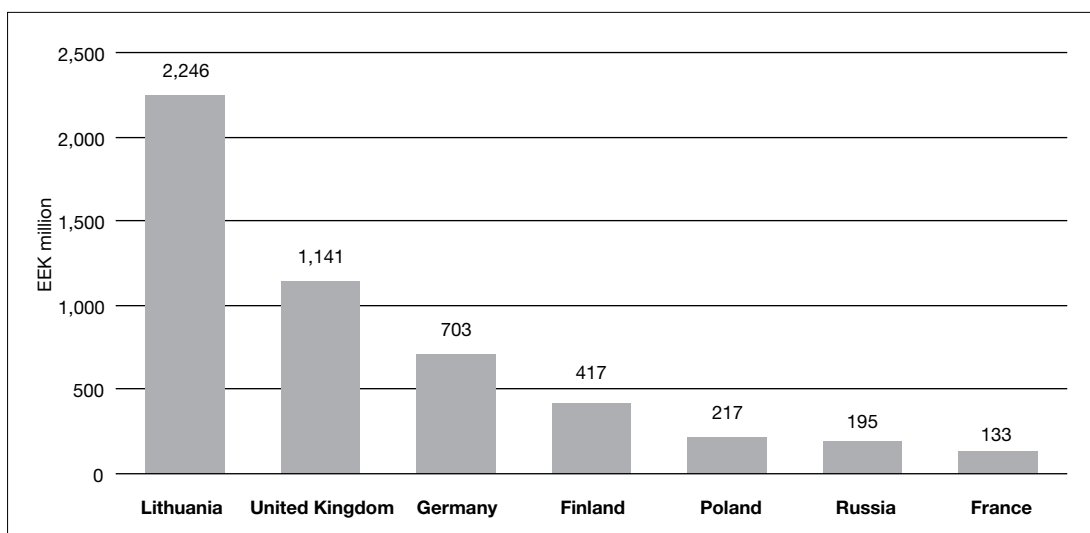


Figure 23. Increase in other investment assets by countries in the first quarter of 2010

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

	Assets			Liabilities		
	Grantings	Repayments	Total	Drawings	Repayments	Total
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	-90,414.4	85,413.0	-5,001.5	96,778.5	-81,605.9	15,172.6
Q3 2007	-116,757.9	118,021.6	1,263.7	110,177.2	-99,955.0	10,222.2
Q4 2007	-135,856.5	130,625.5	-5,231.0	84,633.9	-79,790.4	4,843.4
2007 total	-396,495.7	386,390.3	-10,105.6	364,036.3	-325,804.3	38,231.9
Q1 2008	-14,168.3	11,511.9	-2,656.4	32,813.1	-33,558.0	-744.9
Q2 2008	-12,549.5	12,003.6	-545.9	29,476.1	-29,313.4	162.7
Q3 2008	-9,578.0	13,576.3	3,998.3	21,017.4	-18,659.6	2,357.8
Q4 2008	-11,689.9	8,891.5	-2,798.4	20,645.9	-21,269.3	-623.4
2008 total	-47,985.7	45,983.3	-2,002.4	103,952.5	-102,800.3	1,152.2
Q1 2009	-11,171.0	10,739.8	-431.2	14,612.3	-14,643.6	-31.3
Q2 2009	-3,332.6	9,248.8	5,916.3	9,831.5	-10,566.0	-734.5
Q3 2009	-2,159.5	1,302.0	-857.5	11,257.8	-11,477.0	-219.2
Q4 2009	-6,728.1	4,144.0	-2,584.1	17,815.5	-14,617.2	3,198.3
2009 total	-23,391.2	25,434.6	2,043.5	53,517.1	-51,303.8	2,213.3
Q1 2010	-13,826.3	10,830.5	-2,995.8	15,864.8	-15,838.5	26.3

RESERVE ASSETS

The balance of payments reserves decreased by 1.7 billion kroons in the first quarter of 2010 (see Table 39). Figure 24 gives an overview of the imports covered by reserve assets.

Table 39. Structure of changes in reserve assets

	Volume (EEK m)			Share (%)		
	Q1 2009	Q4 2009	Q1 2010	Q1 2009	Q4 2009	Q1 2010
Gold	-	-	-	-	-	-
Currency and deposits	1,379.5	-1,150.4	2,002.6	60.2	25.0	117.4
Securities	750.6	-2,818.6	-298.6	32.8	61.4	-17.5
equity securities	-	-	-	-	-	-
bonds and notes	360.0	-1139.4	911.5	15.7	24.8	53.4
money market instruments	390.7	-1679.2	-1210.0	17.1	36.6	-70.9
Financial derivatives	-2.0	-1.4	-2.8	-0.1	0.0	-0.2
Other assets	162.1	-623.4	4.4	7.1	13.6	0.3
Total	2,290.3	-4,593.8	1,705.7	100.0	100.0	100.0

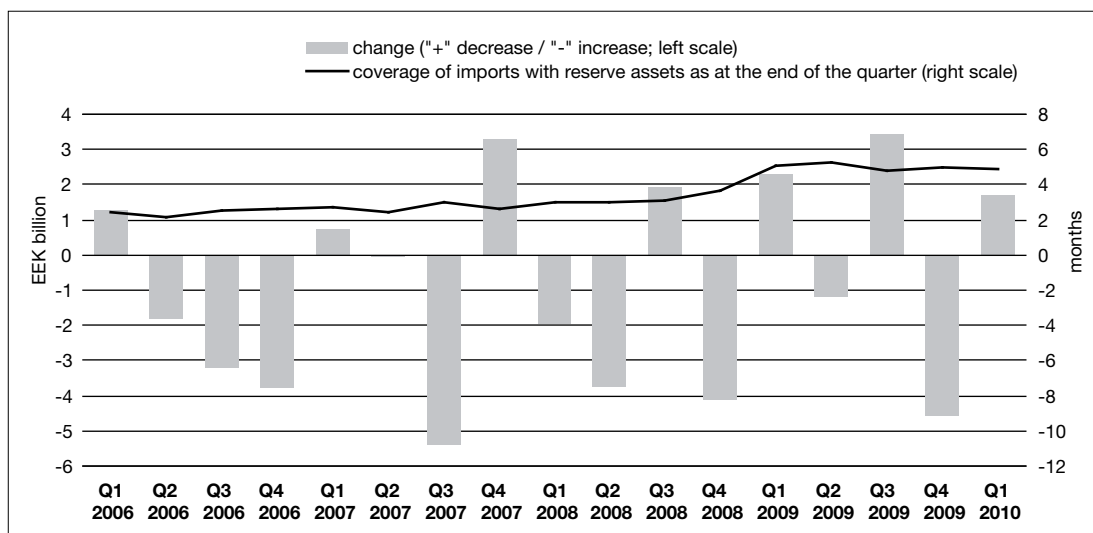


Figure 24. Changes in Estonia's gold and foreign exchange reserves and coverage of imports with reserve assets

ESTONIA'S INTERNATIONAL INVESTMENT POSITION AND GROSS EXTERNAL DEBT AS AT 31 MARCH 2010

Foreign investment in Estonia totalled 419 billion kroons at the end of the first quarter of 2010, having grown 2% quarter-on-quarter (see Table 40). Estonia's investment abroad amounted to 239 billion kroons, having also increased 2% from the previous quarter. Owing to the prevalence of external liabilities (position in Estonia) over external assets (position abroad), Estonia's net investment position was negative by 180 billion kroons at the end of the first quarter of 2010. Estonia's gross external debt comprised 63%, or 266 billion kroons, of total external liabilities, having declined 2% quarter-on-quarter. As a ratio of GDP, gross external debt decreased by around 3 percentage points, and was 25% bigger than GDP at the end of the first quarter (see Table 41 and Figure 25). Estonia's net external debt (assets less liabilities) declined 9% from the previous quarter to 72 billion kroons. The ratio of net external debt to GDP fell by 3 percentage points to around 34%

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

	31/12/2009	%	31/03/2010	%
EXTERNAL ASSETS	234,000.0	100.0	239,525.8	100.0
Direct investment abroad	71,906.9	30.7	69,421.6	29.0
Equity capital and reinvested earnings	48,092.1	20.6	44,805.2	18.7
Other direct investment capital	23,814.8	10.2	24,616.4	10.3
Portfolio investment	54,122.7	23.1	55,050.7	23.0
Equity securities	17,351.2	7.4	19,675.3	8.2
Debt securities	36,771.5	15.7	35,375.4	14.8
Bonds and notes	21,552.4	9.2	21,730.6	9.1
Money market instruments	15,219.2	6.5	13,644.8	5.7
Financial derivatives	463.1	0.2	523.2	0.2
Other investment	64,257.6	27.5	72,865.0	30.4
Trade credit	14,635.2	6.3	18,151.0	7.6
Loans	15,694.3	6.7	23,571.4	9.8
Long-term	10,691.7	4.6	14,698.1	6.1
Short-term	5,002.6	2.1	8,873.3	3.7
Currency and deposits	29,416.7	12.6	26,647.8	11.1
Other assets	4,511.4	1.9	4,494.7	1.9
Reserve assets	43,249.8	18.5	41,665.4	17.4
EXTERNAL LIABILITIES	409,234.1	100.0	419,048.0	100.0
Direct investment in Estonia	176,544.1	43.1	184,832.4	44.1
Equity capital and reinvested earnings	152,422.8	37.2	159,344.4	38.0
Other direct investment capital	24,121.3	5.9	25,488.0	6.1
Portfolio investment	20,092.1	4.9	23,474.7	5.6
Equity securities	9,197.8	2.2	12,623.3	3.0
Debt securities	10,894.3	2.7	10,851.4	2.6
Bonds and notes	10,791.0	2.6	10,709.6	2.6
Money market instruments	103.2	0.0	141.8	0.0
Financial derivatives	703.5	0.2	842.3	0.2
Other investment	211,894.4	51.8	209,898.5	50.1
Trade credit	9,668.2	2.4	12,359.4	2.9
Loans	48,528.3	11.9	52,200.6	12.5
Long-term	38,691.0	9.5	40,376.7	9.6
Short-term	9,837.2	2.4	11,823.9	2.8
Currency and deposits	144,971.1	35.4	135,495.8	32.3
Other liabilities	8,726.9	2.1	9,842.7	2.3
NET INVESTMENT POSITION	-175,234.1		-179,522.1	

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

Assets			Liabilities		
Fields of activity					
	31/12/2009	31/03/2010		31/12/2009	31/03/2010
Financial and insurance activities	62.5	61.2	Financial and insurance activities	56.3	53.1
Public administration and defence; statutory social insurance	7.8	6.4	Manufacturing	7.5	8.5
Wholesale and retail trade; repair of motor vehicles	6.3	6.3	Wholesale and retail trade; repair of motor vehicles	7.0	7.5
Transport and storage	5.3	5.5	Real estate activities	7.0	7.2
Manufacturing	3.0	4.9	Professional, scientific and technical activities	6.3	6.7
Other	15.2	15.7	Other	15.9	17.0
Total	100.0	100.0	Total	100.0	100.0
Countries					
	31/12/2009	31/03/2010		31/12/2009	31/03/2010
Lithuania	10.7	11.8	Sweden	37.9	35.9
Latvia	11.8	10.9	Finland	21.3	21.4
Finland	6.0	7.1	Netherlands	4.2	4.2
Germany	7.7	6.6	United Kingdom	3.6	3.7
Italy	4.5	6.1	Denmark	3.4	3.0
Other	59.3	57.5	Other	29.6	31.7
Total	100.0	100.0	Total	100.0	100.0

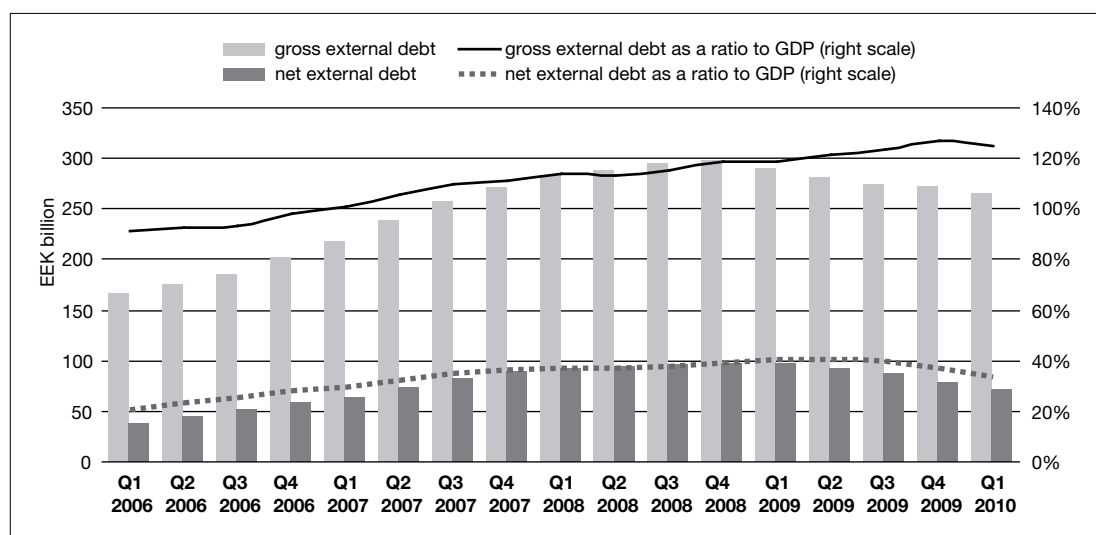


Figure 25. Estonia's gross and net external debt

The **position of foreign investment in Estonia** grew because of an increase in direct investment and a small rise in portfolio investment (equity and debt securities). The direct investment position (investment in subsidiaries and affiliated companies) accounted for 44% of the foreign investment position at the end of the first quarter. The position of other investment (trade credit, loans, currency and deposits) slightly decreased and constituted 50% of the total position. 57% of foreign investment came from Sweden and Finland. 53% of foreign investment was placed in financial and insurance

activities,⁶ which lost 3 percentage points of its share in the position of foreign investment in Estonia. Foreign investment in manufacturing, and in wholesale and retail trade slightly increased, constituting 9% and 8% of the total position, respectively. The geographical breakdown of direct investment in Estonia was similar to the total foreign investment position. Financial and insurance activities prevailed here too, though their share was smaller at 31% (see Table 42). Manufacturing, professional, scientific and technical activities, real estate activities, and wholesale and retail trade followed with shares ranging from 11–14%.

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

In Estonia			Abroad		
Fields of activity					
	31/12/2009	31/03/2010		31/12/2009	31/03/2010
Financial and insurance activities	32.5	31.4	Financial and insurance activities	43.1	41.5
Manufacturing	14.1	14.1	Transport and storage	13.4	14.0
Professional, scientific and technical activities	12.4	12.6	Professional, scientific and technical activities	15.0	12.7
Real estate activities	12.1	12.3	Real estate activities	10.7	10.4
Wholesale and retail trade; repair of motor vehicles	11.0	10.8	Wholesale and retail trade; repair of motor vehicles	6.1	5.6
Other	17.9	18.8	Other	11.7	15.8
Total	100.0	100.0	Total	100.0	100.0
Countries					
	31/12/2009	31/03/2010		31/12/2009	31/03/2010
Sweden	39.6	37.7	Lithuania	27.7	28.3
Finland	22.6	22.6	Latvia	29.3	27.5
Netherlands	9.0	8.8	Cyprus	12.1	13.2
Norway	3.4	3.5	Finland	6.1	7.1
Russia	3.0	3.4	Russia	4.8	4.9
Other	22.5	24.0	Other	20.0	19.0
Total	100.0	100.0	Total	100.0	100.0

The structure of **Estonia's investment abroad** changed a bit over the quarter, as the percentages of reserve assets and direct investment slightly dropped, while the share of other investment grew. At the end of the first quarter, direct investment accounted for 29%, portfolio investment for 23% and other investment for 30% of the total position, the rest being reserve assets. Investors of financial and insurance activities contributed 61% of the total position. The geographical breakdown of investment was broad-based, with Latvia (12%), Lithuania (11%), Germany (7%) and Finland (7%) being the main targets. Investors of financial and insurance activities prevailed also in terms of direct investment abroad (42%; see Table 42), followed by investors of transportation and storage, professional, scientific and technical activities, and real estate activities with shares ranging from 10–14%. Around 60% of Estonia's direct investment abroad had been channelled to Latvia and Lithuania, and 13% to Cyprus.

The **gross external debt** shrank, mostly owing to credit institutions and intercompany lending between direct investment companies (see Table 43). The debt liabilities, in particular short-term liabilities, of other sectors increased 10%. Credit institutions contributed 52% and other sectors 26% to the gross external debt. The general government debt accounted for only about 5% of the gross external debt, being one of the lowest government debts in the EU. The net external debt can be mainly

⁶ According to the new Classification of Economic Activities EMTAK 2008.

attributed to credit institutions, but somewhat also to other sectors, whose debt liabilities exceeded their debt assets by 102 and 12 billion kroons, respectively. Quarter-on-quarter, the net external debt declined 9%, of which credit institutions accounted for 6% and other sectors for 31%. At the same time, the debt assets of the general government and the central bank exceeded their debt liabilities by 2 and 40 billion kroons, respectively (primarily reserve assets in the latter's case).

Table 43. External debt (EEK m)

	31/12/2009	%	31/03/2010	%
LIABILITIES				
I. General government	13,066.2	4.8	12,847.4	4.8
Short-term	1.8	0.0	2.6	0.0
Long-term	13,064.4	4.8	12,844.8	4.8
II. Monetary authorities (NCB)	1,235.8	0.5	1,396.4	0.5
Short-term	180.6	0.1	302.2	0.1
Long-term	1,055.1	0.4	1,094.2	0.4
III. Credit institutions	147,155.0	54.1	138,895.9	52.3
Short-term	74,808.2	27.5	68,854.6	25.9
Long-term	72,346.8	26.6	70,041.3	26.4
IV. Other sectors	61,331.7	22.5	67,610.2	25.5
Short-term	19,982.9	7.3	24,339.9	9.2
Long-term	41,348.8	15.2	43,270.3	16.3
V. Direct investment: intercompany lending	49,298.6	18.1	44,768.2	16.9
GROSS EXTERNAL DEBT	272,087.2	100.0	265,518.1	100.0
ASSETS				
I. General government	18,208.8	9.4	15,139.9	7.8
Short-term	9,433.3	4.9	6,359.9	3.3
Long-term	8,775.5	4.5	8,780.1	4.5
II. Monetary authorities (NCB)	43,157.4	22.3	41,522.8	21.4
Short-term	36,815.7	19.1	35,962.8	18.6
Long-term	6,341.7	3.3	5,560.0	2.9
III. Credit institutions	38,642.1	20.0	37,353.7	19.3
Short-term	28,310.8	14.7	27,819.6	14.4
Long-term	10,331.2	5.3	9,534.1	4.9
IV. Other sectors	44,167.5	22.9	55,730.2	28.8
Short-term	28,478.0	14.7	35,097.4	18.1
Long-term	15,689.5	8.1	20,632.8	10.7
V. Direct investment: intercompany lending	48,992.1	25.4	43,896.6	22.7
TOTAL ASSETS	193,167.9	100.0	193,643.2	100.0
NET EXTERNAL DEBT (assets less liabilities)				
I. General government	5,142.6		2,292.5	
Short-term	9,431.5		6,357.2	
Long-term	-4,288.9		-4,064.8	
II. Monetary authorities (NCB)	41,921.6		40,126.4	
Short-term	36,635.0		35,660.5	
Long-term	5,286.6		4,465.9	
III. Credit institutions	-108,513.0		-101,542.1	
Short-term	-46,497.4		-41,035.0	
Long-term	-62,015.6		-60,507.2	
IV. Other sectors	-17,164.2		-11,880.1	
Short-term	8,495.1		10,757.5	
Long-term	-25,659.3		-22,637.6	
V. Direct investment: intercompany lending	-306.4		-871.6	
TOTAL NET EXTERNAL DEBT	-78,919.4		-71,874.9	