



EUROSÜSTEEM

Estonia's Balance of Payments for the Third Quarter of 2013

2013

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OVERVIEW

(Based on preliminary data)

Balance of payments

Estonia's current account deficit was 102 million euros in the third quarter of 2013, or 2% of GDP of the quarter (see Table 1 and Figure 1). The current account had been in surplus in both the third quarter of last year and the second quarter of this¹. The deficit was mainly due to the increased deficit on the goods account, while the other sub-accounts of the current account were around the same as in the third quarter of last year.

The deficit in **goods**, the part of the **current account** with the largest turnover, doubled from the same quarter of the previous year. Exports of goods fell by 9% and imports by 5%. Processed goods, mainly motor fuels, saw a continuation of the sharp reduction in both imports and exports, and if they are excluded from foreign trade, the fall in exports was 5% and that in imports was 2%. Exports and imports of goods in the third quarter were also smaller than in the previous quarter and the reduction was seen in most groups of goods. The largest contribution to the growth in the goods deficit came from mineral products, metal products and transport vehicles. The surplus on the **services** account was similar to what it was in the previous quarter and a year earlier. Both exports and imports of services were up on the previous year and the previous quarter, with imports growing somewhat faster than exports. The net outflow of **income** was as large as in the third quarter of 2012, and the main component in it was reinvested income². **Current transfers** received exceeded transfers made due to subsidies from the European Union, though the surplus was one third less than a year earlier.

The **capital account** surplus fell by one fifth and was almost entirely made up of European Union support for infrastructure development.

Financial account. In the third quarter of 2013 the Estonian economy was a net borrower, with capital inflows exceeding outflows by 36 million euros. The main channel for capital inflows was direct investment and for outflows it was portfolio and other investments. Local investors bought several businesses back from foreign direct investors and this reduced the equity capital of foreign **direct investment** in Estonia. Foreign investors reinvested significant sums of direct investment income in Estonia and gave loan capital to their direct investment companies in Estonia. The direct investments of Estonian investors abroad could be divided roughly into two groups, equity investments and reinvested earnings. The net outflow of **portfolio investment** was caused by an increase in the demand from pension funds for equity securities and for debt securities from various sectors including the general government. The size of the portfolio investment liabilities did not change. Flows of capital in the form of derivatives were modest, like before, and in this quarter there was a net inflow. There was a fall in both assets and liabilities for **other investments**, with liabilities contracting more. Assets contracted primarily on account of the assets as cash and deposits related to the central bank's TARGET accounts³. Liabilities as loans fell in other sectors and as cash and deposits⁴ for credit institutions. In recent years credit institutions have steadily reduced their external liabilities.

¹ Corrected data.

² Reinvested earnings are a book value where no actual movements of funds happen. The current account surplus without reinvested earnings was in surplus.

³ TARGET – Trans-European Automated Real-time Gross settlement Express Transfer – is a service operated by the European Central Bank and central banks of the member states for credit institutions.

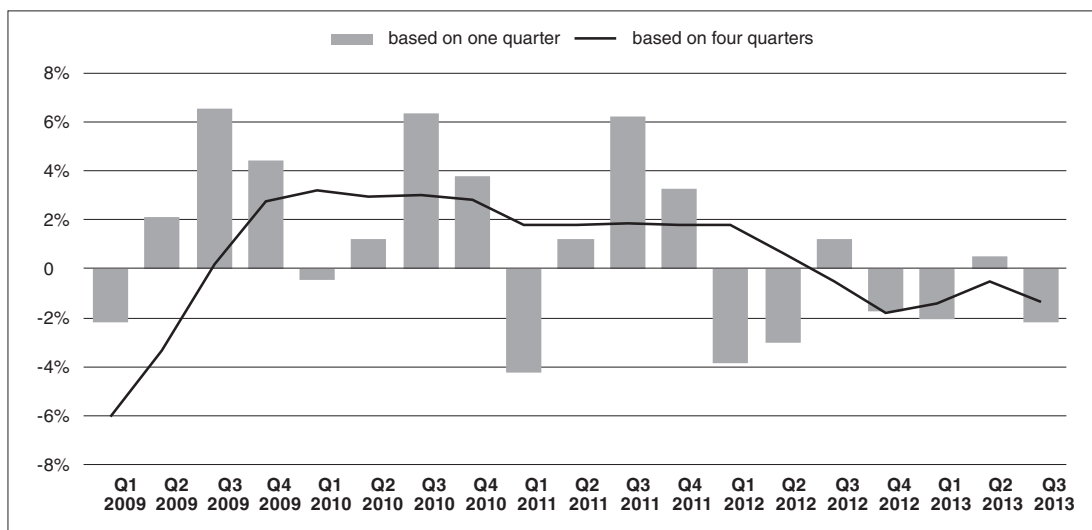
⁴ This also covers lending between credit institutions.

Table 1. Estonia's balance of payments (EUR million)*

Item	2011	2012				2013			
	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3
CURRENT ACCOUNT	291.4	-153.2	-132.8	54.5	-78.5	-310.0	-87.7	24.4	-102.2
Goods and services	994.0	48.5	173.0	225.0	-8.8	437.6	68.0	145.2	92.5
Goods	-328.0	-167.7	-231.2	-129.1	-248.1	-776.1	-166.5	-203.1	-252.5
credit (f.o.b.)	12,050.3	3,005.8	3,102.0	3,306.0	3,172.7	12,586.6	2,966.3	3,226.9	3,003.7
debit (f.o.b.)	-12,378.3	-3,173.6	-3,333.2	-3,435.1	-3,420.9	-13,362.7	-3,132.7	-3,430.0	-3,256.1
Services	1,322.0	216.2	404.2	354.0	239.4	1,213.8	234.4	348.3	344.9
credit	3,986.8	900.9	1,125.8	1,155.5	1,074.1	4,256.2	967.5	1,147.7	1,200.8
debit	-2,664.8	-684.7	-721.6	-801.5	-834.8	-3,042.5	-733.0	-799.4	-855.9
Income	-956.3	-197.4	-354.0	-240.8	-194.4	-986.6	-156.0	-149.3	-241.8
credit	871.4	186.4	162.0	219.7	206.7	774.7	215.3	250.3	210.1
debit	-1,827.7	-383.8	-515.9	-460.5	-401.0	-1,761.3	-371.3	-399.5	-451.9
Transfers	253.6	-4.2	48.2	70.3	124.6	238.9	0.4	28.5	47.1
credit	610.3	108.0	131.2	151.5	223.4	614.1	122.6	125.8	143.0
debit	-356.7	-112.2	-83.1	-81.2	-98.7	-375.2	-122.3	-97.3	-96.0
CAPITAL AND FINANCIAL ACCOUNT (reserve assets included)	-372.4	3.9	313.6	117.3	-120.1	314.7	-31.6	131.0	191.4
Capital account	669.5	93.9	137.3	191.1	184.1	606.3	106.0	145.3	155.1
Financial account (including reserve assets)	-1,041.9	-90.0	176.3	-73.7	-304.2	-291.6	-137.7	-14.3	36.3
Direct investment	1,289.7	49.0	438.6	156.1	-203.9	439.8	-37.7	67.1	328.1
Abroad	1,044.8	-89.4	-102.0	-92.1	-457.2	-740.7	-111.9	9.3	-100.2
In Estonia	244.9	138.4	540.6	248.2	253.2	1,180.5	74.3	57.8	428.3
Portfolio investment	1,150.9	-116.0	192.7	-245.1	68.5	-100.0	-1.0	216.6	-190.5
Assets	1,031.3	-86.6	-102.2	-239.7	159.5	-269.0	10.4	70.3	-188.8
Equity securities	102.0	-102.8	23.5	-5.4	-80.1	-164.7	-29.2	-153.5	-68.4
Debt securities	929.3	16.2	-125.8	-234.3	239.6	-104.3	39.6	223.7	-120.4
Liabilities	119.6	-29.5	294.9	-5.4	-90.9	169.1	-11.4	146.3	-1.7
Equity securities	-81.2	-14.1	3.4	-8.7	-97.1	-116.5	-11.3	26.6	4.7
Debt securities	200.8	-15.4	291.5	3.3	6.1	285.5	-0.1	119.7	-6.4
Financial derivatives	-39.7	26.7	12.4	21.5	7.9	68.4	2.7	-12.0	17.1
Assets	-22.8	44.1	26.4	0.2	21.9	92.6	9.2	-5.9	33.5
Liabilities	-16.9	-17.4	-14.0	21.2	-14.0	-24.2	-6.5	-6.1	-16.4
Other investment	-3,429.9	3.6	-467.2	13.0	-179.6	-630.3	-79.9	-323.8	-113.4
Assets	-2,151.6	-368.1	-508.9	-320.7	-470.5	-1,668.2	379.3	-487.7	248.9
Long-term	-68.7	-169.2	44.4	-60.6	-211.1	-396.5	0.4	-19.7	-43.9
Short-term	-2,082.8	-198.9	-553.3	-260.2	-259.4	-1,271.7	379.0	-468.0	292.8
Liabilities	-1,278.4	371.6	41.7	333.7	290.8	1,037.9	-459.3	163.8	-362.3
Long-term	-1,321.7	272.2	-478.9	164.6	480.4	438.3	-241.9	42.4	171.3
Short-term	43.4	99.5	520.6	169.1	-189.6	599.6	-217.4	121.4	-533.6
Reserve assets	-12.9	-53.2	-0.2	-19.1	2.9	-69.5	-21.7	37.8	-5.0
Errors and omissions	81.1	149.2	-180.8	-171.8	198.7	-4.7	119.3	-155.4	-89.2
<i>Capital and financial account without reserves</i>	<i>-359.5</i>	<i>571</i>	<i>313.8</i>	<i>136.4</i>	<i>-123.0</i>	<i>384.3</i>	<i>-9.9</i>	<i>93.2</i>	<i>196.4</i>
<i>Financial account without reserves</i>	<i>-1,029.0</i>	<i>-36.8</i>	<i>176.5</i>	<i>-54.6</i>	<i>-307.1</i>	<i>-222.0</i>	<i>-115.9</i>	<i>-52.1</i>	<i>41.3</i>

* The data for previous periods have been adjusted following collection of additional data.

Figure 1. Estonia's current account in relation to GDP



By institutional sector, the central bank had 303 million euros of net inflows of capital through the financial account, and the general government had 6 million euros. Credit institutions financed the outside world with 180 million euros and the business sector did so with 93 million euros.

Estonia's international investment position and gross external debt

The volume and structure of the foreign investment position in Estonia and the investment position abroad from Estonia did not change significantly during the third quarter of 2013. For this reason there was little change in the **net investment position** (foreign assets less foreign liabilities) too, and at the end of the third quarter of 2013 it was negative by 9.4 billion euros. Investments abroad by Estonian residents (foreign assets) stood at 20.3 billion euros and investments in Estonia by non-residents (foreign liabilities) stood at 29.7 billion euros. About a quarter of the investments made abroad were direct investments, while half of the foreign investments in Estonia were direct investments.

Gross external debt⁵ or the debt of all the economic sectors in the country was 16.1 billion euros, or 89% of Estonia's GDP for the year, having fallen by 2% during the quarter (see Figure 3). Gross external debt was increased by the general government but reduced by credit institutions and the business sector. The general government⁶ external debt was 1.5 billion euros and accounted for 9% of the gross external debt. The net external debt (debt assets less debt liabilities) was positive for the fifth consecutive quarter, meaning that the foreign debt assets of the Estonian economic sectors were larger than their foreign debt liabilities by around 0.6 billion euros, or 16% more than in the previous quarter.

⁵ External debt liabilities (does not include direct or portfolio investments in share capital, reinvested income or derivative instruments).

⁶ Central and local governments and social insurance funds for health and unemployment.

CURRENT ACCOUNT

The current account deficit for the third quarter of 2013 totalled 102 million euros, or 2% of the GDP of the quarter (see Figure 1). The current account had been in surplus in both the third quarter of last year and the second quarter of this. The main cause of the current account deficit was the goods account, which saw its deficit double. The remaining sub-accounts of the current account were in around the same position as a year earlier (see Figure 2). If the net outflow of reinvested earnings, which is a book value, is excluded from the current account balance, the current account was in surplus by 4% of GDP of the quarter.

The credit and debit turnovers of the current account were both smaller than a year earlier, credit by 6% and debit by 3%. The sharp drop in credit turnover was principally driven by the reduction in the export of goods. The share of the credit turnover taken by European Union member states rose slightly to 69%, while the debit turnover remained where it was at 83%. The credit turnover with the European Union fell by 3% and the debit turnover by 2%. As several of Estonia's main trading partners are not members of the single currency, the euro area's share of the total turnover was noticeably lower with 32% of credit turnover and 37% of debit turnover. The share of Estonia's external economic turnover taken by countries in the euro area has been relatively stable, though the credit turnover with euro area member states fell by 8% and the debit turnover by 7%. The two main partners in both turnovers were Finland and Sweden, which were joined in the top five by Latvia and Lithuania. Russia was also in the top five for credit turnover, and Germany in the top five for debit turnover. The five major partner countries accounted for 57% of the credit turnover and 52% of the debit turnover. Estonia had the highest surpluses in the quarter with Russia, at 357 million euros (see Table 2), and Finland, at 125 million euros. The surplus with Russia was close to where it had been a year earlier, but that with Finland increased by one third. The largest deficits were 256 million euros with Poland and 244 million euros with Germany, and they had also grown.

Figure 2. Current account structure

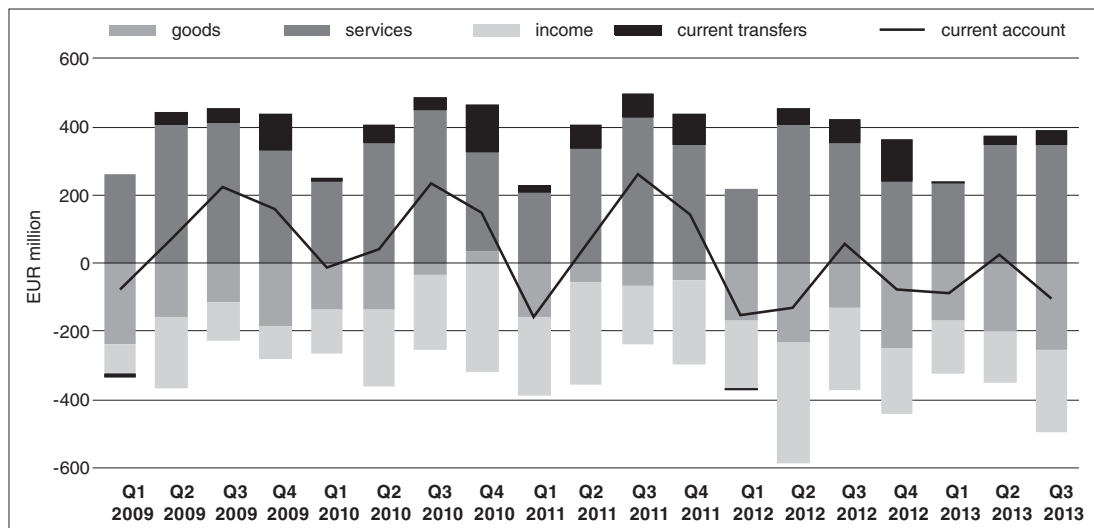


Table 2. Current account balance by groups of countries (EUR million)*

	Q3 2012	Q2 2013	Q3 2013
EU-28	-709.6	-599.4	-716.4
Poland	-166.7	-229.7	-256.2
Germany	-210.8	-274.3	-243.7
Finland	93.6	87.3	124.7
United Kingdom	-66.5	-85.2	-103.6
Lithuania	-145.0	-45.7	-82.2
CIS	379.3	317.3	393.7
Russia	350.2	237.9	357.0
Kazakhstan	25.0	28.1	26.2
Uzbekistan	1.0	23.2	5.3
Other countries	384.9	306.5	220.5
China	-108.8	-105.5	-101.5
USA	181.5	108.2	72.0
Turkey	28.9	21.5	47.1
Norway	84.1	131.0	40.3
India	3.8	18.1	36.2
Total	54.5	24.4	-102.2

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

Goods

Exports and imports of goods in the third quarter of 2013 were both less than in the previous quarter and the same quarter of the previous year (see Table 3). Exports of goods stood at 3 billion euros and imports at 3.3 billion. The deficit on the goods account reached 253 million euros, having grown by 25% over the quarter and having doubled over the year.

Preliminary **foreign trade statistics**⁷ show that goods exports totalled 2,976 million euros and imports at c.i.f. prices were 3,362 million euros (see Figure 3). The foreign trade deficit was 386 million euros.

Exports of goods shrank by 6% from the previous quarter, and by 10% from the third quarter of 2012 (see Table 4). The main restraint on exports was mineral products, specifically a sharp decline in the volume of re-exports of motor fuels that had been previously imported for processing. Motor fuels were supplied to Belgium, the Netherlands, the USA, Finland and Sweden, while electricity was mainly sold to Latvia. The largest turnover in any group of goods was in machinery and equipment, as mobile communications equipment was mainly sent to Sweden and to a lesser extent to Mexico, the USA and Spain; road building machinery went to Russia; and various electronic parts and cables went to Finland and Sweden. Exports of wood and wood products were lower than in the previous quarter, but higher than in the third quarter of 2012. Wooden houses and furniture continued to be successful export items and were mainly sold to the Nordic countries and Germany, while wooden parts for construction and unprocessed or little processed timber also went mainly to the Nordic countries.

⁷ The following analysis does not include the adjustments made by Eesti Pank to the goods account for repair of capital goods, provisions purchased from abroad and so forth. Imports are in c.i.f. prices and are analysed by trading country. As of the moment of accession, the terms "exports" and "imports" became applicable only 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.

Table 3. Exports and imports of goods

	Goods – credit (f.o.b.)			Goods – debit (f.o.b.)			Balance (EUR m)
	Volume (EUR m)	Change from previous period (%)	Share in total exports of goods and services (%)	Volume (EUR m)	Change from previous period (%)	Share in total imports of goods and services (%)	
Q1 2009	1,461.5	-28.8	67.7	1,700.4	-33.6	79.5	-239.0
Q2 2009	1,559.6	6.7	65.4	1,715.7	0.9	80.3	-156.1
Q3 2009	1,651.7	5.9	65.3	1,768.5	3.1	79.2	-116.7
Q4 2009	1,681.3	1.8	67.2	1,866.6	5.5	79.3	-185.2
2009 total	6,354.1	-25.2	66.4	7,051.2	-33.0	79.6	-697.1
Q1 2010	1,779.2	5.8	71.6	1,915.9	2.6	80.6	-136.6
Q2 2010	2,077.6	16.8	70.4	2,211.9	15.5	81.0	-134.3
Q3 2010	2,262.6	8.9	70.1	2,297.5	3.9	81.6	-34.8
Q4 2010	2,649.6	17.1	74.7	2,614.5	13.8	81.2	35.1
2010 total	8,769.0	38.0	71.8	9,039.7	28.2	81.1	-270.7
Q1 2011	2,746.4	3.7	78.2	2,904.6	11.1	83.9	-158.3
Q2 2011	3,184.3	15.9	76.2	3,242.0	11.6	83.1	-57.6
Q3 2011	3,064.4	-3.8	73.2	3,128.5	-3.5	81.9	-64.0
Q4 2011	3,055.1	-0.3	73.4	3,103.2	-0.8	80.3	-48.1
2011 total	12,050.3	37.4	75.1	12,378.3	36.9	82.3	-328.0
Q1 2012	3,005.8	-1.6	76.9	3,173.6	2.3	82.3	-167.7
Q2 2012	3,102.0	3.2	73.4	3,333.2	5.0	82.2	-231.2
Q3 2012	3,306.0	6.6	74.1	3,435.1	3.1	81.1	-129.1
Q4 2012	3,172.7	-4.0	74.7	3,420.9	-0.4	80.4	-248.1
2012 total	12,586.6	4.5	74.7	13,362.7	8.0	81.5	-776.1
Q1 2013	2,966.3	-6.5	75.4	3,132.7	-8.4	81.0	-166.4
Q2 2013	3,226.9	8.8	73.8	3,430.0	9.5	81.1	-203.1
Q3 2013	3,003.7	-6.9	71.4	3,256.1	-5.1	79.2	-252.5

Figure 3. Estonia's foreign trade balance

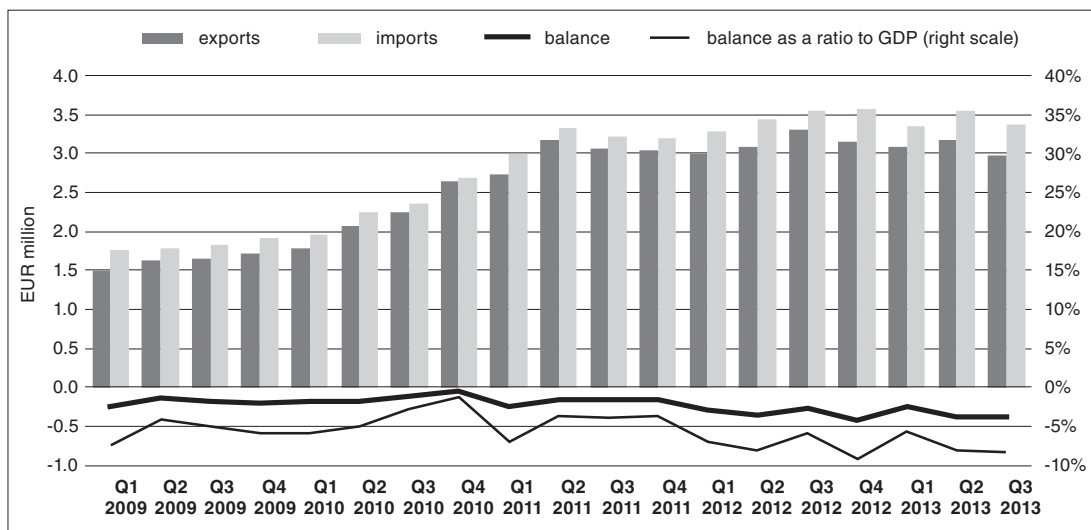


Table 4. Exports by major groups of goods

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013	Q3 2013/ Q2 2013	Q3 2013/ Q3 2012
Food	308.1	286.6	308.9	9.3	9.0	10.4	7.8	0.3
Mineral products	515.2	319.4	288.5	15.6	10.1	9.7	-9.7	-44.0
Chemical products	301.6	290.6	269.8	9.2	9.2	9.1	-7.2	-10.5
Clothing, footwear and headgear	145.2	136.1	160.7	4.4	4.3	5.4	18.1	10.7
Timber, paper and wood products	291.3	358.1	330.8	8.8	11.3	11.1	-7.6	13.6
Metals and metal products	260.3	219.7	228.6	7.9	6.9	7.7	4.1	-12.2
Machinery and equipment	951.5	928.0	864.3	28.9	29.3	29.0	-6.9	-9.2
Transport vehicles	151.7	188.9	160.8	4.6	6.0	5.4	-14.9	6.0
Furniture, toys, sporting goods	202.5	235.1	206.1	6.1	7.4	6.9	-12.3	1.8
Other	167.3	205.9	157.4	5.1	6.5	5.3	-23.5	-5.9
Total	3,294.8	3,168.4	2,976.0	100.0	100.0	100.0	-6.1	-9.7

Exports of food were at the same level as a year earlier, but were 8% higher than in the previous quarter. The main destinations for food products were Russia, Finland, Latvia, Lithuania and Sweden and the products sold were spirits and dairy, fish, meat and grain products. Chemical products including construction materials, plastic products and rubber tyres were exported to Russia, Latvia, Finland and Lithuania; metal products such as scrap metal, iron constructions and steel products went to Finland, Turkey and Latvia; and transport vehicles, mainly cars and car parts, went to Latvia, Lithuania, Finland, Sweden, Russia and Norway. The only group of goods that was up sharply on both reference periods was clothing, footwear and headgear, as ready-made clothes for men and women, footwear and underwear were mostly sold to Finland, Russia, Latvia, Sweden and Slovakia.

Imports of goods were slightly more than 5% lower than both a quarter and a year earlier. The top three import products, and the main causes of the decline, were machinery and equipment, mineral products and chemical products (see Table 5). The main items of machinery and equipment imported were mobile communications equipment and parts for the production of electronics, and they came from Poland, China, Hungary and Sweden. The main cause of the reduction in imports of mineral products was a fall in imports of motor fuels for processing. Motor fuels were imported for domestic consumption from Lithuania and Finland, natural gas was purchased from Russia and electricity came from Finland. The largest import items in the group of chemical products were medicines from Lithuania and Latvia, and car tyres from Poland. The biggest items of food imports were again spirits and low-alcohol beverages from the United Kingdom, France, Finland, Italy, Spain and Germany. Cars were imported from Sweden, Germany and Latvia and railway rolling stock from Poland. Various iron and steel products were imported from Finland, Germany, Sweden and Poland; textile products and footwear from Latvia, Finland, Germany, China and Italy; and timber and paper products from Finland, Latvia, Russia and Sweden.

The **foreign trade deficit** grew both quarter-on-quarter and year-on-year (see Table 6). As usual, wood and wood products and other consumer goods posted large surpluses, while the largest deficits were in chemical products, transport vehicles and mineral products.

Exports of goods fell across nearly all **groups of countries** from the third quarter of 2012 (see Table 7). The share of exports taken by the European Union increased as goods exports to Latvia intensified.

Table 5. Imports by major groups of goods

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013	Q3 2013/ Q2 2013	Q3 2013/ Q3 2012
Food	365.8	381.1	381.4	10.3	10.7	11.3	0.1	4.3
Mineral products	549.2	443.5	393.4	15.4	12.5	11.7	-11.3	-28.4
Chemical products	477.1	457.1	427.5	13.4	12.9	12.7	-6.5	-10.4
Clothing, footwear and headgear	208.5	180.2	231.0	5.9	5.1	6.9	28.2	10.8
Timber, paper and wood products	138.8	154.6	152.0	3.9	4.4	4.5	-1.6	9.5
Metals and metal products	261.7	253.5	262.9	7.4	7.1	7.8	3.7	0.4
Machinery and equipment	1,056.3	1,053.4	956.9	29.7	29.7	28.5	-9.2	-9.4
Transport vehicles	286.6	366.2	322.2	8.1	10.3	9.6	-12.0	12.4
Furniture, toys, sporting goods	72.0	78.7	70.4	2.0	2.2	2.1	-10.6	-2.2
Other	142.2	178.3	164.7	4.0	5.0	4.9	-7.7	15.8
Total	3,558.1	3,546.7	3,362.4	100.0	100.0	100.0	-5.2	-5.5

Table 6. Foreign trade balance by major groups of goods (EUR million)

	Q3 2012	Q2 2013	Q3 2013
Food	-57.7	-94.6	-72.6
Mineral products	-33.9	-124.2	-104.9
Chemical products	-175.5	-166.5	-157.7
Clothing, footwear and headgear	-63.3	-44.1	-70.3
Timber, paper and wood products	152.5	203.5	178.8
Metals and metal products	-1.4	-33.8	-34.2
Machinery and equipment	-104.7	-125.3	-92.6
Transport vehicles	-134.9	-177.3	-161.3
Furniture, toys, sporting goods	130.6	156.4	135.7
Other	25.1	27.6	-7.2
Total	-263.3	-378.3	-386.3

Table 7. Exports of goods by groups of countries

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013	Q3 2013/ Q2 2013	Q3 2013/ Q3 2012
EU-28	2,133.5	2,220.4	2,079.5	64.8	70.1	69.9	-6.3	-2.5
Sweden	503.2	551.7	487.0	15.3	17.4	16.4	-11.7	-3.2
Finland	468.0	478.4	456.7	14.2	15.1	15.3	-4.5	-2.4
Latvia	292.5	308.8	331.2	8.9	9.7	11.1	7.3	13.3
Lithuania	174.6	190.6	169.6	5.3	6.0	5.7	-11.0	-2.8
Germany	128.9	148.7	132.6	3.9	4.7	4.5	-10.8	2.9
CIS	557.4	426.9	433.5	16.9	13.5	14.6	1.5	-22.2
Russia	476.1	368.5	369.7	14.5	11.6	12.4	0.3	-22.4
Ukraine	29.6	25.4	28.9	0.9	0.8	1.0	13.7	-2.6
Belarus	15.8	11.9	12.2	0.5	0.4	0.4	2.5	-22.7
Other	603.9	521.1	463.0	18.3	16.4	15.6	-11.1	-23.3
Norway	105.1	122.3	105.5	3.2	3.9	3.5	-13.7	0.4
USA	169.2	101.3	70.6	5.1	3.2	2.4	-30.3	-58.3
Turkey	43.3	35.1	50.8	1.3	1.1	1.7	44.8	17.2
Total	3,294.8	3,168.4	2,976.0	100.0	100.0	100.0	-6.1	-9.7

The decline in exports of goods was mainly driven by a fall in exports to Russia and the USA. **Imports of goods** from the European Union and the CIS were smaller than a year before (see Table 8). The main driver of the decline in imports was the reduction in imports from Russia and Finland. **Foreign trade** was only in deficit with EU countries (see Table 9). Estonia had the largest foreign trade surpluses with Sweden and Latvia from among EU countries, Russia from among the CIS, and Norway, Turkey and the United States from among other countries. The biggest trade deficits were with Poland, Germany, Lithuania and China.

Table 8. Imports of goods by groups of countries*

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013	Q3 2013/ Q2 2013	Q3 2013/ Q3 2012
EU-28	2,929.9	2,959.6	2,855.6	82.3	83.4	84.9	-3.5	-2.5
Finland	518.5	512.6	463.0	14.6	14.5	13.8	-9.7	-10.7
Germany	344.2	365.5	358.4	9.7	10.3	10.7	-2.0	4.1
Sweden	380.7	378.8	355.5	10.7	10.7	10.6	-6.2	-6.6
Latvia	349.7	331.1	317.4	9.8	9.3	9.4	-4.2	-9.2
Lithuania	337.8	314.7	315.0	9.5	8.9	9.4	0.1	-6.8
CIS	301.9	240.1	175.8	8.5	6.8	5.2	-26.8	-41.8
Russia	222.2	196.6	132.1	6.2	5.5	3.9	-32.8	-40.5
Ukraine	35.5	21.6	25.8	1.0	0.6	0.8	19.5	-27.4
Belarus	35.9	20.1	17.2	1.0	0.6	0.5	-14.6	-52.2
Other	326.2	346.9	330.9	9.2	9.8	9.8	-4.6	1.4
China	131.3	123.0	122.6	3.7	3.5	3.6	-0.3	-6.6
Switzerland	23.7	27.9	34.1	0.7	0.8	1.0	22.4	43.8
USA	23.6	37.9	31.7	0.7	1.1	0.9	-16.5	34.5
Total	3,558.1	3,546.7	3,362.4	100.0	100.0	100.0	-5.2	-5.5

* Analysed by trading country.

Table 9. Foreign trade balance by groups of countries (EUR million)

	Q3 2012	Q2 2013	Q3 2013
EU-28	-796.5	-739.2	-776.1
CIS	255.5	186.8	257.6
Other	277.7	174.1	132.1
Total	-263.3	-378.3	-386.3

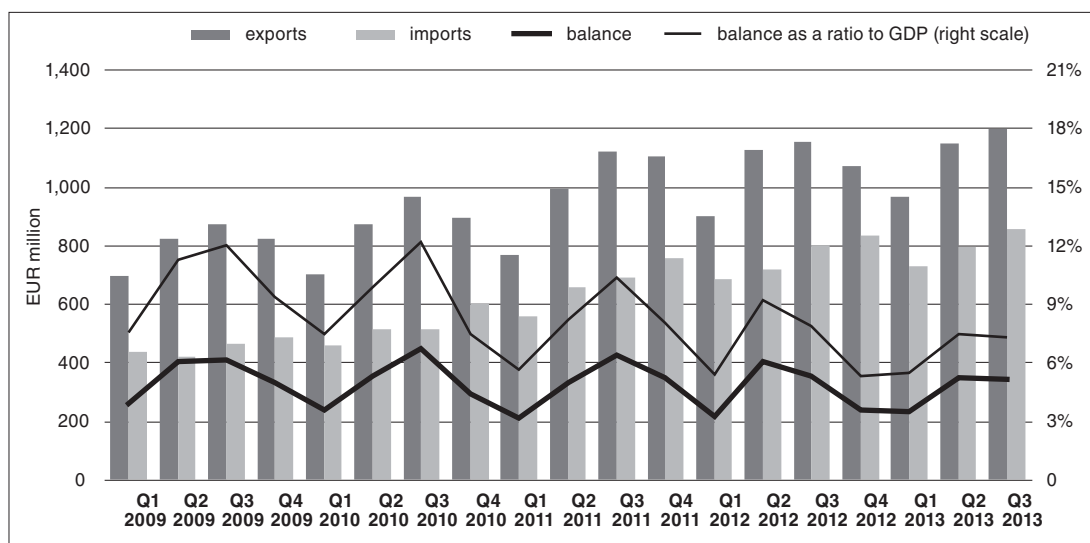
Services

The deficit on the services account was close to where it had been in the third quarter of 2012 and in the previous quarter at 345 million euros (see Table 10). The balance for services was positive at over 7% of GDP (see Figure 4). As exports and imports of goods were falling while those of services were growing, the share of services in total exports rose to 29% and the share in total imports rose to 21%. European Union member states took 64% of the exports of services, which was slightly less than a quarter or a year before, and those countries supplied 74% of the imports of services. Three countries, Finland, Sweden and Latvia, feature in both the top five partners for services exports and for imports. The other two countries in the top five for exports were Russia and Lithuania, and for imports it was Norway and Germany. The five major partner countries accounted for 61% of exports and 45% of imports. The foreign trade balance of services was in surplus with

Table 10. Exports and imports of services

	Exports			Imports			Balance	
	Volume (EUR m)	Change from previous period (%)	Share in total turnover of goods and services (%)	Volume (EUR m)	Change from previous period (%)	Share in total turnover of goods and services (%)	Volume (EUR m)	Change from previous period (%)
Q1 2009	696.7	-25.2	32.3	-437.2	-27.0	20.5	259.6	-22.0
Q2 2009	824.2	18.3	34.6	-420.2	-3.9	19.7	403.9	55.6
Q3 2009	876.5	6.4	34.7	-464.1	10.4	20.8	412.4	2.1
Q4 2009	821.8	-6.2	32.8	-488.4	5.2	20.7	333.5	-19.1
2009 total	3,219.3	-10.6	33.6	-1,809.9	-20.8	20.4	1,409.4	7.1
Q1 2010	704.7	-14.2	28.4	-462.5	-5.3	19.4	242.2	-27.4
Q2 2010	872.1	23.7	29.6	-517.3	11.9	19.0	354.8	46.5
Q3 2010	966.5	10.8	29.9	-517.1	0.0	18.4	449.4	26.7
Q4 2010	898.0	-7.1	25.3	-605.2	17.0	18.8	292.8	-34.8
2010 total	3,441.4	6.9	28.2	-2,102.1	16.1	18.9	1,339.3	-5.0
Q1 2011	767.2	-14.6	21.8	-557.0	-8.0	16.1	210.1	-28.2
Q2 2011	992.8	29.4	23.8	-657.3	18.0	16.9	335.5	59.7
Q3 2011	1,119.5	12.8	26.8	-690.8	5.1	18.1	428.7	27.8
Q4 2011	1,107.4	-1.1	26.6	-759.7	10.0	19.7	347.6	-18.9
2011 total	3,986.8	15.8	24.9	-2,664.8	26.8	17.7	1,322.0	-1.3
Q1 2012	900.9	-18.6	23.1	-684.7	-9.9	17.7	216.2	-37.8
Q2 2012	1,125.8	25.0	26.6	-721.6	5.4	17.8	404.2	86.9
Q3 2012	1,155.5	2.6	25.9	-801.5	11.1	18.9	354.0	-12.4
Q4 2012	1,074.1	-7.0	25.3	-834.8	4.2	19.6	239.4	-32.4
2012 total	4,256.2	6.8	25.3	-3,042.5	14.2	18.5	1,213.8	-8.2
Q1 2013	967.5	-9.9	24.6	-733.0	-12.2	19.0	234.4	-2.1
Q2 2013	1,147.7	18.6	26.2	-799.4	9.1	18.9	348.3	48.6
Q3 2013	1,200.8	4.6	28.6	-855.9	7.1	20.8	344.9	-1.0

Figure 4. Services account



many countries, and the largest surpluses were of 184 million euros with Finland and 120 million euros with Russia. The largest deficit was 41 million euros with Norway, a country with which Estonia normally has a surplus.

Almost all of the main groups of services contributed to the **surplus on the services account** with the exception of construction services (see Table 11). The balance for construction services was negative as imports of construction services for development in the energy sector increased. There was also a small deficit for the fifth consecutive quarter in the transport of goods sub-account of transport services. Seasonal factors meant that travel services contributed the largest share of the surplus on the services account, providing 43% of the total surplus, followed by transport services and other business services, while the fastest-growing surplus was in computer and information services.

Table 11. Services balance by major categories

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013	Q3 2013/ Q2 2013	Q3 2013/ Q3 2012
Transport	121.5	99.0	129.5	34.3	28.4	37.5	30.8	6.5
transport of goods	-11.1	-13.7	-6.8	-3.1	-3.9	-2.0	-50.1	-38.5
transport of passengers	54.8	33.2	61.5	15.5	9.5	17.8	85.0	12.2
other transport services	77.9	79.4	74.8	22.0	22.8	21.7	-5.8	-3.9
Travel	142.8	157.8	149.1	40.3	45.3	43.2	-5.5	4.4
Construction services	-1.0	-9.5	-46.3	-0.3	-2.7	-13.4	388.8	4,710.5
Computer and information services	16.8	13.4	22.8	4.7	3.9	6.6	70.3	35.9
Other business services	65.5	83.8	86.1	18.5	24.1	25.0	2.8	31.6
Government services	6.0	2.3	3.5	1.7	0.7	1.0	48.8	-42.3
Other	2.4	1.4	0.2	0.7	0.4	0.1	-85.8	-91.8
Total	354.0	348.3	344.9	100.0	100.0	100.0	-1.0	-2.6

Services exports increased by 4% from the same quarter of the year before and 5% from the previous quarter (see Table 12) and were worth 1.2 billion euros in total. The structure of services exports was relatively unchanged with transport services remaining in first place with 37% of total exports, followed by travel services with 28% and other business services with 18%. The share of construction services in the structure of exports shrank slightly while the share of computer and information services increased. The fastest growth was in exports of computer and information services, followed by travel services and transport services. Exports of construction services fell by a fifth.

Although exports of services to the European Union declined slightly, those to the CIS and other countries increased (see Table 13)⁸. Services were mainly sold to Finland, which took a quarter of all exports, and the volume of those exports was unchanged. Around half of exports of services

⁸ From 2014 the balance of payments will be compiled using the methodology of the sixth edition of the Balance of Payments and International Investment Position Manual of the International Monetary Fund. The new sources of data have been gradually introduced throughout 2013. For this reason it is important to bear in mind when analysing the services account of the quarterly balance of payments for 2013 by country that the methodology for showing goods under merchanting has partially changed. The turnover in the services account in the quarterly balance of payments for 2013 is overestimated as it temporarily also contains payments for goods under merchanting, until the figures for the first quarter of 2014 are published. Goods under merchanting are those that merchants exchange between third countries without the goods crossing the border of the country where the merchant is located. Up to now, the balance of payments has not covered such goods and only the profit or loss from the intermediation of such goods was shown as part of the trade in business services.

Table 12. Services exports by major categories

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013	Q3 2013/ Q2 2013	Q3 2013/ Q3 2012
Transport	436.1	413.9	449.7	37.7	36.1	37.4	8.6	3.1
transport of goods	207.2	207.7	222.6	17.9	18.1	18.5	7.2	7.4
transport of passengers	90.6	69.0	95.6	7.8	6.0	8.0	38.5	5.5
other transport services	138.3	137.2	131.5	12.0	12.0	10.9	-4.2	-4.9
Travel	309.4	317.0	332.7	26.8	27.6	27.7	4.9	7.5
Construction services	65.7	55.8	52.3	5.7	4.9	4.4	-6.3	-20.4
Computer and information services	47.5	53.2	60.8	4.1	4.6	5.1	14.3	28.1
Other business services	215.5	221.2	217.6	18.6	19.3	18.1	-1.6	1.0
Government services	10.8	9.6	9.2	0.9	0.8	0.8	-3.7	-14.7
Other	70.5	77.0	78.6	6.1	6.7	6.5	2.1	11.4
Total	1,155.5	1,147.7	1,200.8	100.0	100.0	100.0	4.6	3.9

Table 13. Services exports by groups of countries

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013	Q3 2013/ Q2 2013	Q3 2013/ Q3 2012
EU-28	785.0	785.1	769.5	67.9	68.4	64.1	-2.0	-2.0
Finland	301.5	300.3	300.1	26.1	26.2	25.0	-0.1	-0.5
Latvia	62.0	70.6	93.5	5.4	6.1	7.8	32.5	50.8
Sweden	92.7	96.9	89.8	8.0	8.4	7.5	-7.3	-3.0
Lithuania	33.5	79.5	84.4	2.9	6.9	7.0	6.1	152.0
Germany	73.0	4.7	37.2	6.3	0.4	3.1	682.7	-49.1
CIS	158.6	163.5	192.6	13.7	14.2	16.0	17.8	21.5
Russia	124.7	89.2	160.9	10.8	7.8	13.4	80.4	29.1
Kazakhstan	14.1	17.5	17.2	1.2	1.5	1.4	-1.7	21.6
Other	211.9	199.1	238.6	18.3	17.3	19.9	19.8	12.6
USA	47.4	53.6	45.1	4.1	4.7	3.8	-15.9	-4.9
British Virgin Islands	29.3	13.9	36.4	2.5	1.2	3.0	161.9	24.1
Norway	31.5	41.7	35.5	2.7	3.6	3.0	12.7	-14.9
Total	1,155.5	1,147.7	1,200.8	100.0	100.0	100.0	4.6	3.9

Table 14. Services imports by major categories

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013	Q3 2013/ Q2 2013	Q3 2013/ Q3 2012
Transport	314.6	315.0	320.2	39.3	39.4	37.4	1.6	1.8
transport of goods	218.3	221.4	229.4	27.2	27.7	26.8	3.6	5.1
transport of passengers	35.9	35.8	34.1	4.5	4.5	4.0	-4.7	-4.9
other transport services	60.4	57.8	56.6	7.5	7.2	6.6	-2.1	-6.3
Travel	166.6	159.2	183.6	20.8	19.9	21.5	15.3	10.2
Construction services	66.6	65.3	98.5	8.3	8.2	11.5	51.0	47.9
Computer and information services	30.7	39.8	38.0	3.8	5.0	4.4	-4.6	23.8
Other business services	150.0	137.4	131.4	18.7	17.2	15.4	-4.3	-12.4
Government services	4.8	7.2	5.7	0.6	0.9	0.7	-20.6	19.7
Other	68.1	75.6	78.4	8.5	9.5	9.2	3.7	15.0
Total	801.5	799.4	855.9	100.0	100.0	100.0	7.1	6.8

to Finland were travel services and a third were transport services, and the volume of those services increased, while sales of construction services and other business services to Finland declined. In second place as an export partner was Russia, which saw exports increase, mainly through travel services and other business services. The main export partners among other countries were the USA, which bought travel services, transport services and other business services; the British Virgin Islands, which took transport services and other business services; and Norway, which bought transport services.

Services imports increased by 7% from the same quarter of 2012 and totalled 856 million euros (see Table 15). Transport services constituted the largest single share of imports with 37% of the total, followed by travel services and other business services. Imports of transport services were so high as a direct result of imports of goods, as imported goods are mainly brought in by non-resident transport companies. While the volumes of transport and travel services imported increased, the volume of imports of other business services shrank. There was strong growth in imports of construction services, driven by imports of construction services from Norway for development work in the energy sector. Strong growth was also seen in imports of computer and information services from the UK and

Table 15. Services imports by groups of countries

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013	Q3 2013/ Q2 2013	Q3 2013/ Q3 2012
EU-28	646.1	647.5	635.7	80.6	81.0	74.3	-1.8	-1.6
Finland	112.9	127.4	116.2	14.1	15.9	13.6	-8.8	3.0
Sweden	68.4	79.9	69.8	8.5	10.0	8.2	-12.7	2.0
Latvia	76.1	61.6	66.0	9.5	7.7	7.7	7.2	-13.3
Germany	81.0	63.4	54.5	10.1	7.9	6.4	-14.1	-32.7
UK	36.0	46.7	52.7	4.5	5.8	6.2	12.8	46.3
CIS	61.1	50.4	62.6	7.6	6.3	7.3	24.3	2.6
Russia	45.2	33.5	40.9	5.6	4.2	4.8	22.5	-9.4
Ukraine	9.2	7.4	9.7	1.2	0.9	1.1	30.3	5.0
Other	94.3	101.6	157.5	11.8	12.7	18.4	55.0	67.0
Norway	14.7	13.2	76.2	1.8	1.6	8.9	478.8	418.2
China	16.3	15.9	14.3	2.0	2.0	1.7	-10.3	-12.3
USA	11.9	16.0	14.0	1.5	2.0	1.6	-12.6	17.6
Total	801.5	799.4	855.9	100.0	100.0	100.0	7.1	6.8

Sweden. There was a slight fall in imports of services from the European Union, while those from the CIS increased slightly and those from other countries increased significantly, mainly on the back of imports of construction services from Norway.

The surplus on **transport services**, which is the most important service type on the services account, was 7% larger than in the same quarter a year ago at 130 million euros (see Tables 11, 12 and 14 and Figures 5 and 6). The sub-accounts for transport services – transport of goods, transport of passengers and other transport services⁹ – have generally been in surplus, but transport of goods recorded a small deficit for the fifth consecutive quarter. The main contribution to the surplus in transport services came from maritime transport, followed by rail and road transport (see Figure 6). Imports of air transport exceeded exports of it.

⁹ This covers services not directly related to passengers or freight, like freight handling; storage and warehousing; towage; pilotage and navigation; air traffic control; and similar.

Figure 5. Transport services

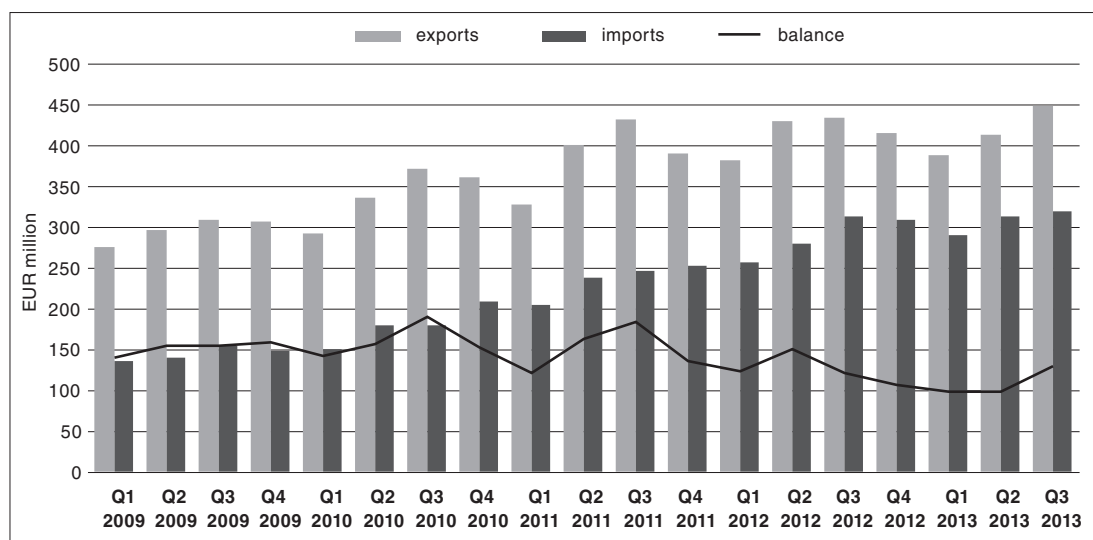
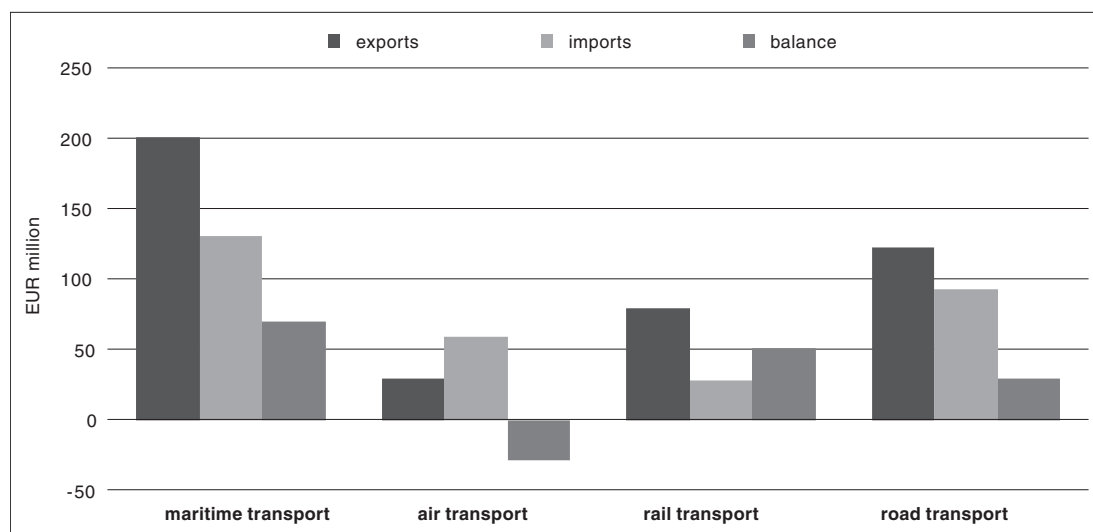


Figure 6. Transport services structure in Q3 2013 by transport type



Exports of transport services increased by 3% to 450 million euros, of which half came from transport of goods, 30% from other transport services, and the rest from transport of passengers. The volumes of transport of goods and passengers increased, but the volume of other transport services shrank. Sales of transport services increased for transport by sea, road and air, while exports of rail transport declined, mainly on account of other transport services. EU countries bought 62% of the exports of transport services and the volume of such sales increased slightly (see Table 16). Exports to CIS countries, principally Russia, increased by 11% to make up 21% of the total, while the other fifth of exports of transport services went to other countries. The two main export partners were Finland and Russia.

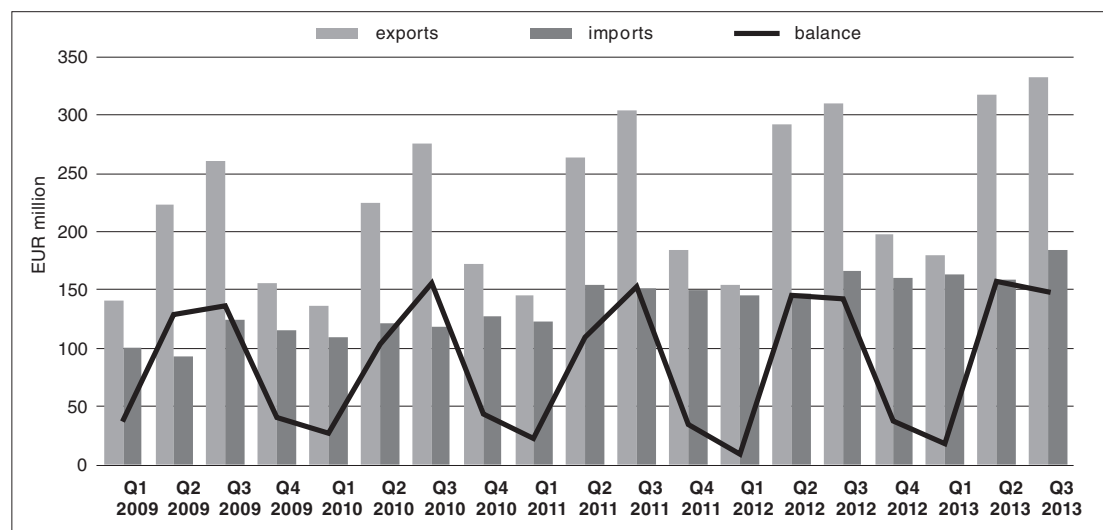
Table 16. Transport services by groups of countries in Q3 2013

	Exports				Imports		
	Volume (EUR m)	Share (%)	Change (%), Q3 2013/ Q3 2012		Volume (EUR m)	Share (%)	Change (%), Q3 2013/ Q3 2012
EU-28	279.0	62.0	1.5	EU-28	250.9	78.4	-0.4
Finland	91.5	20.3	8.3	Finland	41.9	13.1	24.3
Sweden	43.7	9.7	-0.7	Sweden	36.3	11.3	8.0
Latvia	25.2	5.6	0.4	Germany	27.6	8.6	-6.9
UK	21.9	4.9	-1.6	Poland	20.9	6.5	31.1
Germany	19.9	4.4	13.3	Latvia	20.3	6.3	-17.4
CIS	75.6	16.8	10.8	CIS	28.8	9.0	38.9
Russia	64.1	14.2	3.1	Russia	16.3	5.1	8.0
Kazakhstan	5.5	1.2	481.9	Belarus	6.3	2.0	118.1
Other	95.1	21.1	2.2	Other	40.5	12.6	-3.5
Switzerland	27.2	6.0	-8.7	China	11.9	3.7	-13.8
British Virgin Islands	16.5	3.7	-8.0	Switzerland	4.7	1.5	42.2
Norway	16.3	3.6	119.5	Norway	3.4	1.1	12.5
Total	449.7	100.0	3.1	Total	320.2	100.0	1.8

Imports of transport services grew by 7%, somewhat faster than exports, to stand at 320 million euros. Transport of goods dominated imports, accounting for 72% of total imports of transport services, with other transport services contributing 18% and transport of passengers 11%. Imports of services for the transport of goods increased, while those of other transport services and transport of passengers fell. There was an increase in imports of transport services by sea and by road, while imports of air transport services declined and rail services remained the same. A large proportion of the goods imported are bought from EU member states, and in consequence 78% of transport services imported came from those countries. The main countries from which transport services were bought were Finland and Sweden.

The positive balance for **travel services** was 4% higher in the third quarter of 2013 than in the third quarter of 2012 at 149 million euros (see Figure 7).

Figure 7. Travel services



Exports of travel services grew by 8% from a year ago to 333 million euros in the third quarter of 2013. The growth in exports of travel services came from increased spending by visitors to Estonia from neighbouring countries, as the number of tourists from Russia rose by 25%, the number visiting from Finland rose 12%, and the number from Latvia was up 8% (see Table 17). The total number of visits was up 13% on a year earlier. The country that supplied most visitors was Finland, home to 38% of all tourists, followed by Russia with 13% and Latvia with 8% (see Figure 8).

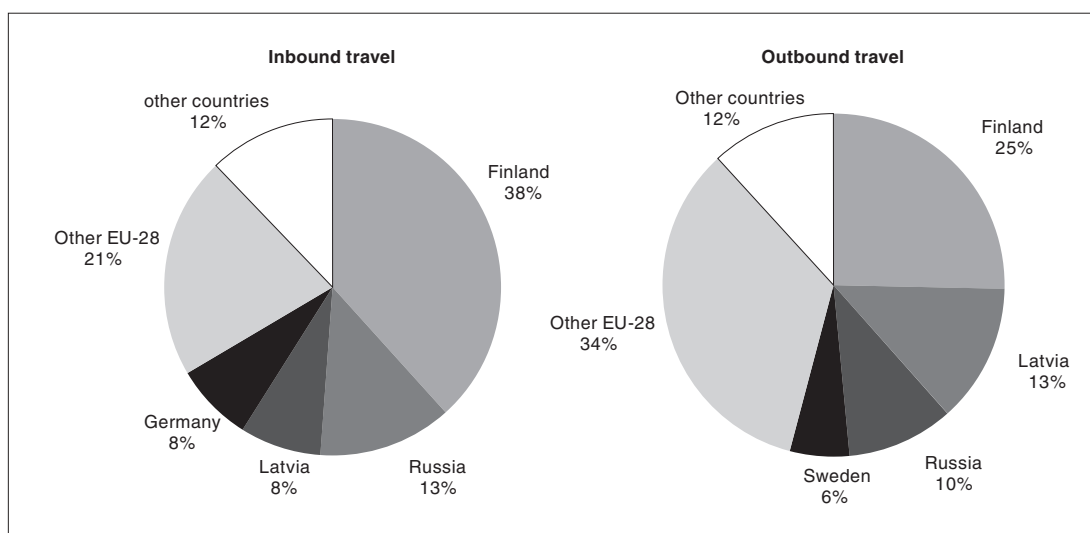
Imports of travel services grew by 10% from a year ago to 184 million euros in the third quarter. Estonian residents made 1.1 million trips abroad, visiting single or multiple countries. These trips were longer than they were a year earlier, so while the total number of trips declined by 3% over the year, the number of trip-days increased by 14%. Finland received 25% of all the trips, while Latvia received 13% and Russia 10%. The most popular destinations for holiday trips in the summer were Germany, Italy and France, as before.

Table 17. Travel services by groups of countries in Q3 2013*

	Exports				Imports		
	Volume (EUR m)	Share (%)	Change (%), Q3 2013/ Q3 2012		Volume (EUR m)	Share (%)	Change (%), Q3 2013/ Q3 2012
EU-28	249.2	74.9	6.8	EU-28	137.6	74.9	9.8
Finland	141.9	42.7	11.7	Finland	39.7	21.6	-3.8
Germany	23.7	7.1	-4.3	Latvia	16.2	8.8	33.6
Sweden	16.1	4.8	2.5	Germany	9.2	5.0	8.8
Latvia	11.0	3.3	8.1	Spain	6.4	3.5	36.1
CIS	44.3	13.3	26.0	CIS	21.0	11.4	24.1
Russia	39.9	12.0	24.6	Russia	17.2	9.4	23.2
Other	39.2	11.8	-3.9	Other	25.0	13.6	2.8
USA	12.5	3.8	-17.0	Norway	8.3	4.5	8.0
Norway	5.9	1.8	-3.8	Turkey	6.8	3.7	-3.2
Total	332.7	100.0	7.5	Total	183.6	100.0	10.2

* Data from Eesti Pank, OÜ Positium LBS and Statistics Estonia

Figure 8. International travel statistics by countries in Q3 2013



Income

The net outflow of income was 242 million euros, the same as in the third quarter of 2012 and 5% of the GDP of the quarter. Reinvested earnings had a considerable impact on the net outflow and if they are excluded from the income account as a book value where no actual movement of funds is involved, the income account would not have been in deficit but would have had a surplus of 1% of GDP (see Table 18 and Figure 9).

Of the two main components of income, labour income recorded a net inflow of 64 million euros, while investment income posted a net outflow of 306 million euros (see Table 19). As the movement towards work abroad has increased of late, the net inflow of labour income was larger than it was a year earlier. The net outflow of investment income also increased somewhat and 95% of it was made up of the net outflow of reinvested earnings.

The inflow of income from labour and investment income earned abroad by residents dropped by 4% from the third quarter of 2012 to 210 million euros (see Table 20). EU member states provided 86% of the inflow of income, but the total volume of the inflow from those countries was 7% less than a year earlier (see Table 21). Inflows of income from the CIS and other countries increased.

Labour income accounted for 36% of the income inflow and increased by 7% in volume from a year before. Around half of the labour income was earned in Finland and this has not changed significantly during the year, while the labour income earned in the United Kingdom, Norway, Latvia and Russia increased.

Table 18. Income

	Inflow		Outflow		Balance	
	Volume (EUR m)	Change from previous period (%)	Volume (EUR m)	Change from previous period (%)	Volume (EUR m)	Change from previous period (%)
Q1 2009	189.2	38.7	-274.6	-21.4	-85.4	-59.9
Q2 2009	136.4	-30.5	-349.2	12.9	-212.8	88.4
Q3 2009	196.4	-5.4	-309.3	-5.1	-112.9	-4.6
Q4 2009	135.8	-28.2	-230.7	-16.0	-94.9	11.2
2009 total	657.8	-42.4	-1,163.7	-42.6	-506.0	-42.7
Q1 2010	180.3	0.2	-307.8	-24.3	-127.5	-43.8
Q2 2010	179.9	-13.7	-406.8	-4.6	-226.9	4.0
Q3 2010	208.4	53.5	-426.6	85.0	-218.2	130.0
Q4 2010	134.8	-25.3	-455.7	48.0	-320.9	151.7
2010 total	703.5	6.9	-1,597.0	37.2	-893.5	76.6
Q1 2011	215.0	-2.3	-444.9	-14.4	-230.0	-23.2
Q2 2011	220.1	-10.6	-519.6	23.0	-299.6	69.8
Q3 2011	246.1	82.6	-422.5	-7.3	-176.4	-45.0
Q4 2011	190.3	-11.5	-440.7	-0.9	-250.4	8.9
2011 total	871.4	23.9	-1,827.7	14.4	-956.3	7.0
Q1 2012	186.4	15.1	-383.8	-25.6	-197.4	-44.2
Q2 2012	162.0	-26.3	-515.9	12.0	-354.0	47.0
Q3 2012	219.7	15.5	-460.5	4.5	-240.8	-3.8
Q4 2012	206.7	10.9	-401.0	4.5	-194.4	-1.6
2012 total	774.7	-11.1	-1,761.3	-3.6	-986.6	3.2
Q1 2013	215.3	-14.9	-371.3	-7.4	-156.0	5.5
Q2 2013	250.3	19.1	-399.5	-11.6	-149.3	-38.3
Q3 2013	210.1	1.7	-451.9	12.7	-241.8	24.4

Figure 9. Income account

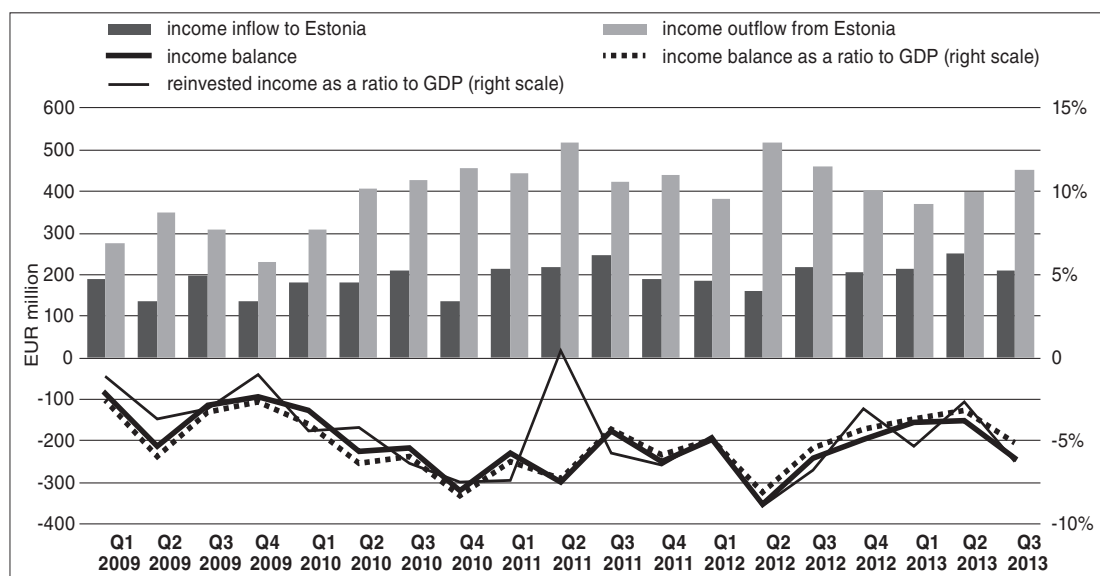


Table 19. Structure of income account

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013	Q3 2013/ Q2 2013	Q3 2013/ Q3 2012
Labour income	54.9	65.0	64.0	-22.8	-43.5	-26.5	-1.6	16.5
Investment income	-295.7	-214.2	-305.7	122.8	143.5	126.5	42.7	3.4
Income on direct investment	-302.5	-217.2	-295.5	125.6	145.5	122.2	36.0	-2.3
income on equity	-305.4	-224.1	-299.7	126.9	150.1	124.0	33.7	-1.9
dividends	-2.3	-98.5	-8.5	1.0	66.0	3.5	-91.4	263.6
reinvested earnings	-303.1	-125.6	-291.2	125.9	84.2	120.4	131.8	-3.9
income on debt (interests)	3.0	6.9	4.2	-1.2	-4.6	-1.7	-38.9	41.1
Income on portfolio investment	16.8	9.7	-1.5	-7.0	-6.5	0.6	-115.2	-108.8
Income on other investment	-10.0	-6.7	-8.8	4.1	4.5	3.6	30.8	-12.2
Total	-240.8	-149.3	-241.8	100.0	100.0	100.0	62.0	0.4

Table 20. Income inflow to Estonia

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013	Q3 2013/ Q2 2013	Q3 2013/ Q3 2012
Labour income	71.2	77.7	76.5	32.4	31.0	36.4	-1.5	7.4
Investment income	148.5	172.6	133.6	67.6	69.0	63.6	-22.6	-10.0
Income on direct investment	97.6	123.1	89.1	44.4	49.2	42.4	-27.6	-8.7
income on equity	84.2	106.7	74.1	38.3	42.6	35.3	-30.5	-12.0
dividends	33.0	197.3	25.3	15.0	78.8	12.1	-87.2	-23.4
reinvested earnings	51.2	-90.7	48.8	23.3	-36.2	23.2	-153.8	-4.6
income on debt (interests)	13.4	16.5	15.0	6.1	6.6	7.1	-9.0	11.6
Income on portfolio investment	27.7	27.7	23.6	12.6	11.1	11.2	-14.9	-15.0
Income on other investment	23.2	21.8	20.9	10.5	8.7	10.0	-4.0	-9.6
Total	219.7	250.3	210.1	100.0	100.0	100.0	-16.1	-4.4

Table 21. Income by groups of countries in Q3 2013

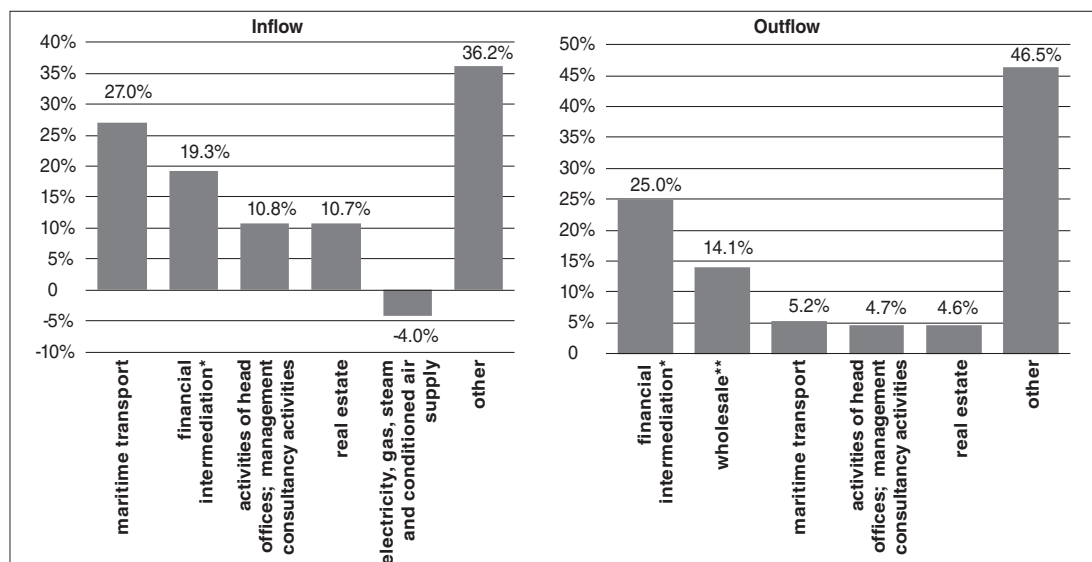
	Inflow				Outflow		
	Volume (EUR m)	Share (%)	Change (%), Q3 2013/ Q3 2012		Volume (EUR m)	Share (%)	Change (%), Q3 2013/ Q3 2012
EU-28	180.6	86.0	-7.3	EU-28	380.8	84.3	-2.0
Cyprus	41.4	19.7	10.0	Sweden	145.6	32.2	11.8
Finland	37.0	17.6	-14.2	Finland	99.8	22.1	-1.6
Latvia	27.9	13.3	-12.9	Netherlands	34.8	7.7	-27.3
Lithuania	16.3	7.8	-25.5	Germany	20.6	4.6	96.8
CIS	18.4	8.8	9.8	CIS	25.5	5.7	32.0
Russia	9.8	4.7	18.1	Russia	21.0	4.6	70.9
Belarus	4.9	2.4	4.0	Belarus	2.6	0.6	-7.5
Other	11.1	5.3	34.9	Other	45.5	10.1	-13.5
USA	5.5	2.6	33.0	Cayman Islands	7.5	1.6	1976.9
Norway	2.0	1.0	-896.2	USA	7.0	1.5	-22.9
Total	210.1	100.0	-4.4	Total	451.9	100.0	-1.9

The remainder of the inflows of income was investment income, which is income from direct, portfolio and other investment abroad. This fell by a tenth in volume as all three components declined. The largest share of the inflow of investment income was the 67% that came from direct investment income, which also fell in volume by 10%. The most investment income from investments made abroad was earned by investors in marine transport, who earned 27% of the inflows of investment income, followed by investors in head offices, who earned 19% (see Figure 10). Around one third of the investment income was earned in Cyprus, one fifth in Latvia and one tenth in Lithuania. The income earned from Cyprus increased, while that from Latvia and Lithuania declined. The investment income from Cyprus was mainly earned by investors in maritime transport, that from Latvia came from investors in financial intermediation, head offices and real estate, and the income from Lithuania came from investors in insurance, real estate and financial intermediation.

Income outflow, or the income earned in Estonia by non-residents, fell by 2% to 452 million euros (see Table 22), with 84% of the outflow going to EU member states. The outflow of income was almost entirely made up of investment income, which accounted for 97% of the total and was at about the same volume as a year earlier. However labour income was down in volume by nearly a quarter. Labour income was primarily earned in Estonia by residents of Latvia, Finland, Romania, Bulgaria and Russia.

Direct investment income accounted for 88% of the outflow of investment income, and 88% of that, or 340 million euros, was accounted for by reinvested earnings. The outflow of direct investment income was 4% down over the year. There was notable growth in the outflow of portfolio investment income however, which more than doubled. Foreign investors earned investment income primarily on financial intermediation, which provided 25% of the outflow of investment income, and wholesale, which provided 14% (see Figure 10). Of the outflows of investment income from Estonia, 94% went to three countries, with Sweden receiving half, Finland a third and the Netherlands 12%. The outflow to Sweden increased while that to the Netherlands shrank. More than half of the investment income that went to Sweden was earned from financial intermediation, and this increased in volume. In the third quarter of 2012, the investments by investors from Sweden in electronics production were showing a loss, but in the third quarter of 2013 they were in profit, as they were in the previous

Figure 10. Inflow and outflow of investment income by fields of activity in Q3 2013



* not including insurance and pension funds
 **not including motor vehicles and motorcycles

Table 22. Income outflow from Estonia

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013	Q3 2013/ Q2 2013	Q3 2013/ Q3 2012
Labour income	16.4	12.7	12.6	3.6	3.2	2.8	-1.3	-23.2
Investment income	444.2	386.8	439.3	96.4	96.8	97.2	13.6	-1.1
Income on direct investment	400.1	340.3	384.6	86.9	85.2	85.1	13.0	-3.9
income on equity	389.7	330.7	373.8	84.6	82.8	82.7	13.0	-4.1
dividends	35.4	295.8	33.8	7.7	74.0	7.5	-88.6	-4.4
reinvested earnings	354.3	34.9	340.0	76.9	8.7	75.2	873.7	-4.0
income on debt (interests)	10.5	9.6	10.8	2.3	2.4	2.4	12.3	3.2
Income on portfolio investment	10.9	18.0	25.0	2.4	4.5	5.5	38.9	129.0
Income on other investment	33.1	28.5	29.7	7.2	7.1	6.6	4.2	-10.4
Total	460.5	399.5	451.9	100.0	100.0	100.0	13.1	-1.9

quarter. Investors from Finland have invested in very many areas in Estonia, particularly wholesale and financial intermediation, and they earned the same amount of income in Estonia as in the same quarter of the previous year. Investors from the Netherlands mainly earned their income in Estonia from storage and auxiliary transport services, real estate-related activities and renting, with the latter two acting as the main drivers of the growth in income.

Current transfers and the capital account

The surplus on the current transfers account totalled 47 million euros in the third quarter of 2013 (see Table 23). The current transfers account of the general government was negative by 17 million euros, but this was offset by the 65 million euro surplus of other sectors.

Table 23. Current and capital transfers by groups of countries (EUR million)

	Received			Paid			Balance		
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013
Current transfers	151.5	125.8	143.0	81.2	97.3	96.0	70.3	28.5	47.1
government transfers	38.2	35.3	37.5	42.2	55.8	54.9	-4.0	-20.6	-17.4
EU-28	35.4	27.6	29.3	40.3	51.7	51.6	-4.9	-24.1	-22.4
CIS	1.4	0.9	0.8	0.3	0.4	0.4	1.1	0.4	0.4
other	1.4	6.8	7.4	1.6	3.8	2.8	-0.2	3.1	4.6
private transfers	113.3	90.6	105.5	39.0	41.5	41.0	74.3	49.0	64.5
EU-28	88.2	67.5	74.7	31.3	32.7	31.8	57.0	34.8	42.9
CIS	13.7	14.7	15.8	2.7	2.1	2.5	11.0	12.6	13.3
other	11.4	8.4	15.0	5.1	6.7	6.7	6.3	1.7	8.3
Capital transfers	178.5	145.4	155.1	-	0.0	-	178.5	145.4	155.1
government transfers	109.7	61.5	83.1	-	-	-	109.7	61.5	83.1
private transfers	68.8	83.9	72.0	-	0.0	-	68.8	83.9	72.0
Intangible assets	12.8	0.0	0.1	0.2	0.1	0.1	12.6	-0.1	0.0

Only 26% of the current transfers received, or 38 million euros, was for the use of the general government, of which 25 million euros came from the structural funds of the European Union and 8 million euros came from other bilateral external assistance. Current transfers to other sectors stood at 106 million euros, of which 40 million was in the form of production subsidies for agriculture and 4 million was other external assistance. Remittances to Estonia from workers abroad stood at 11 million euros.

The outflow of current transfers amounted to 96 million euros. The general government accounted for 58% of that, or 55 million euros, of which 66% was the contribution to the budget of the European Union. Transfers abroad from other sectors were primarily channelled to countries in the European Union, particularly Finland, Germany, Sweden and the United Kingdom.

The surplus on the **capital account** was 155 million euros. The capital transfers to Estonia mainly comprised EU support to the general government and to other sectors for infrastructure development.

FINANCIAL ACCOUNT

In the third quarter of 2013 the Estonian economy was a net borrower, with capital inflows exceeding outflows by 36 million euros. The main channel for capital inflows was direct investment and for outflows it was portfolio and other investments. By institutional sector, the central bank had 303 million euros of net inflows of capital through the financial account, and the general government had 6 million euros. Credit institutions financed the outside world with 180 million euros and the business sector did so with 93 million euros.

Figures 11 and 12 show the structure of the financial account by categories and maturities.

Figure 11. Changes in the structure of foreign investment capital flows

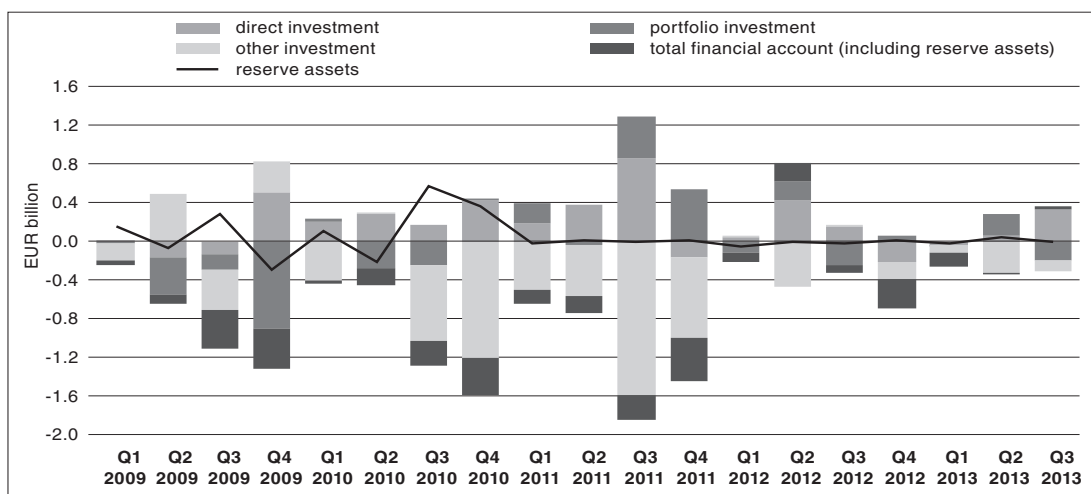
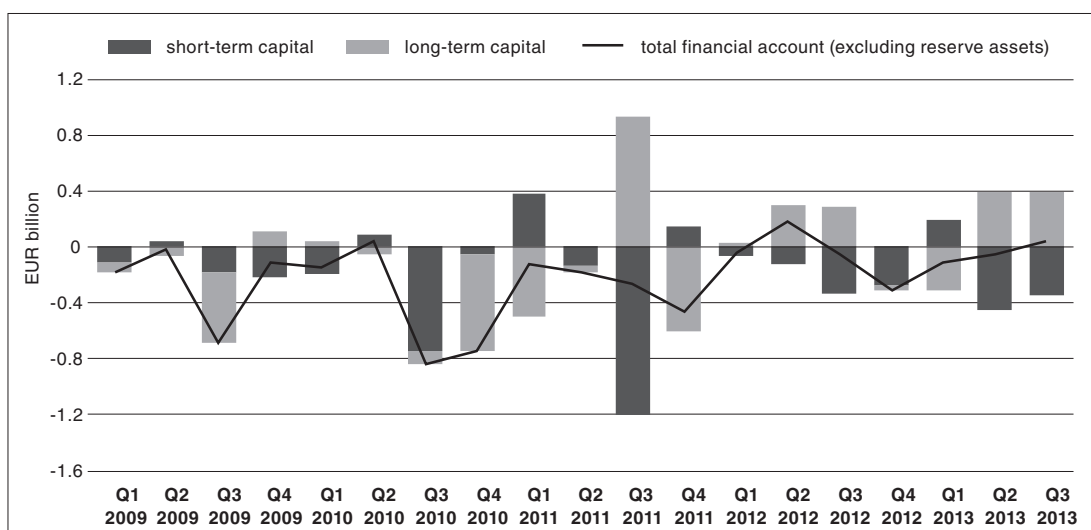


Figure 12. Maturity structure of the financial account (excluding reserve assets)



Direct Investment

Direct investment had a surplus of 328 million euros in the third quarter of 2013. Non-residents invested 428 million euros directly in Estonia and direct investment abroad by Estonian residents increased by 100 million euros (see Figure 13).

The balance of the total of **direct investments in Estonia** was positive for the seventh consecutive quarter, and was almost double what it was in the third quarter of 2012. The largest inflow of direct investment was under reinvested earnings and stood at ten times its level of the previous quarter at 340 million euros. Reinvested earnings were down around 5% on the third quarter of 2012. The largest reinvested earnings were to be found in financial intermediation (not including insurance and pension funds), where they posted 95 million euros. Equity capital investment posted -64 million euros with the negative result stemming from the repurchase of companies from non-resident direct investors and the reclassification of groups. The largest transactions under equity were of -42 million euros for companies operating head offices and -26 million euros for companies in retail. The largest inflow of equity was 9 million euros into wholesale companies. The Estonian economy saw 153 million euros flow in as other capital through direct investment companies, with the largest impact coming from the 105 million euros that was received for claims against foreign direct investors. The inflow was mainly seen by retail companies, which received 172 million euros. Increases in other capital liabilities brought an additional 48 million euros to Estonia, with 66 million euros going to retail businesses. With this, the intra-group debt liabilities of direct investment companies increased by 60 million euros from the second quarter of 2013. The reduction in intra-group debt assets channelled 115 million euros back to Estonia (see Tables 24 and 25).

Figure 13. Direct investment

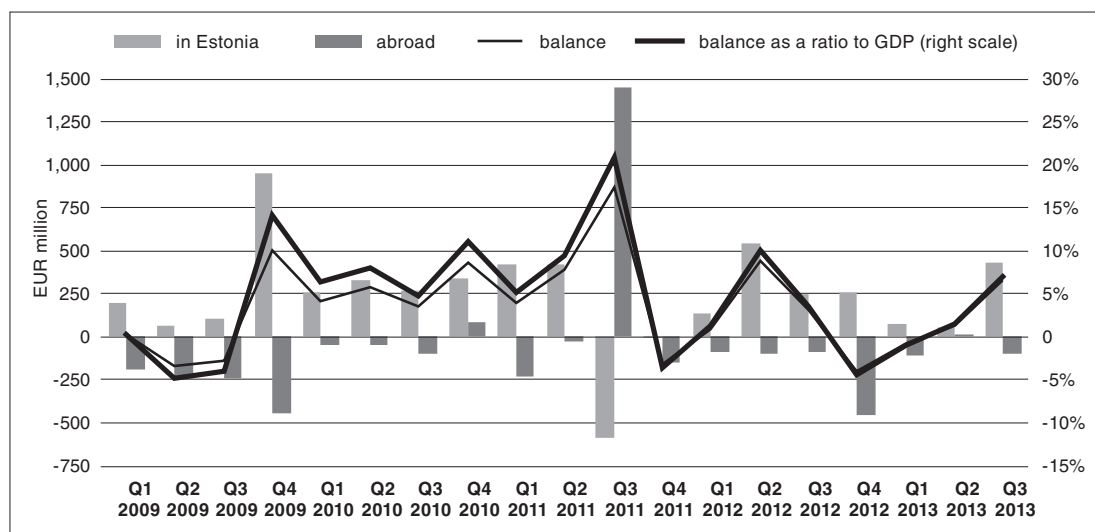


Table 24. Structure of direct investment in Estonia

	Equity capital		Reinvested earnings		Other capital				Total	
	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Assets		Liabilities		Volume (EUR m)	Share (%)
					Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)		
Q1 2009	120.3	60.6	84.4	42.5	-24.8	-12.5	18.7	9.4	198.6	100.0
Q2 2009	103.7	149.2	83.3	119.9	-18.1	-26.1	-99.3	-143.0	69.5	100.0
Q3 2009	108.6	102.7	182.0	172.0	-83.7	-79.1	-101.1	-95.6	105.8	100.0
Q4 2009	886.5	93.3	58.8	6.2	76.6	8.1	-71.3	-7.5	950.6	100.0
2009 total	1,219.1	92.0	408.4	30.8	-50.0	-3.8	-253.0	-19.1	1,324.5	100.0
Q1 2010	37.1	14.2	201.6	77.2	-19.7	-7.5	42.1	16.1	261.1	100.0
Q2 2010	-187.2	-56.2	191.4	57.5	-36.8	-11.0	365.5	109.8	332.9	100.0
Q3 2010	166.6	61.9	314.3	116.7	100.4	37.3	-312.2	-115.9	269.3	100.0
Q4 2010	295.4	86.0	306.6	89.3	-276.2	-80.4	17.8	5.2	343.5	100.0
2010 total	311.8	25.8	1,013.9	84.0	-232.3	-19.2	113.3	9.4	1,206.8	100.0
Q1 2011	23.1	5.5	343.3	81.5	-77.7	-18.5	132.5	31.5	421.1	100.0
Q2 2011	72.5	17.3	29.3	7.0	187.1	44.7	130.2	31.1	419.0	100.0
Q3 2011	-455.4	77.8	303.9	-51.9	-127.2	21.7	-306.6	52.4	-585.3	100.0
Q4 2011	50.1	-502.4	313.4	-3,144.1	-66.6	667.9	-306.9	3,078.7	-10.0	100.0
2011 total	-309.7	-126.4	989.9	404.2	-84.4	-34.5	-350.8	-143.2	244.9	100.0
Q1 2012	-15.0	-10.8	239.8	173.2	-81.8	-59.1	-4.6	-3.3	138.4	100.0
Q2 2012	330.6	61.2	192.2	35.6	93.9	17.4	-76.1	-14.1	540.6	100.0
Q3 2012	39.9	16.1	354.3	142.7	-102.3	-41.2	-43.6	-17.6	248.2	100.0
Q4 2012	23.4	9.2	186.1	73.5	-77.6	-30.6	121.3	47.9	253.2	100.0
2012 total	378.9	32.1	972.4	82.4	-167.9	-14.2	-3.0	-0.2	1,180.5	100.0
Q1 2013	-26.5	-35.7	244.9	329.8	-15.8	-21.2	-128.4	-172.9	74.3	100.0
Q2 2013	11.4	19.8	34.9	60.4	-82.5	-142.8	94.0	162.6	57.8	100.0
Q3 2013	-64.1	-15.0	340.0	79.4	105.0	24.5	47.5	11.1	428.3	100.0

Table 25. Loan capital assets and liabilities to foreign direct investors (EUR million)

	Assets					Liabilities				
	Long-term		Short-term		Total	Long-term		Short-term		Total
	Grantings	Repay-ments	Grantings	Repay-ments	Balance	Drawings	Repay-ments	Drawings	Repay-ments	Balance
Q1 2009	30.3	8.5	115.4	98.6	38.6	193.3	131.3	173.1	206.6	28.6
Q2 2009	29.4	27.0	98.6	100.6	0.4	112.3	175.7	82.6	82.7	-63.5
Q3 2009	68.5	31.4	88.5	50.2	75.4	118.6	290.2	271.2	160.1	-60.5
Q4 2009	42.1	64.4	85.9	123.4	-59.8	143.1	137.4	104.3	162.2	-52.2
2009 total	170.2	131.2	388.4	372.8	54.6	567.3	734.5	631.2	611.5	-147.6
Q1 2010	21.1	8.0	75.4	67.4	21.0	133.0	96.3	66.1	64.8	38.0
Q2 2010	15.5	4.9	91.4	76.1	25.9	338.4	67.4	107.8	185.4	193.4
Q3 2010	27.4	184.0	170.2	118.3	-104.7	89.1	90.1	123.3	273.7	-151.5
Q4 2010	18.2	13.0	431.9	183.9	253.2	182.2	212.9	126.9	130.1	-33.8
2010 total	82.2	210.0	769.0	445.6	195.5	742.6	466.7	424.1	653.9	46.1
Q1 2011	24.5	10.6	155.1	98.7	70.4	172.2	73.2	393.4	360.4	131.9
Q2 2011	26.5	3.1	134.3	357.5	-199.8	194.9	135.4	98.3	106.6	51.1
Q3 2011	67.0	25.6	164.3	107.0	98.7	248.5	540.7	81.5	129.1	-339.8
Q4 2011	24.0	23.1	172.1	87.3	85.7	85.3	362.3	81.5	94.6	-290.2
2011 total	142.0	62.3	625.8	650.6	55.0	700.9	1,111.7	654.6	690.8	-446.9
Q1 2012	25.9	10.4	106.8	47.1	75.3	60.5	93.6	103.9	95.7	-24.9
Q2 2012	21.1	10.2	387.0	525.2	-127.2	85.8	139.2	88.9	204.2	-168.8
Q3 2012	20.2	9.5	495.8	412.1	94.4	79.0	85.8	236.4	201.3	28.2
Q4 2012	21.1	44.0	276.9	165.7	88.3	197.4	91.0	129.4	149.6	86.2
2012 total	88.4	74.1	1,266.6	1,150.1	130.8	422.7	409.7	558.5	650.8	-79.3
Q1 2013	29.7	6.5	155.5	158.1	20.7	64.4	98.2	92.7	92.3	-33.3
Q2 2013	27.8	22.1	220.2	154.6	71.2	104.3	78.3	90.9	64.8	52.2
Q3 2013	28.2	8.5	137.4	271.7	-114.6	110.9	123.2	383.8	311.3	60.2

Direct investment from Norway grew most, by 191 million euros, followed by investment from Sweden, which grew by 52 million euros. EU member states supplied 46% of the direct investment, the CIS 8% and other countries 46% (see Figure 14 and Table 26). The biggest recipient of foreign investment in the third quarter of 2013 was the retail business with 224 million euros, followed by companies providing financial intermediation, which got 139 million euros (see Figure 15).

Direct investment abroad increased by 100 million euros in the third quarter of 2013 as 60 million euros of investment went into equity, with wholesale the largest investor supplying 35 million euros. Reinvested earnings abroad stood at 49 million euros, of which 36 million euros was the reinvested earnings of maritime transport companies. Other capital assets and liabilities decreased, and changes in them resulted in an inflow of 8 million euros to Estonia. The loan liabilities of subsidiaries and affiliated companies were 10 million euros higher than in the previous quarter. The volume of the loan liabilities of Estonian investors to foreign subsidiaries and affiliates did not change in the quarter (see Tables 27 and 28).

The largest investment went to Kazakhstan, which received 30 million euros, and Latvia, which received 25 million. The largest investments were made by investors in maritime transport, who invested 45 million euros, and wholesale investors, who invested 21 million euros. The main investment target was the European Union, while investments increased to the CIS and other countries (see Table 29 and Figures 16 and 17).

Figure 14. Direct investment in Estonia by countries in Q3 2013

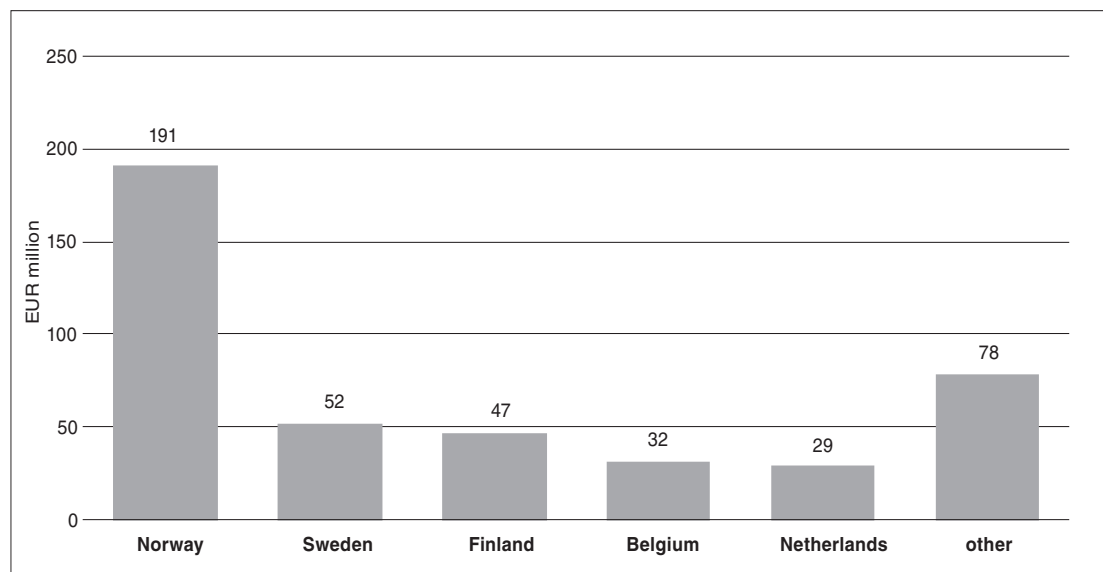
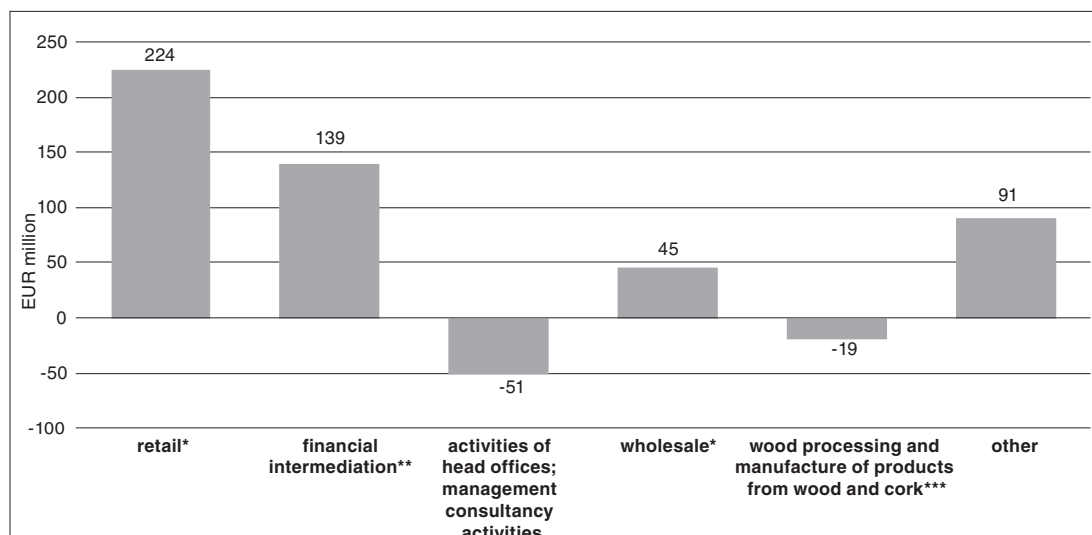


Table 26. Direct investment in Estonia by groups of countries

	Volume (EUR m)		Share (%)		Change (%)
	Q2 2013	Q3 2013	Q2 2013	Q3 2013	Q3 2013/ Q2 2013
EU-28	71.6	195.4	123.9	45.6	172.9
CIS	-2.6	33.1	-4.5	7.7	-1,373.1
Other	-11.2	199.9	-19.4	46.7	-1,884.8
Total	57.8	428.3	100.0	100.0	641.1

Figure 15. Direct investment in Estonia by fields of activities in Q3 2013



* not including motor vehicles and motorcycles

** not including insurance and pension funds

*** not including furniture or products made from straw or wickerwork

Table 27. Structure of direct investment abroad

	Equity capital		Reinvested earnings		Other capital				Total	
	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Assets		Liabilities		Volume (EUR m)	Share (%)
					Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)		
Q1 2009	-81.4	42.9	-48.1	25.4	-21.8	11.5	-38.2	20.2	-189.6	100.0
Q2 2009	-32.4	13.6	49.2	-20.7	-204.9	86.1	-49.8	20.9	-238.0	100.0
Q3 2009	-203.2	84.4	-76.5	31.8	38.9	-16.1	0.1	0.0	-240.8	100.0
Q4 2009	-455.0	102.1	-23.5	5.3	25.0	-5.6	8.0	-1.8	-445.6	100.0
2009 total	-772.0	69.3	-99.0	8.9	-162.9	14.6	-80.0	7.2	-1,113.9	100.0
Q1 2010	-9.9	19.0	-58.2	111.4	-43.1	82.4	59.0	-112.9	-52.2	100.0
Q2 2010	-10.9	25.1	-40.1	92.4	12.4	-28.5	-4.8	11.0	-43.4	100.0
Q3 2010	-53.5	56.7	-82.1	87.0	27.2	-28.9	14.0	-14.8	-94.3	100.0
Q4 2010	-3.9	-4.8	-16.6	-20.1	73.8	89.3	29.4	35.6	82.7	100.0
2010 total	-78.2	72.9	-197.1	183.7	70.4	-65.6	97.6	-91.0	-107.3	100.0
Q1 2011	-57.4	25.2	-72.8	32.0	-105.2	46.3	8.2	-3.6	-227.2	100.0
Q2 2011	-30.8	104.7	-45.5	154.5	6.0	-20.6	40.8	-138.7	-29.4	100.0
Q3 2011	1,480.5	102.1	-65.7	-4.5	21.4	1.5	13.7	0.9	1,449.8	100.0
Q4 2011	-45.0	30.3	-39.3	26.5	-54.0	36.4	-10.1	6.8	-148.4	100.0
2011 total	1,347.3	129.0	-223.3	-21.4	-131.7	-12.6	52.6	5.0	1,044.8	100.0
Q1 2012	-7.5	8.3	-50.6	56.6	5.1	-5.7	-36.4	40.7	-89.4	100.0
Q2 2012	-150.9	147.9	200.3	-196.4	-163.3	160.1	11.8	-11.6	-102.0	100.0
Q3 2012	-32.8	35.6	-51.2	55.5	-11.9	13.0	3.8	-4.1	-92.1	100.0
Q4 2012	-51.8	11.3	-45.4	9.9	-319.2	69.8	-40.7	8.9	-457.2	100.0
2012 total	-242.9	32.8	53.1	-7.2	-489.4	66.1	-61.6	8.3	-740.7	100.0
Q1 2013	-68.3	61.0	-16.2	14.5	-48.0	42.9	20.6	-18.4	-111.9	100.0
Q2 2013	-12.1	-129.7	90.7	972.3	-117.8	-1,262.5	48.5	520.0	9.3	100.0
Q3 2013	-59.5	59.4	-48.8	48.7	21.4	-21.3	-13.2	13.2	-100.2	100.0

Table 28. Loan capital assets and liabilities to foreign subsidiaries and associated companies (EUR million)

	Assets					Liabilities				
	Long-term		Short-term		Total	Long-term		Short-term		Total
	Grantings	Repay-ments	Grantings	Repay-ments	Balance	Drawings	Repay-ments	Drawings	Repay-ments	Balance
Q1 2009	86.7	27.4	41.6	47.6	53.3	3.9	0.9	3.1	6.1	0.0
Q2 2009	197.3	32.2	40.7	21.3	184.5	0.9	2.0	3.9	60.1	-57.3
Q3 2009	45.9	44.8	24.2	23.3	2.0	4.0	1.4	1.6	2.5	1.7
Q4 2009	67.7	93.0	120.1	66.2	28.6	2.2	1.3	1.3	3.6	-1.3
2009 total	397.6	197.5	226.7	158.4	268.4	11.1	5.6	10.0	72.3	-56.9
Q1 2010	32.9	16.2	38.4	23.8	31.3	0.4	1.8	1.5	1.8	-1.7
Q2 2010	35.4	25.5	21.2	22.1	9.0	1.2	0.6	3.1	3.3	0.4
Q3 2010	24.9	28.2	30.1	16.6	10.1	0.3	1.9	0.7	0.5	-1.4
Q4 2010	48.6	100.3	27.2	17.7	-42.2	2.6	3.1	30.3	4.8	24.9
2010 total	141.7	170.2	116.9	80.2	8.2	4.5	7.5	35.6	10.4	22.2
Q1 2011	58.1	48.4	51.8	9.3	52.3	1.3	0.3	8.6	3.3	6.3
Q2 2011	52.8	58.4	14.2	15.7	-7.0	0.7	0.6	1.0	12.8	-11.6
Q3 2011	41.8	19.5	19.4	42.1	-0.5	1.8	2.5	1.7	23.4	-22.5
Q4 2011	54.5	67.8	34.1	24.1	-3.3	1.8	1.9	4.5	1.2	3.2
2011 total	207.2	194.1	119.5	91.1	41.5	5.6	5.2	15.8	40.7	-24.5
Q1 2012	33.9	25.7	28.2	19.1	17.4	1.6	4.3	4.8	4.3	-2.2
Q2 2012	129.2	16.2	23.0	11.4	124.7	0.2	3.8	1.4	3.7	-5.8
Q3 2012	40.2	41.2	20.7	20.4	-0.6	4.8	0.3	1.9	2.4	4.0
Q4 2012	29.7	43.3	25.7	50.2	-38.0	5.5	3.8	5.0	2.0	4.8
2012 total	233.1	126.3	97.8	101.0	103.5	12.2	12.2	13.1	12.3	0.9
Q1 2013	68.1	25.7	48.2	17.9	72.7	0.7	0.9	22.8	2.9	19.7
Q2 2013	43.8	46.6	40.5	37.6	0.2	5.7	2.6	2.0	13.8	-8.8
Q3 2013	28.4	32.2	39.6	25.9	9.9	1.3	0.9	1.5	1.5	0.3

Table 29. Direct investment abroad by groups of countries

	Volume (EUR m)		Share (%)		Change (%)
	Q2 2013	Q3 2013	Q2 2013	Q3 2013	Q3 2013/ Q2 2013
EU-28	30.0	-64.2	321.6	64.1	-314.0
CIS	-15.2	-33.5	-163.0	33.4	120.4
Other	-5.4	-2.5	-57.9	2.5	-53.7
Total	9.3	-100.2	100.0	100.0	-1,174.0

Figure 16. Direct investment abroad by countries in Q3 2013

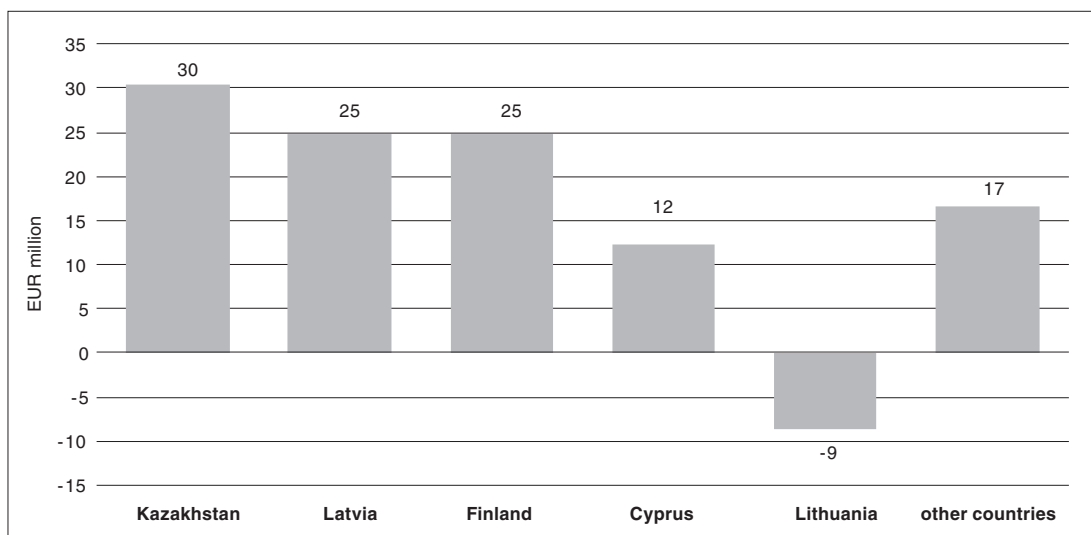
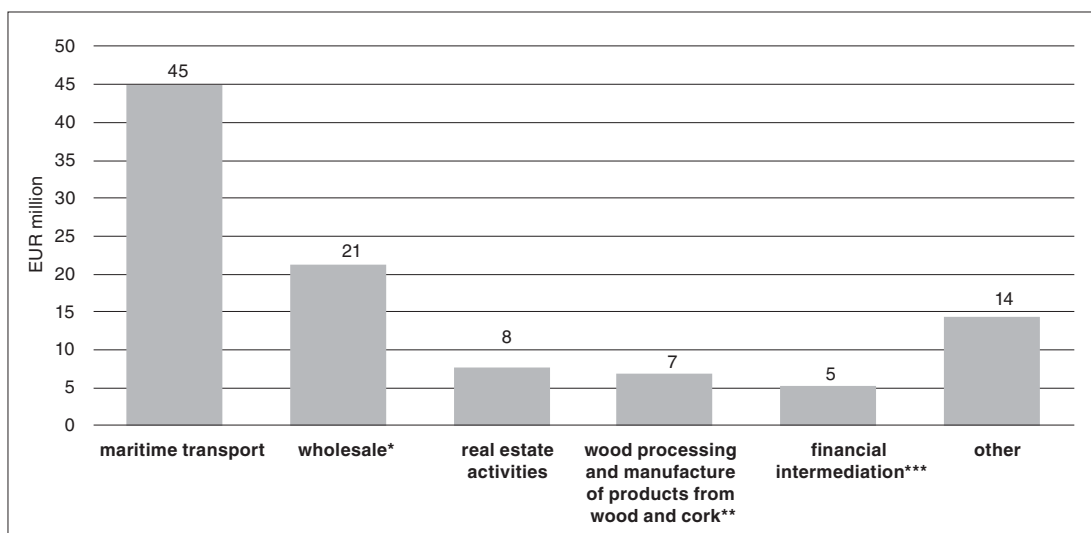


Figure 17. Direct investment abroad by fields of activity in Q3 2013



* not including motor vehicles and motorcycles

** not including furniture or products made from straw or wickerwork

*** not including insurance and pension funds

Portfolio Investment

The net outflow of portfolio investment was 191 million euros in the third quarter of 2013. The main driver of the net outflow was investment by the general government and companies from other sectors in foreign securities (see Figure 18 and Table 30).

Portfolio investment liabilities decreased by 2 million euros in the third quarter of 2013 (see Table 31). The emission of bonds by companies in other sectors was modest, in contrast to the previous quarter. Debt security liabilities grew by 2 million euros for those companies. Foreign investors put a total of 5 million euros into equity and fund units while the debt security liabilities of the general government shrank by 9 million euros. The liabilities of credit institutions did not change significantly during the quarter. The country to which portfolio investment liabilities fell the most was Ireland, followed by Finland, Sweden and Lithuania (see Figure 19 and Table 32).

Figure 18. Portfolio investment

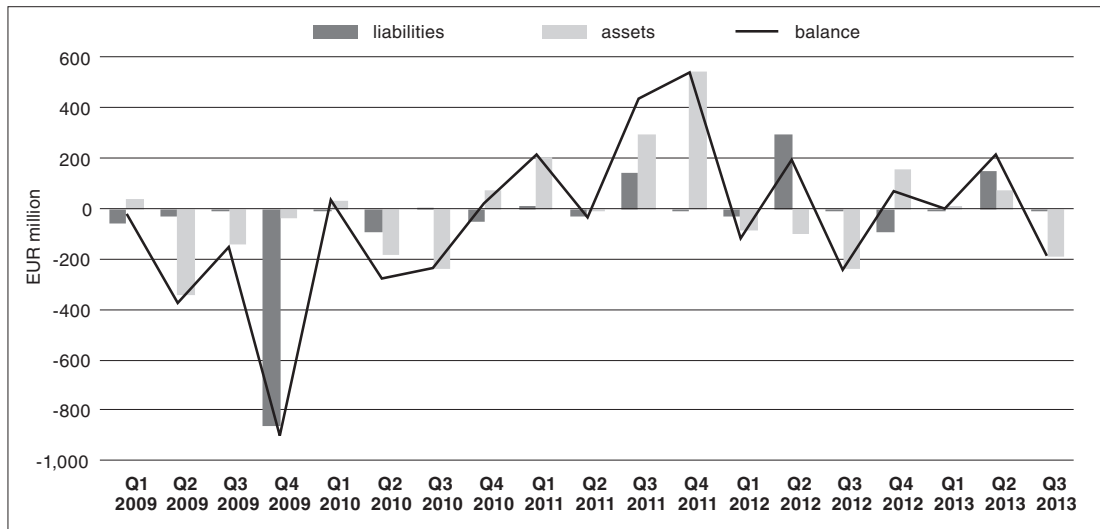


Table 30. Portfolio investment by types of securities and sectors (EUR million)

	Assets			Liabilities			Balance		
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013
Equity securities	-5.4	-153.5	-68.4	-8.7	26.6	4.7	-14.1	-126.9	-63.7
central bank	-4.4	-2.5	-5.7	-	-	-	-4.4	-2.5	-5.7
general government	-	-	-	-	-	-	-	-	-
credit institutions	2.2	0.1	-0.1	1.5	-	-	3.7	0.1	-0.1
other sectors	-3.2	-151.1	-62.7	-10.1	26.6	4.7	-13.3	-124.5	-58.0
Debt securities	-234.3	223.7	-120.4	3.3	119.7	-6.4	-231.0	343.4	-126.8
central bank	-16.0	37.2	21.0	-	-	-	-16.0	37.2	21.0
general government	-192.6	93.3	-71.3	-0.8	-2.6	-9.2	-193.4	90.7	-80.5
credit institutions	-50.9	21.6	-29.6	-1.9	-1.1	0.4	-52.8	20.5	-29.2
other sectors	25.3	71.7	-40.4	6.0	123.4	2.4	31.3	195.1	-38.0
Total	-239.7	70.3	-188.8	-5.4	146.3	-1.7	-245.1	216.6	-190.5

Table 31. Structure of portfolio investment liabilities

	Equity securities		Debt securities		Total	
	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)
Q1 2009	-27.7	46.1	-32.4	53.9	-60.1	100.0
Q2 2009	-7.2	23.8	-23.1	76.2	-30.3	100.0
Q3 2009	8.6	-102.4	-17.0	202.4	-8.4	100.0
Q4 2009	-67.3	7.8	-796.1	92.2	-863.4	100.0
2009 total	-93.6	9.7	-868.6	90.3	-962.2	100.0
Q1 2010	8.3	-830.0	-9.2	920.0	-1.0	100.0
Q2 2010	16.5	-17.2	-112.5	117.2	-96.0	100.0
Q3 2010	-0.8	-29.6	3.5	129.6	2.7	100.0
Q4 2010	6.1	-11.9	-57.2	111.9	-51.1	100.0
2010 total	30.1	-20.7	-175.4	120.6	-145.4	100.0
Q1 2011	0.1	0.9	11.5	99.1	11.6	100.0
Q2 2011	-21.6	72.7	-8.0	26.9	-29.7	100.0
Q3 2011	-28.8	-20.4	170.0	120.4	141.2	100.0
Q4 2011	-30.9	882.9	27.4	-782.9	-3.5	100.0
2011 total	-81.2	-67.9	200.9	168.0	119.6	100.0
Q1 2012	-14.1	47.8	-15.4	52.2	-29.5	100.0
Q2 2012	3.4	1.2	291.5	98.8	294.9	100.0
Q3 2012	-8.7	161.1	3.3	-61.1	-5.4	100.0
Q4 2012	-97.1	106.8	6.1	-6.7	-90.9	100.0
2012 total	-116.5	-68.9	285.5	168.8	169.1	100.0
Q1 2013	-11.3	99.1	-0.1	0.9	-11.4	100.0
Q2 2013	26.6	18.2	119.7	81.8	146.3	100.0
Q3 2013	4.7	-276.5	-6.4	376.5	-1.7	100.0

Figure 19. Decrease in portfolio investment liabilities by countries in Q3 2013

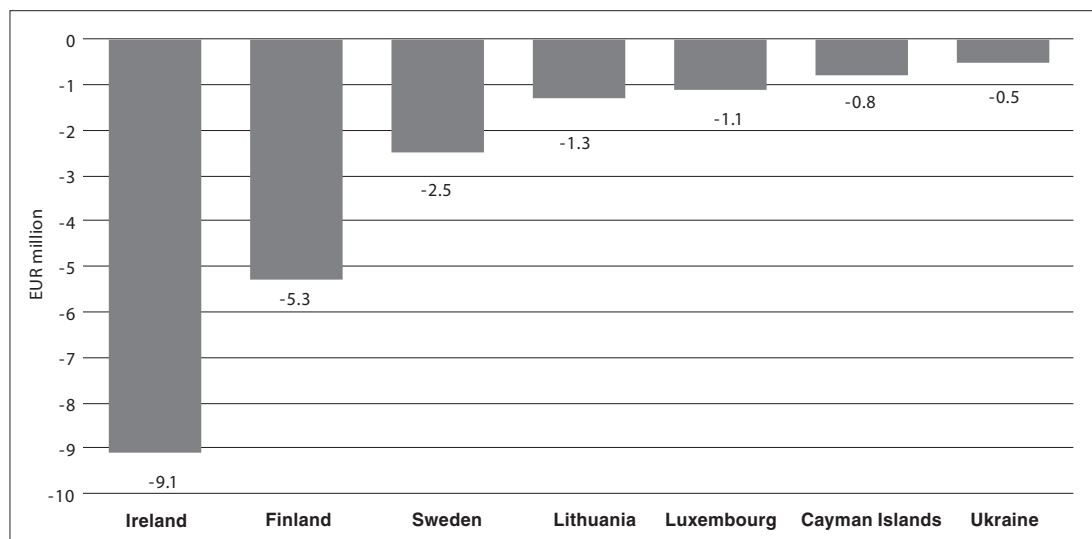


Table 32. Structure of portfolio investment by groups of countries in Q3 2013

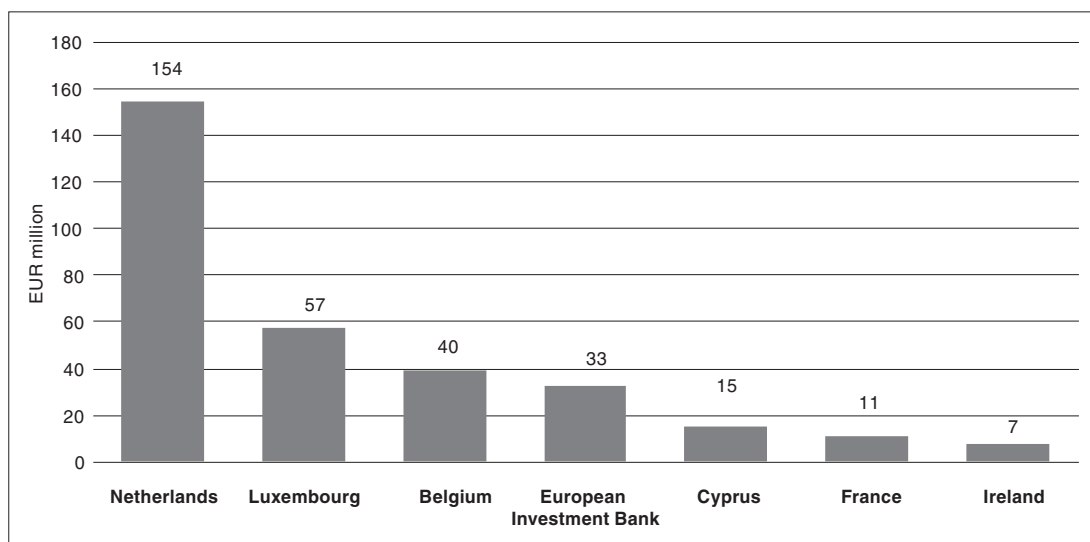
	Volume (EUR m)		Share (%)	
	Assets	Liabilities	Assets	Liabilities
EU-28	-198.8	-4.8	105.2	282.4
CIS	-4.7	-0.4	2.5	23.5
Other	14.6	3.5	-7.7	-205.9
Total	-188.9	-1.7	100.0	100.0

Portfolio investment assets grew by 189 million euros in the third quarter (see Table 33). Investment in foreign equity securities grew by 68 million euros and investment in debt securities by 120 million euros. In contrast to previous quarters, general government investments increased and the investment in foreign debt securities grew by 71 million euros. The external position of the central bank contracted by 15 million euros while the investments of credit institutions increased by 30 million euros in the third quarter. Companies in other sectors increased their assets by a total of 103 million euros, of which 60 million euros was in investments in fund units, 40 million euros was in debt securities and 3 million was in equity. The country that saw the biggest increase in portfolio investment assets was the Netherlands, followed by Luxembourg, Belgium and the European Investment Bank (see Figure 20 and Table 32).

Table 33. Structure of portfolio investment assets

	Equity securities		Debt securities		Total	
	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)
Q1 2009	11.7	28.3	29.6	71.7	41.3	100.0
Q2 2009	-16.6	4.8	-328.6	95.2	-345.2	100.0
Q3 2009	-52.2	36.1	-92.4	63.9	-144.6	100.0
Q4 2009	7.6	-18.6	-48.5	118.6	-40.9	100.0
2009 total	-49.5	10.1	-439.9	89.9	-489.4	100.0
Q1 2010	-65.2	-201.2	97.5	300.9	32.4	100.0
Q2 2010	-169.1	92.5	-13.7	7.5	-182.9	100.0
Q3 2010	-9.7	4.1	-229.9	96.0	-239.5	100.0
Q4 2010	-59.8	-81.6	133.1	181.6	73.3	100.0
2010 total	-303.8	95.9	-13.0	4.1	-316.7	100.0
Q1 2011	8.1	4.0	193.2	95.9	201.4	100.0
Q2 2011	-15.2	190.0	7.2	-90.0	-8.0	100.0
Q3 2011	18.3	6.2	274.7	93.8	293.0	100.0
Q4 2011	90.7	16.6	454.2	83.4	544.9	100.0
2011 total	101.9	9.9	929.3	90.1	1,031.3	100.0
Q1 2012	-102.8	118.7	16.2	-18.7	-86.6	100.0
Q2 2012	23.5	-23.0	-125.8	123.1	-102.2	100.0
Q3 2012	-5.4	2.3	-234.3	97.7	-239.7	100.0
Q4 2012	-80.1	-50.2	239.6	150.2	159.5	100.0
2012 total	-164.8	61.3	-104.3	38.8	-269.0	100.0
Q1 2013	-29.2	-280.8	39.6	380.8	10.4	100.0
Q2 2013	-153.5	-218.3	223.7	318.2	70.3	100.0
Q3 2013	-68.4	36.2	-120.4	63.8	-188.8	100.0

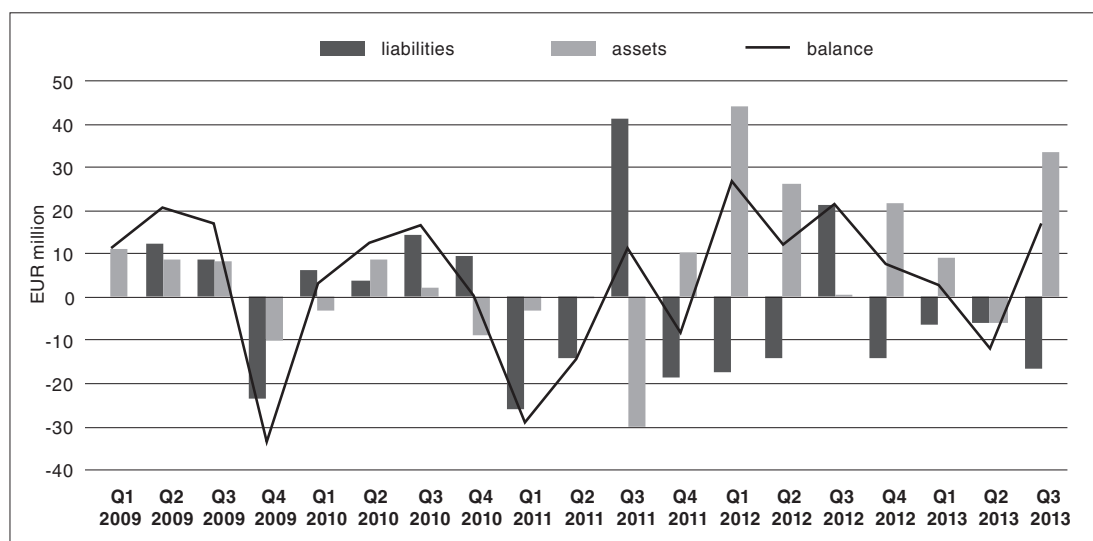
Figure 20. Growth in portfolio investment assets by countries in Q3 2013



Financial derivatives

The net inflow of financial derivatives totalled 17 million euros in the third quarter of 2013 (see Figure 21). The financial derivative assets of companies in other sectors contracted by 34 million euros with the largest decline coming in assets to Norway. Liabilities related to derivative instruments fell in the third quarter by 16 million euros, with credit institutions making the largest contribution. The largest falls by country were in liabilities to Denmark and the United Kingdom.

Figure 21. Financial derivatives



Other Investment

The net outflow of other investment stood at 113 million euros in the third quarter (see Figure 22). The net outflow was a consequence of the outflow of short-term capital, which was liabilities related to loans and deposits (see Table 34).

Other investment liabilities fell by 362 million euros over the quarter (see Table 35). The only growth in the quarter was in other capital liabilities, which increased by 14 million euros in total. Trade credit liabilities fell by 58 million euros, primarily due to companies in other sectors, whose loan liabilities fell by 216 million euros. The loan/currency and deposit liabilities (including interbank loans) of credit institutions

Figure 22. Other investment

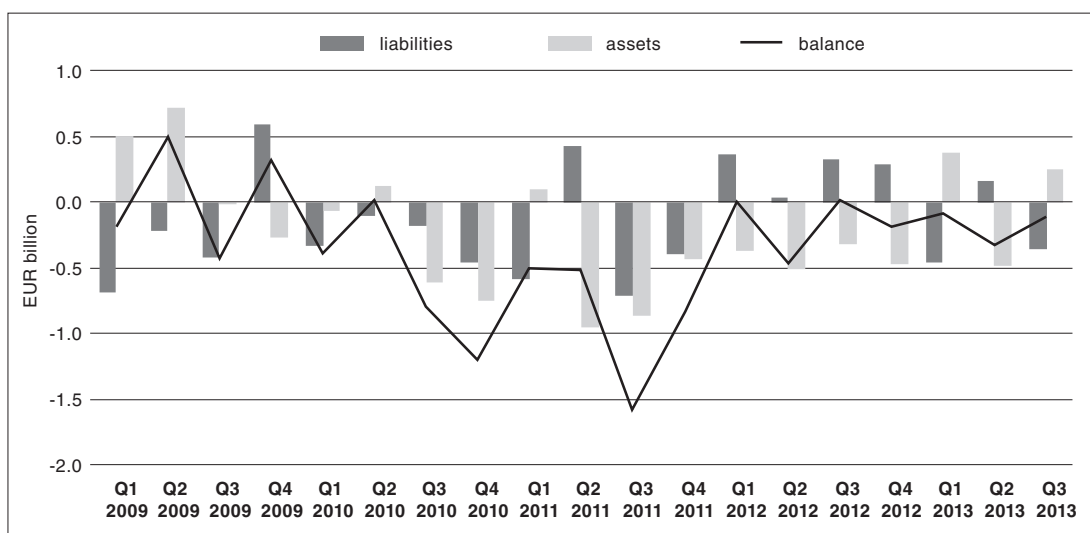


Table 34. Other investment by maturity (EUR million)

	Assets			Liabilities			Balance		
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013
Long-term capital	-60.5	-19.8	-44.0	164.6	42.4	171.3	104.1	22.6	127.3
central bank	-0.2	0.2	-0.2	-	-	-	-0.2	0.2	-0.2
general government	-7.2	-90.8	-9.7	315.2	156.8	111.2	308.0	66.0	101.5
credit institutions	-20.2	70.0	-12.3	-247.7	-98.9	-7.1	-267.9	-28.9	-19.4
other sectors	-32.9	0.8	-21.8	97.1	-15.5	67.2	64.2	-14.7	45.4
Short-term capital	-260.1	-468.0	292.9	169.1	121.4	-533.7	-91.0	-346.6	-240.8
central bank	55.3	-102.9	298.1	37.6	-44.1	-10.0	92.9	-147.0	288.1
general government	-81.2	106.1	-20.7	0.6	3.9	10.7	-80.6	110.0	-10.0
credit institutions	-179.9	-102.1	-71.8	118.3	-167.5	-139.2	-61.6	-269.6	-211.0
other sectors	-54.3	-369.1	87.3	12.6	329.1	-395.2	-41.7	-40.0	-307.9
Total	-320.6	-487.8	248.9	333.7	163.8	-362.4	13.1	-324.0	-113.5

Table 35. Structure of other investment liabilities

	Trade credit		Loans		Deposits		Other capital		Total	
	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)
Q1 2009	-174.1	25.3	-6.3	0.9	-539.1	78.5	32.7	-4.8	-686.8	100.0
Q2 2009	-8.8	4.1	-47.1	21.9	-232.2	107.9	72.9	-33.9	-215.2	100.0
Q3 2009	-95.5	22.8	-13.2	3.1	-183.2	43.7	-127.5	30.4	-419.4	100.0
Q4 2009	-50.6	-8.5	208.4	35.1	477.9	80.5	-41.7	-7.0	593.9	100.0
2009 total	-329.0	45.2	141.8	-19.5	-476.6	65.5	-63.6	8.7	-727.5	100.0
Q1 2010	163.5	-49.8	-21.4	6.5	-663.1	202.0	192.8	-58.7	-328.2	100.0
Q2 2010	153.0	-144.1	16.6	-15.6	-209.7	197.5	-66.1	62.2	-106.2	100.0
Q3 2010	61.7	-33.4	-24.4	13.2	-322.4	174.3	100.2	-54.2	-185.0	100.0
Q4 2010	-3.2	0.7	-6.0	1.3	-392.5	86.8	-50.4	11.1	-452.1	100.0
2010 total	375.0	-35.0	-35.2	3.3	-1,587.7	148.2	176.5	-16.5	-1,071.5	100.0
Q1 2011	170.3	-28.8	-90.4	15.3	-806.7	136.7	136.5	-23.1	-590.3	100.0
Q2 2011	70.5	16.5	-86.2	-20.2	319.7	74.9	122.9	28.8	426.9	100.0
Q3 2011	-4.2	0.6	105.2	-14.7	-455.3	63.7	-360.0	50.4	-714.3	100.0
Q4 2011	-76.4	19.1	118.1	-29.5	-219.4	54.8	-222.9	55.6	-400.7	100.0
2011 total	160.2	-12.5	46.7	-3.7	-1,161.7	90.9	-323.5	25.3	-1,278.4	100.0
Q1 2012	31.5	8.5	276.4	74.4	41.1	11.1	22.6	6.1	371.6	100.0
Q2 2012	115.6	277.2	49.6	118.9	-127.4	-305.5	3.9	9.4	41.7	100.0
Q3 2012	-1.7	-0.5	487.5	146.1	-110.2	-33.0	-41.9	-12.6	333.7	100.0
Q4 2012	-129.8	-44.6	627.0	215.6	-312.3	-107.4	106.0	36.5	290.8	100.0
2012 total	15.6	1.5	1,440.5	138.8	-508.8	-49.0	90.6	8.7	1,037.8	100.0
Q1 2013	33.1	-7.2	-14.0	3.0	-314.2	68.4	-164.2	35.8	-459.3	100.0
Q2 2013	142.1	86.8	208.6	127.4	-313.2	-191.2	126.3	77.1	163.8	100.0
Q3 2013	-57.8	16.0	-193.9	53.5	-124.3	34.3	13.7	-3.8	-362.3	100.0

contracted by 115 million euros during the quarter¹⁰. General government liabilities increased by 122 million euros, which was mainly in the form of external assistance received from EU funds during the period but not yet used, and the resulting loan liabilities. The country to which other investment liabilities fell the most was Latvia, followed by Lithuania, Norway and Sweden (see Figure 23 and Table 36).

Other investment assets grew by 249 million euros in the third quarter of 2013, which mainly stemmed from a reduction in the short-term foreign assets of the central bank (see Table 37). This was a consequence of changes in the central bank's TARGET-accounts, which reflect flows of money within the euro area. The decline in foreign assets is an indication of outflows of funds from other sectors. The activities of credit institutions and companies in other sectors led loan assets to increase by 70 million euros in the third quarter while other assets contracted by 11 million euros. Trade credit liabilities decreased by 24 million euros. In geographical terms, other investment capital decreased most to the European Central Bank, which was followed by the United Kingdom, Denmark and Norway (see Figure 24). Table 38 provides a more detailed picture of loan capital claims and liabilities.

¹⁰ Interbank loans have been recorded under Other investment – Loans/currency and deposits since the first quarter of 2008, having previously been under long- and short-term loans. The ECB guidelines 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, meaning 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.

Figure 23. Decrease in other investment liabilities in Q3 2013

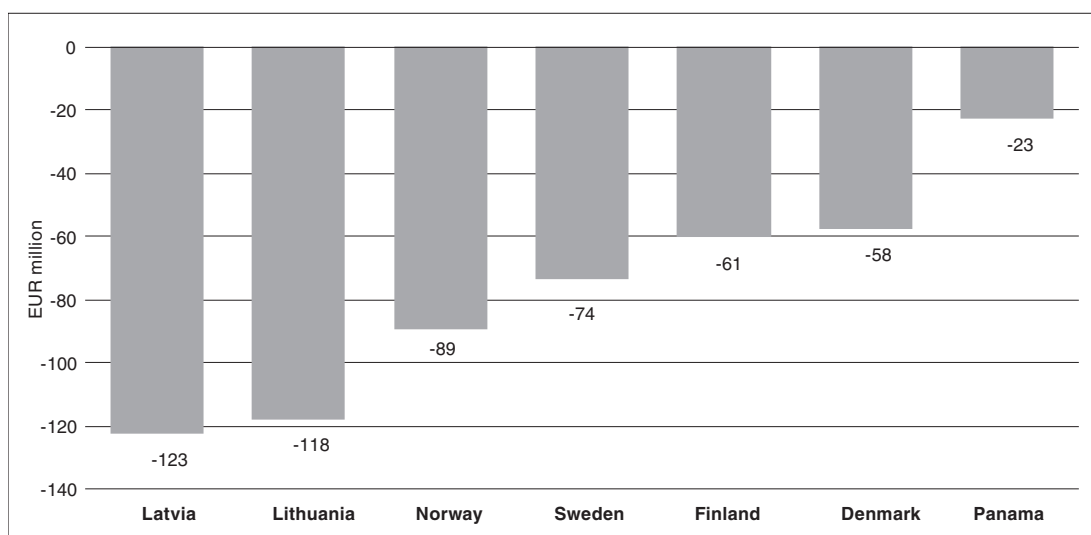


Table 36. Structure of other investment assets by groups of countries in Q3 2013

	Volume (EUR m)		Share (%)	
	Assets	Liabilities	Assets	Liabilities
EU-28	242.2	-319.0	97.3	88.0
CIS	-21.2	-2.9	-8.5	0.8
Other	27.9	-40.4	11.2	11.2
Total	248.9	-362.3	100.0	100.0

Table 37. Structure of other investment assets

	Trade credit		Loans		Deposits		Other capital		Total	
	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)
Q1 2009	112.3	22.2	-27.6	-5.5	441.3	87.4	-21.1	-4.2	505.0	100.0
Q2 2009	6.9	1.0	378.1	52.7	337.5	47.1	-5.2	-0.7	717.3	100.0
Q3 2009	-3.9	300.0	-55.0	4,230.8	36.8	-2,830.8	20.7	-1,592.3	-1.3	100.0
Q4 2009	54.9	-20.0	-165.7	60.5	-118.6	43.3	-44.7	16.3	-274.1	100.0
2009 total	170.2	18.0	129.8	13.7	697.0	73.6	-50.3	-5.3	946.9	100.0
Q1 2010	-57.3	86.8	-193.6	293.3	189.1	-286.5	-4.2	6.4	-66.0	100.0
Q2 2010	-149.7	-119.8	153.8	123.0	123.5	98.8	-2.6	-2.1	125.0	100.0
Q3 2010	-123.8	20.4	-10.5	1.7	-437.2	72.2	-34.3	5.7	-605.7	100.0
Q4 2010	-50.2	6.7	-209.8	28.2	-360.7	48.4	-124.0	16.7	-744.7	100.0
2010 total	-381.0	29.5	-260.1	20.1	-485.3	37.6	-165.1	12.8	-1,291.4	100.0
Q1 2011	-123.2	-130.9	16.4	17.4	291.0	309.2	-90.2	-95.9	94.1	100.0
Q2 2011	-212.3	22.4	-72.9	7.7	-609.8	64.3	-53.0	5.6	-948.0	100.0
Q3 2011	-47.6	5.5	112.2	-13.0	-940.4	108.7	10.6	-1.2	-865.2	100.0
Q4 2011	206.5	-47.7	-87.5	20.2	-405.6	93.8	-145.8	33.7	-432.5	100.0
2011 total	-176.6	8.2	-31.8	1.5	-1,664.8	77.4	-278.4	12.9	-2,151.6	100.0
Q1 2012	-126.5	34.4	-169.5	46.0	-182.3	49.5	110.2	-29.9	-368.1	100.0
Q2 2012	-73.2	14.4	-288.6	56.7	-145.1	28.5	-2.0	0.4	-508.9	100.0
Q3 2012	-76.6	23.9	17.9	-5.6	-196.1	61.1	-65.9	20.5	-320.7	100.0
Q4 2012	83.2	-17.7	-41.1	8.7	-268.6	57.1	-244.0	51.9	-470.5	100.0
2012 total	-193.1	11.6	-481.3	28.9	-792.1	47.5	-201.7	12.1	-1,668.2	100.0
Q1 2013	-115.3	-30.4	-75.0	-19.8	448.7	118.3	121.0	31.9	379.3	100.0
Q2 2013	-208.1	42.7	-45.3	9.3	-326.7	67.0	92.6	-19.0	-487.7	100.0
Q3 2013	23.6	9.5	-69.9	-28.1	284.7	114.4	10.5	4.2	248.9	100.0

Figure 24. Decrease in other investment assets by country in Q3 2013

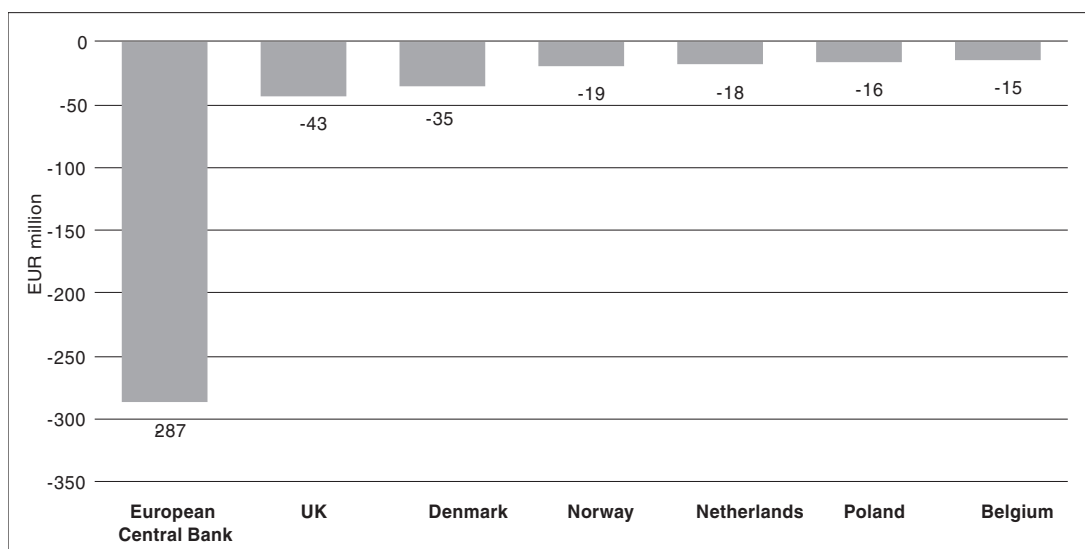


Table 38. Assets and liabilities of loan capital (EUR million)

	Assets			Liabilities		
	Grantings	Repayments	Balance	Drawings	Repayments	Balance
Q1 2009	-714.0	686.4	-27.6	928.9	-935.1	-6.3
Q2 2009	-213.0	591.1	378.1	628.2	-675.3	-47.1
Q3 2009	-138.0	83.0	-55.0	720.3	-733.5	-13.2
Q4 2009	-430.6	264.9	-165.7	1,142.8	-934.5	208.4
2009 total	-1,495.6	1,625.4	129.8	3,420.2	-3,278.4	141.8
Q1 2010	-886.4	692.8	-193.6	990.7	-1,012.2	-21.4
Q2 2010	-257.9	411.7	153.8	494.0	-477.4	16.6
Q3 2010	-148.9	138.5	-10.5	535.3	-559.7	-24.4
Q4 2010	-453.9	244.0	-209.8	646.4	-652.3	-6.0
2010 total	-1,747.1	1,487.0	-260.1	2,666.4	-2,701.6	-35.2
Q1 2011	-204.4	220.9	16.4	452.4	-542.8	-90.4
Q2 2011	-274.9	202.0	-72.9	503.6	-589.8	-86.2
Q3 2011	-218.5	330.7	112.2	661.9	-556.7	105.2
Q4 2011	-417.6	330.0	-87.5	546.7	-428.6	118.1
2011 total	-1,115.4	1,083.6	-31.8	2,164.6	-2,117.9	46.7
Q1 2012	-392.5	223.0	-169.5	735.1	-458.7	276.4
Q2 2012	-1,823.1	1,534.5	-288.6	5,170.2	-5,120.6	49.6
Q3 2012	-1,709.8	1,727.7	17.9	7,672.6	-7,185.0	487.5
Q4 2012	-2,251.4	2,210.3	-41.1	9,886.0	-9,259.1	627.0
2012 total	-6,176.8	5,695.5	-481.3	23,463.9	-22,023.4	1,440.5
Q1 2013	-1,449.1	1,374.0	-75.0	4,004.1	-4,018.1	-14.0
Q2 2013	-1,032.3	986.9	-45.3	2,666.1	-2,457.5	208.6
Q3 2013	-1,473.6	1,403.7	-69.9	5,093.5	-5,287.4	-193.9

Reserve assets

The balance of payments reserve assets increased by 5 million euros in the third quarter of 2013 (see Table 39).

Table 39. Structure of changes in reserve assets

	Volume (EUR m)			Share (%)		
	Q3 2012	Q2 2013	Q3 2013	Q3 2012	Q2 2013	Q3 2013
Gold	-	-	-	-	-	-
SDRs	-	-	-	-	-	-
Reserve position in the IMF	-	-1.1	-2.2	-	-2.9	44.0
Currency and deposits	-36.9	51.2	-0.7	193.2	135.4	14.0
Securities	17.9	-12.5	-2.4	-93.7	-33.1	48.0
debt securities	18.9	-12.5	-2.4	-99.0	-33.1	48.0
money market instruments	-0.9	-	-	4.7	-	-
Financial derivatives	-0.1	0.2	0.2	0.5	0.5	-4.0
Other assets	-	-	-	-	-	-
Total	-19.1	37.8	-5.0	100.0	100.0	100.0

ESTONIA'S INTERNATIONAL INVESTMENT POSITION AND GROSS EXTERNAL DEBT AS AT 30 SEPTEMBER 2013

The volume and structure of the foreign investment position in Estonia and the investment position abroad from Estonia did not change significantly during the third quarter. For this reason there was little change in the net investment position (foreign assets less foreign liabilities) too, and at the end of the third quarter of 2013 it was negative by 9.4 billion euros (see Table 40). Investments abroad by Estonian residents (foreign assets) stood at 20.3 billion euros and investments in Estonia by non-residents (foreign liabilities) stood at 29.7 billion euros, which was 63% more than the GDP of the previous four quarters. Estonia's gross external debt¹¹ shrank by 2% in the quarter to stand at 16.1 billion euros at the end of the third quarter or 11% less than the GDP for the last four quarters (see Table 41 and Figures 25 and 26). Gross external debt was increased by the general government

Table 40. Estonia's international investment position (EUR million)

	30/06/2013	%	30/09/2013	%
EXTERNAL ASSETS	20,357.0	100.0	20,339.2	100.0
Direct investment abroad	4,641.1	22.8	4,728.3	23.2
Equity capital and reinvested earnings	2,787.8	13.7	2,887.7	14.2
Other direct investment capital	1,853.4	9.1	1,840.6	9.0
Portfolio investment	4,640.6	22.8	4,853.6	23.9
Equity securities	2,154.1	10.6	2,250.3	11.1
Debt securities	2,486.6	12.2	2,603.4	12.8
Bonds and notes	2,026.0	10.0	2,080.8	10.2
Money market instruments	460.6	2.3	522.5	2.6
Financial derivatives	71.3	0.4	44.8	0.2
Other investment	10,800.5	53.1	10,505.0	51.6
Trade credit	2,019.5	9.9	1,990.7	9.8
Loans	2,369.9	11.6	2,418.0	11.9
Long-term	1,573.5	7.7	1,616.7	7.9
Short-term	796.4	3.9	801.3	3.9
Currency and deposits	5,802.8	28.5	5,502.9	27.1
Other assets	608.3	3.0	593.4	2.9
Reserve assets	203.4	1.0	207.5	1.0
EXTERNAL LIABILITIES	29,573.3	100.0	29,695.9	100.0
Direct investment in Estonia	14,953.9	50.6	15,498.1	52.2
Equity capital and reinvested earnings	13,907.5	47.0	14,274.8	48.1
Other direct investment capital	1,046.4	3.5	1,223.2	4.1
Portfolio investment	1,961.9	6.6	1,972.6	6.6
Equity securities	797.9	2.7	820.6	2.8
Debt securities	1,164.0	3.9	1,152.0	3.9
Bonds and notes	1,163.3	3.9	1,151.2	3.9
Money market instruments	0.7	0.0	0.7	0.0
Financial derivatives	97.8	0.3	94.5	0.3
Other investment	12,559.7	42.5	12,130.7	40.8
Trade credit	1,636.3	5.5	1,571.6	5.3
Loans	5,224.0	17.7	5,000.4	16.8
Long-term	3,954.5	13.4	4,034.6	13.6
Short-term	1,269.4	4.3	965.9	3.3
Currency and deposits	5,345.9	18.1	5,186.4	17.5
Other liabilities	353.6	1.2	372.3	1.3
NET INVESTMENT POSITION	-9,216.3		-9,356.7	

¹¹ External debt liabilities (does not include direct or portfolio investments in share capital, reinvested income or derivative instruments).

Table 41. Estonia's external debt (EUR million)

	30/06/2013	%	30/09/2013	%
LIABILITIES				
I. General government	1,353.3	8.2	1,466.0	9.1
Short-term	17.8	0.1	28.6	0.2
Long-term	1,335.5	8.1	1,437.5	8.9
II. Monetary authorities (NCB)	10.1	0.1	0.2	0.0
Short-term	10.1	0.1	0.2	0.0
Long-term				
III. Credit institutions	5,523.6	33.5	5,342.4	33.2
Short-term	4,319.3	26.2	4,145.6	25.8
Long-term	1,204.3	7.3	1,196.8	7.4
IV. Other sectors	6,836.7	41.5	6,474.1	40.2
Short-term	3,005.3	18.2	2,587.7	16.1
Long-term	3,831.4	23.2	3,886.4	24.2
V. Direct investment: intragroup lending	2,760.7	16.7	2,807.3	17.4
GROSS EXTERNAL DEBT	16,484.4	100.0	16,089.9	100.0
ASSETS				
I. General government	1,283.7	7.6	1,383.7	8.3
Short-term	338.5	2.0	416.2	2.5
Long-term	945.2	5.6	967.5	5.8
II. Monetary authorities (NCB)	2,478.2	14.6	2,161.3	13.0
Short-term	1,631.9	9.6	1,338.0	8.0
Long-term	846.3	5.0	823.3	4.9
III. Credit institutions	3,230.8	19.0	3,316.6	19.9
Short-term	2,522.2	14.9	2,566.8	15.4
Long-term	708.6	4.2	749.8	4.5
IV. Other sectors	6,408.7	37.8	6,362.4	38.2
Short-term	4,655.7	27.4	4,560.2	27.4
Long-term	1,753.1	10.3	1,802.2	10.8
V. Direct investment: intragroup lending	3,567.6	21.0	3,424.6	20.6
TOTAL ASSETS	16,969.0	100.0	16,648.6	100.0
NET EXTERNAL DEBT (assets less liabilities)				
I. General government	-69.6		-82.3	
Short-term	320.7		387.6	
Long-term	-390.3		-469.9	
II. Monetary authorities (NCB)	2,464.3		2,159.9	
Short-term	1,621.8		1,337.8	
Long-term	842.5		822.1	
III. Credit institutions	-2,292.8		-2,025.8	
Short-term	-1,797.1		-1,578.8	
Long-term	-495.7		-447.0	
IV. Other sectors	-427.9		-111.7	
Short-term	1,650.4		1,972.5	
Long-term	-2,078.4		-2,084.3	
V. Direct investment: intragroup lending	806.9		617.4	
TOTAL NET EXTERNAL DEBT	480.8		557.5	

Figure 25. Estonia's gross and net external debt

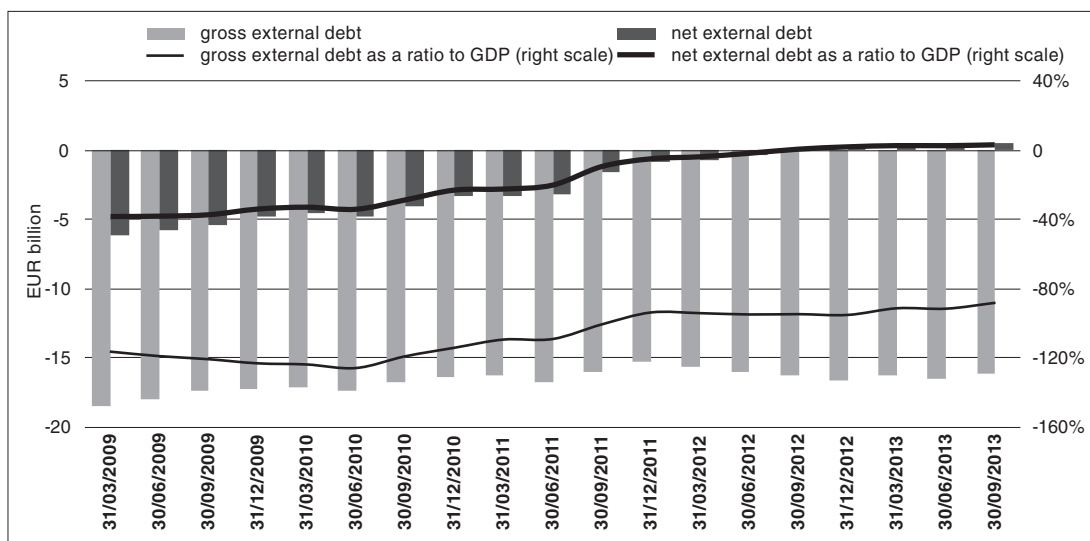
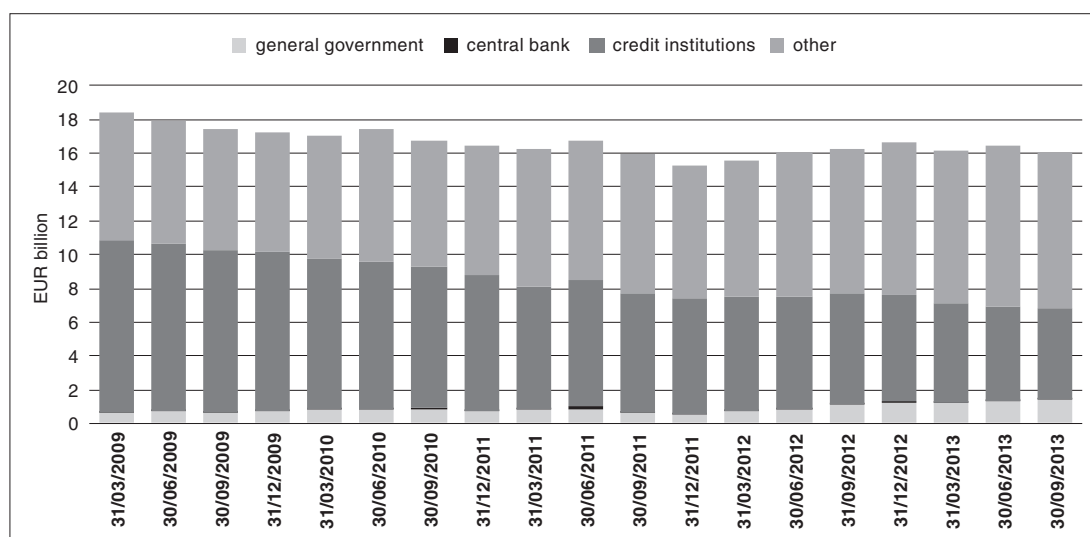


Figure 26. Estonia's gross external debt by economic sector



but reduced by credit institutions and the business sector. Estonia's debt assets in the outside world exceeded its debt liabilities for the fifth consecutive quarter. This means that Estonia's net external debt at the end of the third quarter was positive by around 0.6 billion euros.

Direct investments made up 52% of the **foreign investment position in Estonia** at the end of the third quarter, other investment made up 41% and the remainder was portfolio investment and financial derivatives. The direct investment position increased by 4% in size during the quarter while the other investment position declined by the same proportion. Foreign investors have invested primarily in

financial intermediation, putting 34% of the total position in Estonia there (see Table 42), and to a smaller extent in real estate activities, wholesale trade, head office activities and energy supply. The investors come mainly from Finland and Sweden, but there are also some from the Netherlands, the United Kingdom and Luxembourg.

Foreign investors have made a total of 15.5 billion euros of **direct investment in Estonia**. As direct investment makes up more than half of the foreign investment position, the areas of investment and the source countries are generally the same as for total foreign investment (see Table 43).

Investment abroad by Estonians was dominated by other investment, which accounted for 52%, while the remainder was almost equally divided between direct investment and portfolio investment. The position of other investment abroad declined somewhat during the quarter, while the volume of direct and portfolio investment increased slightly. Investors in financial intermediation accounted for 35% of all the foreign investment, followed by investors in insurance, the public sector, maritime transport and wholesale trade. The leading destinations for investments were Sweden, Cyprus, Finland, Lithuania and Latvia.

At the end of the quarter, Estonian **direct investment abroad** stood at a total of 4.7 billion euros. The largest share of the direct investment abroad was made by investors in maritime transport, who accounted for 27% of all direct investment abroad, while direct investment in head offices provided 18% of the position, real estate investment 12% and investment in financial intermediation 11%. The main countries where direct investments were made were Cyprus, Lithuania and Latvia.

Table 42. Estonia's international investment position by fields of activity and countries (%)

Assets			Liabilities		
Fields of activity					
	30/06/2013	30/09/2013		30/06/2013	30/09/2013
Financial intermediation*	35.7	34.7	Financial intermediation*	34.3	34.3
Insurance and pension funding**	9.5	9.9	Real estate activities	9.4	9.5
Public administration and defence; statutory social insurance	6.3	6.8	Wholesale***	6.8	6.9
Maritime transport	6.1	6.4	Activities of head offices; management consultancy activities	5.0	4.8
Wholesale***	5.9	6.0	Electrical energy, gas, steam and conditioned air supply	4.8	4.9
Other	36.5	36.3	Other	39.6	39.6
Total	100.0	100.0	Total	100.0	100.0
Countries					
	30/06/2013	30/09/2013		30/06/2013	30/09/2013
Sweden	9.8	9.6	Finland	22.8	22.3
Cyprus	8.5	8.6	Sweden	20.2	20.1
Finland	7.4	7.2	Netherlands	5.6	6.1
Lithuania	6.6	6.8	UK	5.1	5.0
Latvia	6.6	6.7	Luxembourg	4.6	4.7
Other	61.2	61.0	Other	41.3	42.0
Total	100.0	100.0	Total	100.0	100.0

* Not including insurance and pension funds

** Not including compulsory social insurance

*** Not including motor vehicles and motorcycles

Table 43. Direct investment position by fields of activity and countries (%)

Abroad			In Estonia		
Fields of activity					
	30/06/2013	30/09/2013		30/06/2013	30/09/2013
Maritime transport	26.3	26.7	Financial intermediation*	21.7	22.2
Activities of head offices; management consultancy activities	18.4	18.1	Real estate activities	16.4	16.0
Real estate activities	12.1	12.1	Wholesale**	8.5	8.5
Financial intermediation*	11.1	10.9	Activities of head offices; management consultancy activities	7.4	6.8
Wholesale**	7.3	7.4	Warehousing and support activities for transportation	4.5	4.3
Other	24.8	24.7	Other	41.5	42.2
Total	100.0	100.0	Total	100.0	100.0
Countries					
	30/06/2013	30/09/2013		30/06/2013	30/09/2013
Cyprus	30.6	30.2	Sweden	27.2	26.9
Lithuania	19.9	19.4	Finland	23.0	21.9
Latvia	16.1	16.2	Netherlands	9.9	10.5
Ukraine	6.0	5.8	Norway	4.6	5.6
Russia	5.0	4.9	Russia	4.9	4.9
Other	22.5	23.5	Other	30.4	30.3
Total	100.0	100.0	Total	100.0	100.0

* Not including insurance and pension funds

** Not including motor vehicles and motorcycles