



ESTONIA'S  
BALANCE OF PAYMENTS  
YEARBOOK  
2004

# I. ESTONIA'S BALANCE OF PAYMENTS IN 2004

## INTRODUCTION

The year 2004 was contradictory in global economy. It grew by an estimated 5.1% in 2004, which was the fastest growth rate of past years. In the second half of the year, however, signs of a slowdown were emerging, which indicate that economic recovery to the historical average level in the developed countries is not due any time soon.

Similar trends emerged also in the euro area. Economic growth in the euro area countries accelerated in the first half of 2004, underpinned mainly by increased external demand. In the second half of the year, however, economic activity slowed down while growth in exports was mainly inhibited by decreased external demand and the fast rise in the euro exchange rate, and, contrary to expectations, internal demand did not improve.

Besides global economic developments, Estonia's economy was also affected by two historic events. On 1 May 2004 Estonia became a member of the European Union and on 28 June 2004 it joined the exchange rate mechanism, ERM II.

Estonia became a full member of the internal market of the European Union, which in turn brought about significant changes both in our trading regime as well as in the methodology of collecting foreign trade statistics. Estonia became subject to the same trade conditions applied to all the EU Member States. Among other things it also meant abolishment of double duties on the goods exported from Estonia to Russia, whereas it also led to several duties levied on goods imported from outside the European Union.

Estonian economy performed very well last year. The gross domestic product increased by 7.8% in 2004 from 2003 (7.2% in the first quarter of 2004). Namely the above-mentioned events can be regarded as the underlying reasons of such fast economic growth. On the one hand, the accession to the European Union meant that high investment activity continued. Estonia (and also the other new EU Member States) was one of the more attractive investment destinations for foreign investors (Estonia attracted foreign investments worth more than 22 billion Estonian kroons), while growth in internal investments continued as well.

The status of being an EU Member State has also accelerated Estonia's export growth and Estonian companies have proved to be competitive on the EU market (which is confirmed by the fact that Estonia's exports increased over 18% while demand there grew at a much slower pace).

Despite fast export growth Estonia's current account deficit remained high, amounting to 12.7% of GDP. This was undoubtedly affected by increasing stocks prior to the EU accession, but the main reason was still continuously high investment activity.

Joining the exchange rate mechanism II further confirmed the stability and credibility of Estonia's monetary policy, which led to a higher sovereign rating and lower interest rates (which in turn contributed to growth in internal investments). These factors facilitated further fast capital inflow.

Tables 1.1 and 1.2 provide an overview of Estonia's balance of payments and key international indicators.

**Table 1.1. Estonia's balance of payments (EEK m)**

	1998	1999	2000	2001	2002	2003	2004
<b>Current account</b>	<b>-6,760.2</b>	<b>-3,607.7</b>	<b>-5,093.4</b>	<b>-5,889.5</b>	<b>-11,882.9</b>	<b>-15,401.9</b>	<b>-17,963.0</b>
Goods and services	-7,676.2	-3,755.4	-3,569.0	-3,623.7	-8,318.2	-9,700.5	-11,064.7
Goods	-15,725.5	-12,096.9	-13,143.6	-13,783.9	-17,995.6	-21,483.1	-24,803.2
credit (f.o.b.)	37,786.3	36,995.2	56,345.9	58,667.1	58,333.6	63,599.8	75,061.0
debit (f.o.b.)	-53,511.8	-49,092.1	-69,489.5	-72,451.0	-76,329.2	-85,082.8	-99,864.2
Services	8,049.3	8,341.5	9,574.6	10,160.2	9,677.4	11,782.6	13,738.5
credit	20,804.0	21,951.9	25,485.8	28,866.5	28,279.7	30,819.9	35,591.3
debit	-12,754.7	-13,610.4	-15,911.2	-18,706.3	-18,602.3	-19,037.3	-21,852.8
Income	-1,164.0	-1,505.8	-3,483.4	-4,926.1	-5,423.1	-7,411.2	-8,979.6
credit	1,871.8	1,964.3	2,008.0	2,994.7	3,339.3	3,422.1	5,453.6
debit	-3,035.8	-3,470.1	-5,491.4	-7,920.8	-8,762.4	-10,833.3	-14,433.2
Transfers	2,080.0	1,653.5	1,959.0	2,660.3	1,858.4	1,709.7	2,081.2
credit	2,424.2	2,257.5	2,454.8	3,174.1	2,876.3	3,221.4	5,734.7
debit	-344.2	-604.0	-495.8	-513.8	-1,017.9	-1,511.7	-3,653.4
<b>Capital and financial account (reserve assets excluded)</b>	<b>6,869.8</b>	<b>5,916.6</b>	<b>7,273.2</b>	<b>4,863.1</b>	<b>12,739.6</b>	<b>18,232.9</b>	<b>22,447.3</b>
Capital account	25.2	17.8	278.5	90.0	320.7	655.7	1,054.7
Financial account	6,844.6	5,898.8	6,994.7	4,773.1	12,418.9	17,577.2	21,392.6
Direct investment	7,989.7	3,208.2	5,601.4	5,901.3	2,611.8	10,716.7	9,722.7
Abroad	-81.7	-1,239.8	-1,043.1	-3,528.3	-2,188.4	-2,149.2	-3,388.6
In Estonia	8,071.4	4,448.0	6,644.5	9,429.6	4,800.2	12,865.9	13,111.3
Portfolio investment	-23.4	156.0	1,435.0	-699.7	2,378.7	2,431.7	9,130.5
Assets	-127.9	-1,894.9	153.1	-2,100.2	-3,182.9	-5,351.6	-4,751.6
Equity securities	500.8	187.0	53.3	236.5	9.1	-1,028.9	-2,893.5
Debt securities	-628.7	-2,081.9	99.8	-2,336.7	-3,192.0	-4,322.7	-1,858.1
Liabilities	104.5	2,050.9	1,281.9	1,400.5	5,561.6	7,783.3	13,882.1
Equity securities	401.1	3,292.3	-538.8	568.4	912.2	1,526.9	2,205.3
Debt securities	-296.6	-1,241.4	1,820.7	832.1	4,649.4	6,256.3	11,676.8
Financial derivatives						-19.3	-8.3
Assets						-139.2	-35.1
Liabilities						120.0	26.8
Other investment	-1,121.7	2,534.6	-41.7	-428.5	7,428.4	4,448.1	2,547.8
Assets	-2,480.2	-1,651.2	-2,638.3	-3,716.7	695.1	-2,284.6	-11,168.8
Long-term	-786.5	421.8	-1,108.7	-322.7	-1,083.0	-565.7	-6,052.6
Short-term	-1,693.7	-2,073.0	-1,529.6	-3,394.0	1,778.1	-1,718.9	-5,116.1
Liabilities	1,358.5	4,185.8	2,596.6	3,288.2	6,733.3	6,732.7	13,716.5
Long-term	1,258.4	1,691.5	-549.9	1,814.4	1,829.0	4,310.4	3,740.6
Short-term	100.1	2,494.3	3,146.5	1,473.8	4,904.3	2,422.3	9,975.9
Errors and omissions	16.8	-511.3	90.7	296.2	70.1	-518.9	-1,058.9
<b>Overall balance</b>	<b>126.4</b>	<b>1,797.6</b>	<b>2,270.5</b>	<b>-730.2</b>	<b>926.8</b>	<b>2,312.1</b>	<b>3,425.4</b>
<b>Reserve assets</b>	<b>-126.4</b>	<b>-1,797.6</b>	<b>-2,270.5</b>	<b>730.2</b>	<b>-926.8</b>	<b>-2,312.1</b>	<b>-3,425.4</b>

**Table 1.2. Internationally comparable key indicators of the balance of payments**

	1998	1999	2000	2001	2002	2003	2004
Foreign trade turnover (% of GDP)	117.0	105.3	135.4	125.5	115.2	116.8	123.6
Exports and imports ratio (%)	70.7	75.4	81.4	80.8	76.4	74.7	75.4
Nominal effective exchange rate (% compared to the previous period)	108.8	117.1	97.3	101.3	102.1	103.6	101.0
Real effective exchange rate (% compared to the previous period)	110.4	107.3	96.2	102.0	101.9	101.7	101.3
Terms of trade (ratio of exports and imports price indices)	108.8	107.9	112.6	118.4	112.2	121.6	122.4
Overall balance of the balance of payments (change of external reserves, EEK m)	126.4	1,797.6	2,270.5	-730.2	926.7	2,312.0	3,425.4
Ratio of the external reserves change to GDP (%)	0.2	2.2	2.4	-0.7	0.8	1.8	2.4
Current account balance (EEK m)	-6,760.2	-3,607.7	-5,093.4	-5,889.5	-11,882.9	-15,402.0	-17,963.0
Current account deficit without government transfers (EEK m)	-8,314.5	-5,022.8	-6,609.3	-8,072.8	-13,432.0	-16,778.6	-20,031.8
Current account deficit without government transfers (% of GDP)	10.7	6.1	7.1	7.7	11.5	13.2	14.2
Government transfers (net, EEK m)	1,554.3	1,415.1	1,515.9	2,183.3	1,549.1	1,376.6	2,068.8
Government transfers (% of GNP)	2.0	1.8	1.7	2.2	1.4	1.1	1.6
Estonia's total external debt (% of GDP)	50.3	54.8	54.4	55.6	60.1	68.7	81.2
External debt servicing (% from total exports)	1.2	1.1	1.3	1.0	1.7	0.3	0.2

## METHODOLOGICAL CHANGES IN COMPILING BALANCE OF PAYMENTS STATISTICS

The methodological changes in compiling balance of payments statistics are primarily related to three entries. The change in the entry “*goods*” derived from alterations in the foreign trade statistics reporting system due to the accession to the European Union; the entry “*reinvested earnings*” changed as a result of the implementation of the new EU balance of payments statistics guidelines, which are mandatory for Member States to follow; and the entry “*real estate*” as a result of the availability of more representative data. The 2003 and 2004 time series of the reinvested earnings and real estate entries have been retroactively adjusted based on the existing data.

The changes are the following:

### ■ Entry “*goods*”

From 1 May 2004 foreign trade statistics is based on the combination of two reporting systems: trade with non-EU countries is still calculated on the basis of customs declarations submitted to the Tax and Customs Board (the so-called Extrastat), whereas trade with other EU countries is registered through the so-called Intrastat survey organised by the Statistical Office (see [www.stat.ee/125965](http://www.stat.ee/125965)). While Extrastat still enables the use of the special trade system, which excludes trade through customs warehouses, then Intrastat provides no way of excluding goods moving through intermediate warehouses that actually do not reach the Estonian domestic market, thus rather reflecting the principles of the general trade system. Therefore, the general level of imports and exports of goods is higher than in previous periods and this peculiarity has to be taken into account when comparing time series. The credit and debit of the balance of payments goods account include, in addition to official foreign trade statistics, also various amendments and assessments deriving from the methodology, which are related to the possible undercoverage of the Intrastat data.

### ■ Entry “*reinvested earnings*”

In calculating reinvested earnings, the All-Inclusive Concept (AIC), which concentrated on the net profit/net loss, was replaced by the Current Operating Performance Concept (COPC), which includes operating earnings/operating loss. In the case of the AIC, retained profit, which constitutes the basis for measuring reinvested earnings, is formed including unrealised gains/losses from exchange rate differences and revaluation of financial assets, other extraordinary income/expenses, and doubtful receivables (incl. loan provisions), whereas all of the above-listed are excluded in the case of the COPC, which is preferred in the international standards<sup>1</sup>. The scope of retroactive adjustments is below 10%.

### ■ Entry “*real estate*” as part of equity capital of direct investment

Pursuant to the agreement with the Estonian Land Board, it is now possible to use much more representative data concerning real estate transactions by non-residents in Estonia in compiling this item.

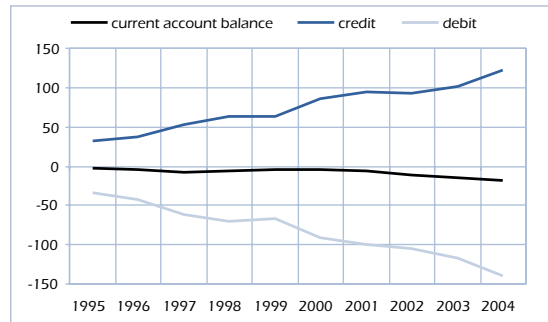
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<sup>1</sup> IMF Balance of Payments Manual 5<sup>th</sup> Edition; OECD Benchmark Definition of Foreign Direct Investment Statistics.

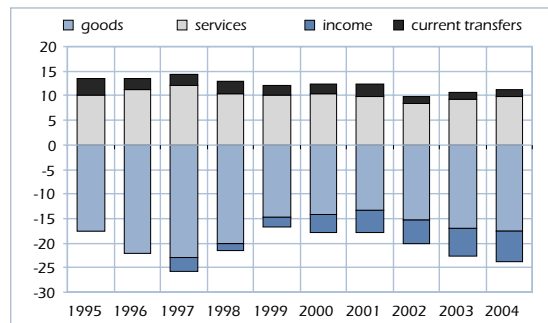
## SHORT OVERVIEW

### Current Account

Sustained extensive inflow of foreign funds accompanied by active investments and private consumption kept the current account deficit of Estonia's balance of payments at a high level – the current account deficit increased by 17% in 2004 from 2003 and amounted to 12.7% of GDP. The largest component of the deficit was the goods account. The current account deficit increased also due to income earned by foreign investors on investments in Estonia, which again stood at record high in 2004 – the net outflow of income amounted to 6.3% of GDP. The EU countries (EU-25) accounted for 76% of the credit turnover and for 79% of the debit turnover. Estonia had the largest deficit with Germany and the biggest surplus with the United States.



**Current account turnover and balance (EEK bn)**



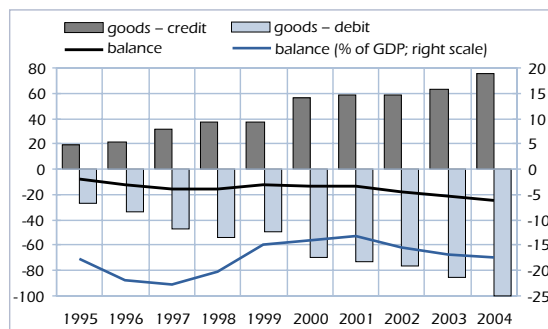
**Current account components (% of GDP)**

### Goods

In 2004, the goods account deficit of the balance of payments increased by more than 3 billion kroons from 2003, amounting to 25 billion kroons and accounting for 17.8% of GDP. Exports of goods increased by 18%, i.e. by 11 billion kroons, from 2003, amounting to 75 billion kroons. Goods imports grew by 17% compared to the year before, i.e. by 15 billion kroons, boosting the debit of goods account to 100 billion kroons.

Traditionally the largest groups of exports goods were machinery and equipment, timber, timber products and furniture as well as textile products. Imports were also dominated by machinery and equipment, followed by means of transport, chemical and metal products.

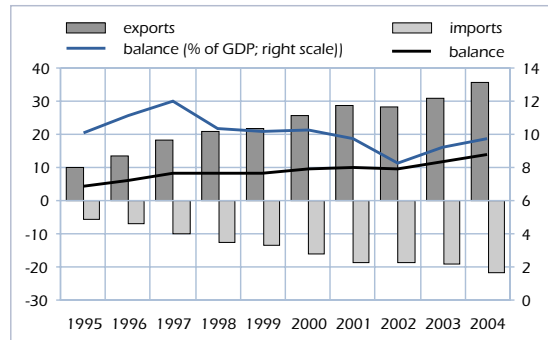
The main trade partner was the enlarged European Union that accounted for 80% of goods exports and 78% of imports. The partner states with the largest goods turnover from the EU were Finland, Sweden, Germany, Latvia and Lithuania; Russia was the leading country of the CIS countries and of other countries the United States and Norway.



**Estonia's external trade balance (EEK bn)**

## Services

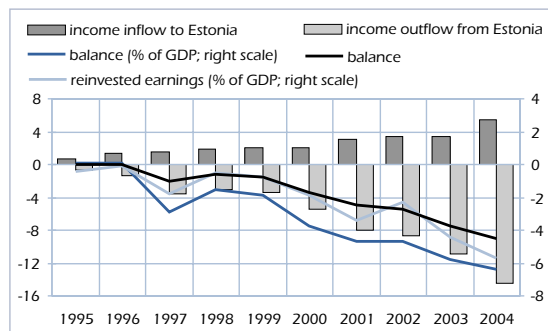
The surplus of the services account increased by 17% in 2004 while both exports and imports of services grew fast (by 16% and 15%, respectively). The accession to the EU and the resulting free movement of services has improved Estonia's position most in travel and business services whose surpluses grew by 26% and 4.6 times, respectively.



**Services account (EEK bn)**

## Income

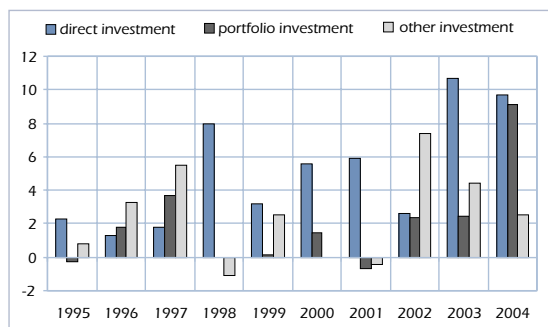
The deficit of the income account increased by 21% in 2004, even though income inflow grew significantly faster than outflow (by 59% and 33%, respectively). The negative balances of most sub-accounts grew faster than average. The nearly five-fold increase in the positive balance of labour income, which was probably related to the free movement of labour in the EU countries, helped to inhibit growth in the income account deficit.



**Income account (EEK bn)**

## Capital and Financial Account

The positive balance of the capital and financial account increased by nearly a quarter from 2003 and amounted to a record 22.4 billion kroons. Although the net inflow of direct investment slightly declined, it still remained high, amounting to 9.7 billion kroons and accounting for 43% of the net capital inflow. Capital was attracted in almost an equal amount in the form of portfolio investment. In smaller volumes capital added also in the form of other investment and capital transfers.



**Sub-accounts of the capital and financial account (EEK bn)**

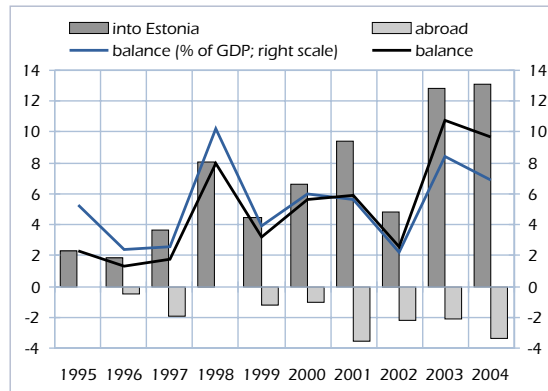
## Direct Investment

The net inflow of direct investment amounted to 9.7 billion kroons, of which long-term investment of non-residents in Estonia stood at 13.1 and residents' direct investment abroad at 3.4 billion kroons.

Reinvested earnings accounted for nearly 70% of the direct investment inflow. In addition to the Nordic countries, the United Kingdom was among the biggest

investors. Manufacturing was the most popular field of investments.

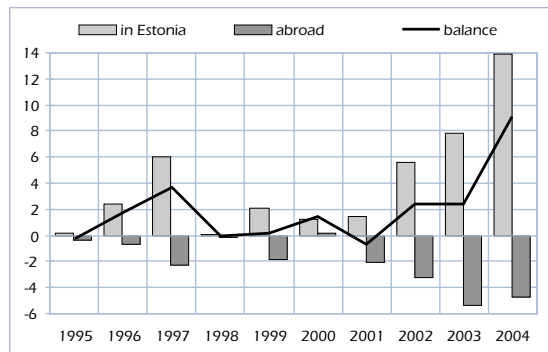
Foreign direct investment grew significantly with equity capital investment accounting for 64% and retained earnings for 27%. More than half of foreign direct investment went into Latvia. The financial intermediation sector was Estonia's largest investor.



**Direct investment (EEK bn)**

### Portfolio Investment

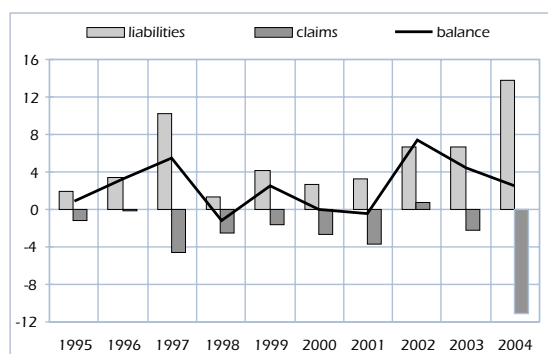
The net inflow of portfolio investment was 9.1 billion kroons in 2004. Capital inflow stood at nearly 13.9 and outflow at 4.8 billion kroons. The increase in liabilities was most affected by debt securities issued by credit institutions in international financial markets – through such issues supplementary capital worth 10.9 billion kroons was channelled into the economy. On the claims side, enterprises in other sectors invested in equity securities issued by non-residents the most actively.



**Portfolio investment (EEK bn)**

### Other Investment

The net inflow of other investment stood at 2.5 billion kroons in 2004. Claims increased by 11.2 billion and liabilities by 13.7 billion kroons. Both claims and liabilities were most affected by loan and deposit entries.



**Other investment (EEK bn)**



## CURRENT ACCOUNT

Earlier trends continued in 2004: weak export demand and strong import demand further increased the current account deficit and the relative current account deficit amounted to 12.7% of GDP (see Figure 1.1).

Estonia traded mainly with the EU countries (76% of the credit turnover and 79% of the debit turnover; see Table 1.3). Estonia's largest deficit was with Germany and the biggest surplus with the US.

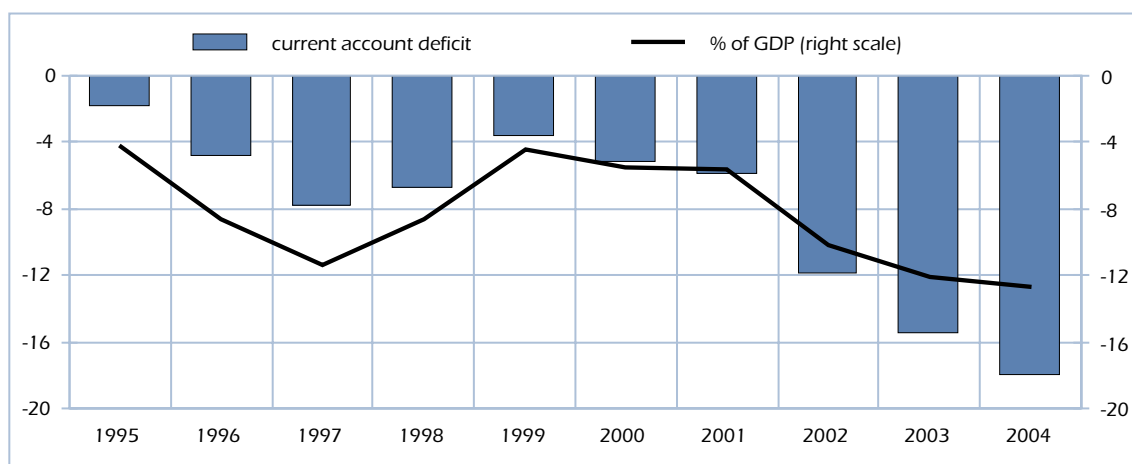


Figure 1.1. Estonia's current account balance (EEK bn)

Table 1.3. Current account by groups of countries (EEK m)

	2003	2004
<b>EU-25*</b>	<b>-11,327.4</b>	<b>-17,602.7</b>
Germany**	-4,986.5	-7,259.2
Poland	-1,873.4	-2,511.1
Latvia	1,879.3	2,103.1
Italy	-1,667.0	-1,959.1
Finland	1,147.3	-1,755.9
<b>EU-15</b>	<b>-10,470.7</b>	<b>-16,763.4</b>
<b>CIS</b>	<b>-6,808.0</b>	<b>-3,587.6</b>
Russia	-3,308.5	-2,683.9
Belarus	-875.3	-1,124.4
Ukraine	-2,618.6	263.1
<b>Other</b>	<b>2,733.5</b>	<b>3,227.3</b>
USA	797.9	2,189.4
British Virgin Islands	2,109.2	2,148.2
Norway	1,549.9	1,344.2
China	-618.9	-1,301.1
Japan	-988.3	-1,071.3
<b>Total</b>	<b>-15,401.9</b>	<b>-17,963.0</b>

\* Here and below, before 1 May 2004 15 EU Member States and 10 acceding countries have been analysed.

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

## Goods

The goods account deficit of the balance of payments amounted to 25 billion kroons in 2004, having increased by more than 3 billion kroons year-on-year (see Table 1.4). Goods exports increased by 18% from 2003 and amounted to 75 billion kroons. Goods imports totalled 100 million kroons and grew by 17%. The reasons behind the rise in the goods turnover compared to the 2003 data were the accession to the European Union as well as changes in the reporting system (transition to Intrastat reporting in declaring intra-Community trade), which is why foreign trade statistics before and after the accession are not directly comparable (see *Methodological Changes in Compiling Balance of Payments Statistics*, p 6).

**Table 1.4. Changes in the exports and imports of goods**

	Special exports			Special imports			Balance (EEK m)
	Volume <sup>1</sup> (EEK m)	Change compared to the previous period (%)	Share in total exports of goods and services (%)	Volume <sup>1</sup> (EEK m)	Change compared to the previous period (%)	Share in total imports of goods and services (%)	
1995	19,428.2	22.7	66.0	27,043.7	32.3	82.6	-7,615.5
1996	21,833.4	12.4	62.1	34,121.6	26.2	82.8	-12,288.2
1997	31,846.5	45.9	63.4	47,499.3	39.2	82.4	-15,652.8
1998	37,786.3	18.7	64.5	53,511.8	12.7	80.8	-15,725.5
1999	36,995.2	-2.1	62.8	49,092.1	-8.3	78.3	-12,096.9
2000	56,345.9	52.3	68.9	69,489.5	41.5	81.4	-13,143.6
2001	58,667.1	4.1	67.0	72,451.0	4.3	79.5	-13,783.9
2002	58,333.6	-0.6	67.3	76,329.2	5.4	80.4	-17,995.6
2003	63,599.8	9.0	67.4	85,082.8	11.5	81.7	-21,483.0
2004	75,061.0	18.0	67.8	99,864.2	17.4	82.0	-24,803.2

<sup>1</sup> Data of the foreign trade account in the balance of payments.

According to preliminary **foreign trade statistics**<sup>2</sup>, goods exports totalled 74 billion and imports in c.i.f. prices 105 billion kroons. Foreign trade deficit amounted to 31 billion kroons, having increased by 4.3 billion kroons from 2003.

The 19% growth in **goods exports** was most affected by machinery and equipment, means of transport and mineral products, although exports of other groups of goods (except clothing, footwear and headgear) increased considerably as well (see Table 1.5). In the machinery group, mobile phones and their parts, whose exports increased by 37% year-on-year and went to Finland, Sweden, Hungary and Germany, accounted for 60%. The growth in the exports of means of transport was mainly underpinned by the exports of motor cars imported from Finland and Germany to Lithuania, Latvia and Russia for 1.2 billion kroons. Car parts, including safety belts, were mainly channelled to Sweden and Russia. Prior to the EU accession, more than a half of the exports of mineral products embodied re-exports of motor fuel imported from Lithuania, Russia and Belarus to the United States and the EU Member States, while sales of electricity to Latvia and Russia also increased by nearly 10%, year-on-year, accounting for 20% of the exports in that group of goods. Unprocessed and little processed timber (to the United Kingdom, Sweden and Finland) and wooden furniture and prefabricated buildings (to Germany, Finland and Norway) traditionally dominated in the timber, timber products and furniture group. The main articles of the clothing, footwear and headgear were men's suits and shirts and women's

<sup>2</sup> The following analysis is based on the foreign trade statistics of the Statistical Office and does not include the estimates or methodological adjustments (repair of capital goods, provisions bought abroad, etc) added by Eesti Pank to the goods account of the balance of payments. Imports are in c.i.f. prices and analysed by the trading country.

As of the moment of accession, the terms "exports" and "imports" are only applicable in reference to trade with third countries, while the Intrastat system uses the terms "dispatch of goods" and "arrival of goods". Since the following analysis covers both intra-Community trade and non-Community trade, the terms "exports" and "imports" have still been used for the sake of simplicity and clarity.

costumes to the EU Member States, but also fur to Turkey and Cyprus. The main export articles in the metal products group were iron constructions, steel products, and scrap metal. In the food group, dairy products were exported to the Netherlands and Germany, alcohol to Russia and Finland, and canned fish to Ukraine, Lithuania and Russia. The main articles in the chemical products group were plastic products, medicines, and fillers to Russia, Latvia, Lithuania, and Sweden.

**Table 1.5. Exports by main groups of goods**

	Volume (EEK m)		Share (%)		Change (%)
	2003	2004	2003	2004	2004/2003
Food	4,703.3	5,911.2	7.5	8.0	25.7
Mineral products	1,781.7	3,387.6	2.8	4.6	90.1
Chemical products	4,904.5	5,342.0	7.8	7.2	8.9
Clothing, footwear and headgear	8,302.2	8,106.7	13.3	10.9	-2.4
Timber, paper and products	10,703.9	11,196.6	17.1	15.1	4.6
Metals and metal products	5,333.3	5,796.3	8.5	7.8	8.7
Machinery and equipment	15,651.0	20,204.9	25.0	27.2	29.1
Means of transport	2,728.2	4,523.6	4.4	6.1	65.8
Furniture, toys, sporting goods	6,164.3	6,929.6	9.8	9.3	12.4
Other	2,354.8	2,878.8	3.8	3.9	22.3
<b>Total</b>	<b>62,627.2</b>	<b>74,277.3</b>	<b>100.0</b>	<b>100.0</b>	<b>18.6</b>

**Imports of goods** also increased year-on-year across most of the main groups, except means of transport whose imports declined by 2% (see Table 1.6). The growth in imports was most affected by the increase in the imports of machines and equipment and metals by 21% and 41%, respectively. In the machinery and equipment group, mainly mobile communication equipment and various electronics industry components for both processing and internal supply were imported to Estonia. The major partners were Finland, Sweden, Japan, and Hungary. The imports of means of transport mainly consisted of motor cars from Finland and Germany, rail wagons from Russia and Ukraine, and commercial vehicles from Germany. As regards chemical products, medicines from Latvia, Germany, Belgium and Lithuania were imported. In the metals group, steel products were imported from Russia and Finland. Food imports were led by coffee and beer from Finland, cigarettes and rape seeds from Lithuania, and soya oil from Germany. In the clothing, footwear and headgear group, textile commodities from Latvia, Finland and Korea dominated, while as regards mineral products motor fuel from Lithuania, Russia and Belarus and natural gas from Russia were the main articles. A considerable development in the timber group was the 57% increase in the imports of commodities from Russia.

**Table 1.6. Imports by main groups of goods**

	Volume (EEK m)		Share (%)		Change (%)
	2003	2004	2003	2004	2004/2003
Food	8,215.3	9,697.2	9.2	9.2	18.0
Mineral products	5,041.2	7,274.5	5.6	6.9	44.3
Chemical products	11,061.3	12,301.5	12.4	11.7	11.2
Clothing, footwear and headgear	8,240.1	9,044.3	9.2	8.6	9.8
Timber, paper and products	4,642.1	5,850.4	5.2	5.5	26.0
Metals and metal products	8,269.7	11,638.2	9.2	11.0	40.7
Machinery and equipment	24,961.2	30,162.3	27.9	28.6	20.8
Means of transport	13,070.7	12,779.5	14.6	12.1	-2.2
Furniture, toys, sporting goods	2,037.5	2,419.3	2.3	2.3	18.7
Other	3,887.5	4,260.0	4.3	4.0	9.6
<b>Total</b>	<b>89,426.7</b>	<b>105,427.2</b>	<b>100.0</b>	<b>100.0</b>	<b>17.9</b>

**Foreign trade deficit** increased by 4.3 billion kroons compared to the 2003 data (see Table 1.7). Two groups of goods posted a surplus: timber and timber products, and furniture and other manufactured goods. The small surplus of clothing, footwear and headgear items in 2003 turned negative and the deficit increased also in most other groups of goods (except means of transport).

**Table 1.7. Foreign trade balance by main groups of goods (EEK m)**

	2003	2004
Food	-3,511.9	-3,786.0
Mineral products	-3,259.6	-3,886.8
Chemical products	-6,156.9	-6,959.5
Clothing, footwear and headgear	62.1	-937.6
Timber, paper and products	6,061.8	5,346.2
Metals and metal products	-2,936.4	-5,842.0
Machinery and equipment	-9,310.2	-9,957.3
Means of transport	-10,342.5	-8,255.9
Furniture, toys, sporting goods	4,126.8	4,510.2
Other	-1,532.6	-1,381.2
<b>Total</b>	<b>-26,799.5</b>	<b>-31,149.9</b>

By **groups of countries**, the exports of goods to the European Union as well as to other groups of countries increased (see Table 1.8). The enlarged EU was the major partner with exports to the EU growing by 15%, year-on-year, accounting for 80% of the total exports in the period under analysis. The biggest partners were traditionally Finland, Sweden, and Germany, followed by Latvia and Lithuania. Exports to former CIS countries grew by 54% and accounted for 8%, whereas exports to Russia increased by 71%, i.e. by 1.7 billion kroons, year-on-year. The top three of other countries were Norway, the United States and the Republic of Korea.

**Table 1.8. Exports of goods by groups of countries**

	Volume (EEK m)		Share (%)		Change (%)
	2003	2004	2003	2004	2004/2003
<b>EU-25</b>	<b>51,600.7</b>	<b>59,571.1</b>	<b>82.4</b>	<b>80.2</b>	<b>15.4</b>
Finland	16,215.3	17,176.3	25.9	23.1	5.9
Sweden	9,521.5	11,396.7	15.2	15.3	19.7
Germany	6,179.4	6,215.0	9.9	8.4	0.6
Latvia	4,395.7	5,852.6	7.0	7.9	33.1
Lithuania	2,341.6	3,254.8	3.7	4.4	39.0
<b>EU-15</b>	<b>42,811.6</b>	<b>46,232.1</b>	<b>68.4</b>	<b>62.2</b>	<b>8.0</b>
<b>CIS</b>	<b>3,770.8</b>	<b>5,797.6</b>	<b>6.0</b>	<b>7.8</b>	<b>53.7</b>
Russia	2,440.1	4,180.1	3.9	5.6	71.3
Ukraine	1,137.7	1,257.0	1.8	1.7	10.5
Belarus	81.5	172.1	0.1	0.2	111.3
<b>Other</b>	<b>7,255.7</b>	<b>8,908.6</b>	<b>11.6</b>	<b>12.0</b>	<b>22.8</b>
Norway	2,245.0	2,426.1	3.6	3.3	8.1
USA	1,556.6	2,376.5	2.5	3.2	52.7
Korean Republic	402.5	636.9	0.6	0.9	58.2
<b>Total</b>	<b>62,627.2</b>	<b>74,277.3</b>	<b>100.0</b>	<b>100.0</b>	<b>18.6</b>

Imports of goods also increased across all groups of countries (see Table 1.9). The enlarged EU achieved a share of 78%, the top five included Finland, Germany, Sweden, Lithuania and Latvia. Imports from Russia grew by 2.5 billion kroons, imports from Ukraine declined by the same amount. China, Japan and the United States dominated among other countries.

**Table 1.9. Imports of goods by groups of countries<sup>1</sup>**

	Volume (EEK m)		Share (%)		Change (%)
	2003	2004	2003	2004	2004/2003
<b>EU-25</b>	<b>68,384.3</b>	<b>81,963.4</b>	<b>76.5</b>	<b>77.7</b>	<b>19.9</b>
Finland	19,268.8	23,323.7	21.5	22.1	21.0
Germany	11,437.1	13,551.0	12.8	12.9	18.5
Sweden	8,782.0	10,256.3	9.8	9.7	16.8
Lithuania	3,683.3	5,568.7	4.1	5.3	51.2
Latvia	3,789.3	4,985.2	4.2	4.7	31.6
<b>EU-15</b>	<b>56,131.9</b>	<b>64,990.8</b>	<b>62.8</b>	<b>61.6</b>	<b>15.8</b>
<b>CIS</b>	<b>12,047.9</b>	<b>12,687.7</b>	<b>13.5</b>	<b>12.0</b>	<b>5.3</b>
Russia	7,204.8	9,657.5	8.1	9.2	34.0
Ukraine	3,797.7	1,414.4	4.2	1.3	-62.8
Belarus	866.5	1,276.7	1.0	1.2	47.3
<b>Other countries</b>	<b>8,994.5</b>	<b>10,776.1</b>	<b>10.1</b>	<b>10.2</b>	<b>19.8</b>
China	1,274.5	2,001.0	1.4	1.9	57.0
Japan	1,348.6	1,439.9	1.5	1.4	6.8
USA	1,200.2	1,243.3	1.3	1.2	3.6
<b>Total</b>	<b>89,426.7</b>	<b>105,427.2</b>	<b>100.0</b>	<b>100.0</b>	<b>17.9</b>

<sup>1</sup>Analysed by trading country.

Foreign trade balance was negative for all groups of countries (see Table 1.10).

**Table 1.10. Foreign trade balance by groups of countries (EEK m)**

	2003	2004
EU-25	-16,783.6	-22,392.4
EU-15	-13,320.4	-18,758.7
CIS	-8,277.1	-6,890.1
Other	-1,738.9	-1,867.5
<b>Total</b>	<b>-26,799.5</b>	<b>-31,149.9</b>

## Services

In 2004, the surplus of the **services account** stood at 13.7 billion kroons, increasing 17% year-on-year (see Table 1.11). The growth was caused by the accelerated growth rate of exports compared to imports. The surplus of the services account offset the foreign trade deficit by 55%.

The structure of the services account was considerably affected by Estonia's accession to the EU (see Table 1.12). Active tourism increased the share of travel services, the fast growth of goods imports magnified the volumes of freight services, and the abolishment of duty-free trade for intra-Community trips decreased the turnover of passenger transport, which altogether resulted in a decline in the share of transport services in the services account balance. The share of business services grew substantially.

**Table 1.11. Exports and imports of services**

	Exports			Imports			Balance	
	Volume (EEK m)	Change compared to the previous period (%)	Share in exports of goods and services (%)	Volume (EEK m)	Change compared to the previous period (%)	Share in imports of goods and services (%)	Volume (EEK m)	Change compared to the previous period (%)
1995	10,022.9	50.6	34.0	5,692.6	7.4	17.4	4,330.3	219.4
1996	13,352.8	33.2	37.9	7,107.8	24.9	17.2	6,245.0	44.2
1997	18,366.7	37.5	36.6	10,134.0	42.6	17.6	8,232.7	31.8
1998	20,804.0	13.3	35.5	12,754.8	25.9	19.2	8,049.2	-2.2
1999	21,951.9	5.5	37.2	13,610.4	6.7	21.7	8,341.5	3.6
2000	25,485.8	16.1	31.1	15,911.2	16.9	18.6	9,574.6	14.8
2001	28,866.5	13.3	33.0	18,706.3	17.6	20.5	10,160.2	6.1
2002	28,279.7	-2.0	32.7	18,602.3	-0.6	19.6	9,677.4	-4.8
2003	30,819.9	9.0	32.6	19,037.3	2.3	18.3	11,782.6	21.8
2004	35,591.3	15.5	32.2	21,852.8	14.8	18.0	13,738.5	16.6

**Table 1.12. Services balance by major categories**

	Balance (EEK m)		Share (%)		Change (%)
	2003	2004	2003	2004	2004/2003
Transportation	6,516.8	6,036.2	55.3	43.9	-7.4
Travel	4,832.0	6,081.3	41.0	44.3	25.9
Construction services	-108.5	-43.8	-0.9	-0.3	-59.6
Business services	334.7	1,553.4	2.8	11.3	364.1
Government services	162.7	91.8	1.4	0.7	-43.6
Other	44.9	19.6	0.4	0.1	-56.3
<b>Total</b>	<b>11,782.6</b>	<b>13,738.5</b>	<b>100.0</b>	<b>100.0</b>	<b>16.6</b>

**Services exports** grew by 16% year-on-year, whereas the growth was above average in travel and business services (20% and 24%, respectively). Exports of construction services declined for the second year in row (see Table 1.13). Two thirds of the services exports went to the EU countries, with Finland accounting for 30% thereof. Year-on-year, the exports of services to the United Kingdom, Sweden and Germany grew faster; other more significant countries in that respect were Russia and Switzerland (see Table 1.14).

**Table 1.13. Services exports by major categories**

	Volume (EEK m)		Share (%)		Change (%)
	2003	2004	2003	2004	2004/2003
Transportation	13,600.5	15,137.4	44.1	42.5	11.3
freight	7,044.4	8,754.0	22.9	24.6	24.3
passenger	2,920.7	2,827.8	9.5	7.9	-3.2
other	3,635.4	3,555.6	11.8	10.0	-2.2
Travel	9,241.7	11,116.4	30.2	31.2	20.3
Construction services	1,174.8	1,104.5	3.8	3.1	-6.0
Business services	4,756.5	5,899.9	15.4	16.6	24.0
Government services	474.8	477.2	1.5	1.3	0.5
Other	1,571.6	1,855.9	4.9	5.2	18.1
<b>Total</b>	<b>30,819.9</b>	<b>35,591.3</b>	<b>100.0</b>	<b>100.0</b>	<b>15.5</b>

**Table 1.14. Services exports by groups of countries**

	Volume (EEK m)		Share (%)		Change (%)
	2003	2004	2003	2004	2004/2003
<b>EU-25</b>	<b>20,802.6</b>	<b>23,780.8</b>	<b>67.5</b>	<b>66.8</b>	<b>14.3</b>
Finland	9,767.1	10,773.1	31.7	30.3	10.3
United Kingdom	1,983.3	2,578.1	6.4	7.2	30.0
Sweden	1,969.4	2,435.8	6.4	6.8	23.7
Germany	1,541.3	1,950.7	5.0	5.5	26.6
<b>EU-15</b>	<b>17,780.9</b>	<b>20,664.1</b>	<b>57.7</b>	<b>58.1</b>	<b>16.2</b>
<b>CIS</b>	<b>3,168.1</b>	<b>4,584.2</b>	<b>10.3</b>	<b>12.9</b>	<b>44.7</b>
Russia	2,892.1	4,008.2	9.4	11.3	38.6
Ukraine	181.7	372.7	0.6	1.0	105.1
<b>Other</b>	<b>6,849.2</b>	<b>7,226.3</b>	<b>22.2</b>	<b>20.3</b>	<b>5.5</b>
offshore regions	2,632.3	2,790.8	8.5	7.8	6.0
USA	1,559.3	1,620.6	5.1	4.6	3.9
Switzerland	1,165.6	1,529.9	3.8	4.3	31.3
<b>Total</b>	<b>30,819.9</b>	<b>35,591.3</b>	<b>100.0</b>	<b>100.0</b>	<b>15.5</b>

**Services imports** increased by 15% in 2004 with transport services accounting for the most of the growth (annual growth of 29%). Freight transport increased as much as 36% and other transport services by 39% (see Table 1.15). The share of the EU countries in the services imports accounted for 76%, whereas the share of the largest partner, Finland, slightly declined. Services imports increased faster than average from Germany and Latvia, and out of non-EU countries from Russia (see Table 1.16).

**Transport services** surplus declined in 2004 as imports outpaced the growth in exports. A negative factor affecting transport services exports was the abolishment of duty-free trade on passenger ships within the European Union, which reduced the volumes of passenger transport and its share in the services exports (see Figure 1.2 and Tables 1.12 and 1.13).

**Table 1.15. Services imports by major categories**

	Volume (EEK m)		Share (%)		Change (%)
	2003	2004	2003	2004	2004/2003
Transportation	7,083.6	9,101.2	37.2	41.6	28.5
freight	4,343.1	5,892.8	22.8	27.0	35.7
passenger	1,169.9	1,025.3	6.1	4.7	-12.4
other	1,570.6	2,183.1	8.3	10.0	39.0
Travel	4,409.7	5,035.1	23.3	23.0	14.2
Construction services	1,283.3	1,148.3	6.7	5.3	-10.5
Business services	4,494.6	4,346.5	23.6	19.9	-3.3
Government services	322.1	385.4	1.6	1.8	19.7
Other	1,444.0	1,836.3	7.5	8.4	27.2
<b>Total</b>	<b>19,037.3</b>	<b>21,852.8</b>	<b>100.0</b>	<b>100.0</b>	<b>14.8</b>

**Table 1.16. Services imports by groups of countries**

	Volume (EEK m)		Share (%)		Change (%)
	2003	2004	2003	2004	2004/2003
<b>EU-25</b>	<b>-14,261.1</b>	<b>-16,691.4</b>	<b>74.9</b>	<b>76.4</b>	<b>17.0</b>
Finland	-4,226.5	-4,220.2	22.2	19.3	-0.1
Germany	-1,474.9	-2,603.5	7.7	11.9	76.5
Sweden	-1,466.5	-1,587.4	7.7	7.3	8.2
Latvia	-923.1	-1,205.6	4.8	5.5	30.6
<b>EU-15</b>	<b>-11,577.0</b>	<b>-13,748.1</b>	<b>60.8</b>	<b>62.9</b>	<b>18.8</b>
<b>CIS</b>	<b>-2,274.6</b>	<b>-2,477.3</b>	<b>11.9</b>	<b>11.3</b>	<b>8.9</b>
Russia	-1,758.7	-2,105.0	9.2	9.6	19.7
Ukraine	-308.1	-178.4	1.6	0.8	-42.1
<b>Other</b>	<b>-2,501.6</b>	<b>-2,684.1</b>	<b>13.1</b>	<b>12.3</b>	<b>7.3</b>
USA	-754.0	-801.0	4.0	3.7	6.2
Norway	-395.1	-275.9	2.1	1.3	-30.2
Egypt	-25.3	-256.9	0.1	1.2	914.1
<b>Total</b>	<b>-19,037.3</b>	<b>-21,852.8</b>	<b>100.0</b>	<b>100.0</b>	<b>14.8</b>

**Figure 1.2. Transport services account (EEK bn)**

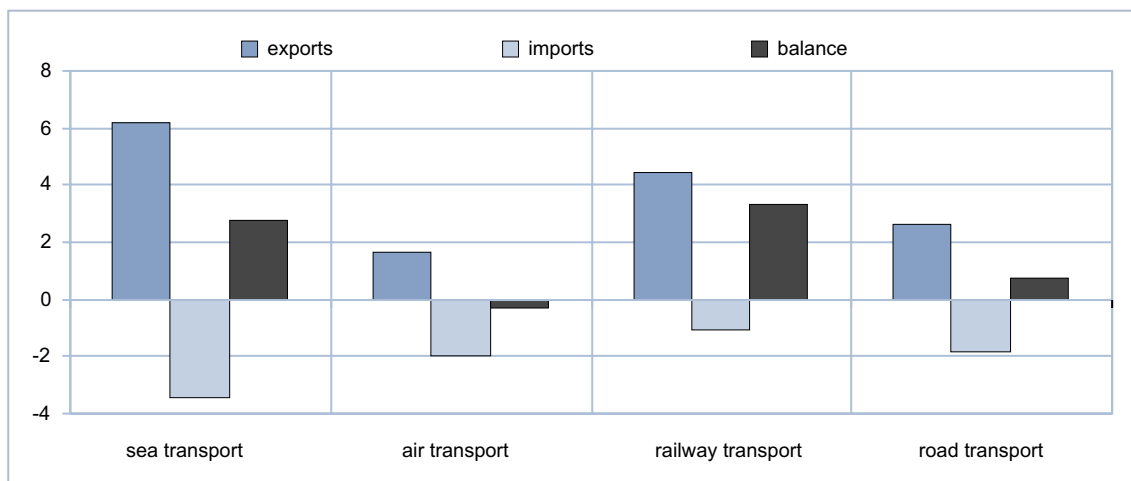
Transport services exports to the EU countries increased by 11% year-on-year (see Table 1.17). Finland remained the biggest purchaser of transport services. Freight transport, whose exports increased by a quarter from the year before, still accounted for the largest share of transport services. The share of CIS countries increased to 58%. The continued oil transit through Estonian ports earned revenues both in the rail and sea transport sector (see Figure 1.3).

Imports of transport services considerably outpaced exports. Purchasing of freight and other transport services increased considerably. Imports of passenger transport decreased mainly in the air and sea transport sectors since Estonian residents have started to prefer the services of local shipping companies and air carriers, and besides, the average airfare has consistently declined. Year-on-year, purchases of transport services increased by nearly 30% both from the EU and the CIS countries headed by Russia; the growth regarding other countries was 23%. The biggest suppliers of transport services among the EU countries was Finland, Russia led among the CIS countries, and the United States among other countries.



**Table 1.17. Transport services by groups of countries in 2004**

	Exports				Imports		
	Volume (EEK m)	Share (%)	Change (%), 2004/2003		Volume (EEK m)	Share (%)	Change (%), 2004/2003
<b>EU-25</b>	<b>8,776.7</b>	<b>58.0</b>	<b>11.2</b>	<b>EU-25</b>	<b>6,515.9</b>	<b>71.6</b>	<b>32.7</b>
Finland	2,955.1	19.5	-7.6	Finland	1,803.1	19.8	49.6
United Kingdom	1,561.2	10.3	37.7	Germany	1,019.4	11.2	51.2
Sweden	1,079.0	7.1	20.5	Sweden	633.8	7.0	26.6
Germany	950.9	6.3	32.3	United Kingdom	379.2	4.2	15.2
Netherlands	561.6	3.7	29.1	Netherlands	365.3	4.0	37.9
<b>EU-15</b>	<b>8,668.9</b>	<b>57.3</b>	<b>20.3</b>	<b>EU-15</b>	<b>5,363.6</b>	<b>58.9</b>	<b>30.9</b>
<b>CIS</b>	<b>1,929.7</b>	<b>12.7</b>	<b>27.5</b>	<b>CIS</b>	<b>1,337.0</b>	<b>14.7</b>	<b>15.6</b>
Russia	1,690.2	11.2	17.8	Russia	1,107.1	12.2	38.5
Ukraine	218.0	1.4	274.6	Ukraine	110.1	1.2	-16.8
<b>Other</b>	<b>4,431.0</b>	<b>29.3</b>	<b>5.6</b>	<b>Other</b>	<b>1,248.3</b>	<b>13.7</b>	<b>23.0</b>
offshore regions	2,299.5	15.2	1.2	USA	267.3	2.9	25.2
Switzerland	950.4	6.3	25.8	offshore regions	169.8	1.9	84.2
USA	808.9	5.3	12.1	Norway	102.6	1.1	-56.2
<b>Total</b>	<b>15,137.4</b>	<b>100.0</b>	<b>11.3</b>	<b>Total</b>	<b>9,101.2</b>	<b>100.0</b>	<b>28.5</b>

**Figure 1.3. Transport services structure in 2004 by transport type (EEK bn)**

The accession to the European Union had a positive effect on **travel services** exports (see Figure 1.4 and Table 1.18) since several customs restrictions disappeared and travelling simplified. In 2004, the number of foreigners visiting Estonia increased by 14% year-on-year. Even though the number of tourists serviced by travel agencies remained nearly the same, the duration of trips increased and the number of days spent in accommodation establishments increased. Compared to 2003, the number of tourists from the Scandinavian countries and the United States increased the most.

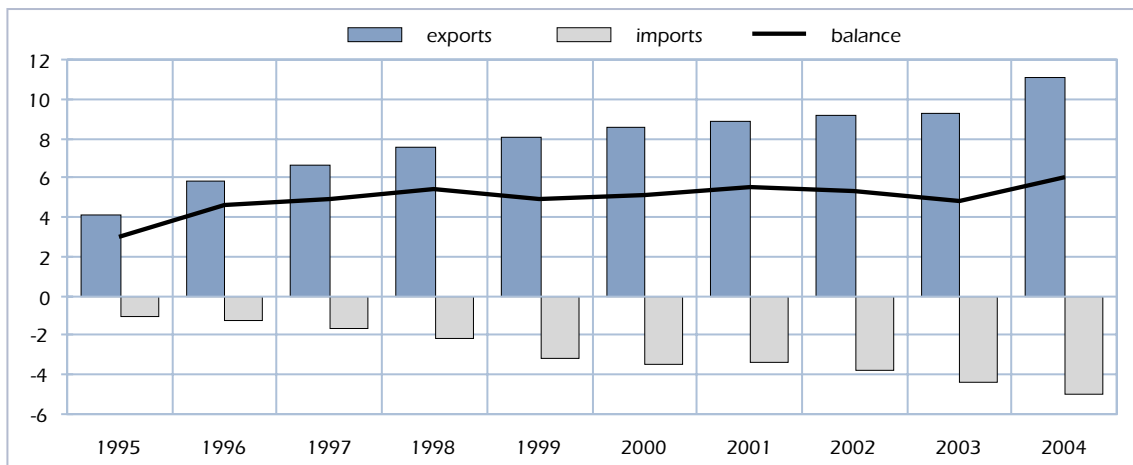


Figure 1.4. Travel services account (EEK bn)

Table 1.18. Travel services by groups of countries in 2004

	Exports				Imports		
	Volume (EEK m)	Share (%)	Change (%) 2004/2003		Volume (EEK m)	Share (%)	Change (%) 2004/2003
<b>EU-25</b>	<b>8,831.1</b>	<b>79.4</b>	<b>15.8</b>	<b>EU-25</b>	<b>-3,728.6</b>	<b>74.1</b>	<b>13.7</b>
Finland	5,748.8	51.7	19.0	Germany	-640.5	12.7	38.1
Sweden	784.8	7.1	33.1	Finland	-635.2	12.6	-11.8
Latvia	580.2	5.2	-11.7	Sweden	-372.8	7.4	14.1
Germany	379.5	3.4	26.7	United Kingdom	-372.3	7.4	62.4
<b>EU-15</b>	<b>7,772.7</b>	<b>69.9</b>	<b>21.0</b>	<b>EU-15</b>	<b>-3,057.3</b>	<b>60.7</b>	<b>9.3</b>
<b>CIS</b>	<b>1,586.1</b>	<b>14.3</b>	<b>61.4</b>	<b>CIS</b>	<b>-522.8</b>	<b>10.4</b>	<b>-3.5</b>
Russia	1,523.4	13.7	63.5	Russia	-484.7	9.6	2.7
Ukraine	40.3	0.4	23.9	Belarus	-10.4	0.2	-49.5
<b>Other</b>	<b>699.2</b>	<b>6.3</b>	<b>10.0</b>	<b>Other</b>	<b>-783.7</b>	<b>15.6</b>	<b>33.2</b>
USA	256.8	2.3	12.8	USA	-199.9	4.0	69.2
Norway	192.5	1.7	5.4	Egypt	-168.6	3.3	1,231.6
<b>Total</b>	<b>11,116.4</b>	<b>100.0</b>	<b>20.3</b>	<b>Total</b>	<b>-5,035.1</b>	<b>100.0</b>	<b>14.2</b>

Imports of travel services grew by 14% (see Table 1.18). The number of visits abroad increased by 16% while a majority of such visits was related to seasonal or short-term employment in the neighbouring countries. The geography of Estonian tourists' destinations has changed: the number of visits to Egypt grew 10 times, to Turkey 2.2 times while visits to the United States increased by 46%. Closer contacts with Brussels added visits to Belgium by 43%, while the Olympic Games raised the number of visits to Greece by 25%. At the same time, the popularity of old EU Member States, except Germany, declined.

## Income

The **income account deficit** of 2004 was 9 billion kroons, having increased 21% year-on-year (see Table 1.19). The positive balance of compensations of those employed abroad increased nearly five times, offsetting the negative balance of the income account. It amounted to 1.6 billion kroons in 2004, outpacing the net outflow of portfolio and other investment income (see Table 1.20).

**Table 1.19. Changes in income**

	Inflow		Outflow		Balance	
	Volume (EEK m)	Change compared to the previous period (%)	Volume (EEK m)	Change compared to the previous period (%)	Volume (EEK m)	Change compared to the previous period (%)
1995	727.7	50.8	699.5	-18.7	28.2	-107.5
1996	1,352.5	85.9	1,326.3	89.6	26.2	-7.1
1997	1,594.1	17.9	3,604.6	171.8	-2,010.5	-7,773.7
1998	1,871.8	17.4	3,035.8	-15.8	-1,164.0	-42.1
1999	1,964.3	4.9	3,470.1	14.3	-1,505.8	29.4
2000	2,008.0	2.2	5,491.4	58.2	-3,483.4	131.3
2001	2,994.7	49.1	7,920.8	44.2	-4,926.1	41.4
2002	3,339.3	11.5	8,762.4	10.6	-5,423.1	10.1
2003	3,422.1	2.5	10,833.3	23.6	-7,411.2	36.7
2004	5,453.6	59.4	14,433.2	33.2	-8,979.6	21.2

**Table 1.20. Structure of income balance (EEK m)**

	Volume (EEK m)		Share (%)		Change (%)
	2003	2004	2003	2004	2004/2003
Direct investment income	-7,381.5	-9,838.2	99.6	109.6	33.3
income on equity	-7,084.1	-9,488.0	95.6	105.7	33.9
reinvested earnings	-5,665.9	-8,045.6	76.5	89.6	42.0
dividends	-1,418.2	-1,442.4	19.1	16.1	1.7
income on debt (interests)	-297.4	-350.2	4.0	3.9	17.8
Portfolio investment income	-6.3	-203.8	0.1	2.3	3,134.9
Other investment income	-349.8	-542.2	4.7	6.0	55.0
Other income	326.4	1,604.6	-4.4	-17.9	391.7
<b>Total</b>	<b>-7,411.2</b>	<b>-8,979.6</b>	<b>100.0</b>	<b>100.0</b>	<b>21.2</b>

**Income inflow** to Estonia increased by 59% year-on-year, and this was mainly affected by the growth in the compensation of employees as well as by foreign direct investment income (3.4 times and 51%, respectively; see Table 1.21).

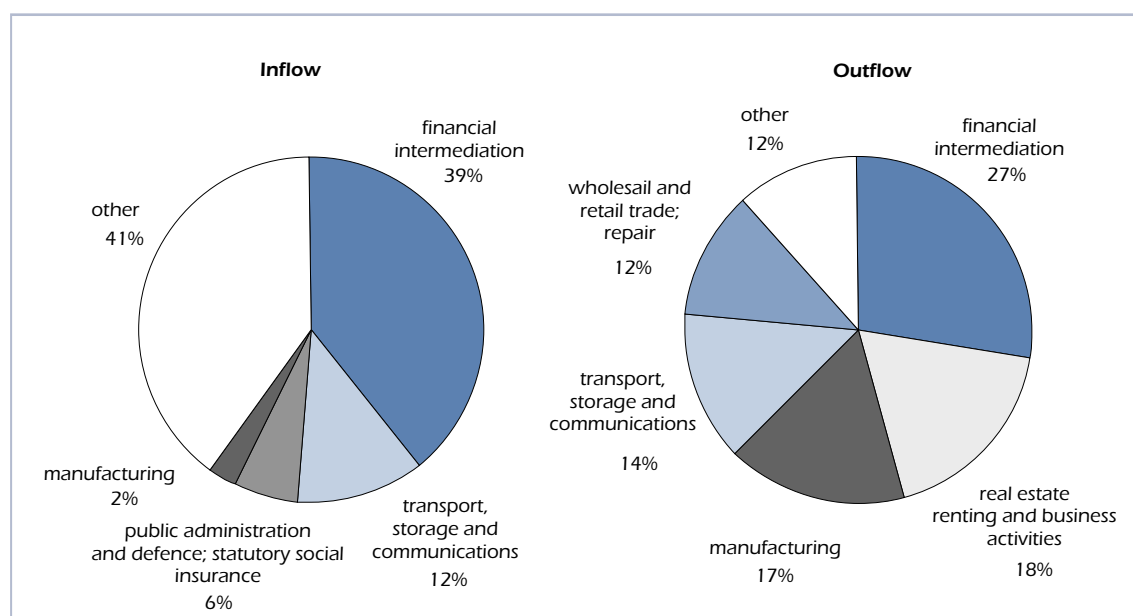
**Table 1.21. Income inflow to Estonia**

	Volume (EEK m)		Share (%)		Change (%)
	2003	2004	2003	2004	2004/2003
Direct investment income	1,274.6	1,918.5	37.2	35.2	50.5
income on equity	1,161.6	1,748.3	33.9	32.1	50.5
reinvested earnings	741.4	919.6	21.7	16.9	24.0
dividends	420.2	828.7	12.3	15.2	97.2
income on debt (interests)	113.0	170.2	3.3	3.1	50.7
Portfolio investment income	802.1	868.4	23.4	15.9	8.3
Other investment income	792.4	748.8	23.2	13.7	-5.5
Other income	553.1	1,918.0	16.2	35.2	246.8
<b>Total</b>	<b>3,422.1</b>	<b>5,453.6</b>	<b>100.0</b>	<b>100.0</b>	<b>59.4</b>

86% of the income inflow came from the EU Member States (see Table 1.22). The largest year-on-year growth in income inflow was from Finland (3.4 times). By fields of activity, financial intermediation earned the biggest income (39%). Transport, storage and communications, and the public sector followed (with 12% and 6%, respectively; see Figure 1.5).

**Table 1.22. Income by groups of countries in 2004**

	Inflow				Outflow		
	Volume (EEK m)	Share (%)	Change (%) 2004/2003		Volume (EEK m)	Share (%)	Change (%) 2004/2003
<b>EU-25</b>	<b>4,670.6</b>	<b>85.6</b>	<b>54.8</b>	<b>EU-25</b>	<b>12,409.2</b>	<b>86.0</b>	<b>40.1</b>
Latvia	1,130.0	20.7	44.5	Sweden	4,345.5	30.1	41.1
Finland	1051.6	19.3	235.5	Finland	4,258.7	29.5	48.2
Lithuania	599.3	11.0	-0.4	United Kingdom	1,930.3	13.4	101.0
Cyprus	594.9	10.9	53.0	Denmark	454.2	3.1	55.7
<b>EU-15</b>	<b>2,328.9</b>	<b>42.7</b>	<b>87.5</b>	<b>EU-15</b>	<b>11,816.0</b>	<b>81.9</b>	<b>36.9</b>
<b>CIS</b>	<b>202.3</b>	<b>3.7</b>	<b>55.4</b>	<b>CIS</b>	<b>444.5</b>	<b>3.1</b>	<b>6.0</b>
Russia	165.8	3.0	73.8	Russia	414.3	2.9	1.1
Ukraine	34.4	0.6	-3.3	Uzbekistan	15.4	0.1	
<b>Other</b>	<b>580.7</b>	<b>10.6</b>	<b>111.4</b>	<b>Other</b>	<b>1,579.5</b>	<b>10.9</b>	<b>1.5</b>
USA	389.7	7.1	294.4	Norway	676.0	4.7	697.2
offshore regions	130.2	2.4	170.7	USA	453.4	3.1	-24.7
				offshore regions	105.1	0.7	-77.6
<b>Total</b>	<b>5,453.6</b>	<b>100.0</b>	<b>59.4</b>	<b>Total</b>	<b>14,433.2</b>	<b>100.0</b>	<b>33.2</b>



**Figure 1.5. Inflow and outflow of income by fields of activity in 2004**

**Income outflow** from Estonia increased 33% year-on-year, mainly in the form of direct investment income (see Table 1.23). Most of the direct investment income earned in Estonia was reinvested in Estonia (76%, i.e. 9 billion kroons), and there was no real movement of these funds.

86% of the income outflow went to the EU countries, whose share increased from the year before (see Table

**Table 1.23. Income outflow from Estonia**

	Volume (EEK m)		Share (%)		Change (%)
	2003	2004	2003	2004	2004/2003
Direct investment income	8,656.1	11,756.7	79.9	81.5	35.8
income on equity	8,245.7	11,236.2	76.1	77.8	36.3
reinvested earnings	6,407.30	8,965.1	59.1	62.1	39.9
dividends	1,838.4	2,271.1	17.0	15.7	23.5
income on debt (interests)	410.3	520.4	3.8	3.6	26.8
Portfolio investment income	808.4	1,072.2	7.5	7.4	32.6
Other investment income	1,142.1	1,291.0	10.5	8.9	13.0
Other income	226.6	313.3	2.1	2.2	38.3
<b>Total</b>	<b>10,833.3</b>	<b>14,433.2</b>	<b>100.0</b>	<b>100.0</b>	<b>33.2</b>

1.22). The most important countries of destination were Sweden and Finland, both with a 30% share. By fields of activity, financial intermediation dominated in the income outflow with 28%, followed by real estate, renting and business activities (18%), and manufacturing (17%; see Figure 1.5).

## Current and Capital Transfers

The surplus of the **current transfers** account increased by 22%, i.e. by nearly 0.4 billion kroons, from 2003 and amounted to 2.1 billion kroons (see Table 1.24). The inflow of current transfers totalled 5.7 billion kroons, of which funds channelled into the Estonian economy through the general government accounted for 67%, i.e. 3.9 billion kroons, and included mainly allocations from the European Union structural funds and receipt of pension and other payments (mainly VAT). Transfers of other sectors also came mainly from the EU countries (Germany, Finland, the United Kingdom, Sweden), followed by Russia, the US and Ukraine. The general government accounted for slightly less than a half of the outflow of current transfers (payments into the EU budget and refund of VAT to the EU countries). Transfers of other sectors were also mainly made to the EU (Finland, Germany, Sweden, the United Kingdom).

The surplus of the **capital transfers** account was 1.1 billion kroons. Most of the capital transfers to Estonia consisted of EU assistance granted to the general government for various infrastructure objects.

**Table 1.24. Current transfers by groups of countries**

	Received (EEK m)		Paid (EEK m)		Balance (EEK m)	
	2003	2004	2003	2004	2003	2004
<b>Current transfers</b>	<b>3,221.4</b>	<b>5,734.7</b>	<b>1,511.7</b>	<b>3,653.4</b>	<b>1,709.7</b>	<b>2,081.2</b>
<b>  government transfers</b>	<b>1,619.9</b>	<b>3,859.9</b>	<b>243.4</b>	<b>1,791.2</b>	<b>1,376.6</b>	<b>2,068.8</b>
EU-25	1,060.9	3,293.7	181.3	1,717.0	879.6	1,576.8
EU-15	1,024.1	3,218.3	154.4	1,697.3	869.7	1,521.1
CIS	303.4	405.5	2.5	3.6	300.9	401.9
other	255.6	160.7	59.6	70.6	196.0	90.1
<b>  other sectors</b>	<b>1,601.4</b>	<b>1,874.7</b>	<b>1,268.3</b>	<b>1,862.3</b>	<b>333.2</b>	<b>12.5</b>
EU-25	890.7	1,327.1	968.9	1,583.3	-78.3	-256.2
EU-15	740.4	1,265.0	911.8	1,516.7	-171.4	-251.7
CIS	61.2	190.7	61.4	66.6	-0.2	124.1
other	649.5	357.0	237.9	212.5	411.6	144.5

## FINANCIAL ACCOUNT

The financial account surplus increased by 22% from 2003, amounting to 21.4 billion kroons. Figures 1.6 and 1.7 give an overview of the financial account.

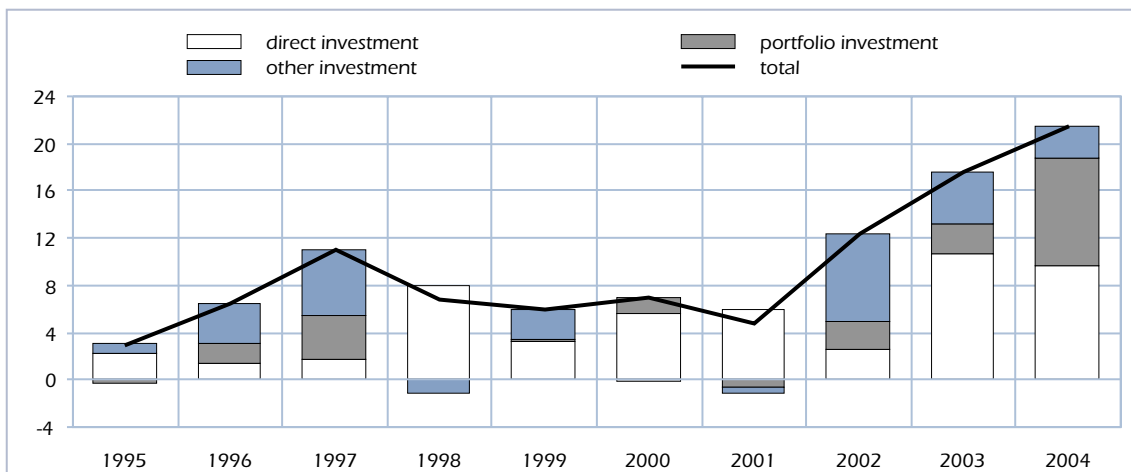


Figure 1.6. Changes in the structure of foreign investment capital flows (EEK bn)

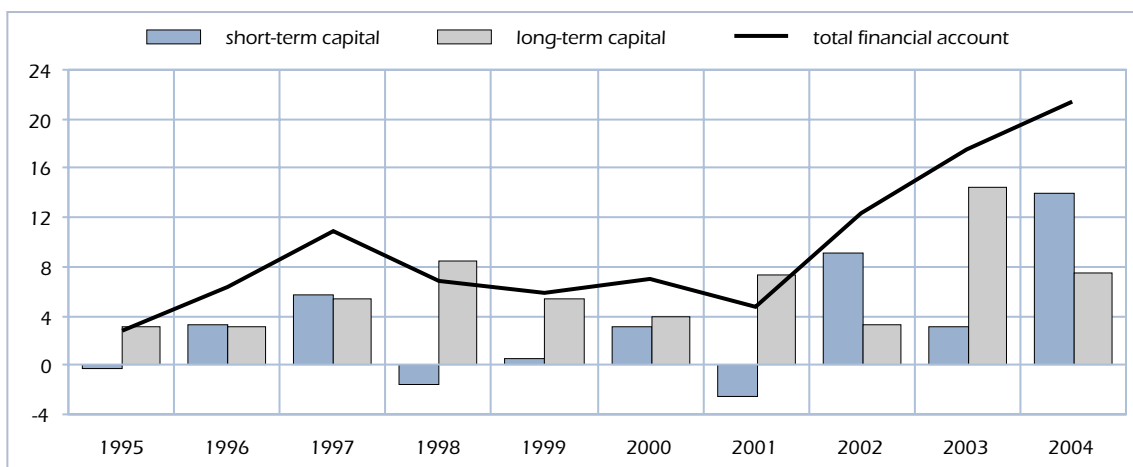


Figure 1.7. Maturity structure of the financial account (EEK bn)

### Direct Investment

The **balance of direct investment** was positive by 9.7 billion kroons in 2004, accounting for nearly a half of the financial account surplus (see Figure 1.8). Non-residents invested 13.1 billion kroons into Estonia and Estonian residents invested 3.4 billion kroons abroad. The net inflow of direct investment covered 54% of the current account deficit.

The **inflow of direct investment into Estonia** remained at the previous year's level (see Tables 1.25 and 1.26). In the past two years direct investment has grown considerably compared to earlier periods. The main growth component was again reinvested income, which has increased fast in the past two years; in the last quarter of 2004 the operating profit was at record high – 3.7 billion kroons. More than two thirds of the inflow of long-term investment were reinvested earnings of non-residents, while income on the sales of shares

accounted for a third of the growth (4.6 billion kroons). Net claims of loan capital to direct investors grew by a billion kroons. The position of long-term loans received from direct investors decreased by 0.3 billion kroons, but short-term loan liabilities increased by 0.9 billion kroons and the volume of short-term loans to direct investors grew by the same amount.

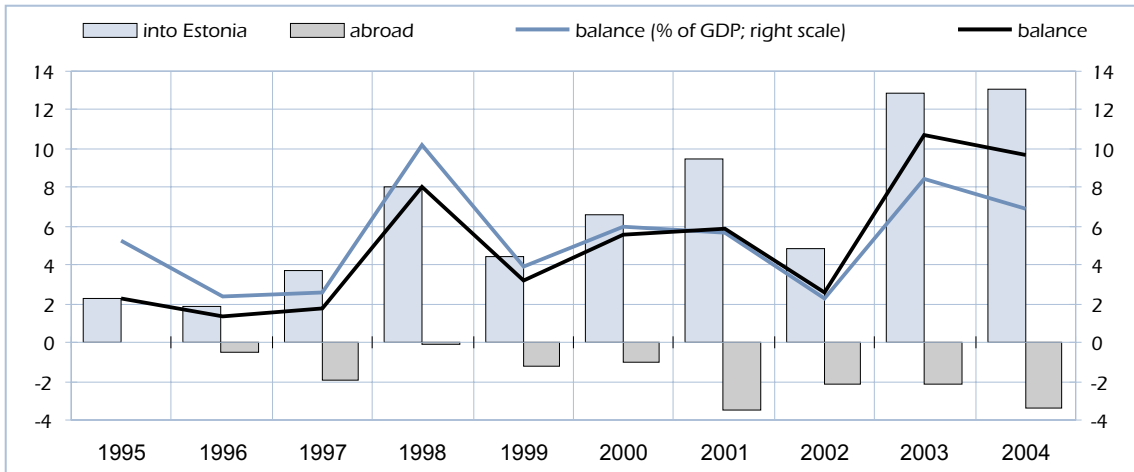


Figure 1.8. Direct investment (EEK bn)

Table 1.25. Structure of direct investment into Estonia

	Equity capital		Reinvested earnings		Other capital				Total	
	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Claims		Liabilities		Volume (EEK m)	Share (%)
					Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)		
1995	1,166.1	50.4	178.4	7.7	-60.8	-2.6	1,029.2	44.5	2,312.9	100.0
1996	215.8	11.9	216.3	11.9	-157.9	-8.7	1,540.2	84.9	1,814.4	100.0
1997	1,360.8	36.8	1,303.8	35.3	-97.4	-2.6	1,126.9	30.5	3,694.1	100.0
1998	5,661.9	70.1	389.4	4.8	-203.9	-2.5	2,224.0	27.6	8,071.4	100.0
1999	2,551.9	57.4	721.9	16.2	-265.0	-6.0	1,439.2	32.4	4,448.0	100.0
2000	3,925.3	59.1	1,815.2	27.3	-397.3	-6.0	1,301.3	19.6	6,644.5	100.0
2001	3,641.2	38.6	3,878.9	41.1	-950.7	-10.1	2,860.2	30.3	9,429.6	100.0
2002	821.0	17.1	3,370.3	70.2	-772.6	-16.1	1,381.5	28.8	4,800.2	100.0
2003	5,329.9	41.4	6,407.3	49.8	-1,334.0	-10.4	2,462.7	19.1	12,865.9	100.0
2004	4,638.6	35.4	8,965.1	68.4	-1,454.0	-11.1	961.6	7.3	13,111.3	100.0

Table 1.26. Loan capital claims and liabilities to foreign direct investors (EEK m)

	Claims				Liabilities			
	Long-term		Short-term		Long-term		Short-term	
	Grantings	Repay-ments	Grantings	Repay-ments	Drawings	Repay-ments	Drawings	Repay-ments
2003	408.4	246.3	1,010.7	498.7	5,155.6	2,667.1	3,020.9	3,726.9
2004	492.7	371.2	1,774.1	862.1	4,601.5	4,882.2	3,091.7	2,197.2

28% of the direct investment inflow came from Finland, followed by Sweden (26%), the United Kingdom (10%) and Norway (9%; see Table 1.27 and Figure 1.9). Long-term investments of the EU Member States in Estonia increased by 10.7 billion kroons (81%). The inflow of direct investment affected four fields of activity most: manufacturing (21%), financial intermediation (19%), wholesale and retail trade (17%), and real estate, renting and business activities (13%; see Figure 1.10). The largest profits were earned in the sectors of financial intermediation and manufacturing.

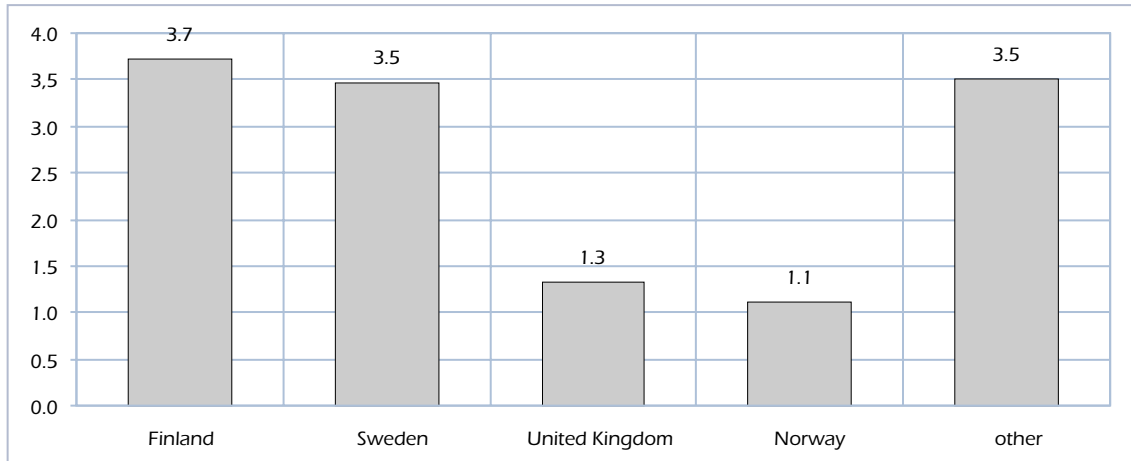


Figure 1.9. Direct investment into Estonia by countries in 2004 (EEK bn)

Table 1.27. Direct investment into Estonia by groups of countries

	Volume (EEK m)		Share (%)		Change (%)
	2003	2004	2003	2004	2004/2003
EU-25	11,055.3	10,651.1	85.9	81.2	-3.7
EU-15	11,029.8	9,912.8	85.7	75.6	-10.1
CIS	12.0	696.0	0.1	5.3	5,700.0
Other	1,798.6	1,764.3	14.0	13.5	-1.9
<b>Total</b>	<b>12,865.9</b>	<b>13,111.4</b>	<b>100.0</b>	<b>100.0</b>	<b>1.9</b>

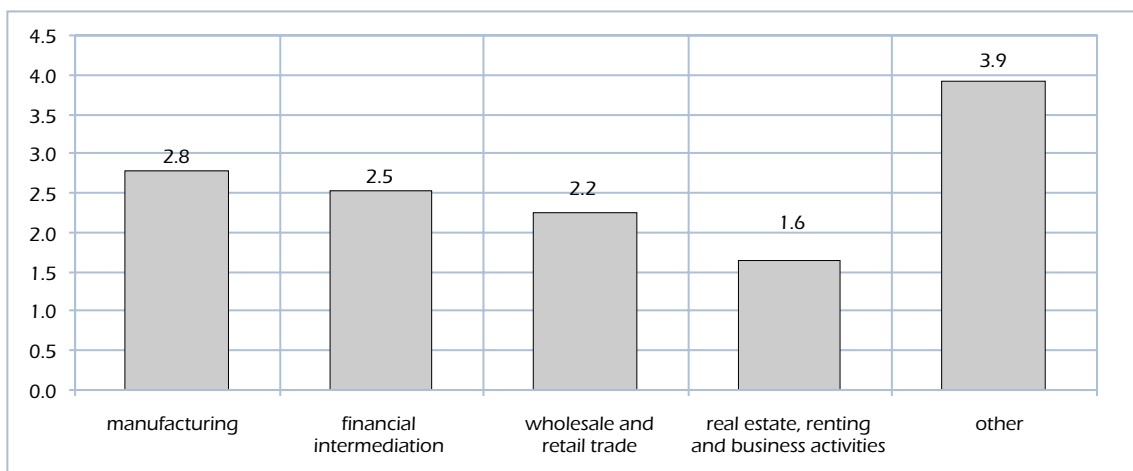


Figure 1.10. Direct investment into Estonia by fields of activity in 2004 (EEK bn)



The growth in **foreign direct investment** was considerable (3.4 billion kroons), approaching in its volume the record year of 2001 (see Tables 1.28 and 1.29). The rise was 58% compared to 2003. Nearly two thirds of the outflow (2.2 billion kroons) increased the share of Estonian companies in equity capital, and a fourth (0.9 billion kroons) was reinvested in the business activity of foreign subsidiaries and associated companies. Whereas the short-term loan liabilities of foreign companies increased by 0.6 billion kroons, their long-term liabilities decreased by 0.3 billion kroons.

**Table 1.28. Structure of foreign direct investment**

	Equity capital		Reinvested earnings		Other capital				Total	
	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Claims		Liabilities		Volume (EEK m)	Share (%)
					Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)		
1995	-3.6	12.4	0.0	0.0	-26.8	92.1	1.3	-4.5	-29.1	100.0
1996	-107.1	22.1	-147.2	30.4	-261.3	53.9	31.1	-6.4	-484.5	100.0
1997	-539.2	28.2	-88.5	4.6	-1,303.2	68.1	18.0	-0.9	-1,912.9	100.0
1998	-472.7	578.6	-2.7	3.3	386.7	-473.3	7.0	-8.6	-81.7	100.0
1999	-525.7	42.4	-115.7	9.3	-641.3	51.7	42.9	-3.5	-1,239.8	100.0
2000	-579.7	55.6	-65.9	6.3	-480.8	46.1	83.3	-8.0	-1,043.1	100.0
2001	-1,897.1	53.8	-305.2	8.7	-1,242.8	35.2	-83.2	2.4	-3,528.3	100.0
2002	-903.9	41.3	-665.5	30.4	-727.2	33.2	108.2	-4.9	-2,188.4	100.0
2003	-1,060.0	49.3	-741.4	34.5	-645.8	30.0	297.9	-13.9	-2,149.2	100.0
2004	-2,175.2	64.2	-919.6	27.1	-434.2	12.8	140.3	-4.1	-3,388.6	100.0

**Table 1.29. Loan capital claims and liabilities to foreign subsidiaries and associated companies (EEK m)**

	Claims				Liabilities			
	Long-term		Short-term		Long-term		Short-term	
	Grantings	Repay-ments	Grantings	Repay-ments	Drawings	Repay-ments	Drawings	Repay-ments
2003	1,107.1	716.6	472.1	503.8	4.0	11.6	84.2	98.8
2004	934.8	1,232.5	952.4	368.9	17.9	61.2	27.9	37.1

More than a half of foreign direct investment in 2004 were channelled to Latvia, followed by Finland and Lithuania (17%), and Russia (8%; see Table 1.30 and Figure 1.11). 89% of the outflow went into the European Union, out of which 78% went to the economies of the new Member States. Nearly a half of the long-term investment was made by the financial intermediation sector, followed by the fields of real estate, renting and business activities (23%), construction (9%), and manufacturing (6%; see Figure 1.12).

**Table 1.30. Foreign direct investment by groups of countries**

	Volume (EEK bn)		Share (%)		Change (%)
	2003	2004	2003	2004	2004/2003
EU-25	-1,804.0	-3,011.1	83.9	88.9	66.9
EU-15	24.0	-650.7	-1.1	19.2	-2,811.3
CIS	-332.1	-356.7	15.5	10.5	7.4
Other	-13.2	-20.8	0.6	0.6	57.6
<b>Total</b>	<b>-2,149.3</b>	<b>-3,388.6</b>	<b>100.0</b>	<b>100.0</b>	<b>57.7</b>

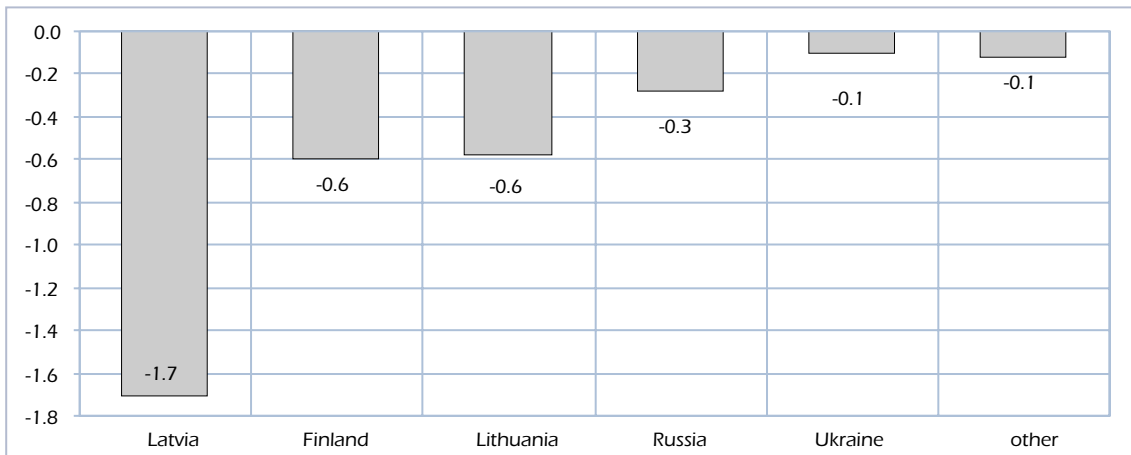


Figure 1.11. Foreign direct investment by countries in 2004 (EEK bn)

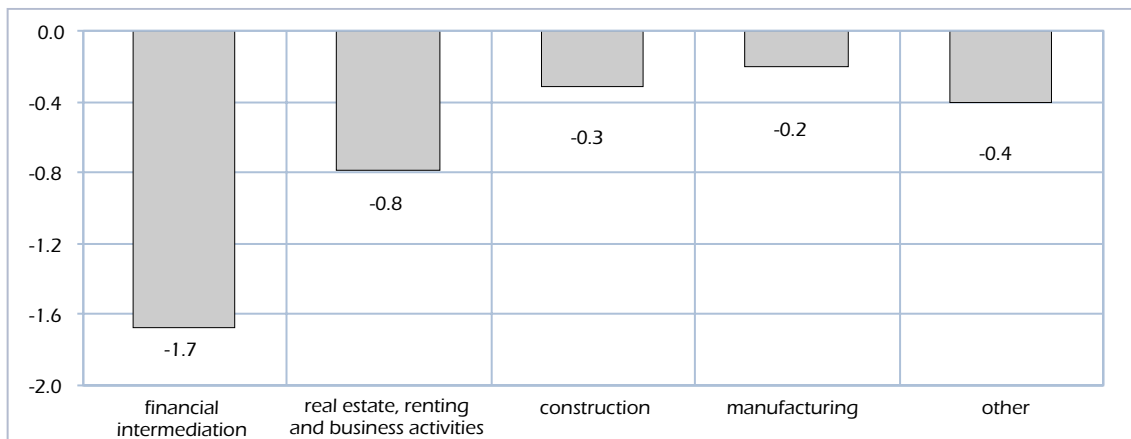


Figure 1.12. Foreign direct investment by fields of activity in 2004 (EEK bn)

## Portfolio Investment

The net inflow of **portfolio investment**<sup>3</sup> in 2004 was approximately 9.1 billion kroons, which exceeded the respective flow in 2003 by nearly four times (see Figure 1.13 and Table 1.31). This was most affected by residents' successful debt securities issues in foreign financial markets.

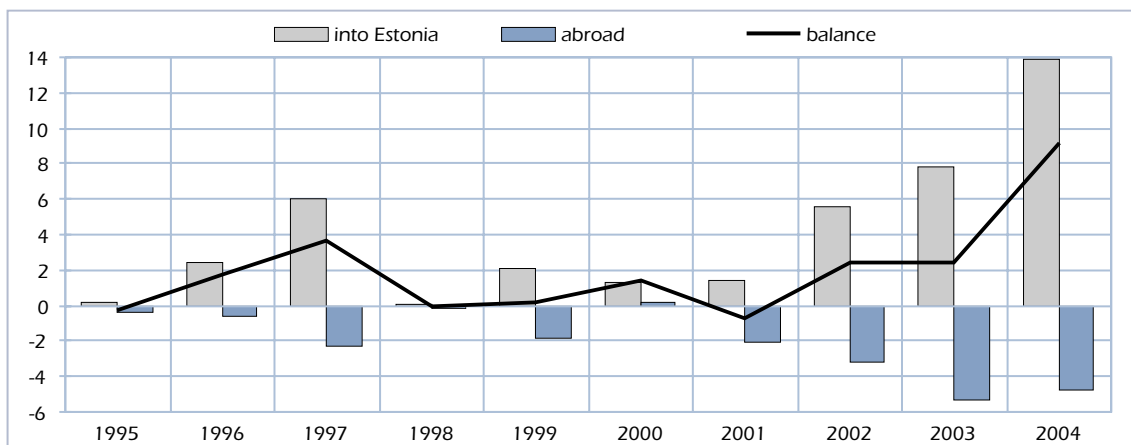


Figure 1.13. Portfolio investment (EEK bn)

<sup>3</sup> Except financial derivatives.

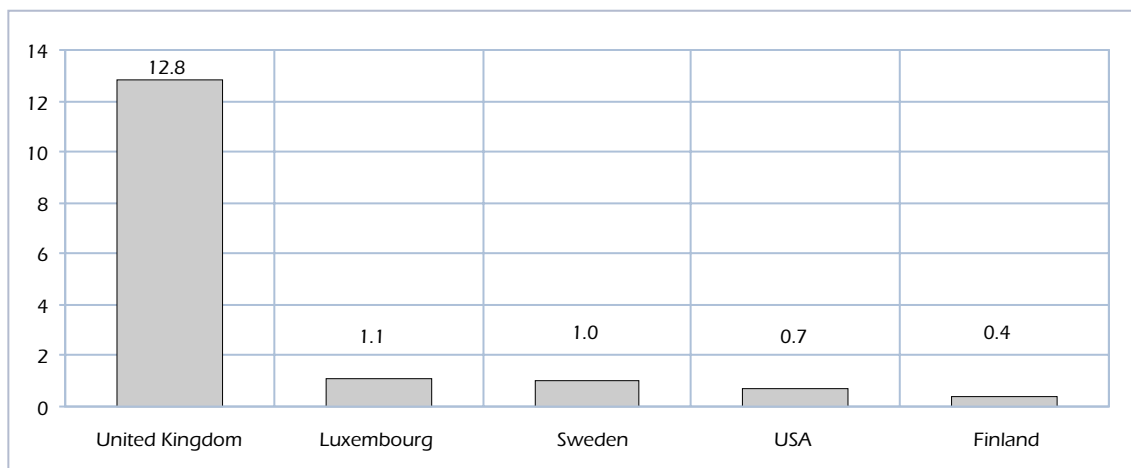
**Table 1.31. Portfolio investment by types of securities and sectors (EEK m)**

	Claims		Liabilities		Balance	
	2003	2004	2003	2004	2003	2004
<b>Equity securities</b>	<b>-1,028.8</b>	<b>-2,893.5</b>	<b>1,526.9</b>	<b>2,205.3</b>	<b>498.1</b>	<b>-688.2</b>
government sector	-57.0	-44.4			-57.0	-44.4
credit institutions	-5.4	-23.6	234.5	144.5	229.1	120.9
other sectors	-966.4	-2,825.5	1,292.4	2,060.8	326.0	-764.7
<b>Debt securities</b>	<b>-4,322.7</b>	<b>-1,858.1</b>	<b>6,256.2</b>	<b>11,676.7</b>	<b>1,933.5</b>	<b>9,818.6</b>
central bank						0.0
government sector	-4,164.7	-588.1	-88.7	343.0	-4,253.4	-245.1
credit institutions	1,075.8	-469.0	6,644.2	10,910.8	7,720.0	10,441.8
other sectors	-1,233.8	-801.0	-299.3	422.9	-1,533.1	-378.1
<b>Total</b>	<b>-5,351.5</b>	<b>-4,751.6</b>	<b>7,783.1</b>	<b>13,882.0</b>	<b>2,431.6</b>	<b>9,130.4</b>

**Portfolio investment liabilities** increased by 13.9 billion kroons in 2004, out of which equity securities accounted for 2.2 billion and debt securities for 11.7 billion kroons (see Table 1.32). The rise in liabilities was largely brought about by debt securities issued by credit institutions, and the resulting capital inflow amounted to 10.9 billion kroons. By countries, most of the portfolio investment capital came from the European Union countries, particularly the United Kingdom and Luxembourg, while outside the EU the largest contributor was the United States (see Figure 1.14 and Table 1.33).

**Table 1.32. Structure of portfolio investment liabilities**

	Equity securities		Debt securities		Total	
	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)
1995	113.7	89.4	13.5	10.6	127.2	100.0
1996	2,093.8	86.8	319.0	13.2	2,412.8	100.0
1997	1,763.6	29.5	4,210.8	70.5	5,974.4	100.0
1998	401.1	383.8	-296.6	-283.8	104.5	100.0
1999	3,292.3	160.5	-1,241.4	-60.5	2,050.9	100.0
2000	-538.8	-42.0	1,820.7	142.0	1,281.9	100.0
2001	568.4	40.6	832.1	59.4	1,400.5	100.0
2002	912.2	16.4	4,649.4	83.6	5,561.6	100.0
2003	1,526.9	19.6	6,256.4	80.4	7,783.3	100.0
2004	2,205.3	15.9	11,676.7	84.1	13,882.0	100.0

**Figure 1.14. Increase in portfolio investment liabilities by countries in 2004 (EEK bn)**

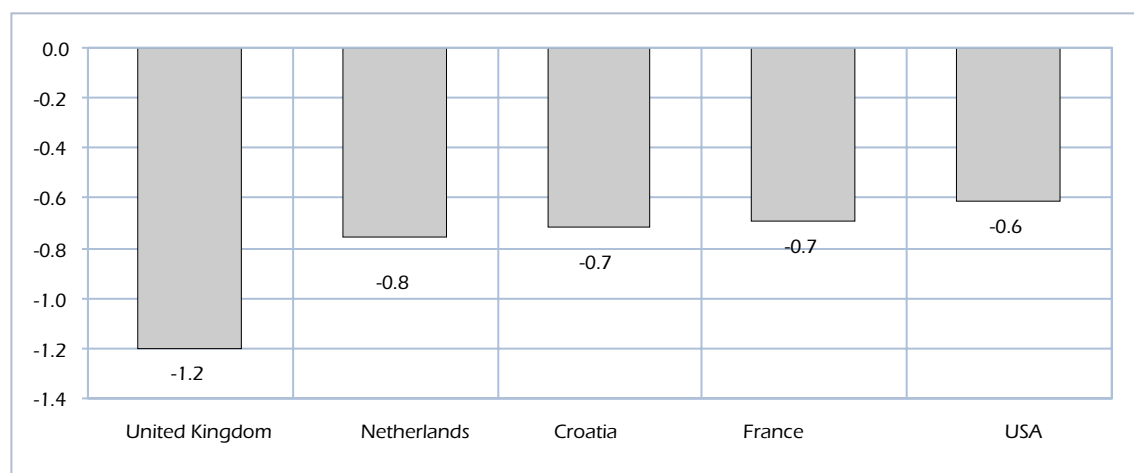
**Table 1.33. Structure of portfolio investment by groups of countries**

	Volume (EEK m)				Share (%)			
	Claims		Liabilities		Claims		Liabilities	
	2003	2004	2003	2004	2003	2004	2003	2004
EU-25	-4,465.2	-2,484.3	7,740.6	13,121.2	83.4	52.3	99.5	99.5
EU-15	-3,533.7	-1,159.6	7,691.1	13,558.0	66.0	24.4	98.8	97.7
CIS	-132.2	-184.4	51.5	224.6	2.5	3.9	0.7	0.7
Other	-754.2	-2,082.9	-8.8	536.3	14.1	43.8	-0.1	-0.1
<b>Total</b>	<b>-5,351.6</b>	<b>-4,751.6</b>	<b>7,783.3</b>	<b>13,882.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Portfolio investment claims** increased by nearly 4.8 billion kroons in 2004, regarding both equity and debt securities with 2.9 and 1.9 billion kroons, respectively (see Table 1.34). Enterprises in other sectors invested in equity securities issued by non-residents the most actively to the total amount of 2.8 billion kroons. Debt securities were also mainly bought by enterprises of other sectors, and the resulting capital outflow amounted to 0.8 billion kroons. By countries, portfolio investment went mainly to the United Kingdom, the Netherlands, and Croatia (see Figure 1.15).

**Table 1.34. Structure of portfolio investment claims**

	Equity securities		Debt securities		Total	
	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)
1995	58.0	-15.2	-440.3	115.2	-382.3	100.0
1996	-181.0	28.8	-447.4	71.2	-628.4	100.0
1997	-1,238.5	53.4	-1,080.8	46.6	-2,319.3	100.0
1998	500.8	-391.6	-628.7	491.6	-127.9	100.0
1999	187.0	-9.9	-2,081.9	109.9	-1,894.9	100.0
2000	53.3	34.8	99.8	65.2	153.1	100.0
2001	236.5	-11.3	-2,336.7	111.3	-2,100.2	100.0
2002	9.1	-0.3	-3,192.0	100.3	-3,182.9	100.0
2003	-1,028.9	19.2	-4,322.7	80.8	-5,351.6	100.0
2004	-2,893.6	60.9	-1,858.2	39.1	-4,751.8	100.0

**Figure 1.15. Increase in portfolio investment claims by countries in 2004 (EEK bn)**

## Other Investment

The net inflow of **other investment** totalled 2.5 billion kroons in 2004; other investment liabilities grew by 13.7 and claims by 11.2 billion kroons (see Figure 1.16 and Table 1.35).

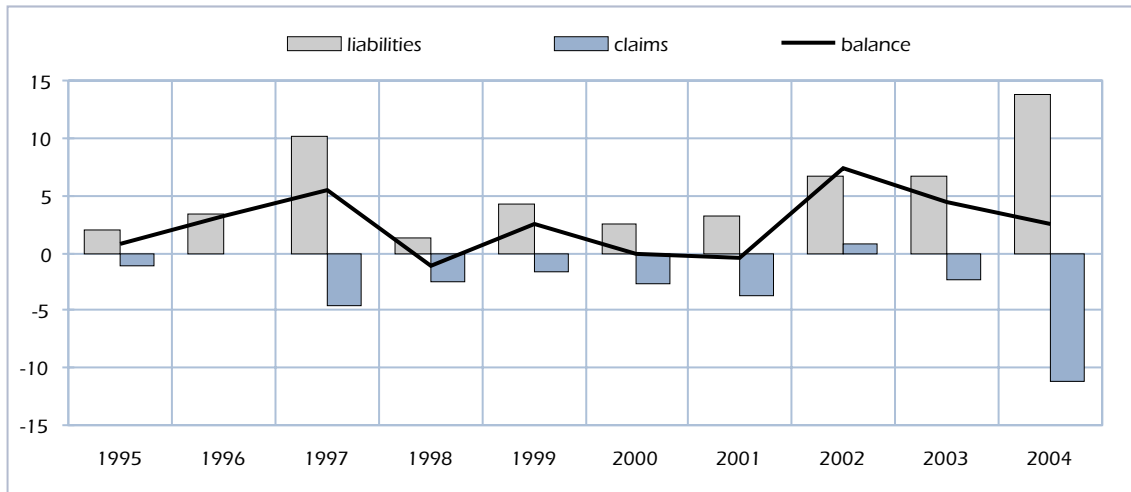


Figure 1.16. Other investment (EEK bn)

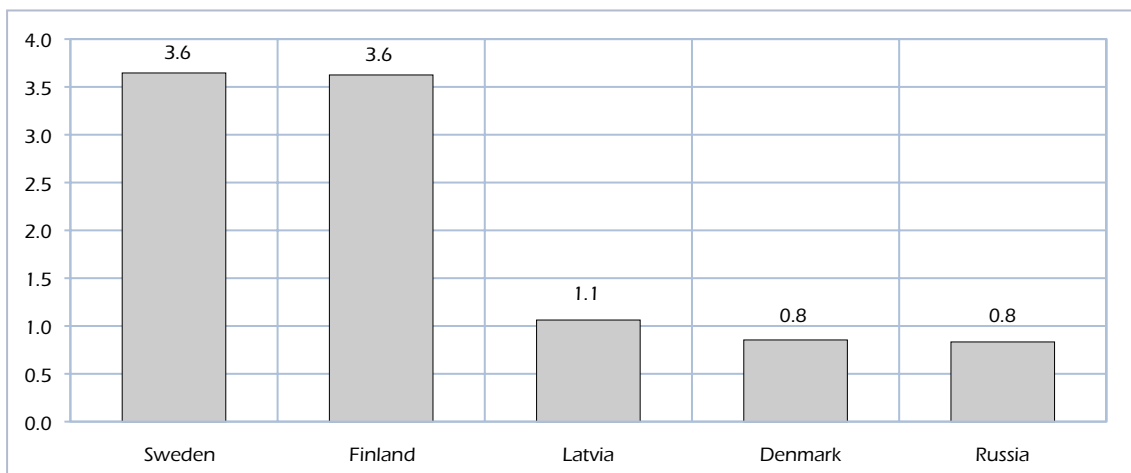
Table 1.35. Other investment by maturity (EEK m)

	Claims		Liabilities		Balance	
	2003	2004	2003	2004	2003	2004
<b>Long-term capital</b>	<b>-565.7</b>	<b>-6,052.7</b>	<b>4,310.4</b>	<b>3,740.6</b>	<b>3,744.7</b>	<b>-2,312.1</b>
central bank	1.1	-10.5			1.1	-10.5
general government	-4.4	-45.0	402.4	-194.8	398.0	-239.8
credit institutions	-301.6	-5,016.0	2,938.8	2,475.0	2,637.2	-2,541.0
other sectors	-260.8	-981.2	969.2	1,460.4	708.4	479.2
<b>Short-term capital</b>	<b>-1,718.8</b>	<b>-5,116.1</b>	<b>2,422.2</b>	<b>9,975.9</b>	<b>703.4</b>	<b>4,859.8</b>
central bank			576.3	189.7	576.3	189.7
general government	517.1	-119.3			517.1	-119.3
credit institutions	-990.1	-3,347.2	2,471.4	9,481.5	1,481.3	6,134.3
other sectors	-1,245.8	-1,649.6	-625.5	304.7	-1,871.3	-1,344.9
<b>Total</b>	<b>-2,284.5</b>	<b>-11,168.8</b>	<b>6,732.6</b>	<b>13,716.5</b>	<b>4,448.1</b>	<b>2,547.7</b>

**Other investment liabilities** increased by 13.7 billion kroons with trade credit, loans and deposits all growing (see Table 1.36). The inflow of other investment capital mainly occurred in the form of deposits and loans by 8.8 billion and 4.6 billion kroons, respectively. By countries, other investment liabilities increased mainly to the European Union countries, above all to Sweden, Finland, and Latvia (see Figure 1.17 and Table 1.37).

**Table 1.36. Structure of other investment liabilities**

	Trade credit		Loans		Deposits		Other capital		Total	
	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)
1995	230.1	11.9	1,060.7	54.8	636.0	32.9	8.5	0.4	1,935.3	100.0
1996	426.7	12.6	1,723.7	50.7	1,232.3	36.3	14.8	0.4	3,397.5	100.0
1997	367.0	3.6	6,399.7	63.0	2,426.0	23.9	961.8	9.5	10,154.5	100.0
1998	-221.2	-16.3	290.0	21.3	365.5	26.9	924.2	68.0	1,358.5	100.0
1999	119.1	2.8	2,399.7	57.3	1,462.7	34.9	204.3	4.9	4,185.8	100.0
2000	1,080.9	41.6	-785.3	-30.2	1,955.4	75.3	345.6	13.3	2,596.6	100.0
2001	102.9	3.1	2,570.4	78.2	81.4	2.5	533.5	16.2	3,288.2	100.0
2002	781.1	11.6	1,963.3	29.2	3,763.5	55.9	225.4	3.3	6,733.3	100.0
2003	-115.7	-1.7	3,220.9	47.8	4,587.9	68.1	-960.3	-14.3	6,732.8	100.0
2004	625.2	4.6	4,564.7	33.3	8,804.7	64.2	-278.2	-2.0	13,716.4	100.0

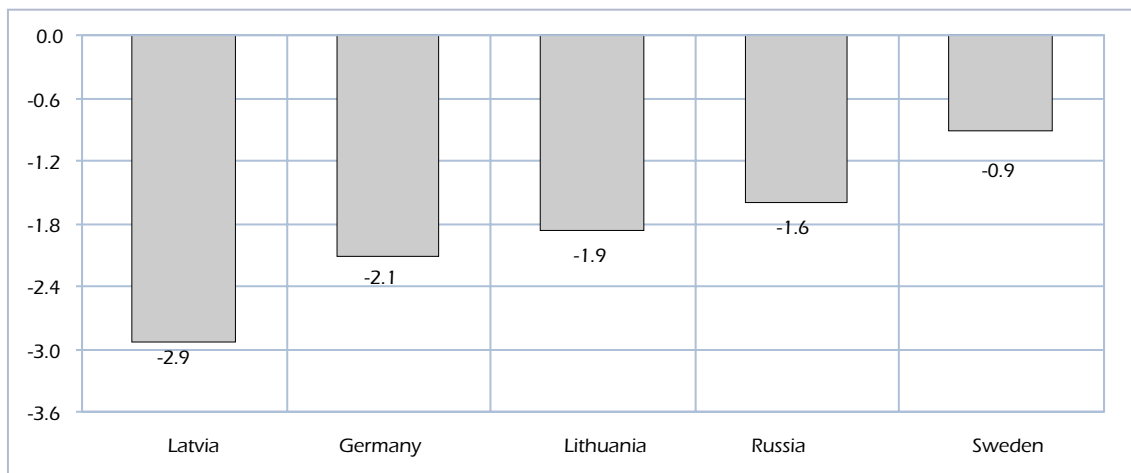
**Figure 1.17. Increase in other investment liabilities by countries in 2004 (EEK bn)****Table 1.37. Structure of other investment by groups of countries**

	Volume (EEK m)				Share (%)			
	Claims		Liabilities		Claims		Liabilities	
	2003	2004	2003	2004	2003	2004	2003	2004
EU-25	-2,286.8	-9,117.3	7,871.5	11,582.5	100.1	81.6	116.9	84.4
EU-15	0.9	-3,960.7	7,685.9	9,696.9	0.0	35.5	114.2	70.7
CIS	-647.5	-1,637.1	-323.5	955.1	28.3	14.7	-4.8	7.0
Other	649.7	-414.4	-815.3	1,178.9	-28.4	3.7	-12.1	8.6
<b>Total</b>	<b>-2,284.6</b>	<b>-11,168.8</b>	<b>6,732.7</b>	<b>13,716.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Other investment claims** increased by 11.2 billion kroons in 2004 and the growth occurred across all sub-items (see Table 1.38). The outflow of other investment capital mainly occurred in the form of loans and deposits by 8.5 billion and 1.5 billion kroons, respectively. By countries, other investment claims increased most to Latvia, Germany, and Lithuania (see Figure 1.18). Table 1.39 provides an overview of loan capital claims and liabilities.

**Table 1.38. Structure of other investment claims**

	Trade credit		Loans		Deposits		Other capital		Total	
	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)	Volume (EEK m)	Share (%)
1995	-54.9	4.9	-220.0	19.7	-840.3	75.1	-3.6	0.3	-1,118.8	100.0
1996	-565.6	525.7	-16.5	15.3	590.3	-548.6	-115.8	107.6	-107.6	100.0
1997	-851.4	18.4	-1,633.3	35.2	-1,820.5	39.3	-330.3	7.1	-4,635.5	100.0
1998	-993.7	40.1	-542.2	21.9	-1,049.9	42.3	105.6	-4.3	-2,480.2	100.0
1999	-401.8	24.3	-57.4	3.5	-887.9	53.8	-304.1	18.4	-1,651.2	100.0
2000	-78.0	3.0	-2,814.0	106.7	-103.0	3.9	356.7	-13.5	-2,638.3	100.0
2001	-584.8	15.7	-2,278.9	61.3	-738.0	19.9	-115.0	3.1	-3,716.7	100.0
2002	1,047.6	150.7	-1,324.5	-190.5	742.6	106.8	229.4	33.0	695.1	100.0
2003	-1,028.2	45.0	-3,520.4	154.1	2,209.4	-96.7	54.6	-2.4	-2,284.6	100.0
2004	-1,032.0	9.2	-8,455.6	75.7	-1,545.1	13.8	-136.2	1.2	-11,168.9	100.0

**Figure 1.18. Increase in other investment claims by countries in 2004 (EEK bn)****Table 1.39. Loan capital claims and liabilities (EEK m)**

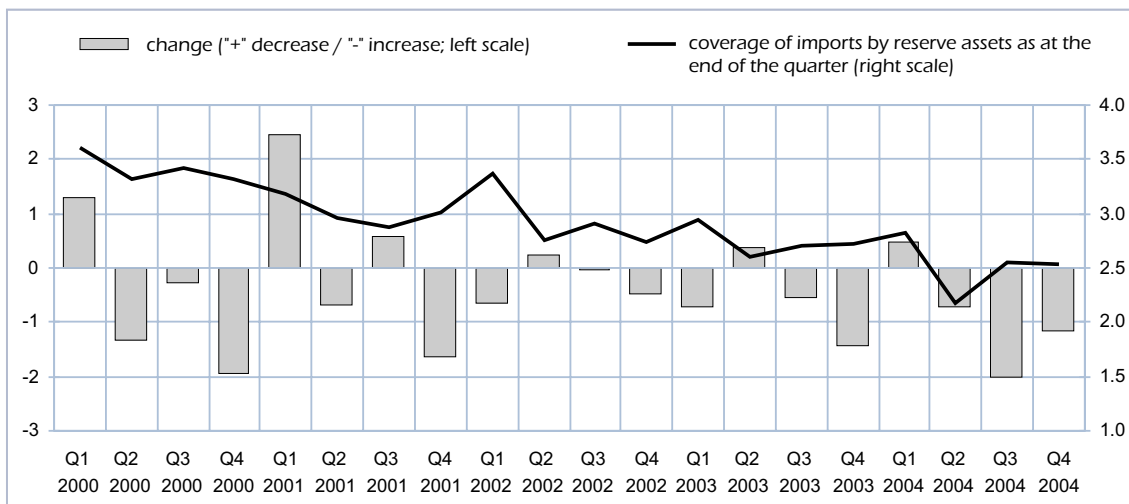
	Claims			Liabilities		
	Grantings	Repayments	Total	Drawings	Repayments	Total
2003	-34,919.1	31,398.8	-3,520.3	30,012.5	-26,791.5	3,221.0
2004	-29,782.6	21,327.1	-8,455.5	45,384.3	-40,819.4	4,564.9

## Reserve Assets

The balance of payments reserves increased by 3.4 billion kroons in 2004 (see Table 1.40). Figure 1.19 illustrates the coverage of imports by reserve assets.

**Table 1.40. Structure of changes in reserve assets**

	Volume (EEK m)		Share (%)	
	2003	2004	2003	2004
Gold	0.0	0.0	0.0	0.0
Currency and deposits	2,848.5	875.2	123.2	-25.5
Securities	-5,135.9	-4,272.7	-222.1	124.7
equity securities			0.0	0.0
bonds and notes	1,042.7	-837.5	-20.3	19.6
money market instruments	-6,178.5	-3,435.3	120.3	80.4
Other claims	-24.8	-28.0	-1.1	0.8
<b>Total</b>	<b>2,312.1</b>	<b>-3,425.5</b>	<b>100.0</b>	<b>100.0</b>

**Figure 1.19. Changes in Estonia's gold and foreign exchange reserves (EEK bn) and coverage of goods imports (except goods for processing and processed goods) by reserve assets (by months)**



## II. ESTONIA'S INTERNATIONAL INVESTMENT POSITION AND EXTERNAL DEBT AS AT 31 DECEMBER 2004

**In 2004, total foreign investment into Estonia increased by nearly 40%, amounting to 230.5 billion kroons by the end of the year (see Table 2.1). Nearly a half thereof was invested into financial intermediation (51%) and to a lesser extent also into real estate, renting and business activities, manufacturing, wholesale and retail trade, and transport, storage and communications sectors (see Table 2.2). Two thirds of investment into Estonia was made by Swedish, Finnish, and British investors.**

Year-on-year, the share of portfolio investment increased considerably in the structure of foreign investment into Estonia, whereas the share of direct and other investment decreased. Direct investment accounted for a half of the total investment (i.e. 115.5 billion kroons), portfolio investment for more than a fifth, and other investment for the rest. The most preferred fields of activity for **foreign direct investment into Estonia** were financial intermediation (a third of direct investment), real estate, renting and business activities (23%), manufacturing (17%), and wholesale and retail trade (10%; see Table 2.3). Almost 70% of direct investment came from Sweden and Finland.

**Estonian investment abroad totalled 100 billion kroons.** Financial intermediaries made 70% of investment abroad. Investors of the public sector, real estate, renting and business activities, transport, storage and communications as well as wholesale and retail trade invested abroad too. The most popular destinations for Estonian investors were Lithuania, Germany, and Latvia.

Compared to the end of 2003, the share of other investment increased in the structure of investment abroad, while the share of reserve assets and direct investment decreased. Loans, deposits and the central bank's gold and foreign exchange reserves covered 59% of the external claims. **Direct investment** accounted for 16% of all investments abroad. The most active direct investors abroad were those of financial intermediation (40%), real estate, renting and business activities (30%) as well as transport, storage and communications (14%). 83% of all direct investment abroad were channelled into three countries – Lithuania, Latvia, and Cyprus (see Table 2.3).

**Due to the fact that external liabilities were prevailing and growing faster than claims, Estonia's net investment position was negative by 131 billion kroons at the end of 2004, accounting for 92% of GDP. 77% of the net investment position was long-term capital.** The share of the latter has fallen by 13 percentage points over the past year.

**Estonia's gross external debt increased by a third over the year and stood at 115 billion kroons (81% of GDP) on 31 December 2004. Estonia's net external debt (assets less liabilities) totalled 25.4 billion kroons (18% of GDP; see Table 2.4 and Figure 2.3).** The gross external debt amounted to 50% of the external liabilities. Leaving aside intercompany lending of direct investment companies, long-term liabilities accounted for 52% of the total external debt. Debt assets mostly consisted of short-term capital (60%).

Table 2.1. Estonia's international investment position (EEK m)

	31/12/2003	Share (%)	31/12/2004	Share (%)	Change (%)
<b>TOTAL EXTERNAL ASSETS</b>	<b>75,471.7</b>	<b>100.0</b>	<b>99,735.0</b>	<b>100.0</b>	<b>32.1</b>
<b>Direct investment abroad</b>	<b>12,761.0</b>	<b>16.9</b>	<b>16,275.0</b>	<b>16.3</b>	<b>27.5</b>
Equity capital and reinvested earnings	8,955.0	11.9	12,128.7	12.2	35.4
Other direct investment capital	3,806.0	5.0	4,146.4	4.2	8.9
<b>Portfolio investment</b>	<b>18,669.9</b>	<b>24.7</b>	<b>24,717.0</b>	<b>24.8</b>	<b>32.4</b>
Equity securities	1,914.7	2.5	5,136.0	5.1	168.2
Debt securities	16,755.2	22.2	19,581.1	19.6	16.9
Bonds and notes	8,562.9	11.3	12,352.6	12.4	44.3
Money market instruments	8,192.3	10.9	7,228.4	7.2	-11.8
<b>Financial derivatives</b>	<b>333.5</b>	<b>0.4</b>	<b>368.6</b>	<b>0.4</b>	<b>10.5</b>
<b>Other investment</b>	<b>26,523.7</b>	<b>35.1</b>	<b>37,769.9</b>	<b>37.9</b>	<b>42.4</b>
Trade credit	5,697.0	7.5	6,986.7	7.0	22.6
Loans	14,224.0	18.8	22,359.2	22.4	57.2
Long-term	5,621.6	7.4	11,408.2	11.4	102.9
Short-term	8,602.4	11.4	10,951.0	11.0	27.3
Currency and deposits	5,948.8	7.9	7,664.6	7.7	28.8
Other assets	653.8	0.9	759.4	0.8	16.2
<b>Reserve assets</b>	<b>17,183.5</b>	<b>22.8</b>	<b>20,604.3</b>	<b>20.7</b>	<b>19.9</b>
<b>TOTAL EXTERNAL LIABILITIES</b>	<b>165,877.5</b>	<b>100.0</b>	<b>230,543.6</b>	<b>100.0</b>	<b>39.0</b>
<b>Direct investment in Estonia</b>	<b>86,880.8</b>	<b>52.4</b>	<b>115,483.2</b>	<b>50.1</b>	<b>32.9</b>
Equity capital and reinvested earnings	72,072.7	43.4	100,593.8	43.6	39.6
Other direct investment capital	14,808.1	8.9	14,889.4	6.5	0.5
<b>Portfolio investment</b>	<b>29,453.3</b>	<b>17.8</b>	<b>51,627.3</b>	<b>22.4</b>	<b>75.3</b>
Equity securities	11,783.6	7.1	22,276.7	9.7	89.0
Debt securities	17,669.7	10.7	29,350.6	12.7	66.1
Bonds and notes	12,971.7	7.8	26,577.3	11.5	104.9
Money market instruments	4,697.9	2.8	2,773.3	1.2	-41.0
<b>Financial derivatives</b>	<b>208.6</b>	<b>0.1</b>	<b>238.0</b>	<b>0.1</b>	<b>14.1</b>
<b>Other investment</b>	<b>49,334.7</b>	<b>29.7</b>	<b>63,195.1</b>	<b>27.4</b>	<b>28.1</b>
Trade credit	7,244.3	4.4	8,273.3	3.6	14.2
Loans	24,371.3	14.7	28,649.3	12.4	17.6
Long-term	21,349.0	12.9	25,081.9	10.9	17.5
Short-term	3,022.3	1.8	3,567.4	1.5	18.0
Currency and deposits	16,447.3	9.9	25,251.9	11.0	53.5
Other liabilities	1,271.8	0.8	1,020.7	0.4	-19.7
<b>NET INTERNATIONAL INVESTMENT POSITION</b>	<b>-90,405.8</b>		<b>-130,808.6</b>		<b>44.7</b>
Long-term	-81,182.8		-100,372.4		23.6
Short-term	-9,223.0		-30,436.3		230.0
<b>GROSS EXTERNAL DEBT</b>	<b>87,532.9</b>		<b>114,844.8</b>		<b>31.2</b>
<b>NET EXTERNAL DEBT</b>	<b>-17,588.7</b>		<b>-25,377.5</b>		<b>44.3</b>
General government	7,032.9		7,661.0		8.9

**Table 2.2. Estonia's international investment position by fields of activity and countries (%) as at 31 December 2004**

Claims		Liabilities	
<b>Fields of activity</b>			
Financial intermediation	70.3	Financial intermediation	51.3
Public administration and defence	11.6	Real estate, renting and business activities	13.1
Real estate, renting and business activities	5.5	Manufacturing	10.7
Wholesale and retail trade	5.3	Wholesale and retail trade	7.6
Manufacturing	4.6	Transport, storage and communications	5.4
Other	2.7	Other	11.9
Total	100.0	Total	100.0
<b>Countries</b>			
Lithuania	14.5	Sweden	29.8
Germany	12.8	Finland	20.4
Latvia	12.8	United Kingdom	16.7
Finland	7.1	USA	5.7
United Kingdom	7	Germany	3.9
Other	45.8	Other	23.5
Total	100.0	Total	100.0

**Table 2.3. Direct investment position by fields of activity and countries (%) as at 31 December 2004**

In Estonia		Abroad	
<b>Fields of activity</b>			
Financial intermediation	31.5	Financial intermediation	39.8
Real estate, renting and business activities	22.7	Real estate, renting and business activities	30.0
Manufacturing	16.7	Transport, storage and communications	13.5
Wholesale and retail trade	10.0	Wholesale and retail trade	6.2
Transport, storage and communications	5.3	Manufacturing	5.7
Other	13.8	Other	4.8
Total	100.0	Total	100.0
<b>Countries</b>			
Sweden	45.4	Lithuania	38.9
Finland	23.8	Latvia	32.7
USA	5.1	Cyprus	11.2
Norway	2.8	Finland	4.7
United Kingdom	2.7	Russia	4.2
Other	20.2	Other	8.3
Total	100.0	Total	100.0

Table 2.4. External debt (EEK m)

	31/12/2003	Share (%)	31/12/2004	Share (%)	Change (%)
<b>LIABILITIES</b>					
<b>I. General government</b>	<b>3,744.2</b>	<b>4.3</b>	<b>3,891.0</b>	<b>3.4</b>	<b>3.9</b>
Short-term					
Long-term	3,744.2	4.3	3,891.0	3.4	3.9
<b>II. Monetary authorities (NCB)</b>	<b>485.1</b>	<b>0.6</b>	<b>507.7</b>	<b>0.4</b>	<b>4.6</b>
Short-term	485.1	0.6	507.7	0.4	4.6
Long-term					
<b>III. Credit institutions</b>	<b>37,075.1</b>	<b>42.4</b>	<b>59,932.7</b>	<b>52.2</b>	<b>61.7</b>
Short-term	19,043.6	21.8	21,982.8	19.1	15.4
Long-term	18,031.5	20.6	37,950.0	33.0	110.5
<b>IV. Other sectors</b>	<b>25,700.0</b>	<b>29.4</b>	<b>28,214.3</b>	<b>24.6</b>	<b>9.8</b>
Short-term	9,946.9	11.4	10,549.7	9.2	6.1
Long-term	15,753.1	18.0	17,664.6	15.4	12.1
<b>V. Direct investment: intercompany lending</b>	<b>20,528.5</b>	<b>23.5</b>	<b>22,299.0</b>	<b>19.4</b>	<b>8.6</b>
<b>GROSS EXTERNAL DEBT</b>	<b>87,532.9</b>	<b>100.0</b>	<b>114,844.8</b>	<b>100.0</b>	<b>31.2</b>
<b>ASSETS</b>					
<b>I. General government</b>	<b>10,777.1</b>	<b>15.4</b>	<b>11,552.0</b>	<b>12.9</b>	<b>7.2</b>
Short-term	6,398.3	9.1	5,818.6	6.5	-9.1
Long-term	4,378.7	6.3	5,733.4	6.4	30.9
<b>II. Monetary authorities (NCB)</b>	<b>17,150.2</b>	<b>24.5</b>	<b>20,582.0</b>	<b>23.0</b>	<b>20.0</b>
Short-term	14,256.0	20.4	16,879.4	18.9	18.4
Long-term	2,894.2	4.1	3,702.6	4.1	27.9
<b>III. Credit institutions</b>	<b>14,218.0</b>	<b>20.3</b>	<b>23,030.2</b>	<b>25.7</b>	<b>62.0</b>
Short-term	12,615.8	18.0	14,970.9	16.7	18.7
Long-term	1,602.2	2.3	8,059.3	9.0	403.0
<b>IV. Other sectors</b>	<b>18,272.5</b>	<b>26.1</b>	<b>22,747.0</b>	<b>25.4</b>	<b>24.5</b>
Short-term	9,929.4	14.2	12,598.7	14.1	26.9
Long-term	8,343.2	11.9	10,148.3	11.3	21.6
<b>V. Direct investment: intercompany lending</b>	<b>9,526.4</b>	<b>13.6</b>	<b>11,556.0</b>	<b>12.9</b>	<b>21.3</b>
<b>TOTAL ASSETS</b>	<b>69,944.2</b>	<b>100.0</b>	<b>89,467.3</b>	<b>100.0</b>	<b>27.9</b>
<b>NET EXTERNAL DEBT (assets less liabilities)</b>					
<b>I. General government</b>	<b>7,032.9</b>		<b>7,661.0</b>		<b>8.9</b>
Short-term	6,398.3		5,818.6		-9.1
Long-term	634.6		1,842.4		190.3
<b>II. Monetary authorities (NCB)</b>	<b>16,665.8</b>		<b>20,074.3</b>		<b>20.5</b>
Short-term	13,770.9		16,371.7		18.9
Long-term	2,894.2		3,702.6		27.9
<b>III. Credit institutions</b>	<b>-22,857.1</b>		<b>-36,902.5</b>		<b>61.4</b>
Short-term	-6,427.9		-7,011.9		9.1
Long-term	-16,429.3		-29,890.6		81.9
<b>IV. Other sectors</b>	<b>-7,427.4</b>		<b>-5,467.3</b>		<b>-26.4</b>
Short-term	-17.5		2,049.0		-11,782.5
Long-term	-7,409.9		-7,516.3		1.4
<b>V. Direct investment: intercompany lending</b>	<b>-11,002.2</b>		<b>-10,743.0</b>		<b>-2.4</b>
<b>TOTAL NET EXTERNAL DEBT</b>	<b>-17,588.7</b>		<b>-25,377.5</b>		<b>44.3</b>

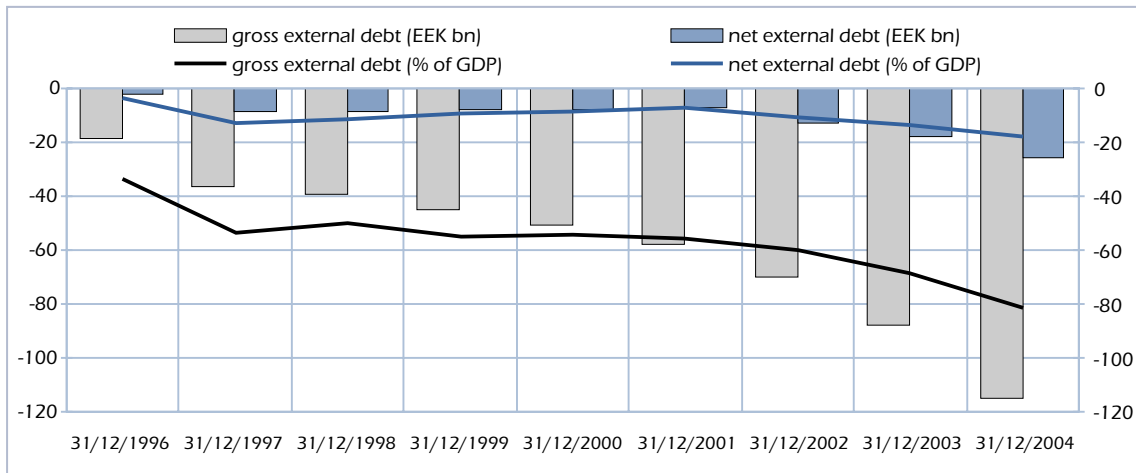


Figure 2.1. Estonia's gross and net external debt (EEK bn; left scale) and % of GDP (right scale)

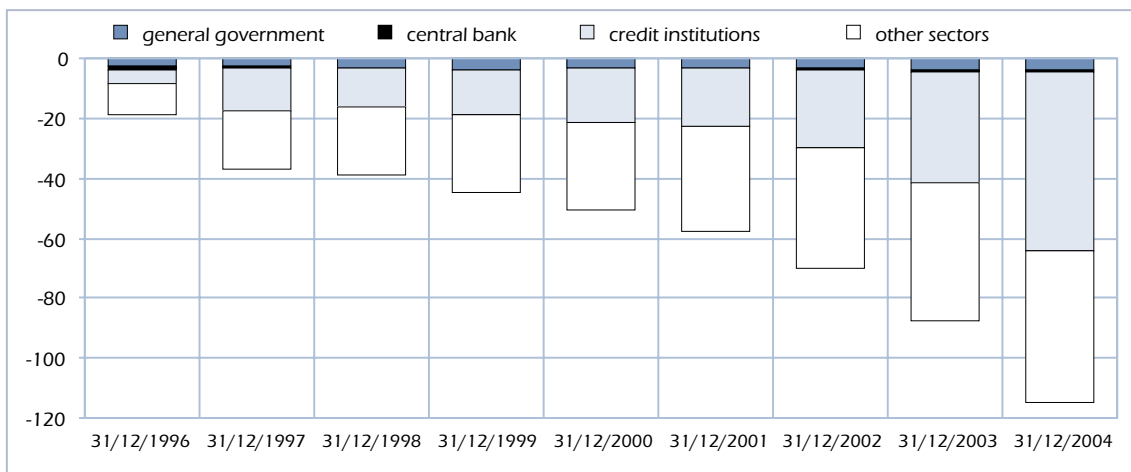


Figure 2.2. Estonia's gross external debt by sectors (EEK bn)

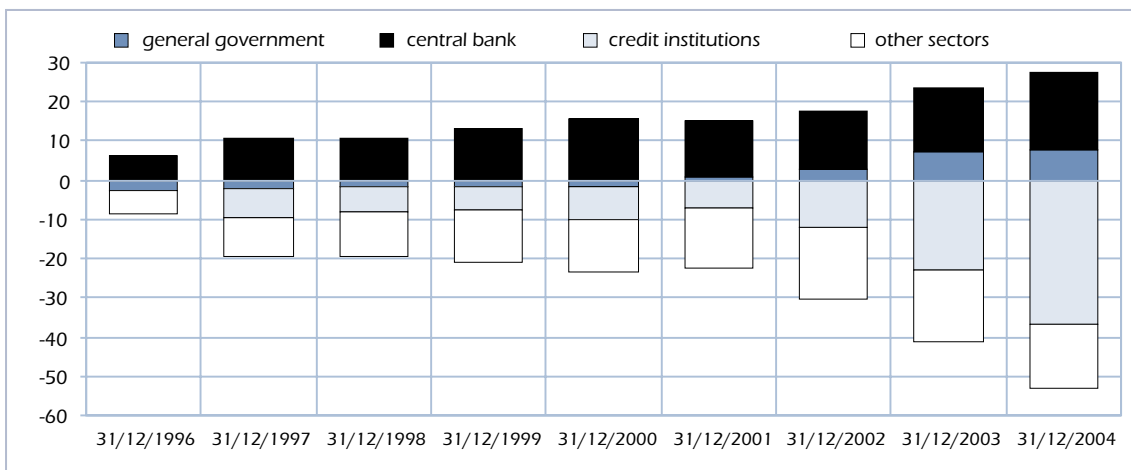


Figure 2.3. Estonia's net external debt by sectors (EEK bn)

### III. THEORETICAL CONCEPT, METHODOLOGY AND COMPILATION PRACTICES

The IMF Balance of Payments Manual, 5th Edition, serves as a methodological basis for external sector statistics as well as for the Estonian model of balance of payments statistics. The following is an introduction to three basic documents (balance of payments, international investment position, and external debt) along with their main principles, content of entries, dissemination policy, and compilation practices.

#### BALANCE OF PAYMENTS

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

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

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

The balance of payments includes the *current account*, reflecting income on foreign trade, and the *capital account*, *financial account* and *reserve assets*, reflecting current account financing, i.e. the structure of *external financing sources*.

The current account is divided into four accounts<sup>4</sup>: *goods*, *services*, *income*, and *transfers*. The goods and services accounts include all sums receivable from selling goods and services as well as the sums payable for purchases. The income account reflects revenues related to the use and render for use of production factors (capital and labour). Transfers are all the remaining transactions related to the formation of gross disposable income of residents and are distinguishable from capital transfers.

Sources of financing are divided between three accounts: the *capital account*, *financial account* and *reserve assets*. The *capital account* records mainly transactions related to intangible assets (e.g. the acquisition/disposal of intellectual property), debt forgiveness, and international capital transfers not related to the formation of gross disposable income. The *financial account* records foreign investment classified into four

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<sup>4</sup> Separate chapters provide an overview of the definitions and entries related to the balance of payments statistics.

major categories: *direct investment*, *portfolio investment*, *financial derivatives*, and *other investment*. In Estonia, *reserve assets* reflect changes in the gold and foreign exchange reserves of the central bank.

The compilation of the balance of payments is not based on the territory of the compiling country. A balance of payments transaction is for the most part a transaction between a *resident* and a *non-resident*, not only movement of funds. The balance of payments is compiled on an *accrual basis*, i.e. the transaction is recorded at the time the transaction was concluded between parties or a change of ownership took place, regardless of whether the respective amount has actually been received or paid. All balance of payments transactions are recorded at *market prices*.

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

**Table 3.1. Credit and debit**

	Increase in resources	Decrease in resources
	CREDIT " + "	DEBIT " - "
<b>Current account</b>	Exports of goods	Imports of goods
	Exports of services	Imports of services
	Income inflow	Income outflow
	Transfers inflow	Transfers outflow
<b>Capital account</b>	Inflow of capital transfers	Outflow of capital transfers
<b>Financial account</b>	Decrease in external claims	Increase in external claims
	Increase in external liabilities	Decrease in external liabilities
<b>Reserve assets</b>	Decrease in reserve assets	Increase in reserve assets

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

Pursuant to the Special Data Dissemination Standard the current account and the capital account record debit and credit turnovers separately. Only *net entries* (sums of debit and credit entries) are recorded on the financial account and the reserves account.

## INTERNATIONAL INVESTMENT POSITION

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

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

**Net investment position is the difference between the external assets and external liabilities of all institutional sectors of a country.**

The net investment position is *positive* when external claims exceed external liabilities, reflecting the net debt of the rest of the world to the country. The *negative* net investment position reflects the debt of the country to the rest of the world.

It has been agreed to record claims and liabilities between the direct investment company and the direct investor in the balance of payments according to the *directional principle*:

- all direct investment company's claims to direct investors are deducted from direct investment in Estonia (liabilities);
- all direct investors' liabilities to foreign direct investment companies are deducted from direct investment from Estonia (claims).

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

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

## EXTERNAL DEBT

External debt statistics is based on the external claims and liabilities recorded in the international investment position, which are debts in their nature, i.e. they have to be repaid. Direct and portfolio investment into equity capital, reinvested earnings (retained earnings/loss of previous periods and equity capital reserves) and financial derivatives are excluded from debt accounting. In addition, neither the gold reserves of the central bank nor the special drawing rights<sup>5</sup> are included in the external debt.

The key external debt indicators are the following:

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

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

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

## DEFINITIONS

- **C.i.f. (cost, insurance, freight) price** – an international delivery clause of goods, including the value of goods and the cost of insurance and transportation to the customs frontier of the importing country.
- **F.o.b. (free on board) price** – an international delivery clause of goods, including the value of goods and the cost of insurance and transportation to the customs frontier of the exporting country.

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<sup>5</sup> See Entries, Reserves p 46



- **Institutional sectors** are divided into the following groups in the external sector statistics:
  - *General government* – state government and defence authorities under the authority of central and local governments; scientific, research, health care, social care, educational, cultural and sports institutions, and state funds and foundations financed from a central or a local government budget;
  - *Monetary institutions* – Eesti Pank as the national central bank;
  - *Credit institutions* – companies as private bodies licensed by Eesti Pank the principal and permanent activities which are to receive cash deposits and other repayable funds from the public and to grant loans for their own account and perform other operations listed in the Credit Institutions Act;
  - *Other sectors* – the remaining private sector (companies and households).
- **Financial leasing** – loan (lease transaction) for the acquisition of assets on the condition that the leased property remains in the ownership of the lessor until the amortisation of the loan and interests.
- **Short-term capital** – claims or liabilities with the maturity of up to one year (inclusive).
- **Short-term position** – net investment position based on short-term external claims and liabilities. Conventionally, reserves of the central bank are considered short-term due to their nature.
- **Non-resident** – all other persons not covered by the definition *resident*.
- **Long-term capital** – claims or liabilities with the contractual maturity of over one year.
- **Long-term position** – net investment position based on long-term external claims and liabilities. Conventionally, direct investment are considered long-term due to their nature.
- **Repurchase agreement** – borrowing against securities as collateral.
- **Resident:**
  - 1) state bodies and agencies of the Republic of Estonia in the broadest sense (legislative, executive and judicial power, and their agencies, constitutional institutions), as well as local governments and their agencies;
  - 2) Estonia's diplomatic, consular and other official representative offices abroad, as well as other representative offices of Estonian agencies and organisations abroad not involved in economic or commercial activities;
  - 3) legal persons in public law and their agencies established by the laws of the Republic of Estonia;
  - 4) legal persons in private law registered in Estonia;
  - 5) organisations and associations of persons established and operating in Estonia and enjoying partial legal capacity that are not legal persons;
  - 6) branches and representations of foreign legal persons registered in Estonia;
  - 7) Estonian citizens residing in Estonia;
  - 8) aliens residing in Estonia with a permanent residence permit;
  - 9) aliens residing in Estonia with a temporary residence permit for at least one year;
  - 10) Estonian citizens studying or receiving medical treatment abroad, regardless of the length of studies or medical treatment;
  - 11) diplomats, military personnel, staff of consular and other representative offices as well as their family members staying abroad and enjoying immunity and diplomatic privileges;
  - 12) ship crews, seasonal and border workers, regardless of the duration of their residence on the territory of a foreign country;
  - 13) conventional business entities representing real estate located on Estonian territory (land together with its essential parts).

## ENTRIES

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

Estonia's trade account is based on the *special trade system* of official trade statistics, registering goods exceeding free circulation<sup>6</sup>. Exports exclude re-exports of imported goods previously stored in customs warehouses or provisions for sea and air transport. Imports exclude customs warehousing of imported goods, yet reflect deliveries of goods from customs warehouses into free circulation and processing. As the official trade statistics and customs statistics do not comply with the balance of payments compilation principles (imports in c.i.f. prices, residency principle vs. territorial principle etc.), necessary supplements are added to the balance of payments. The most significant of them include:

- a) goods not declared in customs and not crossing frontiers but which are balance of payments transactions (e.g. fish caught in foreign waters);
- b) goods purchased for carriers abroad: fuel, provisions, merchandise, etc.;
- c) repair of capital goods purchased and sold;
- d) translation of imports into f.o.b. prices, i.e. separation of transportation and insurance costs;
- e) taking into account price distortions upon exports of goods through customs warehouses and free zone;
- f) estimates of black economy.

As of 1 May 2004 foreign trade statistics is based on the combination of two reporting systems: trade with non-EU countries is still calculated on the basis of customs declarations submitted to the Tax and Customs Board (the so-called Extrastat), whereas intra-Community trade is registered through the so-called Intrastat survey organised by the Statistical Office (see [www.stat.ee/125965](http://www.stat.ee/125965)). While Extrastat still enables to apply the special trade system, which excludes trade through customs warehouses, then Intrastat does not allow to filter out goods that have moved through intermediate warehouses and that have not really entered Estonia's internal market, thus rather reflecting the principles of the general trade system. Therefore the general level of both imports and exports of goods is higher than in earlier periods and that peculiarity has to be taken into account when comparing time series. Moreover, due to the structural differences between Intrastat reports and customs declarations it is no longer possible to distinguish sufficiently accurately the so-called normal exports and imports from the imports of goods for processing and from the exports of processed goods.

- **Services account** reflects the services sold to and purchased from non-residents by Estonian residents:
  - *transportation* – passenger, freight and other transportation services by significant modes of transport (marine, air and other transport modes);
  - *travel services* – include expenditure on package tours of tourists and one-day visitors, as well as on goods and services in the country of destination. Besides the above items, travel services also include education and health care costs in the country of destination. While generally residence abroad up to one year accounts as tourism, with students and those receiving health care in

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<sup>6</sup> *General trade system* is also used, which registers movements of goods across customs frontiers. This system is not suitable for the compilation of the balance of payments, as it also includes the movement of goods of non-residents through Estonian customs warehouses.

the country of destination there is no time limit. Tourism is distinguished from travel services by the fact that international passenger transport services that are regarded as tourism services according to international practice are recorded in the balance of payments under transportation services entries;

- *communications services* – comprise charges for telecommunications services (TV and radio transmission, telegraph, telex and facsimile communications, satellite and cable television, e-mail etc.), postal and courier services (packaging, mailing, transportation, delivery of items, lease of letter boxes etc.);
  - *construction services* – generally cover the cost of construction activities abroad by resident companies or of construction activities in Estonia by non-residents. Construction services, as a rule, include sites or installation to be completed within one year, longer projects are treated as direct investment;
  - *insurance services* – charges collected and paid upon conclusion of life and non-life insurance contracts, loss adjustment expenses, insurance expert assessments, etc. Non-life insurance premiums and claims payable are recorded under current transfers while life insurance premiums and payments are recorded in the financial account under other long-term capital;
  - *financial services* – financial intermediation services and auxiliary services (other than insurance) related to commissions and fees of banking and securities brokerage or to custodial services, clearing, depository services, financial consulting etc.;
  - *computer and information services* – cover transactions related to fees for the use and development of databases, data processing and programming, hardware consultations, software implementation etc. as well as services of news agencies;
  - *royalties and licence fees* – receipts and payments for the use of copyrights, licenses, franchises, patents, industrial processes or other intellectual property;
  - *merchandising* – commissions and fees of commodity brokers and dealers. The value of trade services is the difference between the value of goods purchased by residents abroad and the value of these goods resold abroad during the same period. The goods must never enter the customs territory of the compiling state;
  - *operational lease* – payments where the lessee uses the assets during the contract period and returns the assets to the lessor upon the expiry of the contract; (*Capital lease* – see below.)
  - *miscellaneous business services* – services related to consulting (legal assistance, accounting, audit, management consulting etc.), public relations and marketing (advertising, opinion polls, market research etc.) or other technical services (waste management, environmental protection, architectural and engineering solutions, printing services etc.);
  - *personal, cultural and recreational services* – audio-visual services related to radio, television and production of motion pictures, organising concerts and other events, fees to performers, organising exhibitions and museum exhibits, producer services and other sports, cultural and recreational services;
  - *government services not included elsewhere* – other services rendered by government institutions related to embassies and consular services, military and other public sector services, state fees and foreign aid received and provided as a service (for foreign aid see also *current transfers*).
- **Income account** reflects income related to the use and render for use of production factors (capital and labour). Income falls into two categories:
    - a) *compensation of employees* – gross wages together with social transfers earned abroad under a labour contract with a duration of up to a year and paid to foreigners in Estonia;
    - b) *investment income* – generally reflecting income on foreign (direct, portfolio and other) investment claims and payable from foreign investment liabilities (interests, dividends and other proprietary income). Investment income also includes *reinvested earnings* reflected as

direct investment, being a proportional change equal to investment in the undistributed profit of the investment company.

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

- **Current transfers account** includes all remaining transactions related to the accumulation of residents' disposable income but not recorded elsewhere under the current account. Current transfers are unilateral, i.e. there is no consignment or service following (or preceding) the transfer and neither is it income for the use of production factors. Current transfers are usually related to taxes, fines, subsidies, donations, inheritance, membership fees, insurance premiums, and indemnities. Current transfers include also the cost of goods and services received or provided as foreign aid as offsetting entries. The current transfers account records money flows by two institutional sectors:
  - a) general government;
  - b) *other sectors*.

General government transfers are the amounts related to the transfers received from and paid by the Estonian public sector. *Workers' remittances* recorded under other sectors indicate remittances to the home country of outside workers (also migrants – persons who have lived and worked in a foreign country more than a year) in case they have been hired by a company in a foreign country.

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

The capital account records money flows by two sectors:

- a) *general government capital transfers*;
- b) *capital transfers by other sectors*.

- **Direct investment** in Estonia's balance of payments refers to investment involving a qualifying holding, which amounts to 10% or more of the equity capital of the investment company<sup>7</sup>. According to international standards, lending and other investments between a company and an investor with a qualifying holding are also reflected as direct investment (except with financial intermediaries in case of whom only subordinated debt is recorded as direct investment) .
  - *Direct investment company* – a company in which an investor or direct investor has a qualifying holding.
  - *Direct investor* – an investor who has a qualifying holding in a direct investment company.

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<sup>7</sup> The concept describes direct investment as financial resources applied leading to a qualifying holding and a casting vote of the investor in managing the direct investment enterprise, regardless of the actual holding. As such an approach does not ensure similar treatment of the investment in the investor and recipient country, the 10% criterion is recommended to avoid statistical errors (*OECD Benchmark Definition of Foreign Direct Investment*, 1996).

The direct investment account falls into the following categories:

- a) *equity capital* of direct investment companies;
  - b) *reinvested earnings* – direct investor's proportional share calculated by equity method in the operating profit or loss of a direct investment company;
  - c) *other direct investment capital* – claims and liabilities related to lending, debt securities and trade credit between a direct investment company and a direct investor.
- **Portfolio investment** account records, under claims and liabilities, securities investments that fall into the following categories:
    - a) *equity securities* – securities investment into equity capital not comprising a qualifying holding, i.e. remaining below 10% of the fixed capital of a company;
    - b) *debt securities* – bonds and money market instruments that prove the debt claim.
      - *bonds* – securities proving the right of claim of their holders containing the borrower's commitment to repay the loan to the creditor on the agreed date and pay interest. As a rule, bonds are long-term instruments;
      - *money-market instruments* – treasury bills, certificates of deposit, commercial papers or other short-term securities that are usually discountable (i.e. whose notional principal amount is repaid to the investor by the issuer upon maturity and whose interest is the difference of the issue price and the repurchase price). As a rule, money market instruments are short-term.

Portfolio investments are recorded by institutional sectors in the balance of payments.

- **Financial derivatives** are securities related to a financial instrument, index or commodity allowing trading in financial risks on markets. Major financial derivatives are *options*, *forwards*, *futures*, and *swaps*. Financial derivatives are recorded in the balance of payments by institutional sectors, assets and liabilities separately.
- **Other investment** cover all other investments that are neither direct investment nor portfolio investment, nor related to financial derivatives:
  - *trade credit* – outstanding or unpaid amounts for goods and services and advance payments, recorded on an accrual basis in the balance of payments as well as in the international investment position;
  - *loans* – short-term and long-term lending of institutional sectors not related to direct investment. Loans also cover *capital lease* and *repurchase agreements*;
  - *currency and deposits* – foreign currency held by residents and their deposits in foreign credit institutions are recorded as assets. Estonian kroons held by non-residents and their deposits in Estonian credit institutions are recorded as liabilities;
  - *other assets and liabilities* – other overdue sums (accounts receivable and accounts payable) recorded on an accrual basis, as well as other assets and liabilities unrelated to other entries. In addition, life insurance premiums collected and disbursements made by insurance companies are recorded here.
- **Reserves** – gold and foreign exchange reserves of the central bank comprising assets backing the kroon in Estonia's monetary system. Reserves are usually highly liquid tradable external assets of the central bank, entered as:
  - a) *monetary gold* – gold held as reserve assets;
  - b) *SDRs* (special drawing rights) – units of account created by the International Monetary Fund. Their

value is based on a basket of four currencies (USD, EUR, JPY, and GBP). Each IMF member has a SDR account for borrowing and other related operations between the member state and the IMF;

c) *International Monetary Fund (IMF) reserve position* – contribution to the IMF that is a loan in character available to the member state, if necessary;

d) *foreign exchange* – foreign exchange or equal reserve assets: foreign currency and deposits, equity securities, bonds, money market instruments, and financial derivatives;

d) *other claims* – other liquid external assets (also financial derivatives).

## BALANCE OF PAYMENTS COMPILATION SYSTEM

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

- **survey system;**
- **settlements system, cash-based system;**
- **administrative system.**

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

The *settlements system* is based on collection, coding and processing of international payments through resident banks. Based on the description of the transaction, clients, commercial institutions or the central bank attribute a transaction code to each incoming or outgoing payment in compliance with the balance of payments structure. The settlements system allows to collect detailed and operational information but is still limited: money flows do not reflect accrual approach, the description of a transaction or balance of payments code is often missing, netting appears, and money flows do not allow to estimate positions. Pure settlements system is being pushed out by the mixed system in most countries of continental Europe.

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

## COMPILATION PRACTICES IN ESTONIA

Estonia started compiling national balance of payments in 1992. Due to the weakness of the banking system at that time, the survey system was introduced. However, as this system is not sufficiently flexible in the changing economic environment, the possibilities to apply the settlements system upon compiling the balance of payments were studied. The settlements system was launched in parallel to the survey system in 1994. Arising from the compilation of international investment position as of 1996, surveys have become more significant. Above all, surveys facilitate collecting information on an accrual basis and other indicators not reflected in money flows (e.g. trade credit, reinvested earnings).

By now Estonia has developed its own *mixed system* of compiling balance of payments. Two parallel databases are complementary and simplify error identification. The databases in combination with administrative

information provide the documents (balance of payments, international investment position etc.) with better quality, the latter usually being quite complicated in very open economies of low concentration (see Figure 3.1).

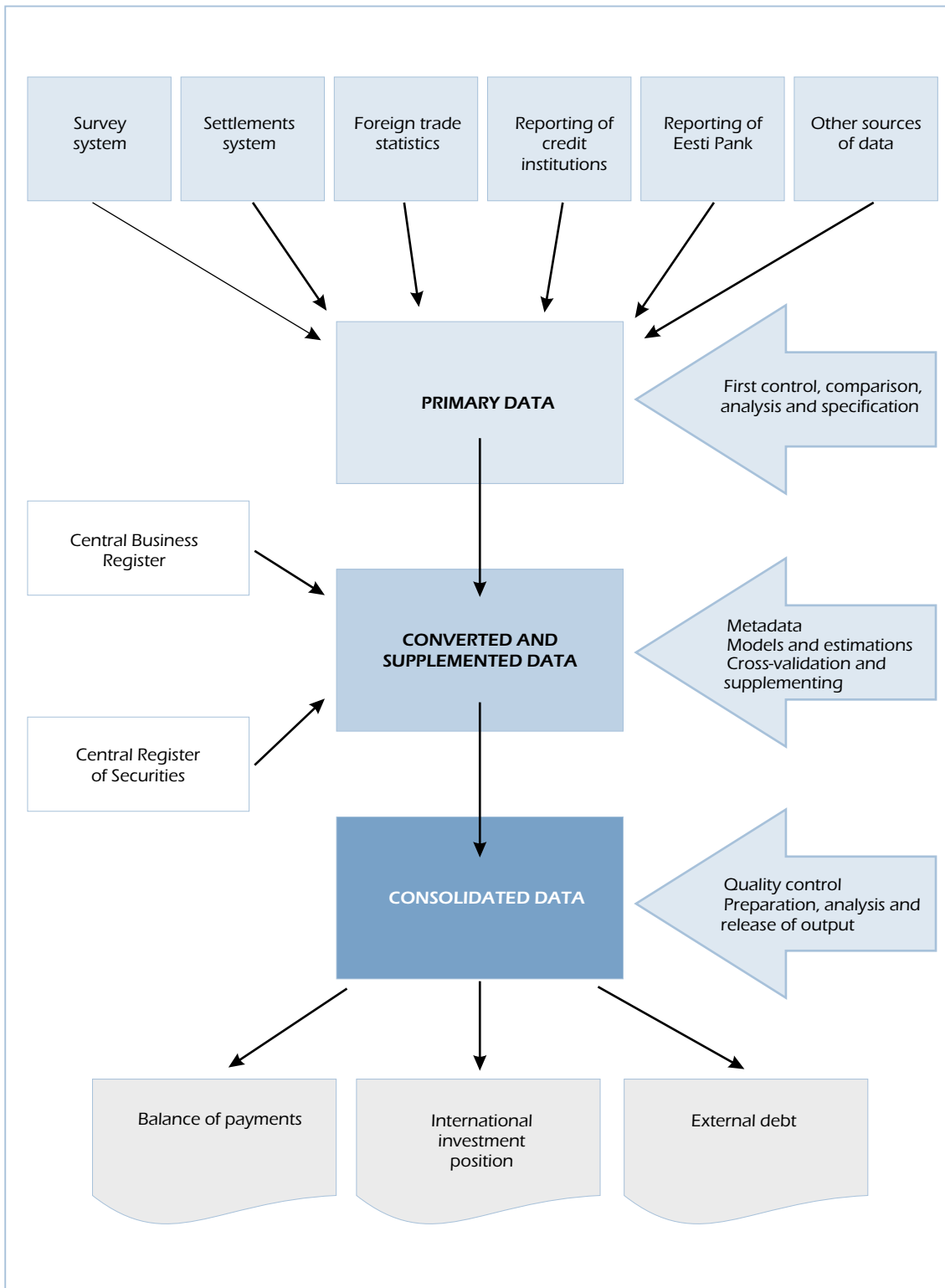


Figure 3.1. Balance of payments compilation system

Regarding other quarterly statistics on balance of payments and the external sector, the survey system supplemented with the information collected through the settlements system is significant. Besides monthly reports by the central bank, credit institutions and the government sector, the settlements system supplemented by various econometric models is applied upon compiling monthly balances of payment. In order to meet the European Union requirements, Eesti Pank started to release initial monthly balance of payment indicators in 2002.

Currently, ten different surveys are in use, collecting quarterly information from more than 3,200 enterprises. The quarterly settlements system involves approximately 80,000 transactions significant for the compilation of the balance of payments, the information on which is received through the so-called open system: the central bank gets information only on the debit or credit side of the foreign payment order. Only bank clients' payments are communicated. Banking sector transactions are recorded in the balance of payments based on banks' balance sheets, income statements and other financial reports.

Apart from the above, information is obtained from multiple other channels: official trade statistics, the Central Register for Securities, Financial Supervision Authority, surveys conducted by the Statistical Office of Estonia, Ministry of Justice Centre of Registers, accounting registers in Eesti Pank, public sector institutions etc. In addition, statistical surveys are conducted, assessments made and econometric methods applied. Table 3.2 provides an overview of the sources of information applied to compile balance of payments statistics.

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

Name of report	Target group / content of the report	Frequency	Due date after accounting period	Sample size / No of data sources
<b>SURVEY SYSTEM</b>				
<b>Form 2</b>	Companies with foreign ownership	quarter	20 days	1,630
<b>Form 3</b>	Transport companies without foreign ownership	quarter	20 days	225
<b>Form 4</b>	Transport companies with foreign ownership	quarter	20 days	155
<b>Form 5</b>	Investment funds (management companies)	quarter	20 days	34
<b>Form 6</b>	Companies without foreign ownership	quarter	20 days	1,005
<b>Form 7</b>	Companies with foreign ownership and not engaged in foreign economic activities	quarter	20 days	62
<b>Form 9</b>	Insurance companies and intermediaries	quarter	20 days	20
<b>Form 10</b>	Other financial intermediaries	quarter	20 days	24
<b>SETTLEMENTS SYSTEM</b>				
<b>Settlements system reporting according to the procedure for declaring international payments</b>	Incoming international payments declared in credit institutions	15 days	7 days	9
	Outgoing international payments declared in credit institutions	15 days	21 days	9
	Consolidated report on international payments	month	7 days	9
<b>ADMINISTRATIVE INFORMATION</b>				
<b>CREDIT INSTITUTIONS</b>				
<b>Balances of resources report</b>	Balances of selected liabilities entries of the balance sheet of credit institutions by residency and in detailed presentation	month	5 days	9
<b>Balances of loans report</b>	Balances of selected claims entries of the balance sheet of credit institutions by residency and in detailed presentation	month	5 days	9
<b>Income statement</b>	Distribution of income and expenditure of credit institutions by residency	quarter	10 days	9
<b>Services rendered to and purchased from non-residents</b>	Selected income and expenditure entries of credit institutions in presentation extended to non-residents	quarter	10 days	9



Name of report	Target group / content of the report	Frequency	Due date after accounting period	Sample size/ No of data sources
<b>Securities report</b>	Detailed report of the securities portfolios of credit institutions by residency	month	5 days	9
<b>Off-balance-sheet items report</b>	Report of the off-balance-sheet activities of credit institutions	quarter	7 days	9
<b>Custodial and investment services report</b>	Report of the custodial and investment activities of credit institutions	quarter	7 days	9
<b>Transactional financial flow report</b>	Report of the transactional changes in the non-residents' balances of the balance sheet entries of credit institutions	quarter	10 days	9
<b>EESTI PANK</b>				
<b>Balance of payments statement of Eesti Pank</b>	Accounting department's statement of Eesti Pank's non-residents' balances of and changes in the balance sheet entries, and changes in the income statement entries of non-residents	month	5 days	1
<b>STATISTICAL OFFICE OF ESTONIA</b>				
<b>Official foreign trade statistics</b>	Processed, supplemented and categorised customs declaration data of the Customs Board by customs procedures and different features	month	56 days	1
	Intra-Community trade report INTRASTAT			
<b>Tour operators' report</b>	Exports and imports of travel agencies (intermediation of passenger transport services included); tourists received and sent by countries	quarter	2 months	1
<b>Accommodation establishments' report</b>	Data on the turnover and number of tourists serviced in accommodation establishments	quarter	2 months	1
<b>MINISTRY OF JUSTICE CENTRE OF REGISTERS</b>				
<b>Central Business Register, Non-Profit Associations and Foundations Register</b>	Data on legal persons registered in Estonia and their owners	month	1 month	1
<b>Land register database</b>	Statistics on real estate transactions related to non-residents	year	as necessary	1
<b>ESTONIAN CENTRAL REGISTER OF SECURITIES</b>				
<b>Central Register of Securities</b>	Statistics of securities issues registered in the Estonian Central Register of Securities	month	10 days	1
<b>BORDER GUARD ADMINISTRATION</b>				
<b>Border crossing statistics</b>	Report of the crossers of the Estonian border by their citizenship	month	25 days	1
<b>MINISTRY OF FOREIGN AFFAIRS</b>				
<b>Statistics on diplomatic missions abroad</b>	Data on the income, expenditure and assets of the Estonian embassies and missions	quarter	1 month	1
<b>TAX AND CUSTOMS BOARD</b>				
<b>Tax statistics</b>	Data on taxes withheld from non-residents in Estonia and from residents abroad	year	as necessary	1
<b>TALLINN CITY OFFICE</b>				
<b>Foreign claims and liabilities statement</b>	Statement of the external loans, external assets, financial income and expenditure of Tallinn City	quarter	1 month	1
<b>MINISTRY OF FINANCE</b>				
<b>External loans report</b>	Report of the usage and servicing of state loans	month	10 days	1
<b>External assets report</b>	Report of the balance of assets of the State Treasury and changes occurred	month	1 month	1
<b>OTHER</b>				
Open Estonian Foundation, Estonian Migration Foundation, Estonian Authors' Society, Estonian Unemployment Insurance Fund, Estonian Health Insurance Fund, Land Board etc.				5-10

Besides Estonia, several other central banks (including the central banks of Latvia, Lithuania, Sweden, and the Czech Republic) have started to apply the mixed system above (cash flows + surveys + administrative sources). With the approval of European Union institutions this model has recently been gaining popularity also in other European countries that so far had been obtaining information only from the cash-based system, established under tight capital control.

## Legal Base for Balance of Payments Statistics

In accordance with subsection 2(8) of the **Eesti Pank Act**, Eesti Pank is responsible for compiling the balance of payments of Estonia, the compilation being one of the basic functions of the central bank pursuant to the law.

Section 34 of this Act entitles Eesti Pank to obtain, free of charge, the information necessary for drawing up the balance of payments of Estonia from all state and local government agencies and legal persons conducting cross-border economic transactions in the territory of Estonia.

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

Balance of payments reporting by Estonian credit institutions is also regulated by respective regulations issued by the Governor of Eesti Pank.

## Confidentiality of Data

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

## Dissemination and Adjustment Policy

The **Special Data Dissemination Standard (SDDS) of the International Monetary Fund**, which Estonia joined in October 1998, serves as a basis for disseminating statistical data. The standard sets minimum requirements for the content of the data, dissemination periodicity, and timeliness across statistics categories.

- **Data dissemination.** Balance of payments statistics together with press releases, analyses and statistical tables for 2005–2006 will be published on Eesti Pank's web site (<http://www.bankofestonia.info>) at noon on the dates specified in Table 3.3.
- **Adjustment policy.** Upon collection of additional information and changes in methodology, the data of previous periods is adjusted as follows:
  - a) *regular adjustment* – the data released on dates provided in Table 3.3 is preliminary and revised upon the release of preliminary statistics of the next periods. As a rule, adjusted annual data is published upon the release of the statistics of the first quarter of the following year and is considered final;
  - b) *extraordinary adjustment* – in exceptional cases, when significant errors and omissions have occurred or methodology changes render results incomparably, data can be adjusted retrospectively for more than a year, of which the public will be notified by a respective reference.
- **Unit of account and conversion.** The unit of account for the balance of payments and the international investment position is the Estonian kroon (EEK). Statistics released in other currencies (USD, EUR) is based on the following conversion:

- *balance of payments flash estimate* – the monthly average exchange rate of the respective currency against the Estonian kroon;
  - *quarterly balance of payments* – the quarterly average exchange rate of the currency against the Estonian kroon;
  - *annual balance of payments* – the average exchange rates of four quarters (i.e. the annual balance of payments is the sum of quarterly balances converted into foreign currency);
  - *investment position* – the exchange rate on the compilation date or on the closest banking day.
- **Rounding.** Due to rounding, the total of sub-items is not always equal to the total of the consolidated entry.

**Table 3.3. Calendar of data publication**

<b>Balance of payments flash estimates</b>			
<b>Year 2005</b>		<b>Year 2006</b>	
January	16/03/05	January	14/03/06
February	13/04/05	February	11/04/06
March	13/05/05	March	15/05/06
April	13/06/05	April	09/06/06
May	15/07/05	May	12/07/06
June	12/08/05	June	11/08/06
July	12/09/05	July	11/09/06
August	13/10/05	August	10/10/06
September	14/11/05	September	10/11/06
October	13/12/05	October	12/12/06
November	12/01/06	November	January 07
December	12/02/06	December	February 07
<b>Quarterly balance of payments</b>			
<b>Year 2005</b>		<b>Year 2006</b>	
Quarter 1	27/06/05	Quarter 1	26/06/06
Quarter 2	26/09/05	Quarter 2	25/09/06
Quarter 3	27/12/05	Quarter 3	25/12/06
Quarter 4	27/03/06	Quarter 4	March 07
<b>International investment position</b>			
<b>Year 2005</b>		<b>Year 2006</b>	
As at 31/03/05	27/06/05	As at 31/03/06	26/06/06
As at 30/06/05	26/09/05	As at 30/06/06	25/09/06
As at 30/09/05	27/12/05	As at 30/09/06	25/12/06
As at 31/12/05	27/03/06	As at 31/12/06	March 07
<b>External debt</b>			
<b>Year 2005</b>		<b>Year 2006</b>	
As at 31/03/05	27/06/05	As at 31/03/06	26/06/06
As at 30/06/05	26/09/05	As at 30/06/06	25/09/06
As at 30/09/05	27/12/05	As at 30/09/06	25/12/06
As at 31/12/05	27/03/06	As at 31/12/06	March 07
<b>Publication calendar</b>			
Year 2006	30/09/05	Year 2007	30/09/06