



EUROSÜSTEEM

# Estonia's Balance of Payments for the Third Quarter of 2012

2012



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## OVERVIEW

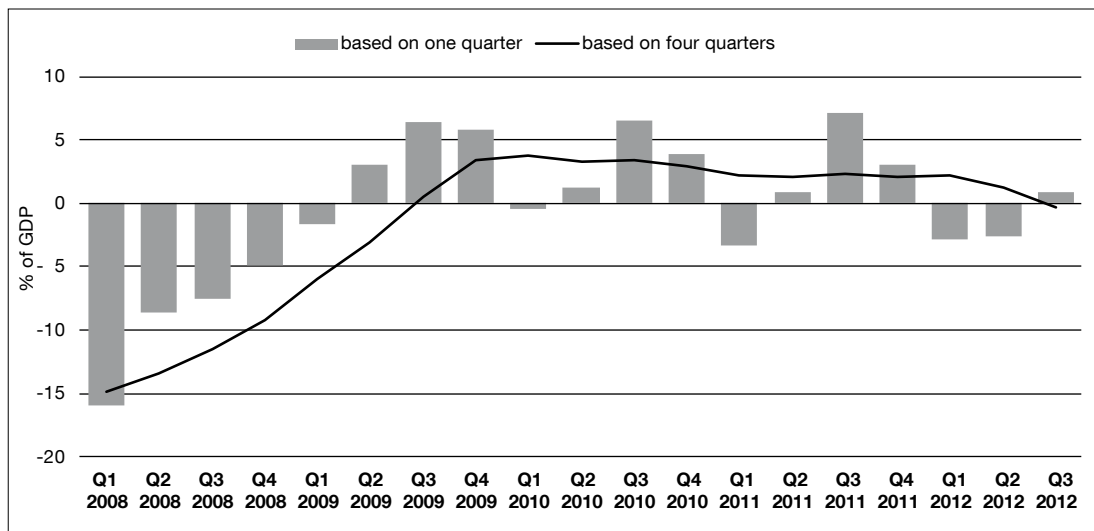
(Based on preliminary data)

- In the third quarter of 2012, Estonia's balance of payments was once again in surplus and reached 39 million euros, which is equal to almost 1% of GDP for the third quarter (see Table 1 and Figure 1). This was, however, substantially less than the record surplus that was reached in the same quarter last year.
- In the first three quarters of 2012, the current account surplus totalled 209 million euros, but in 2012 the figure for the three first quarters showed a deficit of 179 million euros.
- The fall in the current account surplus in the third quarter of 2012 was driven by all components of the account, except for current transfers, as there was both an increase in the deficit on imports and exports of goods and in net income outflows, and a drop in the surplus on services.
  - The main cause of the rise in the foreign trade deficit was the increase in imports of transport vehicles and machinery and equipment.
  - The surplus on imports and exports of services mostly shrank as a consequence of the rise in the purchase of the transport services used to bring the record imports of goods to the country.
  - The rise in the net outflow of income was brought about by a rise in the re-invested profits of non-residents' direct investment in Estonia and at the same time a drop in the reinvested profits of residents' investment abroad.
- The capital account surplus was 212 million euros. This was almost entirely made up of contributions from the EU budget for infrastructure development.
- The Estonian economy was a net lender in the third quarter with 109 million euros more going out than came in.
  - The general government and credit institutions financed the rest of the world to the tune of 348 million euros.
  - The business sector and the central bank saw cross-border flows more in the other direction, with inflows 239 million euros higher than outflows.
- The gross external debt of the Estonian economy grew by 1% in the quarter, which is 3% less than the GDP for the last four quarters. The main growth in the gross external debt came in the general government. As loans abroad increased faster in the quarter than loans taken from abroad, Estonia's net external debt was positive for the first time, reaching 0.1 billion euros by the end of the quarter, or 0.6% of GDP of the past four quarters.

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

Item	2010	2011					2012		
	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3
<b>CURRENT ACCOUNT</b>	<b>419.4</b>	<b>-118.2</b>	<b>35.9</b>	<b>291.4</b>	<b>130.3</b>	<b>339.5</b>	<b>-107.9</b>	<b>-110.9</b>	<b>39.4</b>
Goods and services	1,073.1	81.8	293.1	392.5	250.4	1,017.8	79.8	177.5	202.2
Goods	-266.6	-129.2	-42.6	-37.2	-12.5	-221.5	-148.3	-227.2	-150.9
credit (f.o.b.)	8,769.0	2,743.0	3,180.0	3,069.0	3,063.9	12,055.9	2,994.3	3,091.4	3,308.1
debit (f.o.b.)	-9,035.6	-2,872.2	-3,222.6	-3,106.2	-3,076.4	-12,277.4	-3,142.6	-3,318.6	-3,459.0
Services	1,339.7	211.0	335.7	429.7	262.9	1,239.2	228.2	404.8	353.1
credit	3,441.4	767.2	992.7	1,120.0	1,019.8	3,899.7	901.1	1,124.8	1,145.1
debit	-2,101.7	-556.2	-657.0	-690.3	-757.0	-2,660.4	-672.9	-720.0	-791.9
Income	-893.5	-224.6	-288.7	-168.3	-251.0	-932.6	-196.9	-346.7	-239.5
credit	703.3	212.6	218.0	243.1	187.8	861.6	186.0	158.1	213.1
debit	-1,596.9	-437.2	-506.8	-411.4	-438.8	-1,794.2	-382.9	-504.9	-452.6
Current transfers	239.8	24.7	31.4	67.2	130.9	254.3	9.2	58.4	76.7
credit	552.6	132.9	103.3	138.2	236.0	610.3	121.3	141.2	156.7
debit	-312.8	-108.1	-71.9	-71.0	-105.0	-356.1	-112.1	-82.8	-80.0
<b>CAPITAL AND FINANCIAL ACCOUNT (including reserve assets)</b>	<b>-345.6</b>	<b>58.5</b>	<b>-48.3</b>	<b>-124.5</b>	<b>-179.9</b>	<b>-294.2</b>	<b>47.9</b>	<b>266.1</b>	<b>84.2</b>
Capital account	505.2	187.1	113.9	159.5	209.0	669.5	86.8	110.2	211.8
Financial account (including reserve assets)	-850.8	-128.6	-162.2	-284.0	-388.9	-963.7	-38.9	155.9	-127.6
Direct investment	1,100.1	186.6	390.7	850.0	-193.3	1,234.1	55.7	481.0	143.1
Abroad	-107.1	-224.8	-27.8	1,450.5	-148.8	1,049.1	-85.5	-50.3	-93.4
In Estonia	1,207.3	411.5	418.5	-600.5	-44.5	185.0	141.2	531.3	236.6
Portfolio investment	-462.1	212.9	-37.6	434.9	541.7	1,151.9	-116.3	193.7	-232.4
Assets	-316.8	201.4	-8.0	293.0	545.2	1,031.5	-86.6	-101.2	-239.6
Equity securities	-303.8	8.1	-15.2	18.3	90.9	102.2	-102.8	23.5	-5.4
Debt securities	-13.0	193.2	7.2	274.7	454.2	929.3	16.2	-124.8	-234.1
Liabilities	-145.3	11.5	-29.6	141.9	-3.5	120.4	-29.7	294.9	7.2
Equity securities	30.0	0.0	-21.6	-28.0	-30.9	-80.5	-14.4	3.4	-8.8
Debt securities	-175.3	11.5	-8.0	170.0	27.4	200.8	-15.3	291.5	15.9
Financial derivatives	32.7	-29.2	-13.6	12.2	-8.2	-38.8	26.6	11.7	21.5
Assets	-0.9	-3.2	0.0	-29.8	10.4	-22.6	44.2	25.8	0.2
Liabilities	33.6	-26.0	-13.6	42.0	-18.6	-16.2	-17.5	-14.0	21.2
Other investment	-2,352.7	-474.1	-509.4	-1,582.6	-732.1	-3,298.1	48.3	-530.3	-40.7
Assets	-1,263.4	90.2	-932.0	-869.2	-499.6	-2,210.6	-292.7	-532.9	-301.5
Long-term	-322.5	-135.0	38.3	6.0	-2.8	-93.5	-154.9	-6.0	-61.3
Short-term	-940.8	225.2	-970.3	-875.2	-496.7	-2,117.1	-137.8	-526.9	-240.2
Liabilities	-1,089.4	-564.3	422.6	-713.4	-232.6	-1,087.6	341.0	2.6	260.8
Long-term	-1,361.2	-422.2	-162.6	-160.4	-445.2	-1,190.3	241.2	-514.2	91.4
Short-term	271.8	-142.1	585.2	-553.0	212.6	102.8	99.8	516.8	169.4
Reserve assets	831.3	-24.8	7.7	1.4	3.0	-12.8	-53.2	-0.2	-19.1
<b>Errors and omissions</b>	<b>-73.8</b>	<b>59.6</b>	<b>12.5</b>	<b>-166.9</b>	<b>49.6</b>	<b>-45.3</b>	<b>60.0</b>	<b>-155.3</b>	<b>-123.6</b>
<i>Capital and financial account excluding reserve assets</i>	<i>-1,176.9</i>	<i>83.3</i>	<i>-56.0</i>	<i>-125.9</i>	<i>-182.9</i>	<i>-281.4</i>	<i>101.1</i>	<i>266.3</i>	<i>103.2</i>
<i>Financial account excluding reserve assets</i>	<i>-1,682.1</i>	<i>-103.7</i>	<i>-169.9</i>	<i>-285.4</i>	<i>-391.9</i>	<i>-950.9</i>	<i>14.3</i>	<i>156.1</i>	<i>-108.5</i>

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



**Figure 1. Current account balance**

### **A small surplus on the current account**

**Goods** exports were 8% higher than in the third quarter of 2011 and imports were up by 11%. Volumes of both imports and exports were at record levels quarter-on-quarter. The main growth in exports was in mineral products, chemicals and clothing, while exports of wood and metal products declined somewhat. Imports of goods grew in most categories of goods except metal products. There was rapid growth in imports of furniture and transport vehicles, particularly railway rolling stock and ships. The trade deficit was four times larger than a year before at 151 million euros, which is equal to 3.4% of the third-quarter GDP. The causes of the growth in the deficit were mainly transport vehicles and machinery and equipment.

The surplus on imports and exports of **services** declined by almost 20% on the previous year and stood at 353 million euros. Exports of services rose by 2% and imports by 15%. The faster growth in imports was mainly caused by purchases of freight transport services for bringing in imported goods. Exports were higher than imports in all the main categories of services except royalties and licence fees. As usual, exports were higher than imports in travel, transport and other business services, which contributed 95% of the surplus on the services account.

In the third quarter the net outflow of the **income account** was more than 40% higher than a year earlier at 240 million euros. The reason for this was that income from labour and investments abroad by residents of Estonia fell by more than 10%, while the income earned in Estonia by non-residents increased by the same amount. The net outflow of income was almost entirely reinvested earnings and is considered as direct investment inflow and thus as a book value where no actual cash transactions happen.

The total surplus on **current transfers and the capital account** rose by more than a quarter and reached 289 million euros. The rise was driven by an increase in contributions from the EU budget.

### **Estonia was a net lender in the third quarter**

The outflow of capital in the **financial account** (excluding reserves) was larger than the inflow by 109 million euros. The business sector and the central bank were net borrowers but credit institutions and the general government were net lenders, financing the rest of the world with 292 and 56 million euros respectively.

The **direct investment** inflow surpassed the outflow by 143 million euros. Direct investment in Estonia by non-residents grew by 237 million euros and direct investment abroad by residents by 93 million euros. The structure of direct investment in both directions saw reinvested profits playing an important role. Investments in Estonia were concentrated in financial services and wholesale. Direct investment abroad was made by investors in maritime transport and storage and transportation.

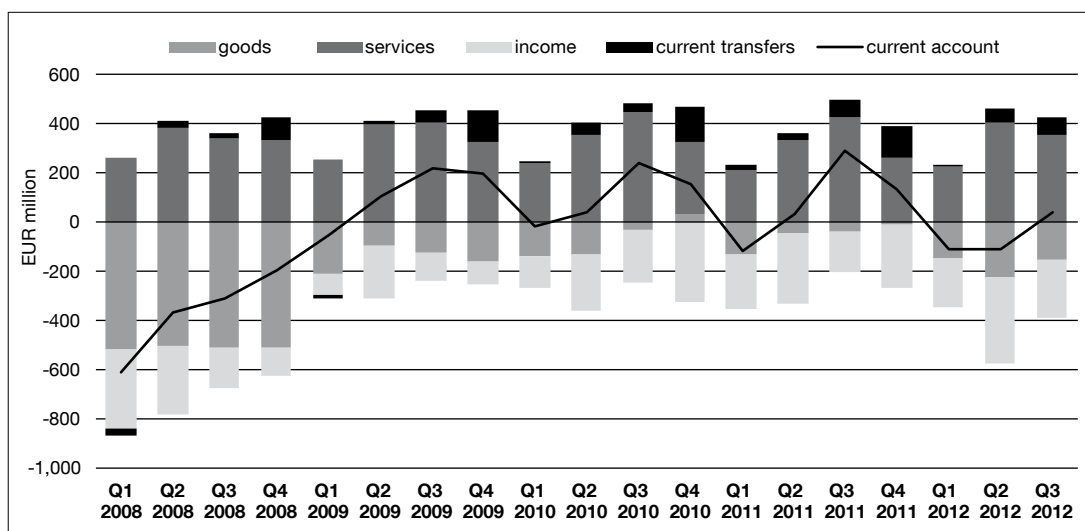
The outflow of **portfolio investment** exceeded the inflow by 232 million euros. Foreign assets grew by 239 million euros. As in the second quarter, the general government was the biggest investor in foreign debt securities, with the total amount invested reaching 193 million euros. Credit institutions and the central bank increased their foreign holdings positions by 49 million and 20 million euros respectively. Investment abroad by companies in other sectors fell by a total of 22 million euros, mostly due to the activity of pension funds. Total foreign liabilities remained at around the same level as in the second quarter.

The net inflow of **financial derivatives** was 22 million euros.

The outflow of **other investment** (loans and deposits) was 41 million euros higher than the inflow. This came from the rise in both foreign assets and foreign liabilities, by 302 million and 261 million euros respectively. The growth in assets mostly came from deposit accounts of credit institutions and the growth in liabilities from increased general government borrowing.

## CURRENT ACCOUNT

**The current account was once again in surplus in the third quarter by a modest 39 million euros, which is around 1% of the third-quarter GDP** (see Figure 1). In the first three quarters of 2011, the current account surplus totalled 209 million euros, but in 2012 the figure for the first three quarters showed a deficit of 179 million euros. The fall in the current account surplus in the third quarter of 2012 was driven by all components of the account except for current transfers (see Figure 2). There was an increase in the foreign trade deficit and net income outflow, while simultaneously there was a drop in the surplus on services. The surplus on goods and services totalled 202 million euros, which is 4.6% of the third-quarter GDP. If the net outflow of reinvested earnings, which is a book value, is excluded from the income account the current account was in surplus of nearly 8% as a ratio of the third-quarter GDP, instead of in deficit.



**Figure 2. Current account structure**

In the previous quarters the growth in the credit and debit turnovers of the current account had slowed steadily, but the third quarter of 2012 saw an upward shift in growth as credit turnover grew by 6% and debit turnover by 12% in annual terms. Estonia traded mostly with the EU Member States, which accounted for 67% of the credit turnover and 83% of the debit turnover (see Table 2). The credit turnover with the EU grew by 2% and debit turnover by 12% year-on-year. Several of Estonia's major trade partners are not members of the monetary union, and so the monetary union provides only around a third of the total turnover. The credit turnover with the monetary union members did not change much from the second quarter, while the debit turnover grew by 20%. The five major partner countries accounted for 56% of the credit turnover and 54% of the debit turnover. Four countries were the same in both the credit and debit turnovers: Finland, Sweden, Latvia and Lithuania, with Finland ranking first in both groups. In addition, Russia was among the top five in the credit turnover, ranking second, and Germany in debit turnover. Estonia had the highest current account surpluses with Russia (356 million euros) and the United States (183 million euros). The surplus with Russia grew by 13% and that with the United States almost doubled year-on-year. The highest deficits were with Germany (223 million euros) and Poland (169 million euros), which decreased somewhat year-on-year.



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

	Q3 2011	Q2 2012	Q3 2012
<b>EU-27</b>	<b>-376.8</b>	<b>-657.1</b>	<b>-720.3</b>
Germany	-238.5	-231.0	-223.1
Poland	-195.3	-137.1	-168.5
Lithuania	-105.3	-167.3	-146.8
Netherlands	-60.1	-77.8	-143.5
Finland	264.3	99.7	80.1
<b>CIS</b>	<b>334.3</b>	<b>101.6</b>	<b>383.0</b>
Russia	314.6	135.1	355.7
Kazakhstan	8.9	32.9	25.0
Belarus	-10.6	-37.7	-9.1
<b>Other</b>	<b>334.0</b>	<b>444.6</b>	<b>376.7</b>
USA	97.6	105.9	182.6
China	-77.9	-84.0	-108.7
Norway	91.3	92.9	84.5
Turkey	27.8	32.8	27.8
Hong Kong	-25.8	-17.5	-23.7
<b>Total</b>	<b>291.4</b>	<b>-110.9</b>	<b>39.4</b>

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

## Goods

**Imports and exports of goods reached new record highs in the third quarter of 2012 as imports grew by 11% to 3.5 billion and exports by 8% to 3.3 billion euros (see Table 3).** The goods account had a deficit of 151 million euros. Imports of goods grew by 4% and exports by 7% from the second quarter, and thus the deficit on goods decreased by 76 million euros.

Preliminary **foreign trade statistics**<sup>1</sup> showed that goods exports totalled 3.3 billion and imports in c.i.f. prices 3.6 billion euros (see Figure 3). The foreign trade deficit reached 129 million euros.

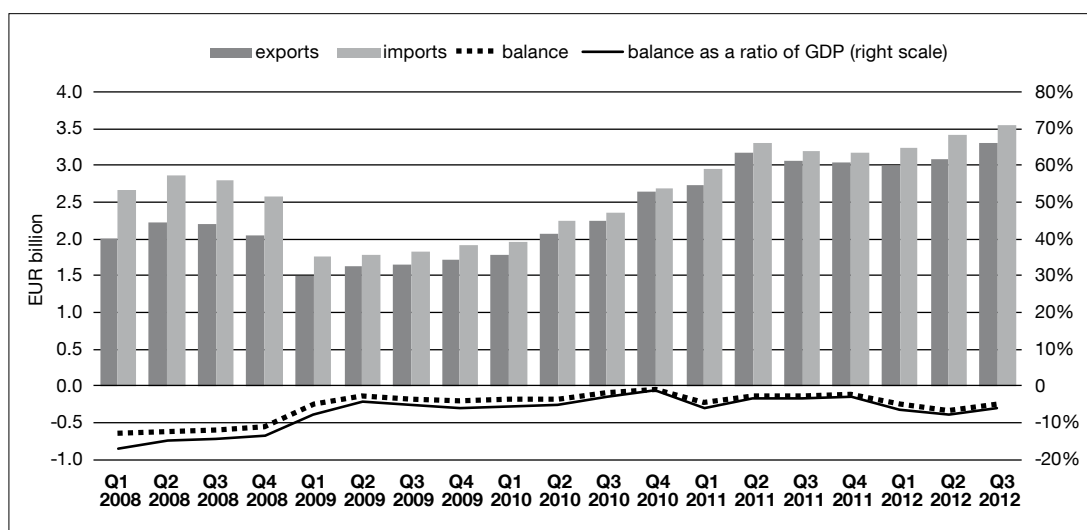
**Goods exports** were driven mainly by mineral products, machinery and equipment, and chemical products (see Table 4). The traditional mineral products trade consists of motor fuels imported from Russia, Lithuania, Latvia and Kazakhstan, which are processed in Estonia and then re-exported to the United States, Sweden, Belgium and the Netherlands. Electricity was sold to Latvia and Lithuania. The Estonian electronics industry also did well in the third quarter as mobile communication devices (communication base stations, equipment, components) were exported to Sweden, the United States, Italy, Mexico and Spain, and road building and agricultural machinery to Russia. Chemical products (various chemicals and building materials) were exported mainly to Russia.

Exports of food products picked up considerably too, both quarter-on-quarter and year-on-year. The primary destinations were Russia, Finland, Latvia and Lithuania, which purchased spirits and low alcohol beverages, dairy, meat, fish and chocolate products from Estonia. Exports of little processed

<sup>1</sup> The following analysis does not include the adjustments made by Eesti Pank to the goods account for repair of capital goods, provisions purchased from abroad, and similar. Imports are in c.i.f. prices and analysed by the trading country. As of the moment of accession, the terms imports and exports are only applicable in reference to trade with third countries, while the Intra-stat reporting system uses the terms arrival of goods and dispatch of goods. As the following analysis covers both intra-Community and non-Community trade, the terms imports and exports are still used for the sake of simplicity and clarity.

**Table 3. Imports and exports of goods**

	Goods – credit			Goods – debit			Balance (EUR m)
	Volume (EUR m)	Change from previous period (%)	Share in total exports of goods and services (%)	Volume (EUR m)	Change from previous period (%)	Share in total exports of goods and services (%)	
Q1 2008	2,006.7	-5.5	72.2	2,522.4	-9.0	83.1	-515.7
Q2 2008	2,213.0	10.3	70.3	2,717.8	7.7	83.1	-504.8
Q3 2008	2,218.2	0.2	69.8	2,730.3	0.5	81.4	-512.1
Q4 2008	2,052.2	-7.5	68.8	2,560.7	-6.2	81.1	-508.5
<b>2008 total</b>	<b>8,490.1</b>	<b>4.4</b>	<b>70.2</b>	<b>10,531.2</b>	<b>-2.2</b>	<b>82.2</b>	<b>-2,041.1</b>
Q1 2009	1,488.0	-27.5	68.3	1,700.4	-33.6	79.5	-212.4
Q2 2009	1,620.0	8.9	66.4	1,715.7	0.9	80.3	-95.7
Q3 2009	1,644.4	1.5	65.3	1,768.5	3.1	79.2	-124.1
Q4 2009	1,707.8	3.9	67.6	1,866.6	5.5	79.3	-158.8
<b>2009 total</b>	<b>6,460.2</b>	<b>-23.9</b>	<b>66.9</b>	<b>7,051.2</b>	<b>-33.0</b>	<b>79.6</b>	<b>-591.0</b>
Q1 2010	1,779.2	4.2	71.6	1,915.9	2.6	80.6	-136.7
Q2 2010	2,077.6	16.8	70.4	2,211.9	15.4	81.0	-134.3
Q3 2010	2,262.6	8.9	70.1	2,293.4	3.7	81.6	-30.8
Q4 2010	2,649.6	17.1	74.7	2,614.5	14.0	81.2	35.1
<b>2010 total</b>	<b>8,769.0</b>	<b>35.7</b>	<b>71.8</b>	<b>9,035.7</b>	<b>28.1</b>	<b>81.1</b>	<b>-266.7</b>
Q1 2011	2,743.0	3.5	78.1	2,872.2	9.9	83.8	-129.2
Q2 2011	3,180.0	15.9	76.2	3,222.6	12.2	83.1	-42.6
Q3 2011	3,069.0	-3.5	73.3	3,106.2	-3.6	81.8	-37.2
Q4 2011	3,063.9	-0.2	75.0	3,076.4	-1.0	80.3	-12.5
<b>2011 total</b>	<b>12,055.9</b>	<b>37.5</b>	<b>75.6</b>	<b>12,277.4</b>	<b>35.9</b>	<b>82.2</b>	<b>-221.5</b>
Q1 2012	2,994.3	-2.3	76.9	3,142.6	2.2	82.4	-148.3
Q2 2012	3,091.4	3.2	73.3	3,318.6	5.6	82.2	-227.2
Q3 2012	3,308.1	7.0	74.3	3,459.0	4.2	81.4	-150.9



**Figure 3. Estonia's foreign trade balance**

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

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012	Q3 2012 / Q2 2012	Q3 2012 / Q3 2011
Food	274.6	240.9	298.9	9.0	7.8	9.1	24.1	8.8
Mineral products	412.2	445.0	519.8	13.5	14.4	15.8	16.8	26.1
Chemical products	261.5	246.6	303.4	8.5	8.0	9.2	23.0	16.0
Clothing, footwear and headgear	126.3	117.3	144.8	4.1	3.8	4.4	23.4	14.6
Timber, paper and products	304.0	321.1	292.1	9.9	10.4	8.9	-9.0	-3.9
Metals and metal products	270.0	293.6	262.0	8.8	9.5	7.9	-10.7	-2.9
Machinery and equipment	903.7	887.9	957.0	29.5	28.8	29.0	7.8	5.9
Transport vehicles	144.8	174.4	155.5	4.7	5.7	4.7	-10.8	7.4
Furniture, toys, sporting goods	191.8	215.6	202.6	6.3	7.0	6.1	-6.1	5.7
Other	173.8	137.4	163.4	5.7	4.5	5.0	18.9	-6.0
<b>Total</b>	<b>3,062.5</b>	<b>3,079.8</b>	<b>3,299.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>7.1</b>	<b>7.7</b>

timber dropped slightly year-on-year, but exports of wooden construction components and prefabricated wooden buildings went up, with Norway, Germany and Finland as the main destinations. Metal products (waste metals, iron constructions and other iron and steel products) were exported to Finland, Turkey, Latvia and Russia. Transport vehicles (motor cars and spare parts and trailers) and light industry production (ready-made men's and women's clothes, footwear, underwear, etc.) were sold to Latvia, Russia, Sweden, Lithuania and Finland.

**Goods imports** were also driven mainly by machinery and equipment, mineral products and chemical products (see Table 5). In the machinery and equipment section, Estonia mainly imported components for the electronics industry from Sweden, Poland and China, and also road construction machinery from the United Kingdom at a considerable cost. Motor fuels were imported from Lithuania and Finland for mostly domestic use, and from Russia for processing; natural gas was purchased from Russia and electricity from Finland. In the chemical products section, chemicals were imported from the Netherlands, Russia and Belgium, and medicines from Lithuania and Latvia.

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

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012	Q3 2012 / Q2 2012	Q3 2012 / Q3 2011
Food	311,0	333,1	360,0	9,7	9,8	10,1	8,1	15,8
Mineral products	473,4	534,6	547,6	14,8	15,7	15,4	2,4	15,7
Chemical products	421,3	435,5	478,5	13,1	12,8	13,5	9,9	13,6
Clothing, footwear and headgear	190,0	168,0	212,2	5,9	4,9	6,0	26,3	11,7
Timber, paper and products	132,6	145,9	138,4	4,1	4,3	3,9	-5,1	4,4
Metals and metal products	287,4	289,5	264,0	9,0	8,5	7,4	-8,8	-8,1
Machinery and equipment	961,3	953,8	1,058,3	30,0	28,0	29,8	11,0	10,1
Transport vehicles	232,5	345,7	288,1	7,2	10,1	8,1	-16,7	23,9
Furniture, toys, sporting goods	56,4	68,3	71,0	1,8	2,0	2,0	3,9	26,0
Other	143,2	133,8	138,1	4,5	3,9	3,9	3,3	-3,6
<b>Total</b>	<b>3,209,1</b>	<b>3,408,1</b>	<b>3,556,3</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>4,3</b>	<b>10,8</b>

Food imports consisted mainly of strong alcohol beverages from the United Kingdom, France and Finland, frozen fruits, low alcohol beverages and meat products. The imports of motor cars, which had hiked in the second quarter, recorded a drop in the third quarter and also annually. Cars were purchased mainly from Sweden, Germany, Latvia and Finland. In addition, trucks were imported from Sweden, a special-purpose ship from Finland and tank wagons from Ukraine. Imports of iron and steel products, which were purchased primarily from Finland, Germany, Poland and Latvia, shrank somewhat in the third quarter. Clothing, footwear and headgear were mainly imported from Latvia, Finland, Germany, China and Italy. Timber and timber products were purchased from Russia, Finland and Latvia.

The **foreign trade deficit** decreased slightly quarter-on-quarter, but increased year-on-year (see Table 6). Timber and timber products and other consumer goods posted the largest surpluses, as usual. Chemical products, transport vehicles and machinery and equipment recorded the largest deficits.

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

	Q3 2011	Q2 2012	Q3 2012
Food	-36.4	-92.2	-61.1
Mineral products	-61.3	-89.6	-27.8
Chemical products	-159.8	-188.9	-175.1
Clothing, footwear and headgear	-63.7	-50.7	-67.4
Timber, paper and products	171.4	175.3	153.7
Metals and metal products	-17.4	4.1	-2.0
Machinery and equipment	-57.6	-65.8	-101.3
Transport vehicles	-87.7	-171.3	-132.6
Furniture, toys, sporting goods	135.4	147.3	131.6
Other	30.5	3.6	25.3
<b>Total</b>	<b>-146.5</b>	<b>-328.3</b>	<b>-256.8</b>

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

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012	Q3 2012 / Q2 2012	Q3 2012 / Q3 2011
<b>EU-27</b>	<b>2,013.1</b>	<b>2,018.9</b>	<b>2,125.4</b>	<b>65.7</b>	<b>65.6</b>	<b>64.4</b>	<b>5.3</b>	<b>5.6</b>
Sweden	520.9	497.1	504.0	17.0	16.1	15.3	1.4	-3.2
Finland	463.9	477.2	464.7	15.1	15.5	14.1	-2.6	0.2
Latvia	269.2	260.6	292.6	8.8	8.5	8.9	12.3	8.7
Lithuania	149.2	170.0	176.8	4.9	5.5	5.4	4.0	18.5
Germany	137.1	139.7	128.6	4.5	4.5	3.9	-7.9	-6.2
<b>CIS</b>	<b>455.2</b>	<b>435.2</b>	<b>565.7</b>	<b>14.9</b>	<b>14.1</b>	<b>17.1</b>	<b>30.0</b>	<b>24.3</b>
Russia	389.4	354.4	484.2	12.7	11.5	14.7	36.6	24.4
Ukraine	27.7	30.0	29.7	0.9	1.0	0.9	-0.8	7.3
Kazakhstan	9.2	28.0	20.3	0.3	0.9	0.6	-27.5	119.9
<b>Other</b>	<b>594.3</b>	<b>625.7</b>	<b>608.4</b>	<b>19.4</b>	<b>20.3</b>	<b>18.4</b>	<b>-2.8</b>	<b>2.4</b>
USA	147.3	103.7	169.5	4.8	3.4	5.1	63.4	15.0
Norway	96.6	107.8	106.0	3.2	3.5	3.2	-1.7	9.7
Turkey	42.0	42.7	43.5	1.4	1.4	1.3	1.8	3.7
<b>Total</b>	<b>3,062.5</b>	<b>3,079.8</b>	<b>3,299.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>7.1</b>	<b>7.7</b>

**Goods exports** picked up in all **groups of countries** year-on-year (see Table 7). The percentage of EU countries in goods exports has been decreasing gradually, mainly on account of the growing share taken by Russia. Russia was also the main driver of export growth, ranking second this time among Estonia's export partners. Sweden and Finland followed.

**Goods imports** grew year-on-year across the groups of countries and also across major trade partners (see Table 8). Imports from the CIS – Russia, Ukraine and Belarus – shrank quarter-on-quarter. All major import partners were from the European Union.

**Foreign trade** had a deficit only with EU countries (see Table 9). Estonia had its highest foreign trade surpluses with Sweden, Denmark and Belgium from among EU countries, with Russia from among the CIS, and with the United States, Norway and Turkey from among other countries. Estonia had its highest trade deficits with Germany, Poland, Lithuania, the Netherlands and China.

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

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012	Q3 2012 / Q2 2012	Q3 2012 / Q3 2011
<b>EU-27</b>	<b>2,661.7</b>	<b>2,661.6</b>	<b>2,947.3</b>	<b>82.9</b>	<b>78.1</b>	<b>82.9</b>	<b>10.7</b>	<b>10.7</b>
Finland	409.2	483.9	522.4	12.8	14.2	14.7	8.0	27.6
Sweden	369.2	349.0	384.7	11.5	10.2	10.8	10.2	4.2
Germany	349.1	355.8	352.1	10.9	10.4	9.9	-1.0	0.8
Latvia	345.0	312.5	350.7	10.8	9.2	9.9	12.2	1.7
Lithuania	292.5	267.7	339.3	9.1	7.9	9.5	26.7	16.0
<b>CIS</b>	<b>224.7</b>	<b>426.5</b>	<b>283.7</b>	<b>7.0</b>	<b>12.5</b>	<b>8.0</b>	<b>-33.5</b>	<b>26.2</b>
Russia	153.7	282.2	207.9	4.8	8.3	5.8	-26.3	35.2
Ukraine	22.6	73.3	35.5	0.7	2.2	1.0	-51.6	57.1
Belarus	34.8	62.4	32.0	1.1	1.8	0.9	-48.7	-7.8
<b>Other</b>	<b>322.7</b>	<b>320.0</b>	<b>325.3</b>	<b>10.1</b>	<b>9.4</b>	<b>9.1</b>	<b>1.6</b>	<b>0.8</b>
China	125.2	111.1	131.3	3.9	3.3	3.7	18.2	4.9
Hong Kong	31.1	24.8	29.8	1.0	0.7	0.8	20.1	-4.2
Norway	20.8	28.7	24.3	0.6	0.8	0.7	-15.4	16.9
<b>Total</b>	<b>3,209.1</b>	<b>3,408.1</b>	<b>3,556.3</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>4.3</b>	<b>10.8</b>

\* Analysed by trading country.

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

	Q3 2011	Q2 2012	Q3 2012
EU-27	-648.6	-642.7	-821.9
CIS	230.5	8.7	282.0
Other	271.6	305.7	283.1
<b>Total</b>	<b>-146.5</b>	<b>-328.3</b>	<b>-256.8</b>

## Services

**The surplus on services dropped by around 20% year-on-year, amounting to 353 million euros** (see Table 10). As a ratio of GDP, the surplus was 8%, which was 2.4 percentage points lower than last year (see Figure 4). Exports of services made up 26% and imports 19% of the total exports of goods and services, as they did in the third quarter of 2011. EU countries received 69% of the services provided, and Estonia imported 80% of its services from these countries. Finland, Russia, Sweden, Germany and Latvia were the five major trade partners in both credit and debit turnover, though in slightly different order. Finland ranked first in both turnovers. These five countries accounted for 57% of the exports and 48% of the imports of services. Services were in surplus with the majority of trade partners. The highest surpluses were with Finland (186 million euros) and Russia (77 million euros), and the highest deficits were with Cyprus (22 million euros) and France (21 million euros).

The **surplus on the services account** was mainly boosted by travel services, which made up 42% of the total surplus (35% in the third quarter of 2011), and also transport services at 33% and various business services at 18% (see Table 11). Exports were higher than imports in all the main categories of services, but surpluses shrank in most cases. The total surplus on services contracted significantly due to a decline in the surplus on transport services. The exports of passenger transport (recorded under transport services) and other transport services were higher than their imports, while the surplus

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

	Exports			Imports			Balance	
	Volume (EUR m)	Change from previous period (%)	Share in total exports of goods and services (%)	Volume (EUR m)	Change from previous period (%)	Share in total imports of goods and services (%)	Volume (EUR m)	Change from previous period (%)
Q1 2008	774.0	-8.1	27.8	-513.8	-15.3	16.9	260.2	10.4
Q2 2008	933.7	20.6	29.7	-551.2	7.3	16.9	382.5	47.0
Q3 2008	961.7	3.0	30.2	-622.0	12.9	18.6	339.7	-11.2
Q4 2008	931.5	-3.1	31.2	-598.5	-3.8	18.9	332.9	-2.0
<b>2008 total</b>	<b>3,600.8</b>	<b>9.5</b>	<b>29.8</b>	<b>-2,285.5</b>	<b>1.7</b>	<b>17.8</b>	<b>1,315.3</b>	<b>26.2</b>
Q1 2009	692.1	-25.7	31.7	-437.2	-27.0	20.5	254.9	-23.4
Q2 2009	819.5	18.4	33.6	-420.2	-3.9	19.7	399.3	56.6
Q3 2009	871.9	6.4	34.6	-464.1	10.4	20.8	407.7	2.1
Q4 2009	817.2	-6.3	32.4	-488.4	5.2	20.7	328.8	-19.4
<b>2009 total</b>	<b>3,200.6</b>	<b>-11.1</b>	<b>33.1</b>	<b>-1,809.9</b>	<b>-20.8</b>	<b>20.4</b>	<b>1,390.6</b>	<b>5.7</b>
Q1 2010	704.7	-13.8	28.4	-462.5	-5.3	19.4	242.2	-26.3
Q2 2010	872.1	23.7	29.6	-517.3	11.8	19.0	354.8	46.5
Q3 2010	966.5	10.8	29.9	-516.9	-0.1	18.4	449.6	26.7
Q4 2010	898.0	-7.1	25.3	-605.0	17.1	18.8	293.0	-34.8
<b>2010 total</b>	<b>3,441.4</b>	<b>7.5</b>	<b>28.2</b>	<b>-2,101.7</b>	<b>16.1</b>	<b>18.9</b>	<b>1,339.7</b>	<b>-3.7</b>
Q1 2011	767.2	-14.6	21.9	-556.2	-8.1	16.2	211.0	-28.0
Q2 2011	992.7	29.4	23.8	-657.0	18.1	16.9	335.7	59.1
Q3 2011	1,120.0	12.8	26.7	-690.3	5.1	18.2	429.7	28.0
Q4 2011	1,019.8	-8.9	25.0	-757.0	9.7	19.7	262.9	-38.8
<b>2011 total</b>	<b>3,899.7</b>	<b>13.3</b>	<b>24.4</b>	<b>-2,660.4</b>	<b>26.6</b>	<b>17.8</b>	<b>1,239.2</b>	<b>-7.5</b>
Q1 2012	901.1	-11.6	23.1	-672.9	-11.1	17.6	228.2	-13.2
Q2 2012	1124.8	-71.2	26.7	-720.0	7.0	17.8	404.8	77.4
Q3 2012	1145.1	1.8	25.7	-791.9	10.0	18.6	353.2	-12.7

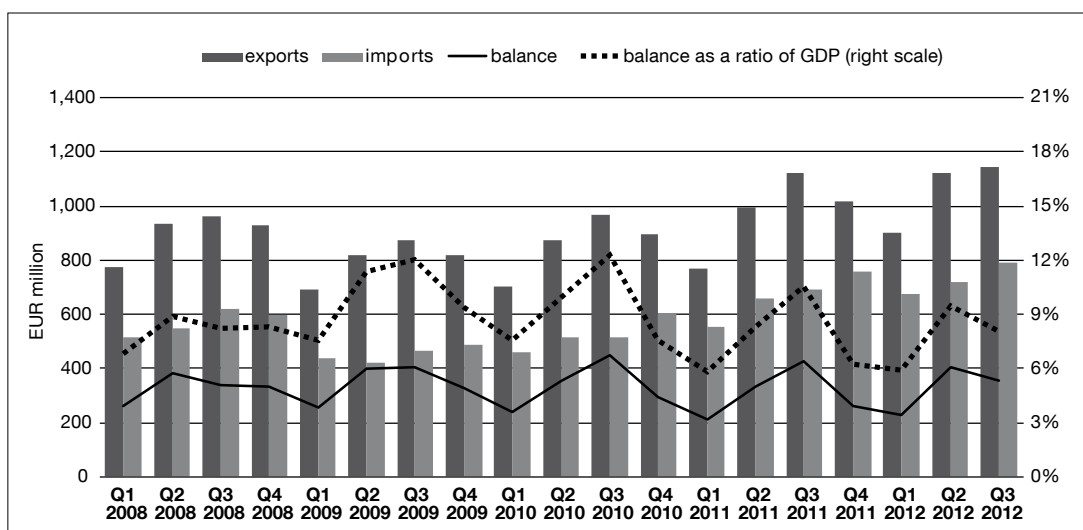


Figure 4. Services account

Table 11. Services balance by major categories

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012	Q3 2012 / Q2 2012	Q3 2012 / Q3 2011
Transportation	185.7	151.5	115.8	43.2	37.4	32.8	-23.6	-37.6
freight transport	23.0	10.0	-15.2	5.4	2.5	-4.3	-252.0	-166.1
passenger transport	74.6	46.6	54.5	17.4	11.5	15.4	17.0	-26.9
other	88.2	94.9	76.5	20.5	23.4	21.7	-19.4	-13.3
Travel services	152.7	145.4	147.6	35.5	35.9	41.8	1.5	-3.4
Construction services	6.8	5.6	1.4	1.6	1.4	0.4	-75.5	-80.0
Computer and information services	20.3	35.8	16.2	4.7	8.8	4.6	-54.6	-19.9
<b>Other business services</b>	<b>55.7</b>	<b>59.4</b>	<b>65.0</b>	<b>13.0</b>	<b>14.7</b>	<b>18.4</b>	<b>9.4</b>	<b>16.7</b>
<b>Government services</b>	<b>5.2</b>	<b>3.5</b>	<b>1.1</b>	<b>1.2</b>	<b>0.9</b>	<b>0.3</b>	<b>-69.5</b>	<b>-79.5</b>
<b>Other</b>	<b>3.3</b>	<b>3.5</b>	<b>6.1</b>	<b>0.8</b>	<b>0.9</b>	<b>1.7</b>	<b>72.1</b>	<b>83.3</b>
<b>Total</b>	<b>429.7</b>	<b>404.8</b>	<b>353.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>-12.8</b>	<b>-17.8</b>

on freight transport turned into a deficit. This is partly explained by the higher costs of bringing the record imports of goods to the country.

**Services exports** grew by 2% from the previous year, which is considerably slower than imports (see Table 12). The last time when annual export growth was that low was in the first quarter of 2010. Nevertheless, Estonia provided services abroad worth 1.1 billion euros, which was once again a record in quarterly terms. The structure of services exports remained relatively stable: transport services made up 37% of the total services exports, followed by travel services at 27% and other business services at 19%. The exports of other business services, computer and information services and travel services went up year-on-year. Other business services include merchanting, operational lease, legal assistance, accounting, management consultancy, scientific, technical and other services. The exports of transport services and construction services, however, declined somewhat. Two thirds of the services

**Table 12. Services exports by major categories**

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012	Q3 2012 / Q2 2012	Q3 2012 / Q3 2011
Transportation	433.6	430.8	426.9	38.7	38.3	37.3	-0.9	-1.5
freight transport	187.0	202.4	199.8	16.7	18.0	17.4	-1.3	6.8
passenger transport	100.2	78.9	90.3	8.9	7.0	7.9	14.4	-9.9
other	146.4	149.4	136.8	13.1	13.3	11.9	-8.4	-6.6
Travel services	304.1	292.5	309.2	27.1	26.0	27.0	5.7	1.7
Construction services	68.8	57.7	68.0	6.1	5.1	5.9	17.8	-1.2
Computer and information services	43.5	63.3	46.7	3.9	5.6	4.1	-26.2	7.3
Other business services	186.3	202.5	214.1	16.6	18.0	18.7	5.7	15.0
Government services	9.1	9.6	10.9	0.8	0.9	1.0	13.7	19.1
Other	74.6	68.4	69.2	6.7	6.1	6.0	1.1	-7.2
<b>Total</b>	<b>1,120.0</b>	<b>1,124.8</b>	<b>1,145.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>1.8</b>	<b>2.2</b>

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

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012	Q3 2012 / Q2 2012	Q3 2012 / Q3 2011
<b>EU-27</b>	<b>806.5</b>	<b>771.5</b>	<b>787.6</b>	<b>72.0</b>	<b>68.6</b>	<b>68.8</b>	<b>2.1</b>	<b>-2.3</b>
Finland	322.8	303.6	300.8	28.8	27.0	26.3	-0.9	-6.8
Sweden	96.3	89.6	92.7	8.6	8.0	8.1	3.5	-3.7
Germany	53.7	54.9	72.7	4.8	4.9	6.4	32.5	35.4
Latvia	61.5	65.6	66.8	5.5	5.8	5.8	1.9	8.6
United Kingdom	56.3	54.5	47.2	5.0	4.8	4.1	-13.4	-16.1
<b>CIS</b>	<b>143.9</b>	<b>144.7</b>	<b>156.5</b>	<b>12.9</b>	<b>12.9</b>	<b>13.7</b>	<b>8.1</b>	<b>8.7</b>
Russia	110.8	109.9	122.5	9.9	9.8	10.7	11.5	10.6
Kazakhstan	12.7	13.8	14.0	1.1	1.2	1.2	1.7	10.2
<b>Other</b>	<b>169.6</b>	<b>208.6</b>	<b>201.0</b>	<b>15.1</b>	<b>18.5</b>	<b>17.5</b>	<b>-3.6</b>	<b>18.5</b>
offshore regions	49.5	61.7	52.6	4.4	5.5	4.6	-14.8	6.4
USA	26.5	41.4	46.8	2.4	3.7	4.1	12.9	76.4
Norway	29.8	26.5	31.7	2.7	2.4	2.8	19.6	6.4
<b>Total</b>	<b>1,120.0</b>	<b>1,124.8</b>	<b>1,145.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>1.8</b>	<b>2.2</b>

exports went to EU countries, with Finland ranking first (see Table 13). Total services exports to these countries shrank by 2%. Exports to Finland, the main trade partner, went down by 7% from the previous year, but the structure of exports did not change much from the second quarter: travel services made up 42% of the exports, followed by transport services at 28%, other business services at 14% and construction services at 12%. Exports to the CIS, particularly Russia, went up. Transport services constituted half of the services exports to Russia, and the rest were mainly travel services and other business services. Total services exports to other countries picked up by around 20%. Exports to the United States almost doubled and consisted mainly of travel, transport, computer and information services. Exports to offshore regions were primarily made up of transport services and also of computer and information services. Exports of services to Germany picked up considerably. Growth was driven by other business services (business and management consultancy and public relations).

**Services imports** went up by 15% year-on-year and totalled 792 million euros (see Table 14). The biggest component of imports was again transport services at 39%, which is similar to their share in the surplus on services and also in services exports. Travel services ranked second at 20%, followed



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

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012	Q3 2012 / Q2 2012	Q3 2012 / Q3 2011
Transportation	247.9	279.3	311.1	35.9	38.8	39.3	11.4	25.5
freight transport	164.0	192.4	215.1	23.8	26.7	27.2	11.8	31.2
passenger transport	25.6	32.3	35.8	3.7	4.5	4.5	10.8	39.8
other	58.2	54.5	60.2	8.4	7.6	7.6	10.5	3.4
Travel services	151.3	147.1	161.6	21.9	20.4	20.4	9.9	6.8
Construction services	62.0	52.1	66.6	9.0	7.2	8.4	27.9	7.5
Computer and information services	23.3	27.5	30.5	3.4	3.8	3.8	10.9	31.1
Other business services	130.6	143.1	149.2	18.9	19.9	18.8	4.2	14.2
Government services	5.8	6.0	4.8	0.8	0.8	0.6	-20.6	-17.6
Other	69.4	65.0	68.2	10.1	9.0	8.6	4.9	-1.9
<b>Total</b>	<b>690.3</b>	<b>720.0</b>	<b>791.9</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>10.0</b>	<b>14.7</b>

by other business services at 29%. The growth in services imports was boosted by transport services, which grew by 26% in volume. The imports of transport services are in strong correlation with goods imports: when the latter pick up, delivery costs become higher. Imports of computer and information services, and other business services went up rapidly too. Other types of services recorded modest growth and in some cases imports contracted. Estonia imported 80% of its services from EU countries, particularly Finland, Germany, Latvia and Sweden (see Table 15). In volume, the imports of services from the European Union grew by 12%. From Finland, Estonia mainly imported travel services (38% of the total services imports from Finland), transport services (29%) and other business services (17%). Transport and construction services were purchased from Germany, and other business services and transport services from Latvia. Services imports from Sweden consisted of transport services (51%),

**Table 15. Services imports by groups of countries**

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012	Q3 2012 / Q2 2012	Q3 2012 / Q3 2011
<b>EU-27</b>	<b>563.7</b>	<b>564.1</b>	<b>632.4</b>	<b>81.7</b>	<b>78.4</b>	<b>79.9</b>	<b>12.1</b>	<b>12.2</b>
Finland	102.0	102.5	114.5	14.8	14.2	14.5	11.7	12.2
Germany	84.4	69.6	81.7	12.2	9.7	10.3	17.3	-3.3
Latvia	63.6	64.4	70.7	9.2	8.9	8.9	9.8	11.3
Sweden	70.0	67.6	65.7	10.1	9.4	8.3	-2.7	-6.0
Lithuania	34.5	35.8	38.2	5.0	5.0	4.8	6.9	10.9
<b>CIS</b>	<b>42.7</b>	<b>64.3</b>	<b>60.4</b>	<b>6.2</b>	<b>8.9</b>	<b>7.6</b>	<b>-6.0</b>	<b>41.5</b>
Russia	32.2	50.0	45.6	4.7	6.9	5.8	-8.8	41.7
Ukraine	3.4	6.3	8.7	0.5	0.9	1.1	38.0	157.6
<b>Other</b>	<b>83.9</b>	<b>91.7</b>	<b>99.1</b>	<b>12.2</b>	<b>12.7</b>	<b>12.5</b>	<b>8.1</b>	<b>18.1</b>
China	13.0	14.1	16.4	1.9	2.0	2.1	15.7	26.1
Norway	12.6	18.3	15.3	1.8	2.5	1.9	-16.8	20.9
offshore regions	7.6	10.8	13.6	1.1	1.5	1.7	25.9	78.9
<b>Total</b>	<b>690.3</b>	<b>720.0</b>	<b>791.9</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>10.0</b>	<b>14.7</b>

communication services and other business services. Imports from the CIS (mainly Russia) went up by more than 40% and contributed 8% of the total services imports. This consisted mainly of transport, travel and business services. Services imports from other countries picked up by around 20%. Transport services were imported from China and offshore regions, and travel services from Norway.

The surplus on **transport services** – the most significant services on the services account of Estonia’s balance of payments – fell by around 40% from the previous year and totalled 116 million euros (see Tables 11, 12 and 14, and Figures 5-6). The sub-accounts of transport services – passenger transport, freight transport and other transport services – have been in surplus for years, but in the third quarter of 2012 freight transport recorded a deficit. As mentioned above, this partly stemmed from the delivery costs of the record imports of goods. The surpluses on passenger transport and

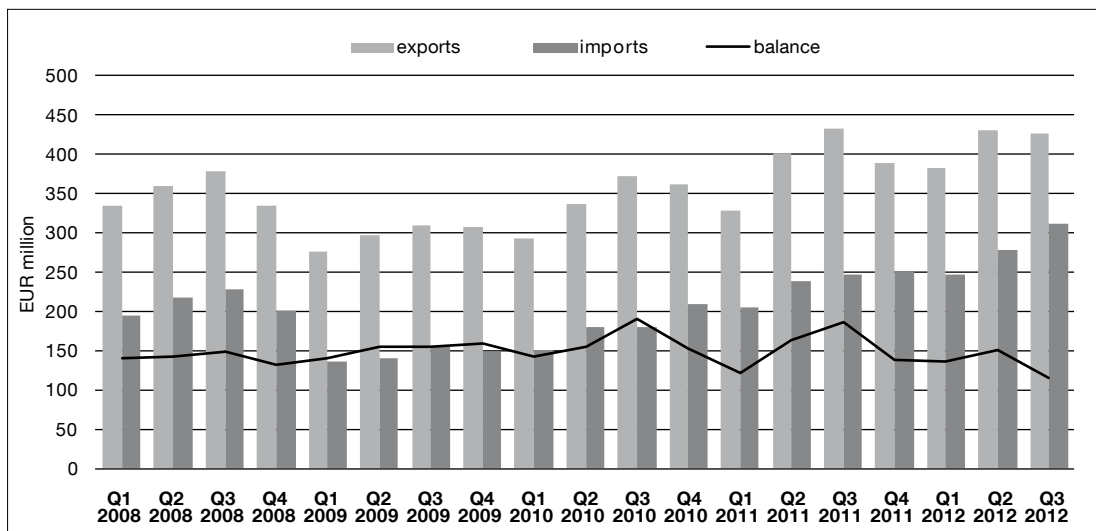


Figure 5. Transport services

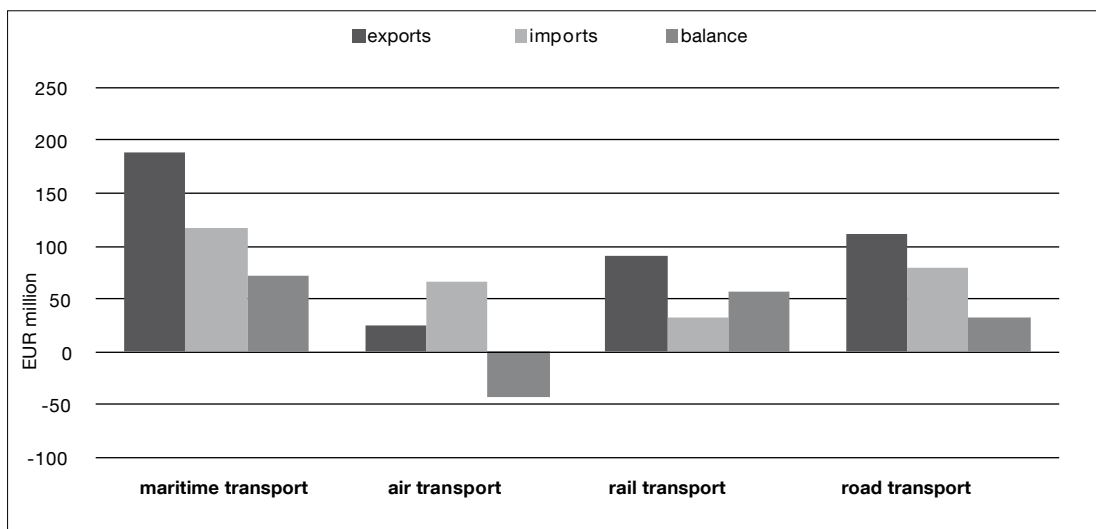


Figure 6. Transport services in the third quarter of 2012 by transport type

other transport services contracted too. Transport services comprise storage, packaging, port taxes, rescue work, etc. An analysis of the surplus on transport services by types of transport shows that maritime transport contributed the most, followed by rail and road transport (see Figure 6). Air transport recorded a deficit in the third quarter, which means that the volume of imported air transport services was higher than the volume of exported air transport services.

The exports of transport services shrank somewhat from the year before and totalled 427 million euros. Freight transport made up around half of that, transport services constituted 32% and the rest was passenger transport. The exports of freight transport grew by 7%, but the exports of other trans-

**Table 16. Transport services by groups of countries in the third quarter of 2012**

	Exports				Imports		
	Volume (EUR m)	Share (%)	Change (%), Q3 2012 / Q3 2011		Volume (EUR m)	Share (%)	Change (%), Q3 2012 / Q3 2011
<b>EU-27</b>	<b>276.8</b>	<b>64.8</b>	<b>-1.3</b>	<b>EU-27</b>	<b>244.8</b>	<b>78.7</b>	<b>26.4</b>
Finland	83.8	19.6	-5.5	Sweden	33.6	10.8	16.8
Sweden	43.8	10.3	9.6	Finland	33.2	10.7	21.6
Latvia	29.1	6.8	33.9	Germany	30.1	9.7	16.2
United Kingdom	22.2	5.2	-11.7	Latvia	24.4	7.9	17.7
Netherlands	18.6	4.4	-14.4	Lithuania	18.7	6.0	9.0
<b>CIS</b>	<b>67.3</b>	<b>15.8</b>	<b>-10.6</b>	<b>CIS</b>	<b>25.6</b>	<b>8.2</b>	<b>53.0</b>
Russia	60.8	14.2	0.1	Russia	20.0	6.4	84.4
Ukraine	3.0	0.7	-41.6	Belarus	2.9	0.9	-21.4
<b>Other</b>	<b>82.8</b>	<b>19.4</b>	<b>6.3</b>	<b>Other</b>	<b>40.8</b>	<b>13.1</b>	<b>8.7</b>
offshore regions	31.9	7.5	-4.4	China	13.7	4.4	19.3
Switzerland	21.8	5.1	9.9	offshore regions	8.3	2.7	51.1
USA	11.7	2.7	8.5	Switzerland	3.3	1.1	107.2
<b>Total</b>	<b>426.9</b>	<b>100.0</b>	<b>-1.5</b>	<b>Total</b>	<b>311.1</b>	<b>100.0</b>	<b>25.5</b>

port services and passenger transport shrank by 7–10%. By types of transport, exports of maritime transport services went up by 7%, while exports of rail and air transport services went down. Exports of air transport (both passenger and freight transport) shrank by 20%. Estonia exported 65% of its transport services to EU countries, 16% to the CIS (mainly Russia) and 19% to other countries (see Table 16). The two most important export partners were Finland and Russia. Exports of transport services to Finland contracted slightly, while exports to Russia did not change in volume. Exports of transport services to Latvia, Switzerland and the United States saw robust growth.

Imports of transport services rocketed by 26% from the previous year and totalled 311 million euros. Freight transport took the lead in this at 69%, which is largely related to the dynamics of goods imports. Other transport services and passenger transport made up 19% and 12% respectively. Imports of passenger and freight transport went up by 40% and 31% respectively, while the imports of other transport services saw more modest growth year-on-year. By types of transport, imports of transport services picked up considerably, in particular maritime transport, which grew by around 40%. Goods imports from EU countries made up 83% of the total imports of goods, which also explains the high imports of transport services from these countries, which rose by 25% over the year to 79% of the total imports of transport services. The imports of transport services from the CIS (mainly Russia) went up by 50%. In the imports of transport services, the primary trade partners were Sweden and Finland, with 11% of the total volume, followed by Germany, Latvia and Russia.

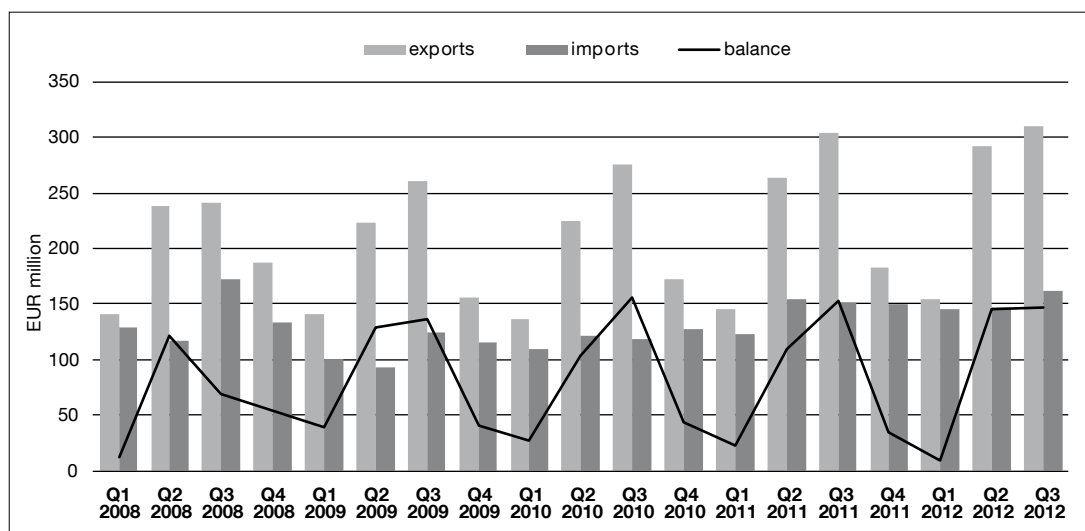


Figure 7. Travel services

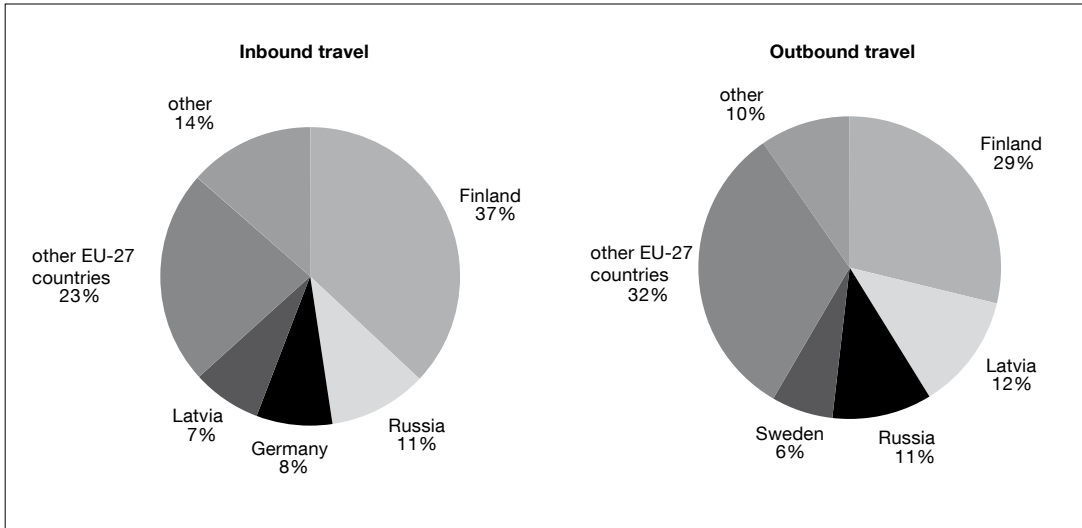
Table 17. Travel services by groups of countries in the third quarter of 2012\*

	Exports				Imports		
	Volume (EUR m)	Share (%)	Change (%), Q3 2012 / Q3 2011		Volume (EUR m)	Share (%)	Change (%), Q3 2012 / Q3 2011
<b>EU-27</b>	<b>233.0</b>	<b>75.4</b>	<b>-5.1</b>	<b>EU-27</b>	<b>119.7</b>	<b>74.1</b>	<b>7.2</b>
Finland	126.9	41.0	-3.1	Finland	43.2	26.7	10.6
Germany	24.7	8.0	7.6	Germany	9	5.6	7.0
Sweden	15.7	5.1	-23.3	United Kingdom	7.4	4.6	-5.9
United Kingdom	10.2	3.3	-30.5	Latvia	7.1	4.4	-1.5
<b>CIS</b>	<b>35.2</b>	<b>11.4</b>	<b>17.4</b>	<b>CIS</b>	<b>11.4</b>	<b>7.1</b>	<b>-16.6</b>
Russia	32.0	10.3	13.7	Russia	9.5	5.9	-21.2
<b>Other</b>	<b>41.0</b>	<b>13.3</b>	<b>43.3</b>	<b>Other</b>	<b>30.5</b>	<b>18.9</b>	<b>17.5</b>
USA	15.0	4.9	146.4	Turkey	8.3	5.1	10.5
Norway	6.0	1.9	-3.5	Norway	8.2	5.1	15.7
<b>Total</b>	<b>309.2</b>	<b>100.0</b>	<b>1.7</b>	<b>Total</b>	<b>161.6</b>	<b>100.0</b>	<b>6.8</b>

\* Based on data by Eesti Pank, OÜ Positium LBS and Statistics Estonia.

The imports of travel services outpaced exports in growth in the third quarter. Consequently, the surplus on travel services shrank by 3% from the previous year and totalled 148 million euros (see Figure 7). The surplus on travel services constituted 42% of the total surplus on services, which is more than any other type of services did.

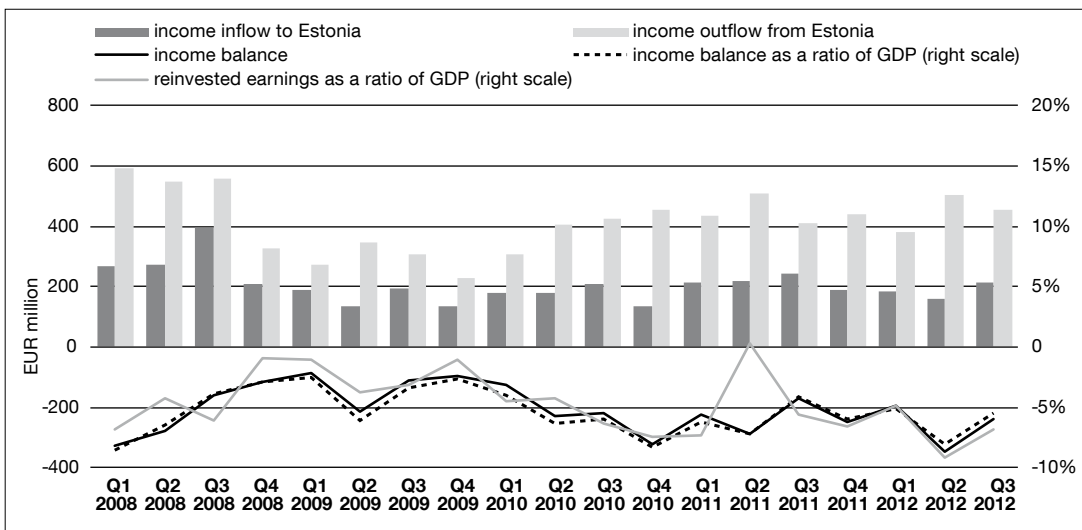
Exports of travel services grew by around 2% from a year ago to 309 million euros in the third quarter. In 2011, Tallinn was the European Capital of Culture and thus a tourist magnet in summer, witnessing a rapid growth in the number of visitors from Europe and elsewhere. In 2012, the rainy summer and economic recession in Europe curbed the number of visitors from many European countries. The exports of travel services were mainly driven by the increased expenditure of tourists from Russia, the United



**Figure 8. International travel statistics by countries in the third quarter of 2012**

States and Germany (see Table 17). The total number of visits to Estonia dropped by 5% over the year, and 37% of the visitors came from Finland, 11% from Russia and 8% from Germany (see Figure 8).

Imports of travel services grew by 7% from the previous year and amounted to 162 million euros in the third quarter. Estonian residents made 1.1 million trips abroad (one trip may include several countries). The total number of visits grew by 2% year-on-year, while the number of trips to EU countries rose by 17%, constituting 78% of the total visits. Trips to Finland made up 29% of the total visits. Finland, the United Kingdom, Germany and Norway are not only destinations for tourism but also for short-term employment for Estonian residents. Italy, Greece and Spain were the traditional tourist destinations that managed to strengthen their position in the third quarter.



**Figure 9. Income account**

**Table 18. Income**

	Inflow		Outflow		Balance	
	Volume (EUR m)	Change from previous period (%)	Volume (EUR m)	Change from previous period (%)	Volume (EUR m)	Change from previous period (%)
Q1 2008	267.1	-15.0	-593.0	2.4	-325.9	23.0
Q2 2008	271.8	1.8	-548.5	-7.5	-276.7	-15.1
Q3 2008	395.9	45.7	-558.7	1.9	-162.8	-41.2
Q4 2008	207.5	-47.6	-325.9	-41.7	-118.4	-27.3
<b>2008 total</b>	<b>1,142.3</b>	<b>-5.6</b>	<b>-2,026.1</b>	<b>-10.7</b>	<b>-883.8</b>	<b>-16.5</b>
Q1 2009	189.2	-8.8	-274.6	-15.7	-85.4	-27.9
Q2 2009	136.4	-27.9	-349.2	27.2	-212.8	149.2
Q3 2009	196.4	43.9	-309.3	-11.4	-112.9	-46.9
Q4 2009	135.8	-30.9	-230.7	-25.4	-94.9	-16.0
<b>2009 total</b>	<b>657.8</b>	<b>-42.4</b>	<b>-1,163.7</b>	<b>-42.6</b>	<b>-506.0</b>	<b>-42.7</b>
Q1 2010	180.3	32.8	-307.8	33.5	-127.5	34.4
Q2 2010	179.9	-0.2	-406.8	32.2	-226.9	78.0
Q3 2010	208.4	15.8	-426.6	4.9	-218.2	-3.8
Q4 2010	134.6	-35.4	-455.6	6.8	-321.0	47.1
<b>2010 total</b>	<b>703.3</b>	<b>6.9</b>	<b>-1,596.9</b>	<b>37.2</b>	<b>-893.5</b>	<b>76.6</b>
Q1 2011	212.6	57.9	-437.2	-4.0	-224.6	-30.0
Q2 2011	218.0	2.6	-506.8	15.9	-288.7	28.5
Q3 2011	243.1	11.5	-411.4	-18.8	-168.3	-41.7
Q4 2011	187.8	-22.7	-438.8	6.7	-251.0	49.2
<b>2011 total</b>	<b>861.6</b>	<b>22.5</b>	<b>-1,794.2</b>	<b>12.4</b>	<b>-932.6</b>	<b>4.4</b>
Q1 2012	186.0	-1.0	-382.9	-12.7	-196.9	-21.5
Q2 2012	158.1	-15.0	-504.9	31.9	-346.8	76.1
Q3 2012	213.1	34.8	-452.6	-10.4	-239.5	-30.9

**Table 19. Structure of income account**

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012	Q3 2012 / Q2 2012	Q3 2012 / Q3 2011
Labour income	53.3	44.7	54.8	-31.7	-12.9	-22.9	22.6	2.8
Investment income	-221.6	-391.5	-294.3	131.7	112.9	122.9	-24.8	32.8
Income on direct investment	-226.6	-389.6	-296.6	134.7	112.4	123.8	-23.9	30.9
income on equity	-225.0	-393.8	-300.0	133.7	113.6	125.3	-23.8	33.4
dividends	6.7	-1.4	-2.3	-4.0	0.4	1.0	61.0	-134.1
reinvested earnings	-231.6	-392.3	-297.7	137.7	113.2	124.3	-24.1	28.5
income on debt (interests)	-1.7	4.2	3.4	1.0	-1.2	-1.4	-18.4	-301.9
Income on portfolio investment	30.4	16.5	16.8	-18.1	-4.8	-7.0	1.8	-44.6
Income on other investment	-25.3	-18.4	-14.6	15.1	5.3	6.1	-20.9	-42.5
<b>Total</b>	<b>-168.3</b>	<b>-346.7</b>	<b>-239.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>-30.9</b>	<b>42.3</b>

**Income**

**The net outflow of income grew by more than 40% to 240 million euros, which is around 6% of the third-quarter GDP.** This was brought about by a rise in non-residents' income earned in Estonia, and by a drop in residents' income earned abroad. Reinvested earnings, which is a book value where no actual cash transactions happen, constituted a significant part of the income structure (see Table 18 and Figure 8).

Labour income recorded a net inflow of 55 million euros, and investment income saw a net outflow of 294 million euros (see Table 19). Year-on-year, net labour income increased somewhat, while the net outflow of investment income grew by a third. The net outflow of investment income (income on direct, portfolio and other investment) almost entirely consisted of reinvested earnings (298 million euros), which is a book value. Portfolio investment recorded a net inflow of 17 million euros, and other investment saw a net outflow of 15 million euros. Both investments shrank by more than 40% from a year ago.

The **income inflow**, or residents' labour and investment income earned abroad, declined by 12% year-on-year to 213 million euros (see Table 20). Of the investment inflow, 91% came from EU countries, having shrunk by around 20% from the year before (see Table 21). The income inflow from Lithuania and Finland dropped significantly. The income inflow from the CIS and other countries was modest but grew at a rapid pace.

Labour income constituted a third of the income inflow, having grown by 5% to 71 million euros year-on-year. Estonian residents earned income mainly in Finland (50% of the total labour income inflow),

**Table 20. Income inflow to Estonia**

	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012	Q3 2012 / Q2 2012	Q3 2012 / Q3 2011
Labour income	67.9	60.2	71.2	27.9	38.0	33.4	18.4	4.9
Investment income	175.2	98.0	141.9	72.1	62.0	66.6	44.8	-19.0
Income on direct investment	114.2	42.3	91.0	47.0	26.7	42.7	115.2	-20.3
income on equity	100.3	27.4	77.6	41.2	17.3	36.4	183.4	-22.6
dividends	37.5	230.2	33.1	15.4	145.6	15.5	-85.6	-11.8
reinvested earnings	62.8	-202.8	44.5	25.8	-128.2	20.9	-121.9	-29.1
income on debt (interests)	13.9	14.9	13.4	5.7	9.4	6.3	-10.1	-3.7
Income on portfolio investment	37.4	33.4	27.7	15.4	21.1	13.0	-17.1	-26.0
Income on other investment	23.6	22.3	23.1	9.7	14.1	10.9	4.0	-2.0
<b>Total</b>	<b>243.1</b>	<b>158.1</b>	<b>213.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>34.7</b>	<b>-12.4</b>

**Table 21. Income by groups of countries in the third quarter of 2012**

	Inflow				Inflow		
	Volume (EUR m)	Share (%)	Change (%), Q3 2012 / Q3 2011		Volume (EUR m)	Share (%)	Change (%), Q3 2012 / Q3 2011
<b>EU-27</b>	<b>193.8</b>	<b>90.9</b>	<b>-17.0</b>	<b>EU-27</b>	<b>388.6</b>	<b>85.9</b>	<b>13.5</b>
Finland	43.1	20.2	-32.6	Sweden	130.8	28.9	-6.1
Cyprus	37.7	17.7	35.0	Finland	96.6	21.4	19.2
Latvia	32.1	15.0	6.8	Netherlands	48.4	10.7	-3.8
Lithuania	20.6	9.7	-51.9	United Kingdom	25.9	5.7	201.8
<b>CIS</b>	<b>11.7</b>	<b>5.5</b>	<b>125.0</b>	<b>CIS</b>	<b>16.3</b>	<b>3.6</b>	<b>8.7</b>
Russia	8.3	3.9	137.4	Russia	11.2	2.5	-9.6
Belarus	4.8	2.2	152.7	Belarus	2.3	0.5	82.7
<b>Other</b>	<b>7.6</b>	<b>3.6</b>	<b>70.9</b>	<b>Other</b>	<b>47.7</b>	<b>10.5</b>	<b>-11.7</b>
USA	4.5	2.1	63.0	Norway	16.6	3.7	569.4
offshore regions	0.8	0.4	-30.5	offshore regions	11.2	2.5	58.8
<b>Total</b>	<b>213.1</b>	<b>100.0</b>	<b>-12.4</b>	<b>Total</b>	<b>452.6</b>	<b>100.0</b>	<b>10.0</b>

and also in Sweden, the United Kingdom and the United States (6–8% each). The income inflow from the United States and Germany went up considerably.

The rest of the income inflow consisted of investment income, which shrank by around 20% from the previous year to 142 million euros. Direct investment income and portfolio investment income made up 64% and 20% of the investment income inflow respectively, and the rest was other investment income (interest income). The direct investment income dropped by 20% from the previous year, as 33 million euros of dividends were drawn from direct investment income and 45 million euros of profits were reinvested. The income from portfolio investment abroad fell by 25%. The interest income remained practically at the level of a year ago.

In the third quarter of 2011 the investors in financial intermediation (excluding insurance and pension funds) ranked first by receiving 29% of the investment income inflow from abroad, but in the third quarter of 2012 investors in water transport headed the list at 21% due to a structural change in the banking sector (see Figure 10). Next came investors in financial intermediation (19%), head offices (14%) and insurance (12%). Over 60% of the investment income inflow was related to three countries: Cyprus (26%), Latvia (22%) and Lithuania (14%). The investment income from Cyprus grew almost by 40% and that from Latvia by 12%, but the investment income from Finland and Lithuania shrank by several magnitudes. The majority (82%) of the investment income earned in Cyprus belonged to water transport investors and it grew by around 40% from a year ago. The investment income earned in Latvia belonged to investors in various fields. Investors in head offices ranked first at 28% of the total investment income from Latvia, followed by investors in financial intermediation (excluding insurance and pension funds) at 18% and investors in information, insurance (excluding statutory social insurance) and wholesale. Of the investment income earned in Lithuania, 41% belonged to investors in head offices and 34% to investors in insurance (excluding statutory social insurance). The former's income contracted by two-thirds, while the latter's income grew by 50% year-on-year.

The **income outflow** from Estonia grew by 10% from a year ago and totalled 453 million euros (see Table 22). EU countries received 86% of the outflow, and the volume picked up by 14% from the previous year. Labour income made up only a small percentage of the income outflow, unlike in the inflow, as 97% of the income outflow was investment income. In absolute terms, the outflow of labour income grew by 13% from a year ago to 16 million euros and the outflow of investment income went up by 10%, totalling 436 million euros. The majority of the labour income earned in Estonia went as usual to Finland, Latvia, Russia and Sweden.

**Table 22. Income outflow from Estonia**

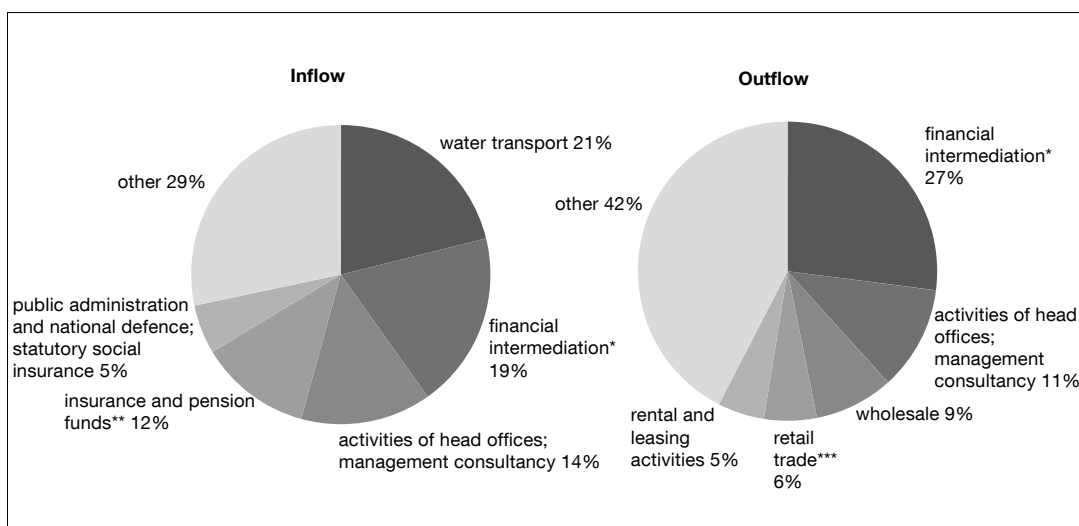
	Volume (EUR m)			Share (%)			Change (%)	
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012	Q3 2012 / Q2 2012	Q3 2012 / Q3 2011
Labour income	14.5	15.4	16.4	3.5	3.1	3.6	6.1	12.7
Investment income	396.8	489.4	436.2	96.5	96.9	96.4	-10.9	9.9
Income on direct investment	340.8	431.9	387.6	82.9	85.5	85.6	-10.3	13.7
income on equity	325.2	421.1	377.6	79.1	83.4	83.4	-10.3	16.1
dividends	30.8	231.6	35.4	7.5	45.9	7.8	-84.7	14.8
reinvested earnings	294.4	189.5	342.2	71.6	37.5	75.6	80.6	16.2
income on debt (interests)	15.6	10.7	10.0	3.8	2.1	2.2	-6.8	-36.0
Income on portfolio investment	7.1	16.9	10.9	1.7	3.4	2.4	-35.6	54.6
Income on other investment	49.0	40.7	37.7	11.9	8.1	8.3	-7.3	-23.0
<b>Total</b>	<b>411.4</b>	<b>504.9</b>	<b>452.6</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>-10.4</b>	<b>10.0</b>



The direct investment income formed 89%, interest income 9% and portfolio investment income 2% of the investment income outflow. Year-on-year, the outflow of direct investment income grew by 14%, interest income dropped by around 25% and portfolio investment income went up by 50%. Dividends drawn from direct investment in Estonia totalled 35 million euros, which is about as much as residents drew from their direct investment abroad. A total of 342 million euros were reinvested as profits, which is more than in the previous year. Reinvested earnings made up 88% of the direct investment outflow. Reinvested earnings are a book value where no actual cash transactions happen and are recorded under the direct investment inflow.

Foreign investors earned mainly in financial intermediation (excluding insurance and pension funds) in Estonia, which formed 29% of the investment income outflow, and also in the activities of head offices (11%) and wholesale (9%). Somewhat less was earned in retail, operational lease, real estate related activities, and warehousing and support activities for transportation (see Figure 10). The income on investment in financial intermediation, real estate related activities, and warehousing and support activities for transportation shrank, while the income on the rest of the fields mentioned above, in particular retail and operational lease, went up.

Around two thirds of the investment income earned in Estonia went to three countries: Sweden (30%), Finland (21%) and the Netherlands (11%). The investment income outflow to Sweden and the Netherlands declined slightly, but the outflow to Finland picked up by 20%. Swedish investors earned 56% of their income in Estonia in financial intermediation (excluding insurance and pension funds), but this was over 20% less than in the third quarter of 2011. Swedish investors' income on head office activities, which decreased by around 40% from a year ago, constituted 15% of their total investment income in Estonia. In addition, Swedish investors earned income in telecommunications, wholesale and retail, and real estate activities. Finnish investors earned on investment in a number of fields in



**Figure 10. Inflow and outflow of investment income by fields of activity in the third quarter of 2012**

\* Excluding insurance and pension funds.

\*\* Excluding statutory social insurance.

\*\*\* Excluding motor vehicles and motorcycles.

Estonia. Investors in financial intermediation (excluding insurance and pension funds) ranked first at 18% of the total investment income earned in Estonia, and next came investors in wholesale at 13%. The former's investment income shrank by 20%, while the latter's income grew slightly year-on-year. Finnish investors earned investment income in the drink industry, telecommunications, construction, production of electrical equipment, retail and operational lease among others. In the third quarter of 2011, Dutch investors earned 87% of their total investment income in Estonia from investment in warehousing and support activities for transportation, but in the third quarter of 2012 it was only around 25%. This time income from head office activities ranked first, having grown six-fold to make up 40% of the total investment income that Dutch investors earned in Estonia.

### **Current transfers and the capital account**

**The surplus on the current transfers account totalled 77 million euros in the third quarter of 2012, having grown both quarter-on-quarter and year-on-year** (see Table 23).

The incoming **current transfers** to other sectors totalled 110 million euros (70%), of which 50% was the use of EU structural funds. Transfers from migrants working abroad totalled 11 million euros. The incoming current transfers to the general government totalled 46 million euros, of which 76% was from the use of EU structural funds.

The outgoing current transfers amounted to 80 million euros. The general government accounted for 52% of that, with 84% being Estonia's payment into the EU budget. The outgoing transfers from other sectors mainly went to EU countries: Finland, Sweden, Germany and the United Kingdom.

The surplus on the **capital account** grew considerably from the second quarter and also from a year ago, totalling 212 million euros. Incoming capital transfers totalled 199 million euros and mainly comprised EU subsidies to the general government and other sectors for infrastructure objects. The sale of immaterial assets gave 13 million euros.

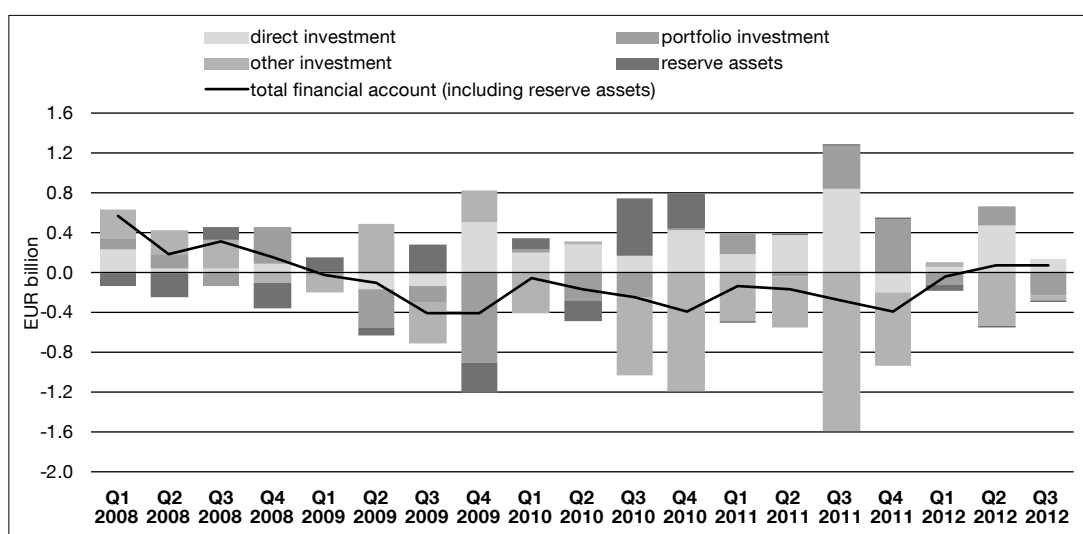
**Table 23. Current and capital transfers by groups of countries (EUR million)**

	Incoming			Outgoing			Balance		
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012
<b>Current transfers</b>	<b>138.2</b>	<b>141.2</b>	<b>156.7</b>	<b>71.0</b>	<b>82.8</b>	<b>80.0</b>	<b>67.2</b>	<b>58.4</b>	<b>76.7</b>
<b>government transfers</b>	<b>55.7</b>	<b>40.4</b>	<b>46.4</b>	<b>37.8</b>	<b>42.9</b>	<b>42.2</b>	<b>17.8</b>	<b>-2.5</b>	<b>4.2</b>
EU-27	54.4	38.2	42.3	35.6	40.9	40.3	18.7	-2.6	2.0
CIS	0.7	1.6	2.3	0.2	0.2	0.3	0.5	1.3	2.0
other	0.6	0.6	1.8	2.0	1.8	1.6	-1.4	-1.2	0.2
<b>private transfers</b>	<b>82.5</b>	<b>100.7</b>	<b>110.3</b>	<b>33.1</b>	<b>39.9</b>	<b>37.8</b>	<b>49.4</b>	<b>60.8</b>	<b>72.5</b>
EU-27	64.1	79.4	85.9	28.7	33.1	30.1	35.4	46.4	55.8
CIS	11.3	14.4	13.0	1.2	2.8	2.6	10.1	11.7	10.4
other	7.2	6.9	11.4	3.3	4.1	5.0	3.9	2.8	6.4
<b>Capital transfers</b>	<b>114.7</b>	<b>110.2</b>	<b>199.2</b>	<b>0.0</b>	<b>0.1</b>	<b>-</b>	<b>114.7</b>	<b>110.1</b>	<b>199.2</b>
government transfers	54.1	58.0	127.0	0.0	-	-	54.0	58.0	127.0
private transfers	60.6	52.2	72.2	-	0.1	-	60.6	52.1	72.2
<b>Intangible assets</b>	<b>45.1</b>	<b>0.8</b>	<b>12.8</b>	<b>0.2</b>	<b>0.8</b>	<b>0.2</b>	<b>44.9</b>	<b>0.1</b>	<b>12.6</b>

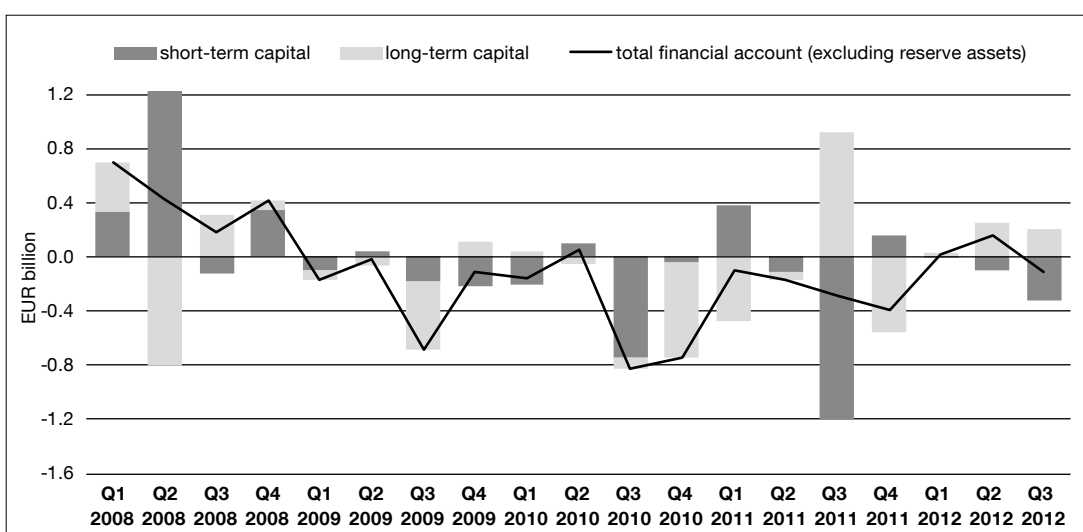
## FINANCIAL ACCOUNT

**The Estonian economy was a net lender in the third quarter of 2012, with 109 million euros more going out than came in.** More precisely, credit institutions and the general government were net lenders, as their outflows of funds exceeded inflows by 292 million and 56 million euros respectively, while the business sector and the central bank were net borrowers. The inflow of direct investment was higher than the outflow, but for portfolio and direct investment the situation was the opposite.

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



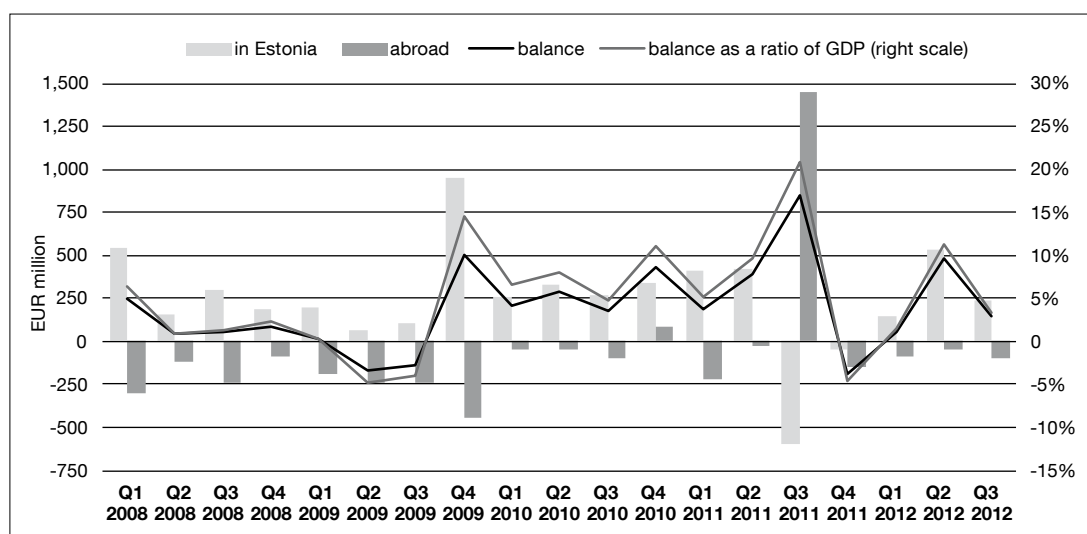
**Figure 11. Changes in the structure of foreign investment capital flows**



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

## Direct investment

**Direct investment had a surplus of 143 million euros in the third quarter of 2012.** Direct investment in Estonia by non-residents totalled 236 million euros, and direct investment abroad by Estonian residents grew by 93 million euros (see Figure 13).



**Figure 13. Direct investment**

The total of **direct investment in Estonia** had a surplus for the third quarter in a row and constituted almost half of the second quarter's investment volume. Equity capital had the largest inflow of direct investment with 39 million euros of equity capital and 342 million euros of reinvested earnings. The largest equity capital investments were made in companies providing warehousing and support activities for transportation (25 million euros). The amount of reinvested earnings was almost twice as high as total direct investment. Compared to the second quarter of 2012, it divided more evenly between fields of activity, as 27% was reinvested in financial intermediaries and 14% in head offices. Quarter-on-quarter, reinvested earnings grew by 80% but this does not necessarily reflect a rise in the return on investment in Estonia, as dividends were drawn in the second quarter. The intercompany debt liabilities of direct investment companies went up by 32 million euros from the second quarter. Intercompany debt assets channelled 93 million euros out of Estonia (see Tables 24-25).

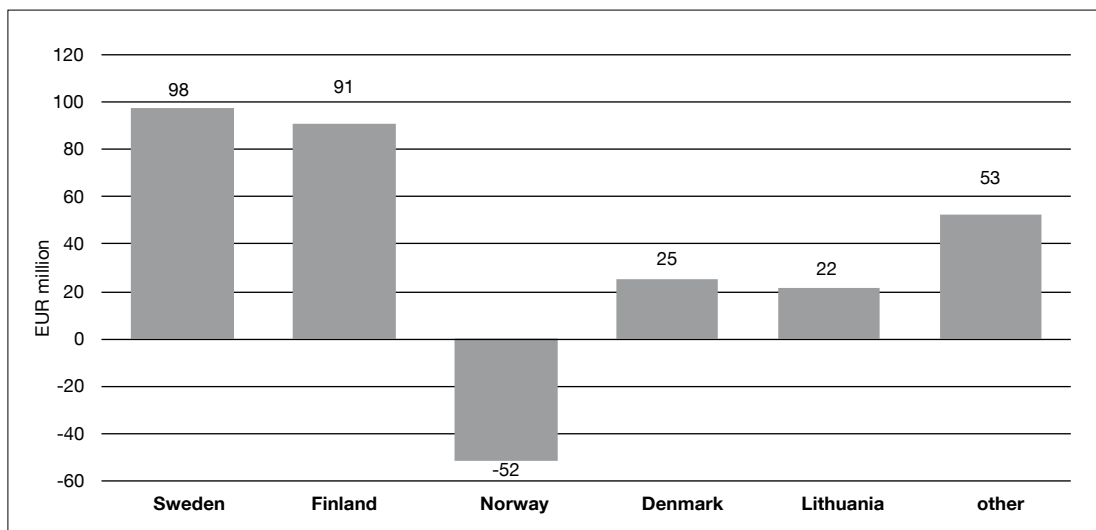
A total of 98 million euros, or 40%, of the direct investment inflow came from Sweden, and 91 million euros from Finland. Norway's direct investment in Estonia contracted by 52 million euros in the third quarter. The majority of the third-quarter direct investment in Estonia came from EU countries, while investment from the CIS and other countries declined somewhat (see Figure 14 and Table 26). After the major banks operating in Estonia went under foreign ownership, the financial sector has received the biggest investment from quarter to quarter owing to reinvested earnings. The third quarter of 2012 was no exception as 39% of total direct investment went to financial intermediaries. Next came investment in wholesale companies and head offices at 23% and 8% respectively (see Figure 15).

**Table 24. Structure of direct investment in Estonia**

	Equity capital		Reinvested earnings		Other capital				Total	
	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Assets		Liabilities		Volume (EUR m)	Share (%)
					Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)		
Q1 2008	101.8	18.6	355.2	65.0	-76.9	-14.1	166.3	30.4	546.5	100.0
Q2 2008	29.7	18.6	189.0	118.7	-113.3	-71.1	53.9	33.8	159.3	100.0
Q3 2008	-3.0	-1.0	252.4	85.8	-13.8	-4.7	58.7	20.0	294.3	100.0
Q4 2008	66.7	36.7	74.0	40.7	78.6	43.3	-37.5	-20.6	181.8	100.0
<b>2008 total</b>	<b>195.2</b>	<b>16.5</b>	<b>870.6</b>	<b>73.7</b>	<b>-125.3</b>	<b>-10.6</b>	<b>241.4</b>	<b>20.4</b>	<b>1,181.8</b>	<b>100.0</b>
Q1 2009	120.3	60.6	84.4	42.5	-24.8	-12.5	18.7	9.4	198.6	100.0
Q2 2009	103.7	149.2	83.3	119.9	-18.1	-26.1	-99.3	-143.0	69.5	100.0
Q3 2009	108.6	102.7	182.0	172.0	-83.7	-79.1	-101.1	-95.6	105.8	100.0
Q4 2009	886.5	93.3	58.8	6.2	76.6	8.1	-71.3	-7.5	950.6	100.0
<b>2009 total</b>	<b>1,219.1</b>	<b>92.0</b>	<b>408.4</b>	<b>30.8</b>	<b>-50.0</b>	<b>-3.8</b>	<b>-253.0</b>	<b>-19.1</b>	<b>1,324.5</b>	<b>100.0</b>
Q1 2010	37.1	14.2	201.6	77.2	-19.7	-7.5	42.1	16.1	261.1	100.0
Q2 2010	-187.2	-56.2	191.4	57.5	-36.8	-11.0	365.5	109.8	332.9	100.0
Q3 2010	166.6	61.9	314.3	116.8	100.4	37.3	-312.2	-116.0	269.2	100.0
Q4 2010	295.4	85.8	306.5	89.1	-275.6	-80.1	17.8	5.2	344.1	100.0
<b>2010 total</b>	<b>311.8</b>	<b>25.8</b>	<b>1,013.8</b>	<b>84.0</b>	<b>-231.7</b>	<b>-19.2</b>	<b>113.3</b>	<b>9.4</b>	<b>1,207.3</b>	<b>100.0</b>
Q1 2011	22.4	5.4	335.4	81.5	-79.0	-19.2	132.7	32.2	411.5	100.0
Q2 2011	72.0	17.2	32.0	7.6	187.9	44.9	126.7	30.3	418.5	100.0
Q3 2011	-458.5	76.3	294.4	-49.0	-125.7	20.9	-310.7	51.7	-600.5	100.0
Q4 2011	-16.8	37.7	312.8	-703.1	-65.4	147.1	-275.1	618.2	-44.5	100.0
<b>2011 total</b>	<b>-380.9</b>	<b>-205.9</b>	<b>974.6</b>	<b>526.9</b>	<b>-82.3</b>	<b>-44.5</b>	<b>-326.4</b>	<b>-176.5</b>	<b>185.0</b>	<b>100.0</b>
Q1 2012	-15.0	-10.6	238.7	169.1	-85.0	-60.2	2.5	1.8	141.2	100.0
Q2 2012	331.0	62.3	189.5	35.7	95.6	18.0	-84.9	-16.0	531.3	100.0
Q3 2012	39.3	16.6	342.2	144.7	-103.3	-43.7	-41.6	-17.6	236.6	100.0

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

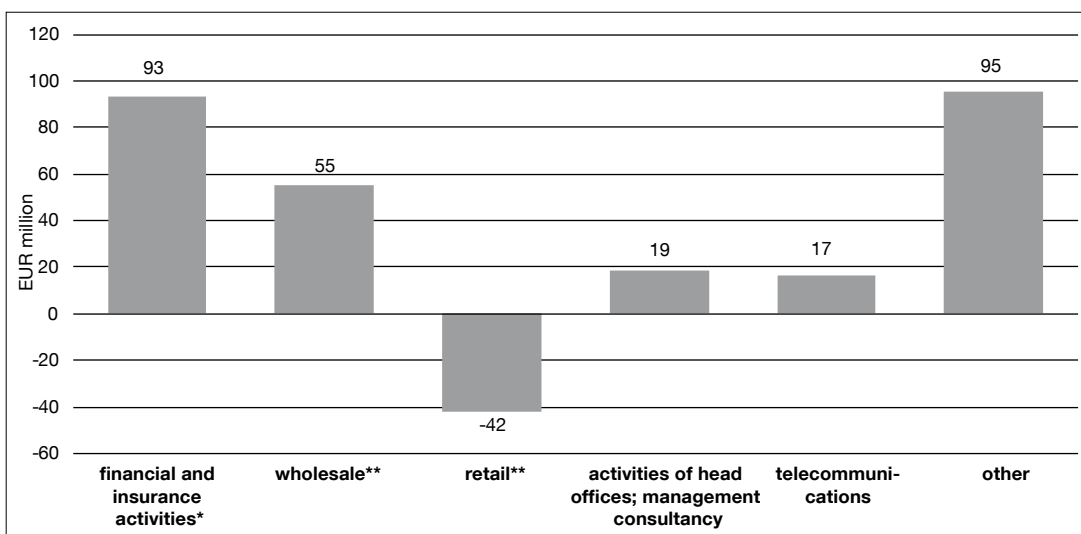
	Assets					Liabilities				
	Long-term		Short-term		Total	Long-term		Short-term		Total
	Grantings	Repay-ments	Grantings	Repay-ments	Balance	Drawings	Repay-ments	Drawings	Repay-ments	Balance
Q1 2008	48.5	22.7	91.2	75.0	42.0	235.1	134.9	121.2	64.7	156.7
Q2 2008	104.2	6.5	156.2	185.0	68.8	115.9	159.6	129.2	93.5	-8.0
Q3 2008	39.2	77.9	155.5	91.1	25.7	268.3	296.1	195.1	109.6	57.6
Q4 2008	32.4	54.5	174.0	170.8	-18.9	256.8	179.5	337.7	332.3	82.6
<b>2008 total</b>	<b>224.3</b>	<b>161.7</b>	<b>576.8</b>	<b>521.8</b>	<b>117.6</b>	<b>876.1</b>	<b>770.2</b>	<b>783.2</b>	<b>600.2</b>	<b>288.9</b>
Q1 2009	30.3	8.5	115.4	98.6	38.6	193.3	131.3	173.1	206.6	28.6
Q2 2009	29.4	27.0	98.6	100.6	0.4	112.3	175.7	82.6	82.7	-63.5
Q3 2009	68.5	31.4	88.5	50.2	75.4	118.6	290.2	271.2	160.1	-60.5
Q4 2009	42.1	64.4	85.9	123.4	-59.8	143.1	137.4	104.3	162.2	-52.2
<b>2009 total</b>	<b>170.2</b>	<b>131.2</b>	<b>388.4</b>	<b>372.8</b>	<b>54.6</b>	<b>567.3</b>	<b>734.5</b>	<b>631.2</b>	<b>611.5</b>	<b>-147.6</b>
Q1 2010	21.1	8.0	75.4	67.4	21.0	133.0	96.3	66.1	64.8	38.0
Q2 2010	15.5	4.9	91.4	76.1	25.9	338.4	67.4	107.8	185.4	193.4
Q3 2010	27.4	184.0	170.2	118.3	-104.7	89.1	90.1	123.3	273.7	-151.5
Q4 2010	18.2	13.0	431.9	184.5	252.6	182.2	212.9	126.9	130.1	-33.8
<b>2010 total</b>	<b>82.2</b>	<b>210.0</b>	<b>769.0</b>	<b>446.2</b>	<b>194.9</b>	<b>742.6</b>	<b>466.7</b>	<b>424.1</b>	<b>653.9</b>	<b>46.1</b>
Q1 2011	24.4	10.6	155.4	97.6	71.6	172.2	73.2	393.4	360.4	131.9
Q2 2011	26.4	3.1	134.5	358.3	-200.6	194.4	135.6	95.7	106.6	47.8
Q3 2011	67.0	25.7	164.3	107.2	98.4	243.7	540.0	80.5	128.7	-344.5
Q4 2011	23.1	22.7	172.2	87.3	85.2	82.6	327.0	79.4	92.5	-257.5
<b>2011 total</b>	<b>140.8</b>	<b>62.0</b>	<b>626.4</b>	<b>650.5</b>	<b>54.7</b>	<b>692.8</b>	<b>1,075.9</b>	<b>649.0</b>	<b>688.2</b>	<b>-422.3</b>
Q1 2012	26.3	10.4	107.4	46.8	76.5	59.8	93.2	115.4	99.0	-17.0
Q2 2012	21.5	10.1	386.8	522.1	-124.0	85.3	139.2	88.6	211.7	-177.0
Q3 2012	20.2	9.3	493.7	411.7	92.9	79.0	86.0	237.9	199.1	31.7



**Figure 14. Direct investment in Estonia by countries in the third quarter of 2012**

**Table 26. Direct investment in Estonia by groups of countries**

	Volume (EUR m)		Share (%)		Change (%)
	Q2 2012	Q3 2012	Q2 2012	Q3 2012	Q3 2012 / Q2 2012
EU-27	271.5	262.7	51.1	111.0	-3.3
CIS	11.0	-7.6	2.1	-3.2	-169.4
Other	248.8	-18.5	46.8	-7.8	-107.4
<b>Total</b>	<b>531.3</b>	<b>236.6</b>	<b>100.0</b>	<b>100.0</b>	<b>-55.5</b>



**Figure 15. Direct investment in Estonia by fields of activity in the third quarter of 2012**

\* Excluding insurance and pension funds.

\*\* Excluding motor vehicles and motorcycles.

**Direct investment abroad** went up by more than 80% from the second quarter of 2012. Net equity capital investment totalled 31 million euros, which made up a third of total direct investment. Companies in warehousing and support activities for transportation made the biggest investment (9 million euros), while 45 million euros of earnings were reinvested abroad. The dynamics of reinvested earnings were shaped mainly by water transport companies with 30 million euros. Other capital assets and liabilities declined, and their outflow from Estonia totalled 18 million euros. The loan liabilities of subsidiaries and affiliated companies grew by 3 million euros from the previous quarter, most of them being short-term liabilities. The loan liabilities of Estonian investors to foreign subsidiaries and affiliates shrank by 1 million euros (see Tables 27-28).

The largest direct investment went to Cyprus, Finland and Russia: 51 million, 16 million and 15 million euros respectively. The biggest direct investors were companies of water transport at 51 million euros and warehousing and support activities for transportation at 18 million euros. The investments of timber companies contracted by 23 million euros. The main investment region was the European Union, which received 88% of Estonia's direct investment abroad (see Table 29 and Figures 16-17).

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

	Equity capital		Reinvested earnings		Other capital				Total	
	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Assets		Liabilities		Volume (EUR m)	Share (%)
					Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)		
Q1 2008	-63.7	21.0	-94.8	31.2	-171.4	56.4	26.0	-8.6	-303.8	100.0
Q2 2008	-47.9	40.0	-4.7	3.9	-6.5	5.5	-60.5	50.6	-119.6	100.0
Q3 2008	-31.2	12.8	-2.5	1.0	-181.1	74.1	-29.7	12.1	-244.5	100.0
Q4 2008	-7.9	8.6	-34.8	37.8	-60.7	65.8	11.2	-12.1	-92.2	100.0
<b>2008 total</b>	<b>-150.7</b>	<b>19.8</b>	<b>-136.7</b>	<b>18.0</b>	<b>-419.7</b>	<b>55.2</b>	<b>-53.1</b>	<b>7.0</b>	<b>-760.2</b>	<b>100.0</b>
Q1 2009	-81.4	42.9	-48.1	25.4	-21.8	11.5	-38.2	20.2	-189.6	100.0
Q2 2009	-32.4	13.6	49.2	-20.7	-204.9	86.1	-49.8	20.9	-238.0	100.0
Q3 2009	-203.2	84.4	-76.5	31.8	38.9	-16.1	0.1	0.0	-240.8	100.0
Q4 2009	-455.0	102.1	-23.5	5.3	25.0	-5.6	8.0	-1.8	-445.6	100.0
<b>2009 total</b>	<b>-772.0</b>	<b>69.3</b>	<b>-99.0</b>	<b>8.9</b>	<b>-162.9</b>	<b>14.6</b>	<b>-80.0</b>	<b>7.2</b>	<b>-1,113.9</b>	<b>100.0</b>
Q1 2010	-9.9	19.0	-58.2	111.4	-43.1	82.4	59.0	-112.9	-52.2	100.0
Q2 2010	-10.9	25.1	-40.1	92.4	12.4	-28.5	-4.8	11.0	-43.4	100.0
Q3 2010	-53.5	56.7	-82.1	87.0	27.2	-28.9	14.0	-14.8	-94.3	100.0
Q4 2010	-3.9	-4.7	-16.5	-19.9	73.8	89.1	29.4	35.5	82.9	100.0
<b>2010 total</b>	<b>-78.2</b>	<b>73.0</b>	<b>-196.9</b>	<b>183.8</b>	<b>70.4</b>	<b>-65.7</b>	<b>97.6</b>	<b>-91.1</b>	<b>-107.1</b>	<b>100.0</b>
Q1 2011	-57.3	25.5	-70.4	31.3	-105.2	46.8	8.2	-3.6	-224.8	100.0
Q2 2011	-29.1	104.8	-43.4	156.2	4.0	-14.3	40.8	-146.7	-27.8	100.0
Q3 2011	1,479.5	102.0	-62.8	-4.3	20.2	1.4	13.7	0.9	1,450.5	100.0
Q4 2011	-45.1	30.3	-36.7	24.7	-56.9	38.3	-10.0	6.7	-148.8	100.0
<b>2011 total</b>	<b>1,347.9</b>	<b>128.5</b>	<b>-213.4</b>	<b>-20.3</b>	<b>-138.0</b>	<b>-13.2</b>	<b>52.6</b>	<b>5.0</b>	<b>1,049.1</b>	<b>100.0</b>
Q1 2012	-10.9	12.8	-50.9	59.5	13.1	-15.3	-36.8	43.0	-85.5	100.0
Q2 2012	-150.7	299.4	202.8	-403.0	-114.4	227.2	11.9	-23.7	-50.3	100.0
Q3 2012	-30.7	32.9	-44.5	47.6	-15.8	16.9	-2.4	2.6	-93.4	100.0

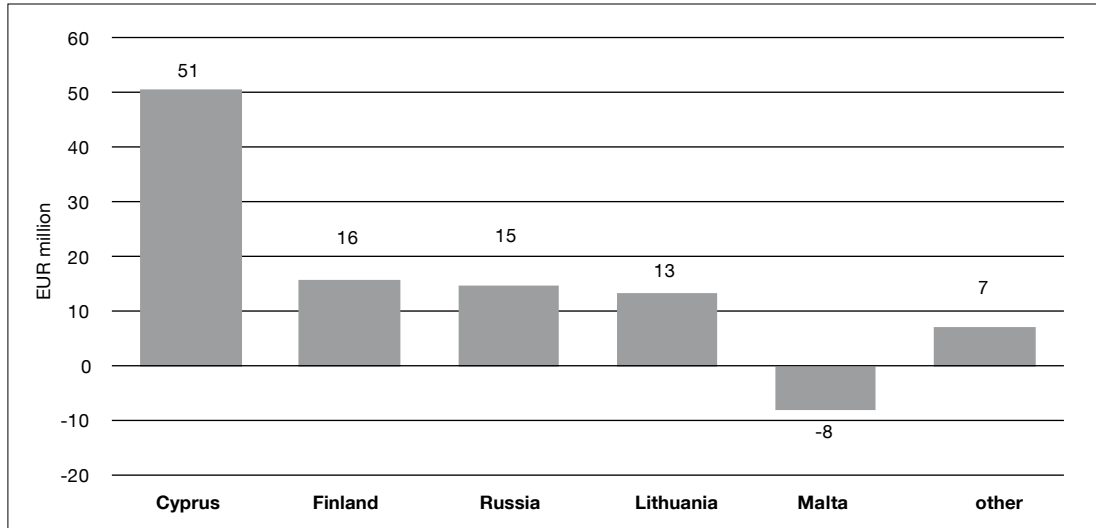


**Table 28. Loan capital assets and liabilities to foreign subsidiaries and associated companies (EUR million)**

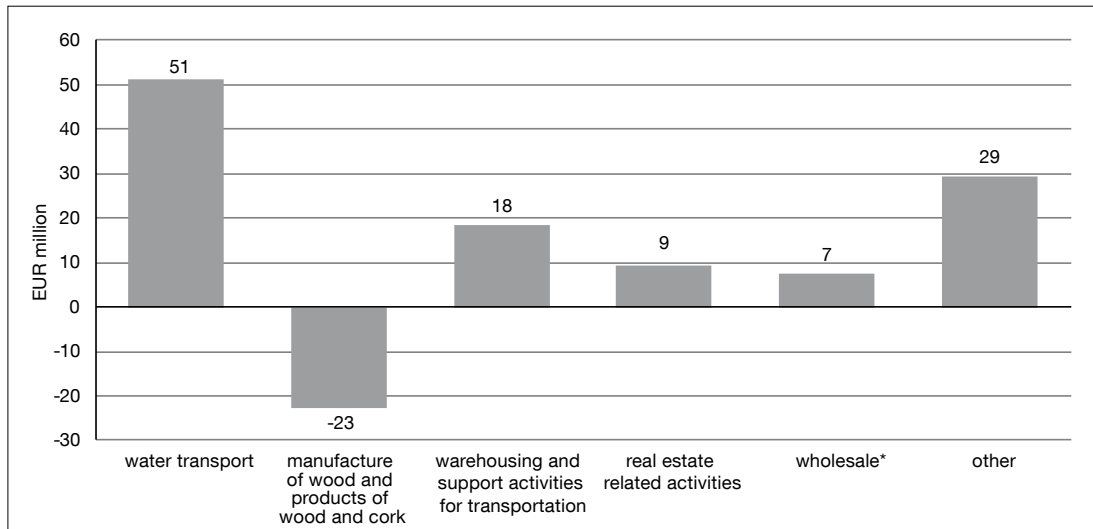
	Assets					Liabilities				
	Long-term		Short-term		Total	Long-term		Short-term		Total
	Grantings	Repay-ments	Grantings	Repay-ments	Balance	Drawings	Repay-ments	Drawings	Repay-ments	Balance
Q1 2008	169.9	51.6	31.8	28.6	121.6	9.0	3.1	13.1	19.7	-0.7
Q2 2008	63.8	114.3	35.8	18.2	-32.8	1.8	4.3	3.5	26.5	-25.5
Q3 2008	70.1	39.2	34.9	31.4	34.4	1.6	2.1	7.4	26.2	-19.4
Q4 2008	43.4	29.1	82.7	50.8	46.2	3.9	2.2	14.0	2.9	12.7
<b>2008 total</b>	<b>347.1</b>	<b>234.1</b>	<b>185.3</b>	<b>129.0</b>	<b>169.3</b>	<b>16.3</b>	<b>11.8</b>	<b>38.0</b>	<b>75.4</b>	<b>-32.9</b>
Q1 2009	86.7	27.4	41.6	47.6	53.3	3.9	0.9	3.1	6.1	0.0
Q2 2009	197.3	32.2	40.7	21.3	184.5	0.9	2.0	3.9	60.1	-57.3
Q3 2009	45.9	44.8	24.2	23.3	2.0	4.0	1.4	1.6	2.5	1.7
Q4 2009	67.7	93.0	120.1	66.2	28.6	2.2	1.3	1.3	3.6	-1.3
<b>2009 total</b>	<b>397.6</b>	<b>197.5</b>	<b>226.7</b>	<b>158.4</b>	<b>268.4</b>	<b>11.1</b>	<b>5.6</b>	<b>10.0</b>	<b>72.3</b>	<b>-56.9</b>
Q1 2010	32.9	16.2	38.4	23.8	31.3	0.4	1.8	1.5	1.8	-1.7
Q2 2010	35.4	25.5	21.2	22.1	9.0	1.2	0.6	3.1	3.3	0.4
Q3 2010	24.9	28.2	30.1	16.6	10.1	0.3	1.9	0.7	0.5	-1.4
Q4 2010	48.6	100.3	27.2	17.7	-42.2	2.6	3.1	30.3	4.8	24.9
<b>2010 total</b>	<b>141.7</b>	<b>170.2</b>	<b>116.9</b>	<b>80.2</b>	<b>8.2</b>	<b>4.5</b>	<b>7.5</b>	<b>35.6</b>	<b>10.4</b>	<b>22.2</b>
Q1 2011	58.1	48.4	51.8	9.3	52.3	1.3	0.3	8.6	3.3	6.3
Q2 2011	53.2	56.7	14.2	15.7	-4.9	0.7	0.6	1.0	12.8	-11.6
Q3 2011	41.8	19.5	19.2	42.2	-0.7	1.8	2.5	1.7	23.4	-22.5
Q4 2011	58.8	67.6	34.0	22.9	2.2	1.8	1.9	4.5	1.1	3.3
<b>2011 total</b>	<b>211.8</b>	<b>192.2</b>	<b>119.3</b>	<b>90.1</b>	<b>48.9</b>	<b>5.6</b>	<b>5.2</b>	<b>15.8</b>	<b>40.7</b>	<b>-24.5</b>
Q1 2012	34.2	25.7	27.2	18.6	17.1	1.6	4.3	4.4	4.3	-2.5
Q2 2012	78.1	16.2	25.3	11.4	75.8	0.2	3.7	1.4	3.7	-5.7
Q3 2012	40.5	41.0	20.8	17.0	3.4	0.4	0.3	1.6	2.4	-0.7

**Table 29. Direct investment abroad by groups of countries**

	Volume (EUR m)		Share (%)		Change (%)
	Q2 2012	Q3 2012	Q2 2012	Q3 2012	Q3 2012 / Q2 2012
EU-27	-48.1	-82.0	95.6	87.7	70.3
CIS	0.5	-11.2	-0.9	11.9	-2,511.9
Other	-2.7	-0.3	5.3	0.3	-88.3
<b>Total</b>	<b>-50.3</b>	<b>-93.4</b>	<b>100.0</b>	<b>100.0</b>	<b>85.7</b>



**Figure 16. Direct investment abroad by countries in the third quarter of 2012**



**Figure 17. Direct investment abroad by fields of activity in the third quarter of 2012**

\* Excluding motor vehicles and motorcycles.

## Portfolio investment

The net outflow of portfolio investment was 232 million euros in the third quarter of 2012. The net outflow mainly consisted of the foreign debt security investments of general government, credit institutions and the central bank (see Figure 18 and table 30).

Portfolio investment liabilities grew by 7 million euros in the third quarter of 2012 (see Table 31). It was mainly the liabilities of companies in other sectors that increased, as in the second quarter. Their debt security liabilities grew by 19 million euros, but their equity security liabilities declined by 10 million euros. The contributions of other sectors remained modest in the third quarter. By countries, portfolio investment liabilities to the United Kingdom went up the most, and next came liabilities to Luxembourg, Switzerland and the United States (see Figure 19 and Table 32).

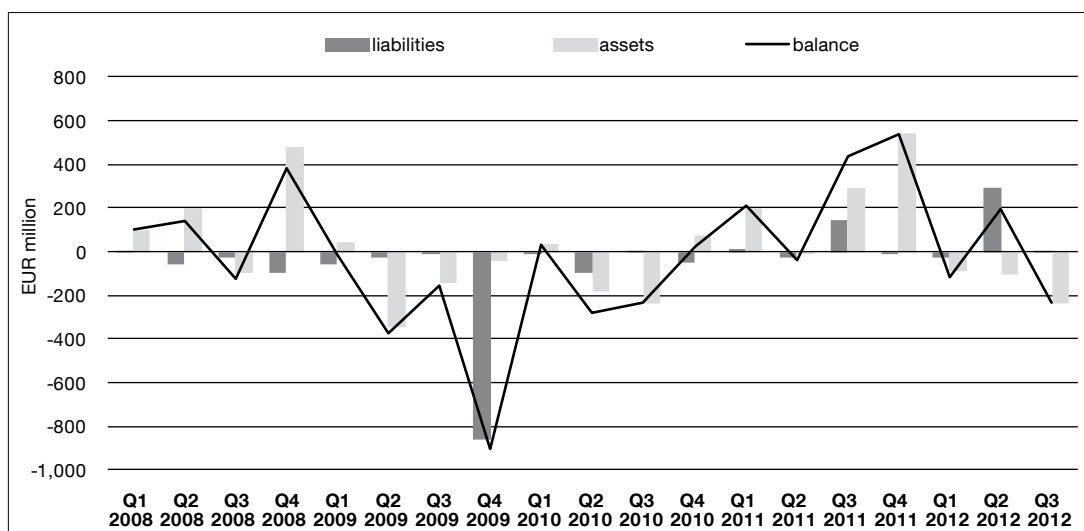


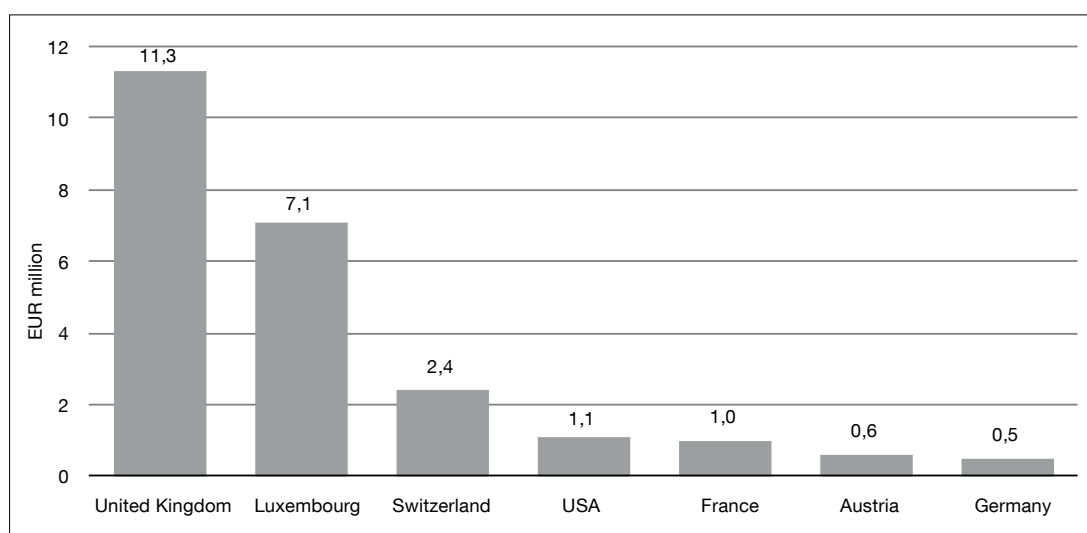
Figure 18. Portfolio investment

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

	Assets			Liabilities			Balance		
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012
<b>Equity securities</b>	<b>18.3</b>	<b>23.5</b>	<b>-5.4</b>	<b>-28.0</b>	<b>3.4</b>	<b>-8.8</b>	<b>-9.7</b>	<b>26.9</b>	<b>-14.2</b>
central bank	-	-5.0	-4.4	-	-	-	-	-5.0	-4.4
general government	-0.2	9.6	-	-	-	-	-0.2	9.6	-
credit institutions	5.7	0.6	2.2	-	-	1.5	5.7	0.6	3.7
other sectors	12.8	18.3	-3.2	-28.1	3.4	-10.2	-15.3	21.7	-13.4
<b>Debt securities</b>	<b>274.7</b>	<b>-124.8</b>	<b>-234.1</b>	<b>170.0</b>	<b>291.5</b>	<b>15.9</b>	<b>444.7</b>	<b>166.7</b>	<b>-218.2</b>
central bank	95.2	24.9	-16.0	-	-	-	95.2	24.9	-16.0
general government	56.0	-132.2	-192.6	-0.7	-2.9	-0.8	55.3	-135.1	-193.4
credit institutions	114.2	20.4	-50.9	0.0	0.6	-1.9	114.2	21.0	-52.8
other sectors	9.3	-38.0	25.4	170.7	293.7	18.6	180.0	255.7	44.0
<b>Total</b>	<b>293.0</b>	<b>-101.2</b>	<b>-239.6</b>	<b>141.9</b>	<b>294.9</b>	<b>7.2</b>	<b>434.9</b>	<b>193.7</b>	<b>-232.4</b>

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

	Equity securities		Debt securities		Total	
	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)
Q1 2008	-64.4	-1 463.6	68.8	1 563.6	4.4	100.0
Q2 2008	-15.1	27.3	-40.2	72.7	-55.3	100.0
Q3 2008	-30.0	126.1	6.2	-26.1	-23.8	100.0
Q4 2008	-103.1	103.5	3.6	-3.6	-99.6	100.0
<b>2008 total</b>	<b>-212.6</b>	<b>122.0</b>	<b>38.4</b>	<b>-22.0</b>	<b>-174.3</b>	<b>100.0</b>
Q1 2009	-27.7	46.1	-32.4	53.9	-60.1	100.0
Q2 2009	-7.2	23.8	-23.1	76.2	-30.3	100.0
Q3 2009	8.6	-102.4	-17.0	202.4	-8.4	100.0
Q4 2009	-67.3	7.8	-796.1	92.2	-863.4	100.0
<b>2009 total</b>	<b>-93.6</b>	<b>9.7</b>	<b>-868.6</b>	<b>90.3</b>	<b>-962.2</b>	<b>100.0</b>
Q1 2010	8.3	-830.0	-9.2	920.0	-1.0	100.0
Q2 2010	16.5	-17.2	-112.5	117.2	-96.0	100.0
Q3 2010	-0.8	-29.6	3.5	129.6	2.7	100.0
Q4 2010	6.1	-11.9	-57.2	111.9	-51.1	100.0
<b>2010 total</b>	<b>30.1</b>	<b>-20.7</b>	<b>-175.4</b>	<b>120.6</b>	<b>-145.4</b>	<b>100.0</b>
Q1 2011	0.0	0.0	11.5	100.0	11.5	100.0
Q2 2011	-21.6	73.0	-8.0	27.0	-29.6	100.0
Q3 2011	-28.0	-19.7	170.0	119.8	141.9	100.0
Q4 2011	-30.9	882.9	27.4	-782.9	-3.5	100.0
<b>2011 total</b>	<b>-80.5</b>	<b>-66.9</b>	<b>200.9</b>	<b>167.0</b>	<b>120.3</b>	<b>100.0</b>
Q1 2012	-14.4	48.5	-15.3	51.5	-29.7	100.0
Q2 2012	3.4	1.2	291.5	98.8	294.9	100.0
Q3 2012	-8.8	-122.2	15.9	220.8	7.2	100.0



**Figure 19. Increase in portfolio investment liabilities by countries in the third quarter of 2012**

**Table 32. Structure of portfolio investment by groups of countries in the third quarter of 2012**

	Volume (EUR m)		Share (%)	
	Assets	Liabilities	Assets	Liabilities
EU-27	-213.0	6.2	88.9	86.1
CIS	0.5	-0.2	-0.2	-2.8
Other	-27.1	1.2	11.3	16.7
<b>Total</b>	<b>-239.6</b>	<b>7.2</b>	<b>100.0</b>	<b>100.0</b>

**Portfolio investment assets** grew by 240 million euros in the third quarter of 2012 (see Table 33). Investments in foreign debt securities grew by 234 million euros, and investments in equity securities increased by 5 million euros over the quarter. The general government invested the most in foreign debt securities, as in the second quarter, and it increased its total investment by 193 million euros. Investment abroad by credit institutions and the central bank grew by 49 million and 20 million euros respectively. Investment abroad by companies in other sectors fell by a total of 22 million euros, mostly due to the activity of pension funds. By countries, portfolio investment assets in EU countries, in particular the Netherlands, Germany, Ireland and France, grew the most (see Figure 20 and Table 32).

**Table 33. Structure of portfolio investment assets**

	Equity securities		Debt securities		Total	
	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)
Q1 2008	98.4	97.3	2.7	2.7	101.1	100.0
Q2 2008	60.6	30.4	138.5	69.6	199.1	100.0
Q3 2008	-3.7	3.7	-95.4	96.3	-99.1	100.0
Q4 2008	106.5	22.2	373.0	77.8	479.5	100.0
<b>2008 total</b>	<b>261.8</b>	<b>38.5</b>	<b>418.8</b>	<b>61.5</b>	<b>680.6</b>	<b>100.0</b>
Q1 2009	11.7	28.3	29.6	71.7	41.3	100.0
Q2 2009	-16.6	4.8	-328.6	95.2	-345.2	100.0
Q3 2009	-52.2	36.1	-92.4	63.9	-144.6	100.0
Q4 2009	7.6	-18.6	-48.5	118.6	-40.9	100.0
<b>2009 total</b>	<b>-49.5</b>	<b>10.1</b>	<b>-439.9</b>	<b>89.9</b>	<b>-489.4</b>	<b>100.0</b>
Q1 2010	-65.2	-201.9	97.5	301.9	32.3	100.0
Q2 2010	-169.1	92.5	-13.7	7.5	-182.9	100.0
Q3 2010	-9.7	4.1	-229.9	96.0	-239.5	100.0
Q4 2010	-59.8	-81.6	133.1	181.6	73.3	100.0
<b>2010 total</b>	<b>-303.8</b>	<b>95.9</b>	<b>-13.0</b>	<b>4.1</b>	<b>-316.8</b>	<b>100.0</b>
Q1 2011	8.1	4.0	193.2	95.9	201.4	100.0
Q2 2011	-15.2	190.0	7.2	-90.0	-8.0	100.0
Q3 2011	18.3	6.2	274.7	93.8	293.0	100.0
Q4 2011	90.9	16.7	454.2	83.3	545.2	100.0
<b>2011 total</b>	<b>102.1</b>	<b>9.9</b>	<b>929.3</b>	<b>90.1</b>	<b>1,031.6</b>	<b>100.0</b>
Q1 2012	-102.8	118.7	16.2	-18.7	-86.6	100.0
Q2 2012	23.5	-23.2	-124.8	123.3	-101.2	100.0
Q3 2012	-5.4	2.3	-234.1	97.7	-239.6	100.0

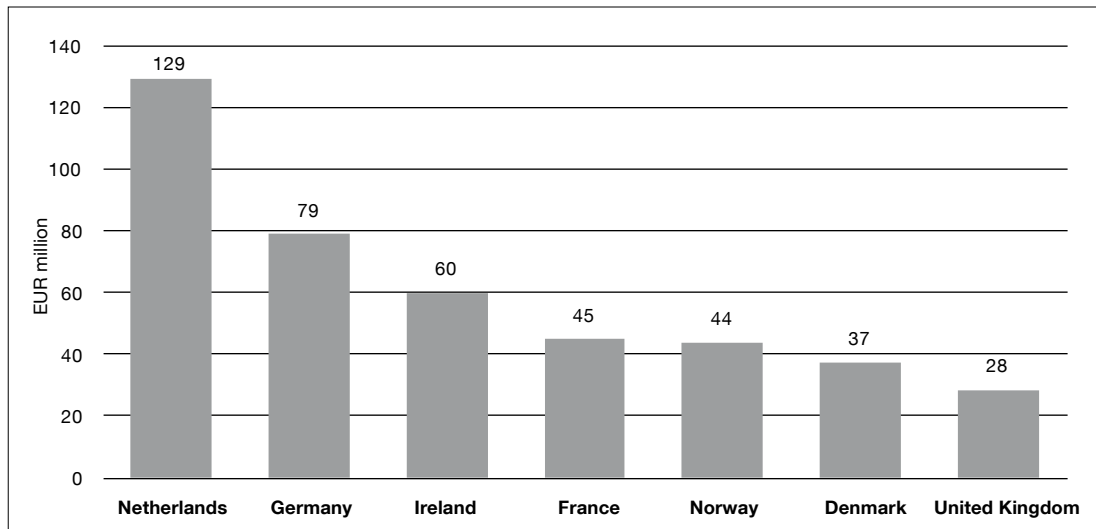


Figure 20. Increase in portfolio investment assets by countries in the third quarter of 2012

### Financial derivatives

The net inflow of financial derivatives reached 22 million euros in the third quarter of 2012 (see Figure 21). Financial derivative assets fell slightly in the third quarter. The assets of companies in other sectors grew by 13 million euros, while the assets of credit institutions dropped by the same amount. By countries, assets in the United Kingdom and Denmark fell the most. Financial derivative liabilities went up by 21 million euros in the third quarter, mainly due to credit institutions. By countries, financial derivative liabilities to Cyprus declined the most.

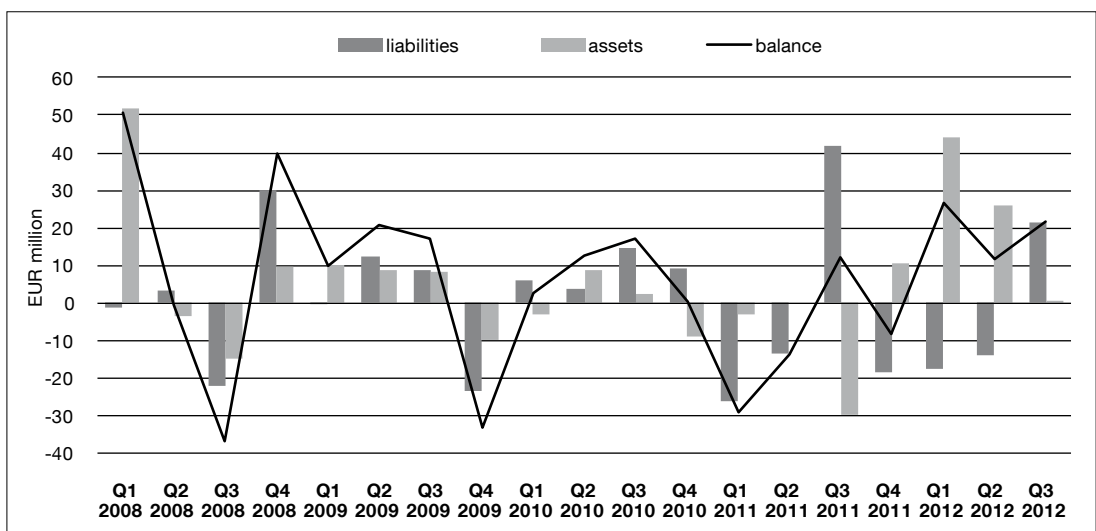


Figure 21. Financial derivatives

## Other investment

The net outflow of other investment reached 41 million euros in the third quarter of 2012 (see Figure 22). The net outflow mainly resulted from a rise in the assets and a fall in the liabilities of credit institutions (see Table 34).

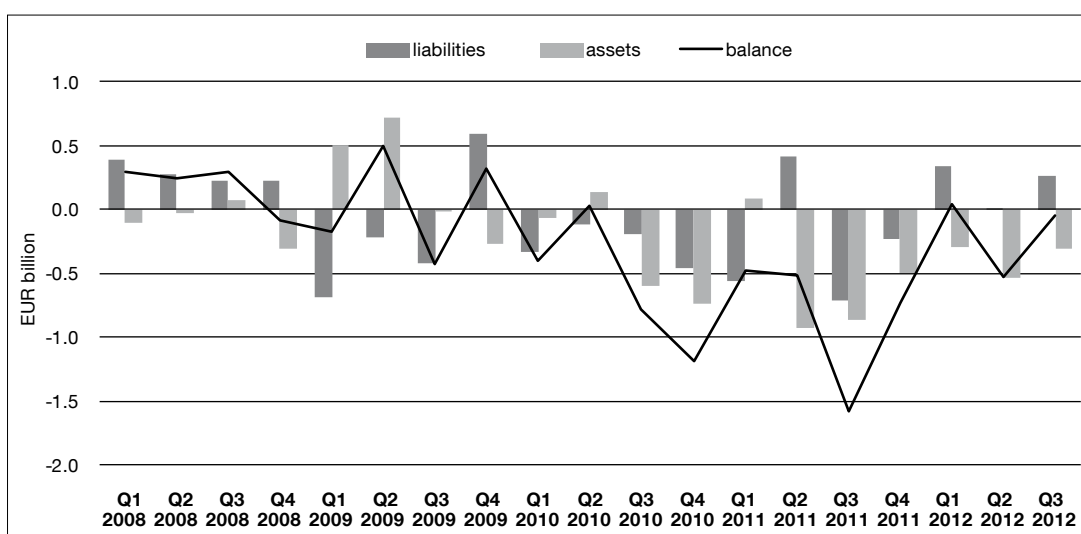


Figure 22. Other investment

Table 34. Other investment by maturity (EUR million)

	Assets			Liabilities			Balance		
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012
<b>Long-term capital</b>	<b>6.1</b>	<b>-6.0</b>	<b>-61.3</b>	<b>-160.3</b>	<b>-514.2</b>	<b>91.3</b>	<b>-154.2</b>	<b>-520.2</b>	<b>30.0</b>
central bank	-0.4	0.4	0.0	-	-	-	-0.4	0.4	0.0
general government	0.0	-123.8	-7.2	-163.7	91.1	236.5	-163.7	-32.7	229.3
credit institutions	-8.8	260.4	-20.2	-130.2	-581.2	-247.7	-139.0	-320.8	-267.9
other sectors	15.3	-143.0	-33.9	133.6	-24.1	102.5	148.9	-167.1	68.6
<b>Short-term capital</b>	<b>-875.3</b>	<b>-526.9</b>	<b>-240.2</b>	<b>-553.1</b>	<b>516.8</b>	<b>169.4</b>	<b>-1 428.4</b>	<b>-10.1</b>	<b>-70.8</b>
central bank	-71.7	-82.7	55.2	-163.9	-27.3	37.6	-235.6	-110.0	92.8
general government	76.7	43.6	-91.3	-0.5	-1.7	-0.2	76.2	41.9	-91.5
credit institutions	-857.0	-209.5	-179.9	-365.3	451.6	118.3	-1 222.3	242.1	-61.6
other sectors	-23.3	-278.3	-24.2	-23.4	94.2	13.7	-46.7	-184.1	-10.5
<b>Total</b>	<b>-869.2</b>	<b>-532.9</b>	<b>-301.5</b>	<b>-713.4</b>	<b>2.6</b>	<b>260.8</b>	<b>-1 582.6</b>	<b>-530.3</b>	<b>-40.7</b>

**Other investment liabilities** grew by 261 million euros from the previous quarter, with long-term loan liabilities making up 495 million euros of that (see Table 35). The loan liabilities of the general government grew the most, rising by 392 million euros. Deposit and other capital liabilities declined, however.

**Table 35. Structure of other investment liabilities**

	Trade credit		Loans		Deposits		Other capital		Total	
	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)
Q1 2008	35.3	8.9	-47.0	-11.9	277.0	69.9	130.7	33.0	396.0	100.0
Q2 2008	83.1	30.4	6.3	2.3	219.4	80.4	-35.8	-13.1	273.0	100.0
Q3 2008	47.9	21.4	150.7	67.3	-20.0	-8.9	45.2	20.2	223.8	100.0
Q4 2008	-146.3	-66.5	-39.8	-18.1	474.7	215.7	-68.5	-31.1	220.1	100.0
<b>2008 total</b>	<b>20.0</b>	<b>1.8</b>	<b>70.2</b>	<b>6.3</b>	<b>951.1</b>	<b>85.5</b>	<b>71.6</b>	<b>6.4</b>	<b>1,112.9</b>	<b>100.0</b>
Q1 2009	-174.1	25.3	-6.3	0.9	-539.1	78.5	32.7	-4.8	-686.8	100.0
Q2 2009	-8.8	4.1	-47.1	21.9	-232.2	107.9	72.9	-33.9	-215.2	100.0
Q3 2009	-95.5	22.8	-13.2	3.1	-183.2	43.7	-127.5	30.4	-419.4	100.0
Q4 2009	-50.6	-8.5	208.4	35.1	477.9	80.5	-41.7	-7.0	593.9	100.0
<b>2009 total</b>	<b>-329.0</b>	<b>45.2</b>	<b>141.8</b>	<b>-19.5</b>	<b>-476.6</b>	<b>65.5</b>	<b>-63.6</b>	<b>8.7</b>	<b>-727.5</b>	<b>100.0</b>
Q1 2010	154.1	-45.8	-21.4	6.4	-663.1	197.1	194.0	-57.7	-336.4	100.0
Q2 2010	150.9	-136.1	11.6	-10.5	-209.7	189.1	-63.6	57.3	-110.9	100.0
Q3 2010	60.0	-32.2	-24.4	13.1	-322.4	172.9	100.3	-53.8	-186.5	100.0
Q4 2010	-5.5	1.2	-6.1	1.3	-392.5	86.2	-51.5	11.3	-455.5	100.0
<b>2010 total</b>	<b>359.5</b>	<b>-33.0</b>	<b>-40.3</b>	<b>3.7</b>	<b>-1,587.7</b>	<b>145.8</b>	<b>179.2</b>	<b>-16.5</b>	<b>-1,089.3</b>	<b>100.0</b>
Q1 2011	177.3	-31.4	-94.0	16.7	-806.7	143.0	159.2	-28.2	-564.3	100.0
Q2 2011	70.0	16.6	-92.0	-21.8	319.7	75.7	125.0	29.6	422.6	100.0
Q3 2011	-4.7	0.7	106.9	-15.0	-455.3	63.8	-360.3	50.5	-713.4	100.0
Q4 2011	-16.2	7.0	177.3	-76.2	-219.4	94.3	-174.2	74.9	-232.6	100.0
<b>2011 total</b>	<b>226.4</b>	<b>-20.8</b>	<b>98.2</b>	<b>-9.0</b>	<b>-1,161.7</b>	<b>106.8</b>	<b>-250.3</b>	<b>23.0</b>	<b>-1,087.7</b>	<b>100.0</b>
Q1 2012	31.9	9.4	276.0	80.9	41.1	12.1	-8.1	-2.4	341.0	100.0
Q2 2012	111.4	4,284.6	47.0	1,807.7	-127.4	-4,900.0	-28.4	-1,092.3	2.6	100.0
Q3 2012	3.9	1.5	495.1	189.8	-110.2	-42.3	-127.9	-49.0	260.8	100.0

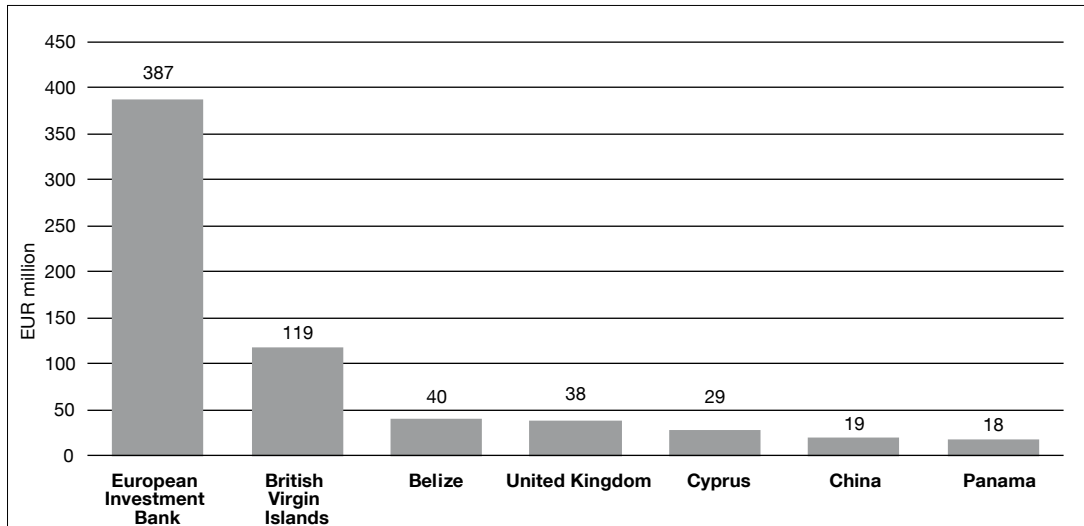
The loan/currency and deposit liabilities (including interbank loans) of credit institutions contracted by 147 million euros<sup>2</sup> while the same liabilities of the central bank increased by 37 million euros. Other liabilities fell by 128 million euros in total; the liabilities of the general government declined by 156 million euros, which reflects the use of EU structural funds. Trade credit liabilities grew by 4 million euros from the second quarter. By countries and institutions, other investment liabilities to the European Investment Bank picked up the most, growing by 387 million euros, while liabilities to the British Virgin Islands grew by 119 million and liabilities to Belize by 40 million euros (see Figure 23 and Table 36).

**Table 36. Structure of other investment by groups of countries in the third quarter of 2012**

	Volume (EUR m)		Share (%)	
	Assets	Liabilities	Assets	Liabilities
EU-27	-287.5	147.1	95.4	56.4
CIS	-18.1	-4.6	6.0	-1.8
Other	4.1	118.3	-1.4	45.4
<b>Total</b>	<b>-301.5</b>	<b>260.8</b>	<b>100.0</b>	<b>100.0</b>

<sup>2</sup> Interbank loans have been recorded under Other investment – Loans/currency and deposits since the data for the first quarter of 2008 (formerly they were under long- and short-term loans). The ECB's guidelines for euro area countries and recommendations for non-euro area countries set out a distinction between loans and currency and deposits based on the nature of the borrower. This implies that loans granted by banks to non-banks and loans between non-banks are still recorded under loans, while interbank loans are recorded under deposits.





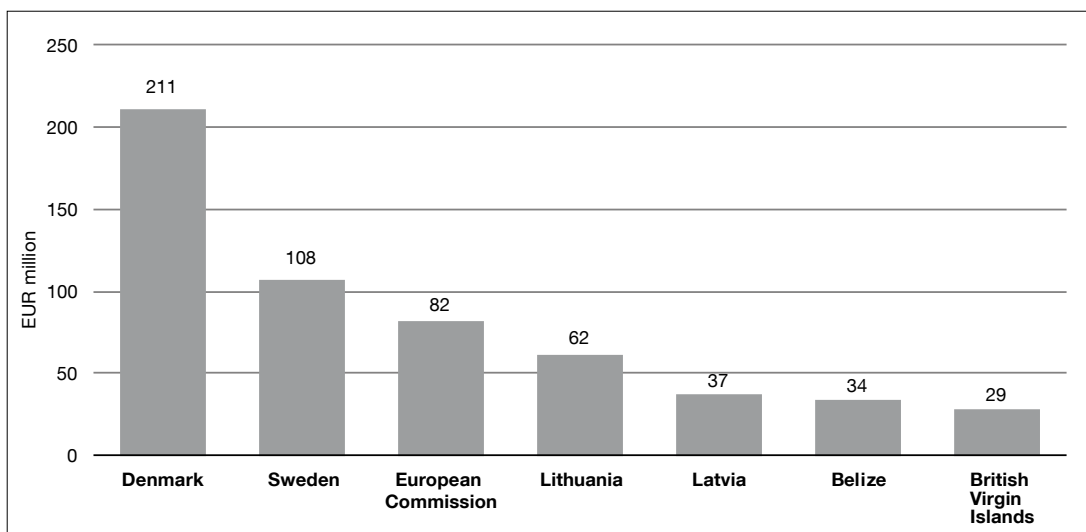
**Figure 23. Increase in other investment liabilities by countries and institutions in the third quarter of 2012**

**Other investment assets** went up by 302 million euros in the third quarter of 2012, which mainly stemmed from a growth in the short-term foreign deposits of credit institutions (see Table 37). The growth in external assets was partly due to a rise in long-term capital assets, which was not the case

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

	Trade credit		Loans		Deposits		Other capital		Total	
	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)	Volume (EUR m)	Share (%)
Q1 2008	-85.9	88.6	-169.8	175.2	136.1	-140.5	22.7	-23.4	-96.9	100.0
Q2 2008	-66.0	255.8	-34.9	135.3	86.5	-335.3	-11.3	43.8	-25.8	100.0
Q3 2008	-57.4	-82.5	255.5	367.1	-135.5	-194.7	6.9	9.9	69.6	100.0
Q4 2008	99.2	-31.9	-178.9	57.6	-131.2	42.2	-99.7	32.1	-310.6	100.0
<b>2008 total</b>	<b>-110.1</b>	<b>30.3</b>	<b>-128.1</b>	<b>35.2</b>	<b>-44.1</b>	<b>12.1</b>	<b>-81.4</b>	<b>22.4</b>	<b>-363.7</b>	<b>100.0</b>
Q1 2009	118.3	23.2	-27.6	-5.4	441.3	86.4	-21.1	-4.1	511.0	100.0
Q2 2009	6.9	1.0	378.1	52.7	337.5	47.1	-5.2	-0.7	717.3	100.0
Q3 2009	-3.9	300.0	-55.0	4,230.8	36.8	-2,830.8	20.7	-1,592.3	-1.3	100.0
Q4 2009	57.3	-21.1	-165.7	61.0	-118.6	43.7	-44.7	16.5	-271.7	100.0
<b>2009 total</b>	<b>178.6</b>	<b>18.7</b>	<b>129.8</b>	<b>13.6</b>	<b>697.0</b>	<b>73.0</b>	<b>-50.3</b>	<b>-5.3</b>	<b>955.3</b>	<b>100.0</b>
Q1 2010	-57.9	85.4	-193.6	285.5	189.1	-278.9	-5.4	8.0	-67.8	100.0
Q2 2010	-138.5	-102.3	153.8	113.6	123.5	91.2	-3.4	-2.5	135.4	100.0
Q3 2010	-115.0	19.3	-10.5	1.8	-437.2	73.2	-34.4	5.8	-597.1	100.0
Q4 2010	-38.6	5.3	-210.6	28.7	-360.7	49.1	-123.9	16.9	-733.9	100.0
<b>2010 total</b>	<b>-350.0</b>	<b>27.7</b>	<b>-260.9</b>	<b>20.7</b>	<b>-485.3</b>	<b>38.4</b>	<b>-167.1</b>	<b>13.2</b>	<b>-1,263.4</b>	<b>100.0</b>
Q1 2011	-131.0	-145.2	20.6	22.8	290.9	322.5	-90.3	-100.1	90.2	100.0
Q2 2011	-211.6	22.7	-67.5	7.2	-610.7	65.5	-42.2	4.5	-932.0	100.0
Q3 2011	-50.9	5.9	112.2	-12.9	-942.8	108.5	12.3	-1.4	-869.2	100.0
Q4 2011	189.4	-37.9	-98.2	19.7	-401.3	80.3	-189.5	37.9	-499.6	100.0
<b>2011 total</b>	<b>-204.1</b>	<b>9.2</b>	<b>-32.9</b>	<b>1.5</b>	<b>-1,663.9</b>	<b>75.3</b>	<b>-309.7</b>	<b>14.0</b>	<b>-2,210.6</b>	<b>100.0</b>
Q1 2012	-108.6	37.1	-147.1	50.3	-197.0	67.3	160.0	-54.7	-292.7	100.0
Q2 2012	-47.7	9.0	-338.2	63.5	-146.2	27.4	-0.8	0.2	-532.9	100.0
Q3 2012	-65.0	21.6	17.9	-5.9	-198.7	65.9	-55.6	18.4	-301.5	100.0

in the second quarter. By sectors, only the central bank recorded a drop in its external deposits, seeing a fall of 55 million euros. The general government saw a rise in its other assets of 83 million euros. Companies in other sectors increased their trade credit assets and deposits abroad by 57 million and 30 million euros respectively. By countries and institutions, other investment assets in Denmark grew the most, followed by assets in Sweden, the European Commission and Lithuania (see Figure 24). Table 38 gives an overview of loan capital assets and liabilities.



**Figure 24. Increase in other investment assets by countries and institutions in the third quarter of 2012**

**Table 38. Loan assets and liabilities (EUR million)**

	Assets			Liabilities		
	Grantings	Repayments	Total	Drawings	Repayments	Total
Q1 2008	-905.5	735.7	-169.8	2,097.2	-2,144.2	-47.0
Q2 2008	-802.1	767.2	-34.9	1,879.8	-1,873.5	6.3
Q3 2008	-612.1	867.7	255.5	1,343.3	-1,192.6	150.7
Q4 2008	-747.1	568.3	-178.9	1,319.5	-1,359.4	-39.8
<b>2008 total</b>	<b>-3,066.8</b>	<b>2,938.9</b>	<b>-128.1</b>	<b>6,639.8</b>	<b>-6,569.7</b>	<b>70.2</b>
Q1 2009	-714.0	686.4	-27.6	928.9	-935.1	-6.3
Q2 2009	-213.0	591.1	378.1	628.2	-675.3	-47.1
Q3 2009	-138.0	83.0	-55.0	720.3	-733.5	-13.2
Q4 2009	-430.6	264.9	-165.7	1,142.8	-934.5	208.4
<b>2009 total</b>	<b>-1,495.6</b>	<b>1,625.4</b>	<b>129.8</b>	<b>3,420.2</b>	<b>-3,278.4</b>	<b>141.8</b>
Q1 2010	-886.4	692.8	-193.6	990.7	-1,012.2	-21.4
Q2 2010	-257.9	411.7	153.8	489.0	-477.4	11.6
Q3 2010	-148.9	138.5	-10.5	535.3	-559.7	-24.4
Q4 2010	-454.1	243.4	-210.6	646.3	-652.4	-6.1
<b>2010 total</b>	<b>-1,747.3</b>	<b>1,486.4</b>	<b>-260.9</b>	<b>2,661.3</b>	<b>-2,701.7</b>	<b>-40.3</b>
Q1 2011	-200.3	220.9	20.6	448.6	-542.6	-94.0
Q2 2011	-268.9	201.4	-67.5	496.6	-588.6	-92.0
Q3 2011	-218.5	330.7	112.2	663.3	-556.4	106.9
Q4 2011	-414.0	315.9	-98.2	554.0	-376.7	177.3
<b>2011 total</b>	<b>-1,101.7</b>	<b>1,068.9</b>	<b>-32.9</b>	<b>2,162.5</b>	<b>-2,064.3</b>	<b>98.2</b>
Q1 2012	-383.5	236.4	-147.1	734.5	-458.4	276.0
Q2 2012	-1,872.1	1,533.8	-338.2	5,168.8	-5,121.8	47.0
Q3 2012	-1,707.8	1,725.7	17.9	7,678.8	-7,183.8	495.1

**Reserve assets**

The **reserve assets** in Estonia's balance of payments grew by 19 million euros in the third quarter of 2012 (see Table 39).

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

	Volume (EUR m)			Share (%)		
	Q3 2011	Q2 2012	Q3 2012	Q3 2011	Q2 2012	Q3 2012
Gold	-	-	-	-	-	-
SDRs	-	-	-	-	-	-
Reserve position in the IMF	-	-	-	-	-	-
Currency and deposits	-1.1	28.1	-36.9	-78.6	-14,050.0	193.2
Securities	2.3	-28.4	17.9	164.3	14,200.0	-93.7
bonds and notes	2.8	-27.8	18.9	200.0	13,900.0	-99.0
money market instruments	-0.4	-0.6	-0.9	-28.6	300.0	4.7
Financial derivatives	0.1	0.1	-0.1	7.1	-50.0	0.5
Other assets	-	-	-	-	-	-
<b>Total</b>	<b>1.4</b>	<b>-0.2</b>	<b>-19.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## ESTONIA'S INTERNATIONAL INVESTMENT POSITION AND GROSS EXTERNAL DEBT AS AT 30 SEPTEMBER 2012

Foreign investment in Estonia went up by 2% and totalled 28.6 billion euros at the end of the third quarter of 2012 (see Table 40). This is 76% higher than the GDP for the last four quarters. Estonia's gross external debt grew by 1% to 16.2 billion euros from the second quarter, which was 3% less than the GDP for the last four quarters (see Table 41 and Figures 25-26). The gross external debt was boosted primarily by the general government. Estonia's net external debt was positive for the first time because of the excess of debt claims on the rest of the world over liabilities in quarterly terms. The net external debt totalled 0.1 billion euros, which is 0.6% of the GDP for the last four quarters.

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

	30/06/2012	%	30/09/2012	%
<b>EXTERNAL ASSETS</b>	<b>18,630.9</b>	<b>100.0</b>	<b>19,354.6</b>	<b>100.0</b>
<b>Direct investment abroad</b>	<b>3,852.9</b>	<b>20.7</b>	<b>3,940.7</b>	<b>20.4</b>
Equity capital and reinvested earnings	2,524.8	13.6	2,600.9	13.4
Other direct investment capital	1,328.0	7.1	1,339.8	6.9
<b>Portfolio investment</b>	<b>4,457.9</b>	<b>23.9</b>	<b>4,799.9</b>	<b>24.8</b>
Equity securities	1,737.5	9.3	1,818.7	9.4
Debt securities	2,720.3	14.6	2,981.2	15.4
Bonds and notes	2,080.4	11.2	2,084.1	10.8
Money market instruments	639.9	3.4	897.1	4.6
<b>Financial derivatives</b>	<b>53.1</b>	<b>0.3</b>	<b>57.6</b>	<b>0.3</b>
<b>Other investment</b>	<b>10,053.3</b>	<b>54.0</b>	<b>10,324.3</b>	<b>53.3</b>
Trade credit	1,819.5	9.8	1,888.6	9.8
Loans	2,227.0	12.0	2,199.2	11.4
Long-term	1,424.9	7.6	1,464.1	7.6
Short-term	802.2	4.3	735.2	3.8
Currency and deposits	5,496.1	29.5	5,669.2	29.3
Other assets	510.7	2.7	567.3	2.9
<b>Reserve assets</b>	<b>213.8</b>	<b>1.1</b>	<b>232.2</b>	<b>1.2</b>
<b>EXTERNAL LIABILITIES</b>	<b>27,926.5</b>	<b>100.0</b>	<b>28,554.0</b>	<b>100.0</b>
<b>Direct investment in Estonia</b>	<b>13,709.7</b>	<b>49.1</b>	<b>13,998.7</b>	<b>49.0</b>
Equity capital and reinvested earnings	12,556.0	45.0	13,006.4	45.6
Other direct investment capital	1,153.6	4.1	992.4	3.5
<b>Portfolio investment</b>	<b>1,702.6</b>	<b>6.1</b>	<b>1,805.8</b>	<b>6.3</b>
Equity securities	692.3	2.5	737.0	2.6
Debt securities	1,010.3	3.6	1,068.8	3.7
Bonds and notes	1,008.1	3.6	1,065.6	3.7
Money market instruments	2.2	0.0	3.2	0.0
<b>Financial derivatives</b>	<b>97.2</b>	<b>0.3</b>	<b>125.3</b>	<b>0.4</b>
<b>Other investment</b>	<b>12,417.1</b>	<b>44.5</b>	<b>12,624.2</b>	<b>44.2</b>
Trade credit	1,558.9	5.6	1,570.2	5.5
Loans	4,022.8	14.4	4,492.8	15.7
Long-term	3,317.6	11.9	3,792.3	13.3
Short-term	705.2	2.5	700.5	2.5
Currency and deposits	6,550.8	23.5	6,403.6	22.4
Other liabilities	284.6	1.0	157.5	0.6
<b>NET INVESTMENT POSITION</b>	<b>-9,295.6</b>		<b>-9,199.4</b>	

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

	30/06/2012	%	30/09/2012	%
<b>LIABILITIES</b>				
<b>I. General government</b>	<b>770.9</b>	<b>4.8</b>	<b>1,006.5</b>	<b>6.2</b>
Short-term	7.6	0.0	7.4	0.0
Long-term	763.3	4.8	999.1	6.2
<b>II. Monetary authorities (NCB)</b>	<b>0.3</b>	<b>0.0</b>	<b>37.5</b>	<b>0.2</b>
Short-term	0.3	0.0	37.5	0.2
Long-term	-	-	-	-
<b>III. Credit institutions</b>	<b>6,745.4</b>	<b>42.2</b>	<b>6,577.5</b>	<b>40.6</b>
Short-term	4,828.7	30.2	4,902.9	30.3
Long-term	1,916.7	12.0	1,674.6	10.3
<b>IV. Other sectors</b>	<b>5,910.8</b>	<b>37.0</b>	<b>6,071.5</b>	<b>37.5</b>
Short-term	2,303.1	14.4	2,322.6	14.3
Long-term	3,607.8	22.6	3,748.8	23.1
<b>V. Direct investment: intercompany lending</b>	<b>2,567.1</b>	<b>16.0</b>	<b>2,505.7</b>	<b>15.5</b>
<b>GROSS EXTERNAL DEBT</b>	<b>15,994.5</b>	<b>100.0</b>	<b>16,198.7</b>	<b>100.0</b>
<b>ASSETS</b>				
<b>I. General government</b>	<b>1,208.8</b>	<b>7.7</b>	<b>1,499.8</b>	<b>9.2</b>
Short-term	521.1	3.3	788.2	4.8
Long-term	687.8	4.4	711.6	4.4
<b>II. Monetary authorities (NCB)</b>	<b>1,598.8</b>	<b>10.2</b>	<b>1,592.4</b>	<b>9.8</b>
Short-term	736.9	4.7	719.1	4.4
Long-term	861.8	5.5	873.3	5.4
<b>III. Credit institutions</b>	<b>4,272.3</b>	<b>27.3</b>	<b>4,488.9</b>	<b>27.5</b>
Short-term	3,525.6	22.5	3,704.1	22.7
Long-term	746.7	4.8	784.7	4.8
<b>IV. Other sectors</b>	<b>5,815.5</b>	<b>37.2</b>	<b>5,863.8</b>	<b>36.0</b>
Short-term	4,110.3	26.3	4,192.3	25.7
Long-term	1,705.3	10.9	1,671.5	10.3
<b>V. Direct investment: intercompany lending</b>	<b>2,741.5</b>	<b>17.5</b>	<b>2,853.1</b>	<b>17.5</b>
<b>TOTAL ASSETS</b>	<b>15,636.9</b>	<b>100.0</b>	<b>16,298.0</b>	<b>100.0</b>
<b>NET EXTERNAL DEBT (assets less liabilities)</b>				
<b>I. General government</b>	<b>437.9</b>		<b>493.3</b>	
Short-term	513.5		780.8	
Long-term	-75.6		-287.5	
<b>II. Monetary authorities (NCB)</b>	<b>1,598.5</b>		<b>1,554.9</b>	
Short-term	736.7		681.6	
Long-term	861.8		873.3	
<b>III. Credit institutions</b>	<b>-2,473.1</b>		<b>-2,088.6</b>	
Short-term	-1,303.1		-1,198.8	
Long-term	-1,170.0		-889.8	
<b>IV. Other sectors</b>	<b>-95.3</b>		<b>-207.6</b>	
Short-term	1,807.2		1,869.7	
Long-term	-1,902.5		-2,077.3	
<b>V. Direct investment: intercompany lending</b>	<b>174.4</b>		<b>347.4</b>	
<b>TOTAL NET EXTERNAL DEBT</b>	<b>-357.5</b>		<b>99.3</b>	

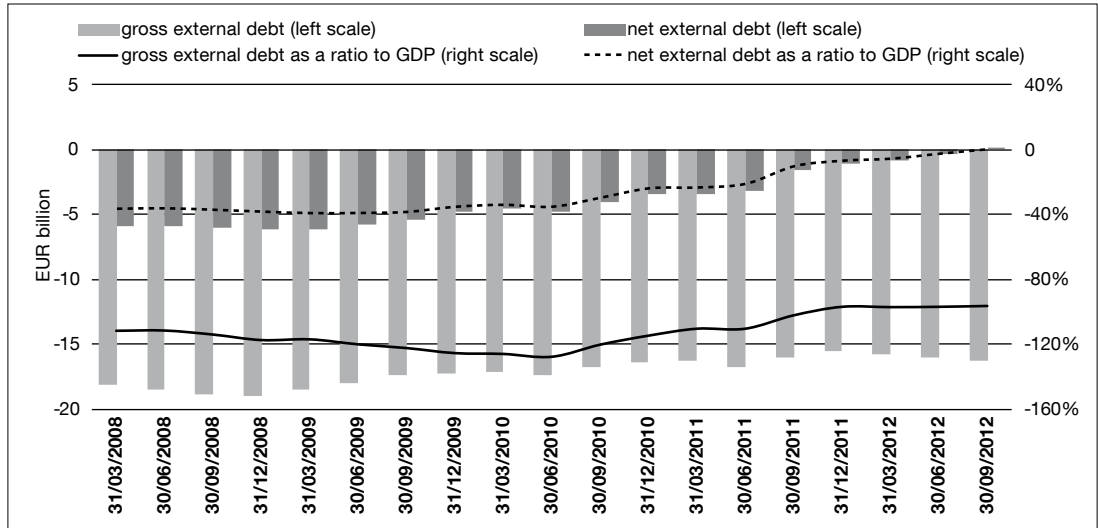


Figure 25. Estonia's gross and net external debt

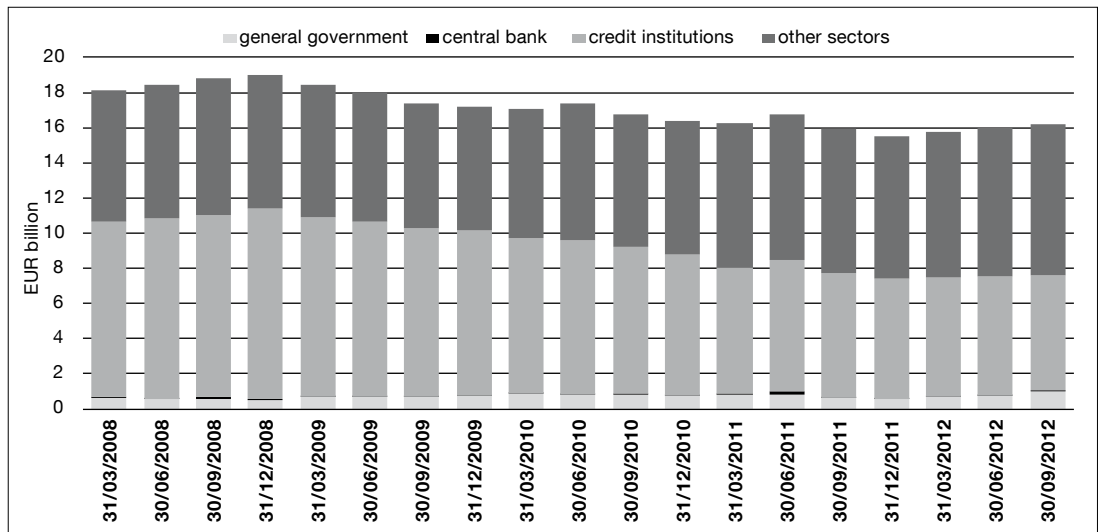


Figure 26. Estonia's gross external debt by sectors

The structure of **Estonia's foreign investment position** did not change from the second quarter. Direct investment made up around 50% and other investment (loans, currency and deposits) 44% of the total investment. The rest came from portfolio investment and financial derivatives. Foreign investors invested mainly in financial intermediation (39% of the total investment position in Estonia), and somewhat less in real estate related activities, wholesale, energy supply and head office activities (see Table 42). The majority of investment in Estonia has been made by Swedish and Finnish investors, who have provided 44% of the total. Next in volume come investors from the Netherlands, the United Kingdom and Luxembourg.

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

Assets			Liabilities		
Fields of activity					
	30/06/2012	30/09/2012		30/06/2012	30/09/2012
Financial intermediation*	38.7	38.5	Financial intermediation*	39.6	39.1
Insurance***	9.3	9.1	Real estate activities	8.6	8.4
Public administration and defence; statutory social insurance	6.5	7.7	Wholesale**	6.3	6.2
Wholesale**	5.8	5.6	Energy supply	5.0	5.1
Activities of head offices; management consultancy	4.6	4.3	Activities of head offices; management consultancy	4.9	5.0
Other	35.1	34.8	Other	35.6	36.2
Total	100.0	100.0	Total	100.0	100.0
Countries					
	30/06/2012	30/09/2012		30/06/2012	30/09/2012
Sweden	15.3	15.2	Finland	23.1	22.9
Finland	10.3	9.0	Sweden	21.4	21.0
Lithuania	8.2	8.3	Netherlands	5.7	5.7
Latvia	6.8	6.8	United Kingdom	4.7	4.9
Cyprus	5.1	5.2	Luxembourg	3.8	3.9
Other	54.3	55.5	Other	41.3	41.6
Total	100.0	100.0	Total	100.0	100.0

\* Excluding insurance and pension funds.

\*\* Excluding motor vehicles and motorcycles.

\*\*\* Excluding statutory social insurance.

Foreign investors have brought 14 billion euros of **direct investment** to Estonia, of which 23% has been invested in financial intermediation (excluding insurance and pension funds); other targets include real estate related activities, wholesale, head office activities, and warehousing and support activities for transportation (see Table 43). Half of the direct investment comes from Finland and Sweden, and a tenth from the Netherlands. Swedish direct investors have invested mainly in financial intermediation (52% of Sweden's total investment position in Estonia), and somewhat less in head office activities, real estate related activities, the electronics industry and insurance. Finnish investors have made direct investment in various fields of activity. Real estate related activities rank first at 21% of the total Finnish direct investment in Estonia, and next comes wholesale at 11%. Other fields include financial intermediation, production of food, retail, telecommunications, production of beverages and wood processing among others. Dutch direct investors have invested mainly in three areas: warehousing and support activities for transportation, real estate related activities, and activities of head offices.

**Total investment abroad by Estonian residents** increased in the third quarter by 4% to 19.4 billion euros at the end of the quarter. The foreign investment position increased mostly in portfolio and other investment. The structure of the investments abroad was stable: other investment made up 53%, portfolio investment 25% and direct investment 20% of Estonia's investment abroad. The rest went into reserve assets and financial derivatives. Financial intermediaries have invested 39% of Estonia's total investment position abroad. Next come investors in insurance, the public sector, wholesale, and activities of head offices. Investments have been channelled to many countries. Sweden ranks first at 15% of Estonia's total foreign investment, followed by Finland, Lithuania, Latvia and Cyprus.

**Table 43. Estonia's direct investment position by fields of activity and countries (%)**

Abroad			In Estonia		
Fields of activity					
	30/06/2012	30/09/2012		30/06/2012	30/09/2012
Activities of head offices; management consultancy	19.1	18.1	Financial inter-mediation*	22.4	22.8
Water transport	16.2	17.1	Real estate activities	14.5	14.1
Financial inter-mediation*	13.9	14.1	Wholesale**	7.6	8.0
Real estate activities	13.5	13.3	Activities of head offices; management consultancy	7.7	7.8
Wholesale**	6.5	6.7	Warehousing and support activities for transportation	5.2	5.0
Other	30.8	30.7	Other	42.6	42.3
Total	100.0	100.0	Total	100.0	100.0
Countries					
	30/06/2012	30/09/2012		30/06/2012	30/09/2012
Lithuania	21.9	21.6	Sweden	27.2	27.3
Latvia	19.1	18.6	Finland	22.8	22.9
Cyprus	16.7	17.6	Netherlands	10.5	10.6
Finland	8.2	8.5	Norway	5.6	5.1
Russia	6.5	6.5	Russia	4.3	4.2
Other	27.6	27.2	Other	29.6	29.9
Total	100.0	100.0	Total	100.0	100.0

\* Excluding insurance and pension funds.

\*\* Excluding motor vehicles and motorcycles.

Over time, Estonian investors have channelled 3.9 billion euros of **direct investment** abroad. Of Estonia's total direct investment position abroad, 70% belongs to investors in head offices, water transport, financial intermediation, real estate and wholesale. Of this direct investment, 40% has been in Latvia and Lithuania, and around 20% in Cyprus. The direct investments in Lithuania are concentrated mainly in four fields of activity: one third has come from investors in head offices, one quarter from real estate investors, and the rest from investors in insurance and financial intermediation. The same applies to Estonia's direct investment in Latvia: investors in head offices rank first (27% of the total investment position in Latvia), and next come investors in real estate (18%), insurance (10%) and wholesale.

**Estonia's gross external debt** made up 57% of the foreign investment in Estonia and was 3% smaller than the GDP for the last four quarters. The general government debt grew by a third from the previous quarter to 6% of the gross external debt. The debt liabilities of credit institutions still formed the largest part of the gross external debt, but this time only 41% as opposed to the nearly 60% that was recorded during the boom time. Next came the debt liabilities of other sectors at 38% and inter-company lending of direct investment companies at 15%. Around 40% of the gross external debt was debt liabilities to Sweden and Finland.



**Estonia's international investment position** (external assets less external liabilities) at the end of the quarter was negative by 9.2 billion euros, 2% more than in the second quarter, because of the excess of foreign investment in Estonia over investment made abroad by residents of Estonia. At the end of the second quarter, external debt liabilities exceeded external debt assets to give net external debt of almost 0.4 billion euros, but at the end of the third quarter external debt assets exceeded external debt liabilities for the first time by 0.1 billion euros. The main contributor to making net external debt positive was the drop in the net external debt of credit institutions.

