

## **APPENDIXES**

### *APPENDIX 1. Main macroeconomic indicators of the Estonian economy in 1997-2003 (%)*

<b>INDICATORS</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
GDP real growth	9,8	4,6	-0,6	7,3	6,5	6,0	4,7
GDP (bln EEK)	64,0	73,5	76,3	87,4	97,9	108,0	116,2
GDP deflator	11,3	9,8	4,5	6,7	5,4	4,1	3,0
Consumer price index	11,2	8,2	3,3	4,0	5,8	3,6	1,3
Employment (15-74 years old, thousands)	617,2	606,5	579,3	572,5	577,7	585,5	594,3
Employment growth	-0,3	-1,8	-4,5	-1,2	0,9	1,4	1,5
Productivity growth	10,1	6,5	4,0	8,6	5,5	4,4	3,2
Unemployment rate	9,6	9,9	12,2	13,6	12,6	10,3	10,0
Average wages (EEK)	3 571	4 100	4 418	4 876	5 511	6 144	6 709
Wage real growth	7,6	6,0	4,3	6,1	6,9	7,0	8,3
Investments and inventories (% of GDP)	28,0	29,3	24,5	27,8	28,9	31,4	32,9
Current account (% of GDP)	-12,1	-9,2	-4,7	-5,8	-6,0	-12,3	-13,7

*Sources:* Ministry of Finance of Estonia, Statistical Office of Estonia, Bank of Estonia.

### *APPENDIX 2. Main macroeconomic forecasts for the years 2002–2008 (%)*

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<i>Macroeconomic indicators</i>					
GDP real growth	5.3	5.8	5.6	5.9	5.8
GDP (bln EEK)	126.9	139.2	151.7	165.4	180.1
GDP deflator	3.8	3.6	3.2	3.0	2.9
Consumer price index	3.1	3.0	2.8	2.8	2.8
Employment (15-74 years old, thousands)	598.4	602.6	604.1	605.2	606.4
Employment growth	0.9	0.7	0.3	0.2	0.2
Productivity growth	4.3	5.1	5.4	5.7	5.6
Unemployment rate	10.0	9.4	9.5	9.4	9.4
Average wages (EEK)	7 260	7 762	8 291	8 914	9 715
Wage real growth	5.1	3.8	3.9	4.6	6.0
Investments and inventories (% of GDP)	33.3	33.4	33.9	34.2	34.7
<i>Sources of growth</i>					
Current account (% of GDP)	-13.0	-11.4	-10.8	-9.6	-8.7
Private consumption	6.2	6.0	6.3	5.4	5.3
General government consumption	6.5	3.9	3.6	3.3	3.1
Gross fixed capital formation	6.7	9.1	7.8	7.7	7.7
Change in inventories (% of GDP)	2.5	1.9	1.6	1.4	1.3
Export of goods and services	7.4	8.5	9.9	9.3	9.3
Import of goods and services	7.2	7.9	8.9	8.7	8.5
<i>Contribution to GDP growth</i>					
Domestic demand (excl. inventories)	6.5	6.9	7.1	6.8	6.4
Change in inventories	-0.3	-0.5	-0.2	-0.1	0.0
External balance of goods and services	-0.9	-0.6	-1.2	-0.8	-0.5
<i>Growth of value added</i>					
Agriculture	1.4	1.8	2.6	2.8	2.9
Industry	8.5	8.9	7.5	7.9	7.1
Construction	7.4	6.6	6.8	6.4	6.7
Services	4.2	4.7	4.9	5.3	5.4

*Sources:* Ministry of Finance of Estonia, Statistical Office of Estonia, Bank of Estonia.



**APPENDIX 3.** Basic assumption of forecast of the Estonian economic development for the years 2002-2008

	2002	2003	2004	2005	2006	2007	2008
Short-term interest rate (annual average)	3.3	2.3	2.2	2.7	3.3	3.7	3.7
Long-term interest rate (annual average)	4.9	4.1	4.3	4.5	4.6	4.9	4.9
USD/EUR exchange rate (annual average)	0.95	1.13	1.28	1.22	1.10	1.00	1.00
EEK exchange rate vis-à-vis the EUR (annual average)	15.647	15.647	15.647	15.647	15.647	15.647	15.647
World GDP growth	3.0	3.5	4.1	4.0	4.0	4.0	4.0
United States, GDP growth	2.5	2.8	3.8	3.3	3.0	3.0	3.0
EU-15 GDP growth	1.1	0.8	2.0	2.4	2.5	2.5	2.5
Oil prices (Brent, USD/barrel)	25.0	28.3	25.5	25.0	25.0	25.0	25.0

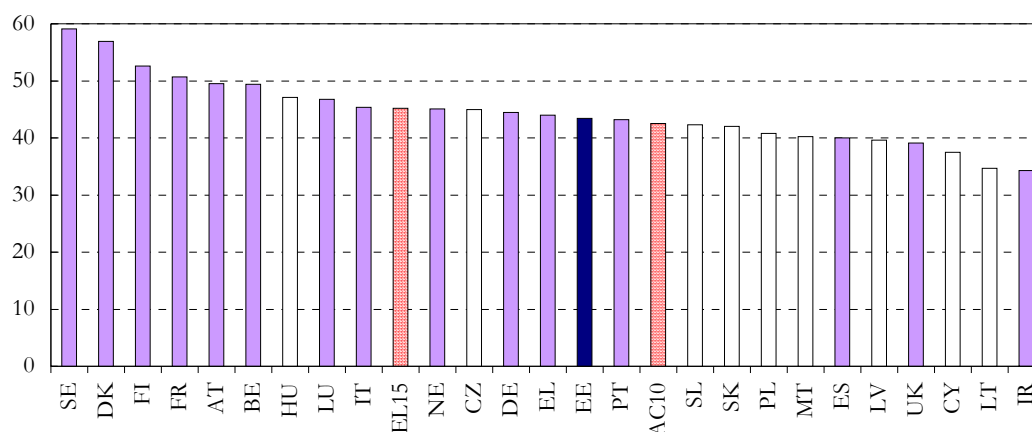
Source: Ministry of Finance of Estonia

**APPENDIX 4.** Comparison of economic forecasts of the Estonian economy for the years 2004 and 2005

	GDP growth, %		Consumer price index, %		Current account, % of GDP	
	2004	2005	2004	2005	2004	2005
Ministry of Finance of Estonia	5.3	5.8	3.1	3.0	-13.0	-11.4
European Commission	5.4	5.9	2.8	2.9	-11.5	-9.1
IMF	5.5	5.0	3.0	2.5	-11.0	-7.5
Bank of Estonia	5.2	5.8	4.0	3.4	-11.1	-9.2
Estonian Institute of Economic Research	6.0		3.5		-13.0	

Sources: Ministry of Finance of Estonia; European Commission. Economic Forecast. Spring 2004; IMF. World Economic Outlook. Advancing Structural Reforms. April 2004; Bank of Estonia. Economic Forecast. November 2003; Estonian Institute of Economic Research, Vol 1. March 2004.

**APPENDIX 5.** Estonian general government revenues compared with other EU Member States



Sources: Ministry of Finance of Estonia, Statistical Office of Estonia, European Commission.



APPENDIX 6. General government budget of Estonia in 2003 and forecasts for 2004-2008 (% of GDP)

	2003	2004*	2005*	2006*	2007*	2008*
<i>Budget balance by sub-sectors</i>						
General government	2,6	0,7	0,0	0,0	0,0	0,0
Central government	2,4	0,6	0,1	0,1	0,1	0,1
<i>Of which: pension insurance contribution</i>	0,2	-0,3	-0,5	-0,7	-0,7	-0,6
State government	-	-	-	-	-	-
Local government	-0,5	-0,3	-0,2	-0,2	-0,2	-0,2
Social security funds	0,7	0,4	0,1	0,1	0,1	0,1
<i>General government</i>						
Total receipts	41,9	44,0	42,7	41,9	40,3	39,7
Total expenditures	39,3	43,3	42,7	41,9	40,3	39,7
Budget balance	2,6	0,7	0,0	0,0	0,0	0,0
Interest payments	0,3	0,3	0,3	0,3	0,3	0,3
Primary balance	2,9	1,0	0,3	0,3	0,3	0,3
<i>Components of revenues</i>						
Taxes	23,3	23,7	23,5	22,5	21,8	21,7
Social contributions	12,3	12,0	11,4	11,2	11,1	11,1
Other revenues	6,3	8,2	7,9	8,2	7,4	6,9
Total receipts	41,9	44,0	42,7	41,9	40,3	39,7
<i>Components of expenditures</i>						
Collective consumption	8,8	9,4	9,3	9,0	8,2	8,0
Social benefits in kind	9,8	10,2	10,0	9,9	9,9	9,8
Social transfers other than in kind	13,8	14,6	14,6	14,5	14,4	14,4
Interests	0,3	0,3	0,3	0,3	0,3	0,3
Subsidies	1,2	1,4	1,6	1,6	1,6	1,6
Gross fixed capital formation	4,1	5,0	4,7	4,6	4,2	4,2
Other expenditures	1,3	2,3	2,2	2,0	1,7	1,4
Total expenditures	39,3	43,3	42,7	41,9	40,3	39,7

Sources: Ministry of Finance of Estonia, Statistical Office of Estonia