

Réf.: C2.10-0916
Circular letter

Luxemburg, July 28th 2010

To all credit institutions and the financial services
of the Entreprise des Postes et
Télécommunications

In case of discrepancies between the French and the English text,
the French text shall prevail

**Concerned: Adoption of the euro by Estonia: Impact on balance of payments
importing obligations**

Ladies and Gentlemen,

At the European Council on July 17th, 2010 the Ministers of finance of the European Union have decided that Estonia will adopt the euro as from 1 January 2011 onwards.

The objective of the present circular is to clarify the impact of the adoption of the euro by Estonia for the establishment of the balance of payments reports.

Reporting agents will have to integrate Estonia into the territorial concept constituted by the European Economic and Monetary Union (EMU) and thus have to use the appropriate operation codes defining the geographical distinction existing between intra-EMU and extra-EMU transactions.

1 Direct Investments

Direct investment operations towards Estonia conducted by private sector residents are also concerned by this change.

In this case it will be advisable to use the codes 430 (Formation and capital increases of companies established abroad in countries of the euro area) and 431 (Holdings in companies established abroad in countries of the euro area), and no more the codes 434 and 435 reserved for direct investments realized outside the EMU.

Operations towards Luxembourg conducted by investors resident in Estonia will not be affected as no geographical distinction exists for this type of transaction.

2 Setting up of the new arrangements

The prior described modifications will be enforced as of the 1st January 2011. 2010 operations referring to transactions with foreign counterparts which are included in 2011 reporting have to be recorded according to the EMU's geographical definition in force until the 31st December 2010.

Yours sincerely,

BANQUE CENTRALE DU LUXEMBOURG

Germain Stammet

Head of External Statistics section

Roland Nockels

Head of Statistics department