

Labour Costs & Earnings

S A M P L E

ESTONIA

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Figure 1. Growth of GDP (%) and unemployment rate (%) 2001-2005

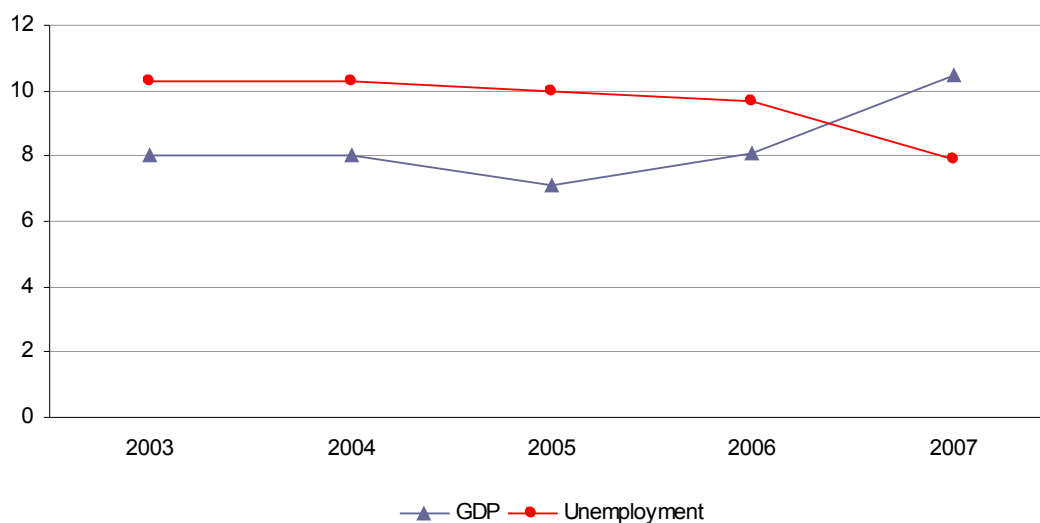


Table 1. General and economic data 2001-2005

	2001	2002	2003	2004	2005
Area Thousands square kilometres	45.2	45.2	45.2	45.2	45.2
Population Thousands mid year	1 359	1 359	1 354	1 349	1 347
Euro					
GDP Millions of Euro	7 757	7 757	8 494	9 375	11 061
GDP per capita Euro	5 708	5 708	6 273	6 950	8 211
Exports Millions of Euro	4 586	4 586	4 964	4 769	6 183
Imports Millions of Euro	6 192	6 192	7 006	6 703	8 209
US dollar					
GDP Millions of US dollars	7 309	7 309	9 592	11 652	13 748
GDP per capita US dollars	5 378	5 378	7 085	8 637	10 207
Exports Millions of US dollars	3 432	3 432	4 511	5 985	7 686
Imports Millions of US dollars	4 787	4 787	6 475	8 496	10 203
GDP growth Percent year on year	8.0	8.0	7.1	8.1	10.5
Industrial output growth Percent year on year	8.2	8.2	10.9	8.0	9.7
CPI (Inflation) Percent average year on year	3.6	3.6	1.3	3.0	4.1
Current account balance Percent of GDP	-10.6	-10.6	-11.6	-12.5	-10.5
General government balance Percent of GDP	0.4	0.4	2.0	2.3	2.3
Unemployment rate Percent	10.3	10.3	10.0	9.7	7.9
Exchange rate Kroon/Euro	15.64664	15.64664	15.64664	15.64664	15.64664
Exchange rate Kroon/US dollar	16.60600	16.60600	13.85500	12.59000	12.58800

Source: Statistical Office of Estonia, Eurostat, CE Research

Figure 2. Competitive position 2005. Earnings and labour costs in total economy. Ranking out of 13 CEE countries.

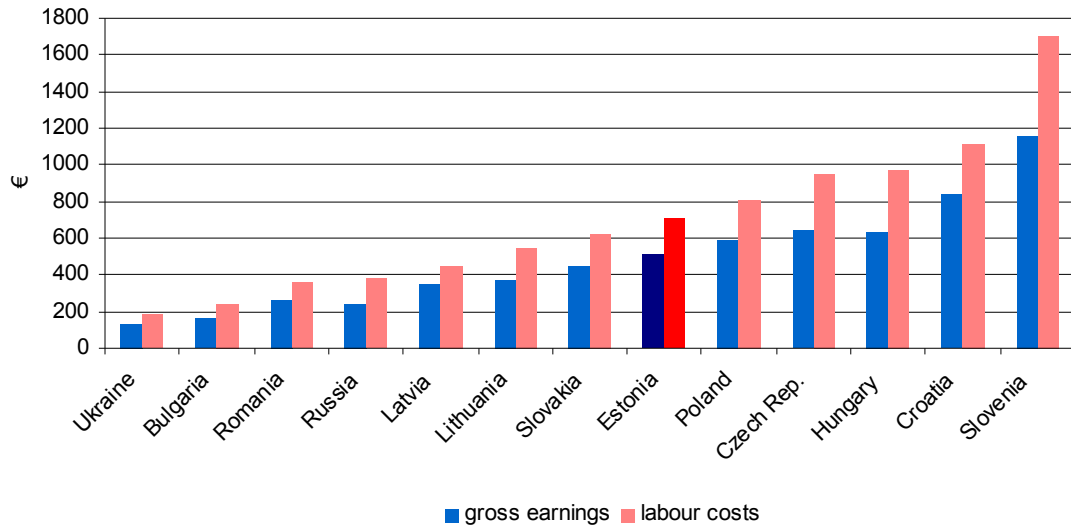


Figure 3. Competitive position 2005. Earnings and labour costs in manufacturing sector. Ranking out of 13 CEE countries.

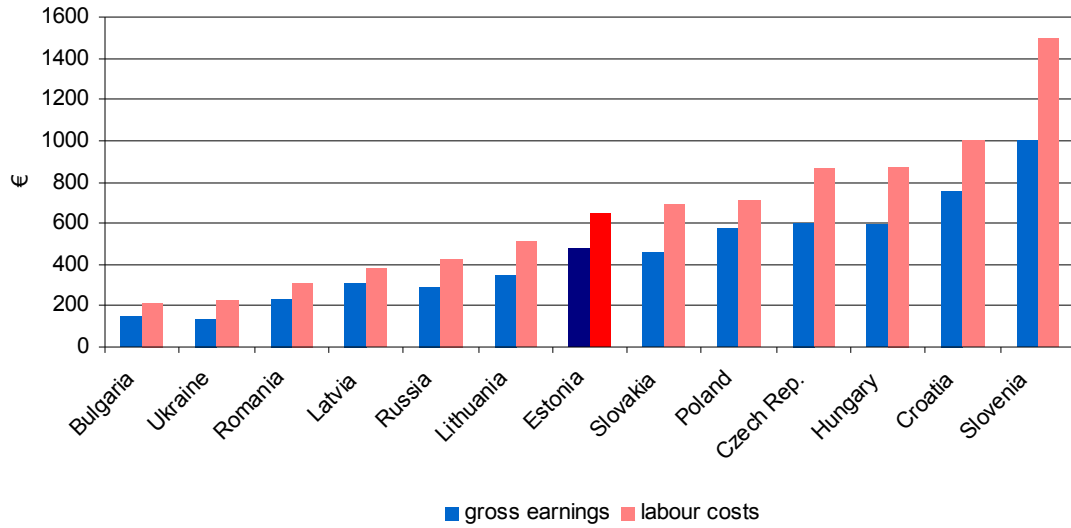


Figure 4. Average monthly gross earnings in Kroon, Euro, US dollar 2001-2005 (2000=100)

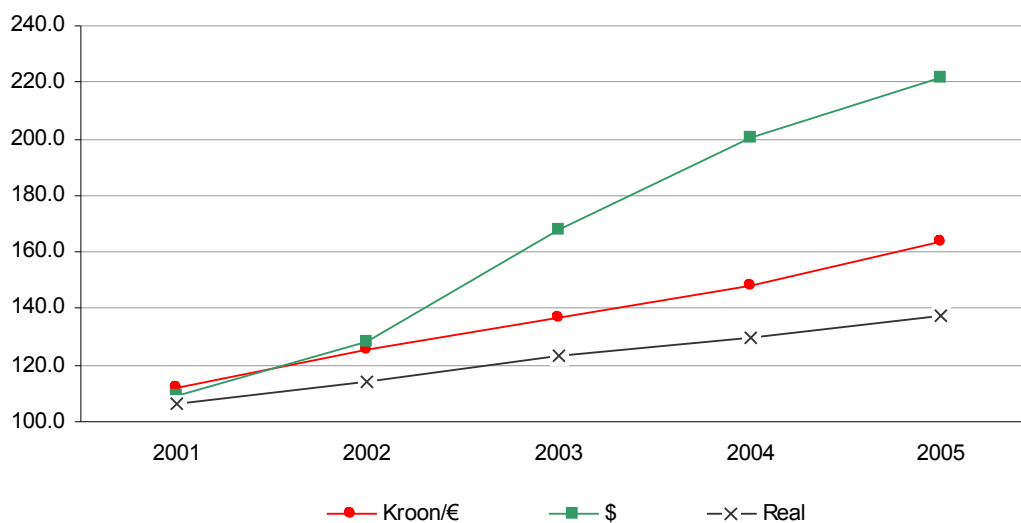


Table 2. Average gross and minimum monthly earnings in the economy 2001-2005

	2001	2002	2003	2004	2005
Minimum monthly wages*					
in Kroon	1 600	1 850	2 160	2 480	2 690
in Euro	102	118	138	159	172
in US dollars	92	111	156	197	214
Average monthly gross earnings					
in Kroon	5 510	6 144	6 723	7 287	8 049
in Euro	352	393	430	466	514
in US dollars	315	370	485	579	639
Average monthly net earnings					
in Kroon	4 556	4 968	5 381	5 627	6 413
in Euro	291	318	344	360	410
in US dollars	261	299	388	447	509

*Rates as of January 1st

Source: Statistical Office of Estonia, CE Research

Table 3. Growth rates of nominal and real earnings in the economy (in percent) 2001-2005

	2001	2002	2003	2004	2005	2001-2005	
						Total	Yearly av.
Nominal gross earnings							
in Kroon	12.3	11.5	9.4	8.4	10.5	64.1	10.4
in Euro	12.1	11.6	9.4	8.4	10.3	63.6	10.4
in US dollars	9.0	17.5	31.1	19.4	10.4	121.3	17.2
Real gross earnings							
Real gross earnings	6.1	7.6	8.0	5.2	6.1	37.8	6.6

Source: CE Research

Figure 5. Average monthly labour costs in Kroon, Euro, US dollar 2001-2005 (2000=100)

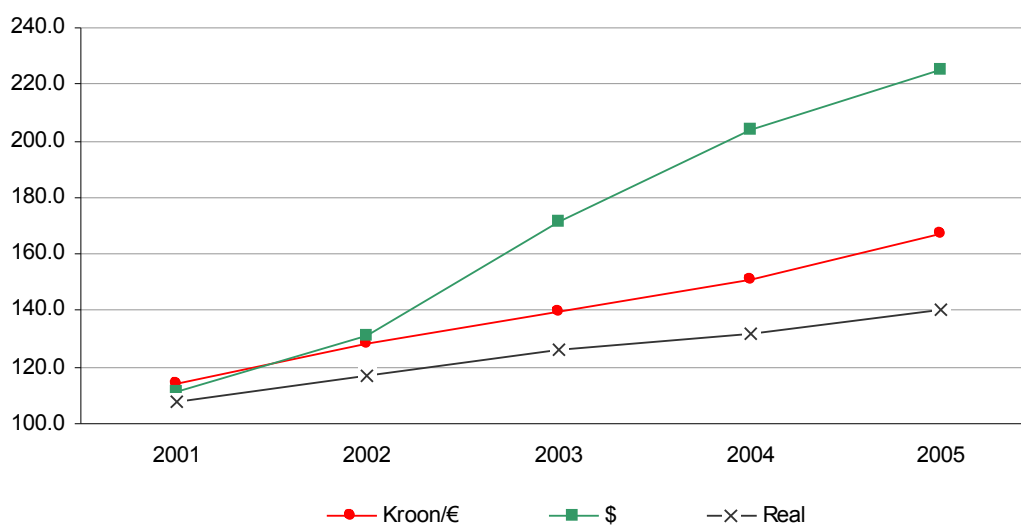


Table 4. Average monthly labour costs in the economy 2001-2005

	2001	2002	2003	2004	2005
Average monthly labour costs in the economy					
in Kroon	7 615	8 562	9 326	10 077	11 131
in Euro	487	547	596	644	711
in US dollars	436	516	673	800	884

Source: Eurostat, Statistical Office of Estonia, CE Research

Table 5. Growth rates of nominal and real labour costs in the economy (in percent) 2001-2005

	2001	2002	2003	2004	2005	2001-2005	
						Total	Yearly av.
Nominal labour costs							
in Kroon	14.3	12.4	8.9	8.1	10.5	67.0	10.8
in Euro	14.3	12.3	9.0	8.1	10.4	66.9	10.8
in US dollars	11.0	18.3	30.6	18.9	10.5	125.5	17.7
Real labour costs							
Real labour costs	8.0	8.5	7.5	4.9	6.1	40.3	7.0

Source: CE Research

Figure 6. Average monthly gross earnings and labour costs by selected sectors of the economy (NACE) in Euro 2005

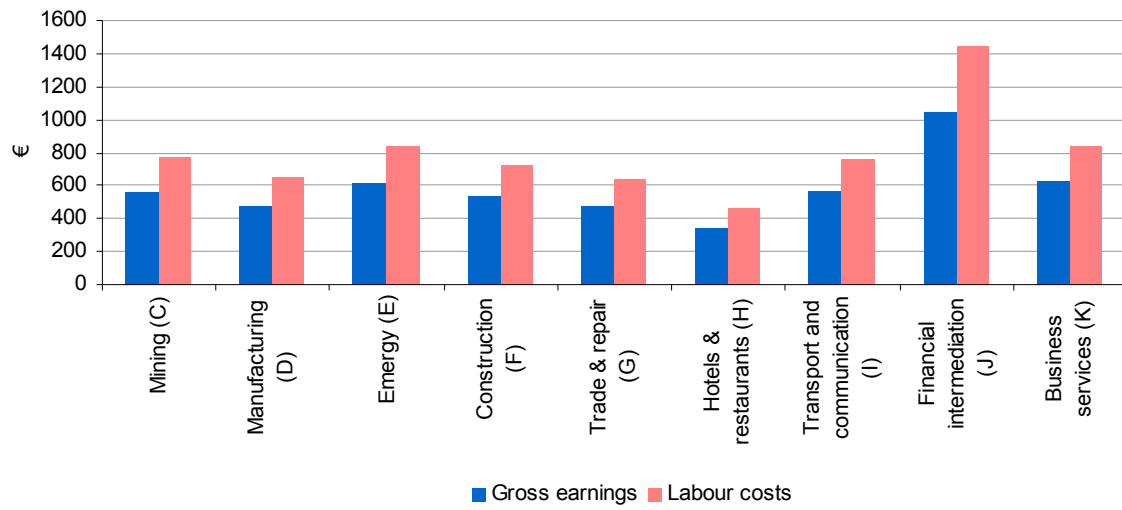


Table 6. Average monthly gross earnings and labour costs by sectors of the economy (NACE) 2005

section	code	Earnings				Labour Costs			
		Kroon	Euro	US\$	%	Kroon	Euro	US\$	%
Agriculture, Hunting,	01	5 626	360	490	69.9	7 552	483	658	69.7
Forestry	02	8 288	530	723	103.0	11 207	716	977	103.4
Fishing	B	4 615	295	402	57.3	6 178	395	539	57.0
Industry	C-E								
Mining and quarrying	C	8 751	559	763	108.7	12 004	767	1 046	110.7
Manufacturing	D	7 503	480	654	93.2	10 104	646	881	93.2
Food products and beverages	15	7 578	484	602	94.1	10315	659	819	95.1
Tobacco products	16	na	na	na	na	na	na	na	na
Textiles	17	5 682	363	451	70.6	7821	500	621	72.1
Wearing apparel; dressing and dyeing of fur	18	5 242	335	416	65.1	7092	453	563	65.4
Leather products and footwear	19	5 279	337	419	65.6	7131	456	566	65.8
Wood and wood products	20	8 013	512	637	99.6	10 805	691	858	99.7
Paper and paper products	21	8 910	569	708	110.7	12 176	778	967	112.3
Publishing, printing and reproduction of recorded media	22	12 654	809	1005	157.2	17 020	1088	1352	157.0
Coke, refined petroleum products, nuclear fuel	23	na	na	na	na	na	na	na	na
Chemicals and chemical products	24	9 568	612	760	118.9	12 996	831	1032	119.9
Rubber and plastic products	25	8 053	515	640	100.0	10 833	692	861	99.9
Other non-metallic mineral products	26	10 993	703	873	136.6	14 775	944	1174	136.3
Basic metals	27	na	na	na	na	na	na	na	na
Fabricated metal products, except machinery and equipment	28	8 532	545	678	106.0	11 500	735	914	106.1
Machinery and equipment n.e.c.	29	8 965	573	712	111.4	12 162	777	966	112.2
Office, accounting and computing machinery	30	na	na	na	na	na	na	na	na
Electrical machinery and apparatus n.e.c.	31	8 889	568	706	110.4	12 045	770	957	111.1
Radio, television and communication equipment and apparatus	32	6 858	438	545	85.2	9 212	589	732	85.0
Medical, precision and optical instruments, watches and clocks	33	9 506	608	755	118.1	12 896	824	1024	119.0
Motor vehicles, trailers and semi-trailers	34	9 241	591	734	114.8	12 403	793	985	114.4
Other transport equipment	35	9 329	596	741	115.9	12 499	799	993	115.3
Manufacture of furniture; manufacturing n.e.c.	36	7 012	448	557	87.1	9 439	603	750	87.1
Recycling	37	na	na	na	na	na	na	na	na
Electricity, gas and water supply	E	9 614	614	838	119.4	13 170	842	1 148	121.5
Construction	F	8 375	535	730	104.1	11 229	718	979	103.6
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	G	7 422	474	647	92.2	9 968	637	869	91.9
Hotels & restaurants	H	5 350	342	466	66.5	7 218	461	629	66.6
Transport, storage and communication	I	8 828	564	770	109.7	11 935	763	1 040	110.1
Financial intermediation	J	16 380	1 047	1 428	203.5	22 582	1 443	1 969	208.3
Real estate, renting and business activities	K	9 776	625	852	121.5	13 139	840	1 145	121.2
Public administration and defence; compulsory social security	L	10 103	646	881	125.5	13 617	870	1 187	125.6
Education	M	7 200	460	628	89.5	9 672	618	843	89.2
Health and social work	N	7 896	505	688	98.1	10 575	676	922	97.5
Other community, social and personal service activities	O	6 956	445	606	86.4	9 357	598	816	86.3
Total economy	A-O	8 049	514	702	100.0	10 841	693	945	100.0

Source: Statistical Office of Estonia, CE Research

Figure 7. Average monthly gross earnings and labour costs by counties in Euro 2005

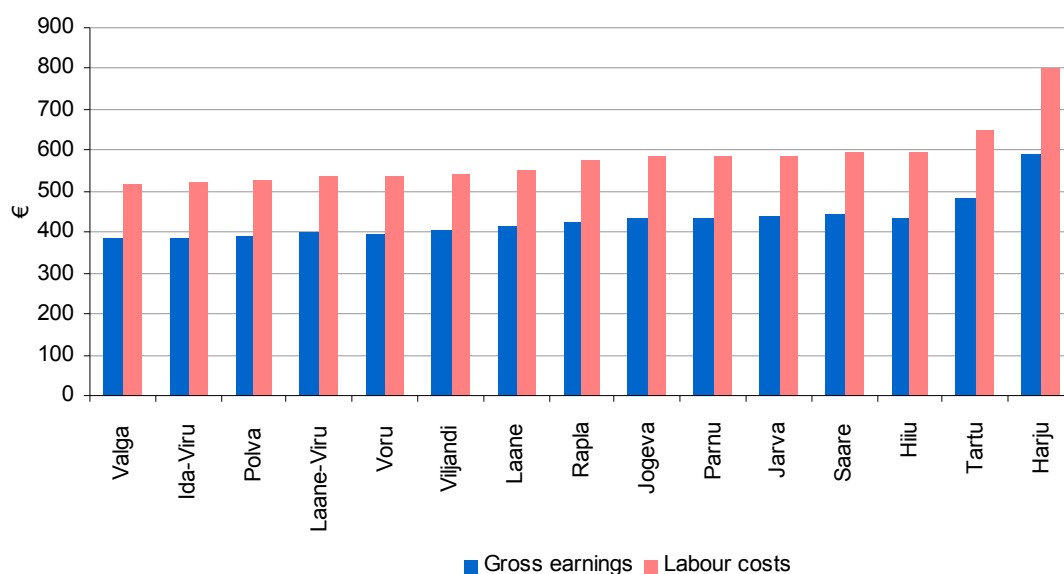


Table 7. Average monthly gross earnings and labour costs by counties 2005

counties	Earnings				Labour Costs			
	Kroon	Euro	US\$	%	Kroon	Euro	US\$	%
Harju	9 286	593	810	115.4	12 515	800	1 091	115.4
Tallinn city	9 443	604	823	117.3	12 731	814	1 110	117.4
Hiiu	6 775	433	591	84.2	9 380	599	818	86.5
Ida-Viru	6 039	386	526	75.0	8 193	524	714	75.6
Jogeva	6 816	436	594	84.7	9 163	586	799	84.5
Jarva	6 870	439	599	85.4	9 202	588	802	84.9
Laane	6 475	414	564	80.4	8 684	555	757	80.1
Laane-Viru	6 248	399	545	77.6	8 379	536	730	77.3
Polva	6 144	393	536	76.3	8 229	526	717	75.9
Parnu	6 827	436	595	84.8	9 177	587	800	84.7
Rapla	6 658	426	580	82.7	9 004	575	785	83.1
Saare	6 938	443	605	86.2	9 325	596	813	86.0
Tartu	7 571	484	660	94.1	10 162	649	886	93.7
Valga	6 051	387	528	75.2	8 110	518	707	74.8
Viljandi	6 346	406	553	78.8	8 499	543	741	78.4
Voru	6 235	398	544	77.5	8 389	536	731	77.4
Total	8 049	514	702	100.0	10 841	693	945	100.0

Source: Statistical Office of Estonia, CE Research

Table 8. Average monthly gross earnings and labour costs by ownership sectors 2005

ownership	Earnings				Labour Costs			
	Kroon	Euro	US\$	%	Kroon	Euro	US\$	%
State	9 472	605	826	117.7	12 837	820	1 119	118.4
Local government	6 916	442	603	85.9	9 276	593	809	85.6
Estonian person in private law	7 380	472	643	91.7	9 905	633	863	91.4
Foreign person in private law	10 083	644	879	125.3	13 674	874	1 192	126.1
Total	8 049	514	702	100.0	10 841	693	945	100.0

Source: Statistical Office of Estonia, CE Research

Table 9. Rates of obligatory social security contributions 2005

	by Employee	by Employer	Total
Social Insurance	-	20.0 %	20.0 %
Medical Insurance	-	13.0 %	13.0 %
Unemployment Insurance	1.0 %	0.5 %	1.5 %
Total	1.0 %	33.5 %	34.5 %

Source: CE Research

Figure 8. Competitive position 2010 (forecast). Earnings and labour costs in total economy. Ranking out of 13 CEE countries

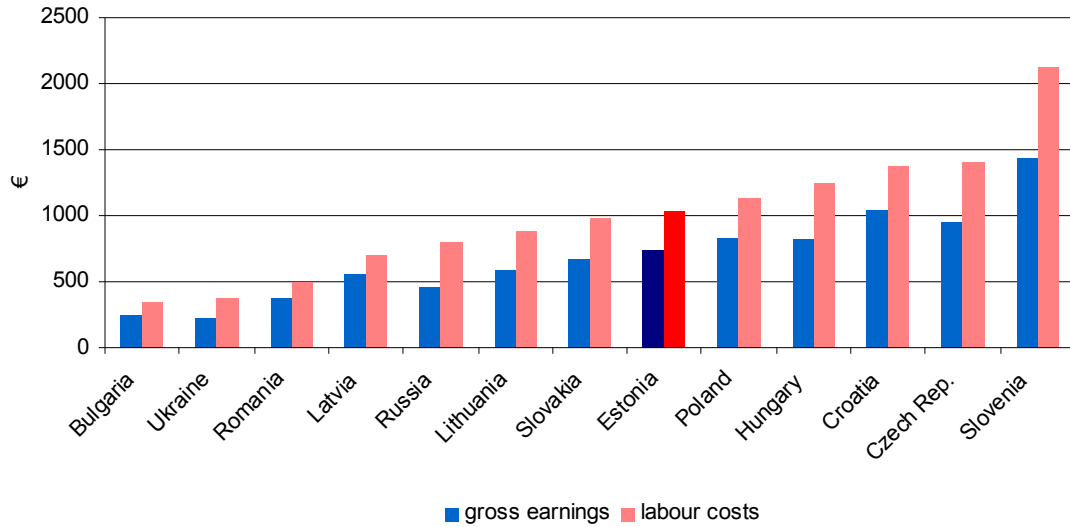


Figure 9. Competitive position 2010 (forecast). Earnings and labour costs in manufacturing sector. Ranking out of 13 CEE countries

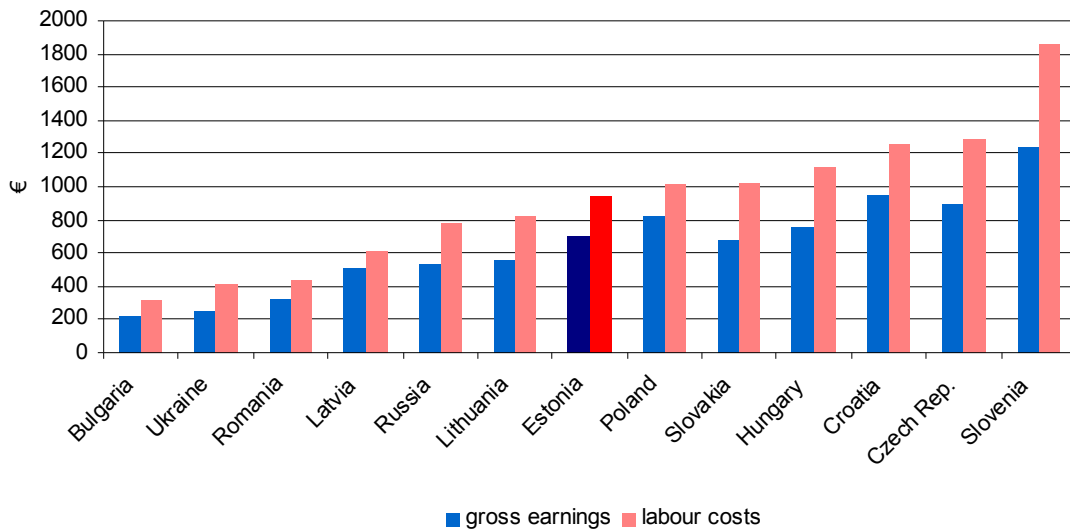


Table 10. Forecast of average monthly gross earnings and labour costs in total economy and manufacturing sector in constant 2005 Euro, 2010

	Average gross earnings	Average labour costs
Total economy	746	1 032
Manufacturing	697	938

Source: CE Research; "Labour Costs in Central And Eastern Europe - edition 2006"

Glossary of Terms

Gross Earnings – remuneration in cash and in kind paid to employees for time worked and for time not worked, such as for annual vacation and before any deductions are made by the employer in respect of taxes, contributions of employees to social security and pension schemes, etc.

Net Earnings – gross earnings after deduction of contributions of employees to social security and taxes such as personal income tax.

Growth Rates of Nominal Average Gross Monthly Earnings – change in percent over previous year in nominal, numeric value of earnings.

Growth Rates of Real Average Gross Monthly Earnings – change in percent over previous year of real value of gross earnings, i.e. after discounting effects of inflation.

Labour Cost – the cost incurred by the employer in the employment of labour. It includes gross earnings, employers' social security expenditures, other taxes on labour and other items such as costs of training and welfare services.

Obligatory Social Security Contributions – obligatory payments to social, health care, disability, unemployment and similar insurance funds. Contributions by the employee are part of gross earnings and are deducted from them. Contributions by the employer come on top of gross earnings.

Statutory Minimum Monthly Wages – minimum gross earnings per month of full time work as prescribed by law.

Note:

Discrepancies in average earnings as quoted in different tables

Earnings and labour costs data are collected by means of different surveys sometimes varying in coverage or methodology and hence the average earnings for the total economy for the same year may vary slightly between tables in the report.



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