CHANGEOVER TO THE EURO

POPULATION SURVEY REPORT

Survey sample: **1,013 respondents**
Survey period: **7. - 28.12. 2005**
Commissioned by: **Eesti Pank**
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1. MAIN CONCLUSIONS OF THE SURVEY

Prices and price increase

- A rather significant change has occurred in the perception of the current increase in prices and an expected price increase in the coming years among the Estonian population. The Estonians perceive that the price rise up to now has been smaller than over the previous survey periods, and the expected price rise in the next few years will be smaller than earlier expectations had forecast. Even though for most Estonians the price rise is seemingly higher than in reality (compared to the consumer price index), people's estimations are more realistic than ever.
- Similar to earlier survey periods, people forecast the highest surge in housing-related expenses and in food prices, and the rise in prices in these two categories would also be the most problematic for them. The most significant changes have taken place in the Estonians' estimates relative to the rise in transport-related prices, which is obviously due to the fluctuations in motor fuel prices. Compared to September, there has occurred a sharp rise in the number of residents who think that alcohol and tobacco as well as real estate will become more expensive.

Changeover to the euro

- There are no major changes in the attitudes towards the euro compared to the previous survey period. Again, the majority of the population hold that the prices will rise more upon the changeover than upon the use of the Estonian kroon. People's opinions concerning the time schedule of the changeover to the euro do not show any considerable shift either. As before, about a third of the residents support a fast changeover (within the next three years), another third support a later changeover to the euro, and about a quarter of the people are opposed to the changeover. As for the question whether Estonia will be able to complete preparations for the changeover by January 2007, people have grown slightly more pessimistic.
- Just like before, nearly two thirds of the residents are insufficiently informed on the changeover issues. People continue to request more information on the consequences, the advantages and disadvantages of the changeover for Estonia, and the preferred source of information is television.
- Approximately only a third of the Estonian people have experience in using the euro when travelling abroad.

2. METHODOLOGY OF THE SURVEY

The social and market research company Saar Poll conducted a public opinion survey from 7 to 28 December 2005. It was a nationwide survey involving 1,013 respondents aged 15-74 in an oral interview. The proportional random sampling method was used for the selection of the respondents. The survey consisted of 213 question items.

Characteristics of the sample by socio-demographic features

For the preparation of the model's socio-demographic features demographic statistic data as of 01.01.2004 were employed (except for education and nationality features for which data from the publication "2000 Population and Housing Census" by the Statistical Office of Estonia were used). In order to diminish the differences which appeared between the model and the achieved survey result upon comparison of their representativeness, the result was weighted in terms of the following socio-demographic features.

	Model *percent*	Survey result received *percent*	Weighted survey result *percent*
PLACE OF RESIDENCE			
Town	68.1	69.1	68.1
Country	31.9	30.9	31.9
GENDER			
Male	46.6	46.7	46.6
Female	53.4	53.3	53.4
AGE			
15-19	10.2	8.7	10.2
20-29	18.5	18.0	18.5
30-39	17.4	19.8	17.4
40-49	18.5	17.2	18.5
50-59	15.7	15.6	15.7
60-74	19.7	20.7	19.7
NATIONALITY			
Estonians	65.9	64.8	65.9
Non-Estonians	34.1	35.2	34.1
REGION			
North	39.7	37.1	39.7
West	11.8	12.4	11.8
Central	10.1	11.3	10.1
North-East	13.3	13.7	13.3
South	25.1	25.5	25.1
EDUCATION			
Basic education or less	30.7	23.6	30.7
Secondary education	54.4	57.6	54.4
Higher education	14.9	18.9	14.9

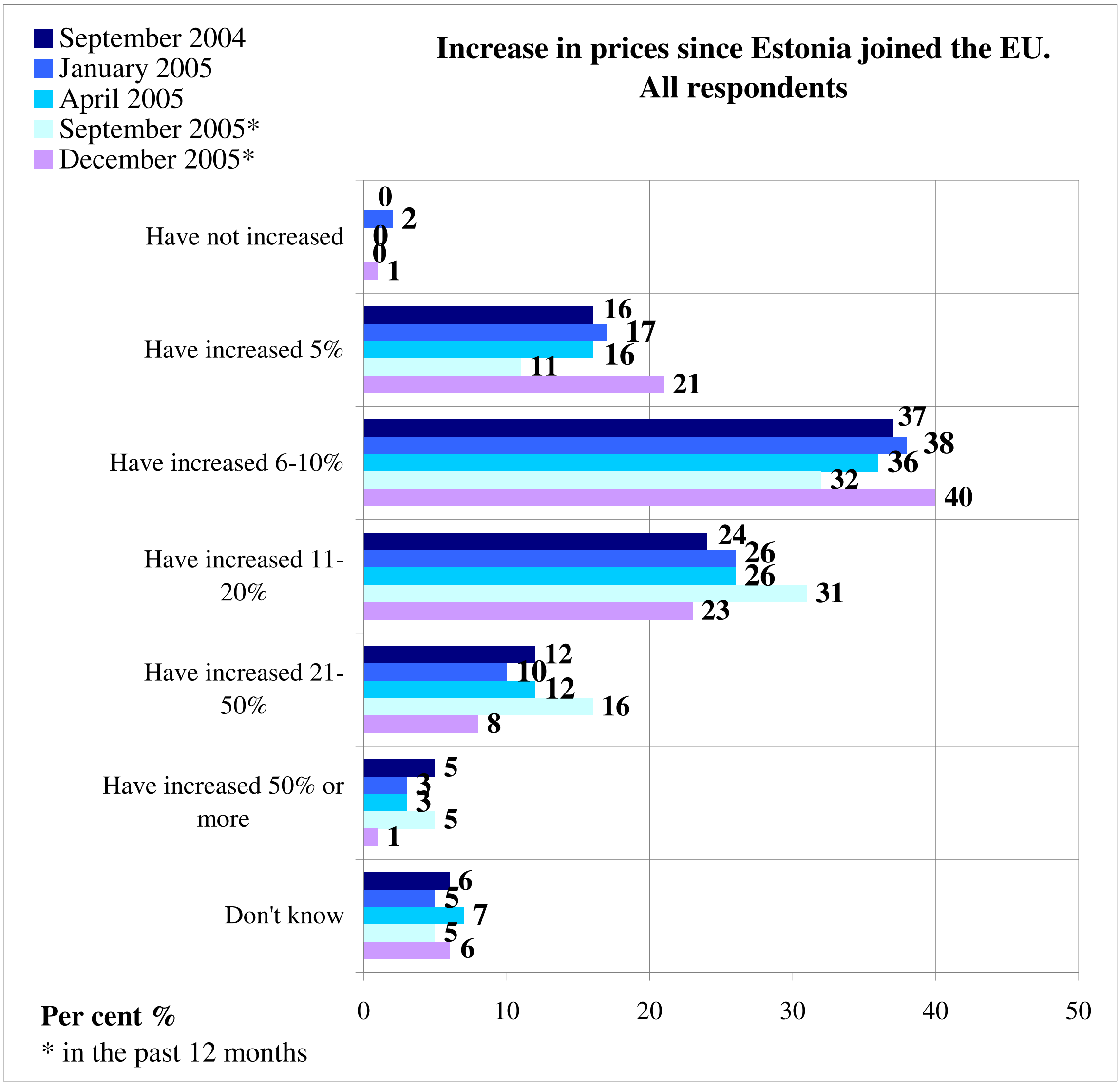
3. ANALYSIS OF THE MAIN RESULTS OF THE SURVEY

3.1. Prices and the price increase

Price increase over the last 12 months

The survey shows that according to the estimates of the Estonian population the price rise has slightly slowed down (see Chart 1). The number of those people who think that prices have increased over 10% over the last 12 months has considerably decreased on the previous survey period, and the number of the people thinking the prices have grown up to 10% has significantly increased. While the wording of this particular question in the last two survey periods was slightly different in the questionnaires, the results of the last two survey periods and earlier periods are not exactly comparable with one another.

Chart 1



* the wording of the question was different in earlier survey periods: "How much have prices risen since the accession to the EU?"

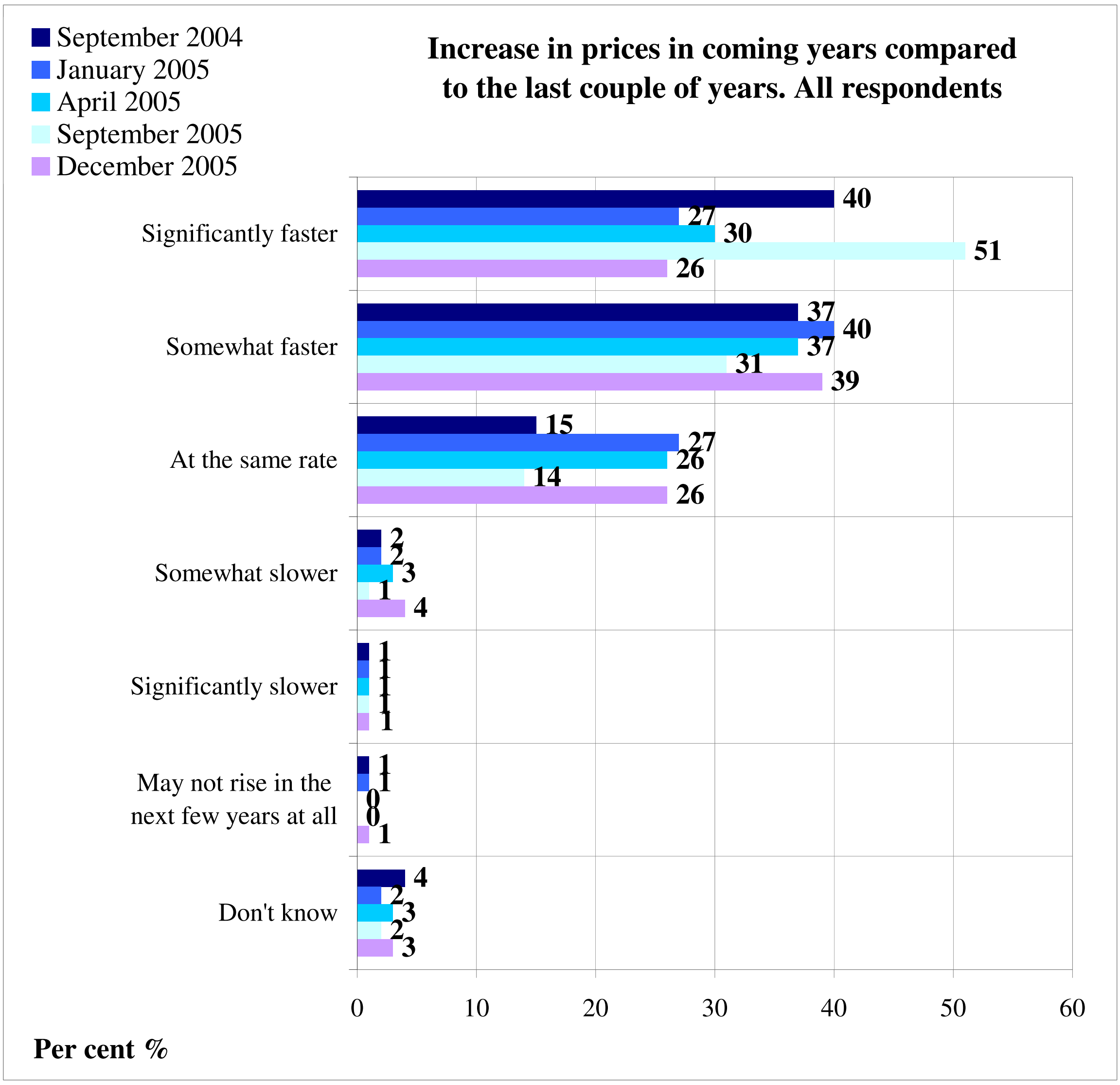
The consumer price index grew 3.6% over the last 12 months (December 2004 – December 2005). Thus we could say that most of the Estonian residents perceive the price rise to have been higher than it actually was.

The comparison of the socio-demographic groups shows that the non-Estonians, middle-aged and elderly people, people with basic or secondary education, people with lower income and opponents of the changeover perceive the price rise higher than it is. As for citizenship, the highest price rise is perceived by the citizens of Russia, followed by stateless persons, and it is the lowest for the citizens of Estonia. There are no differences in terms of the respondents' gender or place of residence.

Price changes in Estonia in the coming years

On the previous survey period there has been a significant increase in the number of people who think the price rise will slow down in the coming years (see Chart 2). The number of people thinking the prices will rise at a greater speed in the coming years than over the last couple of years has nearly halved. However, there are more people now who forecast a moderate rise in prices, the price rise at its current speed, or a slowdown in the rise. The majority of the population is of the opinion that the prices will be rising even faster than until now.

Chart 2



Most of the people who expect a faster price rise are in the categories of the people with basic or secondary education, the middle-aged or elderly, people with lower income, rural people or the opponents of the changeover to the euro. As for citizenship, a higher price rise is most feared by stateless persons. There are no significant differences in terms of nationality or gender.

Fields in which the highest price rise is expected in the next three years
Fields where the price rise would be most problematic

The Estonian people still forecast the highest price rise in housing-related expenses and food prices (see Chart 3). The number of people who believe transportation will become more expensive in the coming years has dropped considerably on September, the number of people who think alcohol, tobacco and real estate will become more expensive has hiked. There have been no changes of that scale in other fields.

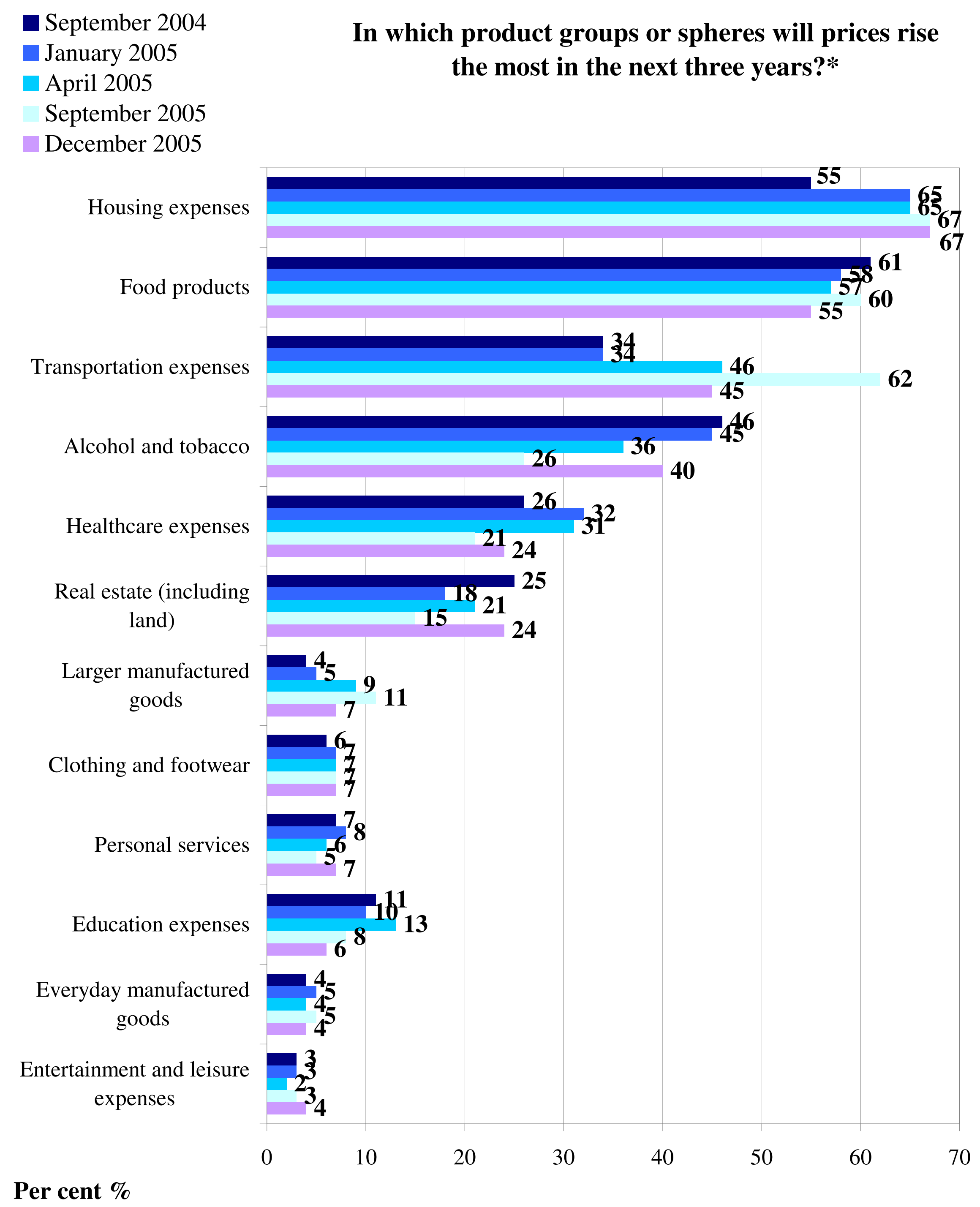
As for the price rise being problematic, the rise in the expenses for food and housing are at the top of the list (see Chart 4). Compared to the previous survey period, there is a dramatic drop in the number of respondents who are concerned about the rise in transportation expenses. The problematic nature of the price rise has either remained at the same level or marginally increased in every other field.

Both of the charts show that over the last survey periods the most significant changes have taken place in the Estonians' estimates relative to the rise in transport-related prices, which is obviously due to the fluctuations in motor fuel prices. In comparison to the previous survey period (September 2005) the price index of transportation fell by 6.3% by December (on the survey period in December 2004), but the price index grew 6.3%.

The Estonians are most concerned about the rise in transport-related prices while the non-Estonians mostly worry about housing and healthcare expenses. For men a rise in the price of transport, alcohol and tobacco appears most important and for women it is the healthcare services. The most sensitive fields for the elderly population are healthcare, housing and food, for the 20-39 age bracket it is transport and real estate, for the 15-19-year old people education, entertainment, and clothes and footwear. The comparison on income groups reveals that people with lower income are more concerned about food, health care and education expenses, whereas people with higher income are more concerned about the transport and real estate price rise. For urban and rural populations most essential fields of concern are housing and real estate, and food and transportation respectively.

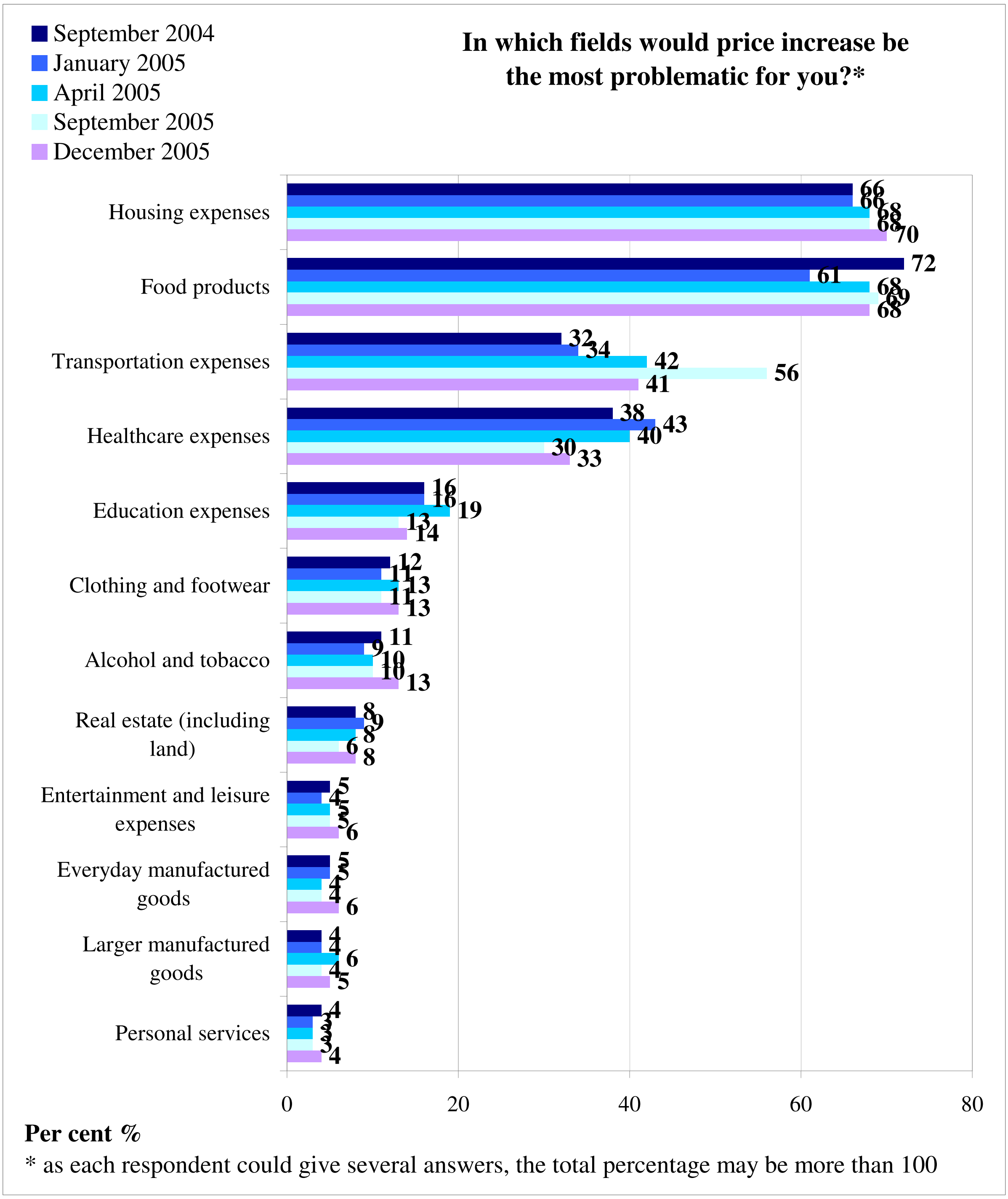
If we compare the responses regarding the significance of the problem with the ones concerning the price rise forecast, we can see a connection in most fields and socio-demographic features – people most often forecast a price rise in the fields that are most sensitive for them and vice versa.

Chart 3



* as each respondent could give several answers, the total percentage may be more than 100

Chart 4

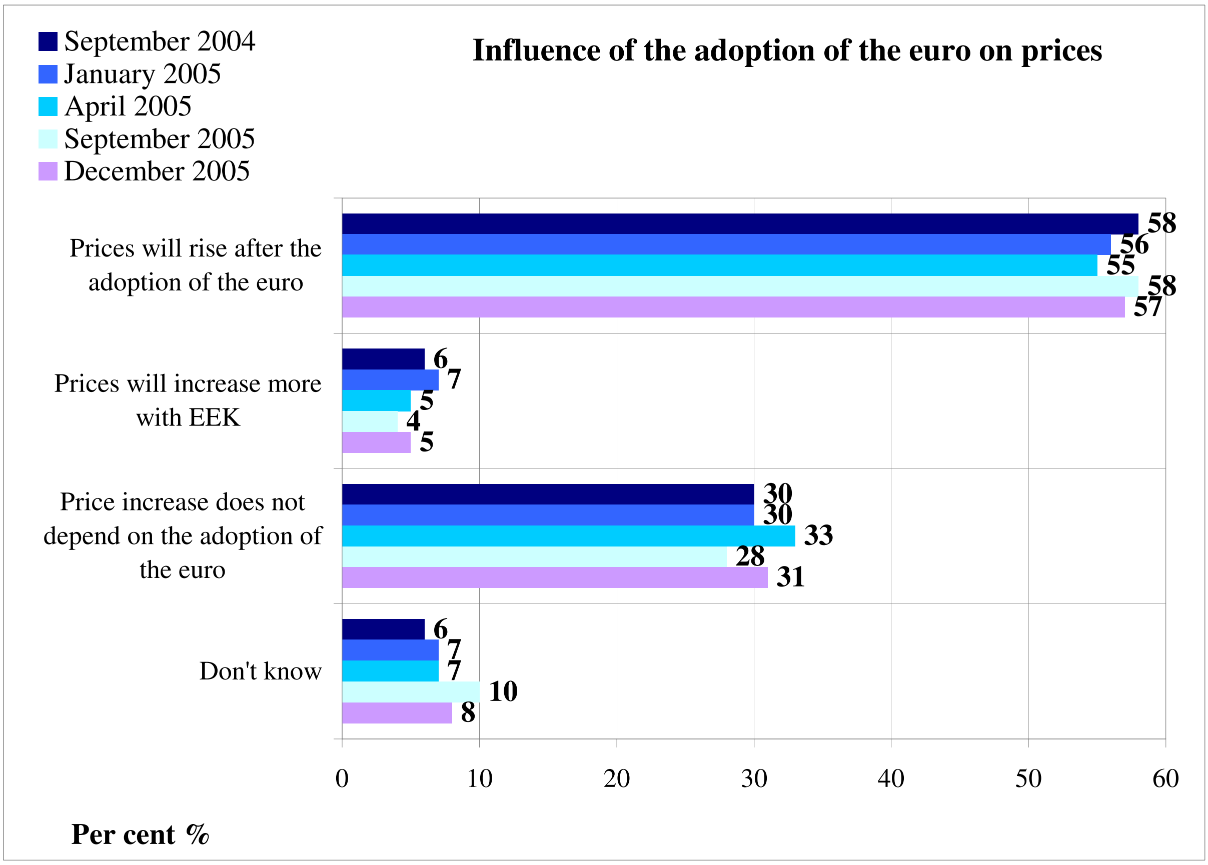


3.2. Changeover to the euro

How the changeover will impact prices

Views of the Estonian people have remained unchanged in this issue (see Chart 5). Slightly over a half of the Estonian population think that the prices will rise more rapidly when we change over to the euro, and about ten times fewer people believe the prices will rise more if we stick to the use of the kroon. About a third of the respondents say the price rise is not related to the changeover.

Chart 5



The price rise and the changeover are more frequently linked by the non-Estonians, women, people with secondary education, people with average income, elderly people, stateless persons and opponents of the changeover. A weaker link between the changeover/use of the kroon and the price rise is perceived by he people with higher education and the supporters of the changeover.

When the euro should be launched in Estonia

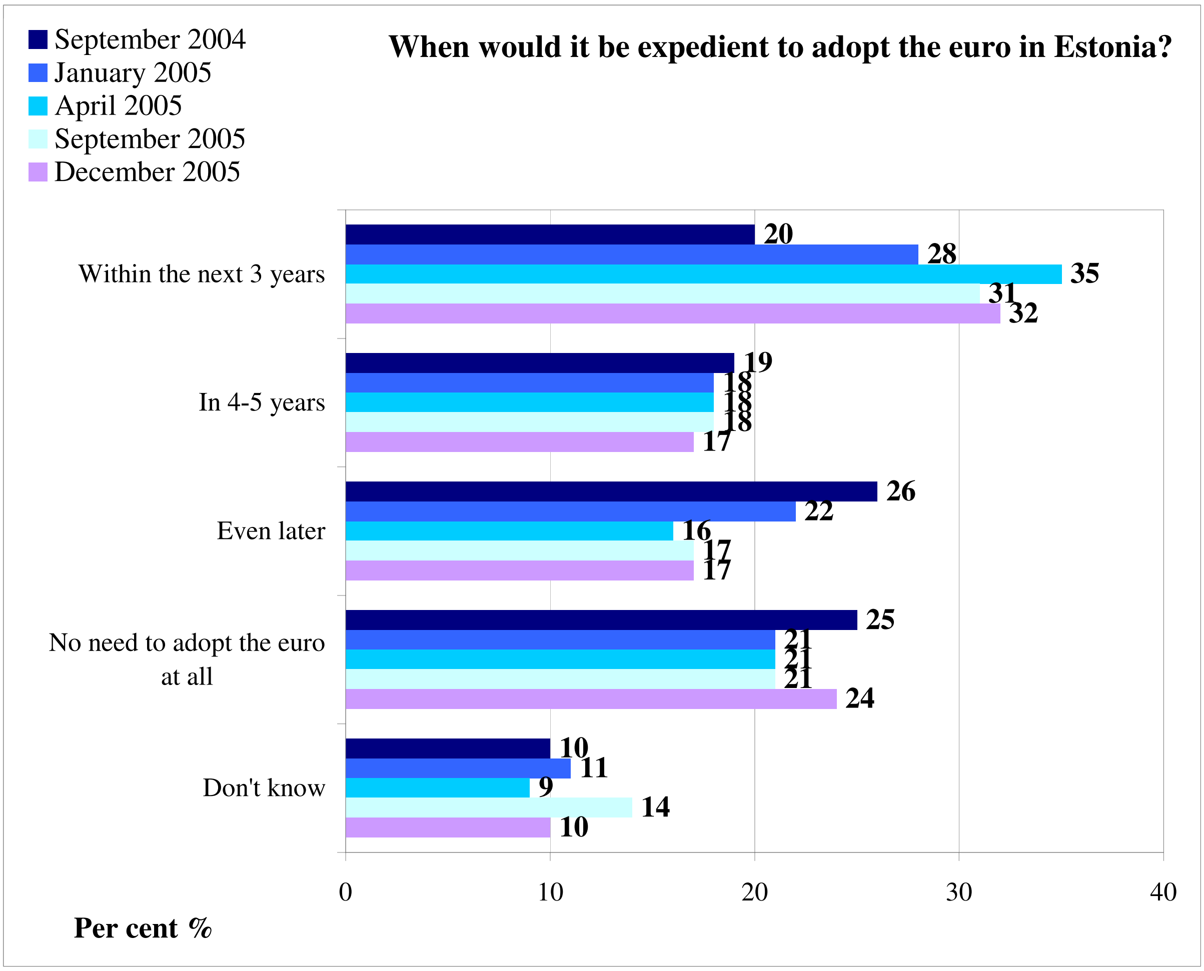
No considerable changes have occurred in the views of the Estonians in this issue on the previous survey period (see Chart 6). As before, about a third of the residents support a fast changeover (within the next three years), another third supports a later changeover to the euro (in 4-5 years or later), and about a quarter of the people are opposed to the launch of the euro.

In the earlier survey periods the Estonians voiced support to the fast changeover more frequently than the non-Estonians, but in December the support given by both categories became similar. The number of Estonians opposed to the launch of the euro has marginally grown on the previous period.

As for citizenship, the number of people against the changeover appears the highest among the stateless people, surprisingly though, the opinions of the Estonian and the Russian citizens on the changeover appear fairly similar.

As before, men, people with higher education, people with higher income and young people express more support for the fast changeover to the euro. Concerning the place of residence, the highest share of supporters of the fast changeover is found in Tallinn and smaller towns.

Chart 6

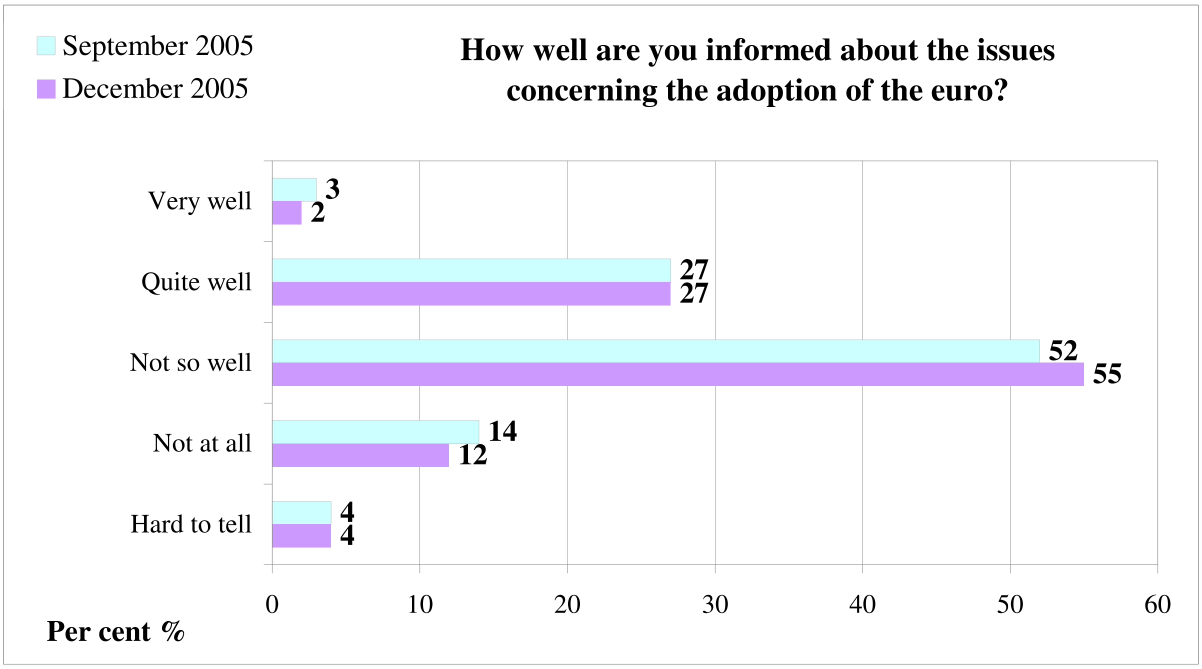


Information on the issues of the changeover

Over the last three months the Estonians have not become better informed about the issues related to the changeover to the euro (see Chart 7). Slightly over a half of the respondents are not well informed about the changeover issues, over ten percent of the respondents say they have no idea at all. Hence two thirds of the Estonian population think they do not have enough information on the changeover to the euro. Only about a third of the population estimates they are well informed (very well or fairly well informed).

The Estonians, the 20-49-year-olds, people with higher education and supporters of the changeover assess their information level is above average. The stateless people lead the group who think they are badly informed. There are no significant differences between men and women in this respect. The rural people feel they are less sufficiently informed than the urban people.

Chart 7



The changeover issues which interest people

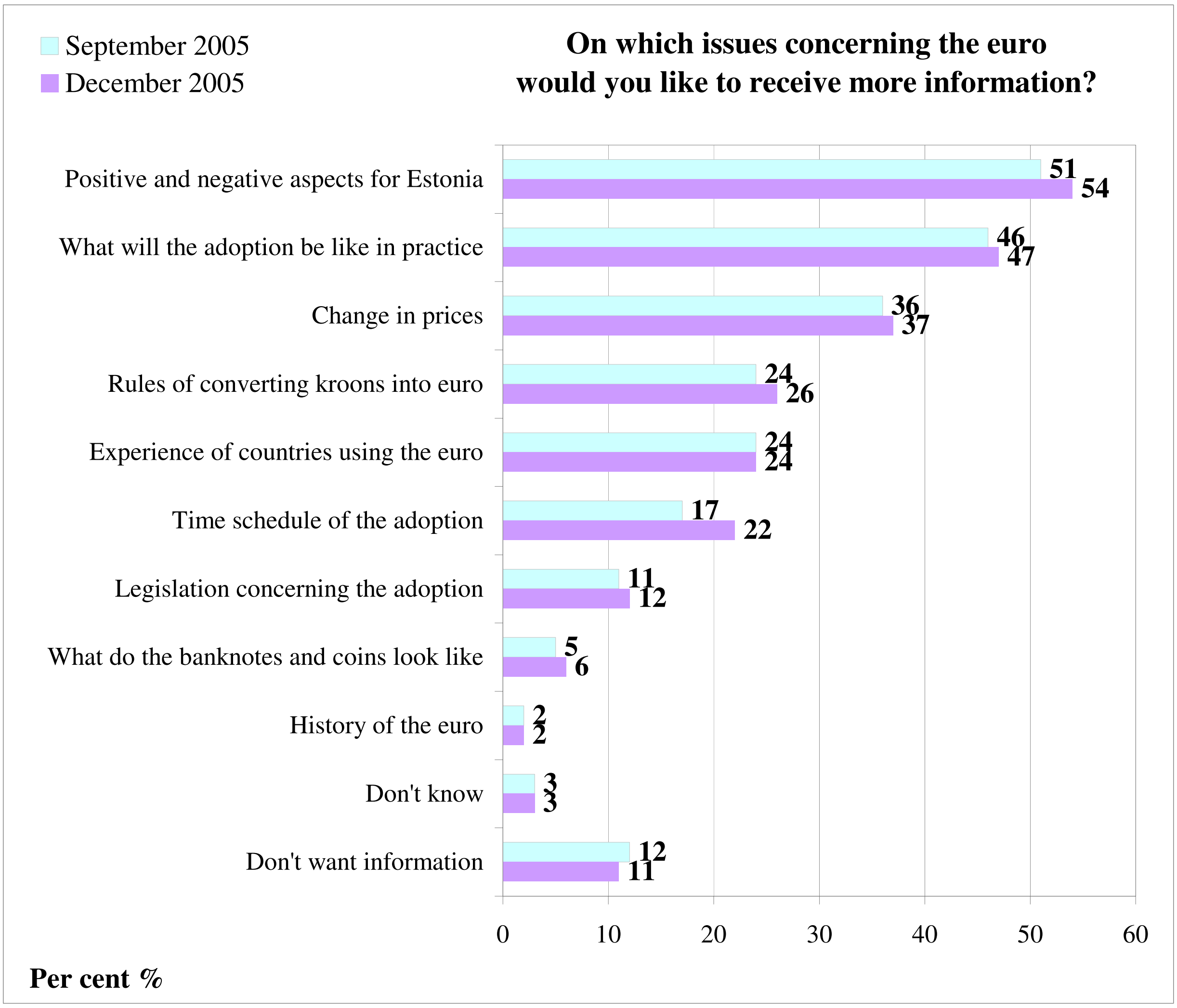
As previously, people would like to receive more information on what the changeover is due to bring about in Estonia, in other words, what the advantages and disadvantages will be. The number of people who want information on the time schedule of the changeover has increased on the previous survey period. No considerable changes have occurred in other fields (see Chart 8).

The Estonians, as opposed to the non-Estonians, would like to have more information on the rules and examples of the conversion of prices, the non-Estonians, however, request more information on the practical aspects of the changeover, on the conversion rules, and on the visual appearance of euro banknotes and coins.

The 15-19-year-old age group requires, more than on the average, information on the legislation concerning the euro and on the euro banknotes and coins. The age group of 20-29 requests more information than average on the advantages and disadvantages of the changeover and examples of practical experience of other countries; the 50-59-year-old people wish, more than the average, information on the practical aspects of the changeover; this age group also includes the highest number of those who show no interest in the relevant information.

Men, as opposed to women, require more information on the advantages and disadvantages and the legislation, whereas women ask for more information on the practical arrangements as well as the conversion rules of prices and examples. The people with higher education expect more information than average on the conversion rules and the legislation; people with secondary education display more interest in the advantages and disadvantages. No clear tendencies can be distinguished in terms of income or the place of residence.

Chart 8

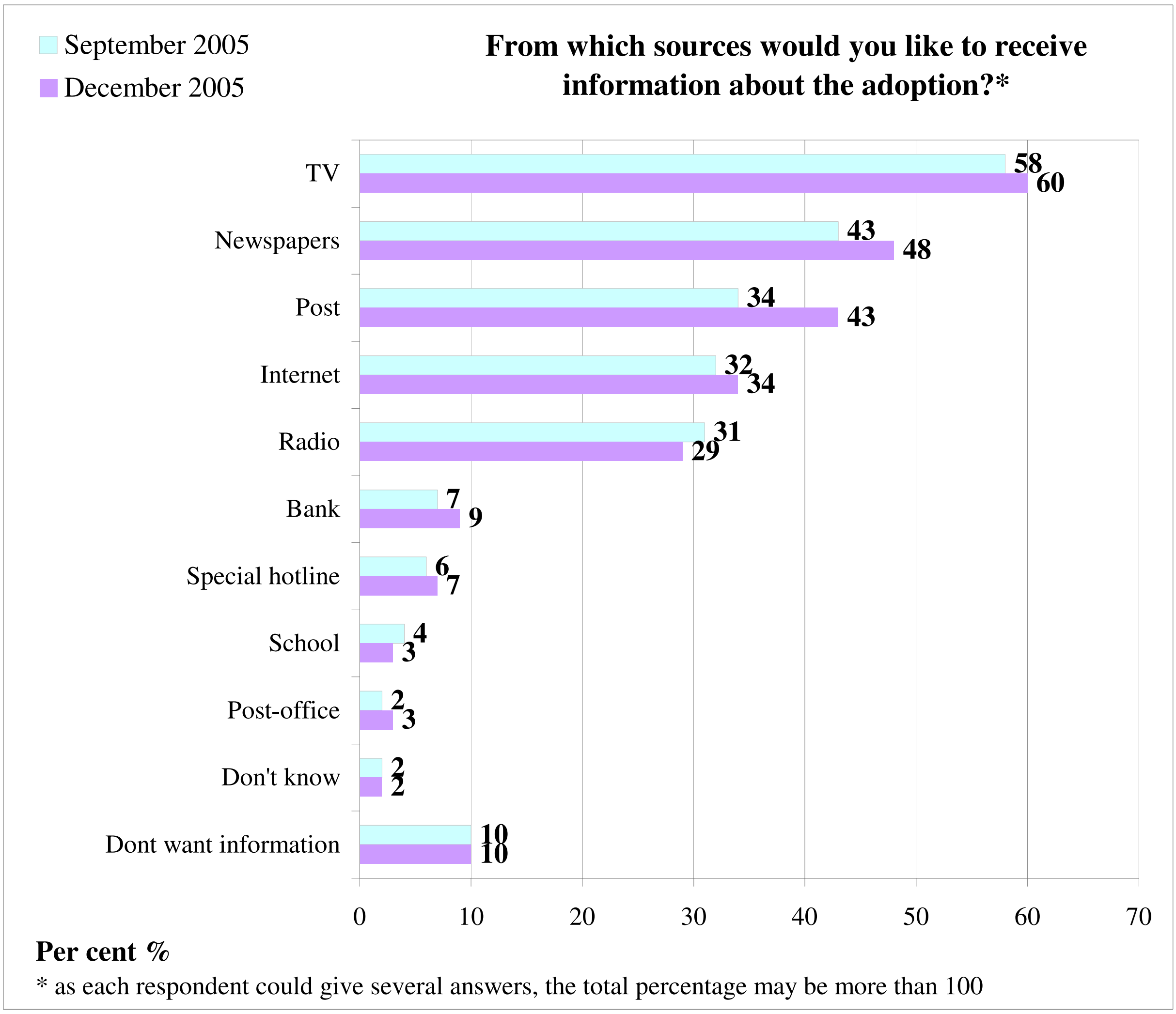


Preferred sources of information

The Estonian residents prefer to receive information on the changeover from TV channels. This is followed by newspapers, then come information leaflets and brochures sent by post. The popularity of the latter two channels has increased on the last survey period, no significant changes have occurred in preferences given to other information channels (see Chart 9).

The following characteristics can be distinguished among the socio-demographic features. Estonians prefer television and newspapers more often, whereas non-Estonians prefer mail shots of information materials and the radio. People up to 39 years of age request more than average information on a specific website, the middle-aged and the elderly prefer to seek information on TV and newspapers, and 15-19-year old people from school. Women would rather prefer information materials sent by post, but there are no differences between men and women concerning preference given to the other information channels. People with lower income prefer the radio more than the average, and people with higher income prefer a website. The radio is preferred by people with basic education as well; people with higher education prefer the website and the newspapers. The rural residents tend to give a preference to the television more often than the urban people.

Chart 9

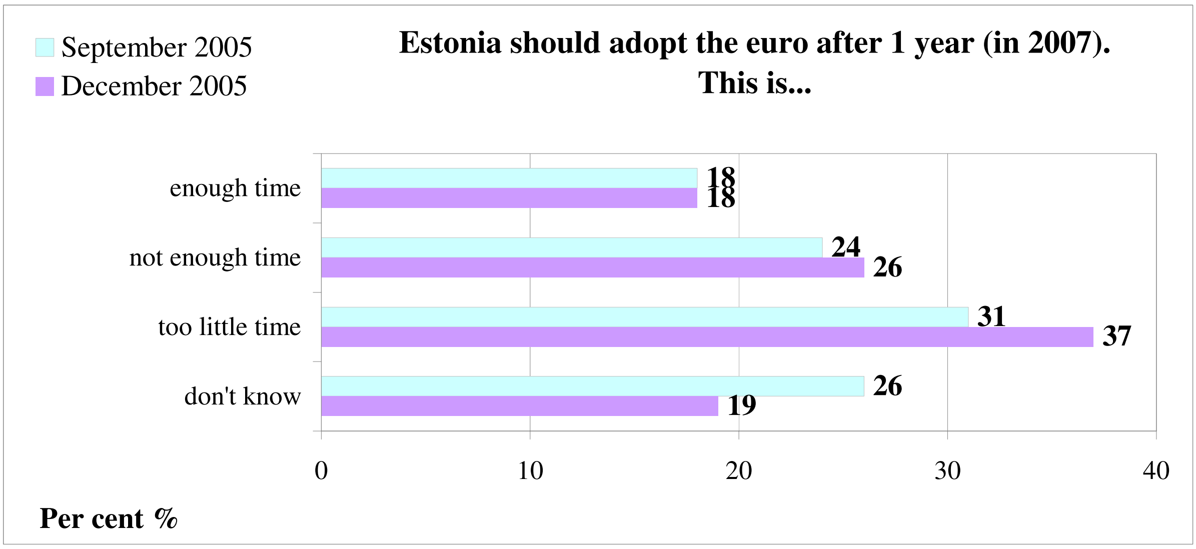


Is a year and a half a sufficiently long period for the changeover?

Again, the largest share of the respondents (slightly over a third) think that a year is not a sufficiently long period to complete the preparations for the changeover. About a quarter of the population think that there is little time but most preparations can be completed; about a fifth of the population believe there is plenty of time and Estonia will do fine in terms of preparations. However, a fifth of the population cannot express their opinion in this issue. The number of people who do not think Estonia will be able to finalise the preparations by January 2007 has increased to a certain extent on the previous survey period (see Chart 10).

Comparison of the socio-demographic groups shows that most optimistic in this issue are the Estonians, the young people, the men, the supporters of the changeover, the Estonian and Russian citizens, people with higher income and people with higher education.

Chart 10



The use of the euro

Approximately only a third of the Estonian people have had experience in using euro when travelling abroad. Above a third of the Estonian residents have not travelled abroad at all. If we analyse only those people who have been travelling, over a half of them (53%) have used euro (paid for the goods or services).

No major changes have occurred in this respect on the previous survey period (see Chart 11).

Above average, Estonians, 20-49-year-old people, the Estonian citizens, people with higher income, people with higher education, and residents of Tallinn have experience in using of the euro when travelling abroad.

Chart 11