

FOREWORD

Estonia is a small country with an open economy. Therefore, every event in our economic environment also has an international dimension. The monitoring and interpretation of international economic relations is facilitated by the Estonian balance of payments, compiled by Eesti Pank. During the history of the newly independent Republic of Estonia, the country's balance of payments has been published already for fifteen years. Thus, the present issue of the *Kroon and Economy* is also dedicated to issues related to the balance of payments.

Our goal is not to provide an overview of the status of the external sector. This is a collection of articles that discuss the balance of payments statistics from a theoretical as well as practical viewpoint, in a simpler or more complex form. Moreover, as statistics is the first source of evidence of the economic changes resulting from our accession to the European Union, the public's interest in the balance of payments statistics is only expected to grow.

First, we give an overview of the general development of Estonia's balance of payments in 1992–2006 and point out the three key stages. Then, we analyse trends in Estonia's foreign trade over the past thirteen years, as the development has been extraordinary.

In addition, the present issue introduces some of the problems related to direct investment statistics. In recent years, this area has become increasingly topical in the whole world, as international groups play a crucial role in economic globalisation. We also look into the Centralised Securities Database of the European System of Central Banks and observe the relations between the balance of payments, investment position and external debt.

Another topic related to the balance of payments that always attracts great attention is travel services. We disclose the back-office of calculating travel service indicators and reveal recent survey results on the travelling preferences of Estonian residents and ways of financing their trips.

Statistical data must be sufficiently reliable to serve as a basis for the economic policy or everyday decisions of experts and policy makers. Therefore, we conclude with the various techniques of assessing and analysing the quality of the balance of payments.