

INTRODUCTION

In recent years more and more attention has been paid to the changes taking place in Estonia's external economic environment which have been accompanied by numerous economic policy discussions. On the one hand, this has been prompted by the progress reports based on the principles of the European Stability and Growth Pact that have been drawn up prior to Estonia's membership in the EU and the monetary union, but on the other hand, by the rapid development of the economy, the related growth of external borrowing and consumption and deepening of the current account deficit.

Therefore, constant scrutiny has been focused on the Estonian balance of payments statistics tendencies, which have an important impact on a small open economy susceptible to changes in the external environment. It is likely that the interest of the public in the balance of payments statistics will increase further in future, since the first evidence of changes in the economy after EU membership will be reflected in the statistical data of this field.

The present, fourth **Balance of Payments Yearbook** gives a survey of the 2003 external sector changes through the balance of payments, international investment position and external debt reports. As compared to earlier yearbooks, the present one devotes more attention to the regional aspect of the balance of payments statistics, for which the collection of more detailed data was started in the first quarter of 2003.

Like in most other countries of continental Europe, compiling the balance of payments is the responsibility of the central bank or Eesti Pank in Estonia. Drawing up the balance of payments, which is one of the main tasks imposed on Eesti Pank by law, is the responsibility of the bank's Balance of Payments and Economic Statistics Department. In the framework of this job, the bank cooperates with more than 3,200 companies engaged in external economic activities, as well as credit and state institutions which all submit balance of payments statistics reports on a regular basis. Thank you all for your contribution to compiling Estonia's balance of payments!