

**The history of compiling states' balance of payments** is not very long. It goes back to 1920ies–1930ies, however, the idea to account for merchandise exports and imports has roots in mercantilism of the Middle Ages<sup>1</sup>. The compilation of the balance of payments was first time seriously considered due to the chaos in the monetary system arising from the Great Depression of 1930ies. The importance was reinforced at the Bretton Woods conference in New Hampshire, USA in 1944, that aimed at determining common underlying principles for the monetary system. The balance of payments became one of the basic external sector policy documents of a country. The League of Nations initiated harmonisation of balances of payments already before World War II. The International Monetary Fund, founded in 1946, continued with this work and co-ordinates it till the present time.

Similar to other countries of the continental Europe the national central bank is responsible for compiling the balance of payments in Estonia as well. Eesti Pank started this as early as in 1935. The first balance of payments after the restoration of independence was completed in 1992. In 1996 international investment position was added.

The Balance of Payments Statistics Section under the Statistics Department of Eesti Pank is responsible for the compilation of the balance of payments as a statutory basic function of the central bank. The Division works on the balance of payments ideological platform with all procedures and underlying legal base stemming from it.

The current Balance of Payments Yearbook uses balance of payments, international investment position and external debt reports to provide a survey of changes in the external sector in 2000. The Yearbook, being the first of its kind in Estonia, also introduces theoretical and methodological concepts of balance of payments statistics and provides tips how to interpret the information available in these documents.

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<sup>1</sup> Mercantilism was the main school of economic thought in the fifteenth-seventeenth centuries. It was primarily concerned with active foreign trade, monetary circulation, saving and external competitiveness. Trade surplus was considered the basis of national wealth equal to money and various protectionist measures were resorted to achieve the goal.