



21 July 2016

## Irish GDP revision

### Main points

Eurostat is aware of the recent upwards revision to Irish GDP for 2015, published by the CSO on 12 July 2016.

This revision can be seen as an effect of increasing globalisation. It is primarily due to the relocation to Ireland of a limited number of big economic operators.

Based on the preliminary information provided by the CSO, including data, the revision is plausible. Eurostat will therefore publish the new data starting as of 21 July 2016.

Eurostat will examine the methodology used in this revision in more detail by September, as part of the regular procedure which applies to all Member States.

### Questions & Answers

- **Will there be an impact at EU/euro area level?**

Yes, but of much smaller scale. The Irish economy accounts for around 2% of the euro area total.

- **Is this a one-off effect, or a permanent one?**

This is in effect a level shift from 2015 onwards. Irish GDP is now significantly higher than it was in 2014, and future changes in GDP will be from this higher level.

- **Could this happen again?**

Yes. As a consequence of globalisation, this could happen again if huge multinationals move their business around Europe or the globe. Indeed in the case that the move took place between two Member States, then there would be an offsetting double effect – an increase in GDP in one and a matching decrease in the second.

- **Is this like the 2006 revision of Greek GDP, which was eventually reduced by Eurostat?**

No. The 2006 revision of Greek GDP involved a large number of changes in areas where there were a lack of hard data and the need to make assumptions and estimations. This Irish revision involves a small number of very large operations, for which hard data is available.

- **Can you give more details of the companies involved?**

No. Due to statistical confidentiality rules we can give no further details.

- **How can Eurostat verify the figures if they are confidential?**

The CSO have confirmed that Eurostat will have access to the information it needs to carry out its detailed examination. This access will of course be subject to strict confidentiality.

- **Is the revision just about applying specific Eurostat rules?**

The revision is based on worldwide statistical rules. The European System of Accounts follows these worldwide statistical rules.

- **Will this have an impact on Irish debt and deficit figures?**

This upwards revision to GDP will have an impact on any indicator which is presented as a ratio to GDP. In the absence of any other changes, such ratios will fall as a simple mathematical result of an increase in GDP. The exact changes to the value of any specific indicator will depend not only on the change in GDP (the denominator), but also on possible changes in the numerator.

- **How soon will these new figures be incorporated in Eurostat databases?**

Annual and quarterly main aggregates data for Ireland are available in the Eurostat data base since 21 July 2016. Updates of other national accounts data from Ireland will follow. Due to statistical confidentiality issues, Eurostat will follow the Irish authorities in not publishing a full set of breakdowns where these could reveal any individual companies concerned.

- **Has the revision of the Irish data been taken into account in the calculations of the euro area and EU GDP?**

Not yet. The euro area and EU GDP and other European aggregates will be updated according to the Eurostat release calendar. The next full update is scheduled for 6 September 2016. Considering the limited Irish share in the euro area and EU GDP, the upward level shift in 2015 due to the Irish revision is expected to be relatively limited: 0.3-0.4% for both euro area and EU GDP.

- **Were the changes in Irish GDP reflected also in other statistics?**

Yes, the Balance of Payments data were also revised in a consistent way.

- **Which items in the Balance of Payments were mainly affected by this revision?**

Mainly Goods (exports), Services (imports), Direct investment (assets).