



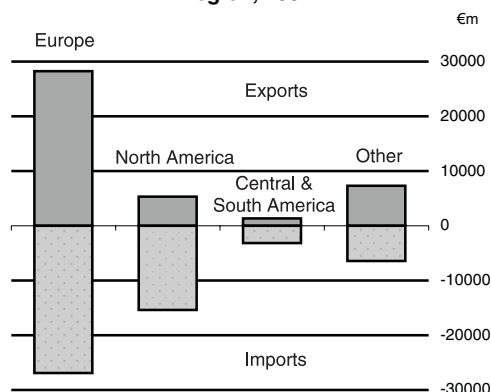
**Central Statistics Office**  
An Phríomh-Oifig Staidrimh

18 May 2006

## Service Exports and Imports 2003 and 2004

NEW SERIES

**Exports and Imports of Services by  
Region, 2004**



€ million

	Services		
	Exports	Imports	Net Balance
<b>2004</b>	<b>42,203</b>	<b>51,923</b>	<b>-9,721</b>
<i>of which</i>			
<b>UK</b>	10,700	7,758	2,942
<b>USA</b>	4,979	15,150	-10,171
<b>Germany</b>	4,079	2,577	1,502
<b>Netherlands</b>	2,029	5,350	-3,321
<b>2003</b>	<b>37,133</b>	<b>48,223</b>	<b>-11,091</b>
<i>of which</i>			
<b>UK</b>	9,369	7,355	2,014
<b>USA</b>	5,010	15,473	-10,463
<b>Germany</b>	3,480	2,535	945
<b>Netherlands</b>	1,819	4,639	-2,820

### Strong trade in services with UK and US

New figures show that in 2004, service exports to the UK amounted to €10,700m or one quarter of total exports of €42,203m. Exports to the USA at €4,979m accounted for a further 12% of this total. In contrast, on the imports side, service purchases from the USA were €15,150m or 29% of total imports (€51,923m) while the value of UK sourced services at €7,758m was almost 15% of the total. The 2003 figures show a broadly similar pattern in relative terms – see *Table 3*.

This Release introduces additional category and geographical details on the annual exports and imports of services compared to the information published in the quarterly *Balance of International Payments* Release. Specifically, the breakdown of the item *other business services* in the latter release has been extended from three sub-components to nine in the new release. Also, the broad regional breakdown already available has been extended to distinguish particular continents, regions and countries. In this context, for reasons of confidentiality, some of the data has had to be suppressed or amalgamated. In addition, it was not possible to distinguish *merchandise* services from *trade related business services* in 2003. Apart from some minor geographical revisions, the figures now presented are consistent with the balance of payments based services transactions already published for 2003 and 2004. As such, they are essentially compiled on the basis of the internationally recommended methodology used for balance of payments related statistical compilation. To facilitate users in interpreting the results, this methodology is described in the *Background Notes*. These notes also refer to a small number of deviations from the standard concerning certain royalty/licence payments.

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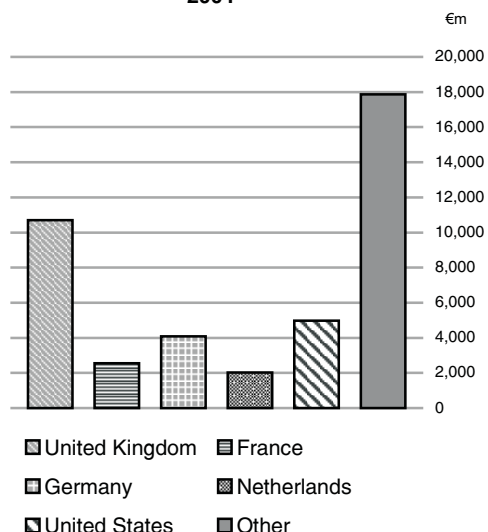
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**Exports of Services by Country  
2004**

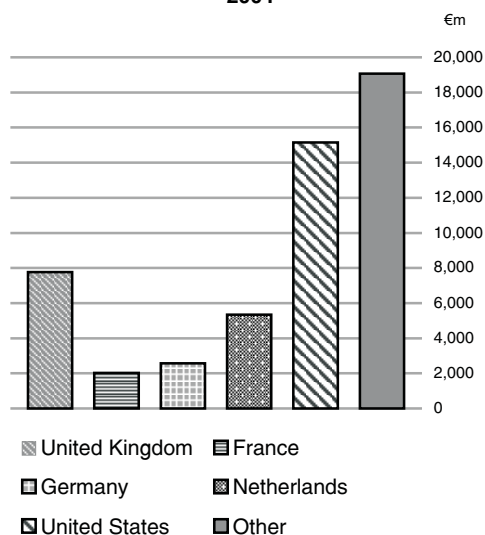


Some of the main points of note concerning the geographical analysis of the transactions for individual service components are given below for 2004.

**2004 Service Exports classified by counterpart country – see Tables 1 and 2**

- ◆ Exports of *computer services* amounted to €14,972m or 35% of the total. European countries accounted for €10,916m of this, the UK (€2,445m), Germany (€2,084m), France (€1,124m) and the Netherlands (€1,041m) being key destinations.
- ◆ Exports of *insurance* (including re-insurance) services at €8,166m were just over 19% of the total exports, the UK (€2,704m) and Germany (€1,035m) again being prominent. Exports to the USA at €1,291m were also significant.
- ◆ Fees received for *financial services* were valued at €4,048m, the main sources being the USA (€999m), the UK (€910m), Belgium/Luxembourg (€447m), and Italy (€297m).
- ◆ *Merchanting* service exports were estimated at €1,040m with almost half (€477m) being accounted for by European countries.
- ◆ Exports under *other trade related services* (mostly fees and commissions) were €2,196m with almost three-quarters of this amount being attributed to European (€1,033m) and Central American (€576m) countries.
- ◆ Receipts from *operational leasing* (mostly aircraft leasing) were valued at €2,083m. Asia accounted for €660m of this with significant receipts from the UK (€185m), the USA (€128m) and Germany (€107m).
- ◆ Expenditure in Ireland by foreign tourists (under *tourism and travel*) amounted to €3,445m overall. Visitors from the UK accounted for an estimated €1,487m of this with USA visitors adding a further €700m. There were significant receipts from French, German and Italian visitors also.

**Imports of Services by Country  
2004**



**2004 Service Imports classified by counterpart country – see Tables 1 and 2**

- ◆ Payments to non-residents under the *royalties/licences* category amounted to €14,848m or almost 29% of total service imports. North America accounted for €6,429m or over 43% of such payments. There were also sizeable outflows to the Netherlands (€3,840m) and to Central American offshore centres (€2,296m).
- ◆ *Other trade related services* payments abroad were estimated at €7,925m. European countries accounted for €5,473m of this with significant payments to the UK (€1,322m), Germany (€845m), France (€731m), the Netherlands (€517m) and other EU members. The USA (€573m) and Asia (€510m) also featured notably.
- ◆ *Insurance* (including re-insurance) service imports amounted to €6,325m with the UK accounting for €1,501m while significant payments were also made to the USA (€996m), Germany (€721m), and Central America (€565m).
- ◆ Expenditure on *advertising and market research* services amounted to €3,072m, of which €1 billion related to North America and €409m to the UK.
- ◆ Purchases of *research and development* services accounted for €2,732m with €2,222m being paid to the USA.
- ◆ *Financial services* accounted for payments of €2,028m, the USA element being €923m while that for the UK was €346m.
- ◆ Expenditure by Irish residents on *tourism and travel* amounted to €4,181m, of which €3,013m related to European travel. Visits to the USA and Asia accounted for €593m and €198m respectively.

**Table 1 – Exports and Imports of Services by Category, 2003 and 2004**

€ million

Item	2003			2004		
	Exports	Imports	Net	Exports	Imports	Net
<b>Services</b>	<b>37,133</b>	<b>48,223</b>	<b>-11,091</b>	<b>42,203</b>	<b>51,923</b>	<b>-9,721</b>
Transport	1,708	1,725	-19	1,895	1,788	106
Tourism and travel	3,409	4,188	-779	3,445	4,181	-735
Communications	622	757	-134	761	985	-224
Insurance	7,691	5,547	2,144	8,166	6,325	1,842
Financial services	3,365	1,806	1,558	4,048	2,028	2,018
Computer services	12,575	329	12,246	14,972	293	14,678
Royalties/Licences	186	14,208	-14,022	177	14,848	-14,669
Other business services	6,957	19,472	-12,514	8,141	21,303	-13,162
Merchanting	n.a. <sup>1</sup>	n.a. <sup>1</sup>	n.a. <sup>1</sup>	1,040	*	*
Other trade related services	2,483	10,382	-7,900	2,196	7,925	-5,729
Operational leasing	1,752	161	1,591	2,083	126	1,957
Legal, accounting and other professional services	275	225	51	310	350	-40
Advertising and market research	*	2,528	*	*	3,072	*
Research and development	323	2,296	-1,973	346	2,732	-2,387
Architectural engineering and other technical services	*	106	*	*	*	85
Management services between affiliates	335	1,167	-834	409	1,161	-752
Other	1,382	2,605	-1,223	1,360	3,046	-1,686
Other services n.e.s.	621	189	430	599	168	429

<sup>1</sup> Not available - included in 'Other trade related services' for 2003

\* Suppressed for confidentiality reasons but included in 'Other business services' total

Table 2a - Exports and Imports of Services Classified by Geographic Location, 2003

€ million

Region/Country	Total Services		Transport		Tourism and Travel <sup>1</sup>		Communications		Insurance		Financial services	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
<b>Europe</b>	<b>24,694</b>	<b>25,531</b>	<b>1,443</b>	<b>800</b>	<b>2,409</b>	<b>3,079</b>	<b>474</b>	<b>642</b>	<b>5,228</b>	<b>3,542</b>	<b>1,954</b>	<b>867</b>
<b>EMU countries <sup>2</sup></b>	<b>12,438</b>	<b>16,039</b>	<b>368</b>	<b>261</b>	<b>711</b>	<b>2,147</b>	<b>175</b>	<b>113</b>	<b>2,805</b>	<b>2,110</b>	<b>1,174</b>	<b>445</b>
<b>EU countries 25 <sup>3</sup></b>	<b>23,157</b>	<b>24,436</b>	<b>1,429</b>	<b>735</b>	<b>2,293</b>	<b>2,849</b>	<b>465</b>	<b>639</b>	<b>5,103</b>	<b>3,425</b>	<b>1,835</b>	<b>847</b>
<i>of which:</i>												
<i>United Kingdom</i>	<i>9,369</i>	<i>7,355</i>	<i>1,062</i>	<i>474</i>	<i>1,524</i>	<i>596</i>	<i>268</i>	<i>519</i>	<i>2,176</i>	<i>1,264</i>	<i>694</i>	<i>395</i>
<i>Belgium &amp; Luxembourg</i>	<i>911</i>	<i>3,299</i>	<i>0</i>	<i>0</i>	<i>58</i>	<i>73</i>	<i>2</i>	<i>2</i>	<i>181</i>	<i>44</i>	<i>256</i>	<i>71</i>
<i>France</i>	<i>2,212</i>	<i>1,878</i>	<i>*</i>	<i>*</i>	<i>171</i>	<i>371</i>	<i>*</i>	<i>*</i>	<i>461</i>	<i>322</i>	<i>72</i>	<i>90</i>
<i>Germany</i>	<i>3,480</i>	<i>2,535</i>	<i>74</i>	<i>52</i>	<i>161</i>	<i>83</i>	<i>74</i>	<i>40</i>	<i>1,064</i>	<i>824</i>	<i>105</i>	<i>151</i>
<i>Italy</i>	<i>1,783</i>	<i>1,095</i>	<i>*</i>	<i>*</i>	<i>113</i>	<i>210</i>	<i>30</i>	<i>8</i>	<i>190</i>	<i>167</i>	<i>458</i>	<i>44</i>
<i>Netherlands</i>	<i>1,819</i>	<i>4,639</i>	<i>0</i>	<i>0</i>	<i>86</i>	<i>63</i>	<i>10</i>	<i>*</i>	<i>507</i>	<i>*</i>	<i>46</i>	<i>41</i>
<b>North America</b>	<b>5,244</b>	<b>15,667</b>	<b>186</b>	<b>389</b>	<b>785</b>	<b>649</b>	<b>*</b>	<b>63</b>	<b>1,379</b>	<b>1,027</b>	<b>751</b>	<b>772</b>
<i>of which:</i>												
<i>Canada</i>	<i>234</i>	<i>193</i>	<i>9</i>	<i>23</i>	<i>69</i>	<i>51</i>	<i>*</i>	<i>0</i>	<i>77</i>	<i>*</i>	<i>44</i>	<i>5</i>
<i>United States</i>	<i>5,010</i>	<i>15,473</i>	<i>177</i>	<i>365</i>	<i>716</i>	<i>598</i>	<i>*</i>	<i>60</i>	<i>1,304</i>	<i>*</i>	<i>707</i>	<i>767</i>
<b>Central America</b>	<b>1,291</b>	<b>2,264</b>	<b>0</b>	<b>0</b>	<b>19</b>	<b>69</b>	<b>*</b>	<b>0</b>	<b>312</b>	<b>*</b>	<b>133</b>	<b>*</b>
<b>South America</b>	<b>152</b>	<b>133</b>	<b>0</b>	<b>0</b>	<b>n.a <sup>4</sup></b>	<b>n.a <sup>4</sup></b>	<b>*</b>	<b>0</b>	<b>88</b>	<b>*</b>	<b>4</b>	<b>*</b>
<b>Asia</b>	<b>1,609</b>	<b>1,327</b>	<b>4</b>	<b>104</b>	<b>60</b>	<b>139</b>	<b>12</b>	<b>4</b>	<b>174</b>	<b>135</b>	<b>171</b>	<b>106</b>
<i>of which:</i>												
<i>Japan</i>	<i>383</i>	<i>485</i>	<i>4</i>	<i>104</i>	<i>21</i>	<i>13</i>	<i>0</i>	<i>0</i>	<i>58</i>	<i>18</i>	<i>112</i>	<i>88</i>
<b>Africa, Oceania and Polar Regions</b>	<b>730</b>	<b>860</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>252</b>	<b>7</b>	<b>1</b>	<b>343</b>	<b>339</b>	<b>58</b>	<b>9</b>
<b>Not geographically allocated <sup>5</sup></b>	<b>3,412</b>	<b>2,441</b>	<b>75</b>	<b>432</b>	<b>135</b>	<b>0</b>	<b>84</b>	<b>47</b>	<b>167</b>	<b>136</b>	<b>294</b>	<b>34</b>
<b>Total</b>	<b>37,133</b>	<b>48,223</b>	<b>1,708</b>	<b>1,725</b>	<b>3,409</b>	<b>4,188</b>	<b>622</b>	<b>757</b>	<b>7,691</b>	<b>5,547</b>	<b>3,365</b>	<b>1,806</b>
<i>of which:</i>												
<i>Offshore centres <sup>6</sup></i>	<i>1,392</i>	<i>2,299</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>*</i>	<i>0</i>	<i>306</i>	<i>289</i>	<i>224</i>	<i>18</i>

Table 2a - Exports and Imports of Services Classified by Geographic Location, 2003 - continued

€ million

Region/Country	Business Services											
	Computer services <sup>7</sup>		Royalties/Licences		Merchanting		Other trade related services		Operational Leasing		Legal, accounting and other professional services	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
<b>Europe</b>	<b>9,414</b>	<b>255</b>	<b>26</b>	<b>4,966</b>			<b>833</b>	<b>7,715</b>	<b>753</b>	<b>33</b>	<b>105</b>	<b>171</b>
<b>EMU countries <sup>2</sup></b>	<b>5,479</b>	<b>71</b>	<b>6</b>	<b>3,599</b>			<b>269</b>	<b>5,710</b>	<b>480</b>	<b>4</b>	<b>13</b>	<b>27</b>
<b>EU countries 25 <sup>3</sup></b>	<b>8,535</b>	<b>252</b>	<b>25</b>	<b>4,855</b>			<b>684</b>	<b>7,384</b>	<b>734</b>	<b>33</b>	<b>98</b>	<b>158</b>
<i>of which:</i>												
<i>United Kingdom</i>	2,114	170	13	943			373	1,270	220	25	82	127
<i>Belgium &amp; Luxembourg</i>	239	1	0	*			9	*	*	0	*	1
<i>France</i>	1,055	37	*	*			103	672	105	0	*	*
<i>Germany</i>	1,605	11	4	41			49	840	114	0	5	5
<i>Italy</i>	629	*	*	*			63	373	*	0	0	*
<i>Netherlands</i>	1,041	12	0	3,347			*	457	72	0	0	*
<b>North America</b>	<b>*</b>	<b>36</b>	<b>132</b>	<b>6,937</b>			<b>172</b>	<b>1,274</b>	<b>83</b>	<b>*</b>	<b>70</b>	<b>38</b>
<i>of which:</i>												
<i>Canada</i>	*	1	0	*			*	*	12	*	*	0
<i>United States</i>	*	35	132	*			*	*	70	*	*	37
<b>Central America</b>	<b>*</b>	<b>0</b>	<b>0</b>	<b>*</b>			<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>0</b>	<b>0</b>
<b>South America</b>	<b>*</b>	<b>0</b>	<b>0</b>	<b>*</b>			<b>*</b>	<b>*</b>	<b>*</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Asia</b>	<b>378</b>	<b>23</b>	<b>28</b>	<b>93</b>			<b>16</b>	<b>267</b>	<b>615</b>	<b>0</b>	<b>0</b>	<b>2</b>
<i>of which:</i>												
<i>Japan</i>	*	0	*	83			4	*	*	0	0	0
<b>Africa, Oceania and Polar Regions</b>	<b>281</b>	<b>1</b>	<b>0</b>	<b>0</b>			<b>-32</b>	<b>139</b>	<b>38</b>	<b>0</b>	<b>1</b>	<b>4</b>
<b>Not geographically allocated <sup>5</sup></b>	<b>1,398</b>	<b>14</b>	<b>0</b>	<b>455</b>			<b>925</b>	<b>928</b>	<b>94</b>	<b>0</b>	<b>99</b>	<b>10</b>
<b>Total</b>	<b>12,575</b>	<b>329</b>	<b>186</b>	<b>14,208</b>	<b>n.a <sup>8</sup></b>	<b>n.a <sup>8</sup></b>	<b>2,483</b>	<b>10,382</b>	<b>1,752</b>	<b>161</b>	<b>275</b>	<b>225</b>
<i>of which:</i>												
<i>Offshore centres <sup>6</sup></i>	*	*	0	*			568	88	*	*	0	1

Table 2a - Exports and Imports of Services Classified by Geographic Location, 2003 - continued

€ million

Region/Country	Business Services - continued													
	Advertising and market research		Research and development		Architectural engineering and other technical services		Management services between affiliates		Other business services		Total business services		Other services n.e.s.	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
<b>Europe</b>	*	1,232	188	189	*	87	238	441	956	1,436	3,374	11,301	373	82
<b>EMU countries</b> <sup>2</sup>	*	617	1	81	*	29	70	203	468	603	1,464	7,274	258	19
<b>EU countries 25</b> <sup>3</sup>	*	1,122	188	188	*	77	228	402	869	1,394	3,101	10,757	371	75
<i>of which:</i>														
<i>United Kingdom</i>	*	428	*	106	66	48	152	197	380	751	1,420	2,952	96	45
<i>Belgium &amp; Luxembourg</i>	0	39	0	0	0	0	9	*	107	32	176	*	0	0
<i>France</i>	0	114	0	*	*	1	20	11	52	97	307	919	40	2
<i>Germany</i>	*	176	0	44	*	13	13	37	61	216	284	1,332	110	0
<i>Italy</i>	0	94	0	0	*	*	7	5	*	83	254	555	36	0
<i>Netherlands</i>	0	56	0	24	*	*	9	117	33	82	92	746	36	3
<b>North America</b>	*	1,026	112	1,954	*	*	78	698	188	667	726	5,713	161	79
<i>of which:</i>														
<i>Canada</i>	*	*	*	0	*	*	0	*	2	4	31	40	0	0
<i>United States</i>	*	*	*	1,952	*	*	77	*	183	663	695	5,674	159	78
<b>Central America</b>	*	11	*	0	*	*	*	0	*	10	805	158	0	0
<b>South America</b>	0	*	0	*	*	0	*	0	*	11	55	24	0	0
<b>Asia</b>	0	*	*	*	*	0	5	4	91	323	779	705	4	16
<i>of which:</i>														
<i>Japan</i>	0	0	0	*	*	0	0	0	34	63	42	174	0	8
<b>Africa, Oceania and Polar Regions</b>	1	77	0	0	0	0	4	0	27	29	41	249	0	4
<b>Not geographically allocated</b> <sup>5</sup>	3	78	8	139	4	2	7	24	36	129	1,177	1,322	83	8
<b>Total</b>	*	2,528	323	2,296	*	106	335	1,167	1,382	2,605	6,957	19,472	621	189
<i>of which:</i>														
<i>Offshore centres</i> <sup>6</sup>	*	*	*	0	7	*	5	*	110	36	816	228	0	0

<sup>1</sup> Excluding passenger fare receipts<sup>2</sup> The relevant EMU countries are: Austria, Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal and Spain<sup>3</sup> For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU25 area. With the expansion of the EU on 1 May 2004, the EU25 area comprises the former EU15 area along with Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovakia and Slovenia<sup>4</sup> Included with Central America<sup>5</sup> This category covers data supplied by respondents without a geographical breakdown<sup>6</sup> This category overlaps with the regions referred to above and covers Andorra, Anguilla, Antigua and Barbuda, Bahamas, Bahrain, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Dominica, Gibraltar, Grenada, Guernsey, Hong Kong, Isle of Man, Jamaica, Jersey, Lebanon, Liberia, Liechtenstein, Maldives, Marshall Islands, Montserrat, Nauru, Netherlands Antilles, Niue, Panama, Philippines, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Singapore, St. Kitts and Nevis, Turks and Caicos Islands, US Virgin Islands, Vanuatu<sup>7</sup> Covers exports and imports of software that was not incorporated as part of computer hardware or physical media but separately transmitted by electronic means. The value of sales and purchases of additional software licences is also included<sup>8</sup> Not available - included in *Other trade related services* for 2003

\* Suppressed for confidentiality reasons but included in the higher level aggregates

Table 2b - Exports and Imports of Services Classified by Geographic Location, 2004

€ million

Region/Country	Total Services		Transport		Tourism and Travel <sup>1</sup>		Communications		Insurance		Financial services	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
<b>Europe</b>	<b>28,245</b>	<b>26,915</b>	<b>1,643</b>	<b>864</b>	<b>2,414</b>	<b>3,013</b>	<b>604</b>	<b>779</b>	<b>5,873</b>	<b>3,947</b>	<b>2,463</b>	<b>817</b>
<b>EMU countries</b> <sup>2</sup>	<b>14,127</b>	<b>17,060</b>	<b>411</b>	<b>287</b>	<b>693</b>	<b>2,076</b>	<b>131</b>	<b>70</b>	<b>3,238</b>	<b>2,294</b>	<b>1,303</b>	<b>442</b>
<b>EU countries 25</b> <sup>3</sup>	<b>26,403</b>	<b>25,908</b>	<b>1,630</b>	<b>791</b>	<b>2,235</b>	<b>2,831</b>	<b>476</b>	<b>776</b>	<b>6,065</b>	<b>3,847</b>	<b>2,264</b>	<b>795</b>
<i>of which:</i>												
<i>United Kingdom</i>	<i>10,700</i>	<i>7,758</i>	<i>1,218</i>	<i>505</i>	<i>1,487</i>	<i>601</i>	<i>328</i>	<i>697</i>	<i>2,704</i>	<i>1,501</i>	<i>910</i>	<i>346</i>
<i>Belgium &amp; Luxembourg</i>	<i>1,189</i>	<i>3,382</i>	<i>0</i>	<i>0</i>	<i>55</i>	<i>40</i>	<i>1</i>	<i>0</i>	<i>186</i>	<i>57</i>	<i>447</i>	<i>74</i>
<i>France</i>	<i>2,546</i>	<i>2,016</i>	<i>*</i>	<i>*</i>	<i>167</i>	<i>419</i>	<i>24</i>	<i>14</i>	<i>584</i>	<i>338</i>	<i>87</i>	<i>70</i>
<i>Germany</i>	<i>4,079</i>	<i>2,577</i>	<i>82</i>	<i>58</i>	<i>168</i>	<i>83</i>	<i>40</i>	<i>28</i>	<i>1,035</i>	<i>721</i>	<i>168</i>	<i>178</i>
<i>Italy</i>	<i>1,944</i>	<i>1,356</i>	<i>*</i>	<i>*</i>	<i>106</i>	<i>221</i>	<i>24</i>	<i>*</i>	<i>515</i>	<i>382</i>	<i>297</i>	<i>37</i>
<i>Netherlands</i>	<i>2,029</i>	<i>5,350</i>	<i>0</i>	<i>0</i>	<i>82</i>	<i>54</i>	<i>17</i>	<i>*</i>	<i>614</i>	<i>*</i>	<i>67</i>	<i>47</i>
<b>North America</b>	<b>5,318</b>	<b>15,397</b>	<b>177</b>	<b>357</b>	<b>769</b>	<b>649</b>	<b>41</b>	<b>118</b>	<b>1,439</b>	<b>1,132</b>	<b>1,055</b>	<b>928</b>
<i>of which:</i>												
<i>Canada</i>	<i>340</i>	<i>248</i>	<i>8</i>	<i>14</i>	<i>68</i>	<i>56</i>	<i>0</i>	<i>0</i>	<i>148</i>	<i>135</i>	<i>57</i>	<i>4</i>
<i>United States</i>	<i>4,979</i>	<i>15,150</i>	<i>168</i>	<i>343</i>	<i>700</i>	<i>593</i>	<i>39</i>	<i>116</i>	<i>1,291</i>	<i>996</i>	<i>999</i>	<i>923</i>
<b>Central America</b>	<b>1,200</b>	<b>3,139</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>61</b>	<b>*</b>	<b>0</b>	<b>270</b>	<b>565</b>	<b>141</b>	<b>8</b>
<b>South America</b>	<b>134</b>	<b>35</b>	<b>0</b>	<b>0</b>	<b>n.a</b> <sup>4</sup>	<b>n.a</b> <sup>4</sup>	<b>*</b>	<b>*</b>	<b>21</b>	<b>*</b>	<b>9</b>	<b>*</b>
<b>Asia</b>	<b>2,186</b>	<b>1,486</b>	<b>4</b>	<b>93</b>	<b>64</b>	<b>198</b>	<b>19</b>	<b>*</b>	<b>138</b>	<b>*</b>	<b>233</b>	<b>*</b>
<i>of which:</i>												
<i>Japan</i>	<i>544</i>	<i>486</i>	<i>4</i>	<i>93</i>	<i>25</i>	<i>4</i>	<i>0</i>	<i>0</i>	<i>48</i>	<i>48</i>	<i>127</i>	<i>63</i>
<b>Africa, Oceania and Polar Regions</b>	<b>899</b>	<b>935</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>261</b>	<b>7</b>	<b>0</b>	<b>326</b>	<b>390</b>	<b>76</b>	<b>8</b>
<b>Not geographically allocated</b> <sup>5</sup>	<b>4,221</b>	<b>4,017</b>	<b>71</b>	<b>474</b>	<b>188</b>	<b>0</b>	<b>89</b>	<b>61</b>	<b>99</b>	<b>121</b>	<b>71</b>	<b>190</b>
<b>Total</b>	<b>42,203</b>	<b>51,923</b>	<b>1,895</b>	<b>1,788</b>	<b>3,445</b>	<b>4,181</b>	<b>761</b>	<b>985</b>	<b>8,166</b>	<b>6,325</b>	<b>4,048</b>	<b>2,028</b>
<i>of which:</i>												
<i>Offshore centres</i> <sup>6</sup>	<i>1,084</i>	<i>3,230</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>*</i>	<i>0</i>	<i>59</i>	<i>612</i>	<i>257</i>	<i>16</i>

Table 2b - Exports and Imports of Services Classified by Geographic Location, 2004 - continued

€ million

Region/Country	Business Services											
	Computer services <sup>7</sup>		Royalties/Licences		Merchanting		Other trade related services		Operational Leasing		Legal, accounting and other professional services	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
<b>Europe</b>	<b>10,916</b>	<b>232</b>	<b>26</b>	<b>5,159</b>	<b>477</b>	<b>*</b>	<b>1,033</b>	<b>5,473</b>	<b>732</b>	<b>38</b>	<b>152</b>	<b>245</b>
<b>EMU countries <sup>2</sup></b>	<b>6,295</b>	<b>43</b>	<b>6</b>	<b>4,383</b>	<b>322</b>	<b>*</b>	<b>361</b>	<b>3,300</b>	<b>465</b>	<b>*</b>	<b>38</b>	<b>69</b>
<b>EU countries 25 <sup>3</sup></b>	<b>9,809</b>	<b>231</b>	<b>26</b>	<b>5,105</b>	<b>453</b>	<b>*</b>	<b>769</b>	<b>5,115</b>	<b>690</b>	<b>37</b>	<b>147</b>	<b>235</b>
<i>of which:</i>												
<i>United Kingdom</i>	2,445	170	17	518	*	*	381	1,322	185	8	110	161
<i>Belgium &amp; Luxembourg</i>	271	1	0	*	*	*	*	364	31	0	0	2
<i>France</i>	1,124	12	*	*	155	0	104	731	75	*	21	17
<i>Germany</i>	2,084	6	4	46	74	0	99	845	107	0	*	15
<i>Italy</i>	721	7	*	*	*	0	62	383	31	*	*	3
<i>Netherlands</i>	1,041	13	0	3,840	*	0	*	517	84	0	3	17
<b>North America</b>	<b>802</b>	<b>50</b>	<b>106</b>	<b>6,429</b>	<b>*</b>	<b>*</b>	<b>157</b>	<b>578</b>	<b>179</b>	<b>*</b>	<b>69</b>	<b>30</b>
<i>of which:</i>												
<i>Canada</i>	1	*	0	*	*	*	*	5	51	*	0	0
<i>United States</i>	801	*	106	*	*	*	*	573	128	*	69	30
<b>Central America</b>	<b>*</b>	<b>0</b>	<b>0</b>	<b>2,296</b>	<b>*</b>	<b>0</b>	<b>576</b>	<b>*</b>	<b>94</b>	<b>*</b>	<b>0</b>	<b>0</b>
<b>South America</b>	<b>*</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>*</b>	<b>83</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Asia</b>	<b>654</b>	<b>7</b>	<b>33</b>	<b>142</b>	<b>*</b>	<b>0</b>	<b>10</b>	<b>510</b>	<b>660</b>	<b>0</b>	<b>0</b>	<b>1</b>
<i>of which:</i>												
<i>Japan</i>	253	0	28	138	*	0	6	*	*	0	0	0
<b>Africa, Oceania and Polar Regions</b>	<b>369</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>-7</b>	<b>0</b>	<b>0</b>	<b>155</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Not geographically allocated <sup>5</sup></b>	<b>2,223</b>	<b>4</b>	<b>12</b>	<b>818</b>	<b>243</b>	<b>*</b>	<b>420</b>	<b>1,116</b>	<b>255</b>	<b>*</b>	<b>89</b>	<b>73</b>
<b>Total</b>	<b>14,972</b>	<b>293</b>	<b>177</b>	<b>14,848</b>	<b>1,040</b>	<b>*</b>	<b>2,196</b>	<b>7,925</b>	<b>2,083</b>	<b>126</b>	<b>310</b>	<b>350</b>
<i>of which:</i>												
<i>Offshore centres <sup>6</sup></i>	43	2	*	2,296	*	0	576	133	43	*	0	2



Table 2b - Exports and Imports of Services Classified by Geographic Location, 2004 - continued

€ million

Region/Country	Business Services - continued													
	Advertising and market research		Research and development		Architectural engineering and other technical services		Management services between affiliates		Other business services		Total business services		Other services n.e.s.	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
<b>Europe</b>	*	<b>1,189</b>	<b>209</b>	<b>317</b>	*	*	<b>306</b>	<b>459</b>	<b>726</b>	<b>1,918</b>	<b>3,945</b>	<b>12,028</b>	<b>364</b>	<b>75</b>
<b>EMU countries</b> <sup>2</sup>	*	<b>610</b>	<b>4</b>	<b>87</b>	*	<b>18</b>	<b>126</b>	<b>210</b>	<b>328</b>	<b>853</b>	<b>1,793</b>	<b>7,451</b>	<b>256</b>	<b>16</b>
<b>EU countries 25</b> <sup>3</sup>	*	<b>1,097</b>	<b>209</b>	<b>314</b>	*	*	<b>284</b>	<b>418</b>	<b>690</b>	<b>1,863</b>	<b>3,537</b>	<b>11,463</b>	<b>364</b>	<b>67</b>
<i>of which:</i>														
<i>United Kingdom</i>	*	409	*	*	67	92	*	197	333	969	1,496	3,371	96	49
<i>Belgium &amp; Luxembourg</i>	0	33	0	0	0	*	*	47	125	35	225	*	0	4
<i>France</i>	*	110	0	21	*	*	26	9	47	169	437	1,077	40	4
<i>Germany</i>	*	213	0	*	52	*	17	35	28	307	393	1,458	108	0
<i>Italy</i>	*	64	0	*	*	0	7	*	20	147	162	611	36	0
<i>Netherlands</i>	0	53	0	28	0	0	*	108	14	86	171	810	36	0
<b>North America</b>	*	<b>1,000</b>	<b>99</b>	<b>2,222</b>	*	<b>11</b>	<b>84</b>	<b>675</b>	<b>108</b>	<b>671</b>	<b>781</b>	<b>5,657</b>	<b>149</b>	<b>77</b>
<i>of which:</i>														
<i>Canada</i>	*	*	0	0	*	0	0	0	3	3	60	26	0	0
<i>United States</i>	*	*	97	2,222	*	11	84	675	105	668	722	5,631	148	77
<b>Central America</b>	*	<b>2</b>	*	<b>0</b>	*	*	<b>5</b>	<b>0</b>	<b>96</b>	*	<b>774</b>	<b>208</b>	<b>0</b>	<b>0</b>
<b>South America</b>	<b>0</b>	*	<b>0</b>	*	<b>0</b>	*	<b>0</b>	<b>0</b>	<b>11</b>	*	<b>98</b>	<b>16</b>	<b>0</b>	<b>0</b>
<b>Asia</b>	<b>0</b>	*	*	*	<b>31</b>	<b>0</b>	<b>6</b>	<b>1</b>	<b>63</b>	<b>127</b>	<b>1,041</b>	<b>780</b>	<b>1</b>	<b>10</b>
<i>of which:</i>														
<i>Japan</i>	0	*	0	*	4	0	0	0	26	26	58	134	0	5
<b>Africa, Oceania and Polar Regions</b>	<b>2</b>	<b>81</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>35</b>	<b>29</b>	<b>122</b>	<b>266</b>	<b>0</b>	<b>1</b>
<b>Not geographically allocated</b> <sup>5</sup>	<b>2</b>	<b>685</b>	<b>20</b>	<b>169</b>	<b>39</b>	<b>15</b>	<b>4</b>	<b>26</b>	<b>321</b>	<b>222</b>	<b>1,380</b>	<b>2,348</b>	<b>85</b>	<b>5</b>
<b>Total</b>	*	<b>3,072</b>	<b>346</b>	<b>2,732</b>	*	*	<b>409</b>	<b>1,161</b>	<b>1,360</b>	<b>3,046</b>	<b>8,141</b>	<b>21,303</b>	<b>599</b>	<b>168</b>
<i>of which:</i>														
<i>Offshore centres</i> <sup>6</sup>	*	9	*	0	5	*	5	0	92	109	721	302	0	0

<sup>1</sup> Excluding passenger fare receipts<sup>2</sup> The relevant EMU countries are: Austria, Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal and Spain<sup>3</sup> For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU25 area. With the expansion of the EU on 1 May 2004, the EU25 area comprises the former EU15 area along with Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovakia and Slovenia<sup>4</sup> Included with Central America<sup>5</sup> This category covers data supplied by respondents without a geographical breakdown<sup>6</sup> This category overlaps with the regions referred to above and covers Andorra, Anguilla, Antigua and Barbuda, Bahamas, Bahrain, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Dominica, Gibraltar, Grenada, Guernsey, Hong Kong, Isle of Man, Jamaica, Jersey, Lebanon, Liberia, Liechtenstein, Maldives, Marshall Islands, Montserrat, Nauru, Netherlands Antilles, Niue, Panama, Philippines, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Singapore, St. Kitts and Nevis, Turks and Caicos Islands, US Virgin Islands, Vanuatu<sup>7</sup> Covers exports and imports of software that was not incorporated as part of computer hardware or physical media but separately transmitted by electronic means. The value of sales and purchases of additional software licences is also included

\* Suppressed for confidentiality reasons but included in the higher level aggregates

Table 3 - Exports and Imports of services classified by country, 2003 and 2004

€ million

Region/Country	2003			2004		
	Exports	Imports	Net	Exports	Imports	Net
Algeria	7	9	-2	5	12	-7
Argentina	*	9	*	28	8	20
Australia	152	205	-53	170	223	-53
Austria	231	157	74	296	131	165
Bahamas	20	0	20	31	1	30
Bahrain	26	0	26	15	*	*
Barbados	*	*	47	*	*	-75
Belgium	552	*	*	567	2,872	-2,305
Bermuda	951	2,113	-1162	832	2,971	-2,139
Brazil	46	*	*	58	8	50
British Virgin Islands	*	*	*	97	*	*
Bulgaria	6	4	2	13	4	9
Cameroon	*	0	*	*	*	*
Canada	234	193	41	340	248	92
Cayman Islands	89	10	79	77	4	73
Central African Republic	0	0	0	0	*	*
China	63	28	35	103	41	62
Colombia	9	13	-4	21	5	16
Côte d'Ivoire	*	3	*	*	*	27
Croatia	*	*	4	*	7	*
Cyprus	8	309	-301	10	*	*
Czech Republic	93	31	62	100	43	57
Denmark	291	168	123	359	260	99
Egypt	36	14	22	47	18	29
El Salvador	7	0	7	14	0	14
Finland	331	198	133	376	191	185
France	2,212	1,878	334	2,546	2,016	530
Georgia	*	*	*	*	0	*
Germany	3,480	2,535	945	4,079	2,577	1,502
Ghana	*	*	-2	1	*	*
Greece	66	76	-10	89	88	1
Guernsey	19	*	*	29	*	*
Hong Kong	71	58	13	87	69	18
Hungary	81	27	54	133	49	84
Iceland	4	5	-1	12	8	4
India	46	14	32	45	16	29
Indonesia	5	6	-1	16	4	12
Iran, Islamic Republic of	4	5	-1	*	*	*
Isle of Man	21	6	15	65	10	55
Israel	64	80	-16	133	51	82
Italy	1,783	1,095	688	1,944	1,356	588
Japan	383	485	-102	544	486	58
Jersey	19	9	10	*	4	*
Korea, Republic of (South Korea)	*	28	*	*	32	*
Kuwait	4	*	*	*	*	*
Latvia	*	*	*	12	6	6
Lebanon	0	*	*	*	11	*

Table 3 - Exports and Imports of services classified by country, 2003 and 2004 - continued

€ million

Region/Country	2003			2004		
	Exports	Imports	Net	Exports	Imports	Net
Liechtenstein	1	0	1	*	*	*
Lithuania	*	0	*	*	*	*
Luxembourg	359	*	*	622	510	112
Malaysia	34	26	8	23	23	0
Mauritius	6	*	*	13	1	12
Mexico	97	26	71	118	21	97
Morocco	16	11	5	*	14	*
Netherlands	1,819	4,639	-2,820	2,029	5,350	-3,321
Netherlands Antilles	*	0	*	33	2	31
New Zealand	45	80	-35	49	55	-6
Nigeria	18	17	1	18	18	0
Norway	208	124	84	224	111	113
Pakistan	*	*	27	21	2	19
Panama	20	0	20	34	0	34
Philippines	5	12	-7	10	21	-11
Poland	68	57	11	*	67	*
Portugal	687	763	-76	589	640	-51
Republic of South Africa	347	201	146	393	196	197
Romania	*	17	*	54	25	29
Russian Federation	182	113	69	245	122	123
Saudi Arabia	43	65	-22	57	62	-5
Serbia and Montenegro	*	9	*	17	9	8
Singapore	69	37	32	63	34	29
Slovakia	17	5	12	*	14	*
Slovenia	*	10	*	29	10	19
Spain	921	919	2	1,014	936	78
Sweden	680	310	370	651	278	373
Switzerland	849	377	472	963	372	591
Taiwan	61	229	-168	297	*	*
Thailand	5	10	-5	10	11	-1
Turkey	68	60	8	127	69	58
Ukraine	*	3	*	*	*	30
United Arab Emirates	31	49	-18	80	64	16
United Kingdom	9,369	7,355	2,014	10,700	7,758	2,942
United States	5,010	15,473	-10,463	4,979	15,150	-10,171
Venezuela	50	39	11	9	*	*
Virgin Islands of the US	*	0	*	*	0	*
International Organisations	16	12	4	17	3	14
Not geographically allocated <sup>1</sup>	3,412	2,441	971	4,221	4,017	204
Marginal trade <sup>2</sup>	104	69	35	117	106	11
<b>World total</b>	<b>37,133</b>	<b>48,223</b>	<b>-11,091</b>	<b>42,203</b>	<b>51,923</b>	<b>-9,721</b>

<sup>1</sup> This category covers data supplied by respondents without a geographical breakdown<sup>2</sup> Subtotal for countries for which exports and imports are less than €10m

\* Suppressed for confidentiality reasons but included in world total

## Background Notes *(May 2006)*

### Introduction

The quarterly balance of payments (BOP) statistics compiled and published for Ireland provide some detail on exports and imports of services along with some regional geographical detail for total services. This new release provides on an annual basis greater analysis of the service components and significantly more geographical detail including a cross-classification of service components according to counterpart country/region. The data are collected and compiled within the BOP framework and as such are designed to comply in so far as possible with the stipulated international methodological standards. They also conform closely with international presentation formats taking materiality and relevance into account as well as data confidentiality constraints. The results published in this release are generally compatible with the information supplied to and published by Eurostat and the European Central Bank (ECB) concerning the economic activities of EU and EMU residents with non-residents of these areas. The figures are also compatible with those supplied to other international organisations such as IMF and OECD.

A summary description of the methodology is given below. It follows as far as possible the recommendations of the IMF's *Balance of Payments Manual - 5th Edition* (BPM5) published in 1993 and its supplement *Financial Derivatives: A Supplement to the 5th Edition (1993) of the Balance of Payments Manual* published in 2000. It also largely complies with the principles described in the *Manual on Statistics of International Trade in Services* (2002) prepared and published jointly by the UN, European Commission, IMF, OECD, UN Conference on Trade and Development and the WTO. Any significant deviations from the international recommendations are highlighted below.

### Data collection

The information on service exports and imports is obtained as part of the overall process of collecting BOP-relevant data. Statutory surveys and other data collection arrangements are conducted under the Statistics (Balance of Payments and Financial Accounts) Order, 2005 made under the Statistics Act, 1993.

Surveys of financial enterprises aim at exhaustive coverage and are conducted generally on a quarterly basis. However, in order to reduce reporting burden, companies with low activity volumes may, on approval from the CSO, provide annual data. Overall, about 4,500 financial entities are currently surveyed. The surveys cover banking, insurance, asset financing, treasury, institutional investment, activities of collective investment institutions (e.g. mutual funds, unit trusts and similar collective investment operations), broking and other financial service provision. Quarterly detailed returns are provided by about 3,500 entities while about 1,000 smaller activity entities provide the same level of detailed data annually. Quarterly estimates are made by the CSO from the annual returns for a specific year and these are used as preliminary quarterly estimates for the following year.

Surveys of manufacturing and non-financial service enterprises are conducted on a quarterly basis also with smaller activity entities reporting annually. Coverage for these entities is on a sample selection basis, those surveyed being selected on the basis of statistical register information concerning their transactions with non-residents. About 500 companies make quarterly or annual returns. Some of the enterprises are Irish owned; others are foreign-owned companies or branches. Both types have trading or investment transactions with non-resident affiliates or with third parties.

In making the overall estimates of imports and exports of services by manufacturing and non-financial enterprises, the survey results are grossed (or scaled) up to allow for non-coverage of enterprises and for some survey non-response. The grossing factors used take into account comparisons of data collected from the BOP surveys with data obtained from other CSO sources such as the Annual Services Inquiry and the Census of Industrial Production.

Apart from survey data, administrative sources also provide information on non-resident service transactions (e.g. the Department of Defence, concerning Ireland's UN military peace-keeping activity; the Department of Foreign Affairs, on expenditure incurred in maintaining Ireland's embassies and consulates abroad). In addition, information on tourism expenditure and receipts is obtained from other CSO inquiries and the freight and insurance service components of merchandise imports are estimated from the official merchandise imports statistics published by the CSO.

### Sign convention and symbols

Service exports and imports are both shown with a positive sign and the net balance for any component or for the overall aggregate is calculated as exports *less* imports. Occasionally, the *merchanted* component of service exports may have a negative sign as a consequence of a merchanted loss being generated by a resident entity.

Amounts are shown in millions of Euro; '0' means amounts of less than €500,000; '-' means 'not relevant'. Cell entries may not add to totals due to rounding.

**Definition of services** The *Manual on Statistics of International Trade in Services* states that

“the term *services* covers a heterogeneous range of intangible products and activities that are difficult to encapsulate within a simple definition. Services are also often difficult to separate from goods with which they may be associated in varying degrees.”

The *Manual* generally respects the 1993 UN *System of National Accounts* usage and definition of the term *services* as follows:

“Services are not separate entities over which ownership rights can be established. They cannot be traded separately from their production. Services are heterogeneous outputs produced to order and typically consist of changes in the condition of the consuming units realised by the activities of the producers at the demand of the customers. By the time their production is completed they must have been provided to the customers”.

Services, unlike goods, are (generally) non-transportable. They differ from goods most notably in the immediacy of the relationship between supplier and consumer. Service supply, depending on the type of service, can involve the supplier travelling to the customer or vice versa, or the use of other means of delivery (e.g. using postal or internet services).

**Valuation** Service transactions, like all BOP transactions, should be recorded on an accruals basis using market valuation, and the collection system is designed to adhere to this approach. In practice, the information supplied to the CSO is based on company accounts data and may include information supplied on a ‘best estimate’ basis.

**Residence** Exports and imports of services occur between residents of Ireland and non-residents. For BOP, the term ‘resident’ covers: (a) individuals, including foreign nationals, living in Ireland for at least one year as well as Irish embassy staff and military staff located abroad, (b) Irish government enclaves located abroad (embassies, consulates, etc.), and (c) corporate bodies who have a centre of economic interest located here, including branches of foreign-registered companies. A ‘non-resident’ is any individual or entity which is not categorised as a ‘resident’ for BOP purposes.

**Geographical allocation principle** Service transactions are allocated to the country of residence of the counterpart i.e. in the case of exports, to the country of residence of the purchaser of the service; in the case of imports, to the country of residence of the entity from which the service was purchased. The country allocation is based on the ISO 3166 classification.

**Description of individual service components** *Services* exports and imports are presented to show nine main categories of service types: *transport, tourism and travel, communications, insurance, financial services, computer services, royalties/licences, other business services and other services not elsewhere specified*. The *other business services* category is further subdivided into *merchandise; other trade related services; operational leasing; legal, accounting and other professional services; advertising and market research; research and development; architectural, engineering and other technical services; management services between affiliates; and other*. In all, a total of seventeen individual service components are identified. The various components are described as follows.

(i) **Transport**

Transport services cover the carriage of passengers, the movement of freight, oil and gas pipeline transport and electricity transmission, along with the chartering of carriers and associated crew. Supporting and auxiliary services (e.g. cargo handling and storage, cleaning in ferry ports and airports, salvage operations) are also included. Export sales data for passenger transport are obtained from resident airline and ferry operators in terms of their receipts from non-residents for travel to and from Ireland. Direct data on receipts for other types of resident transport companies are not available – such expenditure by non-resident visitors to Ireland being captured indistinguishably in the *travel and tourism* receipts (exports). Respondents may provide their ‘best estimates’ in respect of the geographical breakdown required because of the difficulty of knowing in all cases the precise country of residence of their customers. Payments by Irish residents to non-resident transport enterprises in general cannot be directly distinguished at present. Such payments (imports) are included in the *travel and tourism* expenditure data. Receipts by resident airline and shipping companies for freight services provided (exports) to non-residents are obtained from these enterprises, the geographical breakdown being provided on a ‘best estimates’ basis where necessary. Imports of freight services are estimated from the official merchandise imports figures in calculating the necessary deduction to transform the imports valuation from a c.i.f (cost, insurance, freight) to a f.o.b. (free on board) basis as required for BOP purposes. The overall c.i.f. to f.o.b. adjustment factors are 2% for intra-EU imports and 4.8% for extra-EU freight. In each case, the freight element is estimated to account for 90% of this overall adjustment while the remaining 10% is allocated to the insurance element. Within the *transport* category three service components are shown: *passenger, freight and auxiliary services*.

(ii) ***Tourism and travel***

The category *tourism and travel* essentially covers the goods and services acquired in one economy by a resident of another economy during visits of less than one year. The results shown for *tourism and travel* are derived from the tourism statistics collected and compiled by the CSO primarily from its quarterly Passenger Card Inquiry (PCI) and from its monthly Country of Residence Survey (CRS) but supplemented by information obtained from its Household Travel Survey. The PCI and the CRS surveys are conducted independently at airports and ferry ports to meet the requirements of EU Council Directive 95/57/EC and Commission Decision 95/57/EC, each inquiry obtaining information for about half a million travellers over the course of a year. The PCI is a continuous sample survey of incoming and departing passengers at airports and seaports. It collects details of purpose of journey, country of residence, expenditure and fare costs, length of stay (for passengers travelling into and out of Ireland), and type of accommodation used (for visitors to Ireland). In the CRS, a sample of sailings and flights is selected and a one-in-five systematic sample of passengers for both modes of travel is surveyed. The data collected provide country of residence analyses of arriving and departing overseas travellers into/out of Ireland as well as information on route taken and mode of transport. The sample results are grossed up to total passenger numbers provided by resident airline and ferry companies. The PCI results are combined with the overall visit estimates from the CRS to provide the official overseas tourism and travel estimates published by the CSO.

(iii) ***Communications***

This covers postal and courier services and telecommunications services. Postal and courier services include the pick-up, transport and delivery of letters, postcards, printed matter, parcels and packages. Telecommunications services include the transmission of sound, images and other information by telephone, radio and television broadcasting, electronic mail, facsimile services and by satellite delivery. Also included are cellular telephone services and internet access services. Details of expenditures by resident enterprises on services purchased from non-residents are obtained from the BOP surveys of these enterprises. Information on receipts from non-residents in respect of their purchases of Irish-produced communications services are obtained from resident service providers.

(iv) ***Insurance***

The value of *insurance* services provided to non-residents by resident insurers (exports) is compiled from survey returns. It is estimated according to the international standards as the value of direct and supplementary premiums earned less the value of claims payable less increases in the actuarial element of insurance technical reserves. Supplementary premiums consist of investment income earned on investing the insurance technical reserves. This income is attributed to the policy holders and is also treated as being paid back to the insurance company by them. Capital and exchange gains and losses are excluded from the calculation of the output of resident insurance providers and data suppliers are requested to provide the relevant details to ensure that any impact of such gains/losses is removed. The value of insurance services purchased by residents from non-resident insurers (imports) is currently estimated primarily as insurance premiums paid less claims received. Reinsurance transactions in premiums and claims are currently treated on a gross basis and are incorporated in the results presented. Auxiliary insurance services (e.g. broking) are treated as part of insurance and receipts and payments for such services are included. In relation to merchandise imports, as described already for *transport* services, the insurance element of the c.i.f. to f.o.b. adjustment made for merchandise imports is estimated as 0.2% of the c.i.f. value for Intra-EU imports; for Extra-EU imports, the insurance element is estimated as 0.48% of the import value. These amounts are recorded under *insurance* imports. Given the complex nature of the insurance (and reinsurance) business in Ireland, the estimation procedures for both exports and imports of insurance services are currently being reviewed.

(v) ***Financial services***

This item covers financial intermediation and auxiliary services, except those of life insurance and pension funding and non-life insurance. Included are:

- (1) Specific types of financial service which generate explicit or implicit fees and commissions associated with financial transactions such as, for example, deposit taking and lending, financial leasing, factoring, etc.
- (2) Provision of services in the areas of, for example, financial advice, financial security custody and trustee services, management of financial assets, company mergers and acquisitions.



The following are excluded from *financial services*:

1. Interest earned on deposits, loans, financial leases and debt securities (this is investment income, not included in services);
2. Life insurance and pension intermediation services;
3. Other insurance services;
4. Non-financial advisory services provided by banks (such as management advisory services, which are included under the appropriate category);
5. Gains and losses made on purchase and sales of securities and financial derivatives on own account;
6. Financial intermediation services indirectly measured (FISIM). Some financial intermediaries are able to provide services for which they do not charge explicitly. FISIM is the measure of the value of these services. Financial intermediaries do this by paying to lenders (those from whom they borrow funds in the form of deposits and/or loans) rates of interest lower than the rates that they charge to those to whom they lend through loans (and to different categories of these lenders and borrowers). The IMF's 1993 BPM5 does not recommend the inclusion of FISIM in financial services but the UN's 1993 System of National Accounts (SNA) does make such a recommendation. Also the 1995 EU European System of Accounts (ESA) regulation (Council Regulation (EC) No 2223/96) as amended by Council Regulation (EC) No 448/98 and Commission Regulation (EC) No 1889/2002 require the inclusion of the FISIM element under services and, hence, as part of GDP. There is therefore a difference in treatment of FISIM currently by CSO between the approach adopted for BOP purposes and that used for the national accounts. It is possible, however, under the current international review of the BOP standards that the present BOP treatment of FISIM will be aligned with that of the national accounts standards.

In addition to explicit fees that may be charged for the conversion of foreign exchange, implicit service fees for foreign exchange transactions are valued as the spread between the mid-point rate and the buying or selling rate. Therefore all financial service fees may not be invoiced separately; they may be included indistinguishably with the financial transactions to which they relate. An example is the invoiced price of a security that includes a charge for the brokerage service provided, as well as charges for the international transfer of foreign currency. Such services are difficult to record and reporters may include them indistinguishably with the values of related financial transactions.

(vi) ***Computer services***

The *computer services* component consists of hardware and software-related services and data-processing services. Included are hardware and software consultancy and implementation services; maintenance and repair of computers and peripheral equipment; disaster recovery services; provision of advice and assistance on matters related to the management of computer resources; analysis, design and programming of systems ready to use (including web page development and design), and technical consultancy related to software; development, production, supply and documentation of customised software, including operating systems made to order for specific users; translation and localisation services; systems maintenance and other support services, such as training provided as part of consultancy; data-processing services, such as data entry, tabulation and processing on a time-sharing basis; web page hosting services; and computer facilities management. Sales and purchases of software transmitted electronically are recorded under *computer services*. Excluded from *computer services* are the export/import of packaged (non-customised) software which is embedded in hardware or carried on other physical media. This software is classified as *merchandise* in the official foreign trade statistics.

The relevant information on computer services is obtained from the usual BOP survey sources. In valuing these services reporters are asked to include the value of software licence fees received (exports) or paid (imports). This is a conscious CSO departure from the international standards which require that such licence fees be included under the service item *royalties/licence fees*. The treatment described was adopted in order to facilitate users in analysing the contribution of computer software producers to the economy.

(vii) ***Royalties/licences***

This item covers franchises and similar rights as well as other royalties and licence fees. Franchises and similar rights comprise international payments and receipts of franchising fees and the royalties paid for the use of registered trademarks. Other royalties and licence fees includes international payments and receipts for the authorised *use* of intangible, non-produced, non-financial assets and proprietary rights (such as patents, copyrights and industrial processes and designs) and with the use, through licensing agreements, of produced originals or prototypes (such as manuscripts, and cinematographic works and sound

recordings). In line with the IMF's BPM5 recommendation, payments and receipts for the outright purchase or sale of these assets and rights are excluded from this service component. Instead, such transactions are recorded as capital account transactions in the Balance of Payments statement. As described above under item (vi) *computer services* and as a conscious CSO departure from the international recommendations, receipts and payments in respect of computer software licence fees are not included under *royalties and licence fees* but are instead included under *computer services*. A further deviation from the international standards is that royalty receivables and payables in connection with the entertainment industry (mainly concerning film distribution and musical recordings and performances) are currently excluded from *royalties and licence fees* and included under *other services not elsewhere specified*.

(viii) **Other business services**

This item covers receivables and payables for the following services, the data for which are obtained from survey returns: (a) *merchancing*; (b) *other trade-related services*; (c) *operational leasing*; (d) *legal, accounting and other professional services*; (e) *advertising and market research*; (f) *research and development*; (g) *architectural, engineering and other technical services*; (h) *management services between affiliates*; and (i) *other services*. The various service sub-categories are described as follows.

- a. *Merchancing* consists of the sales net of purchases by Irish resident enterprises of foreign goods bought from and sold to non-residents without the goods entering or leaving Ireland. The net profit resulting from these transactions is recorded as a (positive) service export value under *merchancing services*; any net loss from this activity is recorded as a negative export value. As an interpretation of the philosophy of the current international standards, the CSO also includes under merchancing the value on a net basis of services delivered by Irish residents to foreign customers through a contracted foreign service provider<sup>1</sup>. These services may or may not be associated with the supply of goods or equipment. The amount recorded under *merchancing* is the amount received by the Irish resident from the foreign customer less the amount paid by the former to the foreign contracted service provider.
- b. *Other trade-related services* consist of commissions earned by resident entities acting as agents for non-residents or paid to non-resident entities acting as agents for residents in connection with imports or exports of goods or services. Excluded are financial brokerage fees (included in *financial services*) and transport related fees (included in the appropriate component of *transport*).
- c. *Operational leasing* covers rental receivables and payables between residents and non-residents in respect of leasing (other than financial leasing) and chartering, without operators, of aircraft, ships and other transport or other equipment and plant.
- d. *Legal, accounting and other professional services* covers: legal consultancy, advisory and representation services, drafting services of legal documentation and instruments; accounting, auditing, bookkeeping, tax consulting and tax planning and document preparation services; business and management consulting and other professional services.
- e. *Advertising and market research* services include the design and creation of advertisements by advertising agencies; media placement, including the purchase and sale of advertising space; exhibition services provided by trade fairs; the promotion of products abroad; market research; telemarketing; and public opinion polling on various issues.
- f. *Research and development* services cover those services that are associated with basic research, applied research and experimental development of new products and processes. Activities in the physical sciences, social sciences and humanities are covered, including the development of operating systems that represent technological advances. Also included is commercial research related to electronics, pharmaceuticals and biotechnology.
- g. *Architectural, engineering and other technical services* covers services related to architectural design of development projects; planning, design and supervision of the construction of civil and other engineering projects; surveying; cartography; product testing and certification; and other technical services.

<sup>1</sup>The international standards limit merchancing activity to the international purchase and sale of goods which neither enter or leave the compiling economy. These standards require that services outsourced outside the compiling economy by a resident supplier and associated with the supply of merchanted goods should be treated and recorded on a gross basis in both the BOP and the international trade in services statistics. The CSO has not adopted this approach for reasons of possible consequential statistical distortion, particularly in the context of potentially large transactions in imports and exports of outsourced services having little impact on domestic employment levels.



- h. *Management services between affiliates* covers payments between related enterprises for management (or other overhead) services that cannot be specifically classified to any other component of *services*.
- i. *Other services* covers any other business services that cannot be classified to any of the business services listed above.

(ix) ***Other services not elsewhere specified***

This includes government services, personal, cultural and recreational services, construction services and any other services transacted between residents and non-residents. These services are described as follows.

1. *Government services* covers government transactions with non-residents (e.g. welfare and pension payments) and includes transactions with international organisations (e.g. receipts by the Government from the EU Commission to cover the cost of collection of Ireland's budgetary contributions to the EU). Also included under government services are the value of expenditure abroad (i.e. imports) by Irish embassies, consulates, and military units (e.g. associated with UN peace-keeping engagements) with residents of economies in which the embassies, consulates and military units are located; receipts by Irish residents from foreign embassies and consulates located in Ireland are correspondingly included (as exports). As a general exclusion under the international standards, transactions by embassies, consulates and the like, and their staff, with residents of the home economies of the embassies, consulates, etc. are not recorded in international service transactions (or in balance of payments) statistics. The data are obtained from Government departments and from embassies and consulates located in Ireland.
2. *Personal, cultural and recreational services* covers audiovisual and related services and other personal, cultural and recreational services. Included are services and associated fees related to the production of motion pictures, radio and television programmes (live or recorded) and musical recordings and performances. Fees for distribution rights (for television, radio and film) are also included. Excluded are purchases and sales of films, television and radio programmes, recorded music, musical compositions and manuscripts, and the rights to these. The estimates included are based on information obtained from a number of sources including data provided by representative and industry bodies as well as media reports and articles. As described above under the *royalties and licence fees* heading, the current treatment for royalty receivables and payables mainly in connection with film distribution and musical recordings and performances deviates from the international standards. These amounts are excluded from *royalties and licence fees* and included under *personal, cultural and recreational services*.
3. *Construction services* cover work performed on construction projects and installation by employees of an enterprise in locations outside the economic territory of the enterprise. The work may be performed for a short period of time e.g. for less than one year for smaller projects. Some of the construction work undertaken in Ireland can be considered to fall within the ambit of construction services as enterprises from Northern Ireland provide the service on a cross-border basis. However, for larger projects the work may extend over a number of years. In such cases, it is likely that the enterprise undertaking such a project will either set up a long-term site office in the country in which the project is being undertaken, or more probably it will establish a subsidiary or branch in that location. Where a long-term (over one year) site office or a subsidiary/branch are established, the construction work undertaken is deemed to be a direct investment operation (see the definition of *direct investment* in any of the other CSO Releases: *Balance of International Payments*, *International Investment Position* or *Foreign Direct Investment*). Because of current difficulties in collecting the relevant data directly from the required number of construction companies, the construction service estimates are based on data collected from local authorities and from the Department of the Environment, Heritage and Local Government. These estimates attempt to reflect the net construction service inflows (exports) and outflows (imports) vis-a-vis non-residents in the year. Further work is ongoing on this item and it is intended to compile and publish specific data for construction services when circumstances permit.
4. Any other services not specified above are included under this residual heading.