

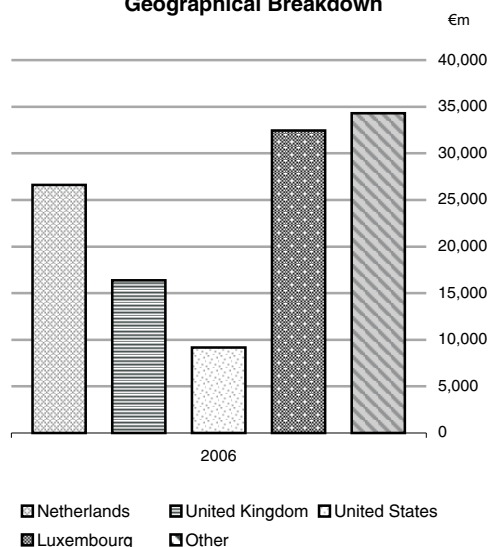


Central Statistics Office
An Phríomh-Oifig Staidrimh

31 January 2008

Foreign Direct Investment 2006

**Stock of Inward Direct Investment
Geographical Breakdown**



	€million		
	2004	2005	2006
Foreign Direct Investment			
Flows - Abroad	-14,552	-11,509	-11,746
Flows - In Ireland	-8,543	-25,482	-747
Positions - Abroad - end year	78,329	88,287	93,619
Positions - In Ireland - end year	152,446	138,620	118,901
Net Income Flows	-25,938	-26,343	-23,043

Gap between Ireland's inward and outward foreign direct investment (FDI) closes further in 2006

Stocks (positions) of direct investment abroad reached €93,619m at the end of 2006, continuing to approach the level of inward investment (€118,901m). The stock of direct investment abroad reflects the *Equity Capital & Reinvested Earnings* position of €83,041m as well as *Other Capital* of €10,578m. Most of the total outward position is accounted for by European countries (€68,944m), partly made up of: UK (€24,269m), Netherlands (€7,039m) and European Offshore Centres (€5,547m) – see Table 3.

At the end of 2006 stocks of direct investment into Ireland stood at €118,901m, compared with €138,620m at the end of 2005. The 2006 figures show that *Equity Capital & Reinvested Earnings* amounted to €171,106m. This was partly offset by a negative *Other Capital* position of €52,206m (the latter essentially relating to loan outflows by foreign owned enterprises in Ireland to their affiliates abroad). As with the outward position, the majority of the total year-end inward position was attributable to EU countries, mainly: Luxembourg (€32,457m), Netherlands (€26,601m) and UK (€16,366m) – see Table 4.

This release provides end-2006 positions (balance sheet) data on inward and outward direct investment, as well as transactions during the year. A geographic breakdown by counterpart country/region is shown as well as new results showing a breakdown of direct investment flows and positions by the principal economic activity (using the NACE Rev. 1.1 classification) of the resident direct investment enterprise for 2005 and 2006. The new results are in tables 5 – 8.

It also incorporates revisions to the 2005 and 2004 data arising partly from revised Balance of Payments statistics released on 28 June 2007 and partly from improved stock data from respondents. The results presented are consistent with those published in the quarterly *Balance of International Payments* and annual *International Investment Position* releases, the latter published on 12 October 2007.

In interpreting the figures it may be noted that indirect routing of inward or outward investment via other countries may occur. Geographical allocation is based on the country of residence of the immediate counterpart and, therefore, investment by US companies in Ireland, effected through intermediary subsidiaries located in other countries is attributed to these countries, e.g. the Netherlands (see *Background Notes*).

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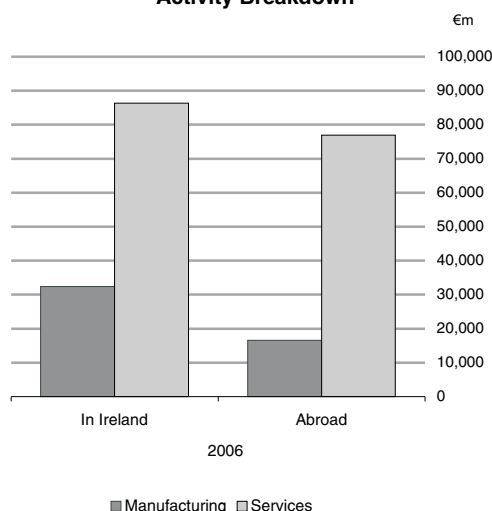
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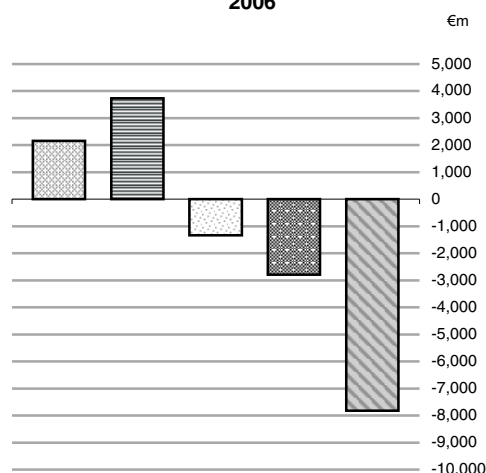
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Stocks of Direct Investment Activity Breakdown



Inward Direct Investment Flows 2006



■ UK ■ Luxembourg ■ France ■ Germany ■ Netherlands

The new analysis showing an economic activity breakdown of FDI indicates that the *Services Sector* (€86,305m) accounted for the majority of the total inward position. Within this, the main components are *Monetary Intermediation* (€28,184m), *Insurance Services* (€24,659m) and *Other Financial Intermediation* (€15,097m) – see *Table 8*. Most of the outward direct investment position at end-2006 was accounted for by the *Services Sector* (€76,918m). Of this, the *Financial Intermediation Sector* (€32,646m) made up almost half – see *Table 7*.

Regarding direct investment flows, during 2006 the combination of inward *Equity* and *Reinvested Earnings* amounted to €4,278m. This was exceeded by the *Other Capital* outflows amounting to €5,027m (mainly loans by foreign-owned operations in Ireland to their affiliates abroad) and resulted in an overall net outflow of €747m. As before, European countries accounted for most of the value of the transactions, (e.g. outflows to Netherlands of €7,823m and Germany €2,785m, and inflows from Luxembourg of €3,733m) – see *Table 2*.

While there was a small change in flows of investment abroad (up to €11,746m in 2006 compared to €11,509m in 2005), there was a shift from a disinvestment by Irish investors in the US of €3,402m in 2005 to an increase in investment of €4,056m. This helped to offset the reduced investment by Irish resident investors in European countries of €6,337m in 2006 – see *Table 1*.

Looking at the economic activity figures, there were strong flows of investment abroad by the *Services Sector* (€14,063m) and much of this was to EU countries (€9,226m) – see *Table 5*.

The *Services Sector* (€11,141m) also accounted for much of the inward investment into Ireland with the *Insurance Sector* (€8,039m) featuring prominently. There was an outflow of €11,762m from the *Manufacturing Sector* reducing investment into Ireland, mainly due to outflows of other capital to affiliates abroad in the *Chemical Sector* (€10,720m) – see *Table 6*.

Other points of note are:

- ◆ Outward direct investment flows in equity increased from €3,832m in 2005 to €7,028m to EU countries – see *Table 1*.
- ◆ *Reinvested Earnings* attributable to Ireland from the Netherlands increased from €1,412m to €3,284m – see *Table 2*.
- ◆ The direct investment income outflows to US investors increased from €6,810m to €8,599m, between 2005 and 2006 – see *Table 9*.
- ◆ In 2005 the *Insurance Sector* accounted for €1,783m of the direct investment flows into Ireland, of which, €1,255m was from the US. In 2006 the total inward flow to this sector was €8,039m – see *Table 6*.
- ◆ In 2006 the US (€11,041m) accounted for one third of the inward direct investment position in the *Manufacturing Sector* (€32,430m) – see *Table 8*.

Table 1 - Direct Investment¹ Flows Abroad Classified by Location of Investment

€ million

Region/Country	2004				2005 ²				2006			
	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total
Europe	-4,027	-1,897	-4,322	-10,245	-4,972	-2,764	-4,211	-11,948	-6,908	-2,490	3,060	-6,337
<i>of which:</i>												
United Kingdom	-1,814	-1,356	-751	-3,920	-1,988	-1,535	-1,478	-5,001	-1,951	-1,595	-932	-4,479
France	*	6	*	-165	*	-54	*	-30	435	-90	11	357
Germany	*	*	-15	123	68	*	*	-89	*	-37	2	*
Netherlands	-32	-290	-1,536	-1,858	215	-343	-3,478	-3,606	28	-293	*	*
Belgium	*	*	*	*	5	-15	4	-6	*	11	*	-206
Luxembourg	*	-4	*	29	*	-55	*	*	*	*	*	*
Spain	*	-41	-18	*	*	-68	152	*	*	-65	-10	*
Italy	*	*	-46	-43	*	23	*	203	-1	*	*	6
Switzerland	*	-14	*	-50	*	-19	*	-119	6	-16	53	44
EU countries ²⁵ ³	-2,889	-1,455	-4,222	-8,566	-3,832	-2,374	-4,390	-10,597	-7,028	-2,133	2,990	-6,171
EU countries ¹⁵	-2,766	-1,755	-4,217	-8,737	*	-2,347	*	*	-7,159	-2,117	2,885	-6,391
EMU countries ⁴	-946	-400	-3,224	-4,570	-3,033	-792	-2,955	-6,778	-5,097	-479	3,804	-1,772
Americas	-885	-698	-2,439	-4,020	914	-615	322	621	-4,621	-1,027	669	-4,978
North America	*	-368	*	-1,533	969	-512	2,885	3,340	*	*	-2,895	-4,060
<i>of which:</i>												
Canada	*	-16	*	-78	-3	-46	-13	-62	*	*	45	-4
United States	-481	-351	-623	-1,456	971	-466	2,897	3,402	-378	-739	-2,941	-4,056
Central America	*	*	*	*	*	*	*	*	*	*	*	-900
South America	-2	*	*	*	*	*	*	*	*	*	*	-19
Asia	-14	-58	-42	-113	*	-108	*	-204	51	-113	2	-61
<i>of which:</i>												
China	*	0	*	1	0	*	*	-3	*	-8	*	-21
Japan	*	-17	*	-35	*	*	-5	-96	*	*	55	91
Hong Kong	*	*	-3	-21	0	*	*	-24	0	*	*	-30
Africa, Oceania and Polar Regions	-8	-58	40	-28	*	-165	*	*	*	*	*	-23
Not geographically allocated ⁵	-104	-8	-30	-146	*	-31	*	*	*	*	*	-348
Total	-5,038	-2,719	-6,793	-14,552	-3,629	-3,682	-4,197	-11,509	-11,463	-3,765	3,483	-11,746
<i>of which:</i>												
All offshore centres ⁶	*	-726	*	-3,072	*	-516	*	-3,955	*	-616	*	-1,308

¹ The sign convention used is: for flows 'Abroad' a minus sign means investments abroad by Irish investors exceeded their disinvestments in the period, while an entry without sign means disinvestment exceeded investment

² Revised

³ 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

⁴ The relevant EMU countries are: Austria, Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal and Spain

⁵ This category covers data supplied by respondents without a geographical breakdown

⁶ This category overlaps with the regions referred to above and covers Andorra, Antigua and Barbuda, Anguilla, Netherlands Antilles, Barbados, Bahrain, Bermuda, Bahamas, Belize, Cook Islands, Dominica, Grenada, Guernsey, Gibraltar, Hong Kong, Isle of Man, Jersey, Jamaica, St. Kitts and Nevis, Cayman Islands, Lebanon, Saint Lucia, Liechtenstein, Liberia, Marshall Islands, Montserrat, Maldives, Nauru, Niue, Panama, Philippines, Singapore, Turks and Caicos Islands, Saint Vincent and the Grenadines, British Virgin Islands, US Virgin Islands, Vanuatu, Samoa

* Data suppressed for confidentiality reasons

Table 2 - Direct Investment¹ Flows into Ireland Classified by Location of Investor

€ million

Region/Country	2004				2005 ²				2006			
	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total
Europe	-4,570	13,289	-6,529	2,190	5,266	5,464	-36,478	-25,748	-5,337	9,331	-1,159	2,835
of which:												
United Kingdom	-512	1,772	-7,395	-6,136	-2,275	2,248	-5,245	-5,271	-1,251	2,431	984	2,164
Belgium	-39	-156	217	21	353	-328	-2,534	-2,510	-18	-639	362	-296
Luxembourg	896	1,251	3,586	5,733	3,319	-855	-1,474	991	33	1,219	2,481	3,733
France	454	380	-815	19	*	382	*	2,137	*	317	*	-1,335
Germany	-335	811	-259	218	-51	785	-2,296	-1,560	-1,275	614	-2,125	-2,785
Italy	308	554	-580	282	-108	611	61	564	-572	500	-343	-414
Netherlands	*	7,240	*	7,135	-1,212	1,412	-8,818	-8,618	-1,692	3,284	-9,417	-7,823
EU countries 25 ³	-4,731	11,973	-3,807	3,435	6,099	4,515	-27,371	-16,756	-5,364	7,895	-4,149	-1,618
EU countries 15	-4,730	11,973	-4,021	3,221	*	4,430	*	-16,284	*	*	-4,409	-1,651
EMU countries ⁴	-1,837	10,160	5,641	13,962	8,094	2,106	-21,084	-10,886	-4,433	5,549	-9,798	-8,683
North America	-470	1,275	-9,350	-8,544	*	-1,981	*	39	-2,034	3,313	*	*
of which:												
Canada	-187	91	-40	-136	*	-104	*	-1,121	-287	-65	*	*
United States	-283	1,184	-9,308	-8,407	-117	-1,877	3,154	1,158	-1,746	3,378	-1,132	501
Central America	-67	-5,225	1,500	-3,794	-453	907	811	1,266	1,447	-2,351	-1,751	-2,654
of which:												
Mexico	n.a. ⁵	n.a. ⁵	n.a. ⁵	431	*	*	1,074	1,187	0	*	*	-266
South America	-1	0	751	752	0	0	29	29	0	0	*	*
of which:												
Brazil	0	0	74	74	0	0	56	56	0	0	-18	-18
Asia	402	-58	1,365	1,709	*	*	-766	-949	*	*	-480	-810
of which:												
Japan	*	-86	*	1,757	*	*	1,689	1,533	0	*	*	-253
China	0	0	*	*	0	0	-372	-372	0	0	-28	-28
Africa, Oceania and Polar Regions	43	8	155	206	*	*	*	-158	*	*	*	700
Not geographically allocated ⁶	1	2	-1,063	-1,062	1	3	35	39	14	94	-2,769	-2,661
Total	-4,662	9,291	-13,171	-8,543	3,960	4,257	-33,698	-25,482	-5,809	10,087	-5,027	-747
of which:												
All offshore centres ⁷	59	-4,517	-1,439	-5,896	383	1,463	-9,919	-8,072	1,381	-2,033	2,229	1,578

¹ The sign convention used is: for flows 'In Ireland' an entry without sign means that investment transactions into Ireland exceeded disinvestment, while a minus sign indicates that disinvestment exceeded investment² Revised³ 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 Slovenia⁴ The relevant EMU countries are: Austria, Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal and Spain⁵ Not available⁶ This category covers data supplied by respondents without a geographical breakdown⁷ This category overlaps with the regions referred to above and covers Andorra, Antigua and Barbuda, Anguilla, Netherlands Antilles, Barbados, Bahrain, Bermuda, Bahamas, Belize, Cook Islands, Dominica, Grenada, Guernsey, Gibraltar, Hong Kong, Isle of Man, Jersey, Jamaica, St. Kitts and Nevis, Cayman Islands, Lebanon, Saint Lucia, Liechtenstein, Liberia, Marshall Islands, Montserrat, Maldives, Nauru, Niue, Panama, Philippines, Singapore, Turks and Caicos Islands, Saint Vincent and the Grenadines, British Virgin Islands, US Virgin Islands, Vanuatu, Samoa

* Data suppressed for confidentiality reasons

Table 3 - Direct Investment¹ Abroad End Year Positions Classified by Location of Investment € million

Region/Country	2004 ²			2005 ²			2006		
	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total
Europe	47,083	7,179	54,267	56,852	9,814	66,666	61,640	7,304	68,944
of which:									
United Kingdom	13,954	4,074	18,028	17,408	5,203	22,611	18,462	5,807	24,269
France	1,634	342	1,976	1,964	176	2,140	1,453	173	1,626
Germany	3,387	176	3,563	2,508	73	2,581	3,080	93	3,173
Netherlands	6,354	270	6,629	7,170	2,103	9,273	7,618	-579	7,039
Italy	720	97	816	594	90	683	1,033	131	1,164
Switzerland	180	66	246	321	64	385	*	*	349
Offshore centres	3,971	230	4,202	5,626	80	5,706	5,308	239	5,547
EU countries ²⁵	42,894	6,877	49,776	50,577	9,638	60,215	55,651	7,005	62,656
EU countries 15	*	*	46,668	*	*	57,424	*	7,066	*
EMU countries ⁴	25,390	2,533	27,928	29,963	4,245	34,208	32,739	1,138	33,878
Americas	13,447	3,515	16,962	10,353	3,623	13,976	15,217	2,855	18,072
North America	*	*	12,458	9,411	-1,557	7,854	10,128	1,582	11,710
of which:									
Canada	*	*	163	230	25	255	262	-26	236
United States	10,976	1,319	12,295	9,181	-1,582	7,598	9,866	1,608	11,474
Central America	*	*	*	*	*	*	*	*	*
of which:									
Offshore centres	1,746	2,124	3,870	*	*	5,547	*	*	6,000
South America	*	*	*	*	*	*	*	*	*
Asia	*	168	*	*	214	*	*	86	*
Africa	*	*	1,203	616	23	639	*	*	*
Oceania and Polar Regions	*	*	*	*	*	496	*	*	402
Not geographically allocated ⁵	652	136	784	720	*	*	828	404	1,230
Total	67,371	10,958	78,329	74,327	13,960	88,287	83,041	10,578	93,619
of which:									
All offshore centres ⁶	5,770	2,364	8,134	*	*	11,355	10,221	1,447	11,667

¹ The sign convention used is: for year-end positions 'Abroad', an entry without sign indicates a net asset position, while a minus sign indicates a net liability position

² Revised

³ 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

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* Data suppressed for confidentiality reasons

Table 4 - Direct Investment¹ in Ireland End Year Positions Classified by Location of Investor

€ million

Region/Country	2004 ²			2005 ²			2006		
	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total
Europe	122,333	3,879	126,211	139,184	-27,879	111,305	126,880	-29,962	96,918
of which:									
United Kingdom	26,266	-2,822	23,444	26,672	-9,262	17,410	25,387	-9,021	16,366
Belgium	2,104	-286	1,817	*	*	-692	2,442	-3,228	-787
Luxembourg	22,592	1,969	24,561	28,456	567	29,023	29,001	3,456	32,457
France	3,585	-1,220	2,365	9,660	-4,295	5,365	10,999	-4,666	6,333
Germany	4,873	657	5,529	2,802	-1,526	1,277	6,623	-3,563	3,061
Italy	7,210	-2,501	4,709	6,693	-1,602	5,092	7,119	-1,573	5,546
Netherlands	44,319	7,568	51,887	50,770	4,371	55,141	32,402	-5,801	26,601
Spain	*	*	-674	1,213	-3,347	-2,134	1,343	-3,592	-2,249
Switzerland	5,204	525	5,729	4,207	-98	4,109	5,073	-958	4,115
Offshore centres	2,592	3,595	6,187	*	*	-2,577	*	*	1,296
EU countries 25 ³	113,670	42	113,712	131,877	-22,105	109,772	119,001	-27,574	91,427
EU countries 15	*	*	113,393	131,698	-21,783	109,915	118,996	-27,491	91,505
EMU countries ⁴	86,145	4,575	90,720	103,467	-9,857	93,610	91,741	-20,161	71,580
North American Countries	*	-17,137	*	31,944	-14,993	16,951	31,693	-15,216	16,477
of which:									
Canada	6,397	*	*	6,022	-799	5,224	6,423	886	7,309
United States	*	*	10,718	25,922	-14,195	11,728	25,270	-16,103	9,168
Central American Countries	10,502	-709	9,793	11,752	-970	10,782	10,710	-2,639	8,071
of which:									
Offshore centres	9,363	205	9,568	11,563	-986	10,576	10,535	-2,447	8,088
South American Countries	0	*	*	0	-353	-352	0	-409	-409
of which:									
Brazil	0	*	*	0	-364	-364	0	-374	-374
Asia	772	1,339	2,111	631	651	1,281	251	4	255
of which:									
Japan	581	772	1,353	598	2,496	3,093	259	2,393	2,652
Singapore	*	*	876	*	*	-178	*	*	-156
China	0	282	282	0	94	94	0	160	160
Offshore centres ⁵	175	917	1,092	*	*	-516	*	*	-752
Africa	*	*	-130	*	*	-281	*	*	*
Oceania and Polar Regions	*	*	-397	*	*	-575	*	*	*
Not geographically allocated ⁶	7	-1,475	-1,469	617	-1,108	-491	1,057	-3,532	-2,473
Total	167,661	-15,215	152,446	184,457	-45,837	138,620	171,106	-52,206	118,901
of which:									
All offshore centres ⁷	12,130	4,716	16,846	14,124	-6,641	7,483	12,698	-4,067	8,631

¹ The sign convention used is: for year-end positions 'In Ireland' an entry without sign indicates a net liability position, while a minus sign indicates a net asset position

² Revised

³ 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

⁴ The relevant EMU countries are: Austria, Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal and Spain

⁵ This category overlaps with some of the regions referred to above

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* Data suppressed for confidentiality reasons

Table 5 - Direct Investment¹ Flows Abroad Classified by Activity² of Resident Investor, 2005 and 2006 € million

Sector	NACE ²	2005			2006		
		Total	of which:		Total	of which:	
			EU 25 ³	EMU 12 ⁴		EU 25 ³	EMU 12 ⁴
All Industries		-11,509	-10,597	-6,778	-11,746	-6,171	-1,772
Construction	45	*	*	*	*	*	*
Total Manufacturing Sector	15 - 37	-1,821	-2,526	-1,869	2,348	3,084	*
Food products	15, 16	-55	*	*	*	*	*
Textiles and wood	17, 18 & 20 - 22	-1,767	*	*	*	-106	*
Chemical products	24	560	*	*	638	*	*
Other manufacturing n.e.s.		-559	-340	52	-264	-100	136
Total Services Sector	50 - 99	-9,679	-8,062	-4,898	-14,063	-9,226	-5,385
Trade and repairs	50 - 52	-499	*	-286	-535	-118	-77
Financial intermediation	65 - 67	-2,587	-2,583	-1,992	-5,780	-5,566	*
Computer activities	72	-548	*	*	-134	14	-51
Other service activities ⁵		-6,045	-4,789	*	-7,614	-3,556	*
Unallocated Economic Activity		*	*	*	*	*	*

¹ The sign convention used is: for flows 'Abroad' a minus sign means investments abroad by Irish investors exceeded their disinvestments in the period, while an entry without sign means disinvestment exceeded investment

² The activity classification used in this release is the NACE Rev.1.1 classification

³ 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

⁴ The relevant EMU countries are: Austria, Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal and Spain

⁵ This covers residual FDI activity, principally relating to investment in residential and commercial property abroad, for which the estimates included are currently very tentative

* Data suppressed for confidentiality reasons

Table 6 - Direct Investment¹ Flows into Ireland Classified by Activity² of Resident Enterprise, 2005 and 2006

€ million

Sector	NACE ²	2005					2006					
		Total	United States	Japan	of which:		Total	United States	Japan	of which:		
					EU 25 ³	EMU 12 ⁴				Offshore Centres	EU 25 ³	EMU 12 ⁴
All Industries		-25,482	1,158	1,533	-16,756	-10,886	-8,072	501	-253	-1,618	-8,683	1,578
Agriculture and Fishing	1 - 5	*	*	0	*	*	0	*	0	*	*	0
Mining, Quarrying and Construction	10 - 14, 45	*	*	0	*	*	0	*	0	*	*	0
Total Manufacturing Sector	15 - 37	-3,013	-1,298	-97	-2,738	-2,593	1,133	1,552	-374	-9,593	-9,970	-2,973
Food products	15, 16	-186	44	*	187	537	*	*	-8	416	852	84
Textiles and wood	17, 18 & 20 - 22	1,242	-3	*	-517	-293	1,802	49	*	1,124	831	*
Chemical and chemical products	24	-5,240	-3,155	-91	-1,908	-2,442	*	943	*	-11,417	*	*
Metal and mechanical products	27 - 29	86	*	*	-2	18	*	*	0	*	*	*
Other manufacturing n.e.s.		1,085	*	-12	-498	-413	-259	818	62	*	-352	345
Electricity, Gas and Water	40, 41	*	0	0	*	*	0	0	0	*	*	0
Total Services Sector		-22,459	2,450	1,629	-13,994	-8,307	-9,205	-1,060	121	8,114	1,277	4,553
Trade and repairs	50 - 52	*	*	0	*	*	*	0	0	*	*	*
Transport, storage and communications	60 - 64	137	3	0	143	*	*	-21	0	*	115	*
Monetary intermediation	651	3,882	144	*	3,179	1,070	*	-626	0	2,080	105	*
Other financial intermediation	652	-31,003	-506	*	-18,968	-13,194	*	-1,213	*	2,003	-1,431	*
Insurance services	66	1,783	1,255	*	1,335	550	*	*	21	*	*	*
Financial auxiliary activities	67	401	6	*	441	482	*	*	0	*	*	*
Other service activities		*	*	-3	*	-21	-165	1,378	*	-192	445	22

¹ The sign convention used is: for flows 'In Ireland' an entry without sign means that investment transactions into Ireland exceeded disinvestment, while a minus sign indicates that disinvestment exceeded investment

² The activity classification used in this release is the NACE Rev. 1.1 classification

³ 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

⁴ The relevant EMU countries are: Austria, Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal and Spain

* Data suppressed for confidentiality reasons

Table 7 - Direct Investment¹ Abroad End Year Positions Classified by Activity² of Resident Investor, 2005 and 2006 € million

Sector	NACE ²	2005		2006	
		Total	of which: EU 25 ³	Total	of which: EU 25 ³
			EMU 12 ⁴		EMU 12 ⁴
All Industries		88,287	60,215	93,619	62,656
Construction	45	*	*	*	*
Total Manufacturing Sector	15 - 37	19,167	13,584	16,580	11,028
Food products	15, 16	3,388	*	2,425	*
Textiles and wood	17, 18 & 20 - 22	9,927	*	7,851	*
Chemical and chemical products	24	2,938	2,977	3,157	*
Other manufacturing n.e.s.		2,914	2,181	3,147	2,606
Total Services Sector	50 - 99	69,061	46,572	76,918	51,507
Trade and repairs	50 - 52	3,602	2,903	4,080	3,051
Financial intermediation	65 - 67	31,605	18,978	32,646	21,062
Computer activities	72	1,109	*	908	462
Business activities	74	11,287	*	10,828	*
Other service activities ⁵		21,458	*	28,456	*
Unallocated Economic Activity		*	*	*	*

¹ The sign convention used is: for year-end positions 'Abroad', an entry without sign indicates a net asset position, while a minus sign indicates a net liability position

² The activity classification used in this release is the NACE Rev. 1.1 classification

³ 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

⁴ The relevant EMU countries are: Austria, Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal and Spain

⁵ This covers residual FDI activity, principally relating to investment in residential and commercial property abroad, for which the estimates included are currently very tentative

* Data suppressed for confidentiality reasons

Table 8 - Direct Investment¹ in Ireland End year Positions Classified by Activity² of Resident Enterprise, 2005 and 2006 € million

Sector	NACE ²	2005					2006						
		Total	United States	Japan	of which: EU 25 ³	EMU 12 ⁴	Offshore Centres	Total	United States	Japan	of which: EU 25 ³	EMU 12 ⁴	Offshore Centres
All Industries		138,620	11,728	3,093	109,772	93,610	7,483	118,901	9,168	2,652	91,427	71,580	8,631
Agriculture and Fishing	1 - 5	*	*	0	*	*	0	*	*	0	*	*	0
Mining, Quarrying and Construction	10 - 14, 45	*	*	0	*	*	0	*	*	0	*	*	0
Total Manufacturing Sector	15 - 37	70,205	9,401	282	49,695	50,499	9,338	32,430	11,041	41	14,465	14,897	5,960
Food products	15, 16	4,537	*	7	3,882	4,299	*	4,375	*	*	3,845	4,736	*
Textiles and wood	17, 18 & 20 - 22	7,335	601	*	146	275	*	5,650	559	*	1,439	1,317	3,790
Chemical and chemical products	24	45,891	2,603	386	38,978	39,584	*	10,142	4,650	123	2,362	3,009	*
Metal and mechanical products	27 - 29	849	*	*	*	341	*	357	*	*	*	*	*
Other manufacturing n.e.s.		11,593	5,020	-101	*	6,000	1,764	11,906	5,042	-48	*	*	1,898
Electricity, Gas and Water	40, 41	*	0	0	*	*	0	*	0	0	*	*	0
Total Services Sector		68,202	2,325	2,811	59,866	43,082	-1,855	86,305	-1,874	2,611	76,797	56,652	2,671
Trade and repairs	50 - 52	*	212	*	*	*	-51	*	219	*	*	*	*
Transport, storage and communications	60 - 64	879	-83	0	499	-734	*	2,626	-91	0	508	*	*
Monetary intermediation	651	26,595	6,276	*	16,278	10,462	*	28,184	5,109	*	19,128	11,763	*
Other financial intermediation	652	5,752	-13,045	*	18,097	22,632	*	15,097	-14,800	*	27,276	28,401	*
Insurance services	66	18,587	*	134	*	*	*	24,659	3,933	144	*	*	*
Financial auxiliary activities	67	3,338	*	0	*	*	*	2,644	353	0	*	*	*
Other service activities		*	2,793	-40	2,739	1,167	-1,255	*	3,403	21	3,924	3,259	-1,172

¹ The sign convention used is: for year-end positions 'In Ireland' an entry without sign indicates a net liability position, while a minus sign indicates a net asset position

² The activity classification used in this release is the NACE Rev. 1.1 classification

³ 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

⁴ The relevant EMU countries are: Austria, Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal and Spain

* Data suppressed for confidentiality reasons

Table 9 - Direct Investment Income¹ Flows Classified by Geographic Location of Creditor/Debtor

€ million

Region/Country	Total Direct Investment Income					
	2004			2005 ²		
	Credit	Debit	Net	Credit	Debit	Net
Europe	3,839	20,691	-16,852	3,857	20,825	-16,968
of which:						
United Kingdom	1,592	2,674	-1,082	1,906	3,123	-1,216
Belgium	*	4	*	22	-265	286
Luxembourg	*	1,393	*	110	1,515	-1,405
France	224	643	-419	370	822	-451
Germany	210	1,161	-951	351	1,105	-754
Italy	86	998	-912	29	1,098	-1,069
Netherlands	436	10,154	-9,718	338	9,997	-9,660
Spain	168	44	124	198	54	145
Switzerland	24	2,342	-2,318	3	2,054	-2,051
EU countries ³	3,381	17,421	-14,040	3,476	17,940	-14,462
EU countries ¹⁵	3,219	17,420	-14,201	3,439	17,804	-14,366
EMU countries ⁴	1,525	14,508	-12,982	1,462	14,450	-12,987
Americas	1,933	11,261	-9,328	2,177	12,044	-9,868
of which:						
Canada	35	180	-145	69	51	18
United States	1,446	5,774	-4,328	1,944	6,810	-4,864
Offshore centres	338	5,261	-4,923	*	5,161	*
Asia	84	-17	101	136	-84	220
of which:						
Japan	21	-66	87	33	-120	153
Africa	*	*	*	165	0	164
Oceania and Polar Regions	*	*	*	*	*	*
Other countries (not geographically allocated) ⁵	*	*	*	*	*	*
Total	6,018	31,956	-25,938	6,473	32,817	-26,343
of which:						
Offshore centres ⁶	778	6,145	-5,367	553	5,930	-5,377
Income on equity and other direct investment capital						
Revised						

¹ Income on equity and other direct investment capital

² Revised

³ 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

⁴ The relevant EMU countries are: Austria, Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal and Spain

⁵ This category covers data supplied by respondents without a geographical breakdown

⁶ This category overlaps with the regions referred to above and covers Andorra, Antigua and Barbuda, Anguilla, Netherlands Antilles, Barbados, Bahrain, Bermuda, Bahamas, Belize, Cook Islands, Dominica, Grenada, Guernsey, Gibraltar, Hong Kong, Isle of Man, Jersey, Jamaica, St. Kitts and Nevis, Cayman Islands, Lebanon, Saint Lucia, Liechtenstein, Liberia, Marshall Islands, Montserrat, Maldives, Nauru, Niue, Panama, Philippines, Singapore, Turks and Caicos Islands, Saint Vincent and the Grenadines, British Virgin Islands, US Virgin Islands, Vanuatu, Samoa

* Data suppressed for confidentiality reasons

Background Notes *(updated January 2008)*

Introduction This release updates the statistical series on Foreign Direct Investment (FDI) which was introduced in December 2003. The data presented cover the years 2004 to 2006 and show annual direct investment flows over the reference year along with end-year stocks (or positions) for Ireland broken down geographically by region and by country. This release includes, for the first time, tables with further analyses of the FDI flows and stocks, for the years 2005 and 2006, broken down by the principal economic activity (using the NACE Rev. 1.1 classification) of the resident direct investment enterprise. These results further expand the range of Balance of Payments (BOP), International Investment Position (IIP) and related statistics published by the CSO. The figures presented are methodologically consistent with the data already presented in the quarterly balance of payments and annual IIP releases.

International statistical standards Taken together, the underlying methodologies used to compile these FDI as well as the various related statistics are consistent and follow 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. The methodology used also reflects particular interpretations of the BPM5 by the European Central Bank (ECB) and Eurostat.

The BOP and IIP releases include descriptions of the overall collection, compilation and presentation methodologies used. Further important details which specifically concern Direct Investment are given below.

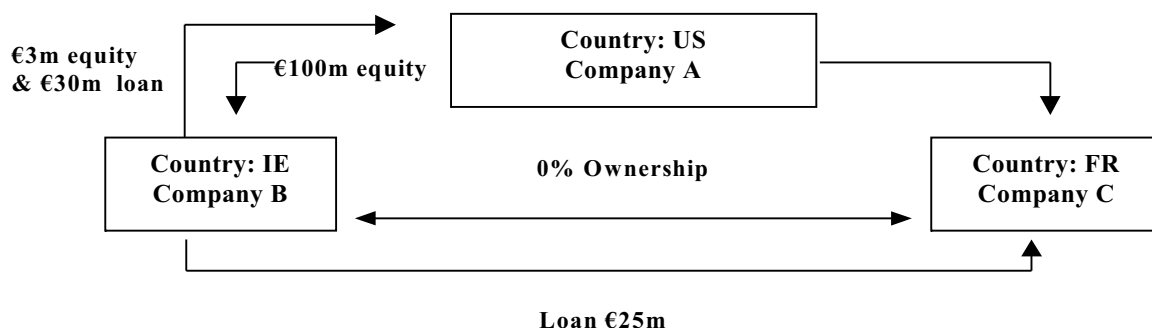
Data collection The general data collection arrangements have already been described in the BOP and IIP releases. In all about 2,000 enterprises identified using the CSO's statistical enterprise register are covered for FDI. In addition, some information on investment in residential and commercial properties abroad has been collected from general sources and the relevant estimates are included in the figures (see *Definition of Foreign Direct Investment* below).

Definition of Foreign Direct Investment *Direct investment* is a category of international investment that, based on an equity ownership of at least 10%, reflects a lasting interest by a resident in one economy (the direct investor) in an enterprise resident in another economy (the direct investment enterprise). Using this criterion, a direct investment relationship can exist between a number of affiliated enterprises whether the linkage involves a single chain or a number of chains. It can extend to a direct investment enterprise's subsidiaries, sub-subsidiaries and associates. Once the direct investment relationship is established, all subsequent financial flows between the related entities are recorded as direct investment transactions, regardless of the type of financial instrument used in the financing arrangement (except for financial derivative contracts, and for financial intermediary affiliates among which direct investment transactions are limited to those involving equity and permanent debt). The components of direct investment transactions are *equity capital*, *reinvested earnings*, and *other capital*. *Equity capital* comprises investment in branches, shares in subsidiaries and associates (except non-participating preferred shares that are treated as debt securities) and other capital contributions. *Reinvested earnings* consists of the off-setting entry to the corresponding current account income item: it is the direct investor's share of the undistributed earnings of its branches, subsidiaries and associates. *Other capital* covers all other inter-affiliate financial transactions (borrowing and lending of funds), including debt securities and suppliers' credits (i.e. trade credits). Following the recommendations of the IMF, ECB, EUROSTAT and OECD, direct investment flows are recorded on a '*directional basis*' rather than the more usual assets/liabilities basis. *Direct investment abroad* covers *net* investment by parent companies resident in Ireland in their foreign branches, subsidiaries and associated companies. *Direct investment in Ireland* covers the *net* investment by foreign companies in their affiliates located in Ireland.

The compilation system for direct investment also includes investment by Irish private residents (households) in commercial and residential property abroad. Such properties are regarded as constituting either actual or notional direct investment enterprises overseas and are treated accordingly in the system, both in terms of any relevant financial account investment flows and any current account flows (services or income). In addition, foreign investment in bloodstock breeding activities in Ireland as well as associated income flows are now reflected in the FDI statistics.

Directional Principle for recording direct investment In line with the quarterly BOP flow and annual IIP stock data, direct investments of Irish resident investors in foreign enterprises are recorded under the category *direct investment abroad* (which approximates to the assets concept). Similar investments made by foreign investors in enterprises

located in Ireland are recorded under *direct investment in Ireland* (which closely equates to liabilities). The essential difference between the directional principle and the assets/liabilities approach centres on the treatment of reverse investment by a direct investment enterprise in its parent (direct investor) and on the treatment of transactions with other foreign affiliates covered by a direct investment relationship. In the Irish context, reverse *equity* investment in a parent enterprise is rare and tends to be relatively small. However, substantial flows (and positions) under the category *direct investment – other capital* can take place. These predominantly take the form of inter-affiliate loans but trade credits and transactions in financial securities between affiliates are also included. The treatment of reverse investment has to be considered under three scenarios. First, for *reverse equity investment for holdings of 10% or more of the voting capital*, such transactions are regarded as separate direct investment in their own right for both the equity and non-equity involved. Second, for *reverse equity investment for holdings of less than 10% of the voting capital*, the transactions involved, whether in equity or non-equity instruments, are regarded as offsetting (or netted against) any existing direct investment by the parent in the enterprise. For example, if a US direct investor A invests €100m in a direct investment enterprise B located in Ireland and B acquires a small reverse equity investment of €3m in its parent (A) then the value of *direct investment in Ireland-equity* is €97m (i.e. €100m less €3m). Extending this example, if B advances a €30m loan to parent, A, *direct investment in Ireland-other capital* is €30m lower. Overall *direct investment in Ireland* from A to B is therefore €67m (i.e. €100m - €3m - €30m). The third scenario concerns a *non-equity transaction between enterprises related other than through equity ownership* (e.g. between ‘sister’ or ‘cousin’ companies). Given a number of considerations, there is some flexibility in the international standards regarding the treatment of this situation. In Ireland’s case and in order to ensure that all inward and outward flows (and stocks) arising from an initial inward direct investment are retained within the *direct investment in Ireland* category, the same principle as for reverse equity or non-equity investment with a parent company is applied. The transaction referred to is therefore treated as offsetting any existing *other capital* investment. Again extending the earlier example, if resident direct investment enterprise, B, advances a loan of €25m to a sister company, C, located in France, *direct investment in Ireland – other capital* is lowered by €25m and overall *direct investment in Ireland* from A to B amounts to €42m (i.e. €100m - €3m - €30m - €25m) – see diagram below. Cases occur on an ongoing basis where the outward investment flows or positions of B (or other sister direct investment enterprises located in Ireland) exceed the amounts attributable to A under *direct investment in Ireland*. The equivalent treatment is applied for similar situations categorised under *direct investment abroad*.



Geographical allocation principle

In line with the international recommendations, direct investment flows and stocks are geographically attributed on the basis of country of location of immediate ownership of the direct investment enterprise rather than that of the ultimate beneficial owner. Therefore, if a US investor directly invests in a direct investment enterprise located in Ireland, the origin of the investment as presented in these statistics is US. If the US investor indirectly invests, through its Cayman Islands subsidiary, in an enterprise located in Ireland then the origin of the investment is Cayman Islands. In both cases, the country of location of the ultimate beneficial owner is US. This may have a significant impact on the geographic analysis of FDI statistics.

Structure of the Direct Investment (FDI) tables

Table 1 shows direct investment flows abroad broken down by geographic region or country of location of the foreign direct investment enterprise as well as by the type of direct investment (*equity, reinvested earnings and other capital*). Table 2 shows a similar breakdown for direct investment flows into Ireland. Table 3 shows the geographical breakdown of the year end positions data for direct investment abroad, while Table 4 gives the equivalent figures for direct investment in Ireland. Direct investment flows during the year plus valuation and other changes explain the difference between the stocks positions each year. Table 5 shows direct investment flows abroad broken down by the activity of the resident direct investment enterprise and a limited geographic breakdown. Table 6 shows a similar breakdown for direct investment flows into Ireland, with more geographic detail. Table 7 shows activity breakdown of the year end positions for direct investment abroad, with a limited geographic breakdown. Table 8 gives the equivalent figures for direct investment into Ireland. Table 9 shows the annual direct investment income credit, debit and net flows broken down geographically.