



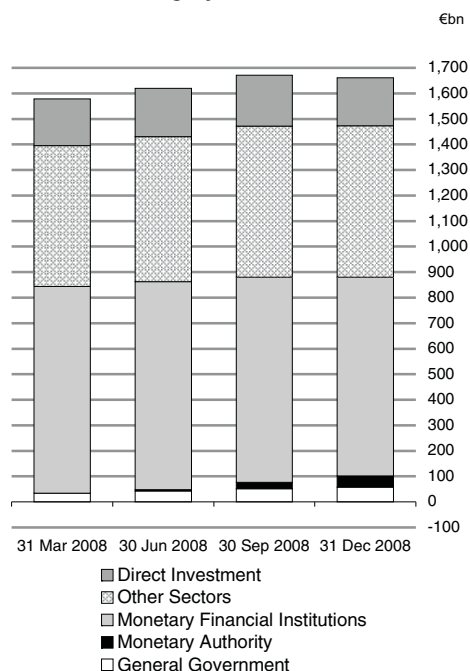
Central Statistics Office

An Phríomh-Oifig Staidrimh

31 March 2009

External Debt 31 December 2008

**Gross External Debt
- category of investment**



	€million			
	31 Mar 2008	30 June 2008	30 Sept 2008	31 Dec 2008
General Government	34,034	43,042	51,165	57,734
Monetary Authority	41	5,100	25,934	44,467
Monetary Financial Institutions	810,041	814,257	803,543	778,382
Other Sectors	550,975	567,791	591,232	592,696
Direct Investment	183,571	189,926	199,569	187,800
Gross External Debt	1,578,662	1,620,116	1,671,443	1,661,079

Ireland's External Debt decreases to €1.66 trillion at end December

At 31 December 2008, the gross external debt of all resident sectors (i.e. general government, the monetary authority, financial and non-financial corporations and households) amounted to €1,661bn. This represents a decrease of just over €10bn on the level shown at the end of the previous quarter. This is the first quarter-on-quarter decrease in the level of External Debt since the series began in 2002. The decrease was caused by a small increase in debt transactions in the quarter being exceeded by a larger exchange rate effect on sterling denominated liabilities. It should be noted that much of this external debt is offset by holdings of foreign financial assets by Irish residents. Other points of note in the end-December 2008 results are:

- ◆ The liabilities – mostly loans – of *monetary financial institutions* (i.e. credit institutions and money market funds) amounted to €778bn. This was €25bn less than at end-September and represents 47% of the total debt, a smaller share than in the previous quarter. The decrease was caused by a small reduction due to debt transactions combined with a large sterling exchange-rate effect.
- ◆ The liabilities of *other sectors* increased marginally by €1.5bn from the end-September position and at €593bn represented 36% of the overall debt for the end-December quarter, a slightly larger share than in the previous quarter. The sterling effect was less significant in this sector due to a smaller proportion of sterling denominated debt.
- ◆ *Direct investment* debt liabilities of €188bn showed a decrease of €12bn from the level shown for end-September. This decrease was primarily caused by a reduction in intra-group borrowing by treasuries and insurance companies.
- ◆ *General government* liabilities again increased in the fourth quarter to €58bn. The increase was mainly driven by short-term debt security issues.
- ◆ *Monetary Authority* liabilities increased by a further €18.5bn in the quarter to over €44bn. This was due to increases in Ireland's end quarter liabilities to the European System of Central Banks (ESCB) including balances in the TARGET 2 settlement system of the ESCB.

This Release presents the end-December 2008 figures on Ireland's External Debt position along with the previously published figures for earlier quarters. The External Debt figures are compatible with the International Investment Position figures for 2006 and 2007 published on 28th October 2008.

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Ardee Road
Dublin 6
Ireland

Skehard Road
Cork
Ireland

LoCall: 1890 313 414 (ROI)
0870 8760256 (UK/Nl)

Tel: +353 1 498 4000
Fax: +353 1 498 4020

Tel: +353 21 453 5000
Fax: +353 21 453 5555

Both offices may be contacted through any of these telephone numbers.

CSO on the Web: www.cso.ie
and go to
Economy: Balance of Payments

Director General: Gerard O'Hanlon

Enquiries:

BOP Statistics BOP Section, 01-498 4055
bop@cso.ie
Queries and Sales Information Section, ext 5021
information@cso.ie

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For more information contact John Fitzpatrick at 01 498 4366 or Stephen Treacy at 01 498 4076.

Table 1 - Gross External Debt¹

€ million

Item	31 Mar 2007	30 Jun 2007	30 Sep 2007	31 Dec 2007	31 Mar 2008	30 Jun 2008	30 Sep 2008	31 Dec 2008
General Government	27,708	29,129	36,927	30,156	34,034	43,042	51,165	57,734
Short-term	0	807	8,578	839	4,572	6,661	16,043	19,047
Money market instruments	0	707	8,578	589	4,572	4,861	11,817	19,047
Loans	0	100	0	250	0	1,800	4,226	0
Trade credits	0	0	0	0	0	0	0	0
Long-term	27,708	28,322	28,349	29,317	29,462	36,381	35,122	38,687
Bonds and notes	27,550	28,195	28,224	29,199	29,351	36,271	35,036	38,656
Loans	158	127	125	118	111	110	86	31
Other debt liabilities	0	0	0	0	0	0	0	0
Monetary Authority ²	-6,218	-264	-8,275	687	41	5,100	25,934	44,467
Short-term	-6,327	-365	-8,358	595	-41	4,986	25,833	44,364
Loans and deposits	-6,327	-365	-8,358	595	-41	4,986	25,833	44,364
Long-term	109	101	83	92	82	114	101	103
Loans	0	0	0	0	0	0	0	0
Other debt liabilities	109	101	83	92	82	114	101	103
Monetary Financial Institutions ³	720,366	758,981	765,857	781,716	810,041	814,257	803,543	778,382
Short-term	491,066	526,056	528,862	552,108	587,532	594,955	605,717	625,080
Money market instruments	83,699	83,071	79,908	86,971	89,391	84,130	79,540	77,699
Loans and deposits	407,367	442,985	448,954	465,137	498,141	510,825	526,177	547,381
Long-term	229,300	232,925	236,995	229,608	222,509	219,302	197,826	153,302
Bonds and notes	142,877	143,532	146,637	135,805	134,906	134,600	112,713	73,699
Loans	75,080	79,715	81,338	84,946	79,392	77,220	77,772	71,198
Other debt liabilities	11,343	9,678	9,020	8,857	8,211	7,482	7,341	8,405
Other Sectors ⁴	484,102	506,079	534,214	546,172	550,975	567,791	591,232	592,696
Short-term	87,413	94,032	105,808	111,015	99,661	105,103	108,879	109,552
Money market instruments	20,704	20,399	14,617	18,560	12,985	14,507	16,964	14,039
Loans and deposits	46,780	53,697	69,432	69,824	64,222	68,912	69,666	69,981
Trade credits	19,929	19,936	21,759	22,631	22,454	21,684	22,249	25,532
Long-term	396,689	412,047	428,406	435,157	451,314	462,688	482,353	483,144
Bonds and notes	249,522	261,086	271,689	277,420	296,313	307,939	320,133	321,788
Loans	68,826	71,062	73,312	75,770	73,878	72,452	79,950	83,070
Other debt liabilities	78,341	79,899	83,405	81,967	81,123	82,297	82,270	78,286
Direct Investment ⁵	173,483	176,322	182,634	178,732	183,571	189,926	199,569	187,800
Debt liabilities to affiliated enterprises	10,211	10,408	10,305	10,181	9,583	10,308	10,077	10,927
Debt liabilities to direct investors	163,272	165,914	172,329	168,551	173,988	179,618	189,492	176,873
Gross External Debt	1,399,441	1,470,247	1,511,357	1,537,463	1,578,662	1,620,116	1,671,443	1,661,079

¹ Gross external debt represents the stock of Ireland's liabilities to non-residents other than those arising from transactions in equity and financial derivatives² Central Bank and Financial Services Authority of Ireland³ Covering licensed credit institutions and money market funds⁴ *Other sectors* includes financial corporations other than the Monetary Authority and Monetary Financial Institutions, non-financial service and manufacturing companies and other industrial enterprises as well as (implicitly) households (see *Background Notes*). The gross liabilities to non-residents of financial corporations covered in *other sectors* tend to be very significant⁵ Covering inter affiliate loans, non-equity securities, trade credits and other debt liabilities. *Debt liabilities to affiliated enterprises* refers to direct investment abroad while *debt liabilities to direct investors* refers to direct investment in Ireland

Background Notes

Introduction	A new quarterly series on Ireland's <i>External Debt</i> position was introduced in October 2003 with end-quarter balance sheet stocks (or positions) being shown, commencing with the reference date 31 December 2002. The data presented concern the economy's end of year stocks of foreign financial liabilities in so far as they concern financial instruments other than equities and derivative contracts. The data are compiled on a gross basis i.e. they are not offset by Irish residents' holdings of foreign assets which are substantial. As for the balance of payments (BOP) and international investment (IIP) statistics, the external debt statistics distinguish direct investment, portfolio investment and other investment and replicate to a large extent the liabilities side of the annual IIP statement. As such, the external debt statement identifies that element of Ireland's aggregate balance sheet which shows Irish residents' gross financial obligations (liabilities) to non-residents. The figures are presented to conform closely with international presentation formats. The information is also made available to the International Monetary Fund (IMF) and the World Bank.
International statistical standards	The external debt statistics are compiled in line with IMF methodological requirements specified in its Manual <i>External Debt</i> and have also been prepared to meet its quarterly preparation and publication timeframe. The figures are prepared largely in accordance with the IMF's <i>Balance of Payments Manual - 5th Edition</i> (BPM5) which underpins both balance of payments (BOP) and international investment position (IIP) statistical compilation. Consequently, the theoretical concepts and compilation methodology underpinning all three statements are essentially the same (see definition of <i>external debt</i> below).
Definition of External Debt	The IMF <i>External Debt</i> Manual defines external debt to be a point in time statistical statement of the value and composition of the stock of an economy's gross foreign financial liabilities to the rest of the world. The liabilities referred to cover those arising from Irish residents issuing debt securities such as bonds, notes and money market instruments to non-residents, as well as any loans received from and outstanding to non-residents, and any trade payables due to non-residents. In essence, external debt refers to financial obligations to non-residents other than those arising from transactions in equity or financial derivative contracts.
Residence	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. Foreign-owned enterprises located in Ireland (in the International Financial Services Centre -IFSC - and elsewhere) and engaged in internationally traded financial services activities are included.
Types of financial instrument relevant to External Debt	<p><i>Equity</i>: while voting equity liabilities (including liabilities arising from issuing units in collective investment institutions) are excluded in external debt statistics, liabilities arising from the issuance of non-participating preference shares are included and are treated as debt securities under (long-term) <i>bonds and notes</i>.</p> <p><i>Bonds and notes</i> issued by companies or by governments are tradable debt securities having an initial maturity of more than one year which usually give the holder (i) the unconditional right to a fixed monetary income or contractually determined variable monetary income and (ii) the unconditional right to a fixed sum in repayment of principal on a specified date or dates.</p> <p><i>Money market instruments (MMIs)</i> are debt securities issued with an initial maturity of one year or less. They generally give the holder the unconditional right to receive a stated, fixed sum of money on a specified date. MMIs are generally traded at a discount in organised markets, the discount being dependent upon the interest rate of the instrument relative to the market interest rate and the time remaining to maturity. Examples of such instruments are treasury bills, commercial and financial paper and bankers' acceptances.</p> <p><i>Trade credits</i> (payables) are liabilities arising from direct extension of credit relating to transactions in goods and services and advance payments for work in progress (or to be undertaken).</p> <p><i>Loans/currency and deposits</i> cover loans, cash deposits and currency (i.e. notes and coins which are in circulation and commonly used to make payments). Included are loans to finance trade, other loans and advances (including mortgages) as well as financial leases.</p> <p>Liability stocks of all other financial instruments (i.e. other than non-participating equity, debt securities, trade credits, loans, currency and deposits) such as capital subscriptions of the participating Member States to international non-monetary organisations, changes in insurance technical reserves, offsets in respect of unsettled securities transactions are included in <i>other liabilities</i> within External Debt.</p>

Data collection The data required are collected quarterly on a statutory basis by means of surveys and other data collection arrangements conducted under the Statistics (Balance of Payments and Financial Accounts) Order, 2005 made under the Statistics Act, 1993. These surveys are also used to collect quarterly balance of payments information, the combination of both stock and the related flow data reporting on a single form facilitating the greater reconciliation of both types of information (see *Background Notes* in the BOP and IIP Releases).

Valuation Data providers are requested to report their data using current market values at the reference date. In practice, this may not be possible in certain cases. Where stock data are converted from foreign currency to the Euro equivalent, data providers are required to use the spot rate for the relevant currency against the Euro on the reference date. Where positions are returned in non-Euro currency, the equivalent Euro valuation is obtained by applying the reference date spot exchange rate. Valuation of stocks should also reflect accruals recording principles particularly in relation to unpaid interest and trade credits.

Results The results are shown first distinguishing institutional sector:

General Government – covering central and local government

Monetary Authority – being the Central Bank and Financial Services Authority of Ireland

Monetary Financial Institutions – being licensed credit institutions and money market funds

Other sectors – being all other corporations and (implicitly) households. Included are: insurance companies, investment funds, asset finance companies, treasury companies, securities traders as well as non-financial service and manufacturing companies and other industrial enterprises.

The category *direct investment* is also distinguished at this level. *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) – see the *Background Notes* of the BOP and IIP Releases for further details. *Debt liabilities to affiliated enterprises* and *debt liabilities to direct investors* cover all relevant debt liabilities (as defined above) of resident enterprises to their foreign parents, subsidiaries or other related enterprises abroad.

Breakdowns are provided by:

maturity - short-term: having an original maturity of one year or less; *long-term*: having an original maturity of more than one year; and by,

financial instrument - *bonds and notes*, *money market instruments*, *loans and deposits*, *trade credits* (payables), and *other debt liabilities*.