

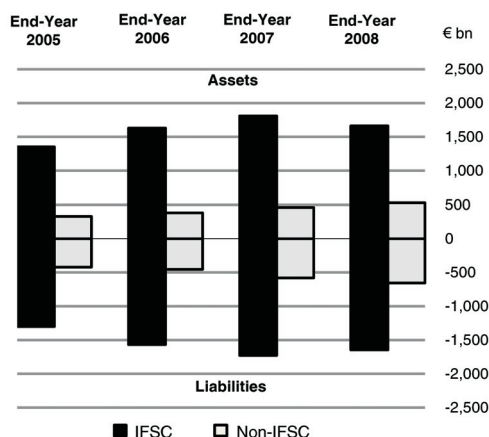


Central Statistics Office
An Phríomh-Oifig Staidrimh

30 October 2009

International Investment Position 31 December 2008

Ireland's IIP



€ million

	Assets Stock	Liabilities Stock	Net Position
End 2008	2,194,096	2,300,303	-106,207
End 2007	2,270,054	2,306,983	-36,929
End 2006	2,011,348	2,020,800	-9,452
End 2005	1,681,440	1,721,428	-39,988

Ireland's end-2008 stocks of foreign financial assets stood at €2.2 trillion while liabilities were €2.3 trillion

At end-December 2008, Ireland's *international investment position* (IIP) results show overall stocks of foreign financial assets of €2,194bn - a drop of €76bn on the end-2007 revised level (€2,270bn). Corresponding liabilities were down by almost €7bn from €2,307bn to €2,300bn. Irish residents therefore had an overall net foreign liability of just over €106bn at the end of last year, up over €69bn from the previous year's revised figure of €37bn - *see Table 1*.

Monetary financial institutions (MFI - i.e. credit institutions and money market funds) had assets amounting to €1,065bn at the end of last year while *other financial intermediaries* (OFI i.e. investment funds, insurance companies and pension funds, asset finance companies, treasuries, etc) accounted for a further €980bn of foreign assets. On the liabilities side, the MFI sector accounted for €1,146bn and the OFI sector for almost €921bn. These two sectors combined represent the commercial financial sector which at the end of last year had foreign assets of €2,045bn (or over 93% of total foreign assets) and liabilities to non-residents of €2,067bn (or almost 90% of total foreign financial obligations), resulting in a net foreign liability of €21bn - *see Table 4*.

Within the commercial financial sector, as in earlier years, IFSC enterprises accounted for a very high proportion of the sector's overall foreign assets and liabilities. At the end of 2008, IFSC assets abroad amounted to €1,663bn or over 81% of the sector's foreign assets (and almost 76% of Ireland's total foreign assets); IFSC liabilities at almost €1,646bn represented almost 80% of the commercial financial sector aggregate (and over 71% of Ireland's total foreign liabilities). IFSC enterprises therefore showed a net asset position at the end of 2008 of almost €18bn. Non-IFSC commercial financial enterprises accounted for almost €382bn or over 17% of total foreign assets; corresponding liabilities amounted to €421bn or 18% of total foreign liabilities - *see Table 3 and Table 4*.

The remaining sectors, i.e. the monetary authority, general government and non-financial enterprises had end-2008 foreign assets of almost €149bn (about 7% of the overall total) and liabilities of almost €234bn (just over 10% of the total), i.e. a net foreign liability of almost €85bn - *see Table 4*.

Continued overleaf

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Some additional points of note in the 2008 results are:

- ◆ The assets of the *monetary authority* increased to nearly €21bn from almost €12.6bn in 2007. Its liabilities increased substantially from €0.7bn to €44.5bn due to liquidity support provided to the banking system by the European System of Central Banks (ESCB) - see Table 2 and Table 4.
- ◆ Due largely to falling values in the international financial markets in late 2008, the value of *general government* foreign assets reduced from almost €20bn at end-2007 to €13.5bn at end-2008 (i.e. a drop of over €6.3bn). Over the same period, the level of Government foreign debt increased by almost €28bn from €30bn to €57.7bn - see Table 2 and Table 4.
- ◆ The level of direct investment abroad by Irish resident investors at end-December 2008 was €123bn, slightly higher than the overall aggregate figure of €121bn for investment in Ireland by foreign investors. However, the latter figure results from the partial offsetting of outflows of inter-company loans (€54bn) from foreign-owned enterprises in Ireland to their affiliates abroad against the equity capital and reinvested earnings figure of €175bn - see Table 2b.
- ◆ The stock of portfolio investment assets abroad at end-December 2008 was €1,169bn or almost €170bn lower than the end-2007 figure of €1,339bn. On the liabilities side, the value of portfolio investment securities issued by Irish residents at end-2008 was €1,184bn, down €146bn on the previous year's level (€1,330bn). These reductions are largely reflected in the *equity* category under both assets and liabilities (including, on the liabilities side, units/shares issued by collective investment funds) and are mainly due to the significant falls in international stock market values towards the end of 2008 as well as some equity asset redemptions in that year - see Table 2 and Table 5a.
- ◆ Under the *other investment* category (mostly loans, currency, deposits, trade receivables, derivative contracts) the foreign assets of Irish residents at end-2008 stood at €901bn, up over €72bn on the previous year's figure. Much of this increase was accounted for by transactions of €67bn during 2008 i.e. flows, as distinct from the lesser impact of valuation changes due to currency movements, revaluations, etc. *Other investment* foreign liabilities amounted to €996bn, an increase on the end-2007 figure of €157bn. Again, transactions of almost €146bn during 2008 accounted for much of this increase, valuation changes over the year reflecting the remainder - see Table 2 and Table 5a.

This Release provides end-2008 data and updates the annual series of IIP statistics for Ireland. It also incorporates revisions to the 2007 data related partly to improvements in the quality data following updated data collection and coverage arrangements which resulted in some significant revaluations of 2007 positions within *debt instruments*. The revised BOP results released on 30 June 2009 were also taken into account. A new Table 4 has been included to show an analysis of Ireland's stocks of foreign assets and liabilities by institutional sector and distinguishing IFSC/non-IFSC activity. The IIP liability figures are essentially compatible and consistent with the figures published in the related External Debt release. It should be noted, however, that conceptually External Debt excludes equity and derivative contract liabilities. In addition and on a practical level, due to the availability of more recent data in preparing the IIP results, the end-2008 stock of €322.4bn shown under *bonds and notes/other sectors* is slightly higher than the corresponding External Debt figure published on 30 September 2009. See *Background Notes* for further information on the compilation system.

Table 1 - International Investment Position (IIP) - Main Aggregate Data

€ million

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 ¹	2008
Foreign Assets											
Direct Investment Abroad ²	17,342	25,116	30,011	46,317	56,148	58,054	78,329	88,287	91,669	101,936	123,368
Portfolio Investment	163,961 ³	285,211	366,867	491,141	547,314	660,743	787,249	1,002,129	1,230,234	1,338,542	1,168,934
Other Investment ⁴	175,943	253,291	277,467	306,286	318,351	358,201	422,568	590,279	688,805	828,937	901,048
Reserve Assets	6,434 ³	5,355	5,807	6,400	5,227	3,295	2,140	745	640	639	746
Total Foreign Assets	363,680	568,973	680,152	850,144	927,040	1,080,293	1,290,286	1,681,440	2,011,348	2,270,054	2,194,096
Foreign Liabilities											
Direct Investment in Ireland ²	53,315	72,482	136,581	152,108	174,404	176,435	152,446	138,620	118,824	138,362	120,954
Portfolio Investment	140,945	224,621	310,528	412,082	447,063	542,200	720,952	1,025,902	1,223,683	1,329,908	1,183,690
Other Investment ⁴	149,185	226,185	241,417	303,801	329,002	389,807	443,796	556,906	678,293	838,713	995,659
Total Foreign Liabilities	343,445	523,288	688,526	867,991	950,469	1,108,442	1,317,194	1,721,428	2,020,800	2,306,983	2,300,303
Net International Investment Position (IIP)											
Direct Investment ²	-35,973	-47,366	-106,570	-105,791	-118,256	-118,381	-74,117	-50,333	-27,155	-36,426	2,414
Portfolio Investment	23,016 ³	60,590	56,339	79,059	100,251	118,543	66,297	-23,773	6,551	8,634	-14,756
Other Investment ⁴	26,758	27,106	36,050	2,485	-10,651	-31,606	-21,228	33,373	10,512	-9,776	-94,611
Reserve Assets	6,434 ³	5,355	5,807	6,400	5,227	3,295	2,140	745	640	639	746
Total (Net IIP)	20,235	45,685	-8,374	-17,847	-23,429	-28,149	-26,908	-39,988	-9,452	-36,929	-106,207

¹ Revised

² Reflecting the so-called directional principle for reclassifying Direct Investment (see background notes)

³ Reflects the introduction of the Euro on 1 January 1999 and the resulting re-classification of part of Reserve Assets under Portfolio Investment

⁴ Includes financial derivatives and trade credits; in the case of liabilities this category also includes life insurance liabilities to non-residents

Table 2a - International Investment Position - Detailed Data

€ million

Item	2005	2006	2007 ¹	2008
Foreign Assets				
Direct Investment Abroad ²	88,287	91,669	101,936	123,368
Equity capital and reinvested earnings	74,327	82,335	88,780	102,120
Other capital	13,960	9,334	13,156	21,248
Portfolio Investment	1,002,129	1,230,234	1,338,542	1,168,934
Equity	324,790	435,231	440,984	309,712
<i>Monetary authority ³</i>	0	0	0	0
<i>General government</i>	12,191	15,052	16,384	10,758
<i>Monetary financial institutions ⁴</i>	1,535	3,006	1,960	1,513
<i>Other sectors</i>	311,064	417,173	422,640	297,441
Debt instruments	677,339	795,003	897,558	859,222
Bonds and notes	453,724	518,075	664,938	643,331
<i>Monetary authority ³</i>	6,234	6,124	10,523	12,302
<i>General government</i>	1,762	2,416	3,384	2,640
<i>Monetary financial institutions ⁴</i>	254,475	306,667	416,784	414,107
<i>Other sectors</i>	191,253	202,868	234,247	214,282
Money market instruments	223,615	276,928	232,620	215,891
<i>Monetary authority ³</i>	1,496	1,956	148	2,565
<i>General government</i>	0	0	0	0
<i>Monetary financial institutions ⁴</i>	207,385	256,748	207,536	192,208
<i>Other sectors</i>	14,734	18,224	24,936	21,118
Other Investment	590,279	688,805	828,937	901,048
Loans, currency and deposits	510,653	596,866	715,313	786,475
<i>Monetary authority ³</i>	2,321	3,187	705	5,040
<i>General government</i>	1,212	905	124	35
<i>Monetary financial institutions ⁴</i>	248,937	307,402	378,838	403,782
<i>Other sectors</i>	258,183	285,372	335,646	377,618
Trade Credits	27,870	32,796	33,938	26,137
<i>General government</i>	0	0	0	0
<i>Other sectors</i>	27,870	32,796	33,938	26,137
Other assets ⁵	51,756	59,143	79,686	88,436
<i>Monetary authority ³</i>	570	558	551	251
<i>General government</i>	22	-27	-40	65
<i>Monetary financial institutions ⁴</i>	10,168	10,515	27,527	40,971
<i>Other sectors</i>	40,996	48,097	51,648	47,149
Reserve assets	745	640	639	746
Monetary gold	84	93	110	120
Special drawing rights	74	72	77	77
Reserve Position in the IMF	150	100	51	111
Foreign Exchange	437	375	401	438
Other	0	0	0	0
Total Foreign Assets	1,681,440	2,011,348	2,270,054	2,194,096

¹ Revised² Reflecting the so-called directional principle for reclassifying Direct Investment (see background notes)³ Central Bank and Financial Services Authority of Ireland⁴ Excludes the Central Bank and Financial Services Authority of Ireland⁵ Includes financial derivatives

Table 2b - International Investment Position - Detailed Data

€ million

Item	2005	2006	2007 ¹	2008
Foreign Liabilities				
Direct Investment in Ireland ²	138,620	118,824	138,362	120,954
Equity capital and reinvested earnings	184,457	171,920	181,385	175,428
Other capital	-45,837	-53,096	-43,023	-54,474
Portfolio Investment	1,025,902	1,223,683	1,329,908	1,183,690
Equity	603,823	721,940	784,656	639,103
<i>Monetary authority ³</i>	0	0	0	0
<i>General government</i>	0	0	0	0
<i>Monetary financial institutions ⁴</i>	235,244	286,768	319,294	295,540
<i>Other sectors</i>	368,579	435,172	465,362	343,563
Debt instruments	422,079	501,743	545,252	544,587
Bonds and notes	324,055	399,681	495,040	487,706
<i>Monetary authority ³</i>	0	0	0	0
<i>General government</i>	26,852	27,119	29,199	38,656
<i>Monetary financial institutions ⁴</i>	111,051	136,877	193,477	126,643
<i>Other sectors</i>	186,152	235,685	272,364	322,407
Money market instruments	98,024	102,062	50,212	56,881
<i>Monetary authority ³</i>	0	0	0	0
<i>General government</i>	0	0	589	19,047
<i>Monetary financial institutions ⁴</i>	68,157	77,962	29,971	23,807
<i>Other sectors</i>	29,867	24,100	19,652	14,027
Other Investment	556,906	678,293	838,713	995,659
Loans, currency and deposits	476,859	571,591	697,743	835,489
<i>Monetary authority ³</i>	4,509	2,545	595	44,364
<i>General government</i>	135	159	368	31
<i>Monetary financial institutions ⁴</i>	373,516	452,018	549,894	613,892
<i>Other sectors</i>	98,699	116,869	146,886	177,202
Trade Credits	16,955	21,864	22,199	26,320
<i>General government</i>	0	0	0	0
<i>Other sectors</i>	16,955	21,864	22,199	26,320
Other liabilities ⁵	63,092	84,838	118,771	133,850
<i>Monetary authority ³</i>	116	109	92	103
<i>General government</i>	0	0	0	0
<i>Monetary financial institutions ⁴</i>	5,010	9,605	30,596	49,275
<i>Other sectors</i>	57,966	75,124	88,083	84,472
Total Foreign Liabilities	1,721,428	2,020,800	2,306,983	2,300,303

¹ Revised² Reflecting the so-called directional principle for reclassifying Direct Investment (see background notes)³ Central Bank and Financial Services Authority of Ireland⁴ Excludes the Central Bank and Financial Services Authority of Ireland⁵ Includes financial derivatives; in the case of liabilities this category also includes life insurance liabilities to non-residents

Table 3 – International Investment Position (IIP) showing IFSC and non-IFSC activity

€ million

Item	2005	2006	2007 ¹	2008
Foreign Assets				
Direct Investment Abroad ²	88,287	91,669	101,936	123,368
- IFSC	19,791	19,224	15,148	15,370
- non IFSC	68,495	72,445	86,788	107,998
Portfolio Investment	1,002,129	1,230,234	1,338,542	1,168,934
- IFSC	850,955	1,052,930	1,137,516	980,439
- non IFSC	151,174	177,304	201,026	188,495
Other Investment ³	590,279	688,805	828,937	901,048
- IFSC	481,410	557,444	656,844	667,579
- non IFSC	108,870	131,361	172,093	233,469
Reserve Assets	745	640	639	746
- IFSC	0	0	0	0
- non IFSC	745	640	639	746
Total Foreign Assets	1,681,440	2,011,348	2,270,054	2,194,096
- IFSC	1,352,156	1,629,598	1,809,508	1,663,388
- non IFSC	329,284	381,750	460,546	530,708
Foreign Liabilities				
Direct Investment in Ireland ²	138,620	118,824	138,362	120,954
- IFSC	40,548	52,574	56,131	24,551
- non IFSC	98,072	66,250	82,231	96,403
Portfolio Investment	1,025,902	1,223,683	1,329,908	1,183,690
- IFSC	878,908	1,039,957	1,117,549	1,017,538
- non IFSC	146,993	183,726	212,359	166,152
Other Investment ³	556,906	678,293	838,713	995,659
- IFSC	380,767	474,137	553,325	603,446
- non IFSC	176,139	204,156	285,388	392,213
Total Foreign Liabilities	1,721,428	2,020,800	2,306,983	2,300,303
- IFSC	1,300,223	1,566,668	1,727,005	1,645,535
- non IFSC	421,205	454,132	579,978	654,768
Net International Investment Position (IIP)				
Direct Investment ²	-50,333	-27,155	-36,426	2,414
- IFSC	-20,757	-33,350	-40,983	-9,181
- non IFSC	-29,576	6,195	4,557	11,595
Portfolio Investment	-23,773	6,551	8,634	-14,756
- IFSC	-27,953	12,973	19,967	-37,099
- non IFSC	4,180	-6,422	-11,333	22,343
Other Investment ³	33,373	10,512	-9,776	-94,611
- IFSC	100,643	83,307	103,519	64,133
- non IFSC	-67,270	-72,795	-113,295	-158,744
Reserve Assets	745	640	639	746
- IFSC	0	0	0	0
- non IFSC	745	640	639	746
Total (Net IIP)	-39,988	-9,452	-36,929	-106,207
- IFSC	51,933	62,930	82,503	17,853
- non IFSC	-91,921	-72,382	-119,432	-124,060

¹ Revised

² Reflecting the so-called directional principle for reclassifying Direct Investment (see background notes)

³ Includes financial derivatives and trade credits; in the case of liabilities this category also includes life insurance liabilities to non-residents

Table 4 – International Investment Position (IIP) - IFSC and non-IFSC activity by Institutional Sector

€ million

Item	2007 ¹			2008		
	IFSC	non-IFSC	Total	IFSC	non-IFSC	Total
Foreign Assets						
General Government	0	19,853	19,853	0	13,497	13,497
Monetary Authority ²	0	12,566	12,566	0	20,904	20,904
Monetary Financial Institutions ³	802,260	245,641	1,047,901	753,741	311,552	1,065,293
Other Sectors ⁴	1,007,248	182,486	1,189,734	909,647	184,755	1,094,402
<i>of which:</i>						
<i>Other Financial Intermediaries</i>	1,007,248	91,890	1,099,138	909,647	70,383	980,030
<i>non-Financial Companies</i>	0	90,596	90,596	0	114,372	114,372
Total Foreign Assets	1,809,508	460,546	2,270,054	1,663,388	530,708	2,194,096
Foreign Liabilities						
General Government	0	30,156	30,156	0	57,735	57,735
Monetary Authority ²	0	687	687	0	44,467	44,467
Monetary Financial Institutions ³	744,102	417,956	1,162,058	730,089	415,965	1,146,054
Other Sectors ⁴	982,903	131,179	1,114,082	915,446	136,601	1,052,047
<i>of which:</i>						
<i>Other Financial Intermediaries</i>	982,903	10,073	992,976	915,446	5,114	920,560
<i>non-Financial Companies</i>	0	121,106	121,106	0	131,487	131,487
Total Foreign Liabilities	1,727,005	579,978	2,306,983	1,645,535	654,768	2,300,303
Net International Investment Position (IIP)						
General Government	0	-10,303	-10,303	0	-44,238	-44,238
Monetary Authority ²	0	11,879	11,879	0	-23,563	-23,563
Monetary Financial Institutions ³	58,158	-172,315	-114,157	23,652	-104,413	-80,761
Other Sectors ⁴	24,345	51,307	75,652	-5,799	48,154	42,355
<i>of which:</i>						
<i>Other Financial Intermediaries</i>	24,345	81,817	106,162	-5,799	65,269	59,470
<i>non-Financial Companies</i>	0	-30,510	-30,510	0	-17,115	-17,115
Total (Net IIP)	82,503	-119,432	-36,929	17,853	-124,060	-106,207

¹ Revised

² Central Bank and Financial Services Authority of Ireland

³ Covering licensed credit institutions and money market funds

⁴ *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 significant

Table 5a - International Investment Position (IIP) - 2008- Reconciliation of IIP and BOP Flows

€ million

Item	Opening Position 1/1/08	Bop Flows in Year	Valuation and Other Changes	Closing Position 31/12/08
Foreign Assets				
Direct Investment Abroad ¹	101,936	9,217	12,215	123,368
Equity capital and reinvested earnings	88,780	5,807	7,533	102,120
Other capital	13,156	3,408	4,684	21,248
Portfolio Investment	1,338,542	29,855	-199,463	1,168,934
Equity	440,984	-23,906	-107,366	309,712
Debt instruments	897,558	53,759	-92,095	859,222
<i>Bonds and notes</i>	<i>664,938</i>	<i>48,805</i>	<i>-70,412</i>	<i>643,331</i>
<i>Money market instruments</i>	<i>232,620</i>	<i>4,954</i>	<i>-21,683</i>	<i>215,891</i>
Other Investment	828,937	67,301	4,810	901,048
Loans, currency and deposits	715,313	72,553	-1,391	786,475
Other ²	113,624	-5,252	6,201	114,573
Reserve Assets	639	78	29	746
Total Foreign Assets	2,270,054	106,451	-182,409	2,194,096
Foreign Liabilities				
Direct Investment in Ireland ¹	138,362	-13,674	-3,734	120,954
Equity capital and reinvested earnings	181,385	12,069	-18,026	175,428
Other capital	-43,023	-25,744	14,293	-54,474
Portfolio Investment	1,329,908	-9,498	-136,720	1,183,690
Equity	784,656	-1,332	-144,221	639,103
Debt instruments	545,252	-8,166	7,501	544,587
<i>Bonds and notes</i>	<i>495,040</i>	<i>-15,567</i>	<i>8,233</i>	<i>487,706</i>
<i>Money market instruments</i>	<i>50,212</i>	<i>7,400</i>	<i>-731</i>	<i>56,881</i>
Other Investment	838,713	145,677	11,269	995,659
Loans, currency and deposits	697,743	147,128	-9,382	835,489
Other ²	140,970	-1,450	20,650	160,170
Total Foreign Liabilities	2,306,983	122,505	-129,185	2,300,303

¹ Reflecting the so-called directional principle for reclassifying Direct Investment (see background notes)

² Includes financial derivatives and trade credits; in the case of liabilities this category also includes life insurance liabilities to non-residents

Table 5b - International Investment Position (IIP) - 2007¹ - Reconciliation of IIP and BOP Flows

€ million

Item	Opening Position 1/1/07	Bop Flows in Year	Valuation and Other Changes	Closing Position 31/12/07
Foreign Assets				
Direct Investment Abroad ²	91,669	15,450	-5,183	101,936
Equity capital and reinvested earnings	82,335	10,358	-3,913	88,780
Other capital	9,334	5,094	-1,272	13,156
Portfolio Investment	1,230,234	170,847	-62,539	1,338,542
Equity	435,231	22,061	-16,308	440,984
Debt instruments	795,003	148,786	-46,231	897,558
<i>Bonds and notes</i>	<i>518,075</i>	<i>84,741</i>	<i>62,122</i>	<i>664,938</i>
<i>Money market instruments</i>	<i>276,928</i>	<i>64,045</i>	<i>-108,353</i>	<i>232,620</i>
Other Investment	688,805	157,634	-17,502	828,937
Loans, currency and deposits	596,866	139,688	-21,241	715,313
Other ³	91,939	17,945	3,740	113,624
Reserve Assets	640	12	-13	639
Total Foreign Assets	2,011,348	343,943	-85,237	2,270,054
Foreign Liabilities				
Direct Investment in Ireland ²	118,824	18,052	1,486	138,362
Equity capital and reinvested earnings	171,920	16,346	-6,881	181,385
Other capital	-53,096	1,705	8,368	-43,023
Portfolio Investment	1,223,683	163,564	-57,339	1,329,908
Equity	721,940	101,429	-38,713	784,656
Debt instruments	501,743	62,135	-18,626	545,252
<i>Bonds and notes</i>	<i>399,681</i>	<i>51,173</i>	<i>44,186</i>	<i>495,040</i>
<i>Money market instruments</i>	<i>102,062</i>	<i>10,962</i>	<i>-62,812</i>	<i>50,212</i>
Other Investment	678,293	174,378	-13,958	838,713
Loans, currency and deposits	571,591	156,209	-30,057	697,743
Other ³	106,702	18,169	16,099	140,970
Total Foreign Liabilities	2,020,800	355,994	-69,811	2,306,983

¹ Revised

² Reflecting the so-called directional principle for reclassifying Direct Investment (see background notes)

³ Includes financial derivatives and trade credits; in the case of liabilities this category also includes life insurance liabilities to non-residents

Background Notes (updated October 2009)

Introduction

Ireland's balance of payments (BOP) quarterly statistical compilation system was completely overhauled in the late 1990's in order to: (a) strengthen sectoral and enterprise coverage in basic data collection; (b) adopt best international methodological standards; (c) conform more closely with international presentation formats; and, (d) provide for geographical analysis of the results. The improvements facilitate the production of BOP, international investment position (IIP) and external debt statistics required by the European Central Bank (ECB) and the EU Commission (EUROSTAT) to compile balance of payments statistics for the EMU and EU areas. The needs of other international organisations (such as IMF and OECD) as well as those of national users have also been catered for.

As part of the overall expansion of the information available, a new annual series showing Ireland's *International Investment Position* (IIP) as at 31 December for the years 1998 – 2001 was introduced in a release published on 11 December 2002. This series is updated annually. The data presented concern the economy's end of year stocks of foreign assets and liabilities and, in essence, represent that element of Ireland's aggregate balance sheet which shows Irish residents' financial claims (assets) on non-residents along with their financial obligations (liabilities) to non-residents. As for the balance of payments and external debt statistics, the international investment position statistics shown in this Release distinguish direct investment, portfolio investment and other investment (including financial derivatives) along with reserve assets – see *Types of Investment* below. This presentation conforms closely with international presentation formats and the information is disseminated to different international organisations (i.e. the ECB, Eurostat, IMF and OECD) to meet their varied requirements.

International statistical standards

A 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) concerning compilation of international investment position statistics. This Manual was prepared in close co-operation with the European Commission (Eurostat), the OECD and other international organisations. It was published by the IMF in 1993. Since then certain modifications to the treatment of financial derivatives have been approved internationally and were published in 2000 by the IMF (*Financial Derivatives: A Supplement to the 5th Edition (1993) of the Balance of Payments Manual*). The BOP/IIP compilation methodology recommended by the IMF is consistent with its *External Debt (2003) Manual* recommendations on compiling external debt statistics. Consequently, the results presented in all three statements are essentially consistent. It should be noted that, apart from the direct investment component of the IIP and the External Debt statements, the IIP liabilities data for financial instruments other than equity and derivative contracts at a particular reference date are equivalent to the external debt results for the same reference date. While the direct investment data presented in both statements are conceptually consistent, their presentations are different (see *Definition of International Investment Position* for further details).

Data collection

The data required are collected quarterly on a statutory basis by means of surveys conducted by the CSO and by the Central Bank and Financial Services Authority of Ireland (CBFSAI). Other data obtained from administrative sources are also used. Up to 2007, the CSO undertook all the necessary survey collection and compilation required. However, following a recent joint initiative involving the CSO and the CBFSAI to rationalize statistical data collection and compilation for the financial sector and also to reduce the burden on data providers the data collection arrangements have changed. As a consequence, since 2008 the data required from licensed banks (credit institutions) and from investment funds (including money market funds) to meet BOP, IIP and external debt requirements (as well as other statistical demands on both organisations) are being collected quarterly by the CBFSAI under its legislation as well as European legislation¹. These data are supplied by the CBFSAI to CSO for statistical compilation purposes. The CSO has therefore discontinued its surveys of credit institutions and investment funds but continues to collect the required data from other financial enterprises as well as non-financial enterprises using its ongoing quarterly statutory surveys. These are conducted under the Statistics (Balance of Payments and Financial Accounts) Order, 2005 (S.I. No. 124 of 2005) made under the Statistics Act, 1993. The CSO and CBFSAI surveys underpinning data collection are designed to address the internationally agreed statistical standards for BOP-related statistics. They are also used to collect quarterly balance of payments information as well as data needed for wider national accounts purposes. The combination of both stock and the related flow data reporting on a single form greatly facilitates the quality-checking and reconciliation of both types of information. While the balance of payments flow data are published quarterly, the stock or international investment position (IIP) statistics are being published annually with a reference date of 31 December.

The financial enterprise surveys cover banking, insurance, asset financing, treasury, institutional investment, activities of investment funds (i.e. mutual funds, unit trusts and similar collective investment operations), broking and other service provision. Financial enterprises, including those engaged in internationally-traded financial service activities and known collectively as IFSC (International Financial Services Centre) enterprises are required to make returns.

Respondents supply the data primarily using electronic media but they may use paper instead. Exhaustive coverage is aimed at but, in order to reduce reporting burden, companies with low activity volumes reporting to the CSO may, with its approval, provide annual data. Overall, about 5,000 financial entities are surveyed.

The surveys of manufacturing and non-financial service enterprises undertaken by the CSO are also designed to meet the conceptual and geographical analysis requirements specified in the international standards. Coverage is on a sample selection basis, those surveyed being selected using CSO statistical register information concerning transactions with non-residents. About 500 companies make quarterly and/or annual returns.

The survey information collected for all types of enterprises covers transactions with non-residents concerning purchases and sales of services, income flows, and acquisitions and disposals of foreign assets or liabilities along with the opening and closing stocks of these assets and liabilities. While much of this information is used to compile the BOP flow data published quarterly, the latter balance sheet information is used to compile the IIP results shown in this Release. In order to facilitate compilation of the wider national accounts statistics, the surveys also collect data on transactions of reporting enterprises with residents of Ireland.

Apart from survey data, administrative sources also provide information on non-resident transactions and stocks. For example, the National Treasury Management Agency (NTMA) provides flows and stocks information on Ireland's foreign debt and on other asset and liability transactions engaged in including those of the National Pensions Reserve Fund. In addition, the CBFSAI supplies information on reserve assets and other foreign assets/liabilities flows and stocks.

The compilation system covers investment in residential and commercial property abroad by Irish residents and has recently included revised estimates for investment in Special Purpose Vehicles (SPVs) used for the purpose of securitising corporate assets from 2002 onwards. The securities issued by SPVs are mostly included under the *Bonds and Notes* heading in *Portfolio Investment - Liabilities* and the securitised assets are recorded mostly in *Other Investment - Assets* but some assets are categorised under *Equity*.

**Definition of the
International
Investment Position
(IIP)**

The *international investment position* (or IIP) is a point in time statistical statement of: the value and composition of the stock of an economy's foreign financial assets, or the economy's claims on the rest of the world, and the value and composition of the stock of an economy's financial liabilities (or obligations) to the rest of the world.

These assets and liabilities include land, other real property and other immovable items. In addition, monetary gold and special drawing rights (SDRs) owned by residents of the economy are included.

It may be of analytical interest to compute the difference between the two sides of the balance sheet, i.e. the net position. This gives a measure of that portion of an economy's net worth attributable to, or derived from, its relationship with the rest of the world.

A change in stocks during any defined period can be attributable to transactions (i.e. BOP flows), to revaluations reflecting changes in exchange rates, prices, etc. or to other adjustments (e.g. reclassifications, corrections, etc).

As indicated above, the methodologies for compiling both the IIP liabilities and the External Debt statistics are consistent. However, the latter statement by definition covers all external debt liabilities other than those arising from transactions in equity and financial derivative contracts. Hence, for *Portfolio Investment*, the end-year IIP liability levels for *debt instruments* (i.e. *bonds and notes* and *money market instruments*) should be identical to the external debt stocks data for these instruments shown in the *External Debt* Release. Similarly, for *other investment*, the IIP liability figures under the items *loans*, *currency and deposits* and *trade credits* should be identical to the external debt stocks data obtained by aggregating the relevant long-term and short-term instrument details. Because of the exclusion of financial derivative contracts from the external debt statistics, this equivalence does not exist for the IIP liability under the item *other liabilities*. In addition, due to the adoption of the *directional principle* for recording direct investment IIP stocks (and BOP transactions), the end-year stocks under *direct investment in Ireland - other capital* are

shown on a net basis i.e. inter-affiliate positions (transactions) are offset. In the *External Debt Release*, the relevant liability positions are shown on a gross basis and, hence, cannot be compared with the relevant IIP data.

Types of financial instrument

Equity securities are shares issued by companies to shareholders and cover all instruments representing claims on the residual value of incorporated enterprises after the claims of all creditors have been met. Shares, stocks, preferred stocks or shares and participation shares usually denote ownership of equity and are included. Also included are depositary receipts (e.g. American depositary receipts) denoting ownership of equity securities issued as well as equity securities that have been sold under repurchase agreements and equity securities that have been lent under securities lending arrangements. Units issued by collective investment institutions, e.g. investment funds, are regarded as equity instruments and are included. Non-participating preference shares are treated as debt securities under bonds and notes in Portfolio Investment. Positions in equity in which the investor holds less than 10% of the share capital of the company are recorded under Portfolio Investment. Otherwise, they are recorded under Direct Investment.

Reinvested earnings within Direct Investment consist of the offsetting entry to the direct investor's share of earnings not distributed as dividends by subsidiaries or associates and earnings of branches not remitted to the direct investor, but recorded under investment income.

Other capital within Direct Investment covers all inter-company financial transactions (borrowing and lending of funds) – including debt securities and suppliers' credits (i.e. trade credits) – between direct investors and subsidiaries, branches and associates.

Bonds and notes are tradable debt securities issued with 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. These instruments may be issued by companies or by governments. Positions held between affiliated enterprises (other than financial intermediaries) in bonds and notes are classified under Direct Investment. All other transactions are classified as Portfolio Investment (or under Reserve Assets if appropriate – see note on *Reserve Assets below*).

Money market instruments 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. These instruments 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. Transactions and positions between affiliated enterprises (other than financial intermediaries) in money market instruments are classified under Direct Investment. All other transactions are classified as Portfolio Investment (or under Reserve Assets if appropriate – see note on *Reserve Assets below*).

Financial derivative contract stocks (and transactions) cover (a) over-the-counter (OTC) instruments such as options, interest rate swaps, forward rate agreements (FRAs), cross-currency interest rate swaps and forward foreign exchange contracts and (b) exchange-traded futures and options. They should be valued at marked-to-market prices and exclusive of the value of the underlying good, financial instrument or currency to which they relate. Derivative positions between affiliated enterprises (other than financial intermediaries) are recorded under Direct Investment while positions between third parties are recorded in this Release under Other Investment.

Trade credits consist of claims or liabilities arising from the direct extension of credit relating to transactions in goods and services and advance payments for work in progress (or to be undertaken) associated with such transactions. Trade credits between affiliated enterprises (other than financial intermediaries) are classified under Direct Investment. Otherwise, they are classified under Other Investment.

Loans/currency and deposits cover the following financial instruments: loans, i.e. those financial assets created through the direct lending of funds by a creditor (lender) to a debtor (borrower); 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. Positions in these instruments are generally recorded under Other Investment. However, in the case of transactions between affiliated enterprises (other than financial intermediaries), the resulting positions are included under Direct Investment. In

particular, positions in permanent debt or subordinated loan capital between affiliated financial intermediaries are recorded under Direct Investment.

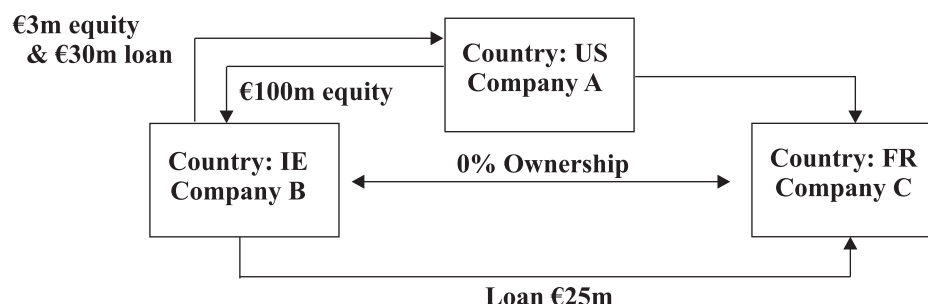
Stocks of all other financial instruments i.e. other than trade credits, loans and currency and deposits such as capital subscriptions of the participating Member States to international non-monetary organisations, changes in insurance technical reserves, offsets in respect of unsettled securities transactions are included in *other assets/other liabilities* within Other Investment (except where such positions arise from transactions between affiliated enterprises other than financial intermediaries) in which cases they are included under Direct Investment.

Types of investment

Four categories of functional investment are distinguished in the tables presented (i.e. *direct investment*, *portfolio investment*, *other investment* and *reserve assets*) and are based primarily on the relationship between the parties and secondly on the nature of the instrument involved. The category *other investment* includes the marked-to-market values of financial derivative positions.

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 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 which 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 the *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 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*.



The compilation system for direct investment now includes investment by Irish residents (households) in residential property abroad. Such properties are regarded as constituting notional direct investment enterprises overseas and are treated accordingly in the system i.e. any relevant investment flows and stocks are included in the balance of payments and international investment statistics (current account flows - services or income are also of course, included in the balance of payments).

Portfolio investment covers the acquisition and disposal of equity and debt securities which cannot be classified under direct investment or reserve assets transactions. The securities involved are traded (or tradable) in organised and other financial markets. *Debt instruments* cover *bonds and notes* which have an original maturity term of more than one year and *money market instruments* with original maturity of one year or less. The CBFSAI surveys of credit institutions and investment funds collect securities assets and liabilities data on an individual security basis to the extent possible. The CSO surveys collect this information on an aggregate basis but, over time, security-by-security collection is planned. Investment by resident investors in commercial property abroad is also included in portfolio investment. Stocks, as presented in the tables, are valued at current market values on the reference date inclusive of any accrued income.

Other investment covers assets and liabilities other than those classifiable to direct investment, portfolio investment or reserve assets. It comprises loans, currency and deposits, short and long-term trade credits, financial derivatives and other accounts receivable and payable. Derivatives contracts refer to over-the-counter (OTC) and exchange-traded contracts and include options, futures, swaps, forwards, etc. For IIP purposes, all receipts and payments concerning financial derivative contracts are recorded appropriately as either assets or liabilities under *other investment*². It should be noted that stocks of the underlying financial instruments to which financial derivative contracts relate are categorised under the appropriate type of investment headings in the IIP. In principle, other investment transactions are valued at market valuation inclusive of accrued income. For loans, book values are accepted as a proxy for market values.

Reserve assets at national level in the context of EMU have been defined by the European Central Bank from 1 January 1999, the date of introduction of the euro currency, as: (a) qualifying assets which are under the effective control of the national monetary authority (i.e. the Central Bank and Financial Services Authority of Ireland), and (b) consisting of highly liquid, marketable and credit-worthy foreign (non-euro) currency denominated claims on non euro-area residents together with gold, special drawing rights (SDRs) and the reserve position in the IMF. Up to 31 December 1998, the definition of reserve assets covered all foreign currency (non Irish Pound) denominated claims on non-residents of Ireland together with gold, SDRs and the reserve position in the IMF. Therefore, all claims on euro-area residents outside Ireland as well as euro-denominated claims on non euro-area residents, which prior to 1999 would have been classified as reserve assets, were from 1999 onwards classified to *portfolio investment* or to *other investment* as appropriate.

Broad sectoral analysis

This Release presents a broad institutional sector analysis of the portfolio investment and the other investment stocks. The sectors identified are:

- (i) *monetary authority* (the Central Bank and Financial Services Authority of Ireland),
- (ii) *general government* (covering central and local government),
- (iii) *monetary financial institutions excluding the monetary authority* (i.e. credit institutions and money market funds) and

- (iv) *other sectors* - all other corporations and (implicitly) households. Included are: *other financial intermediaries*, i.e. investment funds, insurance companies and pension funds, asset finance companies, treasury companies, securities traders and other financial service companies, as well as non-financial service and manufacturing companies, other industrial enterprises, households and non-profit institutions serving households.

Structure of the International Investment Position (IIP) tables

Within the overall categorisation of *assets* and *liabilities*, Table 1 of the Release shows the main components of the IIP covering the broad functional headings: *direct investment*, *portfolio investment*, *other investment* (including financial derivatives) and *reserve assets*. In the case of direct investment and in line with the quarterly BOP flow data for such transactions, the directional presentation referred to above is used i.e. *direct investment abroad* (which approximates to the assets concept) and *direct investment in Ireland* (which closely equates to liabilities). As described above, the difference between the two approaches centres on the treatment of reverse investment by a direct investment enterprise in its parent (direct investor); these transactions are generally relatively small. In this Release, under international standards, *direct investment abroad* is categorised under assets while *direct investment in Ireland* is included under liabilities. A further breakdown of the main functional investment headings by type of instrument (e.g. equities, bonds/notes, loans/deposits) is provided. For further analytical purposes, Table 2 shows a breakdown of the results by type of instrument and by institutional sector while Table 3 provides an analysis of IFSC and non-IFSC foreign assets and liabilities by type of investment. A new Table 4 shows a breakdown of foreign assets and liabilities to distinguish IFSC and non-IFSC investment cross-classified by institutional sector. Table 5 shows a reconciliation of the annual stocks and BOP flows over individual reference calendar year periods. In essence, this table attempts to directly link the IIP data to the Financial Account of the Balance of Payments and explains how the difference between two end-year positions can be accounted for by two main elements i.e. the relevant net BOP flows in the period (shown under '*BOP Flows in Year*') and the impact of valuation and other changes (shown under the heading '*Valuation and Other Changes*') occurring in the same period. Valuation changes can arise from movements in market prices or currency exchanges rates or from stock revaluations, reclassifications or corrections. For any year, the opening position for each item is the IIP figure for the corresponding item at 31 December of the previous year; the closing position for an item is the IIP for that item at 31 December of that same year.

Reconciliation of stocks and flows

It is generally difficult to satisfactorily reconcile aggregate IIP stock data with the corresponding BOP flows over the reference period particularly if the BOP balancing item 'net errors and omissions' (which is not shown in this Release) is large. The net BOP flows shown are obtained from and compatible with the data published in the CSO's quarterly Release Balance of International Payments. The figures shown under valuation and other changes are in many cases quite significant but it is not possible at this point to distinguish the impact of market price changes in securities from those arising from currency exchange rate changes, most notably in relation to movements in the Euro rate against the US Dollar and against the £Sterling.

Sign convention and symbols

In all tables both assets and liability stocks are unsigned i.e. they are shown as positive numbers. The net IIP figures are calculated as assets less liabilities. Those having a negative sign represent net liability positions of Irish residents to non-residents while unsigned (or positive) figures represent net asset positions vis-à-vis non-residents. In Table 5 in which a reconciliation of IIP stocks and BOP flows is shown, a net BOP transactions increase in assets is shown as a positive (unsigned) number and a corresponding net decrease as a negative number. This conflicts with the standard sign convention for representing BOP asset flows in the quarterly Release (in which transactions increases in assets are shown as negative quantities and decreases as positive quantities) but this is unavoidable in a table reconciling assets stocks and flows. The sign convention for liability flows in Table 5 coincides with the normal BOP sign convention for liability transactions in the quarterly Release (i.e. transaction increases in liabilities are shown as positive quantities while transaction decreases are shown as negative quantities).

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

Valuation

In principle, IIP statistics (like BOP flows) should be recorded using current market values at the reference date (31 December) and data providers are requested to report their data on this basis. In practice, this may not be possible in certain cases. Direct investment in equity capital is a particular case in point. Market valuation where not directly available is generally approximated using one of

the following in order of preference: (a) a recent transaction price, (b) directors' valuation, or (c) net asset value.

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.

Residence As for BOP transactions, IIP asset and liability positions are created between residents of Ireland and non-residents. 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. It is important to note that transactions in foreign assets and liabilities can occur between residents of Ireland and appropriate account is taken of such transactions (when known) in the compilation of the IIP (and the Financial Account of the BOP).

Geographical allocation principle The so-called 'debtor/creditor' principle is used as the basic guideline for geographical allocation of foreign assets and liabilities. Asset positions are allocated to the country of residence of the debtor counterpart. As examples, (i) investment in a foreign security should be reported and classified to the country of residence of the issuer of the security; (ii) a loan advanced to a non-resident borrower should be reported and classified to the country of residence of the borrower. Liability positions should be allocated to the country of residence of the creditor counterpart. As examples: (i) investments by non-resident creditors in securities issued by a resident of Ireland should be allocated to the country of residence of the investor; (ii) take up of a loan advanced by a foreign bank should be allocated to the country of residence of the lending bank. Correct country allocation can sometimes be difficult on the liabilities side. In particular, it may not be possible to determine the residency of the actual owner/holder of bearer securities issued by an Irish resident since such securities can change hands without any re-registration of the new ownership. Similarly, correct geographical allocation can be difficult and sometimes impossible in the case of acquisitions by non-resident investors of Irish resident issued securities purchased through resident or non-resident nominee accounts. In such cases respondents give best estimates of the information required if the required details cannot be obtained from third party sources. In the case of direct investment, transactions 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.

¹ ECB Regulation on the Assets and Liabilities of Investment Funds (ECB/2007/8) of 27 July 2007, the ECB Balance of Payments and International Investment Statistics Guideline (ECB/2004/15) of 16 July 2004, as amended by (ECB/2007/3) of 31 May 2007, and the ECB Guideline on Monetary, Financial Institutions and Markets Statistics (ECB/2007/9) of 1 August 2007.

² The inclusion of these receipts and payments in the financial account reflects the amended recommendations on the treatment of financial derivative transactions as described in the IMF's *Financial Derivatives: A Supplement to the 5th Edition (1993) of the Balance of Payments Manual* published in 2000.