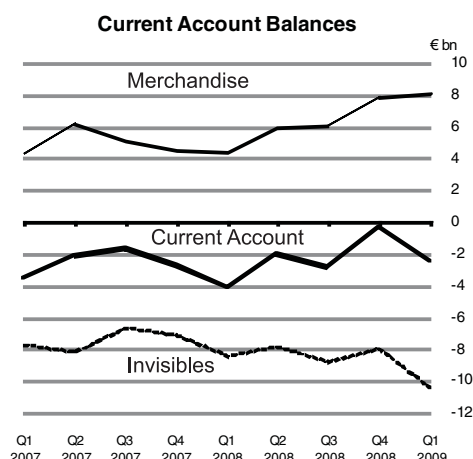




**Central Statistics Office**  
An Phríomh-Oifig Staidrimh

30 June 2009

## Balance of International Payments Quarter 1 2009



	€ million		
	Merchandise Balance	Invisibles Balance	Current Account Balance
<b>Q1 2009</b>	8,020	-10,550	-2,530
<b>Q1 2008</b>	4,286	-8,461	-4,175
<b>Year 2008</b>	23,819	-33,255	-9,435

### €2.5bn current account deficit 1st Quarter 2009

The Balance of Payments current account deficit for the 1st Quarter 2009 was €2,530m, over €1.6bn lower than that of €4,175m for the same period in 2008. Due mainly to much lower imports, the first quarter *merchandise* surplus of €8,020m was over €3.7bn higher year on year while the *invisibles* deficit increased by almost €2.1bn to €10,550m. Similarly, the deficits on *services* (€2,180m) and *income* (€7,586m) were both about €1bn higher - see Table 1. Total service exports at €16,050m dropped €360m largely due to *insurance* and *financial services*. Service imports at €18,230m were up over €600m due mainly to higher *royalties/licences* and *miscellaneous business services*. Over the same period *tourism and travel* receipts (€640m) and expenditure abroad (€1,324m) were down. The higher *income* deficit results largely from reduced profits and interest earnings by Irish-owned businesses abroad (€1,808m) along with increased outflows of profits and interest from foreign-owned enterprises in Ireland (€8,631m) - see Table 2a. Interest outflows on Government External Debt also increased. In the financial account, Irish (mostly IFSC) residents redeemed €40bn of foreign portfolio assets and repaid €27.8bn of portfolio liabilities. Inward direct investment was low at €794m and was similar to outflows - see Table 2b.

#### Revised results for 2007 and 2008

Because of revisions due to new and updated information the current account deficits are now €10,124m in 2007 (€178m lower) and €9,435m in 2008 (€1,060m higher). The 2007 revision was due to combined reductions in the deficits for services (€1,748m), income (€783m) and current transfers (€293m) exceeding the reduction in the merchandise surplus (€2,648m). For 2008 however, a broadly similar reduction for merchandise (€2,460m) along with a services deficit increase (€526m) exceeded combined reductions in the deficits for income (€1,714m) and current transfers (€212m). Merchandise imports increased by €2.4bn in 2007 and €2.6bn in 2008 due to routine revisions along with new data on aviation fuel (which also affected exports). Services exports were increased by €2.3bn in 2007 and by €1.6bn in 2008, mostly for transport, trade-related, operational leasing and miscellaneous business services. Service imports were increased by over €0.5bn in 2007 and by €2.1bn in 2008, in the latter case mostly for insurance, royalties and miscellaneous business services. Overall inward and outward income flows increased in both years but the profits of foreign-owned direct investment enterprises in Ireland were lowered by €0.4bn in 2007 and €2bn in 2008. The improved data for both years have also led to some reduction in the size of the balancing item *net errors and omissions* but it still remained high in the 2nd Quarter 2008. The revised results are included in the 2008 National Income and Expenditure Release published today.

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Ardee Road Skehard Road  
Dublin 6 Cork  
Ireland Ireland

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

Tel: +353 1 498 4000 Tel: +353 21 453 5000  
Fax: +353 1 498 4020 Fax: +353 21 453 5555

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

CSO on the Web: [www.cso.ie](http://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 4984366, Stephen Treacy at 01 4984076 or Stephen McDonagh at 01-4984364.

Table 1a – Summary of Current and Capital Account Balances

€ million

Period		Merchandise <sup>1</sup>	Invisibles				Balance on Current Account	Balance on Capital Account
			Services	Income	Current Transfers	Total		
1998	Year	17,510	-8,820	-9,382	1,319	-16,883	<b>627</b>	<b>840</b>
1999	Year	22,170	-10,176	-12,945	1,177	-21,944	<b>226</b>	<b>560</b>
2000	Year	27,266	-13,889	-14,750	994	-27,645	<b>-379</b>	<b>1,182</b>
2001	Year	30,494	-13,259	-18,295	305	-31,249	<b>-757</b>	<b>703</b>
2002	Year	35,442	-13,779	-23,664	707	-36,736	<b>-1,295</b>	<b>512</b>
2003	Year	32,604	-11,091	-21,947	432	-32,606	<b>-2</b>	<b>93</b>
2004	Year	31,423	-10,203	-22,481	393	-32,291	<b>-867</b>	<b>279</b>
2005	Year	28,218	-9,303	-24,870	265	-33,908	<b>-5,690</b>	<b>264</b>
2006	Year	25,031	-6,797	-24,033	-506	-31,336	<b>-6,304</b>	<b>223</b>
2007 <sup>2</sup>	Year	19,811	-1,121	-27,825	-990	-29,936	<b>-10,124</b>	<b>39</b>
2008 <sup>2</sup>	Year	23,819	-5,370	-26,770	-1,115	-33,255	<b>-9,435</b>	<b>68</b>
1998	Quarter 1	3,823	-2,184	-2,071	259	-3,996	<b>-173</b>	<b>91</b>
	Quarter 2	4,130	-1,845	-2,418	404	-3,859	<b>271</b>	<b>39</b>
	Quarter 3	4,883	-1,908	-2,698	235	-4,371	<b>512</b>	<b>336</b>
	Quarter 4	4,675	-2,882	-2,195	422	-4,655	<b>20</b>	<b>374</b>
1999	Quarter 1	4,915	-2,548	-2,581	277	-4,852	<b>63</b>	<b>133</b>
	Quarter 2	5,131	-2,492	-2,987	342	-5,137	<b>-6</b>	<b>40</b>
	Quarter 3	6,114	-2,516	-3,792	163	-6,145	<b>-31</b>	<b>4</b>
	Quarter 4	6,010	-2,621	-3,585	395	-5,811	<b>199</b>	<b>383</b>
2000	Quarter 1	5,457	-2,887	-3,326	324	-5,889	<b>-432</b>	<b>300</b>
	Quarter 2	6,447	-3,188	-3,007	253	-5,942	<b>505</b>	<b>192</b>
	Quarter 3	7,351	-3,406	-4,091	-92	-7,589	<b>-238</b>	<b>-12</b>
	Quarter 4	8,011	-4,408	-4,326	509	-8,225	<b>-214</b>	<b>702</b>
2001	Quarter 1	6,771	-3,413	-3,929	64	-7,278	<b>-508</b>	<b>300</b>
	Quarter 2	8,089	-3,354	-4,748	-13	-8,115	<b>-26</b>	<b>76</b>
	Quarter 3	8,085	-3,085	-4,816	-57	-7,958	<b>126</b>	<b>9</b>
	Quarter 4	7,549	-3,407	-4,802	311	-7,898	<b>-349</b>	<b>318</b>
2002	Quarter 1	8,977	-3,845	-5,837	-36	-9,718	<b>-741</b>	<b>-14</b>
	Quarter 2	8,598	-3,683	-6,290	131	-9,842	<b>-1,244</b>	<b>2</b>
	Quarter 3	9,265	-3,493	-5,529	-68	-9,090	<b>174</b>	<b>9</b>
	Quarter 4	8,602	-2,758	-6,008	680	-8,086	<b>516</b>	<b>515</b>
2003	Quarter 1	7,622	-2,472	-5,815	-89	-8,376	<b>-753</b>	<b>0</b>
	Quarter 2	8,421	-2,747	-5,634	48	-8,333	<b>88</b>	<b>-38</b>
	Quarter 3	8,338	-3,084	-5,061	-89	-8,234	<b>103</b>	<b>-192</b>
	Quarter 4	8,223	-2,788	-5,437	562	-7,663	<b>560</b>	<b>323</b>
2004	Quarter 1	8,143	-2,588	-5,601	-61	-8,250	<b>-107</b>	<b>-22</b>
	Quarter 2	8,142	-2,488	-5,867	64	-8,291	<b>-149</b>	<b>-57</b>
	Quarter 3	7,763	-2,700	-5,409	-13	-8,122	<b>-359</b>	<b>19</b>
	Quarter 4	7,375	-2,427	-5,604	403	-7,628	<b>-252</b>	<b>339</b>
2005	Quarter 1	6,422	-1,974	-6,172	-285	-8,431	<b>-2,009</b>	<b>80</b>
	Quarter 2	7,425	-1,799	-7,064	187	-8,676	<b>-1,250</b>	<b>-21</b>
	Quarter 3	7,339	-2,522	-5,771	-261	-8,554	<b>-1,215</b>	<b>16</b>
	Quarter 4	7,032	-3,008	-5,863	624	-8,247	<b>-1,216</b>	<b>189</b>
2006	Quarter 1	5,752	-1,448	-6,142	-464	-8,054	<b>-2,302</b>	<b>78</b>
	Quarter 2	6,898	-2,069	-5,914	-352	-8,335	<b>-1,437</b>	<b>8</b>
	Quarter 3	6,984	-1,124	-6,724	-363	-8,211	<b>-1,227</b>	<b>-9</b>
	Quarter 4	5,397	-2,156	-5,253	673	-6,736	<b>-1,338</b>	<b>146</b>
2007 <sup>2</sup>	Quarter 1	4,187	150	-7,259	-703	-7,812	<b>-3,624</b>	<b>48</b>
	Quarter 2	6,146	-346	-7,490	-405	-8,241	<b>-2,096</b>	<b>-4</b>
	Quarter 3	5,076	-68	-6,189	-460	-6,717	<b>-1,641</b>	<b>-10</b>
	Quarter 4	4,402	-857	-6,887	578	-7,166	<b>-2,763</b>	<b>5</b>
2008 <sup>2</sup>	Quarter 1	4,286	-1,198	-6,512	-751	-8,461	<b>-4,175</b>	<b>29</b>
	Quarter 2	5,855	-870	-6,445	-568	-7,883	<b>-2,028</b>	<b>52</b>
	Quarter 3	5,949	-935	-7,532	-381	-8,848	<b>-2,898</b>	<b>-14</b>
	Quarter 4	7,729	-2,367	-6,281	585	-8,063	<b>-334</b>	<b>1</b>
2009	Quarter 1	8,020	-2,180	-7,586	-784	-10,550	<b>-2,530</b>	<b>-5</b>

<sup>1</sup> Adjusted for balance of payment purposes<sup>2</sup> Revised

**Table 1b – Summary of Financial Account Balances and Net Errors and Omissions** € million

	Period	Direct Investment	Portfolio Investment	Other <sup>1</sup> Investment	Reserve Assets	Balance on Financial Account	Net errors and omissions
1998	Year	4,422	-8,466	7,459	-2,280	<b>1,135</b>	-2,602
1999	Year	11,359	-14,342	-974	1,746	<b>-2,211</b>	1,425
2000	Year	22,957	-5,358	-9,037	-142	<b>8,420</b>	-9,223
2001	Year	6,241	-25,158	19,039	-441	<b>-319</b>	372
2002	Year	19,444	-37,979	19,263	343	<b>1,070</b>	-287
2003	Year	15,270	-39,977	21,567	1,770	<b>-1,372</b>	1,280
2004	Year	-23,095	14,287	11,430	1,177	<b>3,801</b>	-3,212
2005	Year	-36,992	52,698	-17,665	1,472	<b>-487</b>	5,912
2006	Year	-16,634	8,135	13,182	87	<b>4,770</b>	1,311
2007 <sup>2</sup>	Year	2,602	-7,283	16,744	-12	<b>12,051</b>	-1,966
2008 <sup>2</sup>	Year	-22,892	-39,352	78,378	-78	<b>16,057</b>	-6,690
1998	Quarter 1	1,497	-1,255	1,939	-165	<b>2,016</b>	-1,935
	Quarter 2	1,965	-1,301	106	-1,011	<b>-241</b>	-67
	Quarter 3	2,393	-5,411	4,245	-333	<b>894</b>	-1,741
	Quarter 4	-1,433	-498	1,169	-771	<b>-1,533</b>	1,140
1999	Quarter 1	4,215	-4,805	884	1,887	<b>2,181</b>	-2,377
	Quarter 2	2,019	-5,227	-1,734	-93	<b>-5,035</b>	5,001
	Quarter 3	3,789	-4,390	-12	13	<b>-600</b>	627
	Quarter 4	1,336	79	-112	-61	<b>1,242</b>	-1,824
2000	Quarter 1	2,317	-5,222	3,728	39	<b>862</b>	-730
	Quarter 2	6,184	4,761	-7,128	-55	<b>3,762</b>	-4,459
	Quarter 3	6,819	-5,814	2,652	-38	<b>3,619</b>	-3,369
	Quarter 4	7,636	917	-8,289	-88	<b>176</b>	-664
2001	Quarter 1	-403	1,851	-3,318	-67	<b>-1,937</b>	2,145
	Quarter 2	4,368	-6,594	3,774	-199	<b>1,349</b>	-1,399
	Quarter 3	1,960	-11,644	11,067	-45	<b>1,338</b>	-1,474
	Quarter 4	316	-8,771	7,516	-130	<b>-1,069</b>	1,100
2002	Quarter 1	6,205	-13,891	9,680	265	<b>2,258</b>	-1,503
	Quarter 2	1,379	941	-2,345	236	<b>211</b>	1,032
	Quarter 3	8,473	-11,496	4,692	-130	<b>1,539</b>	-1,723
	Quarter 4	3,387	-13,533	7,236	-28	<b>-2,938</b>	1,907
2003	Quarter 1	4,065	-8,773	3,197	1,818	<b>308</b>	445
	Quarter 2	11,407	-10,431	-1,876	-43	<b>-943</b>	893
	Quarter 3	3,830	-23,201	18,913	-84	<b>-544</b>	633
	Quarter 4	-4,032	2,428	1,333	79	<b>-193</b>	-691
2004	Quarter 1	-8,076	10,665	-5,684	1,189	<b>-1,905</b>	2,035
	Quarter 2	-4,869	9,346	-4,281	135	<b>331</b>	-125
	Quarter 3	158	-4,805	7,694	-129	<b>2,918</b>	-2,578
	Quarter 4	-10,308	-919	13,701	-18	<b>2,457</b>	-2,544
2005	Quarter 1	964	4,080	-7,896	48	<b>-2,804</b>	4,733
	Quarter 2	-7,066	-428	10,874	69	<b>3,449</b>	-2,178
	Quarter 3	-15,732	25,927	-11,672	10	<b>-1,467</b>	2,665
	Quarter 4	-15,158	23,119	-8,971	1,345	<b>335</b>	692
2006	Quarter 1	-4,454	-15,069	17,720	83	<b>-1,720</b>	3,944
	Quarter 2	-9,630	-5,782	16,549	-110	<b>1,027</b>	402
	Quarter 3	5,333	2,601	-6,656	68	<b>1,346</b>	-110
	Quarter 4	-7,883	26,385	-14,431	46	<b>4,117</b>	-2,925
2007 <sup>2</sup>	Quarter 1	1,048	-976	2,274	-47	<b>2,300</b>	1,277
	Quarter 2	-3,101	-17,579	22,776	9	<b>2,104</b>	-5
	Quarter 3	-1,092	22,769	-19,941	-38	<b>1,698</b>	-47
	Quarter 4	5,747	-11,497	11,635	64	<b>5,949</b>	-3,191
2008 <sup>2</sup>	Quarter 1	-2,121	9,031	-738	74	<b>6,246</b>	-2,100
	Quarter 2	-4,201	-5,146	17,311	-46	<b>7,919</b>	-5,943
	Quarter 3	-9,031	-7,395	19,328	-39	<b>2,863</b>	49
	Quarter 4	-7,539	-35,842	42,477	-67	<b>-971</b>	1,304
2009	Quarter 1	-15	12,678	-16,531	41	<b>-3,827</b>	6,362

<sup>1</sup> Including financial derivatives and trade credits<sup>2</sup> Revised

Table 2a – Current and Capital Accounts

€ million

Item		2007 <sup>1</sup>	2008 <sup>1</sup>	2007 <sup>1</sup>				2008 <sup>1</sup>				2009
		Year		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
Current Account												
Merchandise <sup>2</sup>	Cr	84,079	81,495	20,992	21,592	20,053	21,442	20,150	20,515	19,810	21,020	20,536
	Db	64,268	57,675	16,805	15,446	14,977	17,040	15,864	14,660	13,860	13,291	12,516
Services	Cr	67,960	69,203	15,802	16,819	17,451	17,888	16,410	17,353	17,314	18,126	16,050
	Db	69,081	74,574	15,652	17,165	17,519	18,745	17,608	18,224	18,249	20,493	18,230
Transport	Cr	2,908	3,010	578	776	954	600	579	808	1,049	574	512
	Db	2,067	1,867	547	498	483	539	509	469	452	437	440
Tourism and Travel <sup>3</sup>	Cr	4,426	4,279	741	1,150	1,604	931	739	1,161	1,547	832	640
	Db	6,300	7,055	1,163	1,553	2,163	1,421	1,473	1,654	2,439	1,489	1,324
Communications	Cr	516	525	112	134	139	131	128	127	136	134	117
	Db	819	865	205	200	199	215	217	224	218	206	211
Insurance	Cr	8,799	8,582	2,371	2,181	2,079	2,168	2,042	2,103	2,103	2,334	1,763
	Db	7,133	6,517	1,755	1,788	1,781	1,809	1,534	1,658	1,570	1,755	1,450
Financial services	Cr	7,440	6,850	1,751	1,794	1,935	1,960	1,798	1,757	1,716	1,579	1,500
	Db	4,635	4,298	1,055	1,217	1,205	1,158	1,039	1,129	1,112	1,018	867
Computer services <sup>4</sup>	Cr	21,726	23,284	5,172	5,566	5,073	5,915	5,724	5,968	5,269	6,323	5,649
	Db	660	686	144	153	181	182	178	174	164	170	154
Royalties/Licences	Cr	865	911	206	206	251	202	186	156	262	307	270
	Db	17,469	20,598	4,126	3,983	4,322	5,038	5,018	4,563	4,893	6,124	5,591
Business services	Cr	20,571	21,400	4,694	4,836	5,240	5,801	5,123	5,181	5,144	5,952	5,471
	Db	29,826	32,524	6,613	7,727	7,144	8,342	7,599	8,312	7,362	9,251	8,153
Trade related	Cr	10,219	10,867	2,105	2,258	2,713	3,143	2,490	2,680	2,589	3,108	2,663
	Db	10,794	11,855	2,275	2,959	2,688	2,872	2,759	3,399	2,357	3,340	2,802
Operational leasing	Cr	5,803	5,483	1,465	1,465	1,444	1,429	1,383	1,245	1,403	1,452	1,499
	Db	1,235	1,515	300	307	313	315	350	340	439	386	392
Misc. business services <sup>5</sup>	Cr	4,547	5,049	1,125	1,112	1,082	1,228	1,251	1,255	1,151	1,392	1,309
	Db	17,797	19,154	4,037	4,462	4,144	5,154	4,490	4,574	4,566	5,524	4,959
Other services n.e.s.	Cr	710	362	177	177	177	179	90	91	90	91	128
	Db	174	166	44	45	42	43	42	41	40	43	41

Table 2a – Current and Capital Accounts - continued

€ million

Item		2007 <sup>1</sup>	2008 <sup>1</sup>	2007 <sup>1</sup>				2008 <sup>1</sup>				2009
		Year		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
Current Account - continued												
Income	Cr	84,912	83,836	19,487	21,700	21,798	21,927	20,676	22,008	20,807	20,345	14,875
	Db	112,736	110,607	26,746	29,190	27,986	28,814	27,189	28,453	28,339	26,626	22,461
Compensation of Employees	Cr	418	432	98	100	120	100	103	103	123	103	108
	Db	1,180	1,105	255	279	370	276	268	262	309	266	224
Investment Income	Cr	84,492	83,403	19,388	21,600	21,677	21,827	20,573	21,904	20,684	20,242	14,768
	Db	111,557	109,501	26,491	28,911	27,617	28,538	26,921	28,190	28,029	26,361	22,237
Direct investment income	Cr	10,455	10,169	2,360	2,432	2,732	2,931	2,560	2,595	2,706	2,308	1,808
	Db	36,937	32,586	9,402	10,091	8,228	9,216	8,156	8,105	8,431	7,894	8,631
Income on equity	Cr	5,504	4,610	1,184	1,191	1,529	1,600	1,313	1,151	1,305	841	927
	Db	35,033	30,665	8,896	9,584	7,811	8,742	7,565	7,674	7,996	7,430	8,296
Dividends & distributed												
branch profits	Cr	89	929	*	*	21	28	57	*	*	48	*
	Db	16,787	12,653	3,237	4,077	4,338	5,135	2,447	3,186	2,611	4,409	2,105
Reinvested earnings	Cr	5,416	3,681	*	*	1,508	1,572	1,256	*	*	793	*
	Db	18,246	18,011	5,659	5,507	3,473	3,607	5,118	4,488	5,385	3,020	6,191
Income on debt	Cr	4,952	5,558	1,177	1,240	1,204	1,331	1,246	1,444	1,400	1,468	881
	Db	1,905	1,921	506	507	418	474	591	431	435	464	335
Portfolio investment income	Cr	41,160	41,007	9,089	10,929	10,522	10,620	10,106	11,419	9,776	9,706	6,445
	Db	42,432	42,904	9,749	11,104	10,760	10,819	10,594	12,164	10,629	9,517	7,722
Income on equity	Cr	6,219	6,214	1,222	2,370	1,349	1,278	1,401	2,652	1,223	938	819
	Db	20,467	18,555	4,623	5,528	5,350	4,966	4,633	5,779	4,418	3,725	2,602
Income on debt	Cr	34,941	34,794	7,867	8,559	9,173	9,342	8,705	8,767	8,554	8,768	5,626
	Db	21,965	24,348	5,126	5,576	5,410	5,853	5,961	6,385	6,210	5,792	5,120
Other investment income	Cr	32,878	32,227	7,939	8,240	8,423	8,276	7,907	7,890	8,202	8,228	6,514
	Db	32,187	34,011	7,340	7,716	8,628	8,503	8,171	7,921	8,970	8,949	5,884
Current Transfers	Cr	4,833	5,765	1,040	866	916	2,011	1,151	1,036	1,092	2,486	1,105
	Db	5,823	6,880	1,743	1,271	1,376	1,433	1,902	1,604	1,473	1,901	1,890
Current Account - Total	Cr	241,783	240,299	57,320	60,977	60,218	63,268	58,388	60,911	59,023	61,977	52,567
	Db	251,907	249,734	60,945	63,072	61,859	66,031	62,563	62,940	61,921	62,310	55,096
Current Account Balance		-10,124	-9,435	-3,624	-2,096	-1,641	-2,763	-4,175	-2,028	-2,898	-334	-2,530
Capital Account Balance		39	68	48	-4	-10	5	29	52	-14	1	-5

<sup>1</sup> Revised<sup>2</sup> Adjusted for balance of payments purposes<sup>3</sup> Excluding passenger fare receipts<sup>4</sup> Covers exports and imports of software that was not incorporated as part of computer hardware or physical media but separately transmitted by electronic means. The value of sales and purchases of additional software licences is also included<sup>5</sup> Covers mainly advertising, research and development and inter-affiliate management charges

\* Suppressed for confidentiality reasons

Table 2b – Financial Account<sup>1</sup>

€ million

Item		2007 <sup>2</sup>	2008 <sup>2</sup>	2007 <sup>2</sup>				2008 <sup>2</sup>				2009
		Year		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
Direct Investment	Abroad	-15,450	-9,217	-7,610	-2,314	-7,166	1,640	-1,361	-616	-4,475	-2,765	-809
	In Ireland	18,052	-13,674	8,658	-787	6,074	4,107	-759	-3,585	-4,556	-4,774	794
Equity	Abroad	-4,942	-2,126	*	*	-4,808	4,028	486	*	*	-1,565	*
	In Ireland	-1,900	-5,942	1,839	-2,185	1,593	-3,147	-1,485	-2,435	-1,817	-205	-2,103
Reinvested Earnings	Abroad	-5,416	-3,681	*	*	-1,508	-1,572	-1,256	*	*	-793	*
	In Ireland	18,246	18,011	5,659	5,507	3,473	3,607	5,118	4,488	5,385	3,020	6,191
Other Capital	Abroad	-5,094	-3,408	-3,434	6	-850	-816	-591	-1,072	-1,338	-407	-1,321
	In Ireland	1,705	-25,744	1,160	-4,109	1,008	3,646	-4,392	-5,638	-8,125	-7,589	-3,294
Portfolio Investment	Assets	-170,847	-29,855	-60,223	-58,052	-9,809	-42,763	-59,590	-39,133	63,502	5,366	40,443
	Liabilities	163,564	-9,498	59,248	40,472	32,578	31,266	68,620	33,987	-70,897	-41,208	-27,765
Equity	Assets	-22,061	23,906	-10,418	-6,753	-5,680	790	3,024	-6,071	19,223	7,730	8,914
	Liabilities	101,429	-1,332	34,342	26,521	15,482	25,084	41,895	17,979	-50,387	-10,819	-14,230
Debt Instruments	Assets	-148,786	-53,759	-49,806	-51,299	-4,128	-43,553	-62,613	-33,061	44,279	-2,364	31,529
	Liabilities	62,135	-8,166	24,905	13,951	17,096	6,183	26,725	16,008	-20,510	-30,389	-13,536
Bonds and notes	Assets	-84,741	-48,805	-21,838	-29,826	-5,832	-27,245	-25,441	-35,112	14,696	-2,948	39,672
	Liabilities	51,173	-15,567	21,511	13,080	11,057	5,525	22,141	18,742	-23,307	-33,143	-7,527
Money market instruments	Assets	-64,045	-4,954	-27,968	-21,473	1,704	-16,308	-37,172	2,051	29,583	584	-8,143
	Liabilities	10,962	7,400	3,394	871	6,039	658	4,584	-2,734	2,797	2,753	-6,009

Table 2b – Financial Account<sup>1</sup> - continued

€ million

Item		2007 <sup>2</sup>	2008 <sup>2</sup>	2007 <sup>2</sup>				2008 <sup>2</sup>				2009
		Year		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
Other Investment	Assets	-157,634	-67,301	-32,355	-49,343	-45,318	-30,618	-68,315	-2,424	5,784	-2,346	-1,546
	Liabilities	174,378	145,677	34,629	72,119	25,377	42,253	67,577	19,735	13,543	44,822	-14,985
Loans, currency and deposits	Assets	-139,688	-72,553	-30,441	-48,106	-40,258	-20,883	-60,597	425	3,454	-15,835	-6,635
	Liabilities	156,209	147,128	28,624	67,108	19,496	40,981	66,966	19,255	16,638	44,269	-6,160
Other <sup>3</sup>	Assets	-17,945	5,252	-1,914	-1,236	-5,060	-9,735	-7,718	-2,849	2,330	13,489	5,089
	Liabilities	18,169	-1,450	6,006	5,010	5,881	1,272	611	480	-3,094	553	-8,825
Reserve Assets		-12	-78	-47	9	-38	64	74	-46	-39	-67	41
Monetary gold		4	1	0	4	0	0	1	0	0	0	0
Special drawing rights		-8	15	-1	0	-3	-4	9	0	6	0	6
Reserve position in the IMF		48	-39	33	-2	-7	24	12	-20	19	-50	3
Foreign exchange		-56	-55	-79	7	-28	44	52	-26	-64	-17	32
Other		0	0	0	0	0	0	0	0	0	0	0
Balance on Financial Account		12,051	16,057	2,300	2,104	1,698	5,949	6,246	7,919	2,863	-971	-3,827
Net errors and omissions		-1,966	-6,690	1,277	-5	-47	-3,191	-2,100	-5,943	49	1,304	6,362
<b>Memorandum Item:</b>												
Government financial transactions	Assets	-1,478	-242	-730	-1,976	697	531	-1,225	852	323	-192	-353
	Liabilities	3,003	27,219	430	1,415	7,927	-6,769	3,950	8,964	7,915	6,390	2,458

<sup>1</sup> Financial account transactions are categorised under two headings 'Assets' and 'Liabilities' for *Portfolio Investment*, *Other Investment* and *Reserve Assets*. For *Direct Investment*, a 'directional' categorisation is used: 'Abroad' indicates direct investment by Irish investors in foreign companies; direct investment into Ireland is indicated by the heading 'In Ireland'. The sign convention used is: a minus sign in the 'Abroad' and 'Assets' columns means investments or acquisitions abroad (in enterprises, foreign securities, foreign deposits, etc.) by Irish investors exceeded their disinvestments or disposals in the period, while an entry without sign (less usual) means disinvestment exceeded investment; an entry without sign in the 'In Ireland' and 'Liabilities' columns means that investment transactions into Ireland or incurrences of liabilities to foreign investors exceeded disinvestment or extinctions of liabilities in the period, while a minus sign (less usual) indicates that disinvestment exceeded investment and liability extinctions exceeded incurrences

<sup>2</sup> Revised

<sup>3</sup> Including financial derivatives and trade credits

\* Suppressed for confidentiality reasons

Table 3 – Current, Capital and Financial Accounts showing IFSC<sup>1</sup> and non-IFSC activity

€ million

Item		2007 <sup>2</sup>	2008 <sup>2</sup>	2007 <sup>2</sup>				2008 <sup>2</sup>				2009
		Year		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
<b>Current Account - Total</b>	<b>Cr</b>	<b>241,783</b>	<b>240,299</b>	<b>57,320</b>	<b>60,977</b>	<b>60,218</b>	<b>63,268</b>	<b>58,388</b>	<b>60,911</b>	<b>59,023</b>	<b>61,977</b>	<b>52,567</b>
	<b>Db</b>	<b>251,907</b>	<b>249,734</b>	<b>60,945</b>	<b>63,072</b>	<b>61,859</b>	<b>66,031</b>	<b>62,563</b>	<b>62,940</b>	<b>61,921</b>	<b>62,310</b>	<b>55,096</b>
<b>Merchandise<sup>3</sup></b>	<b>Cr</b>	<b>84,079</b>	<b>81,495</b>	<b>20,992</b>	<b>21,592</b>	<b>20,053</b>	<b>21,442</b>	<b>20,150</b>	<b>20,515</b>	<b>19,810</b>	<b>21,020</b>	<b>20,536</b>
	<b>Db</b>	<b>64,268</b>	<b>57,675</b>	<b>16,805</b>	<b>15,446</b>	<b>14,977</b>	<b>17,040</b>	<b>15,864</b>	<b>14,660</b>	<b>13,860</b>	<b>13,291</b>	<b>12,516</b>
<b>Services</b>	<b>Cr</b>	<b>67,960</b>	<b>69,203</b>	<b>15,802</b>	<b>16,819</b>	<b>17,451</b>	<b>17,888</b>	<b>16,410</b>	<b>17,353</b>	<b>17,314</b>	<b>18,126</b>	<b>16,050</b>
	<b>Db</b>	<b>69,081</b>	<b>74,574</b>	<b>15,652</b>	<b>17,165</b>	<b>17,519</b>	<b>18,745</b>	<b>17,608</b>	<b>18,224</b>	<b>18,249</b>	<b>20,493</b>	<b>18,230</b>
- IFSC	Cr	21,813	20,669	5,514	5,365	5,338	5,596	5,148	4,993	5,137	5,391	4,745
	Db	13,553	13,657	3,261	3,378	3,428	3,486	3,150	3,425	3,471	3,611	2,979
- non IFSC	Cr	46,147	48,535	10,288	11,453	12,114	12,292	11,263	12,360	12,177	12,735	11,305
	Db	55,529	60,917	12,391	13,787	14,092	15,259	14,459	14,798	14,778	16,882	15,251
<b>Income</b>	<b>Cr</b>	<b>84,912</b>	<b>83,836</b>	<b>19,487</b>	<b>21,700</b>	<b>21,798</b>	<b>21,927</b>	<b>20,676</b>	<b>22,008</b>	<b>20,807</b>	<b>20,345</b>	<b>14,875</b>
	<b>Db</b>	<b>112,736</b>	<b>110,607</b>	<b>26,746</b>	<b>29,190</b>	<b>27,986</b>	<b>28,814</b>	<b>27,189</b>	<b>28,453</b>	<b>28,339</b>	<b>26,626</b>	<b>22,461</b>
- IFSC	Cr	67,705	66,338	15,930	17,261	17,210	17,304	16,322	17,512	16,162	16,342	11,687
	Db	68,386	66,141	15,826	17,743	17,371	17,446	16,213	17,186	16,309	16,433	11,545
- non IFSC	Cr	17,206	17,498	3,556	4,439	4,588	4,623	4,354	4,496	4,645	4,003	3,188
	Db	44,350	44,463	10,919	11,448	10,615	11,368	10,975	11,266	12,029	10,193	10,916
<b>Current Transfers</b>	<b>Cr</b>	<b>4,833</b>	<b>5,765</b>	<b>1,040</b>	<b>866</b>	<b>916</b>	<b>2,011</b>	<b>1,151</b>	<b>1,036</b>	<b>1,092</b>	<b>2,486</b>	<b>1,105</b>
	<b>Db</b>	<b>5,823</b>	<b>6,880</b>	<b>1,743</b>	<b>1,271</b>	<b>1,376</b>	<b>1,433</b>	<b>1,902</b>	<b>1,604</b>	<b>1,473</b>	<b>1,901</b>	<b>1,890</b>
- IFSC <sup>4</sup>	Cr	2,419	3,409	753	614	558	494	771	825	778	1,035	883
	Db	2,419	3,409	753	614	558	494	771	825	778	1,035	883
- non IFSC	Cr	2,414	2,356	287	252	358	1,517	380	211	314	1,451	223
	Db	3,404	3,470	989	658	818	939	1,130	779	695	866	1,007
<b>Balance on Current Account</b>		<b>-10,124</b>	<b>-9,435</b>	<b>-3,624</b>	<b>-2,096</b>	<b>-1,641</b>	<b>-2,763</b>	<b>-4,175</b>	<b>-2,028</b>	<b>-2,898</b>	<b>-334</b>	<b>-2,530</b>
<b>Balance on Capital Account</b>		<b>39</b>	<b>68</b>	<b>48</b>	<b>-4</b>	<b>-10</b>	<b>5</b>	<b>29</b>	<b>52</b>	<b>-14</b>	<b>1</b>	<b>-5</b>



**Table 3 – Current, Capital and Financial Accounts showing IFSC<sup>1</sup> and non-IFSC activity** - continued

€ million

		2007 <sup>2</sup>	2008 <sup>2</sup>	2007 <sup>2</sup>				2008 <sup>2</sup>				2009
Item		Year		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
Financial Account <sup>5</sup>												
Direct investment	Abroad	-15,450	-9,217	-7,610	-2,314	-7,166	1,640	-1,361	-616	-4,475	-2,765	-809
	In Ireland	18,052	-13,674	8,658	-787	6,074	4,107	-759	-3,585	-4,556	-4,774	794
- IFSC	Abroad	950	-811	206	25	*	*	885	-118	-1,058	-520	994
	In Ireland	1,739	-23,247	4,839	-5,767	2,521	146	-3,677	-4,696	-7,994	-6,880	-1,779
- non IFSC	Abroad	-16,400	-8,404	-7,816	-2,339	*	*	-2,246	-497	-3,417	-2,244	-1,803
	In Ireland	16,313	9,573	3,820	4,979	3,553	3,961	2,918	1,111	3,438	2,106	2,573
Portfolio investment	Assets	-170,847	-29,855	-60,223	-58,052	-9,809	-42,763	-59,590	-39,133	63,502	5,366	40,443
	Liabilities	163,564	-9,498	59,248	40,472	32,578	31,266	68,620	33,987	-70,897	-41,208	-27,765
- IFSC	Assets	-143,575	-22,428	-58,343	-48,210	-7,903	-29,119	-72,909	-32,338	68,022	14,797	30,732
	Liabilities	140,385	-14,281	48,329	31,480	20,459	40,117	65,583	28,264	-63,706	-44,422	-24,914
- non IFSC	Assets	-27,272	-7,425	-1,881	-9,842	-1,906	-13,643	13,320	-6,795	-4,519	-9,431	9,712
	Liabilities	23,178	4,782	10,918	8,992	12,119	-8,851	3,038	5,722	-7,191	3,213	-2,851
Other investment <sup>6</sup>	Assets	-157,634	-67,301	-32,355	-49,343	-45,318	-30,618	-68,315	-2,424	5,784	-2,346	-1,546
	Liabilities	174,378	145,677	34,629	72,119	25,377	42,253	67,577	19,735	13,543	44,822	-14,985
- IFSC	Assets	-124,733	-30,623	-26,036	-39,122	-47,368	-12,207	-38,135	-10,612	2,187	15,937	7,697
	Liabilities	138,304	41,686	30,140	64,376	36,490	7,298	43,240	7,360	-14,951	6,037	-31,093
- non IFSC	Assets	-32,901	-36,677	-6,319	-10,221	2,050	-18,411	-30,180	8,188	3,598	-18,283	-9,243
	Liabilities	36,076	103,991	4,490	7,743	-11,112	34,955	24,336	12,375	28,494	38,786	16,108
Reserve Assets		-12	-78	-47	9	-38	64	74	-46	-39	-67	41
Balance on Financial Account		12,051	16,057	2,300	2,104	1,698	5,949	6,246	7,919	2,863	-971	-3,827
Net errors and omissions		-1,966	-6,690	1,277	-5	-47	-3,191	-2,100	-5,943	49	1,304	6,362

<sup>1</sup> From the start of 2000 new international financial service projects are no longer subject to the earlier certification and licensing procedures in operation for location in the IFSC and such projects can, therefore, locate anywhere in Ireland. Additions to existing IFSC projects, however, are still subject to the formal procedures. For statistical analysis purposes this table still shows the 'IFSC/non-IFSC' breakdown and the activities of all international financial service enterprises are covered under the IFSC heading

<sup>2</sup> Revised

<sup>3</sup> Adjusted for balance of payments purposes

<sup>4</sup> Current transfers to and from IFSC enterprises relate solely to non-life insurance transactions (see Background Notes)

<sup>5</sup> See footnote 1 on Table 2b

<sup>6</sup> Including financial derivatives and trade credits

\* Suppressed for confidentiality reasons

Table 4a – Current and Capital Accounts showing geographical<sup>1</sup> detail

€ million

Item		2007 <sup>2</sup>	2008 <sup>2</sup>	2007 <sup>2</sup>				2008 <sup>2</sup>				2009
		Year		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
<b>Current Account - Total</b>	<b>Cr</b>	<b>241,783</b>	<b>240,299</b>	<b>57,320</b>	<b>60,977</b>	<b>60,218</b>	<b>63,268</b>	<b>58,388</b>	<b>60,911</b>	<b>59,023</b>	<b>61,977</b>	<b>52,567</b>
	<b>Db</b>	<b>251,907</b>	<b>249,734</b>	<b>60,945</b>	<b>63,072</b>	<b>61,859</b>	<b>66,031</b>	<b>62,563</b>	<b>62,940</b>	<b>61,921</b>	<b>62,310</b>	<b>55,096</b>
<b>Merchandise<sup>3</sup></b>	<b>Cr</b>	<b>84,079</b>	<b>81,495</b>	<b>20,992</b>	<b>21,592</b>	<b>20,053</b>	<b>21,442</b>	<b>20,150</b>	<b>20,515</b>	<b>19,810</b>	<b>21,020</b>	<b>20,536</b>
	<b>Db</b>	<b>64,268</b>	<b>57,675</b>	<b>16,805</b>	<b>15,446</b>	<b>14,977</b>	<b>17,040</b>	<b>15,864</b>	<b>14,660</b>	<b>13,860</b>	<b>13,291</b>	<b>12,516</b>
- EMU	Cr	36,768	34,317	9,597	9,080	8,449	9,642	8,636	8,569	8,173	8,939	8,654
	Db	18,593	16,232	4,887	4,616	4,183	4,907	4,730	4,342	3,699	3,461	3,117
- non EMU	Cr	47,310	47,177	11,395	12,511	11,604	11,800	11,514	11,946	11,636	12,081	11,882
	Db	45,673	41,443	11,917	10,830	10,794	12,132	11,134	10,318	10,161	9,830	9,399
- EU	Cr	56,643	52,913	14,296	14,103	13,297	14,947	13,146	13,478	12,791	13,498	12,483
	Db	45,438	41,708	11,530	11,064	10,746	12,098	11,166	10,831	9,959	9,752	7,837
- non EU	Cr	27,437	28,580	6,696	7,489	6,757	6,495	7,004	7,037	7,018	7,521	8,054
	Db	18,829	15,967	5,274	4,382	4,231	4,942	4,698	3,829	3,901	3,539	4,679
<b>Services</b>	<b>Cr</b>	<b>67,960</b>	<b>69,203</b>	<b>15,802</b>	<b>16,819</b>	<b>17,451</b>	<b>17,888</b>	<b>16,410</b>	<b>17,353</b>	<b>17,314</b>	<b>18,126</b>	<b>16,050</b>
	<b>Db</b>	<b>69,081</b>	<b>74,574</b>	<b>15,652</b>	<b>17,165</b>	<b>17,519</b>	<b>18,745</b>	<b>17,608</b>	<b>18,224</b>	<b>18,249</b>	<b>20,493</b>	<b>18,230</b>
- EMU	Cr	24,370	25,682	5,818	6,147	5,992	6,413	6,196	6,401	6,030	7,055	4,958
	Db	19,625	23,092	4,064	4,818	5,498	5,245	5,263	6,128	5,869	5,832	4,091
- non EMU	Cr	43,590	43,523	9,984	10,672	11,459	11,475	10,215	10,952	11,285	11,071	11,092
	Db	49,456	51,483	11,587	12,347	12,021	13,501	12,346	12,096	12,380	14,661	14,139
- EU	Cr	43,911	45,096	10,204	11,064	11,287	11,356	10,779	11,312	11,065	11,940	8,434
	Db	33,036	35,941	6,959	8,181	8,857	9,039	8,460	9,481	8,818	9,182	7,046
- non EU	Cr	24,048	24,110	5,598	5,754	6,164	6,532	5,632	6,042	6,250	6,186	7,616
	Db	36,044	38,633	8,693	8,983	8,662	9,706	9,148	8,743	9,431	11,311	11,184

Table 4a – Current and Capital Accounts showing geographical<sup>1</sup> detail - continued

€ million

Item		2007 <sup>2</sup>	2008 <sup>2</sup>	2007 <sup>2</sup>				2008 <sup>2</sup>				2009
		Year		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
<b>Income</b>	<b>Cr</b>	<b>84,912</b>	<b>83,836</b>	<b>19,487</b>	<b>21,700</b>	<b>21,798</b>	<b>21,927</b>	<b>20,676</b>	<b>22,008</b>	<b>20,807</b>	<b>20,345</b>	<b>14,875</b>
	<b>Db</b>	<b>112,736</b>	<b>110,607</b>	<b>26,746</b>	<b>29,190</b>	<b>27,986</b>	<b>28,814</b>	<b>27,189</b>	<b>28,453</b>	<b>28,339</b>	<b>26,626</b>	<b>22,461</b>
- EMU	Cr	27,881	29,332	6,467	7,301	7,074	7,039	6,903	8,006	7,516	6,907	5,304
	Db	34,786	34,631	8,695	8,629	8,176	9,286	8,345	8,366	8,792	9,128	7,386
- non EMU	Cr	57,031	54,504	13,020	14,399	14,724	14,888	13,773	14,002	13,291	13,438	9,571
	Db	77,950	75,975	18,051	20,561	19,810	19,528	18,844	20,086	19,547	17,498	15,075
- EU	Cr	49,005	49,667	11,323	12,525	12,398	12,759	12,323	13,448	12,269	11,627	8,644
	Db	65,847	65,542	15,908	16,388	16,308	17,243	16,333	16,686	16,978	15,545	12,218
- non EU	Cr	35,905	34,169	8,163	9,175	9,399	9,168	8,353	8,560	8,538	8,718	6,231
	Db	46,889	45,064	10,838	12,802	11,678	11,571	10,855	11,767	11,361	11,081	10,243
<b>Current Transfers</b>	<b>Cr</b>	<b>4,833</b>	<b>5,765</b>	<b>1,040</b>	<b>866</b>	<b>916</b>	<b>2,011</b>	<b>1,151</b>	<b>1,036</b>	<b>1,092</b>	<b>2,486</b>	<b>1,105</b>
	<b>Db</b>	<b>5,823</b>	<b>6,880</b>	<b>1,743</b>	<b>1,271</b>	<b>1,376</b>	<b>1,433</b>	<b>1,902</b>	<b>1,604</b>	<b>1,473</b>	<b>1,901</b>	<b>1,890</b>
- EMU	Cr	930	1,141	199	236	331	164	224	281	303	333	270
	Db	952	1,178	204	241	337	170	232	294	311	341	276
- non EMU	Cr	3,903	4,622	841	630	585	1,847	927	754	789	2,152	835
	Db	4,870	5,700	1,538	1,030	1,039	1,263	1,669	1,310	1,162	1,559	1,614
- EU	Cr	3,972	4,548	598	581	962	1,831	812	750	850	2,136	724
	Db	4,282	5,023	1,082	864	1,285	1,051	1,352	1,178	1,108	1,385	1,324
- non EU	Cr	861	1,216	442	285	-46	180	339	286	242	349	381
	Db	1,541	1,856	661	407	91	382	549	426	365	516	566
<b>Balance on Current Account</b>		<b>-10,124</b>	<b>-9,435</b>	<b>-3,624</b>	<b>-2,096</b>	<b>-1,641</b>	<b>-2,763</b>	<b>-4,175</b>	<b>-2,028</b>	<b>-2,898</b>	<b>-334</b>	<b>-2,530</b>
<b>Balance on Capital Account</b>		<b>39</b>	<b>68</b>	<b>48</b>	<b>-4</b>	<b>-10</b>	<b>5</b>	<b>29</b>	<b>52</b>	<b>-14</b>	<b>1</b>	<b>-5</b>

<sup>1</sup> The term 'EMU' means the area represented by the 16 Member States participating in Monetary Union since the enlargement of the Euro area on 1 January 2009 to include Slovakia. For comparison purposes data shown for 2007 and 2008 also relate to EMU 16. The term 'EU' relates to transactions between residents of Ireland and other residents of the EU27 area. This area comprises the former EU25 area along with Bulgaria and Romania who joined on 1 January 2007

<sup>2</sup> Revised

<sup>3</sup> Adjusted for balance of payments purposes

Table 4b – Financial Account<sup>1</sup> showing geographical<sup>2</sup> detail

€ million

Item		2007 <sup>3</sup>	2008 <sup>3</sup>	2007 <sup>3</sup>				2008 <sup>3</sup>				2009
		Year		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
<b>Direct Investment</b>	<b>Abroad</b>	<b>-15,450</b>	<b>-9,217</b>	<b>-7,610</b>	<b>-2,314</b>	<b>-7,166</b>	<b>1,640</b>	<b>-1,361</b>	<b>-616</b>	<b>-4,475</b>	<b>-2,765</b>	<b>-809</b>
	<b>In Ireland</b>	<b>18,052</b>	<b>-13,674</b>	<b>8,658</b>	<b>-787</b>	<b>6,074</b>	<b>4,107</b>	<b>-759</b>	<b>-3,585</b>	<b>-4,556</b>	<b>-4,774</b>	<b>794</b>
- EMU	Abroad	-2,444	160	-595	-716	-4,514	3,381	578	1,150	-1,355	-213	-570
	In Ireland	2,893	-4,545	3,667	-542	1,381	-1,613	2,223	-4,548	-850	-1,370	51
- non EMU	Abroad	-13,006	-9,377	-7,015	-1,598	-2,652	-1,741	-1,940	-1,765	-3,120	-2,552	-239
	In Ireland	15,158	-9,129	4,991	-246	4,693	5,720	-2,982	963	-3,706	-3,404	742
- EU	Abroad	-7,214	-4,731	-2,620	-1,718	-4,919	2,043	-119	152	-3,023	-1,741	-651
	In Ireland	359	1,263	3,529	-991	2,860	-5,039	5,206	-2,884	-182	-877	1,088
- non EU	Abroad	-8,236	-4,486	-4,990	-596	-2,247	-403	-1,242	-768	-1,452	-1,024	-158
	In Ireland	17,693	-14,938	5,130	204	3,213	9,146	-5,965	-701	-4,375	-3,897	-294
<b>Portfolio Investment</b>	<b>Assets</b>	<b>-170,847</b>	<b>-29,855</b>	<b>-60,223</b>	<b>-58,052</b>	<b>-9,809</b>	<b>-42,763</b>	<b>-59,590</b>	<b>-39,133</b>	<b>63,502</b>	<b>5,366</b>	<b>40,443</b>
	<b>Liabilities</b>	<b>163,564</b>	<b>-9,498</b>	<b>59,248</b>	<b>40,472</b>	<b>32,578</b>	<b>31,266</b>	<b>68,620</b>	<b>33,987</b>	<b>-70,897</b>	<b>-41,208</b>	<b>-27,765</b>
- EMU	Assets	-37,011	-10,465	-12,840	-16,528	-1,841	-5,802	-4,556	-19,736	10,426	3,401	4,215
	Liabilities	29,523	-1,100	12,475	13,640	-3,571	6,979	8,176	7,829	-9,108	-7,997	-4,374
- non EMU	Assets	-133,835	-19,388	-47,383	-41,524	-7,967	-36,961	-55,034	-19,396	53,077	1,965	36,229
	Liabilities	134,041	-8,398	46,772	26,832	36,149	24,288	60,444	26,158	-61,789	-33,211	-23,392
- EU	Assets	-85,777	-36,147	-23,504	-32,569	-5,970	-23,734	-16,988	-19,375	13,903	-13,687	10,434
	Liabilities	119,935	10,393	43,765	37,006	20,448	18,716	39,413	20,140	-31,410	-17,750	-19,500
- non EU	Assets	-85,069	6,293	-36,719	-25,483	-3,838	-19,029	-42,601	-19,758	49,599	19,053	30,009
	Liabilities	43,629	-19,892	15,483	3,466	12,130	12,550	29,207	13,846	-39,487	-23,458	-8,266

Table 4b – Financial Account<sup>1</sup> showing geographical<sup>2</sup> detail - continued

€ million

Item		2007 <sup>3</sup>	2008 <sup>3</sup>	2007 <sup>3</sup>				2008 <sup>3</sup>				2009
		Year		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
<b>Other Investment<sup>4</sup></b>	<b>Assets</b>	<b>-157,634</b>	<b>-67,301</b>	<b>-32,355</b>	<b>-49,343</b>	<b>-45,318</b>	<b>-30,618</b>	<b>-68,315</b>	<b>-2,424</b>	<b>5,784</b>	<b>-2,346</b>	<b>-1,546</b>
	<b>Liabilities</b>	<b>174,378</b>	<b>145,677</b>	<b>34,629</b>	<b>72,119</b>	<b>25,377</b>	<b>42,253</b>	<b>67,577</b>	<b>19,735</b>	<b>13,543</b>	<b>44,822</b>	<b>-14,985</b>
- EMU	Assets	-63,672	-16,389	-12,490	-20,448	-16,207	-14,527	-29,490	853	12,431	-183	-61
	Liabilities	82,367	120,852	8,957	31,822	2,763	38,825	24,459	29,449	14,712	52,232	43,385
- non EMU	Assets	-93,962	-50,913	-19,865	-28,895	-29,111	-16,091	-38,826	-3,277	-6,647	-2,163	-1,485
	Liabilities	92,013	24,826	25,673	40,297	22,615	3,428	43,117	-9,713	-1,169	-7,409	-58,370
- EU	Assets	-111,778	-49,986	-32,279	-34,546	-30,158	-14,795	-54,708	-409	16,377	-11,246	-4,505
	Liabilities	106,741	150,627	23,394	33,276	-2,587	52,658	48,655	29,338	16,700	55,934	14,020
- non EU	Assets	-45,856	-17,315	-76	-14,797	-15,160	-15,823	-13,607	-2,015	-10,593	8,900	2,959
	Liabilities	67,637	-4,950	11,235	38,843	27,964	-10,405	18,921	-9,603	-3,157	-11,111	-29,005
<b>Reserve Assets</b>		<b>-12</b>	<b>-78</b>	<b>-47</b>	<b>9</b>	<b>-38</b>	<b>64</b>	<b>74</b>	<b>-46</b>	<b>-39</b>	<b>-67</b>	<b>41</b>
<b>Balance on Financial Account</b>		<b>12,051</b>	<b>16,057</b>	<b>2,300</b>	<b>2,104</b>	<b>1,698</b>	<b>5,949</b>	<b>6,246</b>	<b>7,919</b>	<b>2,863</b>	<b>-971</b>	<b>-3,827</b>
<i>Net errors and omissions</i>		<i>-1,966</i>	<i>-6,690</i>	<i>1,277</i>	<i>-5</i>	<i>-47</i>	<i>-3,191</i>	<i>-2,100</i>	<i>-5,943</i>	<i>49</i>	<i>1,304</i>	<i>6,362</i>

<sup>1</sup> See footnote 1 on Table 2b<sup>2</sup> The term 'EMU' means the area represented by the 16 Member States participating in Monetary Union since the enlargement of the Euro area on 1 January 2009 to include Slovakia. For comparison purposes data shown for 2007 and 2008 also relate to EMU 16. The term 'EU' relates to transactions between residents of Ireland and other residents of the EU27 area. This area comprises the former EU25 area along with Bulgaria and Romania who joined on 1 January 2007<sup>3</sup> Revised<sup>4</sup> Including financial derivatives and trade credits

## Background Notes *(updated December 2006)*

<b>Introduction</b>	<p>Ireland's balance of payments (BOP) quarterly statistical compilation system was completely overhauled in the late 1990's to strengthen sectoral and enterprise coverage in basic data collection; adopt best international methodological standards; conform more closely with international presentation formats; and provide for geographical analysis of the results. The improvements facilitate the production of data 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.</p> <p>A description of the methodology is given below. It follows as far as possible the recommendations of the IMF's <i>Balance of Payments Manual - 5th Edition</i> (BPM5) published in 1993 and its supplement <i>Financial Derivatives: A Supplement to the 5th Edition (1993) of the Balance of Payments Manual</i> published in 2000. These recommendations were prepared in close co-operation with the European Commission (Eurostat), the OECD and other international organisations.</p>
<b>Definition of balance of payments</b>	The balance of payments (BOP) is a statistical statement that summarises, for a specific time period, the economic transactions of the residents of an economy with the rest of the world.
<b>Residence</b>	BOP transactions occur 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 and should be recorded in the financial account.
<b>Structure of the Balance of Payments accounts</b>	The balance of payments presentation consists of three tables or accounts, the <i>Current Account</i> , the <i>Capital Account</i> and the <i>Financial Account</i> . The current account consists of trade in merchandise and services, income inflows and outflows and current transfers. The capital account covers capital transfers and the acquisition and disposal of non-produced, non-financial assets. The financial account is concerned with transactions in foreign financial assets and liabilities, distinguishing the functional type of investment i.e. direct, portfolio and other investment (including transactions in financial derivatives) and reserve assets.
<b>Valuation</b>	BOP transactions, in principle, should be recorded on an accruals basis using market valuation. In practice, the collection system (see below) is designed to adhere to this approach and, for the most part, the valuations reported are either market values or a close approximation. In certain cases, income (interest) flows on debt securities may be reported on a cash rather than an accruals basis.
<b>Geographical allocation principle</b>	Current and capital account transactions are allocated to the country of residence of the counterpart. Financial account transactions are allocated on the basis of the debtor/creditor principle; assets are geographically assigned to the country of the debtor (i.e. the issuer) of the assets, while liabilities are assigned to the country of the creditor (i.e. the holder). 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.
<b>Sign convention and symbols</b>	<p>The BOP presentation follows the standard double entry accounting treatment for a transaction i.e. in principle, every credit entry is matched by a corresponding debit entry elsewhere in the system.</p> <p>In the current account, credit items are exports of merchandise and services, income inflows and current transfer receivables while debit items are imports, income outflows and transfer payables. In the capital account, capital transfer receivables are recorded as credits and payables as debits. Both credit (denoted by the symbol 'Cr') and debit (denoted by 'Db') items are shown as positive numbers and the net balances are calculated as <i>credit – debit</i>.</p> <p>The transactions in the financial account are implicitly recorded on a credit/debit basis but are generally presented on an assets/liabilities basis. Increases in foreign assets or reductions in foreign liabilities are shown with a – (minus) sign, i.e. implicitly as a debit amount, while decreases in assets or increases in liabilities are unsigned i.e. shown as positive numbers (i.e. as credits). The net balances are calculated as <i>net change in assets transactions + net change in liabilities transactions</i>. In the case of direct investment, the asset/liability presentation is replaced by the so-called 'directional' one, i.e. <i>direct investment abroad</i> (which approximates to the assets concept) and</p>

*direct investment in Ireland* (which closely equates to liabilities). The difference between the two approaches centres on the treatment of reverse investment by a direct investment enterprise in its parent (direct investor) or its foreign affiliates (see *direct investment* below).

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.

#### **Net errors and omissions**

Given the double entry accounting procedure described above, the sum of the credit entries should in principle equal the sum of the debit entries over all three accounts. In practice, because some transactions may not be captured or because of differences in coverage, valuation and timing of transactions, exact symmetry does not occur and a balancing item *net errors and omissions* is inserted to balance the overall account. Ideally, the magnitude of this item should be relatively small in relation to the combined value of all credit and debit transactions expressed in absolute terms (i.e. ignoring their signs) over all three accounts. It should also fluctuate frequently from positive to negative values.

#### **Data collection**

BOP data collection is statutory and surveys or other data collection arrangements 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.

A number of new quarterly surveys were introduced in 1998. These were directed to financial service enterprises not formerly surveyed, in particular to enterprises operating from the International Financial Services Centre (IFSC) in Dublin. Some of the information now being collected directly from these enterprises was formerly implicitly incorporated from other sources in the published results. In addition to the new surveys existing surveys were re-designed.

The financial enterprise surveys cover banking, insurance, asset financing, treasury, institutional investment, activities of mutual funds, unit trusts and similar collective investment operations, broking and other financial service provision. Respondents are required to make quarterly returns using either paper or electronic media. Exhaustive coverage is aimed at but, in order to reduce reporting burden, companies with low activity volumes may, on approval from the CSO, provide annual data. Overall, about 4,500 entities are surveyed.

Manufacturing and non-financial service enterprises have been reporting their BOP transactions to CSO for a number of years. The surveys directed towards these enterprises were re-designed to meet the new conceptual and geographical requirements. Coverage is on a sample selection basis, those surveyed being selected on the basis of statistical register information concerning transactions with non-residents. About 500 companies make quarterly and/or annual returns.

The information collected for all types of enterprises covers transactions with non-residents concerning purchases and sales of services, income flows, transfers, as well as acquisitions and disposals of foreign assets or liabilities.

Apart from survey data, administrative sources also provide information on non-resident transactions (e.g. the National Treasury Management Agency, on flows associated with Ireland's foreign debt and other transactions including those associated with the National Pensions Reserve Fund; the Department of Defence, concerning Ireland's UN military peace-keeping activity; the Department of Foreign Affairs, on expenditure incurred in maintaining Ireland's embassies and consulates abroad; the Central Bank and Financial Services Authority of Ireland, on reserve assets and other assets/liabilities and associated income flows). Information is also obtained from other sources (e.g. charitable organisations, industry bodies). In addition, information on merchandise exports and imports and on tourism expenditure and receipts is obtained from other CSO inquiries.

The compilation system was further developed and refined in 2004 to include the estimated values of a variety of cross-border transactions which, because of the lack of data, were either not captured formerly or not adequately captured. These cover (a) direct imports and exports of goods for consumption of private households and not included in the official merchandise trade statistics; (b) improved data on transactions in services (tourism and travel; communications; construction; diplomatic and consular services; cultural services; bloodstock breeding); (c) new estimates for income receipts from Irish resident investment in residential and commercial property abroad and for income remittances to the foreign owners of breeding bloodstock based in Ireland, along with improved estimates of the earnings (credits and debits) of students, other cross-border workers and local employees of embassies; (d) new estimates for income taxes paid on the earnings of students and other cross-border workers and for the remittances abroad of earnings of immigrant workers in Ireland; and (e) new estimates for investment in residential and commercial property abroad by Irish residents.

#### **Current account**

**Merchandise** exports and imports are valued f.o.b. (*free on board*) for BOP purposes. While imports are valued c.i.f. (*cost, insurance and freight*) in the official external trade statistics, adjustments are made to reflect an estimated f.o.b. valuation (formerly the c.i.f. valuation for imports was used in the BOP). These adjustments result from the application of different c.i.f./f.o.b.



conversion ratios to the values of imports from within the European Union and from outside the European Union. In addition and in line with EU and ECB requirements, merchandise imports from within European Union member states are compiled on the basis of country of consignment rather than country of ultimate origin (as was the case formerly). Some adjustments are also made to the official merchandise trade statistics to conform to the BOP change of ownership and market valuation principles. In addition, certain exports sales of software licences are included in BOP service exports and not in BOP merchandise exports (as was the case formerly). The BOP merchandise figures now include the estimated values of (unrecorded) retail exports of fuel to Northern Ireland and of unrecorded imports of goods for personal consumption from Northern Ireland and elsewhere.

**Services** exports and imports are presented to show nine categories of service types: *transport, tourism and travel, communications, insurance services, financial services, computer services, royalties and licences, business services* and *other services not elsewhere specified*. Some specific points of note are:

- (i) Because of the presentation of merchandise imports on a f.o.b. (rather than c.i.f.) basis, the freight element of the c.i.f. to f.o.b. adjustment is included in *transport*
- (ii) The value of *insurance services* provided to non-residents by resident insurers (credit) is estimated as the value of direct and supplementary premiums earned less the value of claims payable less increases in the actuarial element of insurance technical reserves. Supplementary premiums consist of investment income earned on investing the insurance technical reserves. For BOP purposes, this income is attributed to the policy holders and is also treated as being paid back to the insurance company by them. To obtain the value of insurance services purchased from non-resident insurers (debit), the ratio of the estimated service charge to total premiums for insurance exports is applied to the total premiums payable to non-resident insurers. To date, reinsurance transactions (e.g. premiums and claims) were consolidated (i.e. netted) in the estimates compiled. In this release reinsurance is treated on a gross basis and, hence, insurance service credits and debits have been increased accordingly. This gross recording treatment of reinsurance transactions has no net impact on the insurance service balance as the reinsurance element on the credit and debit sides are offsetting. In relation to merchandise imports, the freight insurance element of the c.i.f. to f.o.b. adjustment referred to above under *merchandise* is recorded under *insurance*.
- (iii) *Financial services* covers non-interest receivables and payables in respect of financial intermediary and auxiliary services (other than those of insurance enterprises and pension funds).
- (iv) Exports and imports of computer software which is embedded in hardware or carried on other physical media are not included in *computer services* but under *merchandise*. Sales and purchases of software transmitted electronically as well as exports of certain software licences are recorded under *computer services*.
- (v) *Business services* covers receivables and payables for (a) *merchanting and other trade-related services*, (b) *operational leasing* and (c) *miscellaneous business services*.

*Merchanting* consists of the sales net of purchases by Irish merchants of foreign goods bought from and sold to non-residents without entering or leaving Ireland; it may also include sales less purchases of services associated with the installation, maintenance, repair, etc. of these goods. *Other trade-related services* consist of commissions earned by resident agents or paid to non-resident agents in connection with imports or exports. *Operational leasing* covers rental receivables and payables in respect of leasing (other than financial leasing) and chartering, without operators, of aircraft, ships and other transport or other equipment and plant. *Miscellaneous business services* covers legal, accounting, management consulting, public relations, advertising and marketing, research and development and other professional and technical services as well as agricultural services. It also covers inter-affiliate management fees.

- (vi) *Other services not elsewhere specified* covers construction services, personal and cultural services (e.g. fees and royalties for film, television and musical recordings and performances), educational services and government services. The last sub-category includes credit and debit entries for (a) the estimated expenditures of embassy and consular staff in the host countries, (b) non-labour expenditures by governments towards the provision of embassy and consular services in the host countries, and (c) receipts i.e. credits, in respect of collection of Ireland's budgetary contributions to the EU).

**Income** covers (a) *compensation of employees*, which relates to the earnings of persons working outside their country of residence for less than one year (i.e. students and other short-term cross-border workers) and earnings of local staff working in embassies and consulates, and (b) *investment income*, which covers earnings arising from foreign investors' investments in Ireland and Irish investors' investment abroad. Investment income excludes realised and unrealised capital and exchange gains or losses. It is subdivided into three categories:

- (i) *Direct investment income* covers income accruing to an Irish or foreign direct investor from their ownership of (correspondingly) a direct investment enterprise located abroad or in



Ireland (see definition of *direct investment* in the *financial account* section below). It is split into income on equity and income on debt. *Direct investment income on equity* may be called the 'entrepreneurial income' of the enterprise which, in principle, is its net operating surplus plus investment income receivable less investment income payable. Apart from excluding capital and exchange gains and losses, it also excludes the value of unusual provisions and write-offs and is calculated net of corporation taxes. In company accounting terms, direct investment income on equity can be equated or approximated to an enterprise's consolidated profit (or loss) after interest, tax and minority interests and excluding capital and exchange gains (or losses) and other unusual provisions and write-offs. This income item is further subdivided into *dividends* and *distributed branch profits* and *reinvested earnings*. Dividends are recorded at the time they become due for payment while distributed branch profits are recorded when receipt or payment occurs. Amounts recorded under *reinvested earnings* represent the difference between the enterprise's entrepreneurial income earned in the reference period and the distributions (dividends, etc.) made in the same period. As it is an income flow in the BOP current account but without a counterpart cash flow in the financial account, an offset (i.e. with the opposite sign) of equal magnitude is recorded under *direct investment* in the latter. *Direct investment income on debt* covers income (mainly interest) on non-equity inter-affiliate assets and liabilities (mainly loans). This item also includes estimates of (a) the (net) income generated from investment by private individuals in residential and commercial property abroad, and (b) the profits attributable to the foreign owners of breeding bloodstock – see *Direct Investment* below.

- (ii) *Portfolio investment income* covers income receivable and payable to non-direct investors on their holdings of equity and long and short-term debt securities (see definition of *portfolio investment* below). Income on equity consists of dividends actually received/paid. Income on debt securities refers to coupon or interest payments on bonds and notes and interest on money market instruments. In principle, the income should be recorded on an accruals basis using market valuations. In practice, some respondents may report on a cash basis. Discounts and premiums (i.e. differences between the nominal value and the issue value) are treated as income or negative income respectively and spread (accrued) over the life of the instrument.
- (iii) *Other investment income* covers interest on loans, deposits and trade credits. The flows recorded under this item relate largely to interest flows of credit institutions but also cover the income generated from the holdings of the Central Bank and Financial Services Authority of Ireland in external reserve assets and income arising from its non-reserve assets and liabilities.

**Current transfers** covers unrequited receipts and payments. Important components are subsidies and other current transfers receivable from and taxes payable to the European Union, payments under Third World aid programmes operated by non-governmental organisations and transfers related to non-life insurance business. As regards the latter, for resident insurers the transfer credit is calculated as the gross insurance premiums earned (i.e. premiums earned plus supplementary premiums) less the insurance service charge; the debit is the amount of claims payable to non-resident policy holders adjusted by the change in the actuarial element of insurance technical reserves. For resident holders of policies issued by non-resident insurers, credits represent claims receivable and debits represent the insurance premiums less the estimated insurance service charge (see also the note above on 'insurance' item under 'services'). This item also includes income taxes receivable or payable on the earnings of cross-border workers.

The **current account balance** is the total of all current account credits less the total of all current account debits.

#### Capital account

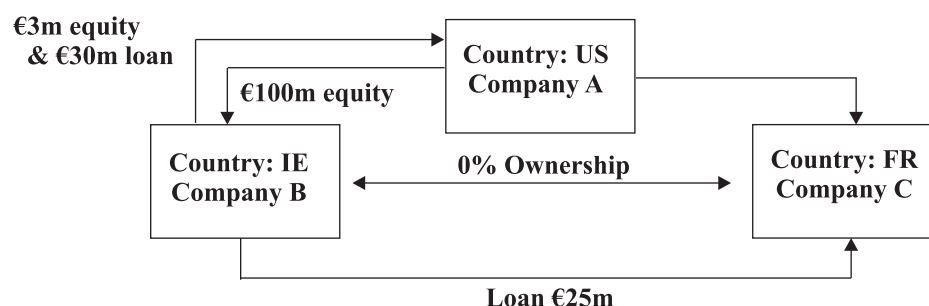
The capital account largely covers capital transfers, in particular amounts receivable under the EU Regional Development Fund and the Cohesion Fund and all other transfers intended for capital purposes. Estimates of migrants' transfers (i.e. the transfer of the net worth of immigrants and emigrants) are included but they are not well based. In addition, acquisitions and disposals of non-produced, non-financial assets (patents, copyrights, etc.) are also covered here. These transactions tend to occur infrequently but the amounts involved can vary substantially. Because of certain data limitations only the net flows are shown.

#### Financial account

The financial account covers transactions in foreign financial assets (i.e. claims on non-residents) and foreign financial liabilities (i.e. obligations to non-residents). The four categories of functional investment which are distinguished (i.e. *direct investment*, *portfolio investment*, *other investment* and *reserve assets*) are based primarily on the relationship between the parties and secondly on the nature of the instrument involved.

**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 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 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 also includes investment by Irish private residents (households) in residential and commercial property abroad. Such properties are regarded as constituting 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 BOP statistics.

**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 securities* 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. Investment by private resident investors in commercial property abroad which was formerly included in portfolio investment is now included instead under direct investment. Transactions are valued at market value inclusive of 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 cover over-the-counter (OTC) and exchange-traded contracts and include options, futures, swaps, forwards, etc. For BOP purposes, all receipts and payments connected to financial derivative contracts (other than the values of transactions in the underlying commodities or financial instruments) are recorded in the financial account<sup>1</sup> i.e. there are no entries in the current account other than related fees and service charges (not always identifiable). 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, together with gold, SDRs and the reserve position in the IMF, the definition covered all foreign currency (non-Irish Pound) denominated claims on non-residents of Ireland. Therefore, all claims on euro-area residents as well as euro-denominated claims on non euro-area residents, which prior to 1999 would have been classified as reserve assets, are from 1999 onwards classified to *portfolio investment* or *other investment* as appropriate.

<sup>1</sup>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 5<sup>th</sup> Edition (1993) of the Balance of Payments Manual* published in 2000.