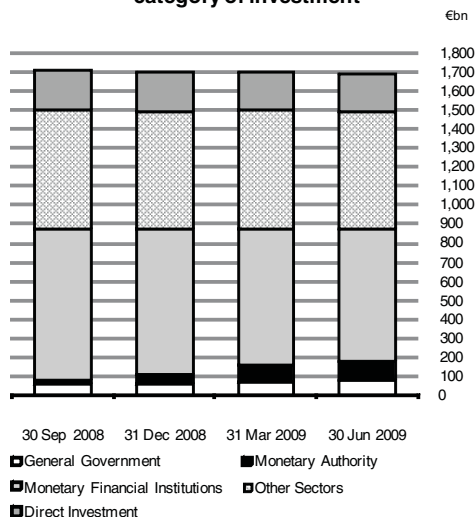




Central Statistics Office
An Phríomh-Oifig Staidrimh

30 September 2009

**Gross External Debt
- category of investment**



External Debt 30 June 2009

	€million			
	30 Sep 2008	31 Dec 2008	31 Mar 2009	30 June 2009
General Government	51,165	57,734	62,004	72,106
Monetary Authority	25,934	44,467	94,861	103,493
Monetary Financial Institutions	797,865	767,753	717,752	690,872
Other Sectors	619,681	621,596	624,710	624,471
Direct Investment	213,172	201,084	196,465	197,619
Gross External Debt	1,707,817	1,692,634	1,695,792	1,688,561

Slight fall in Ireland's External Debt at end-June

At 30 June 2009, the gross external debt of all resident sectors (i.e. general government, the monetary authority, financial and non-financial corporations and households) amounted to almost €1,689bn. This represents a drop of €7bn or 0.4% in the stock of financial liabilities to non-residents (other than those arising from issues of Irish equities and derivatives contracts) compared to the level shown (€1,696bn) at the end of March 2009 – see *Table 1*. The related International Investment Position (IIP) statistics show that the bulk of Ireland's external debt arises from the liabilities of IFSC financial enterprises and also that most of its overall foreign financial liabilities are offset by Irish residents' (including IFSC) holdings of foreign financial assets. Other points of note are:

- ◆ Liabilities of *monetary financial institutions* (credit institutions and money market funds) consisting mostly of loans and debt securities were almost €691bn, a drop of almost €27bn on the 31st March 2009 stock level and down €117bn on the June 2008 level. These reduced liabilities are broadly reflected in the significantly increased *Monetary Authority* liabilities of €103bn, up by over €98bn since June 2008. These obligations are to the European System of Central Banks (ESCB) and include balances in the TARGET 2 settlement system of the ESCB.
- ◆ The liabilities of *other sectors* including those of insurance companies and pension funds, treasury companies and other relevant financial enterprises, as well as non-financial enterprises were €624bn, remaining relatively flat compared to end-March 2009. However, compared to end-June 2008, these liabilities had increased by €28bn.
- ◆ The level of *general government* foreign borrowing increased by €10bn to €72bn between March and June this year and was €29bn up on the June 2008 level.
- ◆ *Direct investment* debt liabilities of €198bn showed little change.

This Release presents the end-June 2009 figures on Ireland's External Debt position along with revised figures for earlier quarters. These revisions largely follow from preparing the end-2008 International Investment Position (IIP) results (including end-2007 revisions) to be published next month. The revisions to both series also take account of the revised balance of payments results for 2007 and 2008 published on 30th June. For underlying methodology, see *Background Notes* in both releases.

Published by the Central Statistics Office, Ireland.

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Ref 173/2009

ISSN 1649-430X

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Table 1 - Gross External Debt¹

€ million

Item	30 Sep 2007 ²	31 Dec 2007 ²	31 Mar 2008 ²	30 Jun 2008 ²	30 Sep 2008 ²	31 Dec 2008 ²	31 Mar 2009 ²	30 Jun 2009
General Government	36,927	30,156	34,034	43,042	51,165	57,734	62,004	72,106
Short-term	8,578	839	4,572	6,661	16,043	19,047	18,049	25,473
Money market instruments	8,578	589	4,572	4,861	11,817	19,047	18,049	25,473
Loans	0	250	0	1,800	4,226	0	0	0
Trade credits	0	0	0	0	0	0	0	0
Long-term	28,349	29,317	29,462	36,381	35,122	38,687	43,955	46,633
Bonds and notes	28,224	29,199	29,351	36,271	35,036	38,656	43,923	46,632
Loans	125	118	111	110	86	31	32	1
Other debt liabilities	0	0	0	0	0	0	0	0
Monetary Authority ³	-8,275	687	41	5,100	25,934	44,467	94,861	103,493
Short-term	-8,358	595	-41	4,986	25,833	44,364	92,054	98,794
Loans and deposits	-8,358	595	-41	4,986	25,833	44,364	92,054	98,794
Long-term	83	92	82	114	101	103	2,807	4,699
Loans	0	0	0	0	0	0	0	0
Other debt liabilities	83	92	82	114	101	103	2,807	4,699
Monetary Financial Institutions ⁴	758,239	777,700	806,165	808,102	797,865	767,753	717,752	690,872
Short-term	480,940	500,043	533,659	541,367	552,267	566,301	527,554	513,054
Money market instruments	25,908	29,971	35,391	31,130	26,540	23,807	22,753	17,729
Loans and deposits	455,032	470,072	498,268	510,237	525,727	542,494	504,801	495,325
Long-term	277,299	277,657	272,506	266,735	245,598	201,452	190,198	177,818
Bonds and notes	200,637	193,477	188,906	187,600	165,509	126,643	116,942	106,580
Loans	72,642	79,822	79,392	77,156	77,750	71,398	69,944	68,117
Other debt liabilities	4,020	4,358	4,208	1,979	2,339	3,411	3,312	3,121
Other Sectors ⁵	545,830	546,798	581,202	596,371	619,681	621,596	624,710	624,471
Short-term	112,567	113,706	102,515	104,322	108,626	110,729	105,680	106,461
Money market instruments	15,981	19,652	13,141	14,404	16,907	14,027	13,162	12,502
Loans and deposits	74,035	71,855	66,979	68,496	68,762	70,382	69,376	72,534
Trade credits	22,551	22,199	22,395	21,422	22,957	26,320	23,142	21,425
Long-term	433,263	433,092	478,687	492,049	511,055	510,867	519,030	518,010
Bonds and notes	271,658	272,364	301,330	312,510	324,544	321,617	321,082	321,806
Loans	75,213	75,032	96,479	97,317	103,351	106,820	111,157	106,328
Other debt liabilities	86,392	85,696	80,878	82,222	83,160	82,430	86,791	89,876
Direct Investment ⁶	192,857	184,899	195,164	202,266	213,172	201,084	196,465	197,619
Debt liabilities to affiliated enterprises	10,373	10,556	11,300	11,748	12,358	12,401	12,366	11,397
Debt liabilities to direct investors	182,484	174,343	183,864	190,518	200,814	188,683	184,099	186,222
Gross External Debt	1,525,578	1,540,240	1,616,606	1,654,881	1,707,817	1,692,634	1,695,792	1,688,561

¹ Gross external debt represents the stock of Ireland's liabilities to non-residents other than those arising from transactions in equity and financial derivatives² Revised³ Central Bank and Financial Services Authority of Ireland⁴ Covering licensed credit institutions and money market funds⁵ *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 significant⁶ Covering inter affiliate loans, non-equity securities, trade credits and other debt liabilities. *Debt liabilities to affiliated enterprises* refers to direct investment abroad while *debt liabilities to direct investors* refers to direct investment in Ireland

Background Notes *(updated September 2009)*

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

Data collection The data required are collected quarterly on a statutory basis by means of surveys 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)¹ are being collected quarterly by the CBFSAI under its legislation as well as European legislation¹. The 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 made under the Statistics Act, 1993. The surveys, which are designed to address the internationally agreed statistical standards, are also used to collect quarterly balance of payments information, the combination of both stock and the related flow data reporting on a single form facilitating the greater reconciliation of both types of information (see *Background Notes* in the BOP and IIP Releases). Regarding financial securities, the CBFSAI surveys of credit institutions and investment funds collect 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. While the external debt end-quarter position data and the BOP flow data are published quarterly, the IIP statistics are published annually with a reference date of 31 December.

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

Results The results are shown first distinguishing institutional sector:

General Government – covering central and local government

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

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

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

The category *direct investment* is also distinguished at this level. *Direct investment* is a category of international investment that, based on an equity ownership of at least 10%, reflects a lasting interest by a resident in one economy (the direct investor) in an enterprise resident in another economy (the direct investment enterprise) – see the *Background Notes* of the BOP and IIP Releases for further details. *Debt liabilities to affiliated enterprises* and *debt liabilities to direct investors* cover all relevant debt liabilities (as defined above) of resident enterprises to their foreign parents, subsidiaries or other related enterprises abroad. As the BOP and IIP results for direct investment are presented on a directional basis (i.e. inward or outward to reflect the direction of influence by the direct investor) and not on the more normal assets/liabilities basis as used for the external debt results, the direct investment figures presented in both statements, although compatible, are different.

Breakdowns are provided by:

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

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

¹ECB 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