

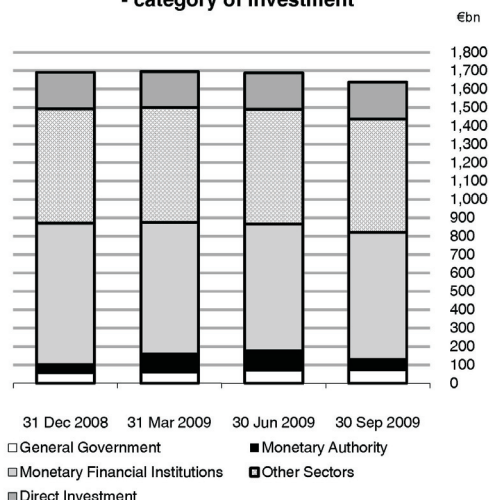


Central Statistics Office
An Phríomh-Oifig Staidrimh

6 January 2010

External Debt 30 September 2009

**Gross External Debt
- category of investment**



	€million			
	31 Dec 2008	31 Mar 2009	30 June 2009	30 Sep 2009
General Government	57,734	62,004	72,106	73,390
Monetary Authority	44,467	94,861	103,493	55,674
Monetary Financial Institutions	767,753	717,752	690,872	690,787
Other Sectors	621,596	624,710	624,471	617,763
Direct Investment	201,084	196,465	197,619	199,643
Gross External Debt	1,692,634	1,695,792	1,688,561	1,637,257

Ireland's External Debt decreases to €1.64 trillion at end-September

At 30 September 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 €1,637bn. This represents a drop of €51bn 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 (€1,689bn) at the end of June 2009 - *see Table 1*. It should be noted that much of this external debt is offset by holdings of foreign financial assets by Irish residents. Other points of note are:

- ◆ Liabilities of *monetary financial institutions* (credit institutions and money market funds) consisting mostly of loans and debt securities were almost unchanged at €691bn, a marginal decrease of €85m on the 30th June 2009 stock level, but down €107bn on the September 2008 level. This represents 42% of the total debt compared with 41% at end-June.
- ◆ 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 €618bn. This represents 38% of the total debt compared with 37% at end-June.
- ◆ The level of *general government* foreign borrowing increased by €1bn to €73bn between June and September this year and was €22bn up on the September 2008 level.
- ◆ *Direct investment* debt liabilities increased by €2bn to €200bn.
- ◆ *Monetary Authority* liabilities decreased by €48bn in the quarter to €56bn. This was due to decreases in Ireland's end quarter liabilities to the European System of Central Banks (ESCB) including balances in the TARGET 2 settlement system of the ESCB.

This Release presents the end-September 2009 figures on Ireland's External Debt position along with previously published figures for earlier quarters. The External Debt figures are compatible with the International Investment Position figures for 2007 and 2008 published on 30th October 2009. For underlying methodology, see *Background Notes* in both releases.

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Table 1 - Gross External Debt¹

€ million

Item	31 Dec 2007	31 Mar 2008	30 Jun 2008	30 Sep 2008	31 Dec 2008	31 Mar 2009	30 Jun 2009	30 Sep 2009
General Government	30,156	34,034	43,042	51,165	57,734	62,004	72,106	73,390
Short-term	839	4,572	6,661	16,043	19,047	18,049	25,473	23,053
Money market instruments	589	4,572	4,861	11,817	19,047	18,049	25,473	23,053
Loans	250	0	1,800	4,226	0	0	0	0
Trade credits	0	0	0	0	0	0	0	0
Long-term	29,317	29,462	36,381	35,122	38,687	43,955	46,633	50,337
Bonds and notes	29,199	29,351	36,271	35,036	38,656	43,923	46,632	50,336
Loans	118	111	110	86	31	32	1	1
Other debt liabilities	0	0	0	0	0	0	0	0
Monetary Authority ²	687	41	5,100	25,934	44,467	94,861	103,493	55,674
Short-term	595	-41	4,986	25,833	44,364	92,054	98,794	50,264
Loans and deposits	595	-41	4,986	25,833	44,364	92,054	98,794	50,264
Long-term	92	82	114	101	103	2,807	4,699	5,410
Loans	0	0	0	0	0	0	0	0
Other debt liabilities	92	82	114	101	103	2,807	4,699	5,410
Monetary Financial Institutions ³	777,700	806,165	808,102	797,865	767,753	717,752	690,872	690,787
Short-term	500,043	533,659	541,367	552,267	566,301	527,554	513,054	500,373
Money market instruments	29,971	35,391	31,130	26,540	23,807	22,753	17,729	11,319
Loans and deposits	470,072	498,268	510,237	525,727	542,494	504,801	495,325	489,054
Long-term	277,657	272,506	266,735	245,598	201,452	190,198	177,818	190,414
Bonds and notes	193,477	188,906	187,600	165,509	126,643	116,942	106,580	118,043
Loans	79,822	79,392	77,156	77,750	71,398	69,944	68,117	68,752
Other debt liabilities	4,358	4,208	1,979	2,339	3,411	3,312	3,121	3,619
Other Sectors ⁴	546,798	581,202	596,371	619,681	621,596	624,710	624,471	617,763
Short-term	113,706	102,515	104,322	108,626	110,729	105,680	106,461	101,696
Money market instruments	19,652	13,141	14,404	16,907	14,027	13,162	12,502	12,603
Loans and deposits	71,855	66,979	68,496	68,762	70,382	69,376	72,534	68,944
Trade credits	22,199	22,395	21,422	22,957	26,320	23,142	21,425	20,149
Long-term	433,092	478,687	492,049	511,055	510,867	519,030	518,010	516,067
Bonds and notes	272,364	301,330	312,510	324,544	321,617	321,082	321,806	316,204
Loans	75,032	96,479	97,317	103,351	106,820	111,157	106,328	104,467
Other debt liabilities	85,696	80,878	82,222	83,160	82,430	86,791	89,876	95,396
Direct Investment ⁵	184,899	195,164	202,266	213,172	201,084	196,465	197,619	199,643
Debt liabilities to affiliated enterprises	10,556	11,300	11,748	12,358	12,401	12,366	11,397	14,035
Debt liabilities to direct investors	174,343	183,864	190,518	200,814	188,683	184,099	186,222	185,608
Gross External Debt	1,540,240	1,616,606	1,654,881	1,707,817	1,692,634	1,695,792	1,688,561	1,637,257

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

Background Notes *(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