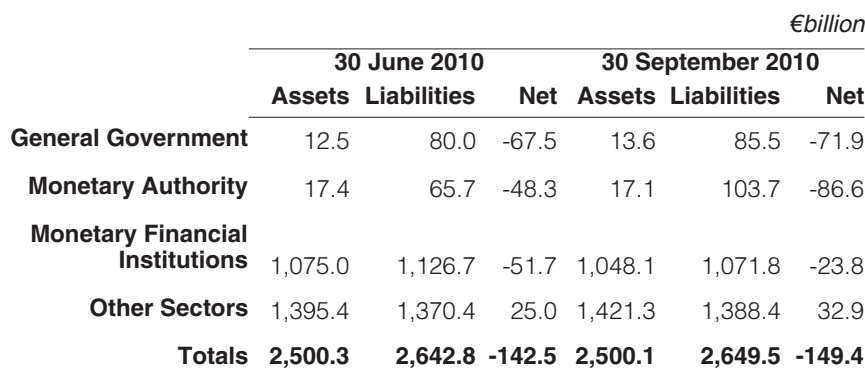




Quarterly International Investment Position and External Debt

30 September 2010



This New Release presents the end-September 2010 figures on Ireland's International Investment Position (IIP) along with the Gross External Debt position. It replaces the Quarterly External Debt Release which will now be discontinued. The IIP liability figures are essentially compatible and consistent with the External Debt figures in Table 6, however, it should be noted that conceptually External Debt excludes equity and derivative contract liabilities and does not treat Direct Investment on a directional basis. The figures are consistent with the 2009 Annual IIP figures published on 8 October 2010 and the BOP results published on 16 December 2010 as well as the most recent External Debt release published on 30 September 2010. For underlying methodology, see the *Background Notes* in this release.

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- ◆ Within the commercial financial sector, IFSC enterprises accounted for a very high proportion of the sector's overall foreign assets and liabilities. At the end of September 2010, IFSC assets abroad amounted to €1,956bn or 86% of the sector's foreign assets (and over 78% of Ireland's total foreign assets); IFSC liabilities at €1,953bn represented 88% of the commercial financial sector aggregate (and almost 74% of Ireland's total foreign liabilities). IFSC enterprises therefore showed a net liability position at the end of September 2010 of €2.2bn. Non-IFSC commercial financial enterprises accounted for almost €317bn or almost 13% of total foreign assets; corresponding liabilities amounted to almost €266bn or 10% of total foreign liabilities - see Table 2 and Table 4.

Ireland's External Debt decreases to €1.7 trillion at end-September

At 30th September 2010, the gross external debt of all resident sectors (i.e. general government, the monetary authority, financial and non-financial corporations and households) amounted to €1,700bn. This represents a decrease of €37bn 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 at the end of June 2010 (€1,737bn) - see Table 6. Other points of note are:

- ◆ Liabilities of the *Monetary Authority* consisting almost entirely of short term loans and deposits amounted to €104bn, an increase of €38bn on the 30th June 2010 stock level. These obligations are to the European System of Central Banks (ESCB) and include balances in the TARGET 2 settlement system of the ESCB.
- ◆ *General government* foreign borrowing increased by €5.5bn from €80bn at end-June to €85.5bn at end-September.
- ◆ The liabilities of *other sectors* decreased by €2bn from the end-June position and at €655bn represented almost 39% of the total debt at end-September 2010.
- ◆ *Direct investment liabilities* decreased by €21bn to €241bn in the quarter ending 30th September 2010. Exchange rate effects accounted for a large part of this decrease.
- ◆ Debt liabilities of *monetary financial institutions* (credit institutions and money market funds) were €614bn at end-September, a decrease of over €57bn on the 30th June 2010 stock level. Whilst there were significant exchange rate effects, the bulk of the change was accounted for by transactions.

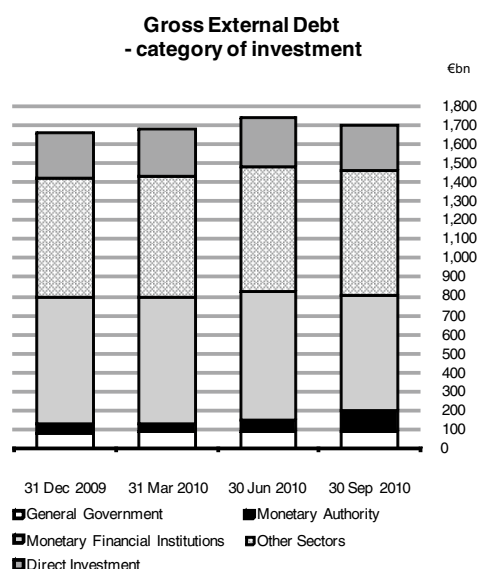


Table 1 - International Investment Position (IIP) - Main Aggregate Data

€ million

Item	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010
Foreign Assets											
Direct Investment Abroad ¹	102,016	100,950	113,135	121,381	116,997	139,096	162,387	189,710	207,385	210,696	215,884
Portfolio Investment	1,315,455	1,358,108	1,291,665	1,164,802	1,148,442	1,198,726	1,200,263	1,250,906	1,290,428	1,336,162	1,340,498
Other Investment ²	859,843	869,138	872,096	897,254	912,234	902,850	875,136	860,081	892,527	951,760	942,132
Reserve Assets	599	607	653	746	731	797	1,533	1,496	1,513	1,672	1,599
Total Foreign Assets	2,277,913	2,328,803	2,277,549	2,184,183	2,178,404	2,241,469	2,239,319	2,302,193	2,391,854	2,500,289	2,500,113
Foreign Liabilities											
Direct Investment in Ireland ¹	147,505	147,394	141,163	138,859	153,455	156,871	148,711	169,327	175,905	180,433	171,872
Portfolio Investment	1,318,791	1,350,251	1,283,679	1,181,240	1,164,952	1,219,886	1,282,403	1,352,618	1,403,556	1,460,281	1,466,809
Other Investment ²	885,390	896,601	933,509	992,661	1,025,074	1,029,310	977,923	937,323	937,136	1,002,094	1,010,834
Total Foreign Liabilities	2,351,686	2,394,246	2,358,351	2,312,760	2,343,481	2,406,067	2,409,037	2,459,268	2,516,599	2,642,808	2,649,515
Net International Investment Position (IIP)											
Direct Investment ¹	-45,489	-46,444	-28,028	-17,478	-36,458	-17,775	13,676	20,383	31,480	30,263	44,012
Portfolio Investment	-3,336	7,857	7,986	-16,438	-16,510	-21,160	-82,140	-101,712	-113,128	-124,119	-126,311
Other Investment ²	-25,547	-27,463	-61,413	-95,407	-112,840	-126,460	-102,787	-77,242	-44,609	-50,334	-68,702
Reserve Assets	599	607	653	746	731	797	1,533	1,496	1,513	1,672	1,599
Total (Net IIP)	-73,773	-65,443	-80,802	-128,577	-165,077	-164,598	-169,718	-157,075	-124,745	-142,519	-149,402

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

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

Table 2 – International Investment Position (IIP) - IFSC and non-IFSC activity by Institutional Sector

Item	31 Dec 2009			31 Mar 2010			30 Jun 2010			30 Sep 2010		
	IFSC	non-IFSC	Total	IFSC	non-IFSC	Total	IFSC	non-IFSC	Total	IFSC	non-IFSC	Total
Foreign Assets												
General Government	0	10,421	10,421	0	11,174	11,174	0	12,482	12,482	0	13,626	13,626
Monetary Authority ¹	0	16,337	16,337	0	16,338	16,338	0	17,364	17,364	0	17,127	17,127
Monetary Financial Institutions ²	745,562	251,235	996,797	793,549	247,071	1,040,620	819,673	255,344	1,075,017	810,302	237,770	1,048,072
Other Sectors ³	1,024,274	254,363	1,278,637	1,053,745	269,977	1,323,722	1,122,041	273,385	1,395,426	1,145,384	275,906	1,421,290
<i>of which:</i>												
Other Financial Intermediaries	1,024,274	77,311	1,101,585	1,053,745	79,540	1,133,285	1,122,041	76,441	1,198,482	1,145,384	78,924	1,224,308
non-Financial Companies	0	177,052	177,052	0	190,437	190,437	0	196,944	196,944	0	196,982	196,982
Total Foreign Assets	1,769,836	532,356	2,302,193	1,847,294	544,560	2,391,854	1,941,714	558,575	2,500,289	1,955,686	544,429	2,500,113
Foreign Liabilities												
General Government	0	75,178	75,178	0	83,117	83,117	0	80,019	80,019	0	85,526	85,526
Monetary Authority ¹	0	53,526	53,526	0	38,076	38,076	0	65,676	65,676	0	103,713	103,713
Monetary Financial Institutions ²	752,841	315,536	1,068,377	786,449	304,378	1,090,827	826,160	300,536	1,126,696	810,667	261,178	1,071,845
Other Sectors ³	1,033,616	228,570	1,262,186	1,066,190	238,389	1,304,579	1,122,855	247,562	1,370,417	1,142,783	245,649	1,388,432
<i>of which:</i>												
Other Financial Intermediaries	1,033,616	3,483	1,037,099	1,066,190	3,938	1,070,128	1,122,855	4,588	1,127,443	1,142,783	4,700	1,147,483
non-Financial Companies	0	225,087	225,087	0	234,451	234,451	0	242,974	242,974	0	240,949	240,949
Total Foreign Liabilities	1,786,457	672,810	2,459,268	1,852,639	663,960	2,516,599	1,949,015	693,793	2,642,808	1,953,450	696,066	2,649,515
Net International Investment Position (IIP)												
General Government	0	-64,757	-64,757	0	-71,943	-71,943	0	-67,537	-67,537	0	-71,900	-71,900
Monetary Authority ¹	0	-37,189	-37,189	0	-21,738	-21,738	0	-48,312	-48,312	0	-86,586	-86,586
Monetary Financial Institutions ²	-7,279	-64,301	-71,580	7,100	-57,307	-50,207	-6,487	-45,192	-51,679	-365	-23,408	-23,773
Other Sectors ³	-9,342	25,793	16,451	-12,445	31,588	19,143	-814	25,823	25,009	2,601	30,257	32,858
<i>of which:</i>												
Other Financial Intermediaries	-9,342	73,828	64,486	-12,445	75,602	63,157	-814	71,853	71,039	2,601	74,224	76,825
non-Financial Companies	0	-48,035	-48,035	0	-44,014	-44,014	0	-46,030	-46,030	0	-43,967	-43,967
Total (Net IIP)	-16,621	-140,454	-157,075	-5,345	-119,400	-124,745	-7,301	-135,218	-142,519	2,236	-151,637	-149,402

¹ Central Bank of Ireland

² Covering licensed credit institutions and money market funds

³ Other sectors includes financial corporations other than the Monetary Authority and Monetary Financial Institutions, non-financial service and manufacturing companies and other industrial enterprises as well as (implicitly) households (see *Background Notes*). The gross liabilities to non-residents of financial corporations covered in other sectors tend to be very significant

Table 3a - International Investment Position - Detailed Data

€ million

Item	Q4 2009	Q1 2010	Q2 2010	Q3 2010
Foreign Assets				
Direct Investment Abroad ¹	189,710	207,385	210,696	215,884
Equity capital and reinvested earnings	159,775	175,750	175,551	180,998
Other capital	29,935	31,636	35,145	34,886
Portfolio Investment	1,250,906	1,290,428	1,336,162	1,340,498
Equity	374,756	383,959	400,154	411,757
<i>Monetary authority ²</i>	0	0	0	0
<i>General government</i>	10,102	11,067	11,267	12,487
<i>Monetary financial institutions ³</i>	2,616	1,741	1,859	1,553
<i>Other sectors</i>	362,038	371,151	387,028	397,717
Debt instruments	876,150	906,469	936,008	928,741
Bonds and notes	659,214	654,431	669,134	676,618
<i>Monetary authority ²</i>	10,535	9,948	10,735	10,228
<i>General government</i>	425	478	594	630
<i>Monetary financial institutions ³</i>	391,192	388,199	376,738	363,606
<i>Other sectors</i>	257,062	255,806	281,067	302,153
Money market instruments	216,936	252,038	266,874	252,123
<i>Monetary authority ²</i>	3,470	4,137	4,412	5,060
<i>General government</i>	0	0	0	0
<i>Monetary financial institutions ³</i>	189,276	220,672	227,899	216,380
<i>Other sectors</i>	24,190	27,229	34,563	30,683
Other Investment	860,081	892,527	951,760	942,132
Loans, currency and deposits	732,469	754,256	792,926	782,581
<i>Monetary authority ²</i>	836	740	545	240
<i>General government</i>	42	33	536	639
<i>Monetary financial institutions ³</i>	365,596	376,044	408,806	401,968
<i>Other sectors</i>	365,995	377,439	383,039	379,734
Trade Credits	28,595	28,495	30,986	28,512
<i>General government</i>	0	0	0	0
<i>Other sectors</i>	28,595	28,495	30,986	28,512
Other assets ⁴	99,017	109,777	127,848	131,038
<i>Monetary authority ²</i>	0	0	0	0
<i>General government</i>	-148	-404	84	-131
<i>Monetary financial institutions ³</i>	39,567	44,239	49,931	54,759
<i>Other sectors</i>	59,598	65,942	77,833	76,410
Reserve assets	1,496	1,513	1,672	1,599
Monetary gold	148	159	195	185
Special drawing rights	819	847	906	858
Reserve Position in the IMF	170	176	253	183
Foreign Exchange	359	331	318	373
Other	0	0	0	0
Total Foreign Assets	2,302,193	2,391,854	2,500,289	2,500,113

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

² Central Bank of Ireland

³ Excludes the Central Bank of Ireland

⁴ Includes financial derivatives

Table 3b - International Investment Position - Detailed Data

€ million

Item	Q4 2009	Q1 2010	Q2 2010	Q3 2010
Foreign Liabilities				
Direct Investment in Ireland ¹	169,327	175,905	180,433	171,872
Equity capital and reinvested earnings	210,772	219,349	229,920	225,985
Other capital	-41,445	-43,444	-49,487	-54,114
Portfolio Investment	1,352,618	1,403,556	1,460,281	1,466,809
Equity	817,386	856,144	921,970	948,534
<i>Monetary authority ²</i>	0	0	0	0
<i>General government</i>	0	0	0	0
<i>Monetary financial institutions ³</i>	304,552	314,341	335,985	335,119
<i>Other sectors</i>	512,834	541,803	585,986	613,415
Debt instruments	535,232	547,413	538,311	518,275
Bonds and notes	481,316	492,460	498,551	478,623
<i>Monetary authority ²</i>	0	0	0	0
<i>General government</i>	59,715	69,500	73,035	76,041
<i>Monetary financial institutions ³</i>	98,285	102,622	102,472	78,300
<i>Other sectors</i>	323,316	320,338	323,044	324,283
Money market instruments	53,916	54,953	39,760	39,652
<i>Monetary authority ²</i>	0	0	0	0
<i>General government</i>	15,463	13,617	6,984	9,485
<i>Monetary financial institutions ³</i>	30,137	31,286	23,466	22,578
<i>Other sectors</i>	8,316	10,050	9,310	7,589
Other Investment	937,323	937,136	1,002,094	1,010,834
Loans, currency and deposits	761,607	747,631	796,944	794,401
<i>Monetary authority ²</i>	53,519	38,063	65,666	103,698
<i>General government</i>	1	0	0	0
<i>Monetary financial institutions ³</i>	529,778	528,488	542,903	510,646
<i>Other sectors</i>	178,309	181,080	188,375	180,057
Trade Credits	19,234	18,864	20,357	22,160
<i>General government</i>	0	0	0	0
<i>Other sectors</i>	19,234	18,864	20,357	22,160
Other liabilities ⁴	156,482	170,641	184,793	194,274
<i>Monetary authority ²</i>	7	13	10	15
<i>General government</i>	0	0	0	0
<i>Monetary financial institutions ³</i>	52,505	57,990	67,480	71,686
<i>Other sectors</i>	103,970	112,638	117,303	122,573
Total Foreign Liabilities	2,459,268	2,516,599	2,642,808	2,649,515

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

² Central Bank of Ireland

³ Excludes the Central Bank of Ireland

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

Table 4 – International Investment Position (IIP) showing IFSC and non-IFSC activity

€ million

Item	Q4 2009	Q1 2010	Q2 2010	Q3 2010
Foreign Assets				
Direct Investment Abroad ¹	189,710	207,385	210,696	215,884
- IFSC	24,788	25,822	25,061	28,076
- non IFSC	164,922	181,563	185,635	187,808
Portfolio Investment	1,250,906	1,290,428	1,336,162	1,340,498
- IFSC	1,076,120	1,117,500	1,167,499	1,173,818
- non IFSC	174,786	172,928	168,663	166,680
Other Investment ²	860,081	892,527	951,760	942,132
- IFSC	668,928	703,972	749,154	753,792
- non IFSC	191,153	188,555	202,606	188,340
Reserve Assets	1,496	1,513	1,672	1,599
- IFSC	0	0	0	0
- non IFSC	1,496	1,513	1,672	1,599
Total Foreign Assets	2,302,193	2,391,854	2,500,289	2,500,113
- IFSC	1,769,836	1,847,294	1,941,714	1,955,686
- non IFSC	532,356	544,560	558,575	544,429
Foreign Liabilities				
Direct Investment in Ireland ¹	169,327	175,905	180,433	171,872
- IFSC	48,458	60,520	57,278	48,159
- non IFSC	120,869	115,385	123,155	123,713
Portfolio Investment	1,352,618	1,403,556	1,460,281	1,466,809
- IFSC	1,114,234	1,142,233	1,210,259	1,236,566
- non IFSC	238,384	261,323	250,022	230,243
Other Investment ²	937,323	937,136	1,002,094	1,010,834
- IFSC	623,765	649,886	681,478	668,725
- non IFSC	313,558	287,250	320,616	342,109
Total Foreign Liabilities	2,459,268	2,516,599	2,642,808	2,649,515
- IFSC	1,786,457	1,852,639	1,949,015	1,953,450
- non IFSC	672,810	663,960	693,793	696,066
Net International Investment Position (IIP)				
Direct Investment ¹	20,383	31,480	30,263	44,012
- IFSC	-23,670	-34,698	-32,217	-20,083
- non IFSC	44,053	66,178	62,480	64,095
Portfolio Investment	-101,712	-113,128	-124,119	-126,311
- IFSC	-38,114	-24,733	-42,760	-62,748
- non IFSC	-63,598	-88,395	-81,359	-63,563
Other Investment ²	-77,242	-44,609	-50,334	-68,702
- IFSC	45,163	54,086	67,676	85,067
- non IFSC	-122,405	-98,695	-118,010	-153,769
Reserve Assets	1,496	1,513	1,672	1,599
- IFSC	0	0	0	0
- non IFSC	1,496	1,513	1,672	1,599
Total (Net IIP)	-157,075	-124,745	-142,519	-149,402
- IFSC	-16,621	-5,345	-7,301	2,236
- non IFSC	-140,454	-119,400	-135,218	-151,637

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

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

Table 5 - International Investment Position (IIP) - 30 September 2010- Reconciliation of IIP and BOP Flows

€ million

Item	Opening Position 1/7/10	Bop Flows in Quarter	Valuation and Other Changes	Closing Position 30/9/10
Foreign Assets				
Direct Investment Abroad ¹	210,696	2,354	2,834	215,884
Equity capital and reinvested earnings	175,551	119	5,328	180,998
Other capital	35,145	2,235	-2,494	34,886
Portfolio Investment	1,336,162	40,223	-35,887	1,340,498
Equity	400,154	7,373	4,230	411,757
Debt instruments	936,008	32,850	-40,117	928,741
<i>Bonds and notes</i>	<i>669,134</i>	<i>38,235</i>	<i>-30,751</i>	<i>676,618</i>
<i>Money market instruments</i>	<i>266,874</i>	<i>-5,385</i>	<i>-9,366</i>	<i>252,123</i>
Other Investment	951,760	1,190	-10,818	942,132
Loans, currency and deposits	792,926	-1,824	-8,521	782,581
Other ²	158,834	3,014	-2,298	159,550
Reserve Assets	1,672	76	-149	1,599
Total Foreign Assets	2,500,289	43,843	-44,020	2,500,113
Foreign Liabilities				
Direct Investment in Ireland ¹	180,433	1,044	-9,605	171,872
Equity capital and reinvested earnings	229,920	6,955	-10,890	225,985
Other capital	-49,487	-5,911	1,284	-54,114
Portfolio Investment	1,460,281	22,162	-15,634	1,466,809
Equity	921,970	41,341	-14,777	948,534
Debt instruments	538,311	-19,179	-857	518,275
<i>Bonds and notes</i>	<i>498,551</i>	<i>-20,964</i>	<i>1,036</i>	<i>478,623</i>
<i>Money market instruments</i>	<i>39,760</i>	<i>1,785</i>	<i>-1,893</i>	<i>39,652</i>
Other Investment	1,002,094	27,171	-18,431	1,010,834
Loans, currency and deposits	796,944	19,490	-22,033	794,401
Other ²	205,150	7,681	3,603	216,434
Total Foreign Liabilities	2,642,808	50,377	-43,670	2,649,515

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

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

Table 6 - Gross External Debt¹

€ million

Item	30 Jun 2009	30 Sep 2009	31 Dec 2009	31 Mar 2010	30 Jun 2010	30 Sep 2010
General Government	72,106	73,390	75,178	83,117	80,019	85,526
Short-term	25,473	23,053	15,463	13,617	6,984	9,485
Money market instruments	25,473	23,053	15,463	13,617	6,984	9,485
Loans	0	0	0	0	0	0
Trade credits	0	0	0	0	0	0
Long-term	46,633	50,337	59,715	69,500	73,035	76,041
Bonds and notes	46,632	50,336	59,714	69,500	73,035	76,041
Loans	1	1	1	0	0	0
Other debt liabilities	0	0	0	0	0	0
Monetary Authority ²	103,493	54,816	53,526	38,076	65,676	103,713
Short-term	103,384	54,808	53,519	38,063	65,666	103,698
Loans and deposits	103,384	54,808	53,519	38,063	65,666	103,698
Long-term	109	8	7	13	10	15
Loans	0	0	0	0	0	0
Other debt liabilities	109	8	7	13	10	15
Monetary Financial Institutions ³	689,581	690,761	661,081	666,167	671,564	614,080
Short-term	512,554	515,376	493,161	492,891	497,688	466,084
Money market instruments	17,729	26,319	30,137	31,286	23,466	22,578
Loans and deposits	494,825	489,057	463,024	461,605	474,222	443,506
Long-term	177,027	175,385	167,920	173,276	173,876	147,996
Bonds and notes	105,796	103,014	98,285	102,622	102,472	78,300
Loans	68,117	68,752	66,755	66,884	68,681	67,140
Other debt liabilities	3,114	3,619	2,880	3,770	2,723	2,556
Other Sectors ⁴	643,017	636,562	631,606	640,355	657,082	655,051
Short-term	114,944	110,186	104,917	107,167	111,448	109,409
Money market instruments	8,993	8,835	8,316	10,050	9,310	7,589
Loans and deposits	86,213	82,853	77,367	78,253	81,781	79,660
Trade credits	19,738	18,498	19,234	18,864	20,357	22,160
Long-term	528,073	526,376	526,689	533,188	545,634	545,642
Bonds and notes	326,382	320,585	323,316	320,338	323,044	324,283
Loans	106,715	103,753	100,942	102,827	106,594	100,397
Other debt liabilities	94,976	102,038	102,431	110,023	115,996	120,962
Direct Investment ⁵	213,841	217,697	233,982	245,821	262,491	241,459
Debt liabilities to affiliated enterprises	12,984	16,850	17,958	20,573	21,345	17,227
Debt liabilities to direct investors	200,857	200,847	216,024	225,248	241,146	224,232
Gross External Debt	1,722,038	1,673,226	1,655,373	1,673,536	1,736,832	1,699,829

¹ Gross external debt represents the stock of Ireland's liabilities to non-residents other than those arising from transactions in equity and financial derivatives

² Central Bank of Ireland

³ Covering licensed credit institutions and money market funds

⁴ *Other sectors* includes financial corporations other than the Monetary Authority and Monetary Financial Institutions, non-financial service and manufacturing companies and other industrial enterprises as well as (implicitly) households (see *Background Notes*). The gross liabilities to non-residents of financial corporations covered in *other sectors* tend to be very significant

⁵ 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 December 2010)

Introduction

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

As part of the overall expansion of the information available, a new annual series showing Ireland's *International Investment Position* (IIP) as at 31 December for the years 1998 – 2001 was introduced in a release published on 11 December 2002 and was updated annually. This series is now being replaced by a quarterly series starting with the third quarter of 2010. This new release also includes quarterly external debt statistics. The data presented concern the economy's end of quarter stocks of foreign assets and liabilities and, in essence, represent that element of Ireland's aggregate balance sheet which shows Irish residents' financial claims (assets) on non-residents along with their financial obligations (liabilities) to non-residents. As for the balance of payments statistics, the international investment position statistics shown in this Release distinguish direct investment, portfolio investment and other investment (including financial derivatives) along with reserve assets – see *Types of Investment* below. This presentation conforms closely with international presentation formats and the information is disseminated to different international organisations (i.e. the ECB, Eurostat, IMF and OECD) to meet their varied requirements. The external debt statistics exclude equity and financial derivative contracts in conformity with the IMF's External Debt manual.

International statistical standards

A description of the methodology is given below. It follows as far as possible the recommendations of the IMF's *Balance of Payments Manual - 5th Edition* (BPM5) concerning compilation of international investment position statistics. This Manual was prepared in close co-operation with the European Commission (Eurostat), the OECD and other international organisations. It was published by the IMF in 1993. Since then certain modifications to the treatment of financial derivatives have been approved internationally and were published in 2000 by the IMF (*Financial Derivatives: A Supplement to the 5th Edition (1993) of the Balance of Payments Manual*). The BOP/IIP compilation methodology recommended by the IMF is consistent with its *External Debt (2003) Manual* recommendations on compiling external debt statistics. Consequently, the results presented in all three statements are essentially consistent. It should be noted that, apart from the direct investment component of the IIP and the External Debt statements, the IIP liabilities data for financial instruments other than equity and derivative contracts at a particular reference date are equivalent to the external debt results for the same reference date. While the direct investment data presented in both statements are conceptually consistent, their presentations are different (see *Definition of International Investment Position* for further details).

Data collection

The data required are collected quarterly on a statutory basis by means of surveys conducted by the CSO and by the Central Bank of Ireland (CBI). 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 CBI to rationalize statistical data collection and compilation for the financial sector and also to reduce the burden on data providers the data collection arrangements have changed. As a consequence, since 2008 the data required from licensed banks (credit institutions) and from investment funds (including money market funds) to meet BOP, IIP and external debt requirements (as well as other statistical demands on both organisations) are being collected quarterly by the CBI under its legislation as well as European legislation¹. These data are supplied by the CBI 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, 2010 (S.I. No. 206 of 2010) made under the Statistics Act, 1993. The CSO and CBI surveys underpinning data collection are designed to address the internationally agreed statistical standards for BOP-related statistics. They are also used to collect quarterly balance of payments information as well as data needed for wider national accounts purposes. The combination of both stock and the related flow data reporting on a single form greatly facilitates the quality-checking and reconciliation of both types of information.

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

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

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

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

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

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

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

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

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

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

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

As indicated above, the methodologies for compiling both the IIP liabilities and the External Debt statistics are consistent. However, the latter statement by definition covers all external debt liabilities other than those arising from transactions in equity and financial derivative contracts. Hence, for *Portfolio Investment*, the end-quarter IIP liability levels for *debt instruments* (i.e. *bonds and notes* and *money market instruments*) should be identical to the external debt stocks data for these instruments shown in the *External Debt* table. Similarly, for *other investment*, the IIP liability figures under the items *loans*, *currency and deposits* and *trade credits* should be identical to the external debt stocks data obtained by aggregating the relevant long-term and short-term instrument details. Because of the exclusion of financial derivative contracts from the external debt statistics,

this equivalence does not exist for the IIP liability under the item *other liabilities*. In addition, due to the adoption of the *directional principle* for recording direct investment IIP stocks (and BOP transactions), the end-quarter stocks under *direct investment in Ireland – other capital* are shown on a net basis i.e. inter-affiliate positions (transactions) are offset. In the *External Debt* table, the relevant liability positions are shown on a gross basis and, hence, cannot be compared with the relevant IIP data.

Definition of External Debt

The IMF *External Debt* 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.

Types of financial instrument

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

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

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

Bonds and notes are tradable debt securities issued with an initial maturity of more than one year which usually give the holder (i) the unconditional right to a fixed monetary income or contractually determined variable monetary income and (ii) the unconditional right to a fixed sum in repayment of principal on a specified date or dates. These instruments may be issued by companies or by governments. Positions held between affiliated enterprises (other than financial intermediaries) in bonds and notes are classified under Direct Investment. All other transactions are classified as Portfolio Investment (or under Reserve Assets if appropriate – see note on Reserve Assets below).

Money market instruments are debt securities issued with an initial maturity of one year or less. They generally give the holder the unconditional right to receive a stated, fixed sum of money on a specified date. These instruments are generally traded at a discount in organised markets, the discount being dependent upon the interest rate of the instrument relative to the market interest rate and the time remaining to maturity. Examples of such instruments are treasury bills, commercial and financial paper and bankers' acceptances. Transactions and positions between affiliated enterprises (other than financial intermediaries) in money market instruments are classified under Direct Investment. All other transactions are classified as Portfolio Investment (or under Reserve Assets if appropriate – see note on Reserve Assets below).

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

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

Loans/currency and deposits cover the following financial instruments: loans, i.e. those financial assets created through the direct lending of funds by a creditor (lender) to a debtor (borrower); cash deposits and currency (i.e. notes and coins which are in circulation and commonly used to make payments). Included are loans to finance trade, other loans and advances (including mortgages) as well as financial leases. Positions in these instruments are generally recorded under Other Investment. However, in the case of transactions between affiliated enterprises (other than financial intermediaries), the resulting positions are included under Direct Investment. In particular, positions in permanent debt or subordinated loan capital between affiliated financial intermediaries are recorded under Direct Investment.

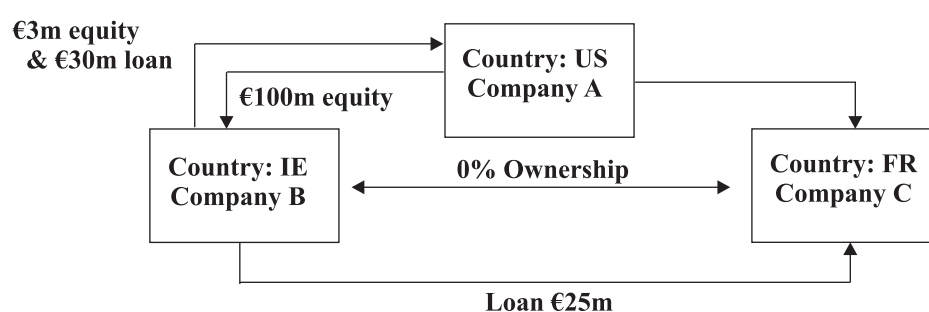
Stocks of all other financial instruments i.e. other than trade credits, loans and currency and deposits such as capital subscriptions of the participating Member States to international non-monetary organisations, changes in insurance technical reserves, offsets in respect of unsettled securities transactions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

Types of investment

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

Direct investment is a category of international investment that, based on an equity ownership of at least 10%, reflects a lasting interest by a resident in one economy (the direct investor) in an enterprise resident in another economy (the direct investment enterprise). Using this criterion, a direct investment relationship can exist between a number of affiliated enterprises whether the linkage involves a single chain or a number of chains. It can extend to a direct investment enterprise's subsidiaries, sub-subsidiaries and associates. Once the direct investment relationship is established, all subsequent financial flows between the related entities are recorded as direct investment transactions, regardless of the type of financial instrument used in the financing arrangement (except for financial intermediary affiliates among which direct investment transactions are limited to those involving equity and permanent debt). The components of direct investment transactions are equity capital, reinvested earnings, and other capital. *Equity capital* comprises investment in branches, shares in subsidiaries and associates (except non-participating preferred shares which are treated as debt securities) and other capital contributions. *Reinvested earnings* consists of the off-setting entry to the corresponding current account income item: it is the direct investor's share of the undistributed earnings of its branches, subsidiaries and associates. *Other capital* covers all other inter-affiliate financial transactions (borrowing and lending of funds), including debt securities and suppliers' credits (i.e. trade credits). Following the recommendations of the IMF, ECB, Eurostat and OECD, direct investment flows are recorded on a '*directional basis*' rather than the more usual assets/liabilities basis. *Direct investment abroad* covers the *net* investment by parent companies resident in Ireland in their foreign branches, subsidiaries and associated companies. *Direct investment in Ireland* covers the *net* investment by foreign companies in their affiliates located in Ireland. The essential difference between the directional principle and the assets/liabilities approach centres on the treatment of reverse investment by a direct investment enterprise in its parent (direct investor) and on the treatment of transactions with other foreign affiliates covered by a direct investment relationship. In the Irish context, reverse *equity* investment in a parent enterprise is rare and tends to be relatively small. However, substantial flows (and positions) under the category *direct investment – other capital* can take place. These predominantly take the form of inter-affiliate loans but trade credits and transactions in financial securities between affiliates are also included. The treatment of reverse investment has to be considered under three scenarios. First, for *reverse equity investment for holdings of 10% or more of the voting capital*, such transactions are regarded as separate direct investment in their own right for both the equity and non-equity involved. Second, for *reverse equity investment for holdings of less than 10% of the voting capital*, the transactions involved, whether in equity or non-equity instruments, are regarded as offsetting (or netted against) any existing direct investment by the parent in the enterprise. For example, if a US direct investor A invests €100m in a direct investment enterprise B located in Ireland and B acquires a small reverse equity investment of €3m in its parent (A) then the value of *direct investment in Ireland-equity* is

€97m (i.e. €100m less €3m). Extending this example, if B advances a €30m loan to parent, A, *direct investment in Ireland-other capital* is €30m lower. Overall *direct investment in Ireland* from A to B is therefore €67m (i.e. €100m - €3m - €30m). The third scenario concerns a *non-equity transaction between enterprises related other than through equity ownership* (e.g. between 'sister' or 'cousin' companies). Given a number of considerations, there is some flexibility in the international standards regarding the treatment of this situation. In Ireland's case and in order to ensure that all inward and outward flows (and stocks) arising from an initial inward direct investment are retained within the *direct investment in Ireland* category, the same principle as for reverse equity or non-equity investment with a parent company is applied. The transaction referred to is therefore treated as offsetting any existing *other capital* investment. Again extending the earlier example, if resident direct investment enterprise, B, advances a loan of €25m to a sister company, C, located in France, *direct investment in Ireland – other capital* is lowered by €25m and overall *direct investment in Ireland* from A to B amounts to €42m (i.e. €100m - €3m - €30m - €25m) – see diagram below. Cases occur on an ongoing basis where the outward investment flows or positions of B (or other sister direct investment enterprises located in Ireland) exceed the amounts attributable to A under *direct investment in Ireland*. The equivalent treatment is applied for similar situations categorised under *direct investment abroad*.



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

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

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

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

Ireland together with gold, SDRs and the reserve position in the IMF. Therefore, all claims on euro-area residents outside Ireland as well as euro-denominated claims on non euro-area residents, which prior to 1999 would have been classified as reserve assets, were from 1999 onwards classified to *portfolio investment* or to *other investment* as appropriate.

Broad sectoral analysis

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

- (i) *monetary authority* (the Central Bank of Ireland),
- (ii) *general government* (covering central and local government),
- (iii) *monetary financial institutions excluding the monetary authority* (i.e. credit institutions and money market funds) and
- (iv) *other sectors* - all other corporations and (implicitly) households. Included are: *other financial intermediaries*, i.e. investment funds, insurance companies and pension funds, asset finance companies, treasury companies, securities traders and other financial service companies, as well as non-financial service and manufacturing companies, other industrial enterprises, households and non-profit institutions serving households.

Structure of the International Investment Position (IIP) tables

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

Reconciliation of stocks and flows

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

Sign convention and symbols

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

convention for liability flows in Table 5 coincides with the normal BOP sign convention for liability transactions in the quarterly Release (i.e. transaction increases in liabilities are shown as positive quantities while transaction decreases are shown as negative quantities).

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

Valuation In principle, IIP statistics (like BOP flows) should be recorded using current market values at the reference date and data providers are requested to report their data on this basis. In practice, this may not be possible in certain cases. Direct investment in equity capital is a particular case in point. Market valuation where not directly available is generally approximated using one of the following in order of preference: (a) a recent transaction price, (b) directors' valuation, or (c) net asset value.

Where stock data are converted from foreign currency to the Euro equivalent, data providers are required to use the spot rate for the relevant currency against the Euro on the reference date. Where positions are returned in non-Euro currency, the equivalent Euro valuation is obtained by applying the reference date spot exchange rate.

Valuation of stocks should also reflect accruals recording principles particularly in relation to unpaid interest and trade credits.

Residence As for BOP transactions, IIP asset and liability positions are created between residents of Ireland and non-residents. The term 'resident' covers (a) individuals, including foreign nationals, living in Ireland for at least one year as well as Irish embassy staff and military staff located abroad, (b) Irish government enclaves located abroad (embassies, consulates, etc.), and (c) corporate bodies who have a centre of economic interest located here, including branches of foreign-registered companies. It is important to note that transactions in foreign assets and liabilities can occur between residents of Ireland and appropriate account is taken of such transactions (when known) in the compilation of the IIP (and the Financial Account of the BOP).

Geographical allocation principle The so-called 'debtor/creditor' principle is used as the basic guideline for geographical allocation of foreign assets and liabilities. Asset positions are allocated to the country of residence of the debtor counterpart. As examples, (i) investment in a foreign security should be reported and classified to the country of residence of the issuer of the security; (ii) a loan advanced to a non-resident borrower should be reported and classified to the country of residence of the borrower. Liability positions should be allocated to the country of residence of the creditor counterpart. As examples: (i) investments by non-resident creditors in securities issued by a resident of Ireland should be allocated to the country of residence of the investor; (ii) take up of a loan advanced by a foreign bank should be allocated to the country of residence of the lending bank. Correct country allocation can sometimes be difficult on the liabilities side. In particular, it may not be possible to determine the residency of the actual owner/holder of bearer securities issued by an Irish resident since such securities can change hands without any re-registration of the new ownership. Similarly, correct geographical allocation can be difficult and sometimes impossible in the case of acquisitions by non-resident investors of Irish resident issued securities purchased through resident or non-resident nominee accounts. In such cases respondents give best estimates of the information required if the required details cannot be obtained from third party sources. In the case of direct investment, transactions are geographically attributed on the basis of country of location of immediate ownership of the direct investment enterprise rather than that of the ultimate beneficial owner. Therefore, if a US investor directly invests in a direct investment enterprise located in Ireland, the origin of the investment as presented in these statistics is US. If the US investor indirectly invests, through its Cayman Islands subsidiary, in an enterprise located in Ireland then the origin of the investment is Cayman Islands. In both cases, the country of location of the ultimate beneficial owner is US. This may have a significant impact on the geographic analysis of FDI statistics.

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

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