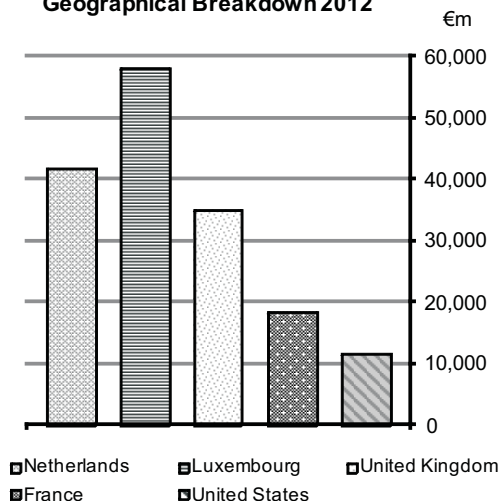




**Stock of Inward Direct Investment  
Geographical Breakdown 2012**



## Foreign Direct Investment 2012

€million

	2010	2011	2012
<b>Foreign Direct Investment</b>			
<b>Flows - Abroad</b>	-16,874	838	-14,413
<b>Flows - In Ireland</b>	32,319	16,937	29,820
<b>Positions - Abroad - end year</b>	254,538	255,670	288,026
<b>Positions - In Ireland - end year</b>	213,722	224,511	257,513
<b>Positions - Net - end year</b>	40,816	31,159	30,513
<b>Net Income Flows</b>	-23,299	-27,158	-25,935

### Ireland had a net surplus FDI position of €31bn at end-2012

Irish stocks of direct investment abroad increased to €288bn at the end of 2012 from a position of €256bn at the end of 2011. The end of 2012 stock of outward direct investment comprised an *Equity Capital & Reinvested Earnings* position of €241bn and an *Other Capital* position of €47bn. The rise between the end of 2011 and the end of 2012 was mainly due to increased investment in enterprises located in Central American Offshore countries (€13bn) and enterprises located in Europe (€10bn) mainly the Netherlands and Luxembourg (€5bn respectively). See *Table 3*.

The level of total foreign direct investment into Ireland also increased between the end of 2011 and the end of 2012 - from €225bn to €258bn. The main contributors were increases of €22bn from the Netherlands and of €5bn from Asia partially offset by decreased investment of almost €8bn from the US. See *Table 4*.

**The net FDI position for Ireland at the end of 2012 was a surplus of €31bn, unchanged from the net position at the end of 2011.**

### Inward investment flows increased

Flows of direct investment into Ireland in 2012 were €30bn – up from a €17bn inflow in 2011. During 2012, increased investment in Ireland through *Reinvested Earnings* (€22bn) and *Equity* (€11bn) were partly offset by *Other Capital* withdrawals (€3bn). The main source of inward investment was from the Netherlands (€11bn) followed by the UK and Asia (€4bn respectively). Investment from Bermuda changed from a disinvestment of €8bn in 2011 to an investment of almost €3bn in 2012. Similarly, investment from Canada changed from a disinvestment of €5.5bn in 2011 to an investment of €0.5bn in 2012. See *Table 2*.

Direct investment flows abroad changed from a withdrawal of almost €1bn in 2011 to an investment of €14bn in 2012. The 2012 flows consisted of a disinvestment of equity of €2bn with increases in *Reinvested Earnings* and *Other Capital* amounting to €11bn and €5bn, respectively. See *Table 1*.

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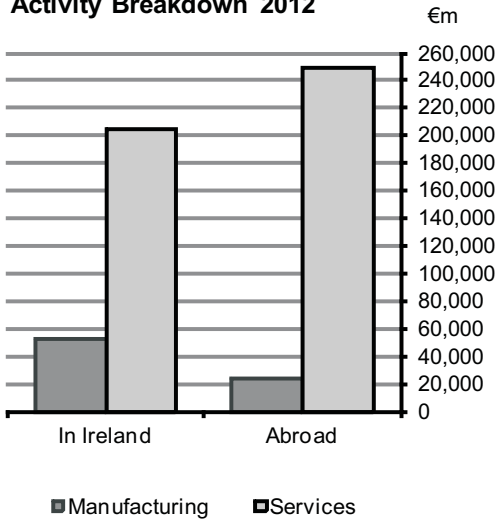
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**Stocks of Direct Investment Activity Breakdown 2012**



**Sectoral breakdown**

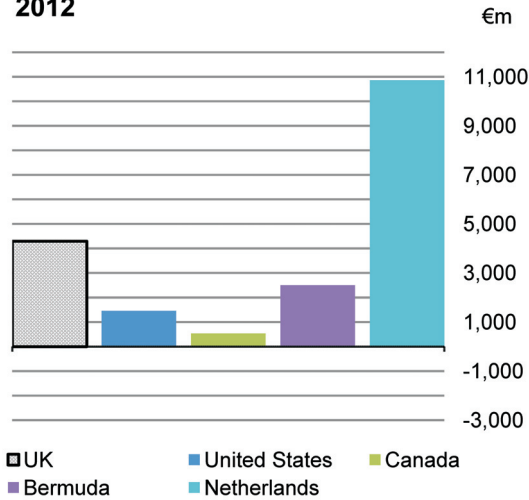
Investment abroad by enterprises located in Ireland was mainly into the services sector - positions of €249bn at the end of 2012 were up €29bn compared to positions at the end of 2011. Of this investment in the services sector, 64 per cent (€158bn) was into the EU. Investment in the manufacturing sector amounted to €24bn. *See table 7.*

The largest sector for inward investment was financial intermediation which at the end of 2012 amounted to €113bn, representing 44% per cent of the total stock of inward investment (€258bn). Investment in the pharmaceutical sector increased by €4bn to €31bn in the same period. *See Table 8.*

**Direct investment income**

Earnings of foreign owned direct investment enterprises was €43bn in 2012 almost unchanged compared with 2011. The earnings of European owned companies were €25bn in 2012, down €1bn on the 2011 figure. Income earned abroad by investors located in Ireland was €17bn in 2012 an increase of €2bn on 2011. The sources of these earnings were Offshore Centres (€5.5bn), Luxembourg (€3bn), the US (€3bn) and Netherlands (€2bn). *See Table 9.*

**Inward Direct Investment Flows 2012**



**Table 1 - Direct Investment<sup>1</sup> Flows Abroad Classified by Location of Investment**

€ million

Region/Country	2010 <sup>2</sup>				2011 <sup>2</sup>				2012			
	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total
<b>Europe</b>	<b>-4,596</b>	<b>-6,097</b>	<b>1,107</b>	<b>-9,586</b>	<b>4,524</b>	<b>-5,699</b>	<b>-15,961</b>	<b>-17,137</b>	<b>-98</b>	<b>-5,569</b>	<b>-4,093</b>	<b>-9,760</b>
<i>of which:</i>												
Belgium	-37	47	-9	-1	*	25	*	68	*	42	*	15
France	*	-185	-96	-1	*	-331	20	*	*	-118	*	-217
Germany	-10	45	26	61	*	-42	*	-109	-31	-32	-36	-98
Italy	*	*	-61	*	*	*	32	*	*	-20	*	-108
Luxembourg	1,201	-1,617	2,676	2,260	1,204	-1,962	-9,446	-10,204	2,417	-1,642	-2,743	-1,970
Netherlands	*	-1,631	*	-1,249	*	-1,944	*	-2,414	53	-1,947	493	-1,400
Spain	*	*	*	*	*	-53	*	*	*	-5	*	712
Switzerland	*	*	*	511	*	*	*	620	-762	*	*	-1,224
United Kingdom	-1,355	-2,135	-229	-3,719	-3,143	-1,440	-409	-4,990	-110	-803	590	-323
<b>EU 27<sup>3</sup></b>	<b>-3,551</b>	<b>-5,863</b>	<b>-266</b>	<b>-9,681</b>	<b>4,329</b>	<b>-6,367</b>	<b>-15,590</b>	<b>-17,630</b>	<b>2,269</b>	<b>-4,990</b>	<b>-3,318</b>	<b>-6,037</b>
<b>EMU 17<sup>4</sup></b>	<b>-2,187</b>	<b>-3,344</b>	<b>574</b>	<b>-4,957</b>	<b>5,404</b>	<b>-4,173</b>	<b>-8,607</b>	<b>-7,377</b>	<b>2,473</b>	<b>-3,731</b>	<b>-1,946</b>	<b>-3,202</b>
<b>Americas</b>	<b>503</b>	<b>-3,772</b>	<b>-7,276</b>	<b>-10,546</b>	<b>*</b>	<b>-3,074</b>	<b>*</b>	<b>*</b>	<b>2,734</b>	<b>-4,693</b>	<b>*</b>	<b>*</b>
<b>North America</b>	<b>1,234</b>	<b>-1,445</b>	<b>-1,045</b>	<b>-1,257</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>-1,159</b>	<b>*</b>	<b>568</b>
<i>of which:</i>												
Canada	*	-49	*	-326	*	*	1	*	*	-16	*	-23
United States	*	-1,396	*	-931	*	-596	*	4,129	1,563	-1,144	171	589
<b>Central America</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>-9,294</b>	<b>*</b>	<b>-2,555</b>	<b>*</b>	<b>18,917</b>	<b>1,180</b>	<b>*</b>	<b>-1,453</b>	<b>*</b>
<b>South America</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>4</b>	<b>-9</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>
<b>Asia</b>	<b>*</b>	<b>-541</b>	<b>214</b>	<b>*</b>	<b>-122</b>	<b>-725</b>	<b>172</b>	<b>-676</b>	<b>*</b>	<b>*</b>	<b>-119</b>	<b>-825</b>
<i>of which:</i>												
China	-1	8	6	12	*	*	-3	*	-15	*	1	*
Hong Kong	0	-62	3	-60	*	*	2	-219	0	*	*	-19
Japan	*	*	*	*	*	-32	*	12	*	-22	*	-256
<b>Africa</b>	<b>*</b>	<b>*</b>	<b>1</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>-76</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>12</b>
<b>Oceania and Polar Regions</b>	<b>*</b>	<b>-76</b>	<b>*</b>	<b>182</b>	<b>431</b>	<b>-200</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>-126</b>	<b>*</b>	<b>*</b>
<b>Not geographically allocated<sup>5</sup></b>	<b>-952</b>	<b>*</b>	<b>*</b>	<b>-836</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>-4,657</b>	<b>-93</b>	<b>-237</b>	<b>229</b>	<b>-102</b>
<b>Total</b>	<b>-328</b>	<b>-10,521</b>	<b>-6,023</b>	<b>-16,874</b>	<b>14,379</b>	<b>-9,830</b>	<b>-3,711</b>	<b>838</b>	<b>1,665</b>	<b>-11,100</b>	<b>-4,978</b>	<b>-14,413</b>
<i>of which:</i>												
<b>All offshore centres<sup>6</sup></b>	<b>*</b>	<b>-2,796</b>	<b>*</b>	<b>-9,951</b>	<b>*</b>	<b>-2,834</b>	<b>*</b>	<b>17,546</b>	<b>-413</b>	<b>-3,740</b>	<b>-2,111</b>	<b>-6,265</b>

<sup>1</sup> The sign convention used is: for flows 'Abroad' a minus sign means investments abroad by Irish investors exceeded their disinvestments in the period, while an entry without sign means disinvestment exceeded investment

<sup>2</sup> Revised

<sup>3</sup> For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area

<sup>4</sup> The relevant EMU countries are: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain

<sup>5</sup> This category covers data supplied by respondents without a geographical breakdown

<sup>6</sup> This category overlaps with the regions referred to above and covers Andorra, Antigua and Barbuda, Anguilla, Netherlands Antilles, Barbados, Bahrain, Bermuda, Bahamas, Belize, Cook Islands, Curacao, Dominica, Grenada, Guernsey, Gibraltar, Hong Kong, Isle of Man, Jersey, Jamaica, St. Kitts and Nevis, Cayman Islands, Lebanon, Saint Lucia, Liechtenstein, Liberia, Marshall Islands, Montserrat, Maldives, Nauru, Niue, Panama, Philippines, Singapore, St Maarten, Turks and Caicos Islands, Saint Vincent and the Grenadines, British Virgin Islands, US Virgin Islands, Vanuatu, Samoa

\* Data suppressed for confidentiality reasons

**Table 2 - Direct Investment<sup>1</sup> Flows into Ireland Classified by Location of Investor**

€ million

Region/Country	2010 <sup>2</sup>			2011 <sup>2</sup>			2012			
	Equity	Reinvested Earnings	Other Capital	Equity	Reinvested Earnings	Other Capital	Equity	Reinvested Earnings	Other Capital	Total
<b>Europe</b>	<b>-2,623</b>	<b>12,999</b>	<b>6,872</b>	<b>-29,243</b>	<b>16,360</b>	<b>42,465</b>	<b>9,193</b>	<b>11,709</b>	<b>-112</b>	<b>20,790</b>
<i>of which:</i>										
Belgium	*	762	*	229	1,057	455	*	686	*	-702
France	1,694	223	1,658	401	1,074	1,460	1,168	1,239	-152	2,256
Germany	-163	101	-105	-138	523	1,194	527	854	-465	918
Italy	-123	1,090	-92	*	1,100	*	-132	1,155	-144	878
Luxembourg	-4,933	842	-1,299	5,137	1,204	*	631	1,153	-920	863
Netherlands	-10,796	7,977	-3,735	-34,564	6,903	21,605	373	4,684	5,803	10,859
United Kingdom	6,698	784	3,134	-200	1,033	-2,945	5,888	119	-1,712	4,293
<b>EU 27<sup>3</sup></b>	<b>-3,833</b>	<b>11,661</b>	<b>1,006</b>	<b>-29,830</b>	<b>13,591</b>	<b>44,932</b>	<b>8,391</b>	<b>10,665</b>	<b>1,598</b>	<b>20,652</b>
<b>EMU 17<sup>4</sup></b>	<b>-11,407</b>	<b>10,668</b>	<b>-2,731</b>	<b>-29,607</b>	<b>12,444</b>	<b>47,271</b>	<b>3,395</b>	<b>10,107</b>	<b>3,205</b>	<b>16,707</b>
<b>North America</b>	<b>2,275</b>	<b>2,901</b>	<b>2,333</b>	<b>*</b>	<b>2,851</b>	<b>*</b>	<b>*</b>	<b>4,008</b>	<b>*</b>	<b>2,000</b>
<i>of which:</i>										
Canada	165	120	349	*	124	*	*	144	*	538
United States	2,111	2,781	1,983	*	2,727	*	3,275	3,865	-5,677	1,462
<b>Central America</b>	<b>1,939</b>	<b>4,390</b>	<b>296</b>	<b>*</b>	<b>4,284</b>	<b>*</b>	<b>-1,803</b>	<b>5,788</b>	<b>-1,867</b>	<b>2,119</b>
<i>of which:</i>										
Bermuda	2,424	4,142	1,758	*	3,582	*	-493	5,443	-2,449	2,501
<b>South America</b>	<b>0</b>	<b>0</b>	<b>190</b>	<b>0</b>	<b>0</b>	<b>*</b>	<b>0</b>	<b>0</b>	<b>-153</b>	<b>-153</b>
<i>of which:</i>										
Brazil	0	0	140	0	0	107	0	0	*	*
<b>Asia</b>	<b>-17</b>	<b>95</b>	<b>-172</b>	<b>*</b>	<b>57</b>	<b>*</b>	<b>1,133</b>	<b>349</b>	<b>2,834</b>	<b>4,316</b>
<i>of which:</i>										
China	0	0	-794	*	0	*	0	0	38	39
Japan	*	78	*	*	43	*	*	102	*	1,201
<b>Africa</b>	<b>0</b>	<b>*</b>	<b>*</b>	<b>0</b>	<b>-4</b>	<b>20</b>	<b>*</b>	<b>0</b>	<b>*</b>	<b>-29</b>
<b>Oceania and Polar Regions</b>	<b>*</b>	<b>*</b>	<b>-47</b>	<b>*</b>	<b>*</b>	<b>-53</b>	<b>*</b>	<b>*</b>	<b>747</b>	<b>411</b>
<b>Not geographically allocated<sup>5</sup></b>	<b>*</b>	<b>20</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>-85</b>	<b>*</b>	<b>*</b>	<b>366</b>
<b>Total</b>	<b>1,609</b>	<b>20,354</b>	<b>10,356</b>	<b>-29,825</b>	<b>23,631</b>	<b>23,129</b>	<b>11,348</b>	<b>21,969</b>	<b>-3,497</b>	<b>29,820</b>
<i>of which:</i>										
All offshore centres <sup>6</sup>	3,812	4,615	4,812	*	4,579	*	-2,072	6,107	-580	3,452

<sup>1</sup> The sign convention used is: for flows 'In Ireland' an entry without sign means that investment transactions into Ireland exceeded disinvestment, while a minus sign indicates that disinvestment exceeded investment

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\* Data suppressed for confidentiality reasons

**Table 3 - Direct Investment<sup>1</sup> Abroad End Year Positions Classified by Location of Investment**

Region/Country	2010 <sup>2</sup>				2011 <sup>2</sup>				2012			
	Equity Capital & Reinvested Earnings	Other Capital	Total	Total	Equity Capital & Reinvested Earnings	Other Capital	Total	Total	Equity Capital & Reinvested Earnings	Other Capital	Total	
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
<b>Europe</b>	<b>139,741</b>	<b>20,598</b>	<b>160,339</b>	<b>150,152</b>	<b>39,235</b>	<b>189,387</b>	<b>155,316</b>	<b>44,161</b>	<b>199,477</b>			
<i>of which:</i>												
France	*	56	*	1,940	39	1,979	1,986	780	2,765			
Germany	3,957	79	4,037	4,080	99	4,180	4,023	85	4,108			
Italy	*	*	978	*	*	626	*	*	640			
Luxembourg	24,982	8,484	33,466	30,111	18,423	48,534	32,186	21,096	53,282			
Netherlands	28,725	2,478	31,203	30,066	4,335	34,401	33,428	6,166	39,594			
Switzerland	*	*	*	*	*	4,420	*	*	5,941			
United Kingdom	36,362	5,114	41,476	47,753	5,714	53,467	43,305	3,736	47,041			
Offshore centres	5,777	558	6,335	*	*	8,160	*	*	11,550			
<b>EU 27<sup>3</sup></b>	<b>125,995</b>	<b>19,554</b>	<b>145,549</b>	<b>138,036</b>	<b>37,829</b>	<b>175,865</b>	<b>139,066</b>	<b>41,944</b>	<b>181,010</b>			
<b>EMU 17<sup>4</sup></b>	<b>79,360</b>	<b>13,973</b>	<b>93,333</b>	<b>81,673</b>	<b>24,480</b>	<b>106,153</b>	<b>87,147</b>	<b>28,995</b>	<b>116,142</b>			
<b>Americas</b>	<b>69,620</b>	<b>*</b>	<b>*</b>	<b>53,513</b>	<b>2,419</b>	<b>55,932</b>	<b>69,932</b>	<b>3,835</b>	<b>73,768</b>			
<b>North America</b>	<b>21,138</b>	<b>2,987</b>	<b>24,125</b>	<b>17,427</b>	<b>3,356</b>	<b>20,782</b>	<b>*</b>	<b>*</b>	<b>25,299</b>			
<i>of which:</i>												
Canada	*	*	1,475	1,563	29	1,593	*	*	1,821			
United States	*	*	22,650	15,863	3,327	19,190	20,007	3,471	23,478			
<b>Central America</b>	<b>*</b>	<b>*</b>	<b>61,142</b>	<b>36,019</b>	<b>-976</b>	<b>35,043</b>	<b>48,202</b>	<b>-369</b>	<b>47,833</b>			
<i>of which:</i>												
Offshore centres	*	*	60,718	36,012	-977	35,035	48,196	-459	47,737			
<b>South America</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>67</b>	<b>39</b>	<b>106</b>	<b>*</b>	<b>*</b>	<b>636</b>			
<b>Asia</b>	<b>2,208</b>	<b>-293</b>	<b>1,915</b>	<b>3,016</b>	<b>-441</b>	<b>2,575</b>	<b>3,159</b>	<b>-309</b>	<b>2,850</b>			
<b>Africa</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>219</b>	<b>*</b>	<b>*</b>	<b>219</b>			
<b>Oceania and Polar Regions</b>	<b>*</b>	<b>*</b>	<b>4,572</b>	<b>*</b>	<b>*</b>	<b>2,923</b>	<b>*</b>	<b>*</b>	<b>3,975</b>			
<b>Not geographically allocated<sup>5</sup></b>	<b>1,938</b>	<b>108</b>	<b>2,047</b>	<b>4,085</b>	<b>550</b>	<b>4,634</b>	<b>8,031</b>	<b>-292</b>	<b>7,737</b>			
<b>Total</b>	<b>218,098</b>	<b>36,440</b>	<b>254,538</b>	<b>213,766</b>	<b>41,905</b>	<b>255,670</b>	<b>241,282</b>	<b>46,744</b>	<b>288,026</b>			
<i>of which:</i>												
All offshore centres <sup>6</sup>	*	*	68,274	44,590	100	44,691	58,717	1,394	60,111			

<sup>1</sup> The sign convention used is: for year-end positions 'Abroad', an entry without sign indicates a net asset position, while a minus sign indicates a net liability position

<sup>2</sup> Revised

<sup>3</sup> For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area

<sup>4</sup> The relevant EMU countries are: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain

<sup>5</sup> This category covers data supplied by respondents without a geographical breakdown

<sup>6</sup> This category overlaps with the regions referred to above and covers Andorra, Antigua and Barbuda, Anguilla, Netherlands Antilles, Barbados, Bahrain, Bermuda, Bahamas, Belize, Cook Islands, Curacao, Dominica, Grenada, Guernsey, Gibraltar, Hong Kong, Isle of Man, Jersey, Jamaica, St. Kitts and Nevis, Cayman Islands, Lebanon, Saint Lucia, Liechtenstein, Liberia, Marshall Islands, Montserrat, Maldives, Nauru, Niue, Panama, Philippines, Singapore, St Maarten, Turks and Caicos Islands, Saint Vincent and the Grenadines, British Virgin Islands, US Virgin Islands, Vanuatu, Samoa

\* Data suppressed for confidentiality reasons

**Table 4 - Direct Investment<sup>1</sup> in Ireland End Year Positions Classified by Location of Investor**

€ million

Region/Country	2010 <sup>2</sup>			2011 <sup>2</sup>			2012		
	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total
<b>Europe</b>	<b>142,246</b>	<b>3,424</b>	<b>145,670</b>	<b>141,117</b>	<b>33,820</b>	<b>174,937</b>	<b>159,413</b>	<b>45,492</b>	<b>204,905</b>
of which:									
Belgium	106	33	139	-1,932	-982	-2,914	1,477	-3,208	-1,731
France	13,160	2,734	15,893	12,517	3,739	16,256	14,877	3,627	18,504
Germany	8,201	-601	7,600	9,353	-229	9,124	9,540	1,023	10,563
Italy	6,474	548	7,022	6,498	703	7,201	6,917	182	7,099
Luxembourg	17,794	8,277	26,071	25,654	30,816	56,469	24,857	33,127	57,985
Netherlands	45,262	-17,374	27,888	28,183	-7,953	20,230	36,958	4,833	41,791
Spain	7,214	1,378	8,592	6,455	1,662	8,118	7,995	1,908	9,904
Switzerland	7,317	3,778	11,095	10,213	2,472	12,685	11,238	909	12,147
United Kingdom	27,738	1,460	29,197	33,453	1,387	34,840	34,977	-102	34,875
Offshore centres	3,486	987	4,473	4,010	-352	3,658	3,251	-45	3,206
<b>EU 27<sup>3</sup></b>	<b>131,150</b>	<b>-2,319</b>	<b>128,831</b>	<b>126,545</b>	<b>30,927</b>	<b>157,472</b>	<b>143,946</b>	<b>44,155</b>	<b>188,101</b>
<b>EMU 17<sup>4</sup></b>	<b>99,507</b>	<b>-3,746</b>	<b>95,761</b>	<b>88,727</b>	<b>28,967</b>	<b>117,694</b>	<b>104,430</b>	<b>43,648</b>	<b>148,078</b>
<b>North America</b>	<b>53,586</b>	<b>-21,815</b>	<b>31,771</b>	<b>54,812</b>	<b>-32,875</b>	<b>21,937</b>	<b>59,885</b>	<b>-44,811</b>	<b>15,074</b>
of which:									
Canada	*	*	8,832	3,179	-674	2,505	3,551	-298	3,252
United States	*	*	22,939	51,633	-32,201	19,432	56,335	-44,513	11,822
<b>Central America</b>	<b>34,604</b>	<b>-3,239</b>	<b>31,365</b>	<b>28,751</b>	<b>-4,323</b>	<b>24,429</b>	<b>31,369</b>	<b>-6,320</b>	<b>25,049</b>
of which:									
Offshore centres	34,226	-3,235	30,991	28,687	-4,228	24,459	31,301	-6,377	24,925
<b>South America</b>	<b>0</b>	<b>-98</b>	<b>-98</b>	<b>0</b>	<b>-198</b>	<b>-198</b>	<b>0</b>	<b>-434</b>	<b>-434</b>
of which:									
Brazil	0	-80	-80	0	-206	-206	0	-246	-246
<b>Asia</b>	<b>618</b>	<b>180</b>	<b>798</b>	<b>419</b>	<b>3,343</b>	<b>3,762</b>	<b>2,112</b>	<b>6,108</b>	<b>8,221</b>
of which:									
China	*	*	-874	*	*	-256	*	*	-235
Japan	156	-130	26	139	354	493	842	440	1,282
Singapore	*	*	3,465	*	*	*	20	*	*
Offshore centres <sup>5</sup>	-39	3,468	3,429	-73	5,018	4,946	24	*	*
<b>Africa</b>	<b>*</b>	<b>*</b>	<b>146</b>	<b>*</b>	<b>*</b>	<b>74</b>	<b>*</b>	<b>*</b>	<b>363</b>
<b>Oceania and Polar Regions</b>	<b>*</b>	<b>*</b>	<b>1,076</b>	<b>*</b>	<b>*</b>	<b>1,069</b>	<b>*</b>	<b>*</b>	<b>2,123</b>
<b>Not geographically allocated<sup>6</sup></b>	<b>87</b>	<b>2,907</b>	<b>2,994</b>	<b>1,777</b>	<b>-3,276</b>	<b>-1,499</b>	<b>2,062</b>	<b>151</b>	<b>2,212</b>
<b>Total</b>	<b>233,252</b>	<b>-19,529</b>	<b>213,722</b>	<b>228,993</b>	<b>-4,483</b>	<b>224,511</b>	<b>257,148</b>	<b>365</b>	<b>257,513</b>
of which:									
All offshore centres <sup>7</sup>	37,999	1,031	39,030	32,816	429	33,245	34,765	436	35,202

<sup>1</sup> The sign convention used is: for year-end positions 'In Ireland' an entry without sign indicates a net liability position, while a minus sign indicates a net asset position

<sup>2</sup> Revised

<sup>3</sup> For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area

<sup>4</sup> The relevant EMU countries are: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain

<sup>5</sup> This category overlaps with some of the regions referred to above

<sup>6</sup> This category covers data supplied by respondents without a geographical breakdown

<sup>7</sup> This category overlaps with the regions referred to above and covers Andorra, Antigua and Barbuda, Anguilla, Netherlands Antilles, Barbados, Bahrain, Bermuda, Belize, Cook Islands, Curacao, Dominica, Grenada, Guernsey, Gibraltar, Hong Kong, Isle of Man, Jersey, Jamaica, St. Kitts and Nevis, Cayman Islands, Lebanon, Saint Lucia, Liechtenstein, Liberia, Marshall Islands, Montserrat, Maldives, Nauru, Niue, Panama, Philippines, Singapore, St. Maarten, Turks and Caicos Islands, Saint Vincent and the Grenadines, British Virgin Islands, US Virgin Islands, Vanuatu, Samoa

\* Data suppressed for confidentiality reasons



**Table 5 - Direct Investment<sup>1</sup> Flows Abroad Classified by Activity<sup>2</sup> of Resident Investor, 2011 and 2012**

€ million

Sector	NACE <sup>2</sup>	2011 <sup>3</sup>		2012	
		Total		Total	
		EU 27 <sup>4</sup>	EMU 17 <sup>5</sup>	EU 27 <sup>4</sup>	EMU 17 <sup>5</sup>
<b>All Industries</b>		838	-7,377	-14,413	-6,037
<i>of which:</i>					
<b>Agriculture, Forestry and Fishing; Mining and Quarrying; Construction</b>	Sec A, B & F	*	*	*	*
<b>Total Manufacturing Sector</b>	Sec C	-3,547	-3,192	-264	-833
Food, beverages and tobacco products	10, 11 & 12	*	*	*	*
Textiles and wood	13, 14 & 16 - 18	*	*	*	*
Basic pharmaceutical products and preparations	21	-293	*	1,269	*
Other manufacturing n.e.s.		-816	-123	-381	-355
<b>Electricity, Gas, Steam and Air Conditioning supply</b>	Sec D	*	*	*	*
<b>Total Services Sector</b>	45 - 99	6,499	-4,139	-14,737	-6,042
Wholesale and retail trade; Repairs of motor vehicles	Sec G	-1,341	-177	-1,639	-150
Transportation and storage	Sec H	*	*	*	*
Information and communication	Sec I	*	-47	*	-59
Financial and insurance activities	Sec K	2,569	-3,930	-4,521	-3,106
<i>of which:</i>					
Activities of holding companies	64.2	-884	-3,642	-3,815	-2,984
Other service activities <sup>6</sup>		-4,180	*	-3,886	*

<sup>1</sup> The sign convention used is: for flows 'Abroad' a minus sign means investments abroad by Irish investors exceeded their disinvestments in the period, while an entry without sign means disinvestment exceeded investment

<sup>2</sup> The activity classification used in this release is the NACE Rev. 2 classification

<sup>3</sup> Revised

<sup>4</sup> For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area

<sup>5</sup> The relevant EMU countries are: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain

<sup>6</sup> This covers residual FDI service activity

\* Data suppressed for confidentiality reasons

**Table 6 - Direct Investment<sup>1</sup> Flows into Ireland Classified by Activity<sup>2</sup> of Resident Enterprise, 2011 and 2012**

€ million

Sector	NACE <sup>2</sup>	2011 <sup>3</sup>					2012						
		Total		of which:			Total		of which:				
		United States	Japan	EU 27 <sup>4</sup>	EMU 17 <sup>5</sup>	Offshore Centres	United States	Japan	EU 27 <sup>4</sup>	EMU 17 <sup>5</sup>	Offshore Centres		
<b>All Industries</b>		16,937	1,122	490	28,694	30,108	-7,240	29,820	1,462	1,201	20,652	16,707	3,452
<b>Agriculture, Forestry and Fishing; Mining and Quarrying; Construction</b>		*	*	0	*	*	0	*	*	0	*	*	0
<b>Total Manufacturing Sector</b>		10,669	113	-26	8,580	7,335	1,774	2,195	825	69	3,654	4,333	-1,761
Food, beverages and tobacco products	Sec A, B & F	1,936	321	-1	1,291	1,114	1,432	430	-494	*	114	1,011	*
Textiles and wood	Sec C	*	0	0	*	*	*	*	0	0	*	*	*
Basic pharmaceutical products and preparations	10, 11 & 12	4,049	-1,180	-22	4,327	4,162	214	24	-208	-84	1,338	833	316
Other manufacturing n.e.s.	13, 14 & 16-18	*	972	-3	*	*	*	*	1,527	*	*	*	-2,332
<b>Electricity, Gas, Steam and Air Conditioning supply</b>	21	*	*	0	*	*	0	*	*	0	*	*	0
<b>Total Services Sector</b>		5,843	999	516	19,707	22,872	-9,015	28,092	629	1,131	17,482	12,378	5,213
Wholesale and retail trade; Repairs of motor vehicles	Sec D	307	-844	7	1,024	1,504	-279	2,103	2,510	62	393	274	67
Transportation and storage	45 - 99	-1	0	0	0	0	-1	7	*	0	*	*	0
Information and communication	Sec G	-7,821	952	*	793	1,177	*	7,911	4,286	-38	-500	-653	4,127
Financial intermediation	Sec H	13,302	1,568	*	16,026	18,725	*	15,480	-9,061	*	17,758	12,122	2,748
of which:	Sec I												
Activities of holding companies	64	-7,036	*	0	*	*	*	4,708	*	0	*	126	171
Insurance, reinsurance and pension funding	64.2	-2,300	-1,180	-31	-662	-641	-215	279	2,028	101	-945	9	-1,270
Other financial activities	65	1,120	*	0	*	*	2	1,852	*	0	*	*	*
Other services activities	66	1,236	-58	41	*	*	-107	460	693	*	-728	-875	*

<sup>1</sup> The sign convention used is: for flows 'in Ireland' an entry without sign means that investment transactions into Ireland exceeded disinvestment, while a minus sign indicates that disinvestment exceeded investment

<sup>2</sup> The activity classification used in this release is the NACE Rev. 2 classification

<sup>3</sup> Revised

<sup>4</sup> For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area

<sup>5</sup> The relevant EMU countries are: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain

\* Data suppressed for confidentiality reasons



**Table 7 - Direct Investment<sup>1</sup> Abroad End Year Positions Classified by Activity<sup>2</sup> of Resident Investor, 2011 and 2012** € million

Sector	NACE <sup>2</sup>	2011 <sup>3</sup>		2012	
		Total		Total	
		EU 27 <sup>4</sup>	EMU 17 <sup>5</sup>	EU 27 <sup>4</sup>	EMU 17 <sup>5</sup>
<b>All Industries</b>		<b>255,670</b>	<b>175,865</b>	<b>288,026</b>	<b>181,010</b>
<i>of which:</i>			<b>106,153</b>		<b>116,142</b>
<b>Agriculture, Forestry and Fishing; Mining and Quarrying; Construction</b>	Sec A, B & F	*	*	*	*
<b>Total Manufacturing Sector</b>	Sec C	<b>19,026</b>	<b>12,042</b>	<b>23,488</b>	<b>15,745</b>
Food, beverages and tobacco products	10, 11 & 12	7,220	*	8,024	*
Textiles and wood	13, 14 & 16 - 18	*	*	*	*
Basic pharmaceutical products and preparations	21	4,305	*	3,124	*
Other manufacturing n.e.s.		*	1,979	*	3,560
<b>Electricity, Gas, Steam and Air Conditioning supply</b>	Sec D	*	*	*	*
<b>Total Services Sector</b>	45 - 99	<b>219,765</b>	<b>155,388</b>	<b>248,730</b>	<b>158,429</b>
Wholesale and retail trade; Repairs of motor vehicles	Sec G	11,673	5,610	13,386	5,988
Transportation and storage	Sec H	*	*	*	*
Information and communication	Sec I	3,365	*	5,965	*
Financial and insurance activities	Sec K	141,952	104,203	156,984	106,773
<i>of which:</i>					
Activities of holding companies	64.2	115,289	78,473	130,673	81,973
Other service activities <sup>6</sup>		*	*	*	44,961

<sup>1</sup> The sign convention used is: for year-end positions 'Abroad', an entry without sign indicates a net asset position, while a minus sign indicates a net liability position

<sup>2</sup> The activity classification used in this release is the NACE Rev. 2 classification

<sup>3</sup> Revised

<sup>4</sup> For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area

<sup>5</sup> The relevant EMU countries are: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain

<sup>6</sup> This covers residual FDI service activity

\* Data suppressed for confidentiality reasons

**Table 8 - Direct Investment<sup>1</sup> in Ireland End year Positions Classified by Activity<sup>2</sup> of Resident Enterprise, 2011 and 2012**

€ million

Sector	2011 <sup>3</sup>						2012					
	NACE <sup>2</sup>	Total	United States			of which:			Total	of which:		
			United States	Japan	EU 27 <sup>4</sup>	EU 27 <sup>4</sup>	Japan	EU 27 <sup>4</sup>		EU 17 <sup>5</sup>	Offshore Centres	
<b>All Industries</b>		<b>224,511</b>	<b>19,432</b>	<b>493</b>	<b>157,472</b>	<b>117,694</b>	<b>33,245</b>	<b>11,822</b>	<b>1,282</b>	<b>188,101</b>	<b>148,078</b>	<b>35,202</b>
Agriculture, Forestry and Fishing	Sec A	*	*	0	*	*	0	*	0	*	*	0
Mining and Quarrying; Construction	Sec B	*	*	0	*	*	0	*	0	*	*	0
<b>Total Manufacturing</b>	Sec C	<b>49,596</b>	<b>3,460</b>	<b>-277</b>	<b>39,042</b>	<b>37,636</b>	<b>3,959</b>	<b>4,018</b>	<b>-372</b>	<b>42,239</b>	<b>41,671</b>	<b>2,111</b>
Food, beverages and tobacco products	10, 11 & 12	3,325	*	-3	2,115	2,904	2,484	-484	*	2,627	4,509	2,781
Textiles and wood	13,14&16-18	1,000	0	0	*	*	*	0	0	*	*	*
Basic pharmaceutical products and preparations	21	27,206	1,138	-219	22,752	21,764	669	2,079	-245	26,611	25,218	835
Metal and mechanical products	24, 25, 26 & 28	8,866	336	*	9,760	9,685	-1,369	710	-9	8,770	8,961	-2,796
Other manufacturing		9,199	*	*	*	*	*	1,713	*	*	*	*
<b>Electricity, Gas, Steam and Air Conditioning supply</b>	Sec D	<b>*</b>	<b>0</b>	<b>0</b>	<b>*</b>	<b>0</b>	<b>0</b>	<b>*</b>	<b>0</b>	<b>*</b>	<b>0</b>	<b>0</b>
<b>Total Services Sector</b>	45 - 99	<b>173,146</b>	<b>15,971</b>	<b>770</b>	<b>116,663</b>	<b>79,923</b>	<b>29,286</b>	<b>7,803</b>	<b>1,654</b>	<b>144,743</b>	<b>106,287</b>	<b>33,091</b>
Wholesale and retail trade; Repairs of motor vehicles	Sec G	9,953	2,575	-116	8,828	7,831	1,775	4,648	-56	7,875	7,145	1,863
Information and communication	Sec I	10,851	2,486	24	3,651	3,869	6,184	7,119	-51	2,729	2,904	9,558
Financial intermediation	64	95,608	10,209	*	67,504	41,266	13,900	-7,192	*	*	66,734	16,387
<i>of which:</i>												
Activities of holding companies	64.2	16,885	*	0	9,551	*	3,039	*	*	10,289	8,782	3,225
Insurance services	65	22,595	409	143	16,188	12,807	4,020	2,473	239	14,752	12,189	1,991
Administrative and support activities	Sec N	*	*	*	*	*	2,964	*	*	*	*	*
Other services activities		*	*	3	*	*	443	*	-1	*	*	*

<sup>1</sup> The sign convention used is: for year-end positions 'In Ireland' an entry without sign indicates a net liability position, while a minus sign indicates a net asset position

<sup>2</sup> The activity classification used in this release is the NACE Rev. 2 classification

<sup>3</sup> Revised

<sup>4</sup> For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area

<sup>5</sup> The relevant EMU countries are: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain

\* Data suppressed for confidentiality reasons

**Table 9 - Direct Investment Income<sup>1</sup> Flows Classified by Geographic Location of Creditor/Debtor**

€ million

Region/Country	2010 <sup>2</sup>			2011 <sup>2</sup>			2012		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
<b>Europe</b>	<b>7,706</b>	<b>23,581</b>	<b>-15,875</b>	<b>7,998</b>	<b>25,965</b>	<b>-17,968</b>	<b>7,935</b>	<b>24,999</b>	<b>-17,063</b>
of which:									
Belgium	-40	1,143	-1,183	-18	1,198	-1,219	-38	693	-731
France	304	473	-168	458	1,369	-910	172	1,587	-1,413
Germany	145	222	-77	151	697	-544	66	1,004	-936
Italy	*	1,354	*	-131	1,330	-1,462	22	1,406	-1,384
Luxembourg	2,281	1,944	336	2,866	2,176	690	3,227	2,303	923
Netherlands	1,895	10,477	-8,583	2,393	11,156	-8,764	2,275	9,421	-7,146
Spain	172	622	-451	113	811	-698	24	591	-567
Switzerland	*	3,890	*	*	3,902	*	*	5,556	*
United Kingdom	2,306	2,231	76	1,805	2,174	-370	1,095	1,249	-154
<b>EU 27<sup>3</sup></b>	<b>7,420</b>	<b>19,261</b>	<b>-11,841</b>	<b>8,442</b>	<b>21,560</b>	<b>-13,118</b>	<b>7,331</b>	<b>19,003</b>	<b>-11,672</b>
<b>EMU 17<sup>4</sup></b>	<b>4,698</b>	<b>16,453</b>	<b>-11,754</b>	<b>5,848</b>	<b>18,930</b>	<b>-13,081</b>	<b>5,766</b>	<b>17,193</b>	<b>-11,427</b>
<b>Americas</b>	<b>5,716</b>	<b>13,829</b>	<b>-8,113</b>	<b>5,942</b>	<b>16,002</b>	<b>-10,060</b>	<b>8,496</b>	<b>17,658</b>	<b>-9,164</b>
of which:									
Canada	75	192	-117	-67	202	-269	26	189	-162
United States	3,055	4,329	-1,273	2,761	5,123	-2,365	3,132	6,118	-2,986
Offshore centres	2,579	9,308	-6,729	3,219	10,674	-7,456	5,305	11,351	-6,045
<b>Asia</b>	<b>724</b>	<b>164</b>	<b>560</b>	<b>991</b>	<b>143</b>	<b>849</b>	<b>666</b>	<b>451</b>	<b>217</b>
of which:									
Japan	138	117	20	*	87	*	*	122	*
<b>Africa</b>	<b>6</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>31</b>	<b>*</b>	<b>*</b>	<b>11</b>
<b>Oceania and Polar Regions</b>	<b>128</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>127</b>	<b>*</b>	<b>*</b>
<b>Not geographically allocated<sup>5</sup></b>	<b>57</b>	<b>81</b>	<b>-28</b>	<b>*</b>	<b>249</b>	<b>*</b>	<b>*</b>	<b>319</b>	<b>*</b>
<b>Total</b>	<b>14,337</b>	<b>37,636</b>	<b>-23,299</b>	<b>15,305</b>	<b>42,463</b>	<b>-27,158</b>	<b>17,481</b>	<b>43,418</b>	<b>-25,935</b>
of which:									
Offshore centres <sup>6</sup>	3,045	9,695	-6,649	3,656	11,174	-7,517	5,553	11,726	-6,174

<sup>1</sup> Income on equity and other direct investment capital

<sup>2</sup> Revised

<sup>3</sup> For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area

<sup>4</sup> The relevant EMU countries are: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain

<sup>5</sup> This category covers data supplied by respondents without a geographical breakdown

<sup>6</sup> This category overlaps with the regions referred to above and covers Andorra, Antigua and Barbuda, Anguilla, Netherlands Antilles, Barbados, Bahrain, Bermuda, Bahamas, Belize, Cook Islands, Curacao, Dominica, Grenada, Guernsey, Gibraltar, Hong Kong, Isle of Man, Jersey, Jamaica, St. Kitts and Nevis, Cayman Islands, Lebanon, Saint Lucia, Liechtenstein, Liberia, Marshall Islands, Montserrat, Maldives, Nauru, Niue, Panama, Philippines, Singapore, St Maarten, Turks and Caicos Islands, Saint Vincent and the Grenadines, British Virgin Islands, US Virgin Islands, Vanuatu, Samoa

\* Data suppressed for confidentiality reasons

## Background Notes *(updated August 2012)*

**Introduction** This release updates the annual statistical series on Foreign Direct Investment (FDI) which was introduced in December 2003. The data presented show annual direct investment flows over the reference year along with end-year stocks (or positions) for Ireland broken down geographically by region and by country. The release includes tables with further analyses of the FDI flows and stocks broken down by the principal economic activity (using the NACE Rev.2 classification) of the resident direct investment enterprise. These results form part of the range of Balance of Payments (BOP), International Investment Position (IIP) and related statistics published by the CSO. The figures presented are methodologically consistent with the data already presented in the quarterly balance of payments and annual IIP releases.

**International statistical standards** Taken together, the underlying methodologies used to compile these FDI as well as the various related statistics are consistent and follow as far as possible the recommendations of the IMF's *Balance of Payments Manual - 5th Edition* (BPM5) published in 1993 and its supplement, *Financial Derivatives: A Supplement to the 5th Edition (1993) of the Balance of Payments Manual* published in 2000. The methodology used also reflects particular interpretations of the BPM5 by the European Central Bank (ECB) and Eurostat.

The BOP and IIP releases include descriptions of the overall collection, compilation and presentation methodologies used. Further important details which specifically concern Direct Investment are given below.

**Data collection** The general data collection and compilation arrangements are described more fully in the BOP and IIP releases. BOP-related data collection is statutory and surveys are conducted by the CSO and by the Central Bank of Ireland (CBI). Other data obtained from administrative sources are also used. Following the introduction of a redesigned BOP data collection system in 1998 and up to 2007, the CSO undertook all the necessary survey collection and compilation required. However, following a joint initiative involving the CSO and the CBI to rationalise 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, external debt, foreign direct investment and other statistical demands on both organisations are being collected quarterly by the CBI under its legislation as well as European legislation<sup>1</sup>. The data are supplied by the CBI to CSO for statistical compilation purposes. As a consequence the CSO has 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.

In all about 2,000 enterprises are covered for FDI. Many of these are financial enterprises most of which are engaged in internationally-traded financial service activities and are broadly known as IFSC enterprises. In addition, some information on investment in residential and commercial properties abroad has been collected from general sources and the relevant estimates are included in the figures (see *Definition of Foreign Direct Investment* below).

**Definition of Foreign Direct Investment** *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 derivative contracts, and financial intermediary affiliates among which direct investment transactions are limited to those involving equity and permanent debt). The components of direct investment transactions are *equity capital*, *reinvested earnings*, and *other capital*. *Equity capital* comprises investment in branches, shares in subsidiaries and associates (except non-participating preferred shares that are treated as debt securities) and other capital contributions. *Reinvested earnings* consists of the off-setting entry to the corresponding current account income item: it is the direct investor's share of the undistributed earnings of its branches, subsidiaries and associates. *Other capital* covers all other inter-affiliate financial transactions (borrowing and lending of funds) including debt securities and suppliers' credits (i.e. trade credits).

Following the recommendations of the IMF, ECB, EUROSTAT and OECD, direct investment flows are recorded on a '*directional basis*' rather than the more usual assets/liabilities basis. *Direct investment abroad* covers *net* investment by 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 compilation system for direct investment also includes investment by Irish private residents (households) in residential and commercial property abroad. Such properties are regarded as constituting notional direct investment enterprises overseas and are treated accordingly in the system, both in terms of any relevant financial account investment flows and any current account flows (services or income). In addition, foreign investment in bloodstock breeding activities in Ireland as well as associated income flows are now reflected in the BOP statistics.

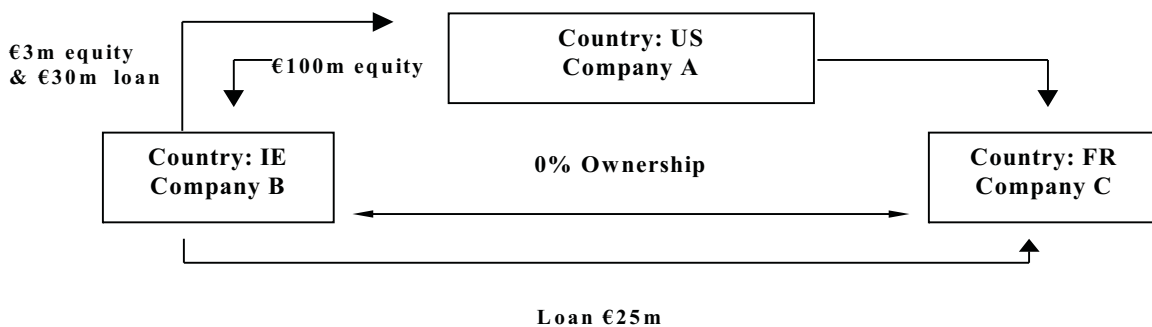
#### Directional Principle for recording direct investment

In line with the quarterly BOP flow and annual IIP stock data, direct investments of Irish resident investors in foreign enterprises are recorded under the category *direct investment abroad* (which approximates to the assets concept). Similar investments made by foreign investors in enterprises located in Ireland are recorded under *direct investment in Ireland* (which closely equates to liabilities). 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*.



**Geographical allocation principle**

In line with the international recommendations, direct investment flows and stocks 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.

**Economic Activity Classification**

Tables 5 – 8 show an activity classification according to the principal economic activity of the resident direct investment enterprise. The results were compiled using the NACE Rev. 2 classification.<sup>2</sup>

<sup>1</sup>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.

<sup>2</sup>For more information and a detailed description of the classification see: [http://epp.eurostat.ec.europa.eu/portal/page/portal/nace\\_rev2/introduction](http://epp.eurostat.ec.europa.eu/portal/page/portal/nace_rev2/introduction)