8

Economy

- In 2008, GNP in constant prices decreased by 2.8% compared with 2007. However, there was an overall increase over the last five years in GNP in constant prices of 19%.

- The value added of manufacturing industry (including building) and the distribution, transport and communications industries increased by more than 18% in the last five years. The value added of the services sector increased by 31% over this period.

- Investment in fixed capital formation increased by 13% in the last five years (2003-2008) after allowing for price changes.

- A deficit of €9.4 billion was recorded in the current account of the Balance Of Payments in 2008. The average deficit over the last three years was €8.6 billion.

Contents

Introduction

This chapter contains information on the performance of the overall economy and on Ireland's transactions with the rest of the world. The details are drawn from the reports on National Income and Expenditure (NIE), reports on Household Incomes at Regional and County Level and Regional GDP as well as the regular Balance of Payments statements.

Estimates from these reports are provided at current and at constant prices. The impact of inflation is eliminated from the tables at constant prices and they indicate the real or volume changes in the various aggregates over time. At present, the constant price tables are chain linked annually and referenced to year 2007.

The annual NIE report contains details of the main economic aggregates such as Gross Domestic Product (GDP) and of their components. Information is given on personal consumption, capital formation (investment) and on the transactions of the government sector classified according to national accounting conventions. These main aggregates are important for a number of EU administrative purposes. In particular, the level of GNP determines a major share of Ireland's contribution to the EU budget while the ratio of government debt and deficit to GDP are important Maastricht criteria. At national level, the government has now also decided to allocate one per cent of GNP to the National Pension Reserve Board.

Table 8.1 shows the long-run development of GDP, GNP and their main components since 1970. It also contains the aggregates at current market prices. The corresponding index numbers at constant prices (base 2007=100) are given in Table 8.2. An additional set of aggregates for the years 2003 to 2008 are given in Table 8.3 while the following tables 8.4 to 8.7 provide various breakdowns of GDP over the same period.

The CSO's Balance of Payments collection and compilation system was completely overhauled in the late 1990s in order to meet the demands of the European Central Bank (ECB) and other international users. Results from 1998 were published in 2000 and updated regularly since then, those for 2006, 2007 and 2008 being presented in tables 8.8 and 8.9. The current account details in table 8.8 provide detail on the exports and imports of services and on the components of income inflows (credits) and outflows (debits).

Table 8.10 shows the end of year stocks (or levels) of Ireland's foreign assets and liabilities, ie the International Investment Position. A breakdown by type of investment is included.

Table 8.11 gives geographical details for 2006 and 2007 of Ireland's foreign direct investment abroad (ie outward direct investment) showing both the flows (transactions) during the year and the end of year positions (stock levels). Table 8.12 shows the corresponding flows and stocks for inward direct investment in the two years.

Some information is also provided in this chapter on the economy at a regional level. Regional Accounts are produced annually by CSO and provide estimates of Gross Value Added (GVA) for the two overall NUTS2 regions and the eight Regional Authority NUTS3 regions while household income estimates are provided on a county basis. GVA per capita is one of the principal concepts used in determining eligibility for EU structural funds. GVA differs from household income in that it includes the profits of companies operating in a region, a considerable amount of which may accrue to non-residents. In addition, the workforce contributing to those profits may live in and bring their incomes home to a neighbouring region where they will be counted in the household income estimates.

Personal income also includes items such as social welfare benefits which are not included in GVA. The Mid East region (Kildare, Meath and Wicklow) and the Dublin region are affected by a substantial proportion of their workforce living in one region and commuting to work in another. It is more meaningful to combine these two regions when analysing GVA. The main results on regional GVA are summarised in table 8.13.

Long term growth

Gross Domestic Product (GDP) is a measure of the value added generated in the production of goods and services in the economy. Over the years between 1970 and 2008, the value of GDP increased by a factor of over eighty. Increases in price levels played a major role in this increase but when the price effects are removed the increase was still more than five-fold.

Gross National Product (GNP) is a better measure than GDP of the value added accruing to residents of the country. In Ireland, GNP is now considerably lower than GDP because of income flows to non-residents, especially profits and dividends of foreign direct investment enterprises. GNP is now 85% of the value of GDP. In 1970, the reverse was the case with GNP higher, because of income flows to Irish residents from abroad. As a result of this turnaround, GNP growth has been somewhat slower than GDP growth. Since 1970, real GNP has increased about four times. In the most recent year 2008, GNP decreased by 2.8% while in the five years (2003-2008) it increased by an average annual rate of 3.8%.

The growth in exports has been especially noticeable. Since 1970, the value of exports has increased over twenty times in real terms. The other demand components making up GDP have increased to a lesser extent over the same period, eg personal consumption over four times, public expenditure about four times and investment about five times.

Some of the growth of recent years has resulted from increasing numbers at work. While GNP at constant prices increased by 19% between 2003 and 2008, the increase per person in employment was much less at 1.3%.

Sectors of economy

The experience of the various sectors of the economy has been very different during the years of strong growth. Between 2003 and 2008, the output of industry rose by 23% in constant prices. The output of the building industry increased by 15%. The output of the sectors dominated by multi-national companies *(Reproduction of recorded media, Chemicals, Computers, and Electrical machinery and equipment)* increased by 18%. There was also an increase of 15% in the output of the Distribution, Transport and Communications sector during the same period. In contrast, Agriculture, Forestry and Fishing output increased by only 5% in real terms.

Consumption and investment

Personal expenditure between 2003 and 2008 increased in nominal or current prices by 40% while in real terms it increased by 23%.

Investment (fixed capital formation) in construction and machinery and equipment increased by 26% in nominal or current prices and by 13% in real terms between 2003 and 2008. As a result, the total value of fixed capital investment had reached €39,474m by 2008.

Regions

Relative to an average of 100 for the State, output per head in the Dublin (NUTS3) region, as measured by GVA at Basic Prices, was highest at 140.9. The corresponding figure for the Midlands NUTS3 region was just 67.0 and was the lowest of all the NUTS3 regions.

Technical Notes

GDP

Gross Domestic Product (GDP) at market prices represents total expenditure on the output of final goods and services produced in the country ("final" means not for further processing within the country) and valued at the prices at which the expenditure is incurred.

GNP

Gross National Product (GNP) is equal to GDP plus net factor income from the rest of the world and represents the total of all payments for productive services accruing to the permanent residents of the country.

GNI

Gross National Income (GNI) at market prices is equal to GNP at market prices plus EU subsidies less EU taxes. This is more commonly described as being equal to GDP plus net primary incomes from abroad.

GNDI

Gross National Disposable Income (GNDI) is equivalent to GNI plus net current transfers from the rest of the world. It represents the income of the nation from all sources.

GVA

Gross Value Added (GVA) at basic prices is a measure of the value of goods and services produced priced at the value received by the producer minus product taxes payable and plus subsidies on products receivable. Total GVA at market prices is equivalent to GDP at market prices.

Balance of Payments Financial Account and International Investment Position – Sign Convention

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

In presenting the International Investment Position statistics, stocks of both assets and liabilities are shown unsigned. The net position is calculated as assets minus liabilities; an unsigned (or positive) value means a net asset position of Ireland's residents to non-residents while a negative value indicates a net liability position. Under 'direct investment' a negative value for 'other capital' indicates the presence of off-setting disinvestment between affiliated enterprises.

Discontinuities

The aggregates in table 8.1 from 1995 to 2008 are compiled on an ESA95 basis. They include FISIM (Financial Intermediation Services Indirectly Measured), which is the output of the banking sector from borrowing and lending, calculated according to new EU guidelines. Data for 1970-1995 are compiled on an ESA95 basis but exclude FISIM.

The Balance of Payments data in tables 8.8 and 8.9 is obtained from a revamped and strengthened compilation system introduced in 2000. Information on this new basis is available from 1998 onwards only and is not comparable with that available for earlier years largely because of the greatly extended financial enterprise coverage and the different presentation basis now used.

Table 8.1 Gross Domestic Product (GDP) and components at current market prices

€m

Year	Personal consumption of goods and services	Public expenditure on goods and services	Capital formation	Exports	Imports	GDP	Net foreign income	GNP
1970	1,638	307	527	760	925	2,220	33	2,253
1971	1,838	365	593	851	1,022	2,538	30	2,568
1972	2,129	442	767	984	1,137	3,084	33	3,117
1973	2,531	545	993	1,307	1,541	3,724	9	3,733
1974	2,977	663	1,181	1,620	2,174	4,138	15	4,153
1975	3,583	909	1,173	2,062	2,359	5,203	-4	5,199
1976	4,488	1,083	1,548	2,742	3,219	6,409	-50	6,359
1977	5,314	1,256	2,100	3,588	4,260	7,801	-137	7,665
1978	6,170	1,506	2,605	4,298	5,167	9,220	-291	8,928
1979	7,588	1,873	3,440	5,015	6,687	10,922	-354	10,567
1980	9,119	2,437	3,456	5,907	7,541	12,961	-433	12,528
1981	10,976	2,961	4,344	7,008	9,113	15,727	-619	15,108
1982	12,229	3,464	4,912	8,192	9,499	18,657	-1,174	17,483
1983	13,301	3,751	4,707	9,869	10,501	20,564	-1,493	19,071
1984	14,553	4,047	4,941	12,436	12,633	22,774	-2,107	20,667
1985	15,812	4,377	4,742	13,668	13,378	24,739	-2,577	22,162
1986	16,878	4,725	4,796	13,177	12,734	26,352	-2,509	23,843
1987	17,787	4,806	4,646	15,053	13,707	28,163	-2,583	25,580
1988	18,999	4,743	4,758	17,349	15,442	30,085	-3,199	26,886
1989	20,536	4,926	6,127	20,562	18,661	33,373	-3,843	29,530
1990	21,813	5,469	7,671	20,689	19,011	36,184	-4,137	32,047
1991	22,907	6,020	7,251	21,812	19,936	37,649	-4,082	33,567
1992	24,285	6,544	6,547	24,353	21,299	40,100	-4,491	35,609
1993	25,446	6,980	6,561	28,537	23,948	43,189	-4,662	38,527
1994	27,293	7,427	7,536	32,916	28,316	46,421	-4,718	41,703
1995[1]	29,295	7,853	9,685	40,224	34,202	52,546	-5,948	46,598
1995[1]	29,674	7,866	9,627	40,508	34,315	53,112	-6,152	46,960
1996	32,541	8,291	11,499	45,436	38,521	58,714	-6,866	51,848
1997	35,929	9,224	14,497	54,037	45,269	67,934	-8,494	59,440
1998	40,136	10,113	18,239	68,283	59,141	78,535	-9,945	68,590
1999	45,048	11,299	21,336	80,756	68,196	90,378	-13,550	76,828
2000	52,086	13,105	25,098	103,044	88,933	104,830	-15,488	89,342
2001	57,130	15,449	26,532	117,112	98,908	116,931	-18,975	97,955
2002	62,637	17,632	28,763	122,630	100,173	130,258	-23,696	106,562
2003	67,203	18,985	32,626	117,172	94,701	139,763	-21,724	118,039
2004	70,899	20,557	36,861	125,199	102,882	149,098	-22,879	126,219
2005	76,927	22,246	43,951	132,671	113,457	162,091	-24,903	137,188
2006	83,979	24,593	49,273	141,042	123,574	176,759	-24,230	152,529
2007	91,948	27,275	49,283	153,481	134,112	189,751	-28,507	161,244
2008	93,863	28,901	39,791	151,896	133,002	181,815	-27,218	154,596

[1] Revised series – see technical notes

Source: CSO

Table 8.2 Index numbers of Gross Domestic Product and expenditure aggregates at constant market prices

(Base 2007=100)

Year	GDP	Personal consumption of goods and services	Public expenditure on goods and services	Capital formation	Exports	Imports	GNP
1970	16.9	23.5	24.9	17.4	3.6	5.9	22.2
1971	17.7	24.3	27.0	16.1	3.8	6.1	23.2
1972	18.9	25.9	28.9	19.3	3.9	6.5	24.8
1973	19.9	27.8	30.9	21.1	4.3	7.8	26.0
1974	20.5	28.2	33.4	25.4	4.3	7.7	26.7
1975	20.7	27.8	35.5	20.0	4.6	6.9	26.9
1976	21.4	29.4	36.4	20.3	5.0	7.9	27.6
1977	22.8	30.7	37.2	25.0	5.7	9.0	29.1
1978	24.4	33.0	40.5	27.5	6.4	10.3	30.7
1979	25.4	35.5	42.6	34.9	6.8	11.8	31.9
1980	26.2	36.5	45.6	29.5	7.3	11.3	32.7
1981	26.8	36.7	45.8	30.6	7.4	11.4	33.3
1982	27.2	35.1	47.2	32.0	7.8	11.0	32.9
1983	27.0	34.5	47.2	28.2	8.6	11.6	32.3
1984	27.9	34.8	47.1	28.3	10.0	12.7	32.7
1985	28.4	35.7	48.2	26.2	10.6	13.1	32.7
1986	28.6	36.7	49.8	26.2	10.9	13.8	32.8
1987	29.6	37.5	47.7	25.9	12.4	14.8	34.0
1988	30.5	38.8	45.2	24.6	13.4	15.7	34.6
1989	32.2	40.1	44.7	30.1	15.0	17.9	36.2
1990	34.7	41.4	47.2	36.3	16.4	19.0	38.6
1991	35.2	41.9	48.5	33.6	17.3	19.5	39.3
1992	36.5	43.1	49.9	29.3	19.7	21.0	40.3
1993	37.3	44.2	49.7	28.1	21.6	22.6	41.5
1994	39.5	46.1	51.8	30.4	24.9	26.1	44.2
1995	43.3	48.1	53.4	37.3	29.8	30.4	47.7
1996	46.8	51.4	55.0	43.3	33.5	34.3	51.4
1997	52.2	55.3	58.0	51.6	39.4	40.0	56.5
1998	56.6	59.5	61.2	60.0	48.5	51.0	60.8
1999	62.7	64.8	64.7	65.0	56.1	57.3	66.0
2000	68.6	71.2	70.7	70.1	67.4	69.7	72.4
2001	72.5	74.9	77.8	68.8	73.2	74.7	75.2
2002	77.2	77.9	82.9	71.3	77.0	76.7	77.4
2003	80.6	80.2	83.9	77.8	77.5	75.5	81.8
2004	84.3	83.1	85.2	83.0	83.3	82.0	85.3
2005	89.5	88.6	88.4	95.9	87.6	93.9	90.1
2006	94.3	94.4	93.5	101.5	92.1	94.7	95.8
2007	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2008	97.0	99.0	102.6	85.4	99.0	97.9	97.2

Source: CSO

Table 8.3 Main economic aggregates

Aggregate	2003	2004	2005	2006	2007	2008
Current market prices (€m)						
Gross Domestic Product (GDP)	139,763	149,098	162,091	176,759	189,751	181,815
Gross National Product (GNP)	118,039	126,219	137,188	152,529	161,244	154,596
Gross National Income (GNI)	119,471	127,683	138,995	153,837	162,453	155,909
Gross National Disposable Income (GNDI)	118,471	126,612	137,453	152,025	160,254	153,481
Constant market prices (€m) Chain linked volume measures referenced to year 2007						
Gross Domestic Product	152,962	159,992	169,871	178,970	189,751	183,991
Index (2007=100)	80.6	84.3	89.5	94.3	100.0	97.0
Gross National Product	131,899	137,611	145,306	154,520	161,244	156,760
Index (2007=100)	81.8	85.3	90.1	95.8	100.0	97.2
Gross National Income	133,245	138,929	146,544	155,681	162,453	158,256
Index (2007=100)	82.0	85.5	90.2	95.8	100.0	97.4
Gross National Disposable Income	139,307	144,165	150,098	157,611	160,254	153,866
Index (2007=100)	86.9	90.0	93.7	98.4	100.0	96.0
Per head of population (€)						
GDP at current market prices	35,117	36,858	39,211	41,690	43,732	41,115
GNP at current market prices	29,659	31,202	33,187	35,975	37,162	34,960
GNI at current market prices	30,019	31,564	33,624	36,284	37,440	35,257
GNDI at current market prices	29,767	31,299	33,251	35,856	36,933	34,708
GDP at constant market prices	38,434	39,551	41,093	42,211	43,732	41,607
GNP at constant market prices	33,141	34,018	35,151	36,445	37,162	35,449
GNI at constant market prices	33,479	34,344	35,450	36,719	37,440	35,788
GNDI at constant market prices	35,003	35,638	36,310	37,174	36,933	34,795
Per person in employment (€)						
GDP at current market prices	77,646	80,498	83,354	86,864	89,764	86,054
GNP at current market prices	65,577	68,146	70,548	74,956	76,278	73,171
GNI at current market prices	66,373	68,936	71,477	75,600	76,850	73,793
GNDI at current market prices	65,817	68,358	70,684	74,709	75,810	72,644
GDP at constant market prices	84,979	86,379	87,355	87,950	89,764	87,084
GNP at constant market prices	73,277	74,296	74,723	75,935	76,278	74,195
GNI at constant market prices	74,025	75,007	75,360	76,505	76,850	74,904
GNDI at constant market prices	77,393	77,834	77,187	77,454	75,810	72,826

Source: CSO

Table 8.4 Gross Value Added at constant factor cost by sector of origin and Gross National Income at constant market prices (chain linked annually and referenced to year 2007)

€m

Sector of origin	2003	2004	2005	2006	2007	2008
Agriculture, forestry and fishing	3,762	3,876	4,272	3,958	3,985	3,951
Industry (including building)	44,920	46,895	49,118	51,909	55,809	53,798
Industry	32,205	33,160	34,151	36,070	39,633	39,507
of which						
Reproduction of recorded media	*593*	*1,054*	*1,142*	*1,449*	*2,758*	*3,915*
Chemicals (incl. man-made fibres)	*14,082*	*12,084*	*11,774*	*12,549*	*12,568*	*12,021*
Computers and Instrument engineering	*3,442*	*3,898*	*4,382*	*4,331*	*4,774*	*5,508*
Electrical machinery and equipment	*1,329*	*1,492*	*1,997*	*1,732*	*1,852*	*1,510*
Building and construction	*12,423*	*13,627*	*14,993*	*15,867*	*16,176*	*14,290*
Distribution, transport and communication	21,670	22,091	23,228	24,354	25,664	24,814
Public administration and defence	5,385	5,500	5,552	5,696	5,842	5,945
Other services (including rent)	59,764	64,162	68,178	72,134	77,066	78,149
Statistical discrepancy	~	~	~	~	-1,876	-2,269
Gross value added at constant factor cost	**135,084**	**141,022**	**148,467**	**155,750**	**166,489**	**164,387**
Non product taxes	1,596	1,531	1,682	1,782	1,863	1,946
Non product subsidies	-627	-660	-1,682	-1,635	-1,569	-1,612
Gross value added at constant basic prices	**135,887**	**141,737**	**148,490**	**155,909**	**166,783**	**164,721**
Product taxes	19,263	20,295	22,237	23,991	23,997	20,355
Product subsidies	-2,059	-1,921	-866	-917	-1,029	-1,086
Gross domestic product at constant market prices	**152,962**	**159,992**	**169,871**	**178,970**	**189,751**	**183,991**
Net factor income from the rest of the world	-21,620	-22,442	-24,475	-24,459	-28,507	-27,231
Gross national product at constant market prices	**131,899**	**137,611**	**145,306**	**154,520**	**161,244**	**156,760**
EU subsidies	1,707	1,610	1,647	1,637	1,728	1,976
EU taxes	-444	-346	-453	-474	-519	-480
Gross national income at constant market prices	**133,245**	**138,929**	**146,544**	**155,681**	**162,453**	**158,256**

~ Chain linked series not additive except for 2007 and 2008
Source: CSO

Table 8.5 Expenditure on Gross National Income at current market prices

€m

Expenditure components	2003	2004	2005	2006	2007	2008
Personal consumption of goods and services	67,203	70,899	76,927	83,979	91,948	93,863
of which						
Final consumption expenditure of Households and NPISHs	*65,249*	*68,715*	*74,595*	*81,336*	*88,886*	*91,010*
Final consumption expenditure of government	*1,954*	*2,184*	*2,332*	*2,643*	*3,062*	*2,853*
Net expenditure by central and local government on current goods and services	18,985	20,557	22,246	24,593	27,275	28,901
Gross domestic fixed capital formation	31,338	36,435	43,220	47,628	49,429	39,474
Value of physical changes in stocks	1,288	425	730	1,645	-146	317
of which						
Net additions to the breeding stocks	*2*	*-11*	*-26*	*-58*	*-28*	*-6*
Exports of goods and services	117,172	125,199	132,671	141,042	153,481	151,896
less Imports of goods and services	-94,701	-102,882	-113,457	-123,574	-134,112	-133,002
Statistical discrepancy	-1,521	-1,535	-247	1,446	1,876	365
Gross domestic product at current market prices	**139,763**	**149,098**	**162,091**	**176,759**	**189,751**	**181,815**
Net factor income from the rest of the world	-21,724	-22,879	-24,903	-24,230	-28,507	-27,218
Gross national product at current market prices	**118,039**	**126,219**	**137,188**	**152,529**	**161,244**	**154,596**
EU subsidies	1,839	1,788	2,239	1,778	1,728	1,797
EU taxes	-406	-324	-432	-470	-519	-484
Gross national income at current market prices	**119,471**	**127,683**	**138,995**	**153,837**	**162,453**	**155,909**

Source: CSO

GDP and GNP at current market prices

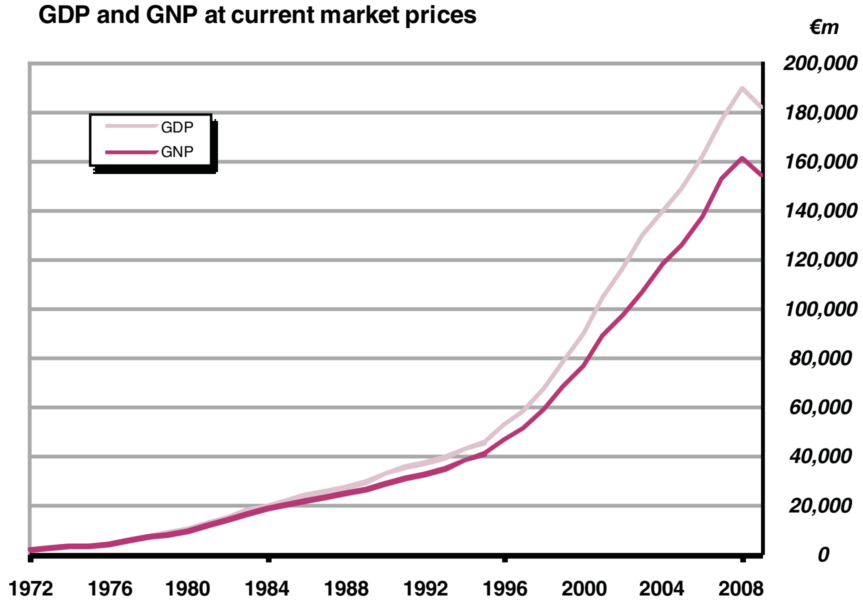


Table 8.6 Expenditure on Gross National Income at constant market prices (chain linked annually and referenced to year 2007)

€m

Expenditure components	2003	2004	2005	2006	2007	2008
Personal consumption of goods and services	73,762	76,446	81,470	86,828	91,948	91,055
of which						
Final consumption expenditure of Households and NPISHs	*69,257*	*71,651*	*76,404*	*81,332*	*88,886*	*88,253*
Final consumption expenditure of government	*2,081*	*2,284*	*2,389*	*2,646*	*3,062*	*2,801*
Net expenditure by central and local government on current goods and services	22,895	23,237	24,111	25,511	27,275	27,991
Gross domestic fixed capital formation	36,956	40,514	46,468	48,305	49,429	41,766
Value of physical changes in stocks	848	287	546	1,204	-146	301
of which						
Net additions to the breeding stocks	*2*	*-11*	*-28*	*-58*	*-28*	*-6*
Exports of goods and services	118,897	127,843	134,479	141,311	153,481	151,875
less Imports of goods and services	-101,318	-109,970	-119,154	-126,940	-134,112	-131,266
Statistical discrepancy	~	~	~	~	1,876	2,269
Gross domestic product at constant market prices	**152,962**	**159,992**	**169,871**	**178,970**	**189,751**	**183,991**
Net factor income from the rest of the world	-21,620	-22,442	-24,475	-24,459	-28,507	-27,231
Gross national product at constant market prices	**131,899**	**137,611**	**145,306**	**154,520**	**161,244**	**156,760**
EU subsidies	1,707	1,610	1,647	1,637	1,728	1,976
EU taxes	-444	-346	-453	-474	-519	-480
Gross national income at constant market prices	**133,245**	**138,929**	**146,544**	**155,681**	**162,453**	**158,256**

~ Chain linked series not additive except for 2007 and 2008
Source: CSO

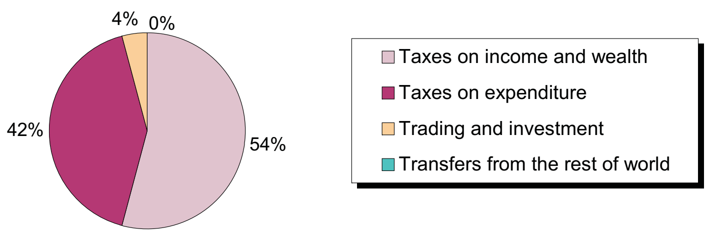
Table 8.7 Net current income and expenditure of central and local government

€m

Income and expenditure	2003	2004	2005	2006	2007	2008
Taxes on income and wealth (including social insurance contributions)	20,959	23,425	25,072	28,103	29,957	28,408
Taxes on expenditure (including rates)	17,245	19,360	21,812	24,667	25,340	21,928
Net trading and investment income	1,077	1,089	1,180	1,422	1,787	2,207
Current transfers from the rest of the world to central and local government	234	269	250	210	63	16
Total income	**39,514**	**44,143**	**48,314**	**54,403**	**57,147**	**52,559**
Subsidies (excluding EU subsidies)	818	768	881	775	870	870
Transfer payments (including transfers to the rest of the world) and national debt interest	17,106	18,735	20,663	22,699	25,523	28,966
Net current expenditure on goods and services	18,985	20,557	22,246	24,593	27,275	28,901
Total expenditure	**36,909**	**40,060**	**43,790**	**48,067**	**53,668**	**58,737**
Central and local government savings	**2,605**	**4,083**	**4,524**	**6,337**	**3,480**	**-6,178**

Source: CSO

Net current income in 2008



Net current expenditure in 2008

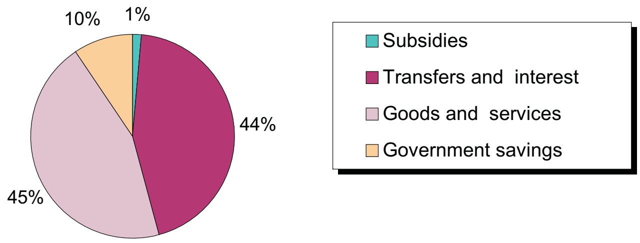


Table 8.8 Balance of International Payments: Current and Capital Accounts

€m

Item	2006		2007		2008	
	Credit	Debit	Credit	Debit	Credit	Debit
Current account						
Merchandise	**83,235**	**58,203**	**84,079**	**64,268**	**81,495**	**57,675**
Services	**57,069**	**63,867**	**67,960**	**69,081**	**69,203**	**74,574**
Transport	2,334	2,027	2,908	2,067	3,010	1,867
Tourism and travel	4,258	5,446	4,426	6,300	4,279	7,055
Communications	432	772	516	819	525	865
Insurance	8,738	7,239	8,799	7,133	8,582	6,517
Financial services	6,214	3,906	7,440	4,635	6,850	4,298
Computer services	18,298	562	21,726	660	23,284	686
Royalties/licences	737	17,534	865	17,469	911	20,598
Business services	15,399	26,203	20,571	29,826	21,400	32,524
Trade related	5,814	8,391	10,219	10,794	10,867	11,855
Operational leasing	5,439	851	5,803	1,235	5,483	1,515
Miscellaneous business services	4,145	16,961	4,547	17,797	5,049	19,154
Other services nes	661	176	710	174	362	166
Income	**66,084**	**90,117**	**84,912**	**112,736**	**83,836**	**110,607**
Compensation of employees	414	1,017	418	1,180	432	1,105
Investment income	65,671	89,100	84,492	111,557	83,403	109,501
Direct invensment income	8,665	31,390	10,455	36,937	10,169	32,586
Income on equity	4,342	29,396	5,504	35,033	4,610	30,665
Dividends and distributed branch profits	*515*	*19,920*	*89*	*16,787*	*929*	*12,653*
Reinvested earnings	*3,827*	*9,475*	*5,416*	*18,246*	*3,681*	*18,011*
Income on debt	4,322	1,994	4,952	1,905	5,558	1,921
Portfolio investment income	33,366	33,380	41,160	42,432	41,007	42,904
Income on equity	6,242	17,048	6,219	20,467	6,214	18,555
Income on debt	27,124	16,332	34,941	21,965	34,794	24,348
Other investment income	23,641	24,328	32,878	32,187	32,227	34,011
Current Transfers	**5,260**	**5,764**	**4,833**	**5,823**	**5,765**	**6,880**
Current Account - Total	**211,647**	**217,952**	**241,783**	**251,907**	**240,299**	**249,734**
Current Account Balance	**-6,304**		**-10,124**		**-9,435**	
Capital Account Balance	**223**		**39**		**68**	

Source: CSO

Current Account 2008

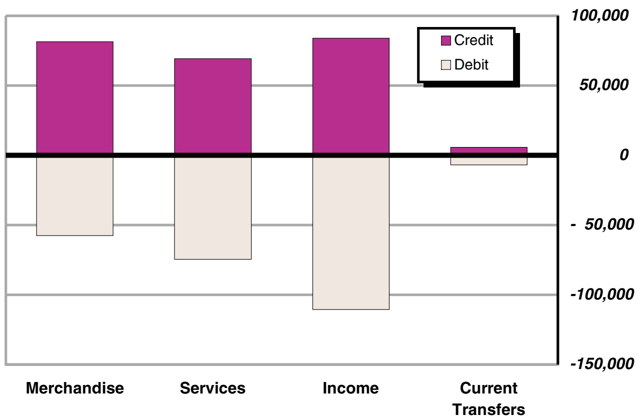


Table 8.9 Balance of International Payments: Financial Account

€m

Item	2006		2007		2008	
	Abroad	In Ireland	Abroad	In Ireland	Abroad	In Ireland
Direct investment	**-12,215**	**-4,418**	**-15,450**	**18,052**	**-9,217**	**-13,674**
Equity	-11,440	-4,242	-4,942	-1,900	-2,126	-5,942
Reinvested Earnings	-3,827	9,475	-5,416	18,246	-3,681	18,011
Other Capital	3,055	-9,651	-5,094	1,705	-3,408	-25,744
	Assets	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Portfolio investment	**-213,418**	**221,553**	**-170,847**	**163,564**	**-29,855**	**-9,498**
Equity	-59,647	128,215	-22,061	101,429	23,906	-1,332
Debt instruments	-153,771	93,338	-148,786	62,135	-53,759	-8,166
Bonds and notes	-87,541	86,644	-84,741	51,173	-48,805	-15,567
Money market instruments	-66,231	6,693	-64,045	10,962	-4,954	7,400
Other investment	**-118,968**	**132,149**	**-157,634**	**174,378**	**-67,301**	**145,677**
Loans, currency and deposits	-110,839	106,972	-139,688	156,209	-72,553	147,128
Other	-8,128	25,178	-17,945	18,169	5,252	-1,450
Reserve assets	**87**	**–**	**-12**	**–**	**-78**	**–**
Monetary gold	0	–	4	–	1	–
Special drawing rights	-3	–	-8	–	15	–
Reserve position in the IMF	41	–	48	–	-39	–
Foreign exchange	49	–	-56	–	-55	–
Other	0	–	0	–	0	–
Balance on financial account	**4,770**		**12,051**		**16,057**	
Net errors and omissions	*1,311*		*-1,966*		*-6,690*	
Memorandum item:	***Assets***	***Liabilities***	***Assets***	***Liabilities***	***Assets***	***Liabilities***
Government financial transactions	*-1,943*	*318*	*-1,478*	*3,003*	*-242*	*27,219*

Source: CSO

Financial Account 2008

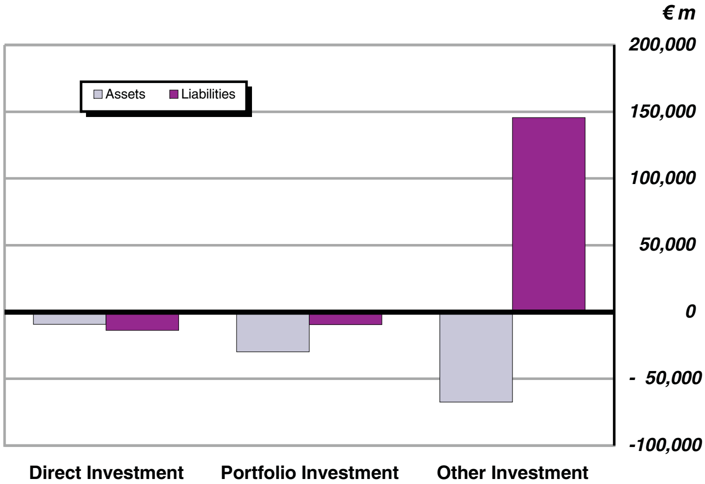


Table 8.10 International Investment Position — detailed data

€m

Item	2001	2002	2003	2004	2005	2006	2007
Foreign assets							
Direct investment abroad	**46,317**	**56,148**	**58,054**	**78,329**	**88,287**	**91,669**	**99,084**
Equity capital and reinvested earnings	40,506	50,606	53,476	67,371	74,327	82,335	86,620
Other capital	5,811	5,542	4,578	10,958	13,960	9,334	12,464
Portfolio investment	**491,141**	**547,314**	**660,743**	**787,249**	**1,002,129**	**1,230,234**	**1,338,076**
Equity	151,774	145,758	176,170	223,877	324,790	435,231	441,085
Debt instruments	339,367	401,556	484,573	563,372	677,339	795,003	896,991
Bonds and notes	*208,636*	*237,626*	*300,265*	*348,713*	*453,724*	*518,075*	*574,935*
Money market instruments	*130,731*	*163,930*	*184,308*	*214,659*	*223,615*	*276,928*	*322,056*
Other investment	**306,286**	**318,351**	**358,201**	**422,568**	**590,279**	**688,805**	**829,677**
Loans, currency and deposits	237,112	260,135	307,949	374,960	510,653	596,866	721,582
Trade credits	37,324	30,090	22,861	21,318	27,870	32,796	32,777
Other assets	31,850	28,126	27,391	26,290	51,756	59,143	75,318
Reserve assets	**6,400**	**5,227**	**3,295**	**2,140**	**745**	**640**	**639**
Monetary gold	61	63	64	62	84	93	110
Special drawing rights	61	63	62	65	74	72	77
Reserve position in the IMF	382	448	457	308	150	100	51
Foreign exchange	5,896	4,653	2,712	1,705	437	375	401
Other	0	0	0	0	0	0	0
TOTAL FOREIGN ASSETS	**850,144**	**927,040**	**1,080,293**	**1,290,286**	**1,681,440**	**2,011,348**	**2,267,476**
Foreign liabilities							
Direct investment in Ireland	**152,108**	**174,404**	**176,435**	**152,446**	**138,620**	**118,824**	**131,411**
Equity capital and reinvested earnings	146,759	168,084	178,070	167,661	184,457	171,920	179,745
Other capital	5,349	6,320	-1,635	-15,215	-45,837	-53,096	-48,334
Portfolio investment	**412,082**	**447,063**	**542,200**	**720,952**	**1,025,902**	**1,223,683**	**1,328,183**
Equity	316,833	327,807	381,403	450,650	603,823	721,940	779,639
Debt instruments	95,249	119,256	160,797	270,302	422,079	501,743	548,544
Bonds and notes	*50,396*	*73,795*	*118,365*	*209,995*	*324,055*	*399,681*	*442,424*
Money market instruments	*44,853*	*45,461*	*42,432*	*60,307*	*98,024*	*102,062*	*106,120*
Other investment	**303,801**	**329,002**	**389,807**	**443,796**	**556,906**	**678,293**	**839,327**
Loans, currency and deposits	261,174	276,970	326,608	371,658	476,859	571,591	696,640
Trade credits	11,414	12,022	14,138	13,386	16,955	21,864	22,631
Other liabilities	31,213	40,010	49,061	58,752	63,092	84,838	120,056
TOTAL FOREIGN LIABILITIES	**867,991**	**950,469**	**1,108,442**	**1,317,194**	**1,721,428**	**2,020,800**	**2,298,921**

Source: CSO

Table 8.11 Direct investment abroad by location of investment

€m

Region/Country	2006				2007			
Flows	Equity	Reinvested earnings	Other capital	Total	Equity	Reinvested earnings	Other capital	Total
Total	**-11,440**	**-3,827**	**3,055**	**-12,215**	**-5,633**	**-4,738**	**-4,806**	**-15,178**
of which								
United Kingdom	-1,914	-1,635	-417	-3,965	-1,900	-1,722	-468	-4,089
France	431	-91	3	342	9	-46	-4	-41
Germany	#	-42	4	#	-123	-60	-15	-197
Netherlands	290	-306	3,003	2,987	255	-719	12	-450
Belgium	#	11	#	-291	#	-2	#	#
Luxembourg	#	#	#	#	#	#	#	#
Spain	#	-64	-10	#	#	-33	#	#
Italy	-2	#	#	7	#	5	#	122
Switzerland	5	-20	-31	-45	#	-26	#	86
Canada	#	-56	#	-26	#	-77	#	-59
United States	-411	-754	-2,996	-4,161	-2,917	-849	-674	-4,439
China	-22	#	#	-24	-11	-10	#	#
Japan	#	#	13	47	#	#	7	-42
Hong Kong	0	#	#	-30	#	-10	#	11

Positions	2006 Equity capital and reinvested earnings	2006 Other capital	2006 Total	2007 Equity capital and reinvested earnings	2007 Other capital	2007 Total
Total	**82,335**	**9,334**	**91,669**	**86,620**	**12,464**	**99,084**
of which						
United Kingdom	20,224	4,882	25,105	22,510	4,168	26,678
France	1,567	182	1,748	1,722	244	1,965
Germany	3,158	88	3,246	3,381	69	3,450
Netherlands	7,689	-1,081	6,608	7,561	-1,429	6,132
Italy	1,033	127	1,161	113	146	260
Switzerland	#	#	350	#	#	379
Canada	257	-11	246	419	43	462
United States	10,009	1,609	11,618	12,651	2,258	14,909

Source: CSO

Direct investment flows abroad

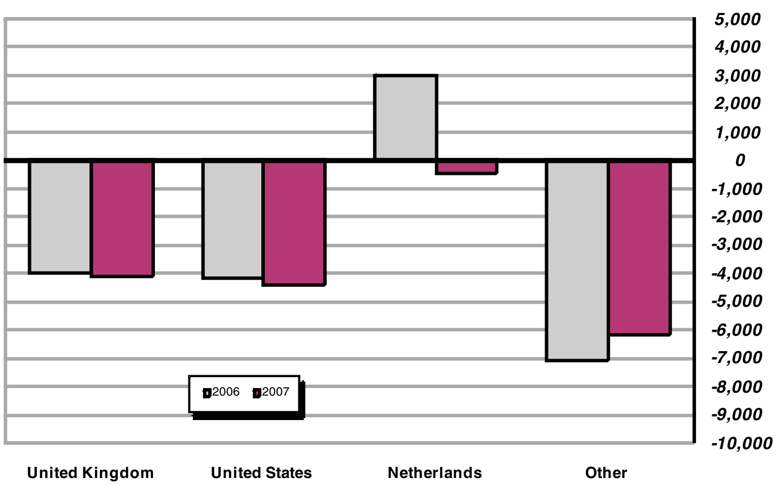


Table 8.12 Direct investment in Ireland by location of investor

€m

Region/Country	2006				2007			
Flows	**Equity**	**Reinvested earnings**	**Other capital**	**Total**	**Equity**	**Reinvested earnings**	**Other capital**	**Total**
Total	**-4,242**	**9,475**	**-9,651**	**-4,418**	**-1,856**	**17,950**	**6,258**	**22,351**
of which								
United Kingdom	-5,531	1,890	1,090	-2,550	-1,880	241	-923	-2,562
Belgium	-18	-627	474	-170	-10	104	-1,235	-1,139
Luxembourg	122	1,349	2,297	3,769	-3,021	893	1,911	-217
France	#	329	#	-1,388	#	521	#	-2,106
Germany	-1,274	624	-2,145	-2,796	510	423	-1,753	-818
Italy	0	480	-371	111	1,073	296	-509	859
Netherlands	3,107	4,479	-10,222	-2,634	2,813	7,386	-1,524	8,673
Canada	-287	-71	1,691	1,332	-148	600	#	#
United States	-1,528	2,411	-1,550	-667	1,771	4,355	10,378	16,505
Bermuda	244	-2,314	-2,164	-4,234	3	2,709	-227	2,485
Brazil	0	0	-27	-27	0	0	165	166
Japan	0	#	#	-246	#	#	-1,152	-1,939
China	0	0	-36	-36	0	0	-299	-299

Positions	2006 Equity capital and reinvested earnings	2006 Other capital	2006 Total	2007 Equity capital and reinvested earnings	2007 Other capital	2007 Total
Total	**171,920**	**-53,096**	**118,824**	**179,745**	**-48,334**	**131,411**
of which						
United Kingdom	20,515	-8,862	11,652	18,489	-10,875	7,614
Belgium	2,585	-3,043	-458	2,830	-3,728	-898
Luxembourg	31,680	3,586	35,266	23,787	5,077	28,863
France	11,060	-4,504	6,555	8,841	-4,263	4,578
Germany	6,718	-3,503	3,215	8,571	-5,766	2,804
Italy	7,462	-1,580	5,882	7,847	-1,757	6,089
Netherlands	34,329	-5,820	28,509	42,714	-9,706	33,009
Spain	1,340	-3,602	-2,262	1,177	-5,541	-4,364
Switzerland	4,855	-940	3,914	5,806	-871	4,934
Canada	7,450	902	8,352	7,968	3,621	11,590
United States	24,095	-18,260	5,835	27,302	-7,543	19,759
Brazil	0	-373	-373	#	#	-165
Japan	300	2,375	2,674	22	1,055	1,077
Singapore	#	#	-116	#	#	73
China	0	166	166	0	-47	-47

Source: CSO

Direct investment flows in Ireland

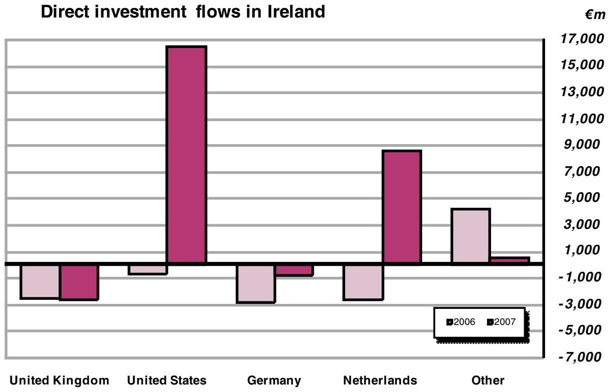


Table 8.13 Indices of Gross Value Added per person in each region at basic prices

State = 100

Region	2001	2002	2003	2004	2005	2006
Border, Midland and Western	**70.1**	**67.6**	**68.7**	**71.3**	**70.6**	**72.2**
Border	67.1	68.8	70.5	71.5	70.5	72.5
Midland	64.6	61.7	65.0	66.4	67.6	67.0
West	77.0	69.6	68.8	74.0	72.6	75.0
Southern and Eastern	**110.7**	**111.7**	**111.4**	**110.4**	**110.7**	**110.2**
Dublin	132.6	130.4	134.2	138.0	141.3	140.9
Mid East	86.3	81.9	76.0	76.4	79.2	77.5
Dublin plus Mid East	*120.3*	*117.3*	*118.3*	*120.9*	*123.8*	*122.8*
Mid West	85.1	81.3	88.1	91.0	89.6	87.0
South East	85.3	88.1	84.9	80.4	74.7	73.1
South West	118.9	131.8	125.9	116.1	114.8	117.3
State	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: CSO

Indices of GVA per person at basic prices, 2006