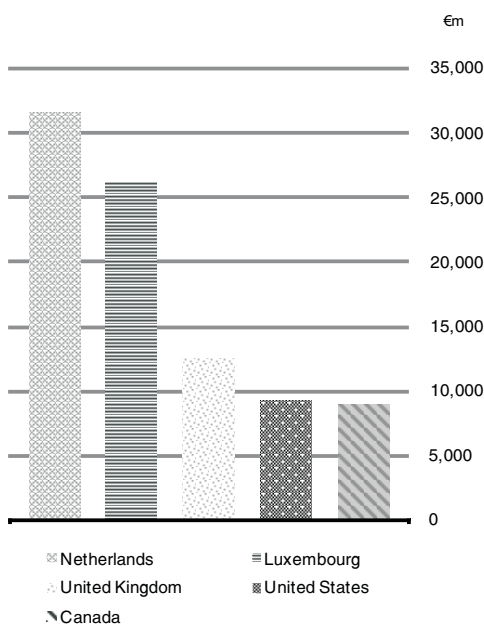




Foreign Direct Investment 2008

**Stock of Inward Direct Investment
Geographical Breakdown
2008**



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€million

| | 2006 | 2007 | 2008 |
|--|---------|---------|---------|
| Foreign Direct Investment | | | |
| Flows - Abroad | -12,215 | -15,450 | -9,217 |
| Flows - In Ireland | -4,418 | 18,052 | -13,674 |
| Positions - Abroad - end year | 91,669 | 101,936 | 123,368 |
| Positions - In Ireland - end year | 118,824 | 138,362 | 120,954 |
| Net Income Flows | -22,725 | -26,482 | -22,418 |

Increased loan outflows to US and Dutch FDI affiliates contribute to Ireland's net total FDI asset (position) of €2.4bn for 2008

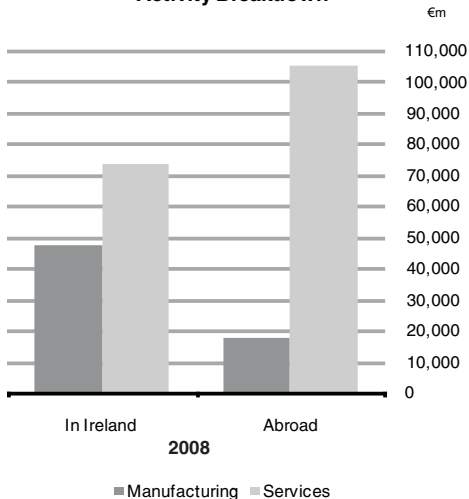
Irish stocks (positions) of direct investment abroad reached €123,368m at the end of 2008. This stock of outward direct investment reflects the *Equity Capital & Reinvested Earnings* position of €102,120m and *Other Capital* of €21,248m. The increase on the end-2007 overall position of €101,936m was mainly accounted for by investment in European enterprises which was up almost 22% on the 2007 level to €89,646m. This growth was essentially accounted for by UK (€37,699m) and Luxembourg (€13,301m) and reflected increases in both the *Equity Capital & RIE* (€77,946m) and the *Other Capital* (€11,700m) components of European (mostly EU) FDI stocks. Combined investment in North America (€18,111m) and Central America (€8,606m - mostly in offshore centres) was also up (by €6.2bn) on the end-2007 combined positions of €20,499m - see Table 3.

The level of total FDI investment into Ireland decreased to €120,954m at end-2008 compared to €138,362m the previous year. This reflected a reduction of €6bn in the level of FDI *equity/reinvested earnings* to €175,428m combined with the impact of a significant increase of €11.5bn in outflows of *other capital* (mostly loans) of €54,474m from foreign-owned enterprises in Ireland to their affiliates abroad. Comparing the European region and the US, the changes shown for these two FDI components are different and result in different effects on total FDI movements for the two regions. Equity investment (including reinvested earnings) by European countries decreased to €122,860m - a drop of €5.3bn (mostly reflected by UK, Luxembourg, France and Germany, but partly offset by increased equity from the Netherlands, Spain and Switzerland). This equity reduction, however, was exceeded by a decline of over €9.3bn in the level of other capital outflows from foreign-owned enterprises in Ireland to their European affiliates i.e. from €31,438m at end-2007 to €22,088m at the end of last year. The effect of these opposing changes was to increase the level of FDI investment from European countries into Ireland from €96,705m in 2007 to €100,772m last year - see Table 4. In contrast, the significantly increased level of equity/reinvested earnings from the United States (€35,848m compared to €27,223m at end-2007) was largely offset

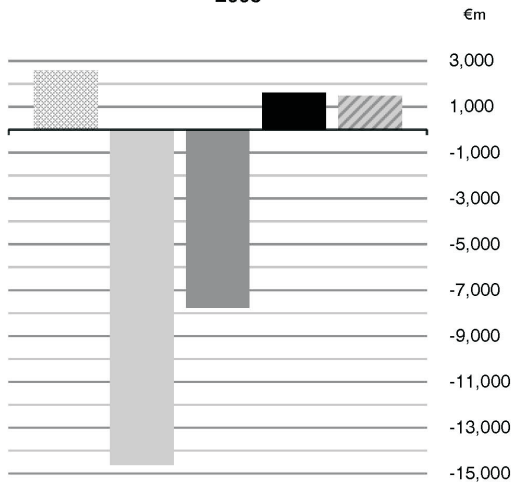
Continued overleaf

For more information contact John Fitzpatrick at 01 498 4366 or Stephen McDonagh at 01 498 4364.

Stocks of Direct Investment Activity Breakdown



Inward Direct Investment Flows 2008



UK United States Luxembourg Bermuda Italy

by the increased level of *other capital* outflows of €26,693m from foreign-owned (including US-owned) enterprises in Ireland to their US affiliates, i.e. more than treble the end-2007 *Other Capital* figure (€7,702m). This arose largely from *other capital* outflow transactions of €21,864m to US affiliates during 2008 and resulted in a total FDI position in Ireland vis-a-vis US of €9,155m at end - 2008, €10.4bn lower than at end-2007 - see Table 4.

The services sector (€104,954m) once again accounted for 85% of the stock of direct investment abroad in 2008. The main components of this were *Financial Intermediation* (€26,248m) and *Business and Management Consultancy* (€30,575m) - see Table 7. Just over 60% of the direct investment stock in Ireland was accounted for by the *Services Sector* (€73,446m), with the *Monetary Intermediation* sector (€35,574m) and the *Insurance Services* sector (€19,370m) being the largest components. The negative position of €19,784m for *Other Financial Intermediation* stocks vis-a-vis US reflects the impact of the large inter-affiliate *other capital* outflows referred to above and particularly the transactions of €16,697m in 2008. The *Manufacturing Sector* amounted to €47,227m, of which more than 50% was from EU (and Euro-area) member states - see Table 8.

Other points of note are:

- ◆ Of the total direct investment abroad by Irish investors during 2008 (€9,217m) half was to EU member states, mainly in the United Kingdom (€4,349m) and the bulk of the other 50% in the Americas (€4,356m). North America accounted for €1,669m (primarily in the United States - €1,573m) with Central America accounting for another €2,697m, mainly due to the offshore centres located in this region - see Table 1.
- ◆ Within the manufacturing sector, EU member states invested €2,076m in the *Chemical and Chemical Products* sector in Ireland, while investment from Euro-area countries was mainly in the *Other Financial Intermediation Sector* (€5,565m) - see Table 6.
- ◆ Of the investment by Irish investors abroad, €7,025m was in the *Services Sector* in EU member states - see Table 5.
- ◆ Earnings of foreign owned direct investment enterprises declined from €36,937m during 2007 to €32,586m in 2008. Dutch owned companies earnings were down almost €2bn (to €7,339m in 2008), while earnings of US owned companies increased slightly to €6,224m (compared with €6,061m) - see Table 9.

This release updates the annual analyses of Ireland's inward and outward direct investment according to the location of the non-resident counterpart and the principal economic activity of the resident direct investment enterprise (using the NACE Rev. 1.1 classification). It provides end-2008 FDI positions (balance sheet) as well as transactions during the year along with comparable data for 2007. The FDI results incorporate revisions to the 2008 and 2007 data arising partly from revised Balance of Payments statistics released on 30 June 2009 and partly from improved stock data from respondents. The figures are consistent with those published in the quarterly *Balance of International Payments* and annual *International Investment Position* releases, the latter published on 30 October 2009.

In interpreting the figures it may be noted that indirect routing of inward or outward investment via other countries may occur. Geographical allocation is based on the country of residence of the immediate counterpart and, therefore, investment by US companies in Ireland, effected through intermediary subsidiaries located in other countries, is attributed to these countries, e.g. the Netherlands (see *Background Notes*).

Table 1 - Direct Investment¹ Flows Abroad Classified by Location of Investment

€ million

| Region/Country | 2006 | | | | 2007 ² | | | | 2008 | | | |
|---|---------|---------------------|---------------|---------|-------------------|---------------------|---------------|---------|--------|---------------------|---------------|--------|
| | Equity | Reinvested Earnings | Other Capital | Total | Equity | Reinvested Earnings | Other Capital | Total | Equity | Reinvested Earnings | Other Capital | Total |
| Europe | -6,714 | -2,575 | 2,859 | -6,432 | -2,245 | -3,560 | -875 | -6,678 | -1,340 | -2,498 | -892 | -4,728 |
| <i>of which:</i> | | | | | | | | | | | | |
| United Kingdom | -1,914 | -1,635 | -417 | -3,965 | * | -1,950 | * | -4,335 | -1,450 | -1,415 | -1,484 | -4,349 |
| France | 431 | -91 | 3 | 342 | * | -48 | * | -156 | -103 | -50 | -7 | -159 |
| Germany | * | -42 | 4 | * | * | -56 | * | -261 | 69 | -66 | -51 | -46 |
| Netherlands | 290 | -306 | 3,003 | 2,987 | 244 | -714 | -64 | -533 | * | -601 | * | 928 |
| Belgium | * | 11 | * | -291 | * | -30 | * | * | -207 | -23 | 0 | -228 |
| Luxembourg | * | * | * | * | * | -52 | * | * | * | -82 | * | -107 |
| Spain | * | -64 | -10 | * | * | -30 | * | -791 | * | 10 | * | -33 |
| Italy | -2 | * | * | 7 | * | 2 | * | 186 | 0 | -8 | -9 | -17 |
| Switzerland | 5 | -20 | -31 | -45 | 0 | -27 | 1 | -25 | 62 | -35 | -26 | 2 |
| EU 27³ | -6,843 | -2,194 | 2,873 | -6,162 | -3,057 | -3,175 | -983 | -7,214 | -1,411 | -2,430 | -890 | -4,731 |
| EMU 16⁴ | -4,826 | -501 | 3,169 | -2,158 | -1,093 | -941 | -411 | -2,444 | 247 | -827 | 742 | 160 |
| Americas | -4,703 | -1,005 | 435 | -5,275 | -2,555 | -1,246 | -4,029 | -7,829 | -861 | -1,000 | -2,494 | -4,356 |
| North America | * | -812 | * | -4,187 | * | -937 | * | -4,189 | -684 | -909 | -74 | -1,669 |
| <i>of which:</i> | | | | | | | | | | | | |
| Canada | * | -56 | * | -26 | * | -81 | * | -132 | 0 | -99 | 4 | -94 |
| United States | -411 | -754 | -2,996 | -4,161 | -2,454 | -855 | -746 | -4,057 | -683 | -812 | -77 | -1,573 |
| Central America | * | * | * | -1,099 | * | * | * | -3,647 | * | -98 | * | -2,697 |
| South America | * | * | 0 | 11 | * | * | * | 6 | * | 8 | * | 8 |
| Asia | -29 | -109 | -38 | -177 | -114 | -522 | -241 | -878 | * | 67 | * | 140 |
| <i>of which:</i> | | | | | | | | | | | | |
| China | -22 | * | * | -24 | * | -10 | * | * | 0 | -60 | -2 | -61 |
| Japan | * | * | 13 | 47 | 0 | * | 11 | * | 0 | * | 13 | * |
| Hong Kong | 0 | * | * | -30 | * | -10 | * | 13 | 0 | -16 | -7 | -23 |
| Africa | * | * | * | 23 | * | 15 | * | 55 | -106 | -45 | -62 | -216 |
| Oceania and Polar Regions | * | * | * | -49 | * | -75 | * | * | * | -92 | * | -229 |
| Not geographically allocated⁵ | * | * | * | -307 | -110 | -28 | * | * | 100 | -114 | 186 | 171 |
| Total | -11,440 | -3,827 | 3,055 | -12,215 | -4,942 | -5,416 | -5,094 | -15,450 | -2,126 | -3,681 | -3,408 | -9,217 |
| <i>of which:</i> | | | | | | | | | | | | |
| All offshore centres ⁶ | * | -598 | * | -1,510 | * | -648 | * | -3,088 | * | -154 | * | -2,661 |

¹ 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

² Revised

³ For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area. With the expansion of the EU on 1 January 2007, the EU27 area comprises the former EU25 area along with Bulgaria and Romania

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

⁵ This category covers data supplied by respondents without a geographical breakdown

⁶ 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, 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, 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 Investment¹ Flows into Ireland Classified by Location of Investor

€ million

| Region/Country | 2006 | | | | 2007 ² | | | | 2008 | | | |
|---|---------------|---------------------|----------------|---------------|-------------------|---------------------|---------------|---------------|---------------|---------------------|----------------|----------------|
| | Equity | Reinvested Earnings | Other Capital | Total | Equity | Reinvested Earnings | Other Capital | Total | Equity | Reinvested Earnings | Other Capital | Total |
| Europe | -4,168 | 9,763 | -5,853 | -258 | -4,050 | 9,999 | -7,579 | -1,632 | -3,956 | 9,353 | -2,633 | 2,765 |
| <i>of which:</i> | | | | | | | | | | | | |
| United Kingdom | -5,531 | 1,890 | 1,090 | -2,550 | -784 | 1,068 | -921 | -637 | -295 | 950 | 1,932 | 2,589 |
| Belgium | -18 | -627 | 474 | -170 | 11 | -45 | -1,245 | -1,279 | 1,216 | -29 | 180 | 1,367 |
| Luxembourg | 122 | 1,349 | 2,297 | 3,769 | -3,172 | 113 | 1,811 | -1,248 | -3,196 | 830 | -5,391 | -7,758 |
| France | * | 329 | * | -1,388 | * | 442 | * | -1,830 | 500 | 776 | -1,751 | -476 |
| Germany | -1,274 | 624 | -2,145 | -2,796 | 173 | 204 | -1,690 | -1,314 | -435 | -503 | 1,842 | 904 |
| Italy | 0 | 480 | -371 | 111 | 540 | 238 | -51 | 726 | -1 | 673 | 812 | 1,484 |
| Netherlands | 3,107 | 4,479 | -10,222 | -2,634 | 2,601 | 7,474 | -1,189 | 8,886 | -4,540 | 6,005 | -2,885 | -1,418 |
| EU 27³ | -4,181 | 8,679 | -5,089 | -590 | -3,605 | 9,963 | -5,999 | 359 | -6,640 | 9,004 | -1,101 | 1,263 |
| EMU 16⁴ | 1,038 | 6,630 | -10,755 | -3,086 | -2,518 | 8,785 | -3,373 | 2,893 | -6,971 | 8,197 | -5,771 | -4,545 |
| North America | -1,815 | 2,338 | 141 | 664 | 1,996 | 5,224 | 10,348 | 17,568 | * | 5,091 | * | -15,602 |
| <i>of which:</i> | | | | | | | | | | | | |
| Canada | -287 | -71 | 1,691 | 1,332 | -121 | 811 | 1,700 | 2,390 | * | 38 | * | -971 |
| United States | -1,528 | 2,411 | -1,550 | -667 | 2,119 | 4,412 | 8,647 | 15,178 | 2,181 | 5,052 | -21,864 | -14,631 |
| Central America | 1,617 | -2,458 | -1,399 | -2,238 | 245 | 3,590 | -57 | 3,780 | * | 3,650 | * | 1,096 |
| <i>of which:</i> | | | | | | | | | | | | |
| Bermuda | 244 | -2,314 | -2,164 | -4,234 | 106 | 2,945 | -513 | 2,539 | -1,809 | 2,899 | 519 | 1,609 |
| South America | 0 | 0 | 7 | 7 | 0 | 0 | 267 | 269 | 0 | 0 | -27 | -26 |
| <i>of which:</i> | | | | | | | | | | | | |
| Brazil | 0 | 0 | -27 | -27 | 0 | 0 | 159 | 160 | 0 | 0 | 12 | 12 |
| Asia | * | -322 | * | -743 | * | * | * | -2,153 | * | * | * | -357 |
| <i>of which:</i> | | | | | | | | | | | | |
| Japan | 0 | * | * | -246 | * | * | -1,183 | -1,951 | * | -90 | * | -237 |
| China | 0 | 0 | -36 | -36 | 0 | 0 | -306 | -306 | 0 | * | * | -98 |
| Africa | * | * | * | -5 | 5 | * | * | 177 | -5 | * | * | -37 |
| Oceania and Polar Regions | * | * | * | 683 | * | * | -65 | -131 | * | -26 | * | -255 |
| Not geographically allocated⁵ | * | * | -2,665 | -2,529 | 0 | 142 | 32 | 171 | * | 3 | * | -1,259 |
| Total | -4,242 | 9,475 | -9,651 | -4,418 | -1,900 | 18,246 | 1,705 | 18,052 | -5,942 | 18,011 | -25,744 | -13,674 |
| <i>of which:</i> | | | | | | | | | | | | |
| All offshore centres ⁶ | 1,533 | -2,463 | -1,106 | -2,036 | -650 | 3,509 | 283 | 3,143 | -1,760 | 3,818 | -949 | 1,112 |

¹ 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

² Revised

³ For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area. With the expansion of the EU on 1 January 2007, the EU27 area comprises the former EU25 area along with Bulgaria and Romania

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

⁵ This category covers data supplied by respondents without a geographical breakdown

⁶ 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, 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, Turks and Caicos Islands, Saint Vincent and the Grenadines, British Virgin Islands, US Virgin Islands, Vanuatu, Samoa

* Data suppressed for confidentiality reasons

Table 3 - Direct Investment¹ Abroad End Year Positions Classified by Location of Investment

€ million

| Region/Country | 2006 | | | 2007 ² | | | 2008 | | |
|---|--------------------------------------|---------------|---------------|--------------------------------------|---------------|----------------|--------------------------------------|---------------|----------------|
| | Equity Capital & Reinvested Earnings | Other Capital | Total | Equity Capital & Reinvested Earnings | Other Capital | Total | Equity Capital & Reinvested Earnings | Other Capital | Total |
| Europe | 63,798 | 5,980 | 69,778 | 67,981 | 5,690 | 73,671 | 77,946 | 11,700 | 89,646 |
| <i>of which:</i> | | | | | | | | | |
| United Kingdom | 20,224 | 4,882 | 25,105 | 24,602 | 4,399 | 29,001 | 32,229 | 5,469 | 37,699 |
| France | 1,567 | 182 | 1,748 | 1,722 | 246 | 1,967 | 1,800 | 221 | 2,021 |
| Germany | 3,158 | 88 | 3,246 | 3,466 | 73 | 3,539 | 3,415 | 150 | 3,565 |
| Netherlands | 7,689 | -1,081 | 6,608 | 7,574 | -668 | 6,906 | 7,086 | -496 | 6,589 |
| Luxembourg | * | * | 8,628 | * | * | 4,496 | 8,273 | 5,027 | 13,301 |
| Italy | 1,033 | 127 | 1,161 | 119 | 147 | 266 | 231 | 161 | 392 |
| Switzerland | * | * | 350 | 299 | 3 | 302 | 282 | 25 | 307 |
| Offshore centres | 5,327 | 215 | 5,542 | 4,522 | 86 | 4,608 | 4,082 | -116 | 3,966 |
| EU 27³ | 57,876 | 5,684 | 63,560 | 62,724 | 5,595 | 68,319 | 73,149 | 11,795 | 84,944 |
| EMU 16⁴ | 33,370 | 743 | 34,113 | 33,240 | 1,158 | 34,399 | 37,971 | 6,285 | 44,256 |
| Americas | 12,249 | 2,870 | 15,119 | 13,909 | 6,744 | 20,653 | 17,273 | 9,648 | 26,921 |
| North America | 10,266 | 1,598 | 11,865 | 12,345 | 2,665 | 15,010 | 15,084 | 3,026 | 18,111 |
| <i>of which:</i> | | | | | | | | | |
| Canada | 257 | -11 | 246 | 363 | 55 | 418 | 543 | 27 | 570 |
| United States | 10,009 | 1,609 | 11,618 | 11,981 | 2,610 | 14,591 | 14,542 | 2,999 | 17,541 |
| Central America | * | * | 3,087 | * | * | 5,489 | * | * | 8,606 |
| <i>of which:</i> | | | | | | | | | |
| Offshore centres | * | * | 2,889 | * | * | 5,280 | * | * | 8,296 |
| South America | * | * | 167 | * | * | 154 | * | * | 205 |
| Asia | * | 129 | * | * | * | 5,338 | 5,200 | 69 | 5,269 |
| Africa | * | * | * | * | * | 158 | * | * | 316 |
| Oceania and Polar Regions | * | * | 404 | 699 | -100 | 599 | * | * | 922 |
| Not geographically allocated⁵ | 832 | 427 | 1,259 | 909 | 608 | 1,517 | 607 | -313 | 294 |
| Total | 82,335 | 9,334 | 91,669 | 88,780 | 13,156 | 101,936 | 102,120 | 21,248 | 123,368 |
| <i>of which:</i> | | | | | | | | | |
| All offshore centres ⁶ | 7,116 | 1,445 | 8,561 | * | * | 10,076 | * | * | 12,444 |

¹ 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

² Revised

³ For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area. With the expansion of the EU on 1 January 2007, the EU27 area comprises the former EU25 area along with Bulgaria and Romania

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

⁵ This category covers data supplied by respondents without a geographical breakdown

⁶ 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, 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, 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 Investment¹ in Ireland End Year Positions Classified by Location of Investor

€ million

| Region/Country | 2006 | | | 2007 ² | | | 2008 | | |
|---|--------------------------------------|----------------|----------------|--------------------------------------|----------------|----------------|--------------------------------------|----------------|----------------|
| | Equity Capital & Reinvested Earnings | Other Capital | Total | Equity Capital & Reinvested Earnings | Other Capital | Total | Equity Capital & Reinvested Earnings | Other Capital | Total |
| Europe | 126,820 | -28,895 | 97,926 | 128,143 | -31,438 | 96,705 | 122,860 | -22,088 | 100,772 |
| <i>of which:</i> | | | | | | | | | |
| United Kingdom | 20,515 | -8,862 | 11,652 | 19,577 | -8,889 | 10,687 | 17,459 | -4,979 | 12,480 |
| Belgium | 2,585 | -3,043 | -458 | 2,519 | -1,152 | 1,368 | 2,654 | 2,261 | 4,914 |
| Luxembourg | 31,680 | 3,586 | 35,266 | 24,365 | 5,190 | 29,555 | 21,433 | 4,587 | 26,020 |
| France | 11,060 | -4,504 | 6,555 | 9,608 | -2,270 | 7,338 | 6,627 | -4,001 | 2,626 |
| Germany | 6,718 | -3,503 | 3,215 | 9,627 | -4,241 | 5,387 | 7,536 | -2,674 | 4,862 |
| Italy | 7,462 | -1,580 | 5,882 | 7,499 | -1,747 | 5,752 | 7,141 | -873 | 6,268 |
| Netherlands | 34,329 | -5,820 | 28,509 | 41,657 | -9,804 | 31,853 | 44,274 | -12,817 | 31,457 |
| Spain | 1,340 | -3,602 | -2,262 | 1,268 | -5,535 | -4,267 | 2,475 | -2,652 | -177 |
| Switzerland | 4,855 | -940 | 3,914 | 5,409 | -1,171 | 4,238 | 7,396 | -2,159 | 5,237 |
| Offshore centres | 2,018 | -880 | 1,138 | 1,857 | -133 | 1,724 | * | * | 718 |
| EU 27³ | 119,340 | -26,542 | 92,798 | 119,743 | -29,887 | 89,855 | 112,963 | -18,214 | 94,749 |
| EMU 16⁴ | 96,961 | -18,945 | 78,017 | 98,555 | -20,350 | 78,206 | 93,612 | -15,515 | 78,098 |
| North American Countries | 31,545 | -17,358 | 14,187 | 35,647 | -5,153 | 30,494 | 41,852 | -23,764 | 18,088 |
| <i>of which:</i> | | | | | | | | | |
| Canada | 7,450 | 902 | 8,352 | 8,424 | 2,549 | 10,974 | 6,004 | 2,929 | 8,933 |
| United States | 24,095 | -18,260 | 5,835 | 27,223 | -7,702 | 19,521 | 35,848 | -26,693 | 9,155 |
| Central American Countries | 11,684 | -2,568 | 9,116 | * | * | 12,621 | * | * | 11,232 |
| <i>of which:</i> | | | | | | | | | |
| Offshore centres | 11,684 | -2,390 | 9,293 | 14,275 | -1,588 | 12,686 | 13,625 | -2,356 | 11,269 |
| South American Countries | 0 | -318 | -318 | * | * | -38 | * | * | -72 |
| <i>of which:</i> | | | | | | | | | |
| Brazil | 0 | -373 | -373 | * | * | -164 | * | * | -138 |
| Asia | 299 | 18 | 316 | 201 | -1,034 | -832 | -7 | -722 | -728 |
| <i>of which:</i> | | | | | | | | | |
| Japan | 300 | 2,375 | 2,674 | 46 | 963 | 1,009 | -2 | 839 | 837 |
| Singapore | * | * | -116 | * | * | -39 | * | * | 377 |
| China | 0 | 166 | 166 | 0 | 206 | 206 | 0 | 161 | 161 |
| Offshore centres ⁵ | -13 | -698 | -710 | 23 | -644 | -621 | -49 | 21 | -28 |
| Africa | * | * | * | 43 | -173 | -130 | * | * | -189 |
| Oceania and Polar Regions | * | * | * | * | * | -180 | * | * | -251 |
| Not geographically allocated⁶ | * | * | -2,381 | 2,756 | -3,034 | -278 | * | * | -7,897 |
| Total | 171,920 | -53,096 | 118,824 | 181,385 | -43,023 | 138,362 | 175,428 | -54,474 | 120,954 |
| <i>of which:</i> | | | | | | | | | |
| All offshore centres ⁷ | 13,689 | -3,968 | 9,721 | 16,155 | -2,365 | 13,790 | 15,623 | -3,505 | 12,118 |

¹ 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

² Revised

³ For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area. With the expansion of the EU on 1 January 2007, the EU27 area comprises the former EU25 area along with Bulgaria and Romania

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

⁵ This category overlaps with some of the the regions referred to above

⁶ This category covers data supplied by respondents without a geographical breakdown

⁷ 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, 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, 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 Investment¹ Flows Abroad Classified by Activity² of Resident Investor, 2007 and 2008

€ million

| Sector | NACE ² | 2007 ³ | | | 2008 | | |
|--|-------------------|-------------------|--------------------|---------------------|---------------|--------------------|---------------------|
| | | Total | of which: | | Total | of which: | |
| | | | EU 27 ⁴ | EMU 16 ⁵ | | EU 27 ⁴ | EMU 16 ⁵ |
| All Industries | | -15,450 | -7,214 | -2,444 | -9,217 | -4,731 | 160 |
| <i>of which:</i> | | | | | | | |
| Construction | 45 | * | * | * | * | * | * |
| Total Manufacturing Sector | 15 - 37 | -5,232 | -435 | -278 | -927 | 2,137 | 1,666 |
| Food products | 15, 16 | * | -42 | * | * | * | * |
| Textiles and wood | 17, 18 & 20 - 22 | * | -428 | -394 | -1,449 | * | * |
| Chemical products | 24 | * | 144 | 167 | 137 | 41 | -3 |
| Other manufacturing n.e.s. | | -544 | -109 | * | * | * | 424 |
| Total Services Sector | 50 - 99 | -9,656 | -6,217 | -2,160 | -8,447 | -7,025 | -1,504 |
| Trade and repairs | 50 - 52 | 311 | 88 | -41 | -219 | -54 | -51 |
| Financial intermediation | 65 - 67 | -1,932 | -1,781 | 602 | -4,051 | -3,532 | -423 |
| Real estate, renting and business activities | 70 - 74 | -8,038 | -4,676 | -2,724 | -4,196 | -3,597 | -1,201 |
| <i>of which:</i> | | | | | | | |
| Computer activities | 72 | * | 158 | 75 | -276 | -4 | 61 |
| Other business activities | 74 | -2,626 | * | -776 | -3,465 | * | -669 |
| Other service activities ⁶ | | 3 | 152 | 3 | 19 | 158 | 171 |

¹ 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

² The activity classification used in this release is the NACE Rev. 1.1 classification

³ Revised

⁴ For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area. With the expansion of the EU on 1 January 2007, the EU27 area comprises the former EU25 area along with Bulgaria and Romania

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

⁶ This covers residual FDI service activity

* Data suppressed for confidentiality reasons

Table 6 - Direct Investment¹ Flows into Ireland Classified by Activity² of Resident Enterprise, 2007 and 2008

€ million

| Sector | NACE ² | 2007 ³ | | | | | | 2008 | | | | | |
|---------------------------------------|-------------------|-------------------|---------------|---------------|---------------------------------|---------------------|------------------|----------------|----------------|-------------|---------------------------------|---------------------|------------------|
| | | Total | United States | Japan | of which: EU 27 ⁴ | EMU 16 ⁵ | Offshore Centres | Total | United States | Japan | of which: EU 27 ⁴ | EMU 16 ⁵ | Offshore Centres |
| All Industries | | 18,052 | 15,178 | -1,951 | 359 | 2,893 | 3,143 | -13,674 | -14,631 | -237 | 1,263 | -4,545 | 1,112 |
| Agriculture and Fishing | 1 - 5 | * | * | 0 | * | * | 0 | * | * | 0 | * | * | 0 |
| Mining, Quarrying and Construction | 10 - 14, 45 | * | * | 0 | * | * | 0 | * | * | 0 | * | * | 0 |
| Total Manufacturing Sector | 15 - 37 | 9,526 | 2,927 | * | 5,039 | 5,038 | 2,857 | 4,987 | 1,419 | -129 | 2,648 | 740 | 1,941 |
| Food products | 15, 16 | -316 | * | * | 224 | 275 | * | -2,158 | * | -3 | -1,516 | -2,375 | * |
| Textiles and wood | 17, 18 & 20 - 22 | 3,850 | 117 | * | * | * | * | 1,761 | -45 | * | 195 | * | * |
| Chemical and chemical products | 24 | * | 2,056 | * | 3,045 | 2,895 | * | * | 1,772 | -193 | 2,076 | 2,215 | * |
| Metal and mechanical products | 27 - 29 | 304 | 73 | 0 | 82 | 82 | * | 60 | * | * | 63 | 98 | * |
| Other manufacturing n.e.s. | | * | * | -35 | * | * | -68 | * | 51 | 41 | 1,830 | * | 150 |
| Electricity, Gas and Water | 40, 41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Services Sector | | 8,493 | 12,243 | * | -4,695 | -2,304 | 284 | -18,351 | -16,058 | -109 | -1,058 | -5,012 | -829 |
| Trade and repairs | 50 - 52 | * | * | * | * | * | * | * | * | * | * | * | * |
| Transport, storage and communications | 60 - 64 | 247 | 26 | 0 | * | * | 201 | -374 | * | 0 | * | * | 202 |
| Monetary intermediation | 651 | 3,644 | 1,911 | * | 2,432 | 1,181 | * | 756 | 973 | 0 | 1,606 | -192 | * |
| Other financial intermediation | 652 | 2,811 | 9,890 | * | -8,104 | -3,050 | * | -18,048 | -16,697 | -140 | -1,256 | -5,565 | * |
| Insurance services | 66 | -601 | * | -11 | * | * | * | -4,246 | -618 | 4 | -2,570 | -202 | * |
| Financial auxiliary activities | 67 | -3,260 | * | 0 | * | * | * | 288 | 103 | 0 | 147 | 162 | * |
| Computer activities | 72 | 1,866 | 698 | -7 | 959 | 823 | 230 | 100 | 187 | 5 | 516 | 543 | -231 |
| Other service activities | | * | 0 | 18 | 967 | 1,170 | -103 | * | -24 | * | 1,330 | 1,253 | 445 |

¹ 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

² The activity classification used in this release is the NACE Rev. 1.1 classification

³ Revised

⁴ For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area. With the expansion of the EU on 1 January 2007, the EU27 area comprises the former EU25 area along with Bulgaria and Romania

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

* Data suppressed for confidentiality reasons

Table 7 - Direct Investment¹ Abroad End Year Positions Classified by Activity² of Resident Investor, 2007 and 2008

€ million

| Sector | NACE ² | 2007 ³ | | | 2008 | | |
|--|-------------------|-------------------|--------------------|---------------------|----------------|--------------------|---------------------|
| | | Total | of which: | | Total | of which: | |
| | | | EU 27 ⁴ | EMU 16 ⁵ | | EU 27 ⁴ | EMU 16 ⁵ |
| All Industries | | 101,936 | 68,319 | 34,399 | 123,368 | 84,944 | 44,256 |
| <i>of which:</i> | | | | | | | |
| Construction | 45 | * | * | * | * | * | * |
| Total Manufacturing Sector | 15 - 37 | 18,570 | 8,670 | 4,341 | 17,882 | 6,396 | 3,159 |
| Food products | 15, 16 | 2,718 | * | * | * | * | * |
| Textiles and wood | 17, 18 & 20 - 22 | 9,375 | 5,086 | 3,827 | 9,996 | 2,821 | 1,687 |
| Chemical and chemical products | 24 | 3,517 | * | * | 1,313 | * | * |
| Other manufacturing n.e.s. | | 2,960 | 1,939 | 279 | * | 2,121 | 567 |
| Total Services Sector | 50 - 99 | 82,765 | 59,049 | 30,022 | 104,954 | 78,016 | 41,088 |
| Trade and repairs | 50 - 52 | 3,912 | 3,090 | 1,641 | 5,745 | 4,590 | 1,648 |
| Financial intermediation | 65 - 67 | 29,459 | 19,546 | 8,346 | 26,248 | 18,489 | 9,101 |
| Computer activities | 72 | 2,733 | * | * | 2,856 | 553 | 377 |
| Other business activities | 74 | 16,641 | 10,352 | 3,657 | 38,482 | 27,932 | 13,662 |
| <i>of which:</i> | | | | | | | |
| <i>Business and management consultancy (including activities of holding companies)</i> | 74.14 - 74.15 | 14,286 | * | * | 30,575 | * | * |
| Other service activities ⁶ | | 30,020 | * | * | 31,623 | 26,452 | 16,300 |

¹ 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

² The activity classification used in this release is the NACE Rev. 1.1 classification

³ Revised

⁴ For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area. With the expansion of the EU on 1 January 2007, the EU27 area comprises the former EU25 area along with Bulgaria and Romania

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

⁶ This covers residual FDI service activity

* Data suppressed for confidentiality reasons

Table 8 - Direct Investment¹ in Ireland End year Positions Classified by Activity² of Resident Enterprise, 2007 and 2008

€ million

| Sector | NACE ² | 2007 ³ | | | | | | 2008 | | | | | |
|---|-------------------|-------------------|---------------|--------------|--------------------|---------------------|------------------|----------------|---------------|--------------|--------------------|---------------------|------------------|
| | | Total | of which: | | | | | Total | of which: | | | | |
| | | | United States | Japan | EU 27 ⁴ | EMU 16 ⁵ | Offshore Centres | | United States | Japan | EU 27 ⁴ | EMU 16 ⁵ | Offshore Centres |
| All Industries | | 138,362 | 19,521 | 1,009 | 89,855 | 78,206 | 13,790 | 120,954 | 9,155 | 837 | 94,749 | 78,098 | 12,118 |
| Agriculture and Fishing | 1 - 5 | * | * | 0 | * | * | 0 | * | * | 0 | * | * | 0 |
| Mining, Quarrying and Construction | 10 - 14, 45 | * | * | 0 | * | * | 0 | * | * | 0 | * | * | 0 |
| Total Manufacturing Sector | 15 - 37 | 43,783 | 9,807 | -231 | 23,420 | 23,303 | 8,861 | 47,227 | 12,852 | -340 | 26,677 | 24,679 | 7,916 |
| Food products | 15, 16 | 4,641 | 528 | * | 4,822 | 5,285 | * | 3,668 | 254 | * | 3,967 | 3,551 | * |
| Textiles and wood | 17, 18 & 20 - 22 | 8,840 | 551 | * | 1,701 | 1,509 | * | 7,963 | 267 | * | * | * | * |
| Chemical and chemical products | 24 | * | * | -178 | 10,074 | 9,477 | * | * | 10,313 | -346 | 11,057 | 10,863 | 703 |
| Metal and mechanical products | 27 - 29 | 883 | * | * | 318 | 371 | 215 | 885 | 4 | 0 | 333 | 328 | * |
| Other manufacturing n.e.s. | | * | * | -27 | 6,505 | 6,661 | 1,262 | * | 2,014 | 5 | * | * | 221 |
| Electricity, Gas and Water | 40, 41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Services Sector | | 93,981 | 9,713 | 1,241 | 65,840 | 54,447 | 4,928 | 73,446 | -3,698 | 1,177 | 67,792 | 53,299 | 4,202 |
| Trade and repairs | 50 - 52 | * | * | * | 5,937 | 3,087 | 27 | 6,413 | * | * | 5,572 | 2,537 | 86 |
| Transport, storage and communications | 60 - 64 | 2,725 | * | 0 | 601 | 67 | * | 1,701 | * | 0 | 196 | -372 | 1,645 |
| Monetary intermediation | 651 | 37,774 | 8,333 | * | 26,945 | 16,954 | * | 35,574 | 9,783 | * | 25,620 | 13,923 | * |
| Other financial intermediation | 652 | 8,242 | -6,145 | * | 8,182 | 18,401 | * | -11,254 | -19,784 | * | 7,526 | 12,380 | * |
| Insurance services | 66 | 26,432 | 3,794 | * | 17,273 | 10,364 | * | 19,370 | 2,887 | 151 | 13,533 | * | * |
| Financial auxiliary activities | 67 | 1,313 | -118 | * | 1,086 | 312 | * | 1,113 | -140 | 0 | 887 | * | * |
| Other business activities | 74 | * | * | * | 4,921 | * | 579 | 14,592 | * | 10 | * | * | * |
| Other service activities | | 6,139 | 3,195 | 11 | 895 | * | -635 | 5,937 | 2,941 | 72 | * | 938 | -171 |

¹ 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

² The activity classification used in this release is the NACE Rev. 1.1 classification

³ Revised

⁴ For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area. With the expansion of the EU on 1 January 2007, the EU27 area comprises the former EU25 area along with Bulgaria and Romania

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

* Data suppressed for confidentiality reasons

Table 9 - Direct Investment Income¹ Flows Classified by Geographic Location of Creditor/Debtor

€ million

| Region/Country | Total Direct Investment Income | | | | | | | | |
|---|--------------------------------|---------------|----------------|-------------------|---------------|----------------|---------------|---------------|----------------|
| | 2006 | | | 2007 ² | | | 2008 | | |
| | Credit | Debit | Net | Credit | Debit | Net | Credit | Debit | Net |
| Europe | 5,069 | 19,545 | -14,476 | 6,084 | 21,758 | -15,673 | 5,327 | 18,375 | -13,048 |
| <i>of which:</i> | | | | | | | | | |
| United Kingdom | 2,342 | 2,954 | -612 | 2,759 | 2,677 | 82 | 2,233 | 1,958 | 277 |
| Belgium | 5 | -410 | 414 | 66 | 59 | 7 | 35 | 27 | 8 |
| Luxembourg | 192 | 1,981 | -1,789 | 78 | 2,455 | -2,377 | 138 | 2,147 | -2,010 |
| France | 540 | 636 | -96 | 400 | 819 | -419 | 542 | 1,067 | -526 |
| Germany | 284 | 1,088 | -802 | 361 | 594 | -233 | 376 | -172 | 546 |
| Italy | 66 | 1,099 | -1,033 | 95 | 1,104 | -1,009 | 51 | 1,057 | -1,005 |
| Netherlands | 652 | 8,144 | -7,492 | 982 | 9,279 | -8,298 | 890 | 7,339 | -6,449 |
| Spain | 244 | 220 | 24 | 313 | 210 | 103 | 320 | 277 | 44 |
| Switzerland | 52 | 2,535 | -2,484 | 67 | 2,983 | -2,917 | 65 | 3,381 | -3,316 |
| EU 27 ³ | 4,609 | 16,479 | -11,870 | 5,543 | 18,428 | -12,885 | 4,980 | 14,583 | -9,602 |
| EMU 16 ⁴ | 2,049 | 13,126 | -11,077 | 2,385 | 15,007 | -12,622 | 2,431 | 12,300 | -9,870 |
| Americas | 3,194 | 11,869 | -8,675 | 3,616 | 15,509 | -11,893 | 3,875 | 14,099 | -10,224 |
| <i>of which:</i> | | | | | | | | | |
| Canada | 181 | 19 | 162 | 103 | 962 | -860 | 122 | 126 | -4 |
| United States | 2,621 | 7,613 | -4,992 | 2,998 | 6,061 | -3,062 | 3,427 | 6,224 | -2,798 |
| Offshore centres | 360 | 4,211 | -3,850 | 495 | 8,465 | -7,970 | 325 | 7,749 | -7,425 |
| Asia | 190 | -276 | 468 | 609 | * | * | 692 | -8 | 702 |
| <i>of which:</i> | | | | | | | | | |
| Japan | * | * | 371 | * | * | * | * | * | * |
| Africa | 18 | 0 | 19 | 0 | * | * | * | * | * |
| Oceania and Polar Regions | * | 59 | * | * | * | * | 126 | 52 | 74 |
| Not geographically allocated⁵ | * | 193 | * | * | * | -216 | * | * | * |
| Total | 8,665 | 31,390 | -22,725 | 10,455 | 36,937 | -26,482 | 10,169 | 32,586 | -22,418 |
| <i>of which:</i> | | | | | | | | | |
| Offshore centres ⁶ | 794 | 4,645 | -3,851 | 955 | 8,696 | -7,742 | 620 | 8,007 | -7,387 |

¹ Income on equity and other direct investment capital² Revised³ For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area. With the expansion of the EU on 1 January 2007, the EU27 area comprises the former EU25 area along with Bulgaria and Romania⁴ The relevant EMU countries are: Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain⁵ This category covers data supplied by respondents without a geographical breakdown⁶ 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, 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, 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 November 2009)*

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. 1.1 classification) of the resident direct investment enterprise. These results further expand 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 and Financial Services Authority of Ireland (CBFSAI). 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 recent joint initiative involving the CSO and the CBFSAI to rationalize statistical data collection and compilation for the financial sector and also to reduce the burden on data providers the data collection arrangements have changed. As a consequence, since 2008 the data required from licensed banks (credit institutions) and from investment funds (including money market funds) to meet BOP, IIP, external debt, foreign direct investment and other statistical demands on both organisations are being collected quarterly by the CBFSAI under its legislation as well as European legislation¹. The data are supplied by the CBFSAI to CSO for statistical compilation purposes. The CSO has therefore discontinued its surveys of credit institutions and investment funds but continues to collect the required data from other financial enterprises as well as non-financial enterprises using its ongoing quarterly statutory surveys. These are conducted under the Statistics (Balance of Payments and Financial Accounts) Order, 2005 (S.I. No. 124 of 2005) 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).

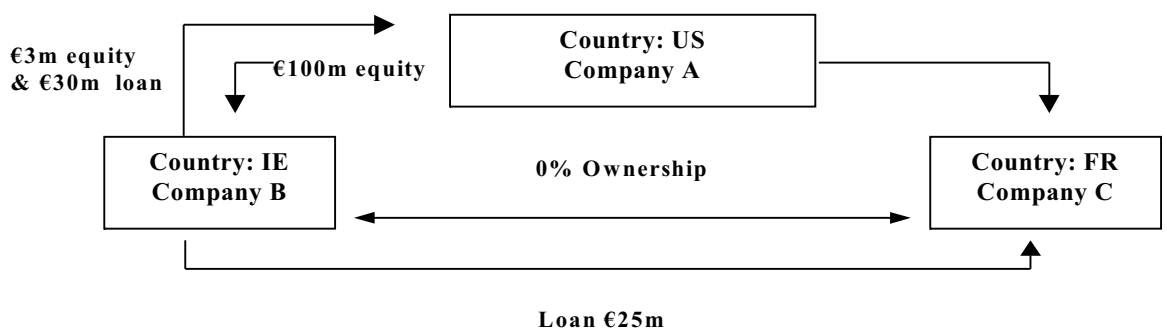
Definition of Foreign Direct Investment *Direct investment* is a category of international investment that, based on an equity ownership of at least 10%, reflects a lasting interest by a resident in one economy (the direct investor) in an enterprise resident in another economy (the direct investment 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 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 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 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.

Structure of the Direct Investment (FDI) tables

Table 1 shows direct investment flows abroad broken down by geographic region or country of location of the foreign direct investment enterprise as well as by the type of direct investment (*equity, reinvested earnings and other capital*). Table 2 shows a similar breakdown for direct investment flows into Ireland. Table 3 shows the geographical breakdown of the year end positions data for direct investment abroad, while Table 4 gives the equivalent figures for direct investment in Ireland. Direct investment flows during the year plus valuation and other changes explain the difference between the stocks positions each year. Table 5 shows direct investment flows abroad broken down by the activity of the resident direct investment enterprise and a limited geographic breakdown. Table 6 shows a similar breakdown for direct investment flows into Ireland, with more geographic detail. Table 7 shows activity breakdown of the year end positions for direct investment abroad, with a limited geographic breakdown. Table 8 gives the equivalent figures for direct investment into Ireland. Table 9 shows the annual direct investment income credit, debit and net flows broken down geographically according to location of the counterpart.

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