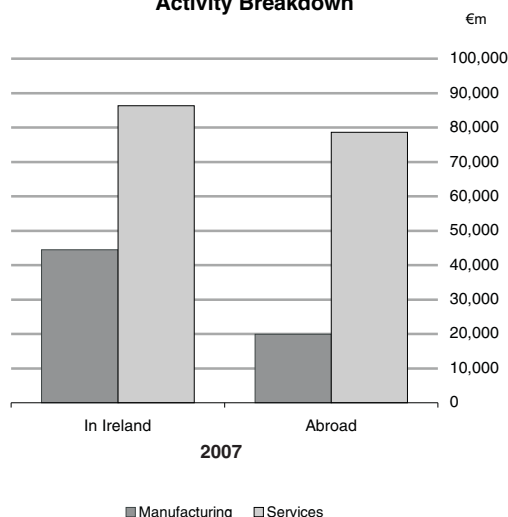
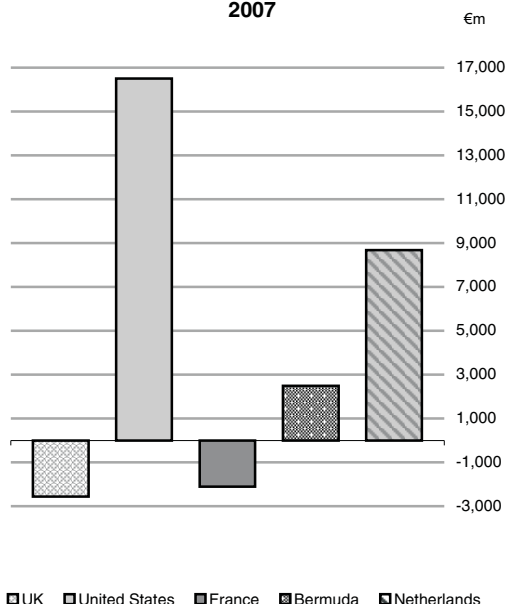


Stocks of Direct Investment Activity Breakdown



Inward Direct Investment Flows 2007



The outward direct investment position continued its upward trend to reach €99,084m at end-2007 (up €7.4bn on end-2006). As with the inward positions, European countries (€70,615m) accounted for the bulk of the position abroad, with the United Kingdom (€26,678m) being the most prominent, along with Netherlands (€6,132m) and European offshore centres (€4,849m) – see Table 3.

The services sector (€78,615m) continued to dominate (80% of total position) the stock of direct investment abroad in 2007. The main components of this were *Financial Intermediation* (€29,349m) and *Other Service Activities* (€29,965m). The *Services Sector* (€86,339m) also made up the majority of the direct investment stock in Ireland, mostly sourced from EU 27 countries (€59,859m). *Monetary Intermediation* (€32,078m) and *Insurance Services* (€26,798m) were the most significant components of the total services sector – see Tables 7 & 8.

Direct investment flows into Ireland increased significantly to reach €22,351m in 2007. This was made up of increased *Reinvested Earnings*, amounting to €17,950m (up from €9,475m in 2006) and *Other Capital* inflows of €6,258m. The largest source of reinvested earnings was European countries (€10,532m), of which the largest partner was Netherlands at €7,386m. US owned operations in Ireland received €10,378m in *Other Capital* (mainly loans) – see Table 2.

Outward investment flows by resident investors amounted to €15,178m in 2007 (compared to €12,215m in 2006). Investment in European countries remained steady at €6,494m (up €62m), while investment in the US increased to €4,439m. Investments in Offshore Centres were up almost €2bn to €3,389m in 2007 – see Table 1.

Earnings of foreign owned direct investment enterprises in Ireland increased from €31,390m in 2006 to €37,383m in 2007. Most of this increase was attributable to Offshore Centres, while earnings of US-owned enterprises declined from €7,613m to €6,985m – see Table 9.

Other points of note are:

- ◆ Between 2006 and 2007, investment in the *Services Sector* by EU countries declined from €75,890m to €59,859m; Euro-area countries investment in this sector reduced from €59,979m to €48,869m – see Table 8.
- ◆ There was an increase in investment by Irish investors in the *Manufacturing Sector* abroad to €5,247m in 2007 (from a disinvestment of €2,600m in 2006) – see Table 5.
- ◆ In 2007 the *Financial Intermediation* (Monetary and Other Financial Intermediation) sector accounted for €7,765m of the direct investment flows into Ireland. In 2006, the total inward flow to this sector was €2,890m – see Table 6.
- ◆ Direct investment earnings abroad increased from €8,665m to €9,768m between 2006 and 2007. Investment in the US accounted for almost €400m of this increase, with a rise of over €300m in earnings from the Netherlands – see Table 9.

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

€ million

Region/Country	2005				2006 ²				2007			
	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total
Europe	-4,972	-2,764	-4,211	-11,948	-6,714	-2,575	2,859	-6,432	-2,544	-3,345	-607	-6,494
<i>of which:</i>												
United Kingdom	-1,988	-1,535	-1,478	-5,001	-1,914	-1,635	-417	-3,965	-1,900	-1,722	-468	-4,089
France	*	-54	*	-30	431	-91	3	342	9	-46	-4	-41
Germany	68	*	*	-89	*	-42	4	*	-123	-60	-15	-197
Netherlands	215	-343	-3,478	-3,606	290	-306	3,003	2,987	255	-719	12	-450
Belgium	5	-15	4	-6	*	11	*	-291	*	-2	*	*
Luxembourg	*	-55	*	*	*	*	*	*	*	*	*	*
Spain	*	-68	152	*	*	-64	-10	*	*	-33	*	*
Italy	*	23	*	203	-2	*	*	7	*	5	*	122
Switzerland	*	-19	*	-119	5	-20	-31	-45	*	-26	*	86
EU 27³	-3,841	-2,374	-4,388	-10,604	-6,843	-2,194	2,873	-6,162	-3,006	-2,912	-703	-6,621
EMU 13⁴	-3,033	-792	-2,955	-6,778	-4,925	-498	3,168	-2,257	-1,217	-920	-335	-2,469
Americas	914	-615	322	621	-4,703	-1,005	435	-5,275	-2,947	-1,157	-3,894	-7,996
North America	969	-512	2,885	3,340	*	-812	*	-4,187	*	-924	*	-4,496
<i>of which:</i>												
Canada	-3	-46	-13	-62	*	-56	*	-26	*	-77	*	-59
United States	971	-466	2,897	3,402	-411	-754	-2,996	-4,161	-2,917	-849	-674	-4,439
Central America	*	*	*	*	*	*	*	-1,099	*	*	*	*
South America	*	*	*	*	*	*	0	11	*	*	*	*
Asia	*	-108	*	-204	-29	-109	-38	-177	-119	-111	-308	-539
<i>of which:</i>												
China	0	*	*	-3	-22	*	*	-24	-11	-10	*	*
Japan	*	*	-5	-96	*	*	13	47	*	*	7	-42
Hong Kong	0	*	*	-24	0	*	*	-30	*	-10	*	11
Africa, Oceania and Polar Regions	*	-165	*	*	*	*	*	-26	*	-59	*	-62
Not geographically allocated⁵	*	-31	*	*	*	*	*	-307	*	-67	*	-85
Total	-3,629	-3,682	-4,197	-11,509	-11,440	-3,827	3,055	-12,215	-5,633	-4,738	-4,806	-15,178
<i>of which:</i>												
All offshore centres ⁶	*	-516	*	-3,955	*	-598	*	-1,510	*	-617	*	-3,389

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, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, 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	2005				2006 ²				2007			
	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total
Europe	5,266	5,464	-36,478	-25,748	-4,168	9,763	-5,853	-258	-3,276	10,532	-6,322	935
<i>of which:</i>												
United Kingdom	-2,275	2,248	-5,245	-5,271	-5,531	1,890	1,090	-2,550	-1,880	241	-923	-2,562
Belgium	353	-328	-2,534	-2,510	-18	-627	474	-170	-10	104	-1,235	-1,139
Luxembourg	3,319	-855	-1,474	991	122	1,349	2,297	3,769	-3,021	893	1,911	-217
France	*	382	*	2,137	*	329	*	-1,388	*	521	*	-2,106
Germany	-51	785	-2,296	-1,560	-1,274	624	-2,145	-2,796	510	423	-1,753	-818
Italy	-108	611	61	564	0	480	-371	111	1,073	296	-509	859
Netherlands	-1,212	1,412	-8,818	-8,618	3,107	4,479	-10,222	-2,634	2,813	7,386	-1,524	8,673
EU 27³	6,099	4,515	-27,383	-16,769	-4,181	8,679	-5,089	-590	-3,802	10,328	-6,920	-395
EMU 13⁴	8,094	2,106	-21,084	-10,886	1,028	6,879	-10,806	-2,900	-1,620	9,889	-3,914	4,353
North America	*	-1,981	*	39	-1,815	2,338	141	664	1,623	4,955	*	*
<i>of which:</i>												
Canada	*	-104	*	-1,121	-287	-71	1,691	1,332	-148	600	*	*
United States	-117	-1,877	3,154	1,158	-1,528	2,411	-1,550	-667	1,771	4,355	10,378	16,505
Central America	-453	907	811	1,266	1,617	-2,458	-1,399	-2,238	-112	2,925	275	3,086
<i>of which:</i>												
Bermuda	285	1,488	-840	933	244	-2,314	-2,164	-4,234	3	2,709	-227	2,485
South America	0	0	29	29	0	0	7	7	0	0	*	*
<i>of which:</i>												
Brazil	0	0	56	56	0	0	-27	-27	0	0	165	166
Asia	*	*	-766	-949	*	-322	*	-743	*	*	-1,239	-2,010
<i>of which:</i>												
Japan	*	*	1,689	1,533	0	*	*	-246	*	*	-1,152	-1,939
China	0	0	-372	-372	0	0	-36	-36	0	0	-299	-299
Africa, Oceania and Polar Regions	*	*	*	-158	*	*	*	678	*	*	*	69
Not geographically allocated⁵	1	3	35	39	*	*	-2,665	-2,529	0	218	50	266
Total	3,960	4,257	-33,698	-25,482	-4,242	9,475	-9,651	-4,418	-1,856	17,950	6,258	22,351
<i>of which:</i>												
All offshore centres ⁶	383	1,463	-9,919	-8,072	1,533	-2,463	-1,106	-2,036	-995	2,836	705	2,545

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, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, 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	2005			2006 ²			2007		
	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total
Europe	56,852	9,814	66,666	63,798	5,980	69,778	65,610	5,005	70,615
<i>of which:</i>									
United Kingdom	17,408	5,203	22,611	20,224	4,882	25,105	22,510	4,168	26,678
France	1,964	176	2,140	1,567	182	1,748	1,722	244	1,965
Germany	2,508	73	2,581	3,158	88	3,246	3,381	69	3,450
Netherlands	7,170	2,103	9,273	7,689	-1,081	6,608	7,561	-1,429	6,132
Italy	594	90	683	1,033	127	1,161	113	146	260
Switzerland	321	64	385	*	*	350	*	*	379
Offshore centres	5,626	80	5,706	5,327	215	5,542	4,519	331	4,849
EU 27³	50,684	9,646	60,330	57,876	5,684	63,560	60,357	4,588	64,945
EMU 13⁴	29,963	4,245	34,208	33,076	743	33,819	33,036	453	33,489
Americas	10,353	3,623	13,976	12,249	2,870	15,119	14,443	6,432	20,875
North America	9,411	-1,557	7,854	10,266	1,598	11,865	13,070	2,301	15,371
<i>of which:</i>									
Canada	230	25	255	257	-11	246	419	43	462
United States	9,181	-1,582	7,598	10,009	1,609	11,618	12,651	2,258	14,909
Central America	*	*	*	*	*	3,087	*	*	5,448
<i>of which:</i>									
Offshore centres	*	*	5,547	*	*	2,889	*	*	5,256
South America	*	*	*	*	*	167	*	*	56
Asia	*	214	*	*	129	*	4,793	435	5,228
Africa	616	23	639	*	*	*	*	*	*
Oceania and Polar Regions	*	*	496	*	*	404	*	*	*
Not geographically allocated⁵	720	*	*	832	427	1,259	1,039	609	1,648
Total	74,327	13,960	88,287	82,335	9,334	91,669	86,620	12,464	99,084
<i>of which:</i>									
All offshore centres ⁶	*	*	11,355	7,116	1,445	8,561	5,871	4,431	10,302

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, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, 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	2005			2006 ²			2007		
	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total
Europe	139,184	-27,879	111,305	126,820	-28,895	97,926	126,463	-39,288	87,175
<i>of which:</i>									
United Kingdom	26,672	-9,262	17,410	20,515	-8,862	11,652	18,489	-10,875	7,614
Belgium	*	*	-692	2,585	-3,043	-458	2,830	-3,728	-898
Luxembourg	28,456	567	29,023	31,680	3,586	35,266	23,787	5,077	28,863
France	9,660	-4,295	5,365	11,060	-4,504	6,555	8,841	-4,263	4,578
Germany	2,802	-1,526	1,277	6,718	-3,503	3,215	8,571	-5,766	2,804
Italy	6,693	-1,602	5,092	7,462	-1,580	5,882	7,847	-1,757	6,089
Netherlands	50,770	4,371	55,141	34,329	-5,820	28,509	42,714	-9,706	33,009
Spain	1,213	-3,347	-2,134	1,340	-3,602	-2,262	1,177	-5,541	-4,364
Switzerland	4,207	-98	4,109	4,855	-940	3,914	5,806	-871	4,934
Offshore centres	*	*	-2,577	2,018	-880	1,138	1,895	-138	1,757
EU 27³	131,877	-22,127	109,751	119,340	-26,542	92,798	117,647	-38,022	79,625
EMU 13⁴	103,467	-9,857	93,610	96,987	-19,681	77,306	97,657	-26,898	70,758
North American Countries	31,944	-14,993	16,951	31,545	-17,358	14,187	35,271	-3,922	31,349
<i>of which:</i>									
Canada	6,022	-799	5,224	7,450	902	8,352	7,968	3,621	11,590
United States	25,922	-14,195	11,728	24,095	-18,260	5,835	27,302	-7,543	19,759
Central American Countries	11,752	-970	10,782	11,684	-2,568	9,116	*	*	10,692
<i>of which:</i>									
Offshore centres	11,563	-986	10,576	11,684	-2,390	9,293	12,964	-2,233	10,731
South American Countries	0	-353	-352	0	-318	-318	*	*	-37
<i>of which:</i>									
Brazil	0	-364	-364	0	-373	-373	*	*	-165
Asia	631	651	1,281	299	18	316	177	-1,081	-904
<i>of which:</i>									
Japan	598	2,496	3,093	300	2,375	2,674	22	1,055	1,077
Singapore	*	*	-178	*	*	-116	*	*	73
China	0	94	94	0	166	166	0	-47	-47
Offshore centres ⁵	*	*	-516	-13	-698	-710	23	-461	-439
Africa	*	*	-281	*	*	*	42	-173	-131
Oceania and Polar Regions	*	*	-575	*	*	*	*	*	1,360
Not geographically allocated⁶	617	-1,108	-491	*	*	-2,381	2,935	-1,028	1,907
Total	184,457	-45,837	138,620	171,920	-53,096	118,824	179,745	-48,334	131,411
<i>of which:</i>									
All offshore centres ⁷	14,124	-6,641	7,483	13,689	-3,968	9,721	14,882	-2,832	12,050

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, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, Spain and Slovenia

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, 2006 and 2007

€ million

Sector	NACE ²	2006 ³			2007		
		Total	of which:		Total	of which:	
			EU 27 ⁴	EMU 13 ⁵		EU 27 ⁴	EMU 13 ⁵
All Industries		-12,215	-6,162	-2,257	-15,178	-6,621	-2,469
<i>of which:</i>							
Construction	45	*	*	*	*	*	*
Total Manufacturing Sector	15 - 37	2,600	3,673	3,280	-5,247	-507	-216
Food products	15, 16	*	*	*	*	-37	*
Textiles and wood	17, 18 & 20 - 22	*	-120	-90	*	-431	-408
Chemical products	24	579	*	*	*	144	168
Other manufacturing n.e.s.		64	233	161	-607	-183	*
Total Services Sector	50 - 99	-14,784	-9,805	-5,540	-9,344	-5,528	-2,249
Trade and repairs	50 - 52	-648	-159	-104	254	184	49
Financial intermediation	65 - 67	-5,840	-5,578	*	-2,011	-1,759	321
Real estate, renting and business activities	70 - 74	-7,111	-3,037	-1,590	-7,580	-4,134	-2,655
<i>of which:</i>							
Computer activities	72	-89	63	*	*	167	74
Other business activities	74	-299	-207	222	*	-974	*
Other service activities ⁶		-1,185	-1,031	*	-7	181	36

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, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, 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, 2006 and 2007

€ million

Sector	NACE ²	2006 ³						2007					
		Total	United States	Japan	of which:			Total	United States	Japan	of which:		
					EU 27 ⁴	EMU 13 ⁵	Offshore Centres				EU 27 ⁴	EMU 13 ⁵	Offshore Centres
All Industries		-4,418	-667	-246	-590	-2,900	-2,036	22,351	16,505	-1,939	-395	4,353	2,545
Agriculture and Fishing	1 - 5	*	*	0	*	*	0	*	*	*	*	*	0
Mining, Quarrying and Construction	10 - 14, 45	*	*	0	*	0	0	*	*	*	*	*	0
Total Manufacturing Sector	15 - 37	-11,618	1,222	-360	-9,369	-9,940	-2,800	10,866	4,737	*	3,603	5,127	2,536
Food products	15, 16	79	*	-8	226	688	84	-365	*	*	-994	275	*
Textiles and wood	17, 18 & 20 - 22	-1,924	-7	*	1,079	786	-2,837	3,863	178	*	*	*	*
Chemical and chemical products	24	-10,093	776	*	-10,904	-10,798	*	*	2,034	*	2,655	2,643	*
Metal and mechanical products	27 - 29	-167	*	*	-92	-112	*	176	89	0	16	57	*
Other manufacturing n.e.s.		487	688	62	322	-504	311	*	*	-11	*	*	-310
Electricity, Gas and Water	40, 41	*	0	0	*	*	0	0	0	0	0	0	0
Total Services Sector		7,323	-1,896	113	8,919	7,029	763	11,453	11,759	-1,205	-4,015	-514	8
Trade and repairs	50 - 52	*	9	0	*	*	*	*	*	*	*	*	*
Transport, storage and communications	60 - 64	1,538	*	0	*	66	*	247	26	0	-21	18	156
Monetary intermediation	651	1,244	-626	0	1,700	62	24	4,459	1,962	*	3,029	1,747	*
Other financial intermediation	652	1,646	-915	*	3,086	-333	-2,031	3,306	9,626	*	-7,630	-3,067	*
Insurance services	66	4,185	-568	20	3,867	*	980	2,446	90	-11	*	*	*
Financial auxiliary activities	67	-270	*	0	*	*	0	-3,365	-349	0	*	*	*
Computer activities	72	-248	500	*	-544	-71	3	1,581	548	-5	707	599	176
Other service activities		*	-152	*	682	883	-61	*	*	17	509	1,051	-145

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, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, Slovenia and Spain

* Data suppressed for confidentiality reasons

Table 7 - Direct Investment¹ Abroad End Year Positions Classified by Activity² of Resident Investor, 2006 and 2007

€ million

Sector	NACE ²	2006 ³			2007		
		Total	of which:		Total	of which:	
			EU 27 ⁴	EMU 13 ⁵		EU 27 ⁴	EMU 13 ⁵
All Industries		91,669	63,560	33,819	99,084	64,945	33,489
<i>of which:</i>							
Construction	45	*	*	*	*	*	*
Total Manufacturing Sector	15 - 37	16,753	11,183	4,985	19,869	9,126	3,549
Food products	15, 16	2,425	*	*	2,718	*	*
Textiles and wood	17, 18 & 20 - 22	7,863	6,045	*	10,252	*	*
Chemical and chemical products	24	3,180	*	*	3,514	*	*
Other manufacturing n.e.s.		3,285	2,743	381	3,385	2,373	-566
Total Services Sector	50 - 99	74,796	52,256	28,805	78,615	55,219	29,904
Trade and repairs	50 - 52	4,161	3,087	1,576	3,779	3,034	1,705
Financial intermediation	65 - 67	32,742	21,070	10,422	29,349	19,867	8,227
Computer activities	72	687	148	*	2,701	*	*
Other business activities	74	11,203	*	3,028	12,821	*	3,616
Other service activities ⁶		26,003	*	*	29,965	25,785	*

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, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, 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, 2006 and 2007

€ million

Sector	NACE ²	2006 ³						2007					
		Total	United States	of which:				Total	United States	of which:			
				Japan	EU 27 ⁴	EMU 13 ⁵	Offshore Centres			Japan	EU 27 ⁴	EMU 13 ⁵	Offshore Centres
All Industries		118,824	5,835	2,674	92,798	77,306	9,721	131,411	19,759	1,077	79,625	70,758	12,050
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	34,857	10,765	55	16,744	17,296	6,677	44,475	13,892	-273	19,171	21,847	8,976
Food products	15, 16	4,419	*	*	3,889	4,963	*	4,641	528	*	3,652	5,285	*
Textiles and wood	17, 18 & 20 - 22	5,537	558	*	1,122	1,000	3,996	8,546	769	*	1,482	1,375	*
Chemical and chemical products	24	12,271	4,534	132	4,210	4,554	*	*	*	*	7,900	8,401	*
Metal and mechanical products	27 - 29	324	-66	*	200	130	*	-633	-62	*	*	*	*
Other manufacturing n.e.s.		12,306	*	-43	7,323	6,649	1,933	*	*	-39	*	*	1,208
Electricity, Gas and Water	40, 41	*	0	0	*	*	0	0	0	0	0	0	0
Total Services Sector		83,801	-4,931	2,619	75,890	59,979	3,043	86,339	5,867	1,349	59,859	48,869	3,073
Trade and repairs	50 - 52	*	235	*	*	*	206	*	104	0	6,533	3,677	59
Transport, storage and communications	60 - 64	2,624	*	0	506	*	*	2,725	*	0	662	127	537
Monetary intermediation	651	29,326	5,109	*	19,269	11,904	*	32,078	7,765	*	22,069	13,387	*
Other financial intermediation	652	11,106	-15,725	*	25,816	29,447	*	4,614	-9,055	*	7,662	17,368	*
Insurance services	66	23,841	3,993	144	*	*	*	26,798	3,501	*	17,251	9,929	*
Financial auxiliary activities	67	2,692	373	0	*	*	*	1,544	108	*	1,091	262	*
Other business activities	74	4,104	*	*	4,531	3,555	*	*	*	*	4,405	4,131	437
Other service activities		*	*	-4	480	320	-1,297	*	*	24	186	-12	-632

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, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, 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								
	2005			2006 ²			2007		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Europe	3,857	20,825	-16,968	5,069	19,545	-14,476	5,850	22,024	-16,174
<i>of which:</i>									
United Kingdom	1,906	3,123	-1,216	2,342	2,954	-612	2,526	2,779	-253
Belgium	22	-265	286	5	-410	414	37	207	-169
Luxembourg	110	1,515	-1,405	192	1,981	-1,789	77	2,079	-2,001
France	370	822	-451	540	636	-96	398	882	-485
Germany	351	1,105	-754	284	1,088	-802	365	769	-404
Italy	29	1,098	-1,069	66	1,099	-1,033	93	1,140	-1,047
Netherlands	338	9,997	-9,660	652	8,144	-7,492	990	9,507	-8,518
Spain	198	54	145	244	220	24	315	164	152
Switzerland	3	2,054	-2,051	52	2,535	-2,484	65	2,902	-2,836
EU 27³	3,477	17,940	-14,462	4,609	16,479	-11,870	5,257	18,775	-13,518
EMU 13⁴	1,462	14,450	-12,987	2,044	13,074	-11,030	2,363	15,132	-12,769
Americas	2,177	12,044	-9,868	3,194	11,869	-8,675	3,535	15,606	-12,072
<i>of which:</i>									
Canada	69	51	18	181	19	162	102	766	-663
United States	1,944	6,810	-4,864	2,621	7,613	-4,992	2,992	6,985	-3,993
Offshore centres	*	5,161	*	360	4,211	-3,850	414	7,823	-7,409
Asia	136	-84	220	190	-276	468	197	*	*
<i>of which:</i>									
Japan	33	-120	153	*	*	371	*	*	*
Africa	165	0	164	18	0	19	0	*	*
Oceania and Polar Regions	*	*	*	*	59	*	*	120	*
Not geographically allocated⁵	*	*	*	*	193	*	*	297	*
Total	6,473	32,817	-26,343	8,665	31,390	-22,725	9,768	37,383	-27,614
<i>of which:</i>									
Offshore centres ⁶	553	5,930	-5,377	794	4,645	-3,851	926	8,064	-7,138

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, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, 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 January 2008)*

Introduction This release updates the statistical series on Foreign Direct Investment (FDI) which was introduced in December 2003. The data presented cover the years 2005 to 2007 and 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. This release includes tables with further analyses of the FDI flows and stocks, for the years 2006 and 2007, 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.

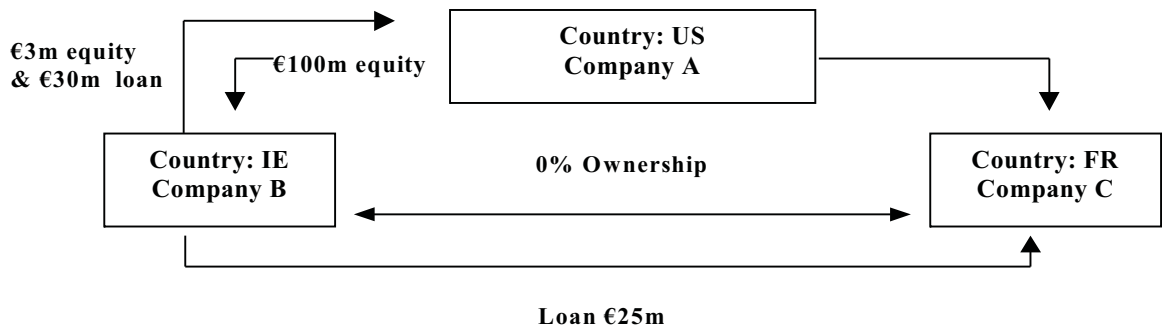
Data collection The general data collection arrangements have already been described in the BOP and IIP releases. In all about 2,000 enterprises identified using the CSO's statistical enterprise register are covered for FDI. In addition, some information on investment in residential and commercial properties 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 for financial intermediary affiliates among which direct investment transactions are limited to those involving equity and permanent debt). The components of direct investment transactions are *equity capital*, *reinvested earnings*, and *other capital*. *Equity capital* comprises investment in branches, shares in subsidiaries and associates (except non-participating preferred shares 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 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 commercial and residential property abroad. Such properties are regarded as constituting either actual or 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 FDI 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.