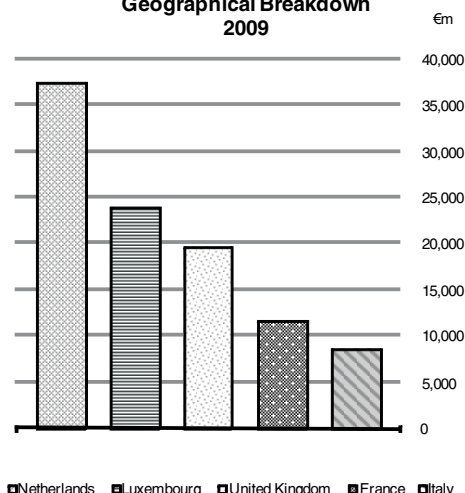


Foreign Direct Investment 2009

**Stock of Inward Direct Investment
Geographical Breakdown
2009**



■ Netherlands ■ Luxembourg ■ United Kingdom ■ France ■ Italy

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Ardee Road
Dublin 6
Ireland

Skehard Road
Cork
Ireland

LoCall: 1890 313 414 (ROI)
0870 8760256 (UK/NI)

Tel: +353 1 498 4000
Fax: +353 1 498 4020

Tel: +353 21 453 5000
Fax: +353 21 453 5555

Both offices may be contacted through any of these telephone numbers.

CSO on the Web: www.cso.ie
and go to

Economy: Balance of Payments

Director General: Gerard O'Hanlon

Enquiries:

BOP Statistics

BOP Section, 01-498 4055
bop@cso.ie

Queries and Sales

Information Section, ext 5021
information@cso.ie

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€million

	2007	2008	2009
Foreign Direct Investment			
Flows - Abroad	-15,450	-12,936	-17,221
Flows - In Ireland	18,052	-11,232	17,697
Positions - Abroad - end year	101,936	121,381	189,710
Positions - In Ireland - end year	138,362	138,859	169,328
Net Income Flows	-26,482	-20,513	-26,007

Ireland has a net total FDI asset (position) of €20.4bn at end-2009

Irish stocks (positions) of direct investment abroad reached €189.7bn at the end of 2009. This stock of outward direct investment reflects an *Equity Capital & Reinvested Earnings* position of €159.8bn and *Other Capital* of €29.9bn. The increase on the revised end-2008 overall position of €121.4bn was mainly accounted for by investment in European and Central American enterprises. Investment in European countries was up €30bn to €117bn and in Central American countries up almost €35bn to €42.9bn at the end of 2009. A large part of this increase was caused by the relocation of a number of international group headquarters to Ireland from the UK and offshore centres. The increases in Europe were accounted for by Luxembourg (€35.6bn), up €22bn, and Netherlands (€18.4bn), up €11.4bn, while total investment in the UK decreased by almost €7.5bn to €26.1bn - see Table 3.

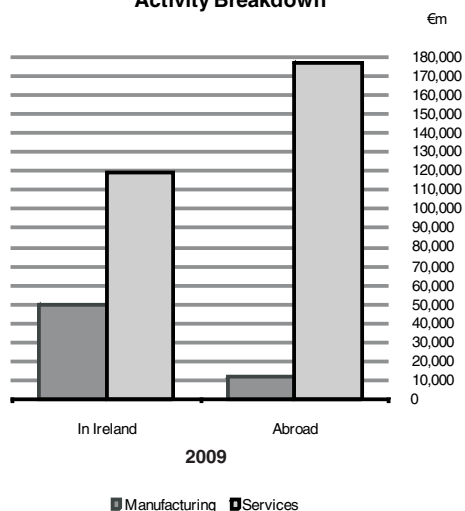
The level of total foreign direct investment into Ireland increased to €169.3bn at end-2009 compared to €138.9bn the previous year. This was mainly accounted for by an increase of €26bn in the level of *equity capital and reinvested earnings* to €210.8bn. In addition the outflow of *other capital* (mostly loans) from foreign-owned enterprises in Ireland to their affiliates abroad was down almost 10% to €41.4bn. The increase in *equity capital and reinvested earnings* was accounted for by European countries, up €12.5bn (mainly Netherlands, up €4.9bn; UK, up €1.9bn; France, up €1.9bn; Italy, up €1.5bn and Belgium, up €1.2bn) and the United States, up €8.6bn - see Table 4.

During 2009 direct investment flows abroad increased by €4.3bn to €17.2bn compared with €12.9bn in 2008. Investment into European countries of €12.1bn (mainly Netherlands €11.2bn) accounted for 70% of the total investment during 2009, almost double the amount during 2008. This was a result of increased *equity* investment, at €8.4bn up more than €5bn on 2008, together with a €1bn increase in *other capital* flows to €1.6bn and a reduction in *reinvested earnings* to €2bn. In contrast, the amount invested in the United States more than halved from €3.3bn in 2008 to €1.5bn in 2009. A €3bn reduction in the level of *equity* investment between 2008 and 2009 resulted in a disinvestment of €0.4bn in 2009, while *reinvested earnings* and *other capital* flows both increased, to €1.4bn and €0.5bn respectively - see Table 1.

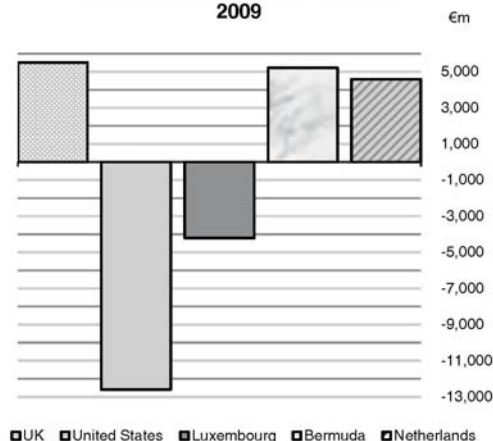
Continued overleaf

For more information contact Stephen McDonagh at 01 498 4364 or Stephen Treacy at 01 498 4076.

**Stocks of Direct Investment
Activity Breakdown**



**Inward Direct Investment Flows
2009**



As in previous years, the services sector (€177.2bn), accounted for the largest share of direct investment abroad in 2009 at 93% of the total. The main service subsectors were *Financial Intermediation* (€31.5bn) and *Other Business Activities* (€75bn) – see Table 7. Similarly, the services sector (€119.1bn) accounted for 70% of the stock of direct investment in Ireland, with the *Monetary Intermediation* sub-sector (€53.1bn) and the *Insurance Services* sub-sector (€24.2bn) being the largest components. The negative position of €38.6bn for *Other Financial Intermediation* stocks vis-à-vis US reflects the impact of the large inter-affiliate *other capital* outflows and particularly the transactions of €16.8bn in 2009. The *Manufacturing Sector* amounted to €50bn, of which more than 50% was from EU (and Euro-area) member states, and 20% from the United States – see Table 8.

Some other points of note are:

- ◆ Earnings of foreign owned direct investment enterprises increased from €30.7bn in 2008 to €34.7bn in 2009. European owned companies earnings were up almost €2.3bn (to €21.3bn in 2009), with earnings of US owned companies increasing to €4.6bn (compared with €3.7bn in 2008) and those with owners in Offshore Centres up to €8.4bn - see Table 9.
- ◆ Direct investment flows into Ireland increased by €29bn to €17.7bn in 2009, compared to an outflow of €11.2bn in 2008. This was mainly due to a reduction in the outflow of *other capital* from €23.3bn in 2008 to €3.3bn in 2009 together with a €6.9bn increase in *equity* investment - see Table 2.
- ◆ EU member states invested €12.4bn in the *other financial intermediation* sector during 2009. This helped to offset the outflow of €16.8bn to US resulting in net investment of €1.3bn in this sector during 2009 – see Table 6.
- ◆ The *monetary intermediation* sector, with €53.1bn at end-2009 and €42bn at end-2008, had the largest share of inward foreign direct investment. More than half of this investment (€30.2bn at end-2009) was accounted for by companies located in EU member states and approximately 40% by US based companies – see Table 8.

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-2009 FDI positions (balance sheet) as well as transactions during the year along with comparable data for 2008. The FDI results incorporate revisions to the 2008 data arising partly from revised Balance of Payments statistics released on 30 June 2010 and partly from improved stock data and coverage. The figures are consistent with those published in the quarterly *Balance of International Payments* and annual *International Investment Position* releases, the latter published on 8 October 2010.

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	2007				2008 ²				2009			
	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total
Europe	-2,245	-3,560	-875	-6,678	-3,212	-2,655	-620	-6,487	-8,435	-2,098	-1,628	-12,161
<i>of which:</i>												
United Kingdom	*	-1,950	*	-4,335	-1,948	-1,507	-1,702	-5,157	7,513	-1,356	-201	5,957
France	*	-48	*	-156	*	-46	*	-1,102	*	-32	*	-25
Germany	*	-56	*	-261	71	-63	-83	-75	-8	91	75	157
Netherlands	244	-714	-64	-533	*	-585	*	636	*	-273	*	-11,186
Belgium	*	-30	*	*	-243	-18	-1	-262	-16	6	-23	-31
Luxembourg	*	-52	*	*	-279	-158	671	234	*	-203	*	-586
Spain	*	-30	*	-791	*	-7	*	-37	*	-5	*	-203
Italy	*	2	*	186	0	-4	7	5	*	-9	*	-11
Switzerland	0	-27	1	-25	*	-35	*	1	*	-14	*	193
EU 27 ³	-3,057	-3,175	-983	-7,214	-3,282	-2,586	-624	-6,491	-8,323	-2,043	-1,660	-12,026
EMU 16 ⁴	-1,093	-941	-411	-2,444	-1,126	-895	1,232	-789	*	-431	*	-12,284
Americas	-2,555	-1,246	-4,029	-7,829	-2,902	-895	-2,454	-6,254	317	-2,338	-2,593	-4,615
North America	*	-937	*	-4,189	-2,529	-861	-26	-3,416	413	-1,416	-509	-1,512
<i>of which:</i>												
Canada	*	-81	*	-132	0	-99	2	-98	5	-21	-21	-37
United States	-2,454	-855	-746	-4,057	-2,528	-762	-27	-3,318	408	-1,395	-489	-1,476
Central America	*	*	*	-3,647	*	*	*	-2,844	*	*	*	-3,094
South America	*	*	*	6	*	*	*	6	*	*	*	-8
Asia	-114	-522	-241	-878	*	58	*	234	-46	52	49	56
<i>of which:</i>												
China	*	-10	*	*	0	-70	-2	-73	*	-17	*	6
Japan	0	*	11	*	0	*	13	*	0	*	16	*
Hong Kong	*	-10	*	13	0	-16	-7	-23	0	*	*	-5
Africa	*	15	*	55	*	-45	*	-221	*	*	*	28
Oceania and Polar Regions	*	-75	*	*	*	-91	*	-220	*	*	*	-77
Not geographically allocated ⁵	-110	-28	*	*	112	-119	18	12	-65	-213	-173	-452
Total	-4,942	-5,416	-5,094	-15,450	-6,014	-3,747	-3,175	-12,936	-8,258	-4,631	-4,333	-17,221
<i>of which:</i>												
All offshore centres ⁶	*	-648	*	-3,088	*	-76	*	-2,786	*	-1,047	*	-3,585

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	2007				2008 ²				2009			
	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total
Europe	-4,050	9,999	-7,579	-1,632	-2,601	9,657	-322	6,735	2,228	10,526	4,816	17,570
of which:												
United Kingdom	-784	1,068	-921	-637	944	1,100	2,073	4,116	2,485	978	2,040	5,503
Belgium	11	-45	-1,245	-1,279	1,177	-17	155	1,316	867	662	473	2,003
Luxembourg	-3,172	113	1,811	-1,248	-3,898	1,127	-3,874	-6,645	-917	284	-3,580	-4,214
France	*	442	*	-1,830	1,060	652	-1,815	-103	-917	239	4,310	3,634
Germany	173	204	-1,690	-1,314	-416	-310	1,793	1,066	-114	187	2,128	2,201
Italy	540	238	-51	726	*	744	*	1,518	433	1,072	234	1,738
Netherlands	2,601	7,474	-1,189	8,886	-3,988	6,191	-2,661	-459	1,128	6,157	-2,706	4,579
EU 27 ³	-3,605	9,963	-5,999	359	-4,589	9,775	569	5,755	3,234	9,989	2,288	15,512
EMU 16 ⁴	-2,518	8,785	-3,373	2,893	-6,171	8,762	-4,337	-1,747	717	9,166	3,324	13,206
North America	1,996	5,224	10,348	17,568	-1,168	2,626	-21,040	-19,583	*	2,822	*	-12,870
of which:												
Canada	-121	811	1,700	2,390	-3,138	81	338	-2,720	*	480	*	-280
United States	2,119	4,412	8,647	15,178	1,971	2,545	-21,378	-16,862	1,264	2,343	-16,197	-12,590
Central America	245	3,590	-57	3,780	1,293	2,887	-647	3,534	1,528	4,114	551	6,194
of which:												
Bermuda	106	2,945	-513	2,539	695	2,848	198	3,741	1,498	4,074	-367	5,205
South America	0	0	267	269	0	0	-31	-31	*	0	*	1
of which:												
Brazil	0	0	159	160	0	0	11	11	0	0	40	40
Asia	*	*	*	-2,153	*	*	*	-395	*	111	*	2,361
of which:												
Japan	*	*	-1,183	-1,951	*	-87	*	-335	*	52	*	1,382
China	0	0	-306	-306	0	0	-115	-115	0	0	-288	-288
Africa	5	*	*	177	-5	0	-34	-39	0	*	*	-194
Oceania and Polar Regions	*	*	-65	-131	*	*	-208	-249	*	*	*	-41
Not geographically allocated ⁵	0	142	32	171	*	4	*	-1,203	-6	-317	5,001	4,678
Total	-1,900	18,246	1,705	18,052	-3,086	15,123	-23,268	-11,232	3,773	17,195	-3,269	17,697
of which:												
All offshore centres ⁶	-650	3,509	283	3,143	1,291	3,114	-1,166	3,237	525	4,144	1,520	6,189

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	2007			2008 ²			2009		
	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total
Europe	67,981	5,690	73,671	74,291	12,523	86,814	99,493	17,536	117,030
<i>of which:</i>									
United Kingdom	24,602	4,399	29,001	27,616	5,975	33,591	20,880	5,223	26,103
France	1,722	246	1,967	2,752	213	2,966	*	160	*
Germany	3,466	73	3,539	3,423	160	3,583	3,602	93	3,695
Netherlands	7,574	-668	6,906	7,524	-551	6,973	17,880	534	18,414
Luxembourg	*	*	4,496	8,618	5,028	13,645	27,003	8,622	35,625
Italy	119	147	266	238	131	368	160	124	284
Switzerland	299	3	302	285	25	310	176	37	213
Offshore centres	4,522	86	4,608	4,055	294	4,350	4,339	919	5,258
EU 27 ³	62,724	5,595	68,319	69,515	12,210	81,724	94,366	16,538	110,904
EMU 16 ⁴	33,240	1,158	34,399	38,932	6,202	45,134	64,415	11,356	75,772
Americas	13,909	6,744	20,653	*	*	27,652	48,452	11,130	59,582
North America	12,345	2,665	15,010	16,943	2,308	19,251	*	*	16,587
<i>of which:</i>									
Canada	363	55	418	544	25	569	*	*	249
United States	11,981	2,610	14,591	16,399	2,283	18,682	13,838	2,500	16,338
Central America	*	*	5,489	*	*	8,201	*	*	42,850
<i>of which:</i>									
Offshore centres	*	*	5,280	1,308	*	*	*	*	42,651
South America	*	*	154	*	*	200	*	*	145
Asia	*	*	5,338	5,249	73	5,322	5,052	4	5,056
Africa	*	*	158	*	*	315	*	*	317
Oceania and Polar Regions	699	-100	599	912	38	949	*	*	1,066
Not geographically allocated ⁵	909	608	1,517	593	-265	329	5,541	1,120	6,659
Total	88,780	13,156	101,936	99,970	21,411	121,381	159,775	29,935	189,710
<i>of which:</i>									
All offshore centres ⁶	*	*	10,076	5,533	6,895	12,428	*	*	48,182

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	2007			2008 ²			2009		
	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total
Europe	128,143	-31,438	96,705	128,835	-17,325	111,511	141,332	-7,644	133,688
<i>of which:</i>									
United Kingdom	19,577	-8,889	10,687	19,986	-4,737	15,248	21,875	-2,238	19,637
Belgium	2,519	-1,152	1,368	2,581	3,433	6,014	3,786	3,679	7,465
Luxembourg	24,365	5,190	29,555	20,680	4,679	25,359	19,146	4,681	23,827
France	9,608	-2,270	7,338	9,242	-4,384	4,858	11,162	442	11,604
Germany	9,627	-4,241	5,387	7,475	-2,778	4,696	8,143	-810	7,334
Italy	7,499	-1,747	5,752	6,371	-207	6,164	7,876	794	8,670
Netherlands	41,657	-9,804	31,853	46,701	-11,434	35,267	51,594	-14,126	37,467
Spain	1,268	-5,535	-4,267	3,013	-2,424	589	4,034	-275	3,759
Switzerland	5,409	-1,171	4,238	7,212	-1,427	5,785	7,966	206	8,172
Offshore centres	1,857	-133	1,724	*	*	-61	*	*	-59
EU 27 ³	119,743	-29,887	89,855	119,876	-14,661	105,215	131,648	-7,689	123,958
EMU 16 ⁴	98,555	-20,350	78,206	97,925	-12,266	85,659	107,976	-4,732	103,244
North American Countries	35,647	-5,153	30,494	39,907	-20,088	19,819	48,542	-36,788	11,754
<i>of which:</i>									
Canada	8,424	2,549	10,974	3,959	2,951	6,910	3,975	3,448	7,423
United States	27,223	-7,702	19,521	35,948	-23,039	12,910	44,566	-40,236	4,331
Central American Countries	*	*	12,621	*	*	15,106	21,543	-2,848	18,695
<i>of which:</i>									
Offshore centres	14,275	-1,588	12,686	18,147	-2,842	15,305	21,500	-2,844	18,657
South American Countries	*	*	-38	*	*	-83	*	*	-203
<i>of which:</i>									
Brazil	*	*	-164	*	*	-161	*	*	-132
Asia	201	-1,034	-832	594	-591	3	1,334	889	2,223
<i>of which:</i>									
Japan	46	963	1,009	-13	828	815	92	2,003	2,095
Singapore	*	*	-39	-32	408	376	-20	1,486	1,466
China	0	206	206	0	162	162	0	-111	-111
Offshore centres ⁵	23	-644	-621	*	*	130	*	*	695
Africa	43	-173	-130	*	*	-147	*	*	-276
Oceania and Polar Regions	*	*	-180	435	-643	-208	1,050	-621	430
Not geographically allocated ⁶	2,756	-3,034	-278	*	*	-7,142	*	*	3,018
Total	181,385	-43,023	138,362	184,651	-45,792	138,859	210,772	-41,445	169,328
<i>of which:</i>									
All offshore centres ⁷	16,155	-2,365	13,790	19,203	-3,828	15,375	22,415	-3,122	19,293

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 position² 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 overlaps with some of the the regions referred to above⁶ This category covers data supplied by respondents without a geographical breakdown⁷ 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, 2008 and 2009

€ million

Sector	NACE ²	2008 ³			2009		
		Total	of which:		Total	of which:	
			EU 27 ⁴	EMU 16 ⁵		EU 27 ⁴	EMU 16 ⁵
All Industries		-12,936	-6,491	-789	-17,221	-12,026	-12,284
<i>of which:</i>							
Construction	45	*	*	*	*	*	*
Total Manufacturing Sector	15 - 37	159	787	321	-898	-896	-872
Food products	15, 16	263	*	*	*	*	*
Textiles and wood	17, 18 & 20 - 22	-362	70	-35	*	*	*
Chemical products	24	134	*	*	*	*	*
Other manufacturing n.e.s.		124	184	446	75	-86	61
Electricity, Gas and Water	40, 41	*	*	*	*	*	*
Total Services Sector	50 - 99	-13,299	-7,481	-1,120	-15,946	-10,751	-11,412
Trade and repairs	50 - 52	-379	-117	-42	-870	201	-11
Financial intermediation	65 - 67	-6,654	-4,359	-1,374	-8,851	-8,838	*
Real estate, renting and business activities	70 - 74	-5,670	-2,706	93	-5,619	-1,827	*
<i>of which:</i>							
Computer activities	72	-1,683	*	*	-2,004	116	44
Other business activities	74	-3,534	-2,705	-392	-3,487	-1,843	*
Other service activities ⁶		-596	-299	203	-606	-287	-102

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

Table 6 - Direct Investment¹ Flows into Ireland Classified by Activity² of Resident Enterprise, 2008 and 2009

€ million

Sector	NACE ²	2008 ³						2009					
		Total	United States	of which:			Offshore Centres	Total	United States	of which:			Offshore Centres
				Japan	EU 27 ⁴	EMU 16 ⁵				Japan	EU 27 ⁴	EMU 16 ⁵	
All Industries		-11,232	-16,862	-335	5,755	-1,747	3,237	17,697	-12,590	1,382	15,512	13,206	6,189
Agriculture and Fishing	1 - 5	*	*	0	*	*	0	*	*	0	*	*	0
Mining, Quarrying and Construction	10 - 14, 45	*	*	0	*	*	0	*	0	0	*	*	0
Total Manufacturing Sector	15 - 37	3,633	1,166	-123	3,171	1,474	9	8,775	*	75	2,325	2,080	782
Food products	15, 16	-1,672	*	-3	-1,351	-2,312	*	160	152	-1	229	80	*
Textiles and wood	17, 18 & 20 - 22	281	82	*	216	207	145	167	135	0	112	*	-19
Chemical and chemical products	24	3,614	1,124	-193	2,608	2,732	156	*	-898	87	2,650	2,786	*
Metal and mechanical products	27 - 29	*	*	*	*	-3	*	-199	*	*	*	*	100
Other manufacturing n.e.s.		*	318	47	*	850	-191	*	911	*	*	*	241
Electricity, Gas and Water	40, 41	0	0	0	0	0	0	0	0	0	0	0	0
Total Services Sector		-14,573	-18,037	-212	2,892	-2,945	3,228	9,009	-12,980	1,307	13,288	11,090	5,407
Trade and repairs	50 - 52	*	*	*	*	*	-30	3,770	*	*	*	-17	*
Transport, storage and communications	60 - 64	-378	*	0	-446	-403	202	-94	*	0	*	254	*
Monetary intermediation	651	751	801	0	1,712	-137	*	3,978	740	*	2,861	763	*
Other financial intermediation	652	-17,399	-16,596	-136	-2,053	-5,932	1,918	1,287	-16,818	*	12,395	9,592	*
Insurance services	66	-2,835	*	3	*	*	-357	-797	*	*	*	*	*
Financial auxiliary activities	67	297	*	0	*	*	*	345	*	0	*	*	*
Computer activities	72	1,903	72	5	540	185	1,257	2,519	-159	-30	-695	-373	*
Other service activities		*	25	*	3,969	2,676	144	-1,999	-359	-6	-1,226	-789	288

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

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, 2008 and 2009

€ million

Sector	NACE ²	2008 ³			2009		
		Total	of which:		Total	of which:	
			EU 27 ⁴	EMU 16 ⁵		EU 27 ⁴	EMU 16 ⁵
All Industries		121,381	81,724	45,134	189,710	110,904	75,772
<i>of which:</i>							
Construction	45	*	*	*	*	*	*
Total Manufacturing Sector	15 - 37	10,367	6,416	*	11,717	6,853	4,218
Food products	15, 16	*	*	*	*	*	*
Textiles and wood	17, 18 & 20 - 22	3,183	2,797	*	3,600	*	*
Chemical and chemical products	24	1,327	*	*	3,247	*	*
Other manufacturing n.e.s.		*	2,194	553	*	2,222	637
Electricity, Gas and Water	40, 41	*	*	0	*	*	*
Total Services Sector	50 - 99	110,699	74,994	42,036	177,242	103,300	71,500
Trade and repairs	50 - 52	6,154	4,284	1,650	13,703	3,642	1,374
Financial intermediation	65 - 67	23,870	15,035	10,066	31,520	22,433	11,103
Computer activities	72	10,188	*	*	*	*	*
Other business activities	74	39,833	29,189	14,190	75,005	51,742	43,756
<i>of which:</i>							
<i>Business and management consultancy (including activities of holding companies)</i>	74.14 - 74.15	29,495	19,240	10,822	*	*	*
Other service activities ⁶		30,654	*	*	*	*	*

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

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, 2008 and 2009

€ million

Sector	NACE ²	2008 ³						2009					
		Total	United States	of which:			Offshore Centres	Total	United States	Japan	of which:		
				Japan	EU 27 ⁴	EMU 16 ⁵					EU 27 ⁴	EMU 16 ⁵	Offshore Centres
All Industries		138,859	12,910	815	105,215	85,659	15,375	169,328	4,331	2,095	123,958	103,244	19,293
Agriculture and Fishing	1 - 5	*	*	0	*	*	0	*	*	0	*	*	0
Mining, Quarrying and Construction	10 - 14, 45	*	0	0	*	*	0	*	0	0	*	*	0
Total Manufacturing Sector	15 - 37	39,803	9,801	-336	*	26,215	2,389	49,963	10,605	-266	28,518	26,791	3,038
Food products	15, 16	3,660	247	*	3,967	3,875	*	4,148	372	1	4,606	4,365	*
Textiles and wood	17, 18 & 20 - 22	1,445	302	*	*	626	672	1,949	*	*	677	657	1,118
Chemical and chemical products	24	23,962	8,028	-347	12,656	12,465	687	32,710	8,637	-298	13,596	13,546	733
Metal and mechanical products	27 - 29	885	4	0	333	328	*	830	*	*	56	58	*
Other manufacturing n.e.s.		9,851	1,220	10	*	8,921	495	10,326	1,110	34	9,583	8,165	453
Electricity, Gas and Water	40, 41	0	0	0	0	0	0	0	0	0	0	0	0
Total Services Sector		98,774	*	1,150	77,214	59,325	12,985	119,057	*	2,362	*	76,312	16,255
Trade and repairs	50 - 52	6,472	995	*	4,889	2,423	316	10,297	5,527	*	4,922	2,115	135
Transport, storage and communications	60 - 64	1,701	-195	0	209	-359	1,645	743	*	0	*	-219	422
Monetary intermediation	651	41,967	16,070	*	25,725	14,298	*	53,119	22,295	*	30,204	15,707	*
Other financial intermediation	652	-9,707	-19,771	406	7,856	12,845	77	-9,233	-38,550	*	21,743	23,262	*
Insurance services	66	22,483	2,449	*	15,569	11,039	3,177	24,230	1,593	178	17,295	14,242	4,168
Financial auxiliary activities	67	1,054	-170	0	856	254	*	1,006	*	0	1,058	313	*
Other business activities	74	*	*	*	*	*	*	*	*	*	15,992	18,033	*
Other service activities		*	3,055	67	*	*	4,871	*	3,093	30	*	2,859	7,266

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 position² The activity classification used in this release is the NACE Rev. 1.1 classification³ Revised⁴ For analytical purposes, additional details are given of transactions between residents of Ireland and residents of the EU27 area⁵ 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								
	2007			2008 ²			2009		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Europe	6,084	21,758	-15,673	5,497	18,982	-13,485	3,900	21,265	-17,366
<i>of which:</i>									
United Kingdom	2,759	2,677	82	2,333	2,163	170	1,662	1,834	-173
Belgium	66	59	7	31	267	-236	0	951	-952
Luxembourg	78	2,455	-2,377	220	2,041	-1,821	689	1,894	-1,205
France	400	819	-419	539	957	-418	262	521	-259
Germany	361	594	-233	375	15	361	149	325	-175
Italy	95	1,104	-1,009	46	1,145	-1,098	21	1,325	-1,304
Netherlands	982	9,279	-8,298	870	7,896	-7,027	421	8,911	-8,491
Spain	313	210	103	337	220	118	164	494	-330
Switzerland	67	2,983	-2,917	66	2,918	-2,852	35	3,896	-3,862
EU 27 ³	5,543	18,428	-12,885	5,148	15,716	-10,568	3,724	17,311	-13,588
EMU 16 ⁴	2,385	15,007	-12,622	2,504	13,167	-10,666	1,721	15,003	-13,282
Americas	3,616	15,509	-11,893	3,734	11,597	-7,862	4,201	13,445	-9,244
<i>of which:</i>									
Canada	103	962	-860	123	178	-54	45	533	-488
United States	2,998	6,061	-3,062	3,391	3,715	-323	3,003	4,556	-1,553
Offshore centres	495	8,465	-7,970	197	7,699	-7,502	1,118	8,358	-7,240
Asia	609	*	*	702	*	*	395	204	191
<i>of which:</i>									
Japan	*	*	*	*	-62	*	*	90	*
Africa	0	*	*	48	*	*	-15	8	-22
Oceania and Polar Regions	*	*	*	124	59	65	71	80	-9
Not geographically allocated ⁵	*	*	-216	106	23	82	123	-318	443
Total	10,455	36,937	-26,482	10,211	30,723	-20,513	8,675	34,684	-26,007
<i>of which:</i>									
Offshore centres ⁶	955	8,696	-7,742	493	8,036	-7,543	1,264	8,419	-7,155

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 October 2010)*

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 of Ireland (CBI). Other data obtained from administrative sources are also used. Following the introduction of a redesigned BOP data collection system in 1998 and up to 2007, the CSO undertook all the necessary survey collection and compilation required. However, following a recent joint initiative involving the CSO and the CBI to rationalize statistical data collection and compilation for the financial sector and also to reduce the burden on data providers the data collection arrangements have changed. As a consequence, since 2008 the data required from licensed banks (credit institutions) and from investment funds (including money market funds) to meet BOP, IIP, external debt, foreign direct investment and other statistical demands on both organisations are being collected quarterly by the CBI under its legislation as well as European legislation. The data are supplied by the CBI to CSO for statistical compilation purposes. The CSO has therefore discontinued its surveys of credit institutions and investment funds but continues to collect the required data from other financial enterprises as well as non-financial enterprises using its ongoing quarterly statutory surveys. These are conducted under the Statistics (Balance of Payments and Financial Accounts) Order, 2010 (S.I. No. 206 of 2010) made under the Statistics Act, 1993.

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

Definition of Foreign Direct Investment

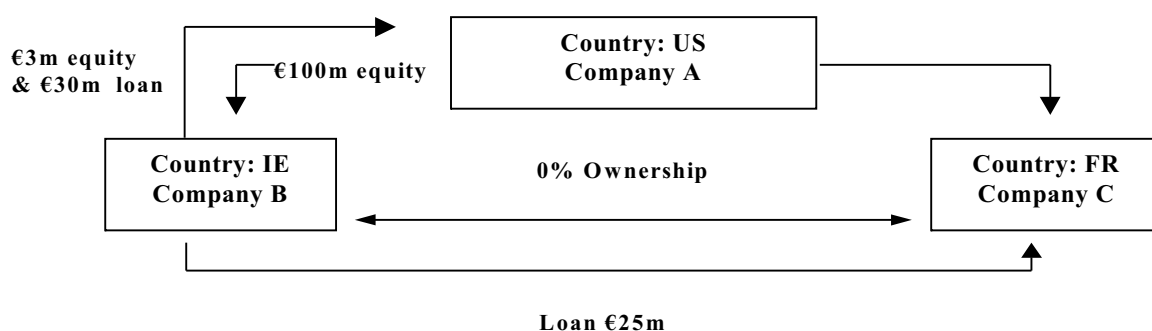
Direct investment is a category of international investment that, based on an equity ownership of at least 10%, reflects a lasting interest by a resident in one economy (the direct investor) in an enterprise resident in another economy (the direct investment enterprise). Using this criterion, a direct investment relationship can exist between a number of affiliated enterprises whether the linkage involves a single chain or a number of chains. It can extend to a direct investment enterprise's subsidiaries, sub-subsidiaries and associates. Once the direct investment relationship is established, all subsequent financial flows between the related entities are recorded as direct investment transactions, regardless of the type of financial instrument used in the financing arrangement (except for financial derivative contracts, and financial intermediary affiliates among which direct investment transactions are limited to those involving equity and permanent debt). The components of direct investment transactions are *equity capital*, *reinvested earnings*, and *other capital*. *Equity capital* comprises investment in branches, shares in subsidiaries and associates (except non-participating preferred shares that are treated as debt securities) and other capital contributions. *Reinvested earnings* consists of the off-setting entry to the corresponding current account income item: it is the direct investor's share of the undistributed earnings of its branches, subsidiaries and associates. *Other capital* covers all other inter-affiliate financial transactions (borrowing and lending of funds) including debt securities and suppliers' credits (i.e. trade credits).

Following the recommendations of the IMF, ECB, EUROSTAT and OECD, direct investment flows are recorded on a '*directional basis*' rather than the more usual assets/liabilities basis. *Direct investment abroad* covers *net* investment by 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