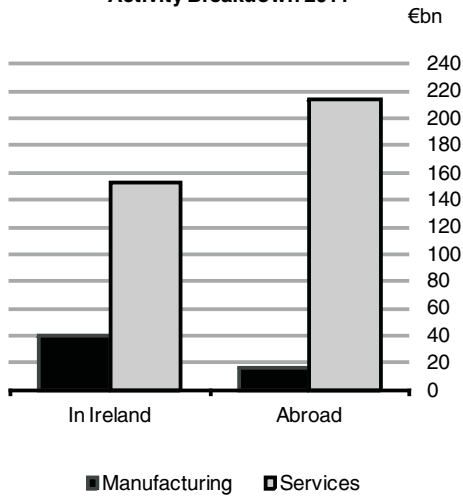




**Stocks of Direct Investment  
Activity Breakdown 2011**



**Sectoral breakdown**

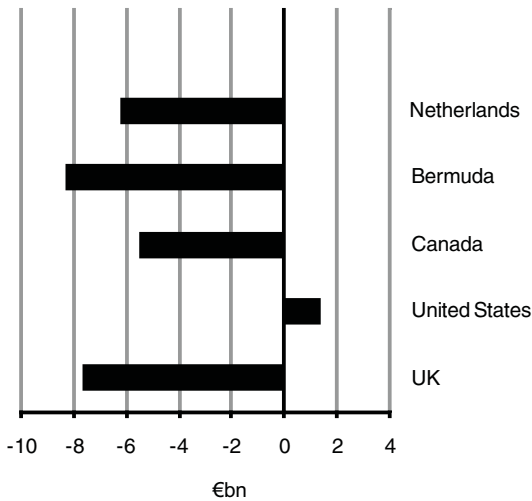
Investment abroad by enterprises located in Ireland was mainly into the services sector (€214bn). Over 70 per cent (€151bn) of this investment was in the EU. Investment in the manufacturing sector amounted to €16bn (see table 7).

The largest sector for inward investment was financial intermediation, which at the end of 2011 amounted to €83bn or 43 per cent of the total stock of inward investment. Other sectors of note were insurance (€27bn) and pharmaceuticals (€20bn) (see Table 8).

**Direct investment income**

Earnings of foreign owned direct investment enterprises increased to €41bn in 2011 from €38bn in 2010. The earnings of European owned companies were €25bn in 2011, up €1bn on the 2010 figure. Income earned abroad by investors located in Ireland was €15bn in 2011 – almost unchanged compared with 2010. The sources of these earnings were Offshore Centres (€3bn), Luxembourg (€3bn), the US (€3bn) and Netherlands (€2bn) (see Table 9).

**Inward Direct Investment Flows 2011**



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

€ million

Region/Country	2009 <sup>2</sup>				2010 <sup>2</sup>				2011			
	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total
<b>Europe</b>	<b>-8,826</b>	<b>-2,299</b>	<b>-878</b>	<b>-12,003</b>	<b>-4,596</b>	<b>-6,097</b>	<b>1,107</b>	<b>-9,586</b>	<b>5,220</b>	<b>-5,643</b>	<b>-15,241</b>	<b>-15,665</b>
<i>of which:</i>												
Belgium	*	4	*	<b>-185</b>	-37	47	-9	<b>-1</b>	-8	*	*	<b>48</b>
France	*	-29	*	<b>-2</b>	*	-185	-96	*	*	-331	-8	*
Germany	-24	63	94	<b>135</b>	-10	45	26	<b>61</b>	*	-42	*	<b>-106</b>
Italy	*	-11	*	<b>-16</b>	*	*	-61	*	*	*	28	*
Luxembourg	*	-436	*	<b>-836</b>	1,201	-1,617	2,676	<b>2,260</b>	1,222	-1,866	-9,317	<b>-9,961</b>
Netherlands	*	-391	*	<b>-11,423</b>	*	-1,631	*	<b>-1,249</b>	*	-1,921	*	<b>-2,415</b>
Spain	*	-4	*	<b>-204</b>	*	*	*	*	*	-57	*	*
Switzerland	*	*	*	*	*	*	*	<b>511</b>	*	*	*	<b>601</b>
United Kingdom	*	-1,295	*	<b>5,945</b>	-1,355	-2,135	-229	<b>-3,719</b>	-2,517	-1,486	326	<b>-3,677</b>
<b>EU 27<sup>3</sup></b>	<b>-8,795</b>	<b>-2,346</b>	<b>-1,423</b>	<b>-12,565</b>	<b>-3,551</b>	<b>-5,863</b>	<b>-266</b>	<b>-9,681</b>	<b>4,965</b>	<b>-6,301</b>	<b>-14,815</b>	<b>-16,151</b>
<b>EMU 17<sup>4</sup></b>	*	<b>-816</b>	*	<b>-12,956</b>	<b>-2,187</b>	<b>-3,344</b>	<b>574</b>	<b>-4,957</b>	<b>5,416</b>	<b>-4,049</b>	<b>-8,549</b>	<b>-7,181</b>
<b>Americas</b>	<b>-741</b>	<b>-2,233</b>	<b>-2,593</b>	<b>-5,567</b>	<b>503</b>	<b>-3,772</b>	<b>-7,276</b>	<b>-10,546</b>	*	<b>-2,620</b>	*	<b>23,466</b>
<b>North America</b>	*	<b>-1,337</b>	<b>-485</b>	*	<b>1,234</b>	<b>-1,445</b>	<b>-1,045</b>	<b>-1,257</b>	*	<b>-500</b>	*	<b>4,332</b>
<i>of which:</i>												
Canada	*	-22	-21	*	*	-49	*	<b>-326</b>	*	*	1	<b>84</b>
United States	368	-1,314	-464	<b>-1,409</b>	*	-1,396	*	<b>-931</b>	*	*	*	<b>4,249</b>
<b>Central America</b>	*	<b>-895</b>	*	<b>-3,225</b>	*	*	*	<b>-9,294</b>	*	<b>-2,122</b>	*	<b>19,144</b>
<b>South America</b>	*	<b>-2</b>	*	*	*	*	*	<b>4</b>	<b>-9</b>	<b>0</b>	<b>-3</b>	<b>-9</b>
<b>Asia</b>	<b>-376</b>	<b>37</b>	<b>45</b>	<b>-294</b>	*	<b>-541</b>	<b>214</b>	*	*	<b>-596</b>	*	<b>-601</b>
<i>of which:</i>												
China	*	-34	*	<b>-8</b>	-1	8	6	<b>12</b>	-8	*	-5	*
Hong Kong	*	*	5	<b>-21</b>	0	-62	3	<b>-60</b>	*	*	1	<b>-220</b>
Japan	0	*	8	*	*	*	*	*	*	-34	*	<b>-12</b>
<b>Africa</b>	*	<b>17</b>	*	<b>49</b>	*	*	<b>1</b>	*	*	*	*	*
<b>Oceania and Polar Regions</b>	<b>-290</b>	<b>-56</b>	<b>0</b>	<b>-345</b>	*	<b>-76</b>	*	<b>182</b>	<b>344</b>	<b>-204</b>	<b>46</b>	<b>184</b>
<b>Not geographically allocated<sup>5</sup></b>	*	<b>-142</b>	*	<b>-1,000</b>	<b>-952</b>	*	*	<b>-836</b>	*	*	*	*
<b>Total</b>	<b>-10,325</b>	<b>-4,675</b>	<b>-4,160</b>	<b>-19,159</b>	<b>-328</b>	<b>-10,521</b>	<b>-6,023</b>	<b>-16,874</b>	<b>14,963</b>	<b>-9,134</b>	<b>-2,742</b>	<b>3,086</b>
<i>of which:</i>												
All offshore centres <sup>6</sup>	*	-931	*	<b>-3,704</b>	*	-2,796	*	<b>-9,951</b>	*	-2,258	*	<b>17,937</b>

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

<sup>2</sup> Revised

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

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

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

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

\* Data suppressed for confidentiality reasons

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

€ million

Region/Country	2009 <sup>2</sup>				2010 <sup>2</sup>				2011			
	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total	Equity	Reinvested Earnings	Other Capital	Total
<b>Europe</b>	<b>3,710</b>	<b>10,746</b>	<b>5,332</b>	<b>19,790</b>	<b>-2,623</b>	<b>12,999</b>	<b>6,872</b>	<b>17,247</b>	<b>-35,866</b>	<b>15,250</b>	<b>40,629</b>	<b>20,011</b>
<i>of which:</i>												
Belgium	867	662	683	<b>2,212</b>	*	762	*	<b>-505</b>	-140	1,005	96	<b>960</b>
France	-51	189	4,323	<b>4,460</b>	1,694	223	1,658	<b>3,575</b>	362	743	1,308	<b>2,412</b>
Germany	-112	181	2,095	<b>2,162</b>	-163	101	-105	<b>-166</b>	-238	317	1,043	<b>1,121</b>
Italy	1,048	1,021	230	<b>2,299</b>	-123	1,090	-92	<b>874</b>	*	1,072	*	<b>1,144</b>
Luxembourg	-995	467	-3,638	<b>-4,166</b>	-4,933	842	-1,299	<b>-5,391</b>	4,895	844	*	*
Netherlands	295	6,781	-2,705	<b>4,373</b>	-10,796	7,977	-3,735	<b>-6,553</b>	-34,765	7,093	21,399	<b>-6,271</b>
United Kingdom	2,324	709	2,062	<b>5,096</b>	6,698	784	3,134	<b>10,617</b>	-5,201	1,059	-3,569	<b>-7,713</b>
<b>EU 27<sup>3</sup></b>	<b>3,863</b>	<b>10,363</b>	<b>2,412</b>	<b>16,638</b>	<b>-3,833</b>	<b>11,661</b>	<b>1,006</b>	<b>8,833</b>	<b>-35,765</b>	<b>12,769</b>	<b>43,078</b>	<b>20,082</b>
<b>EMU 17<sup>4</sup></b>	<b>1,449</b>	<b>9,802</b>	<b>3,581</b>	<b>14,834</b>	<b>-11,407</b>	<b>10,668</b>	<b>-2,731</b>	<b>-3,472</b>	<b>-30,551</b>	<b>11,612</b>	<b>46,044</b>	<b>27,106</b>
<b>North America</b>	*	<b>2,289</b>	*	<b>-11,798</b>	<b>2,275</b>	<b>2,901</b>	<b>2,333</b>	<b>7,509</b>	*	<b>3,320</b>	*	<b>-4,211</b>
<i>of which:</i>												
Canada	*	484	*	<b>-232</b>	165	120	349	<b>633</b>	*	106	*	<b>-5,551</b>
United States	2,298	1,805	-15,671	<b>-11,566</b>	2,111	2,781	1,983	<b>6,874</b>	*	3,213	*	<b>1,341</b>
<b>Central America</b>	<b>730</b>	<b>4,631</b>	<b>532</b>	<b>5,892</b>	<b>1,939</b>	<b>4,390</b>	<b>296</b>	<b>6,625</b>	*	<b>4,239</b>	*	<b>-8,215</b>
<i>of which:</i>												
Bermuda	700	4,281	-382	<b>4,601</b>	2,424	4,142	1,758	<b>8,323</b>	*	3,542	*	<b>-8,371</b>
<b>South America</b>	<b>0</b>	<b>0</b>	<b>-16</b>	<b>-16</b>	<b>0</b>	<b>0</b>	<b>190</b>	<b>190</b>	<b>0</b>	<b>0</b>	<b>85</b>	<b>85</b>
<i>of which:</i>												
Brazil	0	0	22	<b>22</b>	0	0	140	<b>140</b>	0	0	116	<b>116</b>
<b>Asia</b>	*	<b>89</b>	*	<b>2,601</b>	<b>-17</b>	<b>95</b>	<b>-172</b>	<b>-94</b>	*	<b>32</b>	*	<b>3,140</b>
<i>of which:</i>												
China	0	0	-286	<b>-286</b>	0	0	-794	<b>-794</b>	0	0	584	<b>584</b>
Japan	*	52	*	<b>1,380</b>	*	78	*	<b>-1,777</b>	*	19	*	<b>577</b>
<b>Africa</b>	<b>0</b>	<b>1</b>	<b>-195</b>	<b>-195</b>	<b>0</b>	*	*	*	<b>0</b>	<b>-8</b>	<b>29</b>	<b>21</b>
<b>Oceania and Polar Regions</b>	<b>0</b>	*	*	<b>-37</b>	*	*	<b>-47</b>	<b>-94</b>	*	*	<b>-39</b>	<b>-25</b>
<b>Not geographically allocated<sup>5</sup></b>	*	*	<b>2,759</b>	<b>2,274</b>	*	<b>20</b>	*	*	*	*	*	<b>-2,557</b>
<b>Total</b>	<b>5,840</b>	<b>17,301</b>	<b>-4,630</b>	<b>18,511</b>	<b>1,609</b>	<b>20,354</b>	<b>10,356</b>	<b>32,319</b>	<b>-36,372</b>	<b>22,918</b>	<b>21,703</b>	<b>8,249</b>
<i>of which:</i>												
All offshore centres <sup>6</sup>	-262	4,729	1,478	<b>5,942</b>	3,812	4,615	4,812	<b>13,237</b>	*	4,529	*	<b>-7,552</b>

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

<sup>2</sup> Revised

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

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

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

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

\* Data suppressed for confidentiality reasons

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

€ million

Region/Country	2009 <sup>2</sup>			2010 <sup>2</sup>			2011		
	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total
<b>Europe</b>	<b>108,656</b>	<b>18,212</b>	<b>126,868</b>	<b>139,741</b>	<b>20,598</b>	<b>160,339</b>	<b>142,738</b>	<b>36,276</b>	<b>179,015</b>
<i>of which:</i>									
France	*	*	<b>1,842</b>	*	56	*	1,852	119	<b>1,972</b>
Germany	3,762	72	<b>3,834</b>	3,957	79	<b>4,037</b>	3,807	100	<b>3,907</b>
Italy	160	124	<b>284</b>	*	*	<b>978</b>	*	*	<b>480</b>
Luxembourg	27,017	8,622	<b>35,639</b>	24,982	8,484	<b>33,466</b>	29,240	18,387	<b>47,627</b>
Netherlands	21,069	208	<b>21,277</b>	28,725	2,478	<b>31,203</b>	28,929	2,154	<b>31,083</b>
Switzerland	185	*	*	*	*	*	*	*	<b>4,419</b>
United Kingdom	25,983	5,342	<b>31,325</b>	36,362	5,114	<b>41,476</b>	44,859	5,464	<b>50,323</b>
Offshore centres	4,335	903	<b>5,238</b>	5,777	558	<b>6,335</b>	*	*	<b>6,942</b>
<b>EU 27<sup>3</sup></b>	<b>103,521</b>	<b>15,958</b>	<b>119,479</b>	<b>125,995</b>	<b>19,554</b>	<b>145,549</b>	<b>132,012</b>	<b>34,961</b>	<b>166,973</b>
<b>EMU 17<sup>4</sup></b>	<b>68,080</b>	<b>10,814</b>	<b>78,894</b>	<b>79,360</b>	<b>13,973</b>	<b>93,333</b>	<b>78,775</b>	<b>21,815</b>	<b>100,590</b>
<b>Americas</b>	<b>58,017</b>	<b>10,923</b>	<b>68,940</b>	<b>69,620</b>	*	*	<b>52,702</b>	<b>831</b>	<b>53,533</b>
<b>North America</b>	*	*	<b>26,209</b>	<b>21,138</b>	<b>2,987</b>	<b>24,125</b>	*	*	<b>18,606</b>
<i>of which:</i>									
Canada	*	*	<b>1,102</b>	*	*	<b>1,475</b>	*	*	<b>1,523</b>
United States	22,591	2,517	<b>25,108</b>	*	*	<b>22,650</b>	15,366	1,717	<b>17,083</b>
<b>Central America</b>	*	*	<b>42,567</b>	*	*	<b>61,142</b>	<b>35,686</b>	<b>-949</b>	<b>34,737</b>
<i>of which:</i>									
Offshore centres	*	*	<b>42,275</b>	*	*	<b>60,718</b>	35,670	-951	<b>34,719</b>
<b>South America</b>	*	*	<b>163</b>	*	*	*	*	*	<b>190</b>
<b>Asia</b>	<b>5,490</b>	<b>3</b>	<b>5,493</b>	<b>2,208</b>	<b>-293</b>	<b>1,915</b>	<b>2,338</b>	<b>-259</b>	<b>2,079</b>
<b>Africa</b>	*	*	<b>315</b>	*	*	*	*	*	<b>152</b>
<b>Oceania and Polar Regions</b>	<b>1,287</b>	<b>29</b>	<b>1,317</b>	*	*	<b>4,572</b>	*	*	<b>3,034</b>
<b>Not geographically allocated<sup>5</sup></b>	*	*	<b>2,075</b>	<b>1,938</b>	<b>108</b>	<b>2,047</b>	<b>4,066</b>	<b>616</b>	<b>4,681</b>
<b>Total</b>	<b>175,617</b>	<b>29,391</b>	<b>205,008</b>	<b>218,098</b>	<b>36,440</b>	<b>254,538</b>	<b>204,946</b>	<b>37,548</b>	<b>242,494</b>
<i>of which:</i>									
All offshore centres <sup>6</sup>	*	*	<b>48,077</b>	*	*	<b>68,274</b>	42,685	79	<b>42,764</b>

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

<sup>2</sup> Revised

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

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

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

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

\* Data suppressed for confidentiality reasons

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

€ million

Region/Country	2009 <sup>2</sup>			2010 <sup>2</sup>			2011		
	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total	Equity Capital & Reinvested Earnings	Other Capital	Total
<b>Europe</b>	<b>142,832</b>	<b>-4,421</b>	<b>138,411</b>	<b>142,246</b>	<b>3,424</b>	<b>145,670</b>	<b>118,383</b>	<b>46,961</b>	<b>165,344</b>
<i>of which:</i>									
Belgium	3,785	3,851	7,637	106	33	139	-2,031	-1,451	-3,482
France	11,291	189	11,480	13,160	2,734	15,893	10,799	4,384	15,182
Germany	8,137	-890	7,247	8,201	-601	7,600	9,419	522	9,941
Italy	8,283	765	9,048	6,474	548	7,022	6,542	846	7,389
Luxembourg	23,155	7,494	30,648	17,794	8,277	26,071	23,968	33,166	57,134
Netherlands	49,582	-14,148	35,435	45,262	-17,374	27,888	23,451	3,976	27,427
Spain	4,241	-237	4,004	7,214	1,378	8,592	5,688	343	6,031
Switzerland	6,714	330	7,044	7,317	3,778	11,095	9,056	2,764	11,820
United Kingdom	22,154	-1,335	20,820	27,738	1,460	29,197	21,269	906	22,175
Offshore centres	*	*	304	3,486	987	4,473	3,790	-105	3,685
<b>EU 27<sup>3</sup></b>	<b>134,269</b>	<b>-4,346</b>	<b>129,923</b>	<b>131,150</b>	<b>-2,319</b>	<b>128,831</b>	<b>105,255</b>	<b>43,984</b>	<b>149,239</b>
<b>EMU 17<sup>4</sup></b>	<b>110,242</b>	<b>-2,133</b>	<b>108,109</b>	<b>99,507</b>	<b>-3,746</b>	<b>95,761</b>	<b>79,721</b>	<b>42,540</b>	<b>122,261</b>
<b>North America</b>	<b>48,209</b>	<b>-38,728</b>	<b>9,481</b>	<b>53,586</b>	<b>-21,815</b>	<b>31,771</b>	<b>53,075</b>	<b>-46,083</b>	<b>6,993</b>
<i>of which:</i>									
Canada	4,013	3,374	7,387	*	*	8,832	3,179	-666	2,513
United States	44,196	-42,102	2,094	*	*	22,939	49,896	-45,417	4,480
<b>Central America</b>	<b>28,331</b>	<b>-2,860</b>	<b>25,471</b>	<b>34,604</b>	<b>-3,239</b>	<b>31,365</b>	<b>25,108</b>	<b>-3,697</b>	<b>21,411</b>
<i>of which:</i>									
Offshore centres	28,276	-2,842	25,434	34,226	-3,235	30,991	25,044	-3,609	21,435
<b>South America</b>	<b>0</b>	<b>-298</b>	<b>-298</b>	<b>0</b>	<b>-98</b>	<b>-98</b>	<b>0</b>	<b>-242</b>	<b>-242</b>
<i>of which:</i>									
Brazil	0	-210	-210	0	-80	-80	0	-185	-185
<b>Asia</b>	<b>868</b>	<b>107</b>	<b>975</b>	<b>618</b>	<b>180</b>	<b>798</b>	<b>356</b>	<b>3,582</b>	<b>3,938</b>
<i>of which:</i>									
China	0	-109	-109	*	*	-874	*	*	-272
Japan	113	1,489	1,602	156	-130	26	*	*	662
Singapore	-20	1,435	1,415	*	*	3,465	-37	*	*
Offshore centres <sup>5</sup>	-19	879	860	-39	3,468	3,429	-22	5,083	5,061
<b>Africa</b>	<b>*</b>	<b>*</b>	<b>-111</b>	<b>*</b>	<b>*</b>	<b>146</b>	<b>*</b>	<b>*</b>	<b>82</b>
<b>Oceania and Polar Regions</b>	<b>1,047</b>	<b>-614</b>	<b>433</b>	<b>*</b>	<b>*</b>	<b>1,076</b>	<b>*</b>	<b>*</b>	<b>1,100</b>
<b>Not geographically allocated<sup>6</sup></b>	<b>*</b>	<b>*</b>	<b>-752</b>	<b>87</b>	<b>2,907</b>	<b>2,994</b>	<b>1,059</b>	<b>-5,176</b>	<b>-4,118</b>
<b>Total</b>	<b>221,515</b>	<b>-47,905</b>	<b>173,610</b>	<b>233,252</b>	<b>-19,529</b>	<b>213,722</b>	<b>200,098</b>	<b>-5,590</b>	<b>194,508</b>
<i>of which:</i>									
All offshore centres <sup>7</sup>	29,560	-3,046	26,515	37,999	1,031	39,030	29,004	1,368	30,372

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

<sup>2</sup> Revised

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

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

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

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

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

\* Data suppressed for confidentiality reasons

**Table 5 - Direct Investment<sup>1</sup> Flows Abroad Classified by Activity<sup>2</sup> of Resident Investor, 2010 and 2011**

€ million

Sector	NACE <sup>2</sup>	2010 <sup>3</sup>			2011		
		Total	of which:		Total	of which:	
			EU 27 <sup>4</sup>	EMU 17 <sup>5</sup>		EU 27 <sup>4</sup>	EMU 17 <sup>5</sup>
<b>All Industries</b>		<b>-16,874</b>	<b>-9,681</b>	<b>-4,957</b>	<b>3,086</b>	<b>-16,151</b>	<b>-7,181</b>
<i>of which:</i>							
<b>Agriculture, Forestry and Fishing; Mining and Quarrying; Construction</b>	<i>Sec A, B &amp; F</i>	*	*	*	*	*	*
<b>Total Manufacturing Sector</b>	<i>Sec C</i>	<b>-1,385</b>	<b>-860</b>	<b>-317</b>	<b>-2,524</b>	<b>-3,363</b>	<b>-3,122</b>
Food, beverages and tobacco products	<i>10, 11 &amp; 12</i>	<b>-558</b>	<b>-442</b>	*	*	*	*
Textiles and wood	<i>13, 14 &amp; 16 - 18</i>	<b>-99</b>	<b>-339</b>	*	*	*	*
Basic pharmaceutical products and preparations	<i>21</i>	<b>-22</b>	<b>142</b>	<b>140</b>	<b>-70</b>	*	*
Other manufacturing n.e.s.		<b>-706</b>	<b>-221</b>	<b>-122</b>	<b>-39</b>	<b>-132</b>	<b>-120</b>
<b>Electricity, Gas, Steam and Air Conditioning supply</b>	<i>Sec D</i>	*	*	*	*	*	*
<b>Total Services Sector</b>	<i>45 - 99</i>	<b>-15,399</b>	<b>-8,673</b>	<b>-4,746</b>	<b>6,848</b>	<b>-11,788</b>	<b>-4,014</b>
Wholesale and retail trade; Repairs of motor vehicles	<i>Sec G</i>	<b>-3,960</b>	*	*	<b>-4,293</b>	*	<b>-179</b>
Transportation and storage	<i>Sec H</i>	<b>61</b>	<b>13</b>	<b>12</b>	<b>-572</b>	*	*
Information and communication	<i>Sec I</i>	*	<b>-151</b>	<b>-99</b>	*	<b>-80</b>	<b>-33</b>
Financial and insurance activities	<i>Sec K</i>	<b>-7,237</b>	<b>-5,953</b>	<b>-3,099</b>	<b>2,630</b>	<b>-4,680</b>	<b>-3,855</b>
<i>of which:</i>							
<i>Activities of holding companies</i>	<i>64.2</i>	<b>-10,188</b>	<b>-3,848</b>	<b>-3,711</b>	<b>-810</b>	<b>-4,574</b>	<b>-3,587</b>
Other service activities <sup>6</sup>		*	*	*	*	<b>26</b>	*

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

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

<sup>3</sup> Revised

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

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

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

\* Data suppressed for confidentiality reasons

**Table 6 - Direct Investment<sup>1</sup> Flows into Ireland Classified by Activity<sup>2</sup> of Resident Enterprise, 2010 and 2011**

€ million

Sector	NACE <sup>2</sup>	2010 <sup>3</sup>						2011					
		Total	United States	Japan	of which:			Total	United States	Japan	of which:		
					EU 27 <sup>4</sup>	EMU 17 <sup>5</sup>	Offshore Centres				EU 27 <sup>4</sup>	EMU 17 <sup>5</sup>	Offshore Centres
<b>All Industries</b>		<b>32,319</b>	<b>6,874</b>	<b>-1,777</b>	<b>8,833</b>	<b>-3,472</b>	<b>13,237</b>	<b>8,249</b>	<b>1,341</b>	<b>577</b>	<b>20,082</b>	<b>27,106</b>	<b>-7,552</b>
Agriculture, Forestry and Fishing; Mining and Quarrying; Construction	Sec A, B & F	*	*	0	*	*	0	*	*	0	*	*	0
<b>Total Manufacturing Sector</b>	Sec C	<b>-4,399</b>	<b>1,379</b>	<b>-14</b>	<b>-6,925</b>	<b>-7,847</b>	<b>-209</b>	<b>9,869</b>	<b>-220</b>	<b>107</b>	<b>8,380</b>	<b>7,522</b>	<b>1,748</b>
Food, beverages and tobacco products	10, 11 & 12	-137	-56	*	-499	-383	529	1,987	321	-1	1,429	1,307	1,432
Textiles and wood	13, 14 & 16 - 18	-125	*	0	*	*	*	*	0	0	*	*	*
Basic pharmaceutical products and preparations	21	-6,780	60	40	-7,601	-8,396	-643	4,276	-1,299	62	3,802	3,713	173
Other manufacturing n.e.s.		2,643	*	*	*	*	*	*	758	46	*	*	*
<b>Electricity, Gas, Steam and Air Conditioning supply</b>	Sec D	*	*	0	*	*	0	*	*	0	*	*	0
<b>Total Services Sector</b>	45 - 99	<b>36,582</b>	<b>5,486</b>	<b>-1,763</b>	<b>15,638</b>	<b>4,290</b>	<b>13,447</b>	<b>-1,868</b>	<b>1,553</b>	<b>471</b>	<b>11,471</b>	<b>19,683</b>	<b>-9,299</b>
Wholesale and retail trade; Repairs of motor vehicles	Sec G	114	-870	*	689	-56	*	266	-858	2	840	1,333	-311
Transportation and storage	Sec H	*	*	0	*	*	0	*	0	0	0	0	*
Information and communication	Sec I	4,173	-766	-7	-1,141	-157	*	-7,401	1,483	*	552	941	*
Financial intermediation	64	25,443	7,545	*	15,104	3,344	4,938	7,075	1,682	*	9,839	17,203	276
of which:													
Activities of holding companies	64.2	*	-9	*	*	47	268	-7,076	*	0	*	*	*
Insurance, reinsurance and pension funding	65	3,162	-96	*	1,392	909	533	-2,819	*	*	*	*	*
Other financial activities	66	-566	*	0	-289	472	*	1,215	*	0	*	*	*
Other services activities		*	-126	-23	*	*	-74	*	-113	31	743	533	-213

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

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

<sup>3</sup> Revised

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

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

\* Data suppressed for confidentiality reasons



**Table 7 - Direct Investment<sup>1</sup> Abroad End Year Positions Classified by Activity<sup>2</sup> of Resident Investor, 2010 and 2011**

€ million

Sector	NACE <sup>2</sup>	2010 <sup>3</sup>			2011		
		Total	of which:		Total	of which:	
			EU 27 <sup>4</sup>	EMU 17 <sup>5</sup>		EU 27 <sup>4</sup>	EMU 17 <sup>5</sup>
<b>All Industries</b>		<b>254,538</b>	<b>145,549</b>	<b>93,333</b>	<b>242,494</b>	<b>166,973</b>	<b>100,590</b>
<i>of which:</i>							
<b>Agriculture, Forestry and Fishing; Mining and Quarrying; Construction</b>	<i>Sec A, B &amp; F</i>	*	*	*	*	*	*
<b>Total Manufacturing Sector</b>	<i>Sec C</i>	<b>14,658</b>	<b>9,005</b>	<b>6,403</b>	<b>16,106</b>	<b>10,274</b>	<b>7,108</b>
Food, beverages and tobacco products	<i>10, 11 &amp; 12</i>	<b>2,942</b>	*	<i>1,458</i>	<b>5,220</b>	*	*
Textiles and wood	<i>13, 14 &amp; 16 - 18</i>	*	*	*	*	*	*
Basic pharmaceutical products and preparations	<i>21</i>	*	*	*	*	*	*
Other manufacturing n.e.s.		*	<i>1,554</i>	<i>196</i>	<b>2,325</b>	<i>1,839</i>	<i>205</i>
<b>Electricity, Gas, Steam and Air Conditioning supply</b>	<i>Sec D</i>	*	*	*	*	*	*
<b>Total Services Sector</b>	<i>45 - 99</i>	<b>228,926</b>	<b>132,204</b>	<b>83,257</b>	<b>213,628</b>	<b>151,084</b>	<b>90,081</b>
Wholesale and retail trade; Repairs of motor vehicles	<i>Sec G</i>	<b>18,786</b>	<i>4,799</i>	<i>727</i>	<b>21,411</b>	<i>12,608</i>	<i>964</i>
Transportation and storage	<i>Sec H</i>	*	*	*	*	*	*
Information and communication	<i>Sec I</i>	*	<i>543</i>	<i>262</i>	*	<i>435</i>	<i>309</i>
Financial and insurance activities	<i>Sec K</i>	<b>146,430</b>	<i>90,153</i>	<i>61,584</i>	<b>142,144</b>	<i>104,466</i>	<i>69,315</i>
<i>of which:</i>							
<i>Activities of holding companies</i>	<i>64.2</i>	<b>116,055</b>	<i>64,124</i>	<i>49,830</i>	<b>115,234</b>	<i>78,418</i>	<i>56,757</i>
Other service activities <sup>6</sup>		<b>42,223</b>	*	*	<b>38,240</b>	*	*

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

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

<sup>3</sup> Revised

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

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

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

\* Data suppressed for confidentiality reasons

**Table 8 - Direct Investment<sup>1</sup> in Ireland End year Positions Classified by Activity<sup>2</sup> of Resident Enterprise, 2010 and 2011**

€ million

Sector	NACE <sup>2</sup>	2010 <sup>3</sup>						2011					
		Total	United States	of which:				Total	United States	of which:			
				Japan	EU 27 <sup>4</sup>	EMU 17 <sup>5</sup>	Offshore Centres			Japan	EU 27 <sup>4</sup>	EMU 17 <sup>5</sup>	Offshore Centres
<b>All Industries</b>		<b>213,722</b>	<b>22,939</b>	<b>26</b>	<b>128,831</b>	<b>95,761</b>	<b>39,030</b>	<b>194,508</b>	<b>4,480</b>	<b>662</b>	<b>149,239</b>	<b>122,261</b>	<b>30,372</b>
Agriculture, Forestry and Fishing	Sec A	*	1	0	*	*	0	*	1	0	*	*	0
Mining and Quarrying; Construction	Sec B	*	0	0	*	*	0	*	0	0	*	*	0
<b>Total Manufacturing</b>	Sec C	<b>30,701</b>	<b>3,565</b>	<b>-304</b>	<b>21,579</b>	<b>20,469</b>	<b>2,785</b>	<b>40,210</b>	<b>749</b>	<b>-160</b>	<b>33,332</b>	<b>33,184</b>	<b>3,896</b>
Food, beverages and tobacco products	10, 11 & 12	3,239	328	*	2,340	3,581	*	3,302	*	-3	1,989	3,096	2,484
Textiles and wood	13, 14 & 16 - 18	1,375	0	0	*	*	*	1,000	0	0	*	*	*
Basic pharmaceutical products and preparations	21	11,190	2,075	-237	6,510	5,726	473	20,347	-1,608	*	18,407	17,682	668
Metal and mechanical products	24, 25, 26 & 28	7,785	539	44	8,578	8,450	-1,296	8,866	336	*	9,760	9,685	-1,369
Other manufacturing		7,112	623	*	*	*	1,827	6,695	*	-95	*	*	*
<b>Electricity, Gas, Steam and Air Conditioning supply</b>	Sec D	*	0	0	*	0	0	*	0	0	*	0	0
<b>Total Services Sector</b>	45 - 99	<b>181,606</b>	<b>19,373</b>	<b>330</b>	<b>105,838</b>	<b>75,063</b>	<b>36,245</b>	<b>152,728</b>	<b>3,729</b>	<b>823</b>	<b>114,325</b>	<b>88,941</b>	<b>26,476</b>
Wholesale and retail trade; Repairs of motor vehicles	Sec G	12,274	6,142	*	7,596	5,836	2,181	10,127	3,481	-116	8,258	7,273	1,780
Information and communication	Sec I	20,070	1,692	*	85	2,989	16,196	10,032	1,994	13	3,358	3,544	6,107
Financial intermediation	64	97,454	10,914	*	64,705	41,215	12,560	83,243	-2,148	*	68,105	50,590	13,876
<i>of which:</i>													
<i>Activities of holding companies</i>	64.2	24,118	*	0	15,883	8,901	3,666	16,830	*	0	9,496	*	3,039
Insurance services	65	28,329	1,217	*	19,872	16,293	*	26,631	*	180	19,057	15,458	*
Administrative and support activities	Sec N	15,855	*	28	*	*	273	11,356	*	*	*	*	-472
Other services activities		7,624	*	1	*	*	*	11,339	-223	3	*	*	*

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

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

<sup>3</sup> Revised

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

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\* Data suppressed for confidentiality reasons

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

€ million

Region/Country	2009 <sup>2</sup>			2010 <sup>2</sup>			2011		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
<b>Europe</b>	<b>4,093</b>	<b>21,348</b>	<b>-17,256</b>	<b>7,706</b>	<b>23,581</b>	<b>-15,875</b>	<b>7,917</b>	<b>24,644</b>	<b>-16,727</b>
<i>of which:</i>									
Belgium	2	937	-934	-40	1,143	-1,183	-18	1,127	-1,145
France	259	468	-209	304	473	-168	464	994	-530
Germany	176	321	-145	145	222	-77	153	488	-335
Italy	22	1,289	-1,267	*	1,354	*	*	1,304	*
Luxembourg	959	1,985	-1,027	2,281	1,944	336	2,770	2,108	662
Netherlands	495	9,328	-8,833	1,895	10,477	-8,583	2,399	11,026	-8,628
Spain	162	481	-319	172	622	-451	116	689	-572
Switzerland	35	3,435	-3,399	*	3,890	*	*	3,883	*
United Kingdom	1,602	1,891	-289	2,306	2,231	76	1,860	1,983	-123
<b>EU 27<sup>3</sup></b>	<b>4,021</b>	<b>17,722</b>	<b>-13,701</b>	<b>7,420</b>	<b>19,261</b>	<b>-11,841</b>	<b>8,416</b>	<b>20,309</b>	<b>-11,893</b>
<b>EMU 17<sup>4</sup></b>	<b>2,101</b>	<b>15,348</b>	<b>-13,247</b>	<b>4,698</b>	<b>16,453</b>	<b>-11,754</b>	<b>5,754</b>	<b>17,890</b>	<b>-12,135</b>
<b>Americas</b>	<b>4,513</b>	<b>13,757</b>	<b>-9,244</b>	<b>5,716</b>	<b>13,829</b>	<b>-8,113</b>	<b>5,493</b>	<b>16,100</b>	<b>-10,609</b>
<i>of which:</i>									
Canada	46	538	-491	75	192	-117	-65	185	-249
United States	3,270	4,189	-919	3,055	4,329	-1,273	2,755	5,397	-2,642
Offshore centres	1,179	9,035	-7,857	2,579	9,308	-6,729	2,795	10,517	-7,722
<b>Asia</b>	<b>405</b>	<b>166</b>	<b>239</b>	<b>724</b>	<b>164</b>	<b>560</b>	<b>847</b>	<b>115</b>	<b>733</b>
<i>of which:</i>									
Japan	*	91	*	138	117	20	*	64	*
<b>Africa</b>	<b>-16</b>	<b>*</b>	<b>*</b>	<b>6</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>33</b>
<b>Oceania and Polar Regions</b>	<b>87</b>	<b>80</b>	<b>7</b>	<b>128</b>	<b>*</b>	<b>*</b>	<b>244</b>	<b>*</b>	<b>*</b>
<b>Not geographically allocated<sup>5</sup></b>	<b>135</b>	<b>*</b>	<b>*</b>	<b>57</b>	<b>81</b>	<b>-28</b>	<b>*</b>	<b>*</b>	<b>*</b>
<b>Total</b>	<b>9,217</b>	<b>34,965</b>	<b>-25,748</b>	<b>14,337</b>	<b>37,636</b>	<b>-23,299</b>	<b>14,573</b>	<b>41,114</b>	<b>-26,541</b>
<i>of which:</i>									
Offshore centres <sup>6</sup>	1,219	9,194	-7,974	3,045	9,695	-6,649	3,029	10,979	-7,951

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

<sup>2</sup> Revised

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

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

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

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

\* Data suppressed for confidentiality reasons

## Background Notes *(updated August 2012)*

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

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

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

**Data collection** The general data collection and compilation arrangements are described more fully in the BOP and IIP releases. BOP-related data collection is statutory and surveys are conducted by the CSO and by the Central Bank of Ireland (CBI). Other data obtained from administrative sources are also used. Following the introduction of a redesigned BOP data collection system in 1998 and up to 2007, the CSO undertook all the necessary survey collection and compilation required. However, following a joint initiative involving the CSO and the CBI to rationalise statistical data collection and compilation for the financial sector and also to reduce the burden on data providers the data collection arrangements have changed. As a consequence, since 2008 the data required from licensed banks (credit institutions) and from investment funds (including money market funds) to meet BOP, IIP, external debt, foreign direct investment and other statistical demands on both organisations are being collected quarterly by the CBI under its legislation as well as European legislation<sup>1</sup>. The data are supplied by the CBI to CSO for statistical compilation purposes. As a consequence the CSO has discontinued its surveys of credit institutions and investment funds but continues to collect the required data from other financial enterprises as well as non-financial enterprises using its ongoing quarterly statutory surveys. These are conducted under the Statistics (Balance of Payments and Financial Accounts) Order, 2010 (S.I. No. 206 of 2010) made under the Statistics Act, 1993.

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

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

Following the recommendations of the IMF, ECB, EUROSTAT and OECD, direct investment flows are recorded on a '*directional basis*' rather than the more usual assets/liabilities basis. *Direct investment abroad* covers *net* investment by companies resident in Ireland in their foreign branches, subsidiaries and associated companies. *Direct investment in Ireland* covers the *net* investment by foreign companies in their affiliates located in Ireland.

The compilation system for direct investment also includes investment by Irish private residents (households) in residential and commercial property abroad. Such properties are regarded as constituting notional direct investment enterprises overseas and are treated accordingly in the system, both in terms of any relevant financial account investment flows and any current account flows (services or income). In addition, foreign investment in bloodstock breeding activities in Ireland as well as associated income flows are now reflected in the BOP statistics.

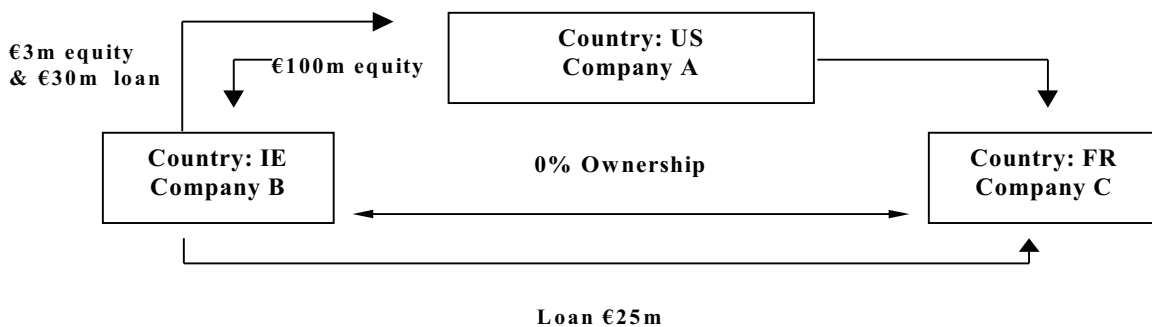
#### Directional Principle for recording direct investment

In line with the quarterly BOP flow and annual IIP stock data, direct investments of Irish resident investors in foreign enterprises are recorded under the category *direct investment abroad* (which approximates to the assets concept). Similar investments made by foreign investors in enterprises located in Ireland are recorded under *direct investment in Ireland* (which closely equates to liabilities). The essential difference between the directional principle and the assets/liabilities approach centres on the treatment of reverse investment by a direct investment enterprise in its parent (direct investor) and on the treatment of transactions with other foreign affiliates covered by a direct investment relationship.

In the Irish context, reverse *equity* investment in a parent enterprise is rare and tends to be relatively small. However, substantial flows (and positions) under the category *direct investment – other capital* can take place. These predominantly take the form of inter-affiliate loans but trade credits and transactions in financial securities between affiliates are also included.

The treatment of reverse investment has to be considered under three scenarios:

- ◆ First, for *reverse equity investment for holdings of 10% or more of the voting capital*, such transactions are regarded as separate direct investment in their own right for both the equity and non-equity involved.
- ◆ Second, for *reverse equity investment for holdings of less than 10% of the voting capital*, the transactions involved, whether in equity or non-equity instruments, are regarded as offsetting (or netted against) any existing direct investment by the parent in the enterprise. For example, if a US direct investor A invests €100m in a direct investment enterprise B located in Ireland and B acquires a small reverse equity investment of €3m in its parent (A) then the value of *direct investment in Ireland-equity* is €97m (i.e. €100m less €3m). Extending this example, if B advances a €30m loan to parent, A, *direct investment in Ireland-other capital* is €30m lower. Overall *direct investment in Ireland* from A to B is therefore €67m (i.e. €100m - €3m - €30m).
- ◆ The third scenario concerns a *non-equity transaction between enterprises related other than through equity ownership* (e.g. between 'sister' or 'cousin' companies). Given a number of considerations, there is some flexibility in the international standards regarding the treatment of this situation. In Ireland's case and in order to ensure that all inward and outward flows (and stocks) arising from an initial inward direct investment are retained within the *direct investment in Ireland* category, the same principle as for reverse equity or non-equity investment with a parent company is applied. The transaction referred to is therefore treated as offsetting any existing *other capital* investment. Again extending the earlier example, if resident direct investment enterprise, B, advances a loan of €25m to a sister company, C, located in France, *direct investment in Ireland – other capital* is lowered by €25m and overall *direct investment in Ireland* from A to B amounts to €42m (i.e. €100m - €3m - €30m - €25m) – see diagram below. Cases occur on an ongoing basis where the outward investment flows or positions of B (or other sister direct investment enterprises located in Ireland) exceed the amounts attributable to A under *direct investment in Ireland*. The equivalent treatment is applied for similar situations categorised under *direct investment abroad*.



**Geographical allocation principle**

In line with the international recommendations, direct investment flows and stocks are geographically attributed on the basis of country of location of immediate ownership of the direct investment enterprise rather than that of the ultimate beneficial owner. Therefore, if a US investor directly invests in a direct investment enterprise located in Ireland, the origin of the investment as presented in these statistics is US. If the US investor indirectly invests, through its Cayman Islands subsidiary, in an enterprise located in Ireland then the origin of the investment is Cayman Islands. In both cases, the country of location of the ultimate beneficial owner is US. This may have a significant impact on the geographic analysis of FDI statistics.

**Economic Activity Classification**

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

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

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