

This metadata describes the compilation practices, sources and methodology in use in 2003. Please refer to the contact person below for details of any changes that may have been introduced by the country since that time.

Ireland:

Direct Investment Compilation Practices, Data Sources and Methodology

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Direct Investment in Ireland

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

Direct Investment Abroad

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

DIRECT INVESTMENT IN IRELAND

BALANCE OF PAYMENTS (“INWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable quarterly data are compiled by the Central Statistical Office (CSO) within the balance of payments framework on (a) the components of direct investment income: (i) income on equity (dividends and distributed branch profits), (ii) reinvested earnings, and (iii) income on debt (interest), and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital. These data are disseminated in the CSO's *Balance of International Payments Statistical Release*, which is published with a timeliness of 3 months after the end of the reference period. The quarterly data are also reported to the IMF, the OECD and Eurostat for publication.

In addition, starting in December 2003, annual data (the sum of the quarterly data) for these components are disseminated in the CSO's *Foreign Direct Investment Statistical Release*, which is published 12 months after the end of the reference year. The annual data are also reported to the OECD and Eurostat.

Revision Practices

The data are preliminary when first released. The quarterly data that are published in the *Balance of International Payments Statistical Release* are revised twice to take account of late reporters and revised source data. The first revision occurs 6 months after the end of the reference period and the second revision occurs one year later, that is, 18 months after the end of the reference period. At this time the data become final, that is, 15 months after their first release. The revised quarterly data are disseminated quarterly together with the preliminary data for the latest quarter in the *Balance of International Payments Statistical Release*. The annual data are revised once, 12 months after their first release, to take account of the final quarterly data, at which time they become final. The revised annual data are disseminated once a year together with the preliminary data for the latest year in the *Foreign Direct Investment Statistical Release*.

The revised status of the data is clearly identified in the disseminated data and the general public are informed of the reasons for the revisions. The historical data are revised as far back as relevant in instances of major changes in methodology or data collection systems—for example, the historical data were recently revised back to 1999. The public are also informed of major changes in methodology.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF and OECD for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and the data reported to the IMF for publication.

Data Collection Method

The data are collected on an aggregate basis and the reporting requirements are compulsory.

Data Sources

The data for all components are compiled from quarterly and annual enterprise surveys of resident enterprises.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in economic activity with nonresidents is used to compile the inward direct investment transactions data. The register is maintained by the Balance of Payments Division of the CSO and is updated on an ongoing basis using information from (i) the international trade system's list of exporters/importers, (ii) other statistical collection forms, (iii) the CSO's Central Business Register, (iv) registers maintained by the government licensing and regulatory authorities, the corporate affairs authorities, the stock exchange authorities, industry associations, and other departments within the CSO, (v) the financial press, and (vi) compulsory direct investment surveys. The same business register is used to compile the inward direct investment transactions and position data, and the outward direct investment transactions and position data. Ultimately, the CSO plans to amalgamate the balance of payments register presently used for the balance and payments and international investment position data (including the direct investment data) with the CSO's Central Business Register in order to improve the coverage.

Geographic Classification

Annual data showing breakdowns by country for the direct investment income data and the direct investment financial flows data are compiled by the CSO. These data are disseminated once a year with a timeliness of 12 months after the end of the reference period in the *Foreign Direct Investment Statistical Release*. The data are also reported to the OECD and Eurostat once a year with a timeliness of 9 months after the end of the reference year. The data cover 9 countries. Bilateral data are used in the compilation of the country breakdowns for the direct investment financial flows data, but not in the compilation of the country breakdowns for the direct investment income data. The CSO plans to begin to compile annual data showing breakdowns for 68 countries and, beginning in 2004, to report those data to the OECD and Eurostat once a year with a timeliness of 9 months after the end of the reference period.

The debtor/creditor principle is used as the basis for the geographic allocation of the data, applied jointly with the basis of the country of location of the immediate investor. The five countries with the largest amount of direct investment income from investment in Ireland during 2003 (ranked in descending order) were: the Netherlands, the United States, the United Kingdom, Germany, and Belgium/Luxembourg. The five countries with the largest amount of direct investment financial flows into Ireland during 2003 (ranked in descending order) were: the Netherlands, Belgium/Luxembourg, the United States, France, and Germany.

In addition to the data showing country breakdowns, quarterly data are compiled by the CSO showing breakdowns of both the direct investment income and direct investment financial flows for the following economic zones: (i) EMU, (ii) non EMU, (iii) EU 15 (iv) non EU15, (v) EU 25 and (vi) non EU25. These data are disseminated quarterly with a timeliness of 3 months after the end of the reference period in the *Balance of International Payments Statistical Release*. Slightly more detailed quarterly data are reported to the OECD and Eurostat quarterly with a timeliness of 3 months after the end of the reference period. The CSO plans to begin to compile annual data showing breakdowns of the direct investment income and the direct investment financial flows data by regions/economic zones, including for the following: (i) the EU15, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) the ASEAN countries, (vii) the OPEC countries, (viii) the EMU countries, and (ix) the geographic continents, and, beginning in 2004, to report those data once a year to the OECD and Eurostat with a timeliness of 9 months after the end of the reference year.

There are no differences in the data coverage, sources, etc. between the inward transactions data showing geographic breakdowns disseminated in the national publications and reported to the OECD and Eurostat, and the aggregate inward data on direct investment income and direct investment financial flows reported to the IMF for publication.

Industrial Classification

Not applicable. Data showing breakdowns by industrial activity for the direct investment income data and the direct investment financial flows data are not compiled at present. There are plans to begin to do so in 2004 starting with the data for 2003 and based on the classification of NACE Rev. 1.1. The data, which will also show breakdowns by both industrial activity and geographic breakdowns, and will be reported to the OECD and Eurostat, but they will not be disseminated in the national publications due to confidentiality constraints. However, there are plans to begin in 2005 to disseminate data in the national publications showing breakdowns by broad industrial activity, and possibly also breakdowns on an industrial sector basis, subject to confidentiality constraints.

B. Methodology

Definition of Direct Investment Enterprises in Ireland

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Ireland is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management—that is, enterprises in which the nonresident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual nonresident investor or group of related nonresident investors, rather than being calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country. No value threshold is used to identify resident direct investment enterprises, and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The “Fully Consolidated System” (FCS) recommended in the international standards is fully applied. Specifically, (i) the direct investment earnings data include the relevant share of all indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data include all equity and other capital transactions made directly between resident enterprises of a related group as defined in the FCS and nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Ireland are required by law to identify all transactions with the parent company, but are not required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic.

Measurement of Direct Investment Earnings

In accordance with the international standards, the “Current Operating Performance Concept” (COPC) is fully used to calculate direct investment earnings. Specifically, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, (ii) realized and unrealized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses are not included, (iii) interest receivable/payable is included, and (iv) debt repayments receivable/payable are excluded.

Treatment of Income on Equity (Dividends and Distributed Branch Profits)

The data on dividends and distributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) dividends and distributed branch profits are recorded gross of any withholding taxes, (ii) dividends and distributed branch profits of incorporated enterprises are recorded on the date they are declared payable, (iii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iv) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, dividends and distributed branch profits of unincorporated enterprises are recorded on the date they are paid, rather than the date they are declared payable.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings and undistributed branch profits are recorded in the period in which they are earned, (ii) the data include reinvested earnings and undistributed branch profits between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

The data on income on debt (interest) cover both incorporated enterprises and unincorporated enterprises and include interest on (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. In accordance with the international standards, the data do not include (i) interest on financial derivatives, and (ii) interest on deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data are recorded on an accrual basis.

Treatment of Equity Capital

The equity capital transactions data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity transactions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, the data also include non-participating preference shares, which are classified under equity capital, rather than other capital.

Treatment of Other Capital

The other capital transactions data cover (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. In accordance with the international standards, the data exclude (i) loan/debt guarantees provided by direct investors or related direct investment enterprises, and (ii) transactions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being long-term financing arrangements such as subordinated loan capital, or other long-term non-equity capital, such as a zero interest long-term loan that has the purpose of acting as capital.) Contrary to the international standards, the data include (i) changes in insurance company technical reserves, and (ii) financial derivatives. However, the value of the financial derivatives is insignificant at present, and there are plans to exclude financial derivatives from the direct investment data in the future.

Instances when a loan/debt guarantee provided by a direct investor or related direct investment enterprise is invoked following default by a direct investment enterprise have not occurred to date.

Treatment of Reverse Investment

Transactions involving reverse investment are treated in accordance with the international standards.

Assuming that the direct investment enterprise is a resident of Ireland and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, in accordance with the international standards, equity transactions are treated as "Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises" and loan transactions are treated as "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Ireland and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, in accordance with the international standards, equity transactions are recorded as "Direct Investment in Ireland: Equity Capital: Increase in Claims on Direct Investors" and loan transactions are recorded as "Direct Investment in Ireland: Other Capital: Increase in Claims on Direct Investors", and both are reported as such to the IMF.

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation in Ireland by nonresidents of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs.

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established in Ireland by nonresidents are included in the direct investment data.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, (i) activities of SPEs established in Ireland by nonresidents are included in the direct investment data, with no exceptions, and (ii) in the case of SPEs established in Ireland by nonresidents that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries are excluded from the data, except those involving equity capital and permanent debt.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include purchases and sales of land and buildings in Ireland by nonresident enterprises. Contrary to the international standards, the equity capital data do not include purchases and sales of land and buildings in Ireland by nonresident individuals, as these transactions cannot be identified from the present data source. Land and buildings purchased in Ireland by nonresident enterprises and nonresident individuals on long-term leases are included. (Long-term leases are defined as leases with a duration of more than one year.)

Treatment of Natural Resources Exploration

In accordance with the international standards, expenditure related to natural resources exploration in Ireland by nonresidents is included in the equity capital data. Contrary to the international standards, expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise, as this information is not available from the present data source. In accordance with the international standards, in instances of the shutdown of a direct investment enterprise established in Ireland by nonresidents for natural resource exploration, no transactions are shown in the balance of payments statistics.

Exchange Rate Conversion

Most transactions are converted to the unit of account at the exchange rate prevailing on the day of the transaction. However, some transactions are converted at the average exchange rate for the period.

DIRECT INVESTMENT IN IRELAND

INTERNATIONAL INVESTMENT POSITION LIABILITIES (“INWARD POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable annual (calendar year) data are compiled by the Central Statistical Office (CSO) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital. These data are disseminated with a timeliness of 9 months after the end of the reference year in the *International Investment Position Statistical Release*, and subsequently in the *Foreign Direct Investment Statistical Release*, published 12 months after the end of the reference period. The data are also reported to the IMF, the OECD, Eurostat, and the European Central Bank (ECB) for publication.

There are plans to report quarterly data to the ECB with an expected timeliness of 3 months after the end of the reference period by the end of 2004.

Revision Practices

The data are preliminary when first released. The data are generally revised once, 21 months after the end of the reference period, to take account of late reporters and revised source data and are disseminated together with the preliminary data for the latest year. At this time the data are generally considered to be final, that is, 12 months after their first release. However, data for earlier years may also be revised.

The revised status of the data is clearly identified in the disseminated data and the general public are informed of the reasons for the revisions. The historical data are revised as far back as relevant in instances of major changes in methodology or data collection systems—for example, the historical data were recently revised back to 1998.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF and the OECD for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected on an aggregate basis and the reporting requirements are compulsory.

Data Sources

The data for all components are compiled from quarterly and annual enterprise surveys of resident enterprises. The perpetual inventory method (a method for deriving position data from transactions data) is not used.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF and OECD for publication.

A business register of enterprises involved in economic activity with nonresidents is used to compile the inward direct investment position data. The register is maintained by the Balance of Payments Division of the CSO and is updated on an ongoing basis using information from (i) the international trade system's list of exporters/importers, (ii) other statistical collection forms, (iii) the CSO's Central Business Register, (iv) registers maintained by the government licensing and regulatory authorities, the corporate affairs authorities, the stock exchange authorities, industry associations, and other departments within the CSO, (v) the financial press, and

(vi) compulsory direct investment surveys. The same business register is used to compile the inward direct investment transactions and position data, and the outward direct investment transactions and position data. Ultimately, the CSO plans to amalgamate the balance of payments register presently used for the balance and payments and international investment position data (including the direct investment data) with the CSO's Central Business Register in order to improve the coverage.

Geographic Classification

Annual data showing breakdowns by country are compiled by the CSO for the inward direct investment position data, and disseminated once a year with a timeliness of 12 months after the end of the reference period in the *Foreign Direct Investment Statistical Release*. The data cover 9 countries and bilateral data are used in the compilation of the data. The CSO plans to begin to compile more detailed breakdowns by country, covering approximately 68 countries, and, beginning in 2004 to report those data to the OECD and Eurostat once a year with a timeliness of 9 months after the end of the reference year.

In accordance with the international standards, the data are compiled on the basis of the country of immediate ownership (that is, on the "immediate country" basis). This basis is applied jointly with the debtor/creditor approach. The five countries with the largest amount of direct investment in Ireland as at the end of 2003 (ranked in descending order) were: the Netherlands, the United Kingdom, the United States, Belgium/Luxembourg, and Germany.

In addition to the data showing country breakdowns, annual data showing breakdowns of the inward direct investment position data for a limited range of regions/economic zones are compiled by the CSO and are disseminated once a year with a timeliness of 12 months after the end of the reference period in the *Foreign Direct Investment Statistical Release*. However, the CSO plans to compile annual data showing breakdowns of the inward direct investment position data by region/economic zones, including for the following: (i) the EU15, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) the ASEAN countries, (vii) the OPEC countries, (viii) the EMU countries, and (ix) the geographic continents, and, beginning in 2004, to report those data to the OECD and Eurostat once a year with a timeliness of 9 months after the end of the reference period. However, because of confidentiality constraints, these data will not be disseminated in the national publications.

There are no differences in the data coverage, sources, etc. between the inward position data showing geographic breakdowns disseminated in the national publications and reported to the OECD and Eurostat, and the aggregate inward position data reported to the IMF for publication.

Industrial Classification

Not applicable. Data showing breakdowns by industrial activity for the inward direct investment position data are not compiled at present. There are plans to begin to do so in 2004 starting with the data for 2003 and based on the classification of NACE Rev. 1.1. The data, which will also show breakdowns by both industrial activity and geographic breakdowns, will be reported to the OECD and Eurostat, but they will not be disseminated in the national publications due to confidentiality constraints. However, there are plans to begin in 2005 to disseminate data in the *Foreign Direct Investment Statistical Release* showing breakdowns by broad industrial activity, subject to confidentiality constraints.

B. Methodology

Definition of Direct Investment Enterprises in Ireland

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Ireland is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management—that is, enterprises in which the nonresident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual nonresident investor or group of related nonresident investors, rather than being calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country. No value threshold is used to identify resident direct investment enterprises, and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The “Fully Consolidated System” (FCS) recommended in the international standards is fully applied. Specifically, the data include (i) the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises, and (ii) all equity capital and other capital positions held directly by resident enterprises of a related group as defined in the FCS with nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these direct investors or enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Ireland are required by law to identify all transactions with the parent company, but are not required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic.

Treatment of Equity Capital and Reinvested Earnings

The equity capital position data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity positions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

The data on reinvested earnings cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings are recorded in the period in which they are earned, (ii) the data include reinvested earnings between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. (See also the section on the *Measurement of Direct Investment Earnings* in the metadata on the Balance of Payments [transactions] data on Direct Investment in Ireland.)

Treatment of Other Capital

The other capital position data cover (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. In accordance with the international standards, the data exclude (i) loan/debt guarantees provided by direct investors or related direct investment enterprises, and (ii) positions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities. In accordance with the international standards, (i) the data include non-participating preference shares, (ii) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iv) the data include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being long-term financing arrangements such as subordinated loan capital, or other long-term non-equity capital, such as a zero interest long-term loan that has the purpose of acting as capital.) Contrary to the international standards, the data include (i) changes in insurance company technical reserves, and (ii) financial derivatives. However, the value of the financial derivatives is insignificant at present, and there are plans to exclude financial derivatives from the direct investment data in the future.

Instances when a loan/debt guarantee provided by a direct investor or related direct investment enterprise is invoked following default by a direct investment enterprise have not occurred to date.

Treatment of Reverse Investment

Positions involving reverse investment are treated in accordance with the international standards.

Assuming that the direct investment enterprise is a resident of Ireland and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, in accordance with the international standards, equity positions are treated as “Assets: Direct Investment Abroad: Equity Capital: Claims on Affiliated Enterprises” and loan positions are treated as “Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises”.

Assuming that the direct investment enterprise is a resident of Ireland and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, in accordance with the international standards, equity positions are recorded as “Liabilities: Direct Investment in Ireland: Equity Capital: Claims on Direct Investors” and loan positions are recorded as “Liabilities: Direct Investment in Ireland: Other Capital: Claims on Direct Investors”, and both are reported as such to the IMF.

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation in Ireland by nonresidents of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs.

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established in Ireland by nonresidents are included in the direct investment data.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, (i) activities of SPEs established in Ireland by nonresidents are included in the direct investment data, with no exceptions, and (ii) in the case of SPEs established in Ireland by nonresidents that have the primary purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries are excluded from the data, except those involving equity capital and permanent debt.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include ownership of land and buildings in Ireland by nonresident enterprises. Contrary to the international standards, the equity capital data do not include ownership of land and buildings in Ireland by nonresident individuals, as these positions cannot be identified from the present data source. Land and buildings owned in Ireland by nonresident enterprises and nonresident individuals on long-term leases are included in the data. (Long-terms are defined as leases with a duration of more than one year.)

Treatment of Natural Resources Exploration

In accordance with the international standards, expenditure related to natural resources exploration in Ireland by nonresidents is included in the equity capital data. Contrary to the international standards, expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise, as this information is not available from the present data sources. In accordance with the international standards, in instances of the shutdown of a direct investment enterprise established in Ireland by nonresidents for natural resource exploration, an adjustment to reflect that shutdown is made to the liabilities data on direct investment equity capital in the international investment position statistics.

Valuation of Assets and Liabilities

The data on equity capital for listed enterprises are recorded at market values. The data on equity capital for unlisted enterprises are recorded book values, which are the net asset values.

The data on other capital are recorded at book values, which are the balance sheet valuations.

The book values used are those provided by the resident direct investment enterprises, rather than the nonresident direct investors.

Exchange Rate Conversion

All positions are converted to the unit of account at the exchange rate prevailing on the date to which the position data relate.

DIRECT INVESTMENT ABROAD

BALANCE OF PAYMENTS (“OUTWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable quarterly data are compiled by the Central Statistical Office (CSO) within the balance of payments framework on (a) the components of direct investment income: (i) income on equity (dividends and distributed branch profits), (ii) reinvested earnings, and (iii) income on debt (interest), and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital. These data are disseminated in the CSO's *Balance of International Payments Statistical Release*, which is published with a timeliness of 3 months after the end of the reference period. The quarterly data are also reported to the IMF, the OECD and Eurostat for publication.

In addition, starting in December 2003, annual data (the sum of the quarterly data) for these components are disseminated in the CSO's *Foreign Direct Investment Statistical Release*, which is published 12 months after the end of the reference year. The annual data are also reported to the OECD and Eurostat.

Revision Practices

The data are preliminary when first released. The quarterly data that are published in the *Balance of International Payments Statistical Release* are revised twice to take account of late reporters and revised source data. The first revision occurs 6 months after the end of the reference period and the second revision occurs one year later, that is, 18 months after the end of the reference period. At this time the data become final, that is, 15 months after their first release. The revised quarterly data are disseminated quarterly together with the preliminary data for the latest quarter in the *Balance of International Payments Statistical Release*. The annual data are revised once, 12 months after their first release, to take account of the final quarterly data, at which time they become final. The revised annual data are disseminated once a year together with the preliminary data for the latest year in the *Foreign Direct Investment Statistical Release*.

The revised status of the data is clearly identified in the disseminated data and the general public are informed of the reasons for the revisions. The historical data are revised as far back as relevant in instances of major changes in methodology or data collection systems—for example, the historical data were recently revised back to 1999. The public are also informed of major changes in methodology.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF and OECD for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected on an aggregate basis and the reporting requirements are compulsory.

Data Sources

The data for all components are compiled from quarterly and annual enterprise surveys of resident direct investors.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in economic activity with nonresidents is used to compile the outward direct investment transactions data. The register is maintained by the Balance of Payments Division of the CSO and is updated on an ongoing basis using information from (i) the international trade system's list of exporters/importers, (ii) other statistical collection forms, (iii) the CSO's Central Business Register, (iv) registers maintained by the government licensing and regulatory authorities, the corporate affairs authorities, the stock exchange authorities, industry associations, and other departments within the CSO, (v) the financial press, and (vi) compulsory direct investment surveys. The same business register is used to compile the outward direct investment transactions and position data, and the inward direct investment transactions and position data. Ultimately, the CSO plans to amalgamate the balance of payments register presently used for the balance and payments and international investment position data (including the direct investment data) with the CSO's Central Business Register in order to improve the coverage.

Geographic Classification

Annual data showing breakdowns by country for the direct investment income data and the direct investment financial flows data are compiled by the CSO. These data are disseminated once a year with a timeliness of 12 months after the end of the reference period in the *Foreign Direct Investment Statistical Release*. The data are also reported to the OECD and Eurostat once a year with a timeliness of 9 months after the end of the reference year. The data cover 7 countries. Bilateral data are used in the compilation of the country breakdowns for the direct investment financial flows data, but not in the compilation of the country breakdowns for the direct investment income data. The CSO plans to begin to compile annual data showing breakdowns for 68 countries and, beginning in 2004, to report those data to the OECD and Eurostat once a year with a timeliness of 9 months after the end of the reference period.

The debtor/creditor principle is used as the basis for the geographic allocation of the data, applied jointly with the basis of the country of location of the immediately-owned foreign enterprise. The five countries with the largest amount of direct investment income from investment abroad by residents of Ireland during 2003 (ranked in descending order) were: the United Kingdom, the Netherlands, France, Spain, and Italy. The five countries with the largest amount of direct investment financial flows from Ireland during 2003 (ranked in descending order) were: the United Kingdom, the United States, the Netherlands, France, and Germany.

In addition to the data showing country breakdowns, quarterly data are compiled by the CSO showing breakdowns of both the direct investment income and direct investment financial flows for the following economic zones: (i) EMU, (ii) non EMU, (iii) EU 15 (iv) non EU15, (v) EU 25 and (vi) non EU25. These data are disseminated quarterly with a timeliness of 3 months after the end of the reference period in the *Balance of International Payments Statistical Release*. Slightly more detailed quarterly data are reported to the OECD and Eurostat quarterly with a timeliness of 3 months after the end of the reference period. The CSO plans to begin to compile annual data showing breakdowns of the direct investment income and the direct investment financial flows data by regions/economic zones including for the following: (i) the EU15, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) the ASEAN countries, (vii) the OPEC countries, (viii) the EMU countries, and (ix) the geographic continents, and, beginning in 2004, to report those data once a year to the OECD and Eurostat with a timeliness of 9 months after the end of the reference year.

There are no differences in the data coverage, sources, etc. between the outward transactions data showing geographic breakdowns disseminated in the national publications and reported to the OECD and Eurostat, and the aggregate outward data on direct investment income and direct investment financial flows reported to the IMF for publication.

Industrial Classification

Not applicable. Data showing breakdowns by industrial activity for the direct investment income data and the direct investment financial flows data are not compiled at present. There are plans to begin to do so in 2004 starting with the data for 2003 and based on the classification of NACE Rev. 1.1. The data, which will also show breakdowns by both industrial activity and geographic breakdowns, will be reported to the OECD and Eurostat, but they will not be disseminated in the national publications due to confidentiality constraints. However, there are plans to begin in 2005 to disseminate data in the national publications showing breakdowns by broad industrial activity, and possibly also breakdowns on an industrial sector basis, subject to confidentiality constraints.

B. Methodology

Definition of Direct Investors

In accordance with the international standards, the basic criterion for defining resident direct investors is 10 percent ownership by a resident investor of an enterprise abroad, regardless of whether the investor has an effective voice in management—that is, enterprises abroad in which the resident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises abroad in which the resident investor owns less than 10 percent but has an effective voice in management are not included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual resident investor or group of related resident investors, rather than being calculated by combining the holdings of all resident investors in a specific enterprise abroad or in a specific country abroad. No value threshold is used to identify resident direct investors, and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The “Fully Consolidated System” (FCS) recommended in the international standards is fully applied. Specifically, (i) the direct investment earnings data include the relevant share of all indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data include all equity and other capital transactions made directly between resident enterprises of a related group as defined in the FCS and nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Ireland are required by law to identify all transactions with the parent company, but are not required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic.

Measurement of Direct Investment Earnings

In accordance with the international standards, the “Current Operating Performance Concept” (COPC) is fully used to calculate direct investment earnings. Specifically, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, (ii) realized and unrealized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses are not included, (iii) interest receivable/payable is included, and (iv) debt repayments receivable/payable are excluded.

Treatment of Income on Equity (Dividends and Distributed Branch Profits)

The data on dividends and distributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) dividends and distributed branch profits are recorded gross of any withholding taxes, (ii) dividends and distributed branch profits of incorporated enterprises are recorded on the date they are declared payable, (iii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iv) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, dividends and distributed branch profits of unincorporated enterprises are recorded on the date they are paid, rather than the date they are declared payable.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings and undistributed branch profits are recorded in the period in which they are earned, (ii) the data include reinvested earnings and undistributed branch profits between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

The data on income on debt (interest) cover both incorporated enterprises and unincorporated enterprises and include interest on (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. In accordance with the international standards, the data do not include (i) interest on financial derivatives, and (ii) interest on deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data are recorded on an accrual basis.

Treatment of Equity Capital

The equity capital transactions data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity transactions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

Treatment of Other Capital

The other capital transactions data cover (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. In accordance with the international standards, the data exclude (i) loan/debt guarantees provided by direct investors or related direct investment enterprises, and (ii) transactions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities. In accordance with the international standards, (i) the data include non-participating preference [preferred] shares, (ii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iv) the data include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being long-term financing arrangements such as subordinated loan capital, or other long-term non-equity capital, such as a zero interest long-term loan that has the purpose of acting as capital.) Contrary to the international standards, the data include (i) changes in insurance company technical reserves, and (ii) financial derivatives. However, the value of the financial derivatives is insignificant at present, and there are plans to exclude financial derivatives from the direct investment data in the future.

Instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise have not occurred to date.

Treatment of Reverse Investment

Transactions involving reverse investment are treated in accordance with the international standards.

Assuming that the direct investment enterprise is a resident of Ireland and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, in accordance with the international standards, equity transactions are treated as "Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises" and loan transactions are treated as "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Ireland and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, in accordance with the international standards, equity transactions are recorded as "Direct Investment in Ireland: Equity Capital:

Increase in Claims on Direct Investors” and loan transactions are recorded as “Direct Investment in Ireland: Other Capital: Increase in Claims on Direct Investors”, and both are reported as such to the IMF.

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation abroad by residents of Ireland of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs.

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established abroad by residents of Ireland are included in the direct investment data.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, (i) activities of SPEs established abroad by residents of Ireland are included in the direct investment data, with no exceptions, and (ii) in the case of SPEs established abroad by residents of Ireland that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries are excluded from the data, except those involving equity capital and permanent debt.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include purchases and sales of land and buildings abroad by enterprises resident in Ireland. Contrary to the international standards, the equity capital data do not include purchases and sales of land and buildings abroad by individuals resident in Ireland, as these transactions cannot be identified from the present data source. Land and buildings purchased abroad by enterprises and individuals resident in Ireland on long-term leases are included. (Long-terms are defined as leases with a duration of more than one year.)

Treatment of Natural Resources Exploration

In accordance with the international standards, expenditure related to natural resources exploration abroad by residents of Ireland is included in the equity capital data. Contrary to the international standards, expenditure on bonus payments made by residents of Ireland to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise, as this information is not available from the present data source. In accordance with the international standards, in instances of the shutdown of a direct investment enterprise established abroad by residents of Ireland for natural resource exploration, no transactions are shown in the balance of payments statistics.

Exchange Rate Conversion

Most transactions are converted to the unit of account at the exchange rate prevailing on the day of the transaction. However, some transactions are converted at the average exchange rate for the period.

DIRECT INVESTMENT ABROAD

INTERNATIONAL INVESTMENT POSITION ASSETS (“OUTWARD POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable annual (calendar year) data are compiled by the Central Statistical Office (CSO) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital. These data are disseminated with a timeliness of 9 months after the end of the reference year in the *International Investment Position Statistical Release*. The data are also reported to the IMF, the OECD, Eurostat, and the ECB for publication.

There are plans to report quarterly data to the ECB with an expected timeliness of 3 months after the end of the reference period by the end of 2004.

Revision Practices

The data are preliminary when first released. The data are generally revised once, 21 months after the end of the reference period, to take account of late reporters and revised source data and are disseminated together with the preliminary data for the latest year. At this time the data are generally considered to be final, that is, 12 months after their first release. However, data for earlier years may also be revised.

The revised status of the data is clearly identified in the disseminated data and the general public are informed of the reasons for the revisions. The historical data are revised as far back as relevant in instances of major changes in methodology or data collection systems—for example, the historical data were recently revised back to 1998.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF and the OECD for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected on an aggregate basis and the reporting requirements are compulsory.

Data Sources

The data for all components are compiled from quarterly and annual enterprise surveys of resident direct investors. The perpetual inventory method (a method for deriving position data from transactions data) is not used.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF and OECD and Eurostat for publication.

A business register of enterprises involved in economic activity with nonresidents is used to compile the outward direct investment position data. The register is maintained by the Balance of Payments Division of the CSO and is updated on an ongoing basis using information from (i) the international trade system's list of exporters/importers, (ii) other statistical collection forms, (iii) the CSO's Central Business Register, (iv) registers maintained by the government licensing and regulatory authorities, the corporate affairs authorities, the stock exchange authorities, industry associations, and other departments within the CSO, (v) the financial press, and

(vi) compulsory direct investment surveys. The same business register is used to compile the outward direct investment transactions and position data, and the inward direct investment transactions and position data. Ultimately, the CSO plans to amalgamate the balance of payments register presently used for the balance and payments and international investment position data (including the direct investment data) with the CSO's Central Business Register in order to improve the coverage.

Geographic Classification

Annual data showing breakdowns by country are compiled by the CSO for the outward direct investment position data, and disseminated once a year with a timeliness of 12 months after the end of the reference period in the *Foreign Direct Investment Statistical Release*. The data cover 6 countries and bilateral data are used in the compilation of the data. The CSO plans to begin to compile more detailed breakdowns by country, covering approximately 68 countries, and, beginning in 2004 to report those data to the OECD and Eurostat once a year with a timeliness of 9 months after the end of the reference year.

In accordance with the international standards, the data are compiled on the basis of the location of the immediately-owned foreign enterprise (that is on the "immediate country" basis). This basis is applied jointly with the debtor/creditor approach. The five countries with the largest amount of direct investment from Ireland as at the end of 2003 (ranked in descending order) were: the United Kingdom, the United States, the Netherlands, Germany, and France.

In addition to the data showing country breakdowns, annual data showing breakdowns of the outward direct investment position data for a limited range of regions/economic zones are compiled by the CSO and are disseminated once a year with a timeliness of 12 months after the end of the reference period in the *Foreign Direct Investment Statistical Release*. However, the CSO plans to compile annual data showing breakdowns of the outward direct investment position data by regions/economic zones including for the following: (i) the EU15, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) the ASEAN countries, (vii) the OPEC countries, (viii) the EMU countries, and (ix) the geographic continents, and, beginning in 2004, to report those data to the OECD and Eurostat once a year with a timeliness of 9 months after the end of the reference period. However, because of confidentiality constraints, these data will not be disseminated in the national publications.

There are no differences in the data coverage, sources, etc. between the outward position data showing geographic breakdowns disseminated in the national publications and reported to the OECD and Eurostat, and the aggregate outward position data reported to the IMF for publication.

Industrial Classification

Not applicable. Data showing breakdowns by industrial activity for the outward direct investment position data are not compiled at present. There are plans to begin to do so in 2004 starting with the data for 2003 and based on the classification of NACE Rev. 1.1. The data, which will also show breakdowns by both industrial activity and geographic breakdowns, will be reported to the OECD and Eurostat, but they will not be disseminated in the national publications due to confidentiality constraints. However, there are plans to begin in 2005 to disseminate data in the *Foreign Direct Investment Statistical Release* showing breakdowns by broad industrial activity, subject to confidentiality constraints.

B. Methodology

Definition of Direct Investors

In accordance with the international standards, the basic criterion for defining resident direct investors is 10 percent ownership by a resident investor of an enterprise abroad, regardless of whether the investor has an effective voice in management—that is, enterprises abroad in which the resident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises abroad in which the resident investor owns less than 10 percent but has an effective voice in management are not included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual resident investor or group of related resident investors, rather than being calculated by combining the holdings of all resident investors in a specific enterprise abroad or in a specific country abroad. No value threshold is used to identify resident direct investors, and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The “Fully Consolidated System” (FCS) recommended in the international standards is fully applied. Specifically, the data include (i) the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises, and (ii) all equity capital and other capital positions held directly by resident enterprises of a related group as defined in the FCS with nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these direct investors or enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Ireland are required by law to identify all transactions with the parent company, but are not required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic.

Treatment of Equity Capital and Reinvested Earnings

The equity capital position data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity positions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

The data on reinvested earnings cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings are recorded in the period in which they are earned, (ii) the data include reinvested earnings between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. (See also the section on the *Measurement of Direct Investment Earnings* in the metadata on the Balance of Payments [transactions] data on Direct Investment Abroad.)

Treatment of Other Capital

The other capital position data cover (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. In accordance with the international standards, the data exclude (i) loan/debt guarantees provided by direct investors or related direct investment enterprises, and (ii) positions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities. In accordance with the international standards, (i) the data include non-participating preference [preferred] shares, (ii) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iv) the data include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being long-term financing arrangements such as subordinated loan capital, or other long-term non-equity capital, such as a zero interest long-term loan that has the purpose of acting as capital.) Contrary to the international standards, the data include (i) changes in insurance company technical reserves, and (ii) financial derivatives. However, the value of the financial derivatives is insignificant at present, and there are plans to exclude financial derivatives from the direct investment data in the future.

Instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise have not occurred to date.

Treatment of Reverse Investment

Positions involving reverse investment are treated in accordance with the international standards.

Assuming that the direct investment enterprise is a resident of Ireland and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, in accordance with the international standards, equity positions are treated as “Assets: Direct Investment Abroad: Equity Capital: Claims on Affiliated Enterprises” and loan positions are treated as “Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises”.

Assuming that the direct investment enterprise is a resident of Ireland and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, in accordance with the international standards, equity positions are recorded as “Liabilities: Direct Investment in Ireland: Equity Capital: Claims on Direct Investors” and loan positions are recorded as “Liabilities: Direct Investment in Ireland: Other Capital: Claims on Direct Investors”, and both are reported as such to the IMF.

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation abroad by residents of Ireland of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs.

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established abroad by residents of Ireland are included in the direct investment data.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, (i) activities of SPEs established abroad by residents of Ireland are included in the direct investment data, with no exceptions, and (ii) in the case of SPEs established abroad by residents of Ireland that have the primary purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries are excluded from the data, except those involving equity capital and permanent debt.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include ownership of land and buildings abroad by enterprises resident in Ireland. Contrary to the international standards, the equity capital data do not include ownership of land and buildings abroad by individuals resident in Ireland, as these positions cannot be identified from the present data source. Land and buildings owned abroad by enterprises and individuals resident in Ireland on long-term leases are included. (Long-terms are defined as leases with a duration of more than one year.)

Treatment of Natural Resources Exploration

In accordance with the international standards, expenditure related to natural resources exploration abroad by residents of Ireland is included in the equity capital data. Contrary to the international standards, expenditure on bonus payments made by residents of Ireland to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise, as this information is not available from the present data source. In accordance with the international standards, in instances of the shutdown of a direct investment enterprise established abroad by residents of Ireland for natural resource exploration, an adjustment to reflect that shutdown is made to the assets data on direct investment equity capital in the international investment position statistics.

Valuation of Assets and Liabilities

The data on equity capital for listed enterprises are recorded at market values. The data on equity capital for unlisted enterprises are recorded book values, which are the net asset values.

The data on other capital are recorded at book values, which are the balance sheet valuations.

The book values used are those provided by the resident direct investors, rather than the nonresident direct investment enterprises.

Exchange Rate Conversion

All positions are converted to the unit of account at the exchange rate prevailing on the date to which the position data relate.