

This metadata describes the compilation practices, sources and methodology in use in 2001. 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”)**

**[Glossary of Direct Investment Terms and Definitions](#)**

## DIRECT INVESTMENT IN IRELAND

### BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)

#### A. Compilation Practices and Data Sources

**Data Availability:** Preliminary quarterly data on (i) direct investment income (income on equity, reinvested earnings, and income on debt [interest]), and (ii) direct investment financial flows (equity capital and other capital), are disseminated with a timeliness of approximately 3 months after the end of the reference quarter.

**Revision Policy:** The data for the quarters of the previous two reference years are revised in June of the following year, at which time they become final, that is, 15-24 months after their first release, depending on the reference quarter.

**Data Coverage:** No major industrial sectors are excluded from the data.

**Data Collection Methods:** Data are collected on an aggregate basis, and reporting requirements are compulsory.

**Data Sources:** The data are compiled primarily from quarterly enterprise surveys of direct investment enterprises in Ireland. Press and trade association reports, as well as data produced by official authorities, are used for cross-checking the data obtained from the surveys. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis, using information from (i) the international trade system's list of exporters/importers, (ii) registers maintained by other departments within the Central Statistics Office, and (iii) listings available from official authorities.

**Geographic Classification:** Not applicable. Data showing country breakdowns are not compiled at present, although it is planned to begin to do so in 2002. Quarterly data are disseminated with a timeliness of 3 months showing breakdowns of both direct investment income and direct investment financial flows by regions or economic zones for: (i) the European Union, and (ii) the Euro area. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the regional data. Bilateral information is not used in the compilation of the data.

**Industrial Classification:** Not applicable. Data showing breakdowns by industrial sector are not compiled at present. However, there are plans to begin to compile data according to the European NACE Rev. 1 industrial activity classification in the future. The timing of this is intended to meet the future requirements of the European Commission (Eurostat) for this type of data.

#### 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. Enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. No value threshold is used to identify 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 applied in most instances. Specifically, survey respondents are requested to ensure that (i) the direct investment earnings data include the relevant share of indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data include the equity and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. However, the practices of reporting enterprises vary somewhat and the Central Statistics Office cannot guarantee that the data are reported as requested in all cases. Enterprises in Ireland, whose parent companies are not incorporated in another EU member state, are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but companies incorporated in Ireland are not required by law to identify all transactions with the parent company.

**Measurement of Direct Investment Earnings:** In accordance with the international standards, the “Current Operating Performance Concept” (COPC) is used to calculate earnings of direct investment enterprises.

Specifically, (i) deductions are made for depreciation of capital and for provisions for host-country income and corporation taxes, and (ii) realized and unrealized capital gains and losses, write-offs and exchange rate gains or losses are not included. In accordance with the international standards, when a direct investment enterprise makes a loss, the net loss is recorded as negative reinvested earnings.

**Treatment of Income on Equity (Dividends and Distributed Branch Profits):** The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) dividends of incorporated enterprises are recorded on the date they are payable, and (ii) dividends and distributed branch profits are recorded gross of any withholding taxes. Although dividends and distributed branch profits of unincorporated enterprises are recorded on the date they are paid, rather than the date they are payable, most unincorporated enterprises are branches, and the date that the distributed branch profits are paid is effectively the date they are payable.

**Treatment of Reinvested Earnings and Undistributed Branch Profits:** The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, reinvested earnings and undistributed branch profits are recorded in the period in which they are earned.

**Treatment of Income on Debt (Interest):** The data cover interest income from: (i) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, and (iv) trade credits. In accordance with the international standards, the data do not include interest from: (i) financial derivatives, and (ii) 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, the data are compiled on an accrual basis.

**Treatment of Equity Capital:** The data cover all types of financial flows affecting equity capital, namely, (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks (including participating preference shares), and (iv) non-cash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, the data include equity transactions between affiliated banks and between affiliated financial intermediaries.

**Treatment of Other Capital:** The data cover: (i) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, (iv) financial leases, (v) trade credits, and (vi) financial derivatives. In accordance with the international standards, the data exclude (i) loans merely guaranteed 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. Contrary to the international standards, the data include changes in insurance company technical reserves. However, these are limited to those changes arising from transactions between affiliated insurance companies, particularly those involving reinsurance. In accordance with the international standards, the data include transactions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

**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: (i) 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, equity and loan transactions are recorded as "Direct Investment Abroad: Increase in Claims on Affiliated Enterprises"; and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan transactions are recorded as "Direct Investment in Ireland: Increase in Claims on Direct Investors". There are relatively few instances of reverse investment transactions, and those involving ownership by the direct investment enterprise of 10 percent or more of its nonresident direct investor are rare.

**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 construction enterprises. Quasi-corporations arising from the operation of mobile equipment, such as ships and aircraft, do not exist in Ireland. The small number of enterprises involved in the operation of drilling rigs are requested in the surveys to include any quasi-corporation activities.

**Treatment of Offshore Enterprises:** In accordance with the international standards, activities of offshore enterprises established in Ireland by nonresidents are generally 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 generally included in the direct investment data, and (ii) in the case of SPEs established in Ireland by nonresidents that have the sole purpose of financial intermediation,

transactions with affiliated banks and affiliated financial intermediaries, except transactions in equity capital and permanent debt, are excluded from the data.

**Treatment of Land and Buildings:** In accordance with the international standards, the data include purchases and sales of land and buildings in Ireland by nonresident enterprises. Contrary to the international standards, the data do not include purchases and sales of land and buildings in Ireland by nonresident individuals.

**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 data.

**Exchange Rate Conversion:** Most transactions are converted to the unit of account at the average exchange rate in the period in which the transactions are recorded, but some are converted at the exchange rate prevailing on the day of the transaction. Reinvested earnings are converted to the unit of account at the exchange rate prevailing at the end of the period.

## DIRECT INVESTMENT IN IRELAND

### INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)

#### A. Compilation Practices and Data Sources

**Data Availability:** Annual (calendar year) data on (i) equity capital and reinvested earnings, and (ii) other capital are compiled, but not disseminated. It is planned to begin to disseminate the data for the reference years 1998 through 2001 by the end of October 2002, and thereafter with a timeliness of 9 months after the end of the reference year.

**Revision Policy:** It is planned that the data will be revised at the time of the release of the data for the following year, at which time they would become final, that is, 12 months after their first release.

**Data Coverage:** No major industrial sectors are excluded from the data.

**Data Collection Methods:** Reporting requirements are compulsory.

**Data Sources:** The data are compiled from annual enterprise surveys of direct investment enterprises in Ireland. Published sources, such as the Central Bank of Ireland data for banks and other financial intermediaries, as well as company accounts, are used to cross-check the data. The perpetual inventory method (a method for deriving position data from transactions data) is not used. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis, using information from (i) the international trade system's list of exporters/importers, (ii) registers maintained by other departments within the Central Statistics Office, and (iii) listings available from official authorities.

**Geographic Classification:** Not applicable. Data showing country breakdowns or breakdowns by region/economic zones are not compiled at present. However, it is planned to begin to do so for the data for the 2002 reference year.

**Industrial Classification:** Not applicable. Data showing breakdowns by industrial sector are not compiled at present. However, there are plans to begin to compile data according to the European NACE Rev. 1 industrial activity classification in the future. The timing of this is intended to meet the future requirements of the European Commission (Eurostat) for this type of data.

#### 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. Enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. No value threshold is used to identify 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 relevant share of indirectly-owned direct investment enterprises are included in (i) the reinvested earnings data, and (ii) the equity and other capital position data. Enterprises in Ireland, whose parent companies are not incorporated in another EU member state, are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but companies incorporated in Ireland are not required by law to identify all transactions with the parent company.

**Treatment of Equity Capital and Reinvested Earnings:** Data on equity capital and reinvested earnings are compiled but not disseminated at present. The data cover all types of position data affecting equity capital and reinvested earnings, namely, (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks, including participating preference shares, (iv) non-cash acquisitions of equity, such as through the provision of capital equipment, and (v) reinvested earnings. In accordance with the international standards, the data include equity positions between affiliated banks and between affiliated financial intermediaries. The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises, and, in accordance with the international standards, are recorded in the period in which they are earned. (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:** Data on other capital are compiled but not disseminated at present. The data cover: (i) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, (iv) financial leases, (v) trade credits, and (vi) financial derivatives. In accordance with the international standards, the data exclude (i) loans merely guaranteed 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 transactions. Contrary to the international standards, the data include changes in insurance company technical reserves. However, these are limited to those changes arising from transactions between affiliated insurance companies, particularly those involving reinsurance. In accordance with the international standards, the data include positions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

**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: (i) 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, equity and loan positions are recorded as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises"; and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan positions are recorded as "Liabilities: Direct Investment in Ireland: Claims on Direct Investors". There are relatively few instances of reverse investment, and those involving ownership by the direct investment enterprise of 10 percent or more of its nonresident direct investor are rare.

**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 construction enterprises. Quasi-corporations arising from the operation of mobile equipment, such as ships and aircraft, do not exist in Ireland. The small number of enterprises involved in the operation of drilling rigs are requested in the surveys to include any quasi-corporation activities.

**Treatment of Offshore Enterprises:** In accordance with the international standards, activities of offshore enterprises established in Ireland by nonresidents are generally 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 generally included in the direct investment data, and (ii) in the case of SPEs established in Ireland by nonresidents that have the sole purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries, except positions involving equity capital and permanent debt, are excluded from the data.

**Treatment of Land and Buildings:** In accordance with the international standards, the data include ownership of land and buildings in Ireland by nonresident enterprises. Contrary to the international standards, the data do not include ownership of land and buildings in Ireland by nonresident individuals.

**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 data.

**Valuation:** Contrary to the international standards, and while data providers are requested to supply position data at market values, the data are recorded primarily at book values, which are generally the net asset values in the case of the data on equity capital, and historical costs in the case of the data on other capital. However, some survey respondents report their positions at market values, while others provide data at directors' valuation.

**Exchange Rate Conversion:** The exchange rate prevailing on the day to which the position data relate is primarily used to convert foreign currencies into the unit of account. However, some positions are converted at the exchange rate prevailing on the day the stocks were acquired.

**IRELAND: DIRECT INVESTMENT ABROAD**  
**BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)**

**A. Compilation Practices and Data Sources**

**Data Availability:** Preliminary quarterly data on (i) direct investment income (income on equity, reinvested earnings, and income on debt [interest]), and (ii) direct investment financial flows (equity capital and other capital) are disseminated with a timeliness of approximately 3 months after the end of the reference quarter.

**Revision Policy:** The data for the quarters of the previous two reference years are revised in June of the following year, at which time they become final, that is, 15-24 months after their first release, depending on the reference quarter.

**Data Coverage:** No major industrial sectors are excluded from the data.

**Data Collection Methods:** Data are collected on an aggregate basis, and reporting requirements are compulsory.

**Data Sources:** The data are compiled primarily from quarterly enterprise surveys of residents with direct investment enterprises abroad. Published sources, such as company accounts, are used as a secondary data source. Press reports, as well as data produced by official authorities, are used for cross-checking the data obtained from the surveys. A business register of enterprises involved in direct investment and other balance of payments transactions is maintained. This register is updated on an ongoing basis, using information from (i) the international trade system's list of exporters/importers, (ii) registers maintained by other departments within the Central Statistics Office, and (iii) listings from official authorities.

**Geographic Classification:** Not applicable. Data showing country breakdowns are not compiled at present, although it is planned to begin to do so in 2002. Quarterly data are disseminated with a timeliness of 3 months showing breakdowns of both direct investment income and direct investment financial flows by regions or economic zones for: (i) the European Union, and (ii) the Euro area. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the regional data. Bilateral information is not used in the compilation of the data.

**Industrial Classification:** Not applicable. Data showing breakdowns by industrial sector are not compiled at present. However, there are plans to begin to compile data according to the European NACE Rev. 1 industrial activity classification in the future. The timing of this is intended to meet the future requirements of the European Commission (Eurostat) for this type of data.

**B. Methodology**

**Definition of Direct Investors Abroad:** In accordance with the international standards, the basic criterion for defining direct investors abroad is 10 percent ownership of a nonresident enterprise by a resident investor, regardless of whether the investor has an effective voice in management. Investors which own less than 10 percent of a direct investment enterprise but have an effective voice in management are not included. No value threshold is used to identify direct investors abroad, 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 applied in most instances. Specifically, survey respondents are requested to ensure that (i) the direct investment earnings data include the relevant share of indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data include the equity and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. However, the practices of reporting enterprises vary somewhat and the Central Statistics Office cannot guarantee that the data are reported as requested in all cases. Enterprises in Ireland, whose parent companies are not incorporated in another EU member state, are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but companies incorporated in Ireland are not required by law to identify all transactions with the parent company.

**Measurement of Direct Investment Earnings:** In accordance with the international standards, the “Current Operating Performance Concept” (COPC) is used to calculate earnings of direct investment enterprises. Specifically, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, and (ii) realized and unrealized capital gains and losses, write-offs and exchange rate gains or losses are not included. In accordance with the international standards, when a direct investment enterprise makes a loss, the net loss is recorded as negative reinvested earnings.

**Treatment of Income on Equity (Dividends and Distributed Branch Profits):** The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) dividends of incorporated enterprises are recorded on the date they are payable, and (ii) dividends and distributed branch profits are recorded gross of any withholding taxes. Although dividends and distributed branch profits of unincorporated enterprises are recorded on the date they are paid, rather than the date they are payable, most unincorporated enterprises are branches, and the date that the distributed branch profits are paid is effectively the date they are payable.

**Treatment of Reinvested Earnings and Undistributed Branch Profits:** The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, reinvested earnings and undistributed branch profits are recorded in the period in which they are earned.

**Treatment of Income on Debt (Interest):** The data cover interest income from: (i) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, and (iv) trade credits. In accordance with the international standards, the data do not include interest from: (i) financial derivatives, and (ii) 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, the data are compiled on an accrual basis.

**Treatment of Equity Capital:** The data cover all types of financial flows affecting equity capital: (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks (including participating preference shares) and (iv) non-cash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, the data include equity transactions between affiliated banks and between affiliated financial intermediaries.

**Treatment of Other Capital:** The data cover: (i) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, (iv) financial leases, (v) trade credits, and (vi) financial derivatives. In accordance with the international standards, the data exclude (i) loans merely guaranteed 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. Contrary to the international standards, the data include changes in insurance company technical reserves. However, these are limited to those changes arising from transactions between affiliated insurance companies, particularly those involving reinsurance. In accordance with the international standards, the data include transactions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

**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: (i) 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, equity and loan transactions are recorded as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”; and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan transactions are recorded as “Direct Investment in Ireland: Increase in Claims on Direct Investors”. There are relatively few instances of reverse investment, and those involving ownership by the direct investment enterprise of 10 percent or more of its nonresident direct investor are rare.

**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 Irish residents of construction enterprises. Quasi-corporations arising from the operation abroad by residents of mobile equipment, such as ships, aircraft, and drilling rigs, do not exist, or are insignificant.

**Treatment of Offshore Enterprises:** In accordance with the international standards, activities of offshore enterprises established abroad by Irish residents are generally 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 Irish residents are generally included in the direct investment data, and (ii) in the case of SPEs established abroad by Irish residents that have the sole purpose of financial intermediation,



transactions with affiliated banks and affiliated financial intermediaries, except transactions in equity capital and permanent debt, are excluded from the data.

**Treatment of Land and Buildings:** In accordance with the international standards, the data include purchases and sales of land and buildings abroad by Irish resident enterprises. Contrary to the international standards, the data do not include purchases and sales of land and buildings abroad by Irish resident individuals.

**Treatment of Natural Resources Exploration:** In accordance with the international standards, the data include expenditure related to natural resources exploration abroad by Irish residents.

**Exchange Rate Conversion:** Most transactions are converted to the unit of account at the average exchange rate in the period in which the transactions are recorded, but some are converted at the exchange rate prevailing on the day of the transaction. Reinvested earnings are converted to the unit of account at the exchange rate prevailing at the end of the period.

**IRELAND: DIRECT INVESTMENT ABROAD**  
**INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)**

**A. Compilation Practices and Data Sources**

**Data Availability:** Annual (calendar year) data on (i) equity capital and reinvested earnings, and (ii) other capital are compiled, but not disseminated. It is planned to begin to disseminate the data for the reference years 1998 through 2001 by the end of October 2002, and thereafter with a timeliness of 9 months after the end of the reference year.

**Revision Policy:** It is planned that the data will be revised at the time of the release of the data for the following year, at which time they would become final, that is, 12 months after their first release.

**Data Coverage:** No major industrial sectors are excluded from the data.

**Data Collection Methods:** Reporting requirements are compulsory.

**Data Sources:** The data are compiled from annual enterprise surveys of residents with direct investment enterprises abroad. Published sources, such as the Central Bank of Ireland data for banks and other financial intermediaries, as well as company accounts, are used to cross-check the data. The perpetual inventory method (a method for deriving position data from transactions data) is not used. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis, using information from (i) the international trade system's list of exporters/importers, (ii) registers maintained by other departments within the Central Statistics Office, and (iii) listings available from official authorities.

**Geographic Classification:** Not applicable. Data showing country breakdowns or breakdowns by region/economic zones are not compiled at present. However, it is planned to begin to do so for the data for the 2002 reference year.

**Industrial Classification:** Not applicable. Data showing breakdowns by industrial sector are not compiled at present. However, there are plans to begin to compile data according to the European NACE Rev. 1 industrial activity classification in the future. The timing of this is intended to meet the future requirements of the European Commission (Eurostat) for this type of data.

**B. Methodology**

**Definition of Direct Investors Abroad:** In accordance with the international standards, the basic criterion for defining direct investors abroad is 10 percent ownership of a nonresident enterprise by a resident investor, regardless of whether the investor has an effective voice in management. Investors which own less than 10 percent of a direct investment enterprise but have an effective voice in management are not included. No value threshold is used to identify direct investors abroad, 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 relevant share of indirectly-owned direct investment enterprises are included in (i) the reinvested earnings data, and (ii) the equity and other capital position data. Enterprises in Ireland, whose parent companies are not incorporated in another EU member state, are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but companies incorporated in Ireland are not required by law to identify all transactions with the parent company.

**Treatment of Equity Capital and Reinvested Earnings:** Data on equity capital and reinvested earnings are compiled but not disseminated at present. The data cover all types of position data affecting equity capital and reinvested earnings, namely, (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks, including participating preference shares, (iv) non-cash acquisitions of equity, such as through the provision of capital equipment, and (v) reinvested earnings. In accordance with the international standards, the data include equity positions between affiliated banks and between affiliated financial intermediaries. The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises, and, as recommended in the international standards, are recorded in the period in which they are earned. (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:** Data on other capital are compiled but not disseminated at present. The data cover: (i) bonds and money market instruments, (ii) long-term loans, (iii) short-term loans, (iv) financial leases, (v) trade credits, and (vi) financial derivatives. In accordance with the international standards, the data exclude (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, and (iii) 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, the data include positions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

**Treatment of Reverse Investment:** Equity and loan 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: (i) 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, equity and loan positions are recorded as "Assets: Direct Investment Abroad: Claims on Affiliated Enterprises"; and (ii) when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan positions are recorded as "Liabilities: Direct Investment in Ireland: Claims on Direct Investors". There are relatively few instances of reverse investment, and those involving ownership by the direct investment enterprise of 10 percent or more of its nonresident direct investor are rare.

**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 Irish residents of construction enterprises. Quasi-corporations arising from the operation abroad by residents of mobile equipment, such as ships, aircraft, and drilling rigs, do not exist, or are insignificant.

**Treatment of Offshore Enterprises:** In accordance with the international standards, activities of offshore enterprises established abroad by Irish residents are generally 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 Irish residents are generally included in the direct investment data, and (ii) in the case of SPEs established abroad by Irish residents that have the sole purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries, except positions involving equity capital and permanent debt, are excluded from the data.

**Treatment of Land and Buildings:** In accordance with the international standards, the data include ownership of land and buildings abroad by Irish resident enterprises. Contrary to the international standards, the data do not include ownership of land and buildings abroad by Irish resident individuals.

**Treatment of Natural Resources Exploration:** In accordance with the international standards, the data include expenditure related to natural resources exploration abroad by Irish residents.

**Valuation:** Contrary to the international standards, and while data providers are requested to supply position data at market values, the data are recorded primarily at book values, which are generally the net asset values in the case of the data on equity capital, and historical costs in the case of the data on other capital. However, some survey respondents report their positions at market values, while others provide data at directors' valuation.

**Exchange Rate Conversion:** The exchange rate prevailing on the day to which the position data relate is primarily used to convert foreign currencies into the unit of account. However, some positions are converted at the exchange rate prevailing on the day the stocks were acquired.