



An Phríomh-Oifig Staidrimh
Central Statistics Office

Irish National Accounts & Balance of Payments 2015 Results

UN EG Economic Globalization and Intl Trade
November 2016

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CSO Ireland

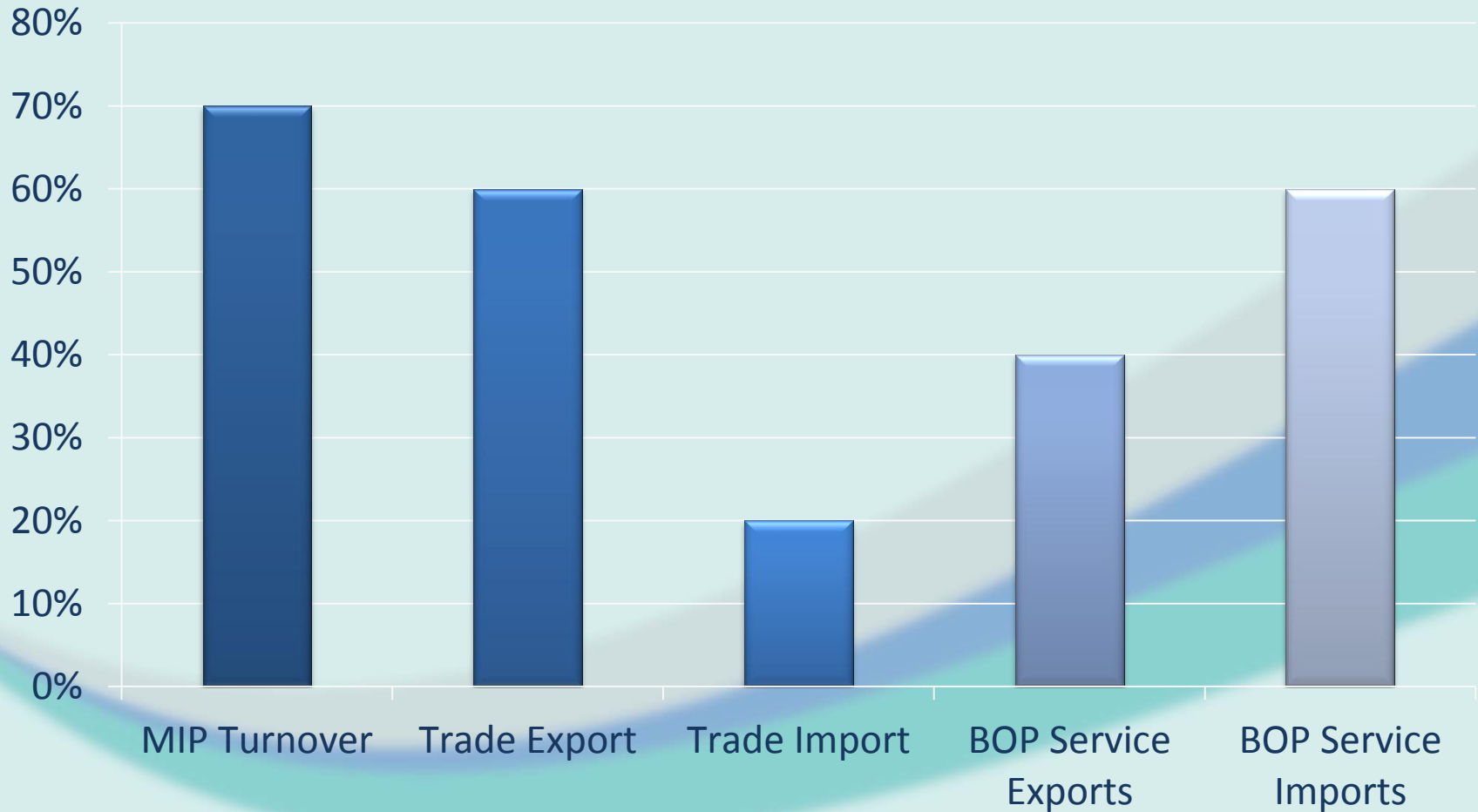


Context

- National Accounts and Balance of Payments 2015 results published in July
- Provide a clear but dramatic picture of the scale and complexity of globalisation activities in Ireland
- Results driven by the relocation of entire balance sheets dominated by Intellectual Property (IP) in Ireland
 - Co-location of IP with manufacturing / service operation growing MNE practice
 - Addition of €300bn of relocated IP to Capital Stocks impacted depreciation estimates
 - Relocations also brought associated contract manufacturing activity into Irish results
- Results based on hard data provided to CSO's Large Cases Unit by respondents
 - LCU has access to a broad range of data sources (BOP, Trade, Business Statistics data, Corporation Tax data) and conflicts the data to ensure consistency of results
 - LCU engagement with respondents and access to broad range of data maximises CSO's ability to understand a very complex economy



MNE Dominance - LCU Data 2015





Communication challenges

- Balancing core principles of Confidentiality & Accessibility - difficult
- Ability to compile Official Statistics is based on the extent to which individuals and companies trust the CSO with sensitive information
- Can't divulge any information that would identify a company in explaining the drivers behind the changes
- Implications
 - Limited in our ability to fully explain the rationale for the revisions
 - Obligated to suppress certain details
- Critical for users of the Irish statistics - insight into domestic economic activity
- High-level, cross-sector group chaired by Central Bank of Ireland Governor to report to DG in December on how best to meet user needs on domestic activity



Results 2015

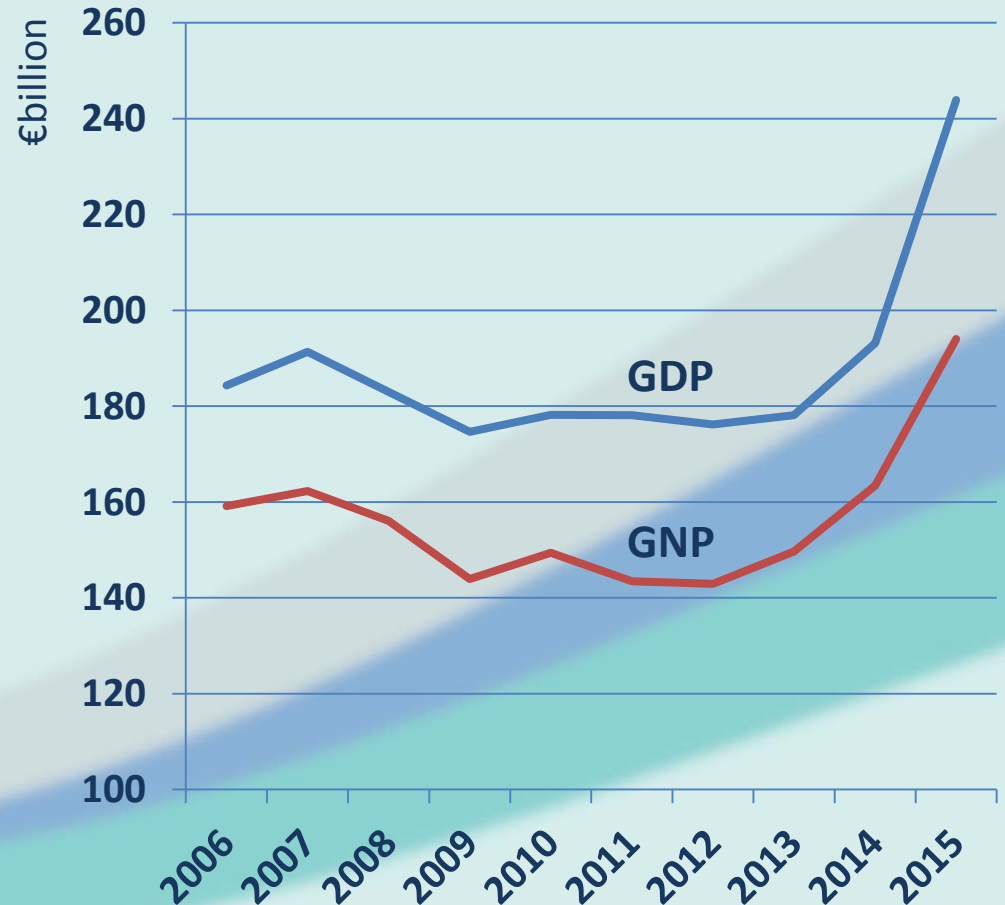
Year-on-Year Growth Rates

GDP + 26.3% (+7.8%)

GNP + 18.7% (+5.7%)

*Previous provisional
estimate in brackets*

Annual GDP & GNP Constant Prices
2006 - 2015

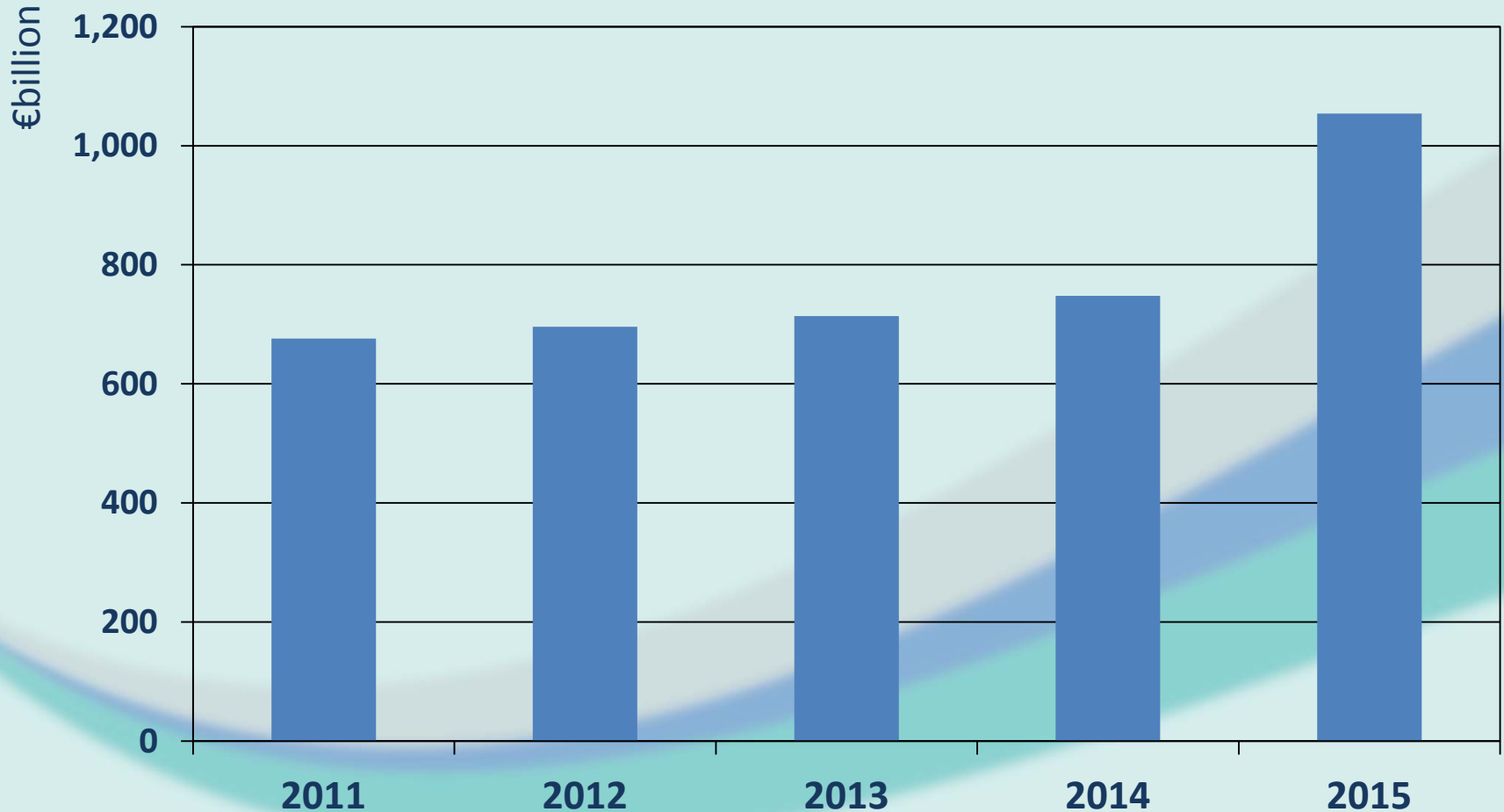




Balance Sheet Impact

Impact on Capital Stocks

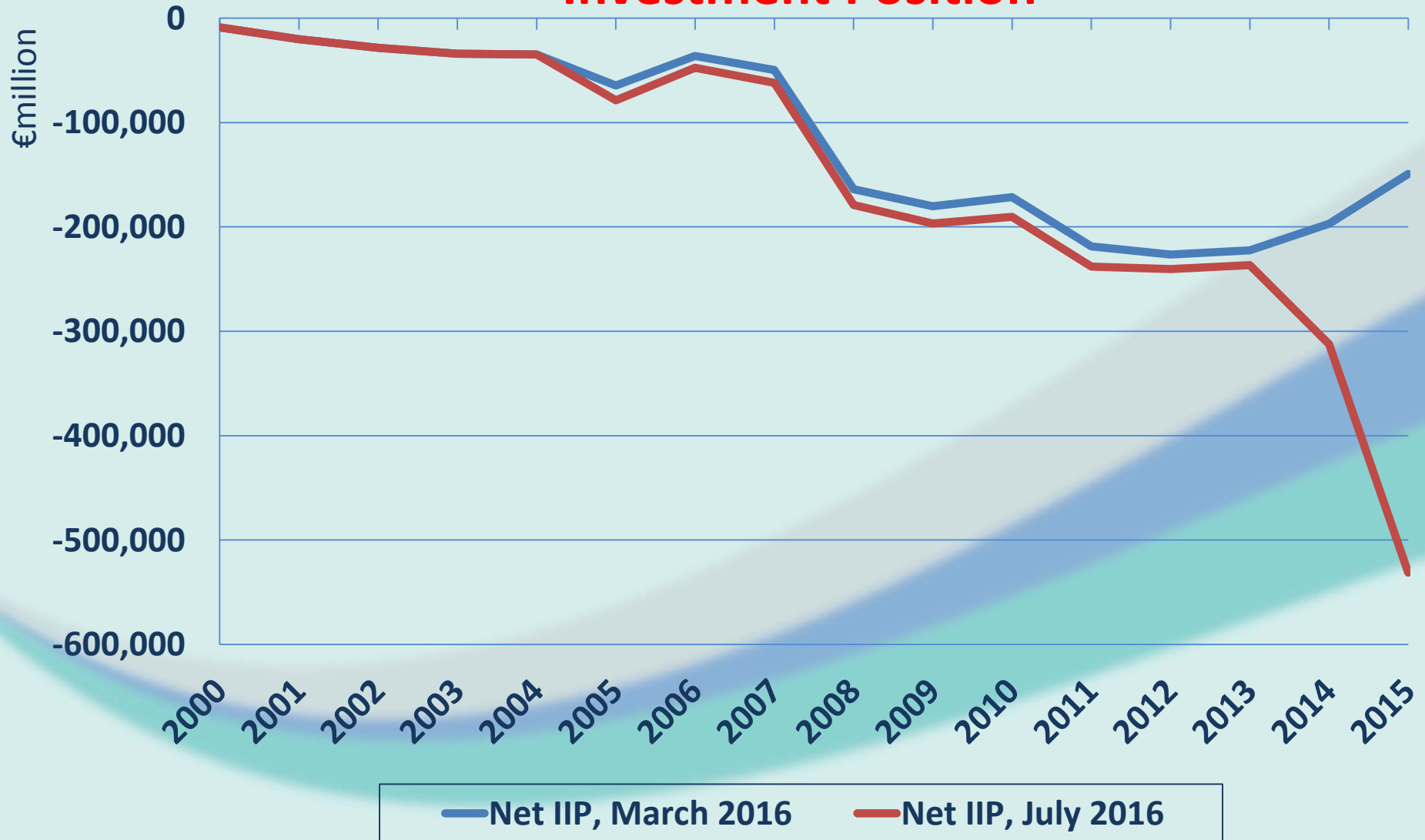
(Incl. transactions and reclassifications)





Balance Sheet Impact – Intl Accounts

Revisions to Ireland's Net International Investment Position





Impact of Increases in Stock of Capital Assets

**Increased
Capital
Assets**

**Increased
Production of
Goods and
Services**

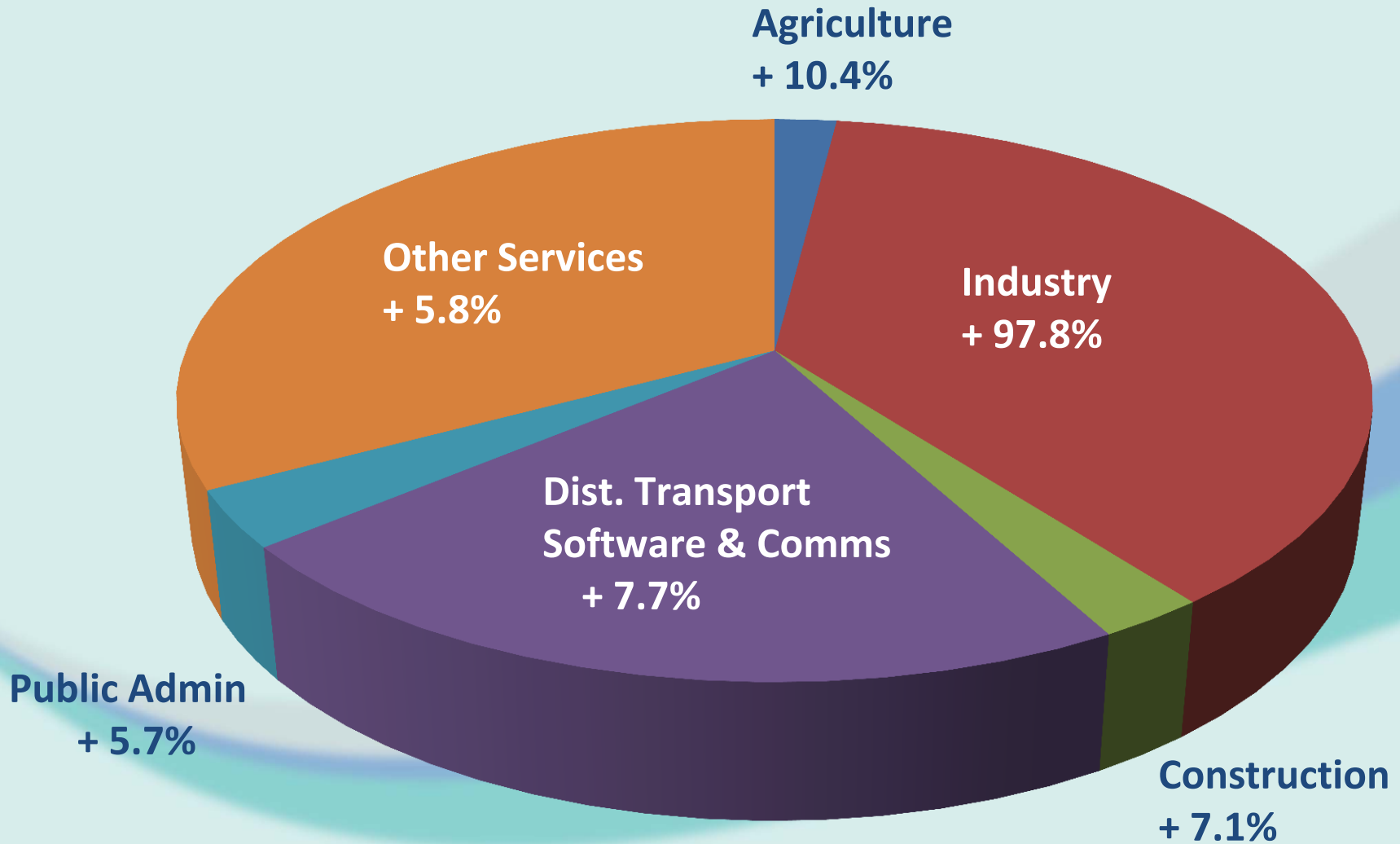
**Increased
Exports**

**Increased
Depreciation**

**Increased
Profits**



Annual Sector Growth by Share of GDP and Growth Rate - 2015



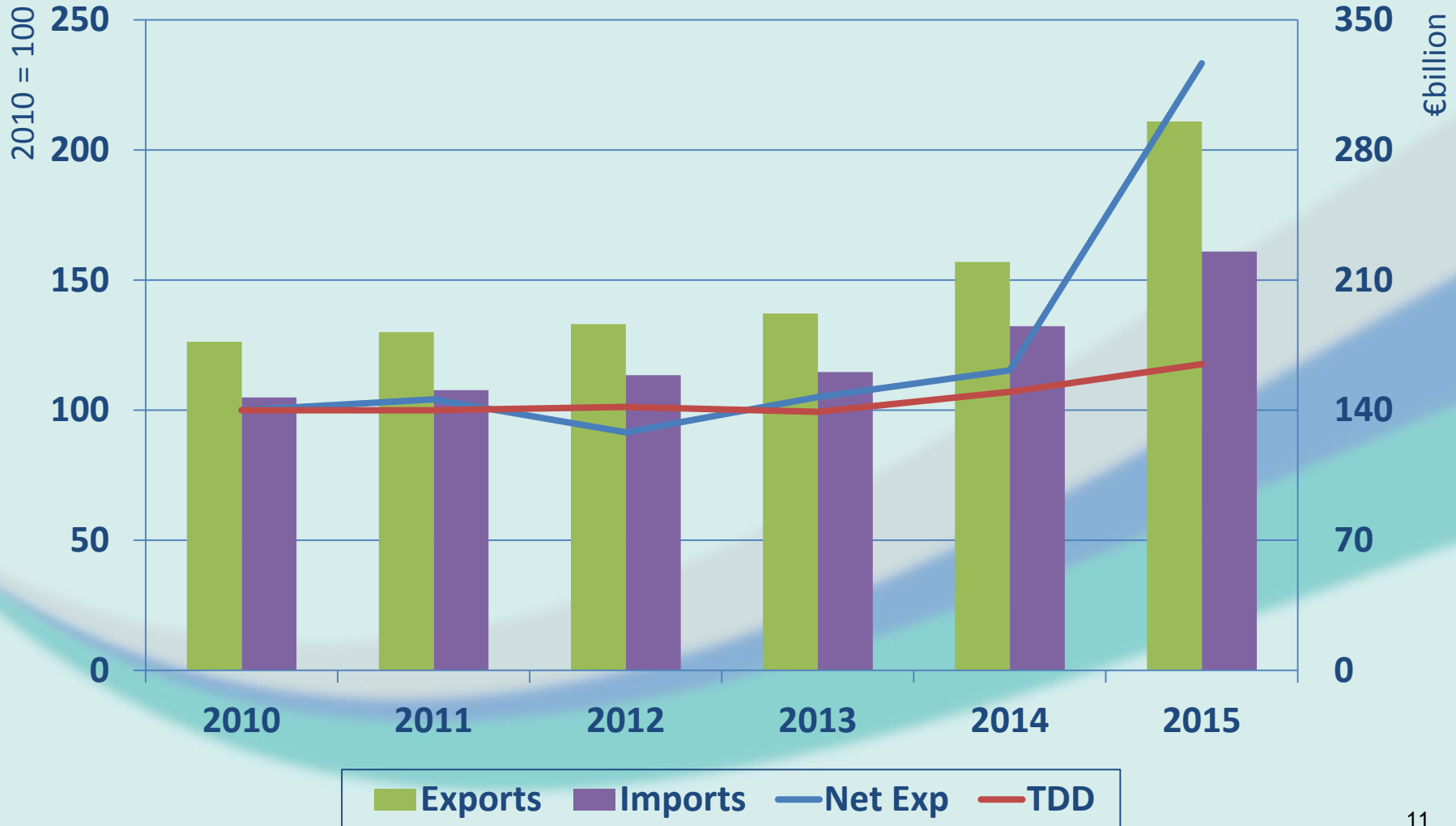


Change to Value added of Industry

- Production generally abroad for these entities – contract manufacturing arrangements
- Economic ownership remaining with Irish entities
 - ownership of Intellectual Property
 - controlling production and distribution chains and sale to third parties / affiliates



Trend in Net Exports 2010 = 100 v's Total Exports and Imports





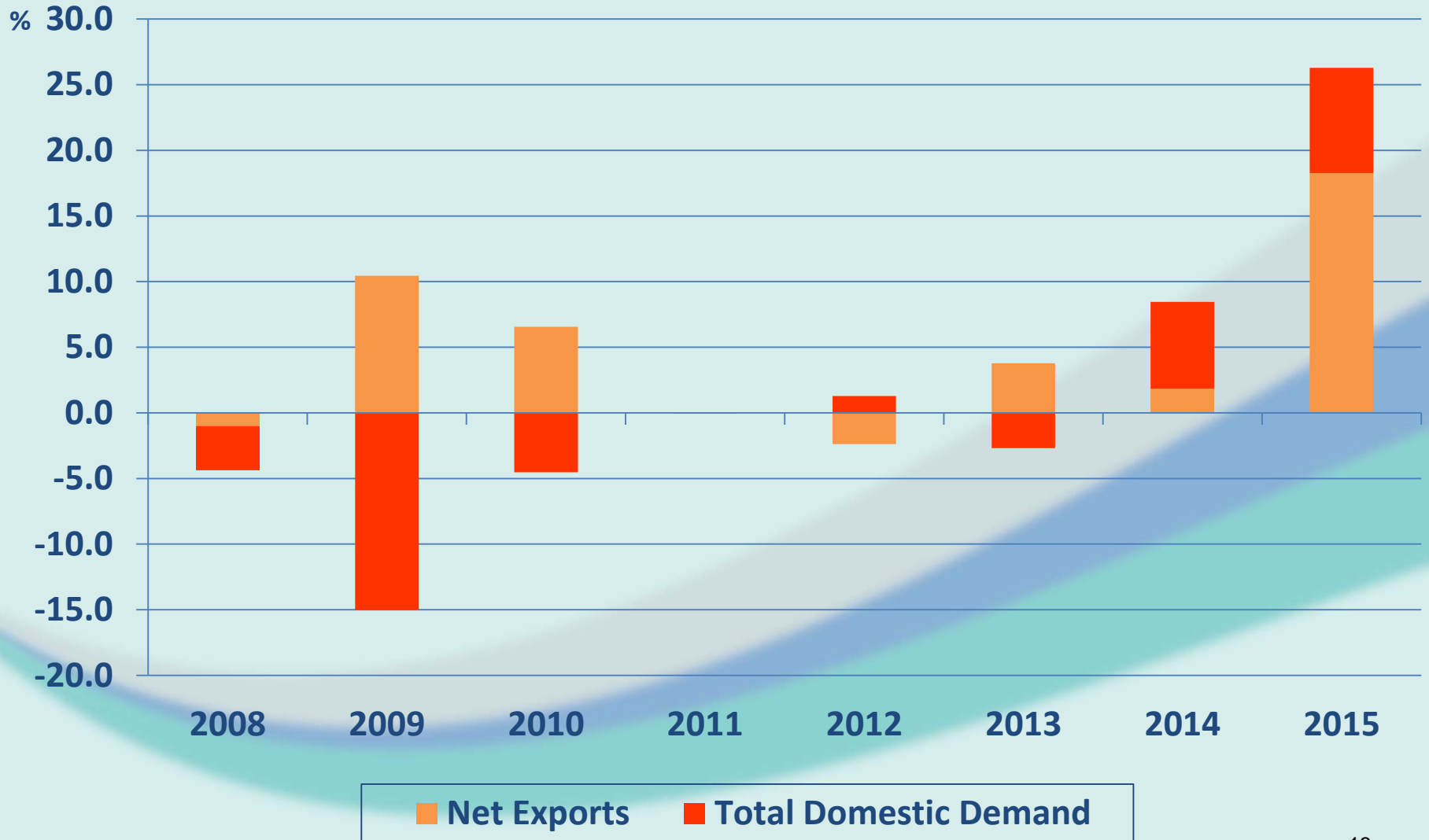
Impact of relocations GDP to GNI transition

- MNE Profits - calculated after depreciation
- Significant impact on profits of additional depreciation due to increased capital assets

Year	GDP	BOP Profit Outflows	GNI	Depreciation	NNI
2014	193,160	29,715	161,759	30,891	130,868
2015	255,815	53,173	200,762	61,558	139,204
Diff	62,655	23,458	39,003	30,667	8,336
Change	32.4%		24.1%		6.4%

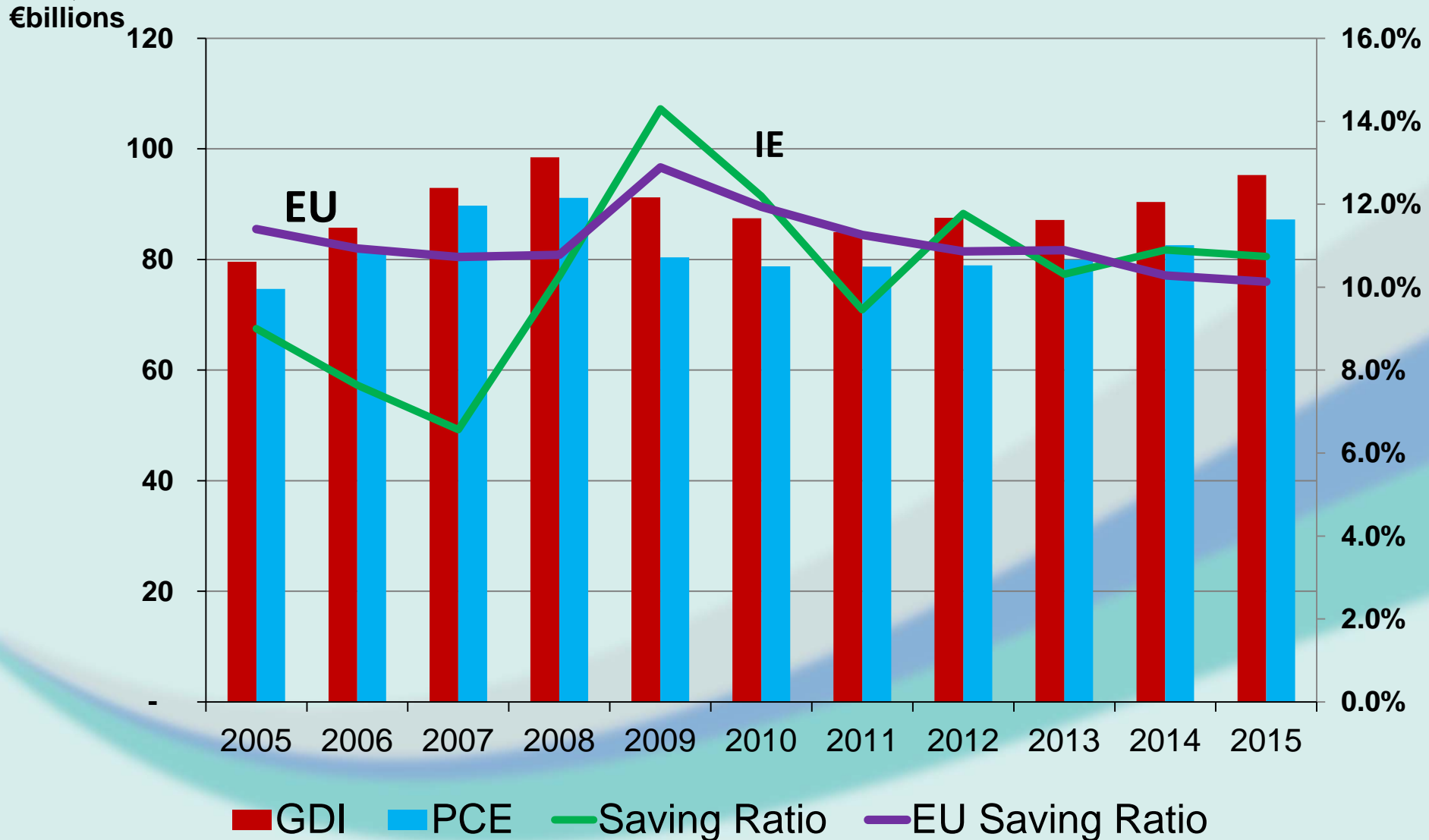


Contribution of Domestic Demand and Net Exports to Annual GDP





Trend in Irish and EU Household Savings





Since July

- Extensive contact with Eurostat on National Accounts, BOP and Industrial Production Index results
- GNI Mission visit August 30th to verify revisions
 - Very productive meeting & results verified
 - Reported to the GNI Committee in October
- CSO presentations at National Accounts WG & BOP WG
- Extensive contact with IMF, OECD, and ECB as well as with national users
- For insight into domestic economy pointing national users to
 - indicators such as Retail Sales, Employment, Vehicle Registrations
 - indicators of domestic activity within National Accounts framework such as Personal Consumption and Expenditure, Household Sector, NDP & NNI
- Published results on economic activity (Value Added) for sectors dominated by foreign-owned MNE's



In conclusion

- Results are compiled in accordance with required regulations and standards
- GDP is still relevant and meaningful and does tell *a* story
- But for increasingly complex economies - a single indicator can no longer tell the *full* story
- Work needed to provide insight on the domestic story – including work in domain of business statistics e.g. effect of globalisation on Industrial Production Index
- National and international implications of the results – significant
- More globalisation events of this nature - possible