STATISTICS DIRECTORATE
COMMITTEE ON STATISTICS AND STATISTICAL POLICY

Working Party on National Accounts

OVERVIEW OF IRISH NATIONAL ACCOUNTS RESULTS IN 2015

To be held on 27-28 October 2016
OECD Conference Centre
Beginning at 4:10 pm on the first day

This document has been prepared by Michael Connolly - CSO Dublin and will be presented under item 4 of the draft agenda

The complete document is only available in PDF format

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Complete document available on OLIS in its original format
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Overview of Irish National Accounts Results in 2015

Presentation to OECD WPNA
October 2016

Michael Connolly,
National Accounts, CSO Dublin

www.cso.ie
NIE 2015

Year-on-Year Growth Rates

GDP  + 26.3% (+7.8%)
GNP  + 18.7% (+5.7%)

Previous provisional annual estimate in brackets
NIE 2015 – Annual Revisions and Revision Policy

- Latest Revenue tax files
- Commodity flow estimates
- Structural Business Survey Data - CIP, ASI, Prodcom
- Insurance Statistics

Methodology Changes
- Financial Services
Revisions due to inclusion of relocated companies

• Relocated companies - entire balance sheets relocated to Ireland
• Revisions not significantly related to inversions or redomiciled corporations - change of HQ
• Relocations recorded as reclassifications – under other volume changes of Capital and Financial Balance Sheets
Process leading to inclusion of enterprises in Irish data

Identify Enterprise

Determine Residency

Engagement with Enterprise
Balance Sheet Impact
Impact on Gross Capital Stocks
(Incl. transactions and reclassifications)

*Preliminary figures
Balance Sheet Impact – Intl Accounts

Revisions to Ireland’s Net International Investment Position

Net IIP, March 2016
Net IIP, July 2016
Increases in Stock of Capital Assets

- Increased Capital Assets
- Increased Production of Goods and Services
- Increased Depreciation
- Increased Profits
Annual Sector Growth by Share of GDP and Growth Rate - 2015

- Agriculture: +10.4%
- Industry: +97.8%
- Dist. Transport Software & Comms: +7.7%
- Other Services: +5.8%
- Public Admin: +5.7%
- Construction: +7.1%
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 Value Added by Sector 2010 = 100

- Industry
- DTS&C
- Other Services
Annual Expenditure by Share of GDP and Growth Rate - 2015

- Net Exports: +102.4%
- Personal Consumption of Goods & Services: +4.5%
- Gov. Consumption of Goods & Services: +1.1%
- Investment: +32.7%
Trend in Net Exports 2010 = 100 v's Total Exports and Imports

Graph showing the trend in net exports from 2010 to 2015, with exports, imports, net exports, and TDD represented in different colors.

- Exports (green bars)
- Imports (purple bars)
- Net Exports (blue line)
- TDD (red line)
Recording in Exports – Imports

- Items produced on a contract manufacturing arrangement for these entities – once sold are recorded as exports (Net)
- Imports are offset against gross exports
- Implications for the BOP and National Accounts if data was recorded gross.
- Recording of merchanting where appropriate
Composition of Capital Formation 1997 – 2015

Constant prices - chain linked

€million

Years


Categories

B&C  M&E  Intangibles
Impact of relocations on GDP – GNI transition

• BOP Entrepreneurial income is calculated after depreciation

• Impact of additional depreciation

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP</th>
<th>Depreciation</th>
<th>Net Factor Flows</th>
<th>GNI</th>
<th>NNI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>193,160</td>
<td>30,891</td>
<td>-29,715</td>
<td>161,759</td>
<td>130,868</td>
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<tr>
<td>2015</td>
<td>255,815</td>
<td>61,558</td>
<td>-53,173</td>
<td>200,762</td>
<td>139,204</td>
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<tr>
<td>Diff</td>
<td>62,655</td>
<td>30,667</td>
<td>-23,458</td>
<td>39,003</td>
<td>8,336</td>
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<tr>
<td>Change</td>
<td>32.4%</td>
<td></td>
<td></td>
<td>24.1%</td>
<td>6.4%</td>
</tr>
</tbody>
</table>
CURRENT ACCOUNT AND BALANCE

- Net Income outflow
- Services balance
- Merchandise surplus

Current Account surplus
Summary

• GDP: + 32.4% (current prices)
• GNI: Increase of 24% - NNI increase of 6.4%
• Increases focussed in Direct Investment Enterprises
• Impact of large additional depreciation charges - increase €30.7bn
• Relatively lower profit outflows to foreign owners
  – GDP + €62.7bn
  – Profit Outflows - €23.5bn
  – Large addition to GNI +€39bn
  – Modest addition to NNI +€8.3bn
Update – Expert Group

• Increasingly difficult to represent the complexities of Irish economic activity using single headline indicators such as GDP or GNP
• Expert group will focus on recommendations for the improvement and development of indicators and analyses giving additional insight to the domestic economy
• First meeting of the group will be September 19th and group will meet between mid-September and mid-November 2016
• Group will report to the Director General of CSO
Update – Expert Group Membership

- High-level cross-sector consultative group
  - Philip Lane (Chair) - Central Bank Of Ireland
  - Alan Barrett - ESRI
  - Seamus Coffey - UCC
  - Thomas Conefrey - IFAC
  - John Fitzgerald - TCD and Irish Times
  - John McCarthy - Department of Finance
  - Dan O'Brien – IIEA, Irish Independent
  - Fergal O'Brien - IBEC
  - Frances Ruane - TCD, ESAC
  - Marie Sherlock - SIPTU
  - Rossa White - NTMA
  - Jennifer Banim and Michael Connolly - CSO
  - Eurostat and IMF - International observers
## Indicators of Domestic Economy

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Q2 2016</th>
<th>Q-on-Q change</th>
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<tbody>
<tr>
<td>Total Personal Consumption Expenditure (Constant Prices, SA)</td>
<td>€23,285m</td>
<td>- 0.5%</td>
</tr>
<tr>
<td>Retail Sales Index, Value (SA), 2005=100</td>
<td>98.5</td>
<td>- 2.2%</td>
</tr>
<tr>
<td>Numbers in Employment, 000 (SA)</td>
<td>2,014.9</td>
<td>+ 1%</td>
</tr>
<tr>
<td>New Private Cars Licensed for the First Time</td>
<td>29,115</td>
<td>68,375</td>
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</table>

More information at [http://www.cso.ie/indicators/Maintable.aspx](http://www.cso.ie/indicators/Maintable.aspx)
Trend in Irish and EU Household Savings

EU

IE

GDI
PCE
Saving Ratio
EU Saving Ratio

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Any Questions?