



An  
Phríomh-Oifig  
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Central  
Statistics  
Office

UNECE Group of Experts on National Accounts  
Net National Income: Ireland's National  
Accounts in the context of globalisation

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# Outline

- Context
- Why NNI?
- GDP to GNI\* to NNI

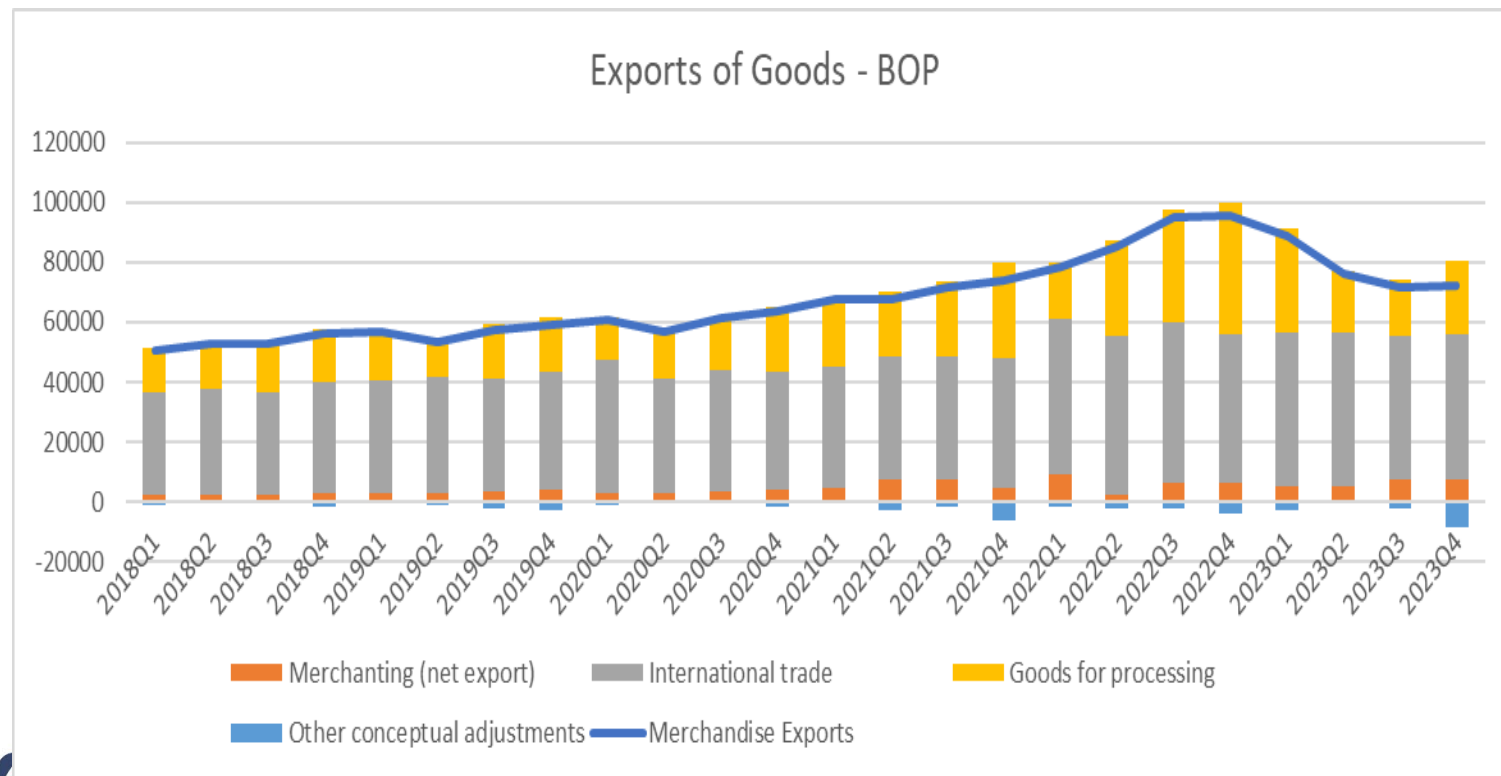


# Context

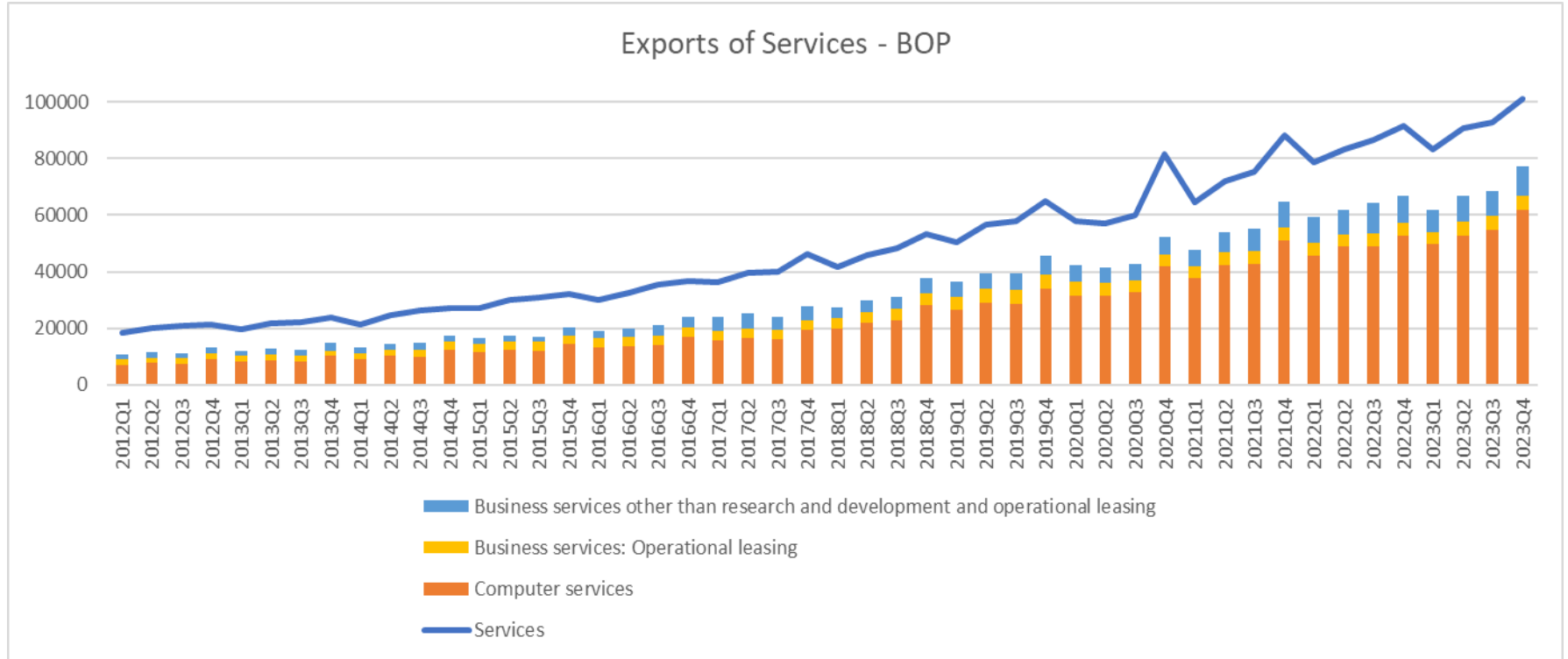
- Growing importance of foreign-owned MNEs
- 2015 exceptional growth due to globalisation
- User consultation – Review Group Dec 2016 report
- GNI\* (size, annual) and Modified Domestic Demand



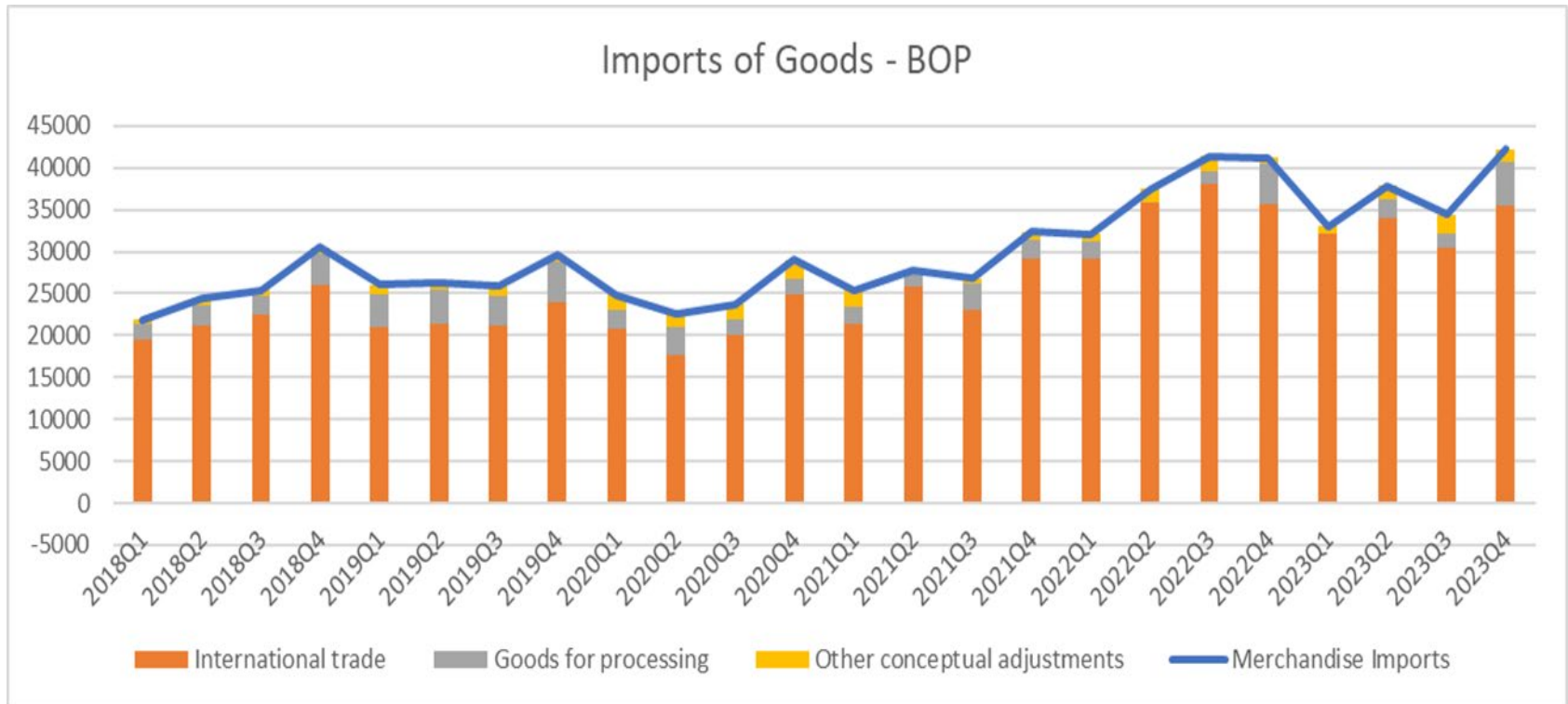
## Context (2)



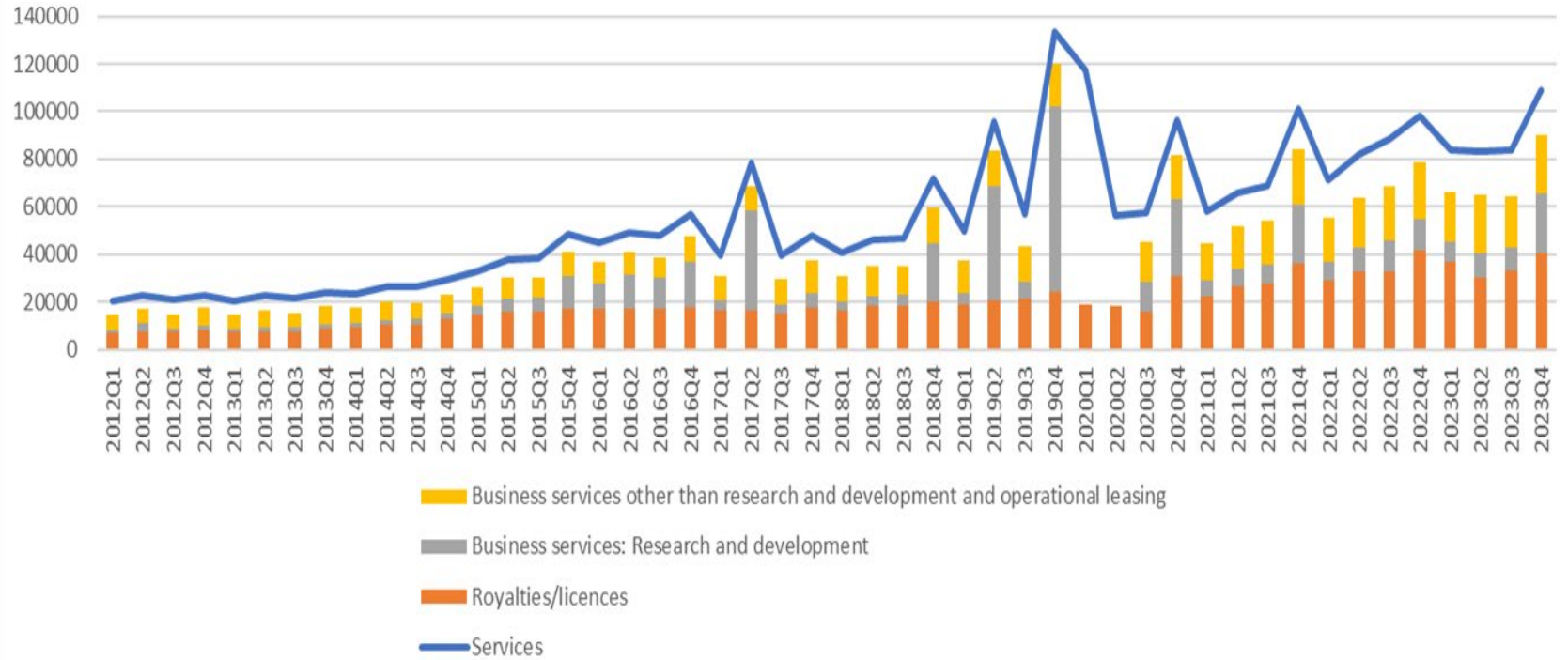
# Context (3)



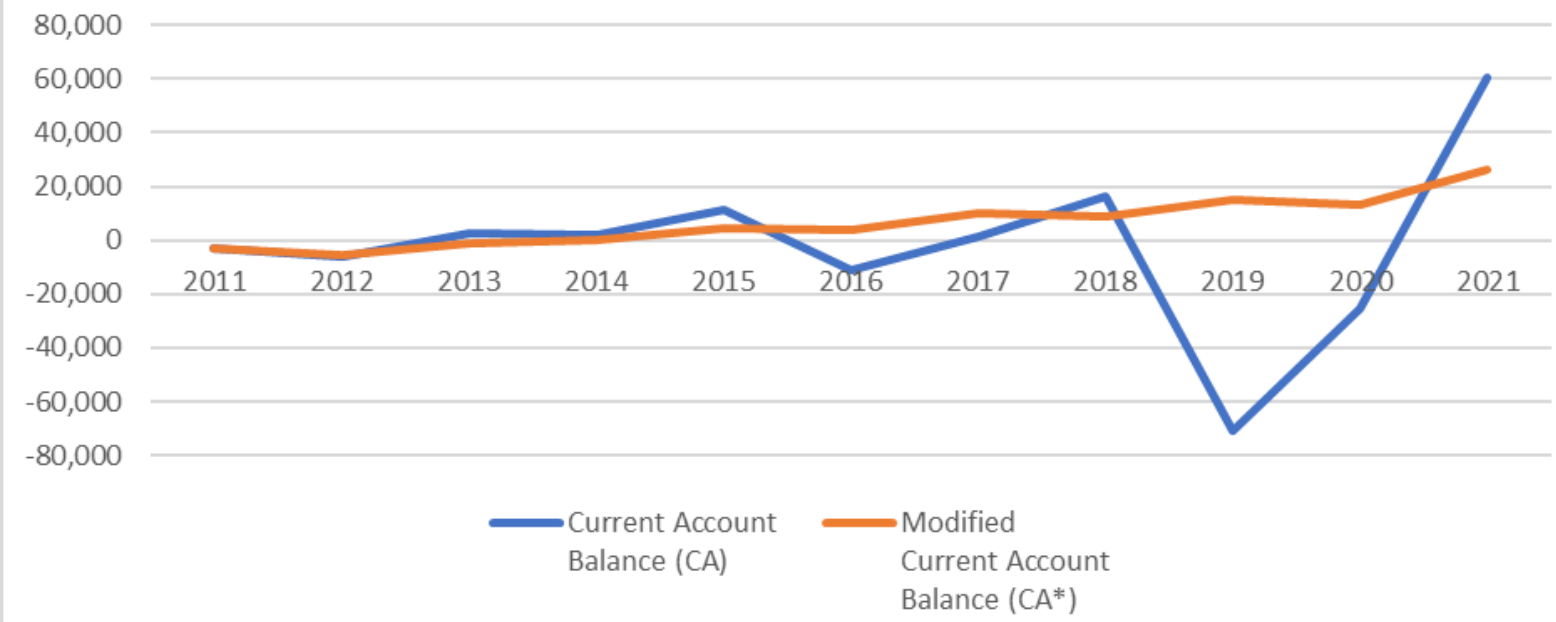
## Imports of Goods - BOP



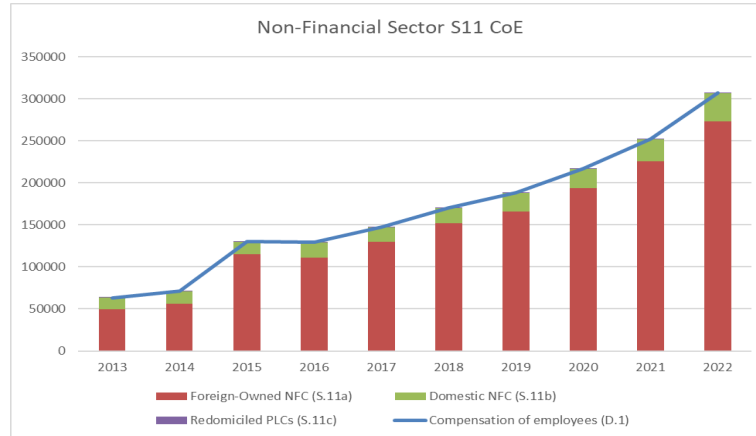
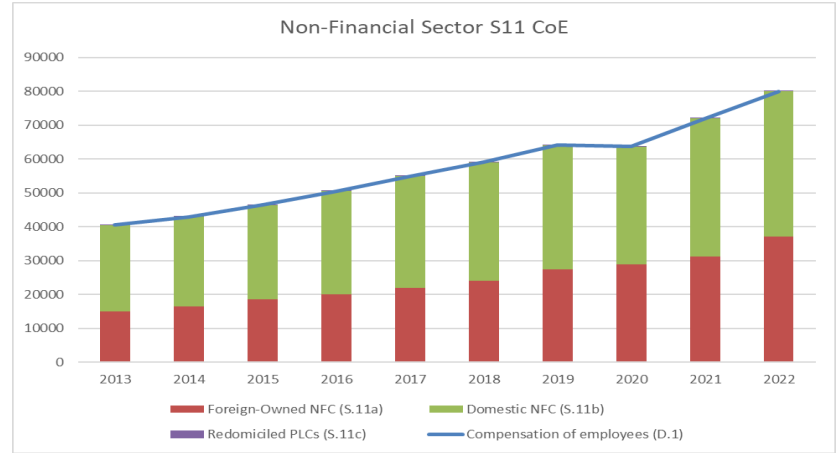
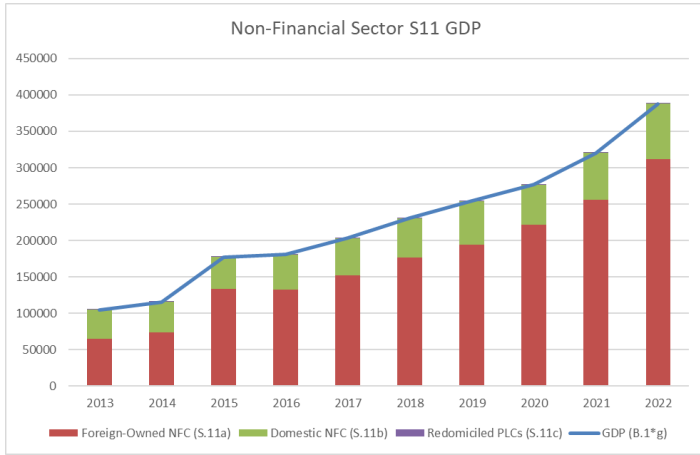
## Imports of Services - BOP

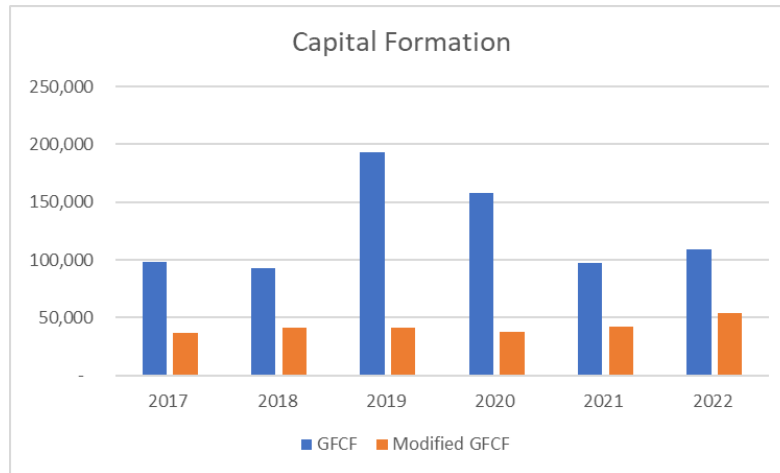
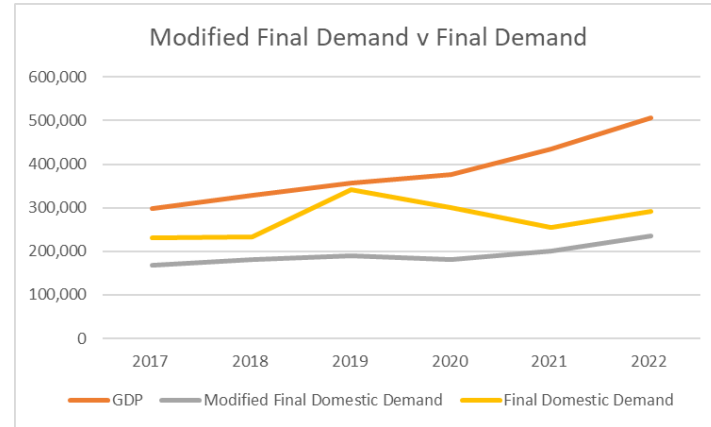
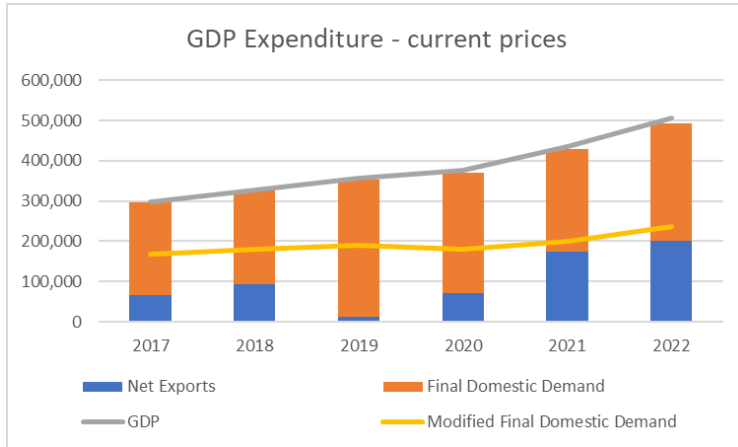


## Modified Current Account







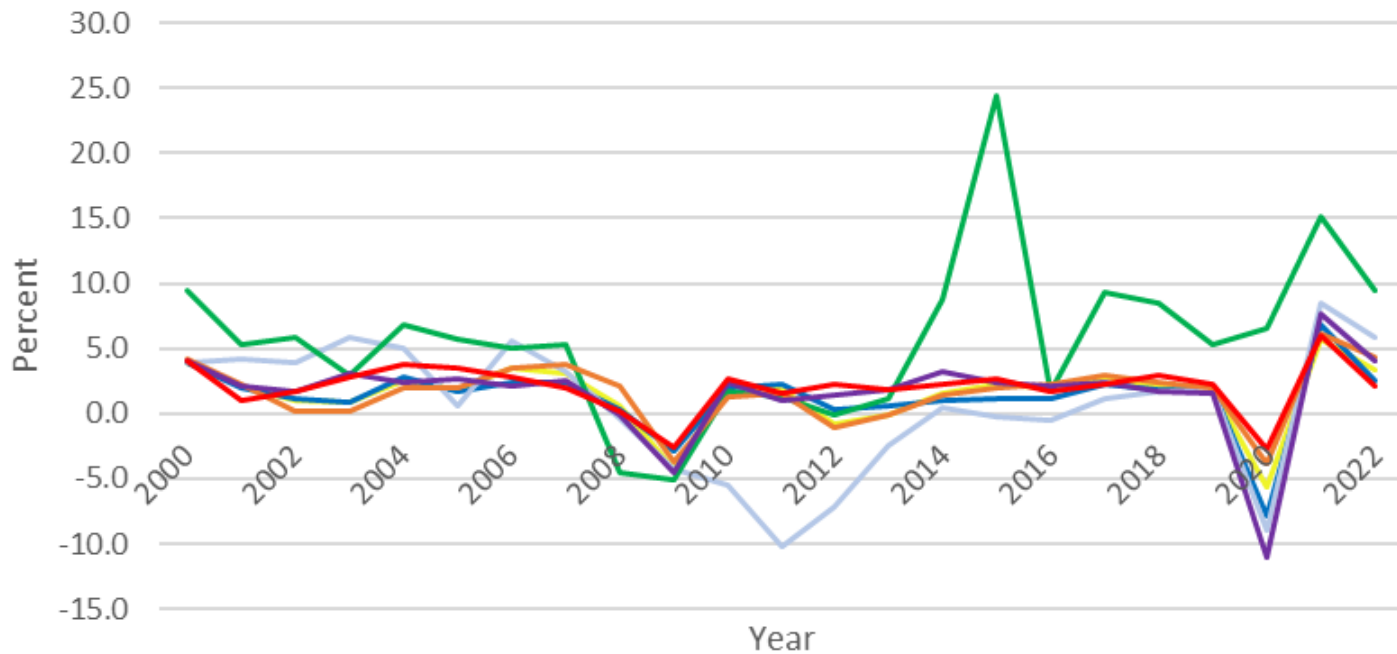


# Why NNI?

- $NNI = GDP - NFI - CFC + \text{Net subsidies}$
- NNI largely domestic profits, coe and taxes
- Income accruing to residents
- GDP distorted by foreign-owned MNEs in Ireland
- Comparability
- SNA 2025 Net measures



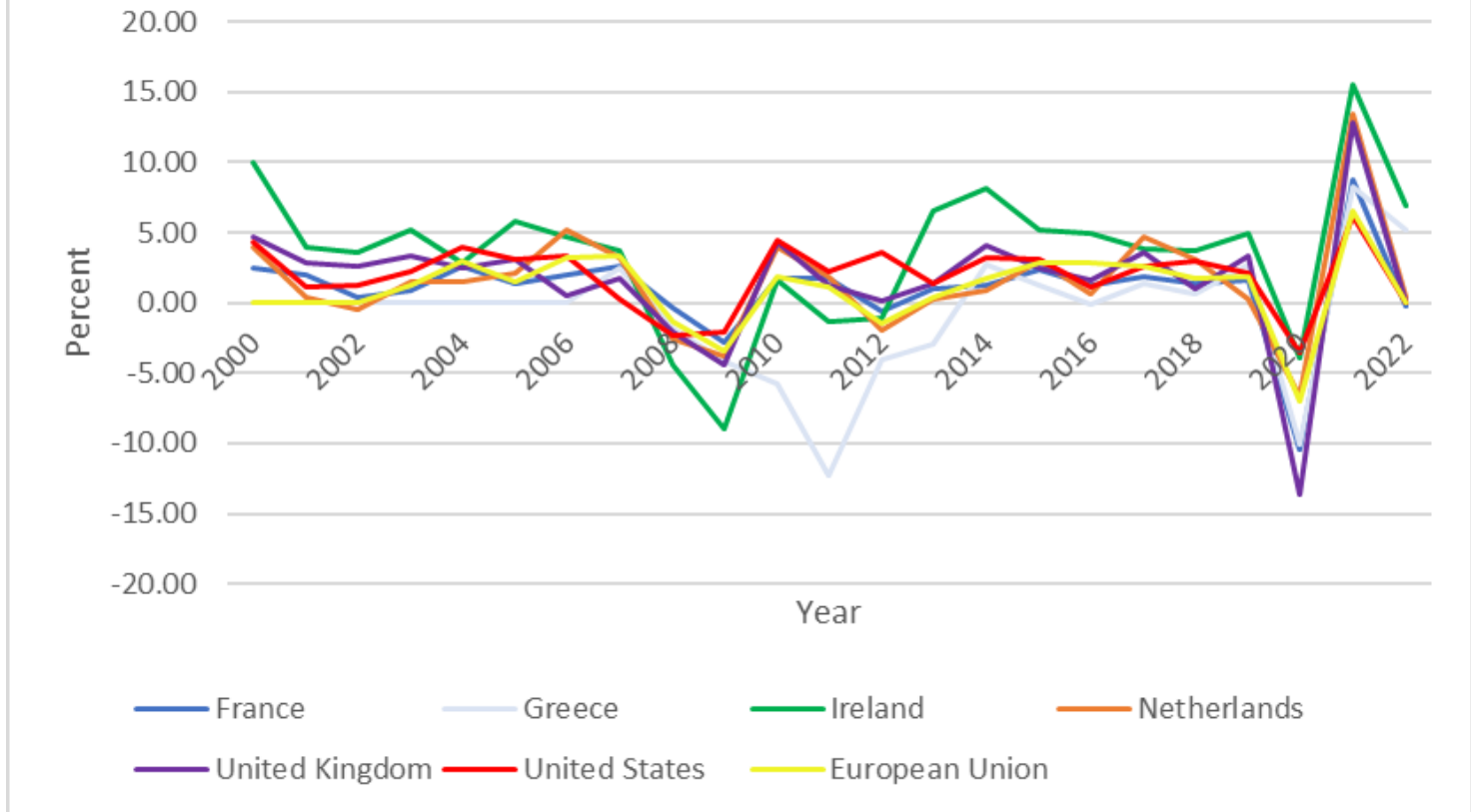
Fig. 2: Annual Percentage Changes in Real GDP



European Union    France    Greece    Ireland  
Netherlands    United Kingdom    United States



Fig. 1: Annual Percentage Change in Real NNI



# GDP to GNI\* to NNI

- GDP less NFI from RoW plus Net subsidies from RoW
- = GNI
  - Less CFC on R&D service imports and trade in IP
  - Less depreciation on aircraft leasing
  - Less factor income of redomiciled PLCs
- = GNI\*



# GDP to GNI\* to NNI

- GNI
  - Less ALL CFC
- = NNI



Table 2.2 Modified Gross National Income at Current Market Prices							€ million
Description	ESA Code	2017	2018	2019	2020	2021	2022 <sup>1</sup>
<b>1. Gross domestic product at current market prices</b>	<b>B.1*g</b>	<b>298,528</b>	<b>327,441</b>	<b>356,357</b>	<b>375,250</b>	<b>434,070</b>	<b>506,282</b>
2. Net factor income from the rest of the world	D.1 & D.4 (net to abroad)	-62,039	-74,463	-80,774	-92,332	-110,756	-143,407
<b>3. Gross national product at current market prices</b>		<b>236,489</b>	<b>252,978</b>	<b>275,584</b>	<b>282,917</b>	<b>323,314</b>	<b>362,876</b>
4. EU subsidies	D.3	1,504	1,566	1,589	1,512	1,527	1,582
5. EU taxes	D.2	-433	-433	-456	-410	-735	-876
<b>6. Gross national income at current market prices</b>	<b>B.5*g</b>	<b>237,561</b>	<b>254,111</b>	<b>276,717</b>	<b>284,019</b>	<b>324,107</b>	<b>363,582</b>
<b>Adjustments:</b>							
7. Factor income of redomiciled companies		-4,457	-4,912	-4,862	-4,256	-10,348	-4,994
8. Depreciation on R&D service imports and trade in IP		-44,153	-47,885	-52,833	-66,790	-69,962	-74,801
9. Depreciation on aircraft leasing		-5,227	-6,529	-8,634	-10,075	-10,516	-10,651
<b>10. Modified gross national income at current market prices</b>		<b>183,724</b>	<b>194,785</b>	<b>210,389</b>	<b>202,898</b>	<b>233,281</b>	<b>273,136</b>
<b>6. Gross national income at current market prices</b>	<b>B.5*g</b>	<b>237,561</b>	<b>254,111</b>	<b>276,717</b>	<b>284,019</b>	<b>324,107</b>	<b>363,582</b>
<i>less depreciation</i>	<b>P.51c</b>	<b>74,344</b>	<b>81,453</b>	<b>90,259</b>	<b>106,253</b>	<b>112,269</b>	<b>121,887</b>
<b>18. Net national income at market prices</b>	<b>B.5*n</b>	<b>163,217</b>	<b>172,658</b>	<b>186,457</b>	<b>177,766</b>	<b>211,838</b>	<b>241,695</b>

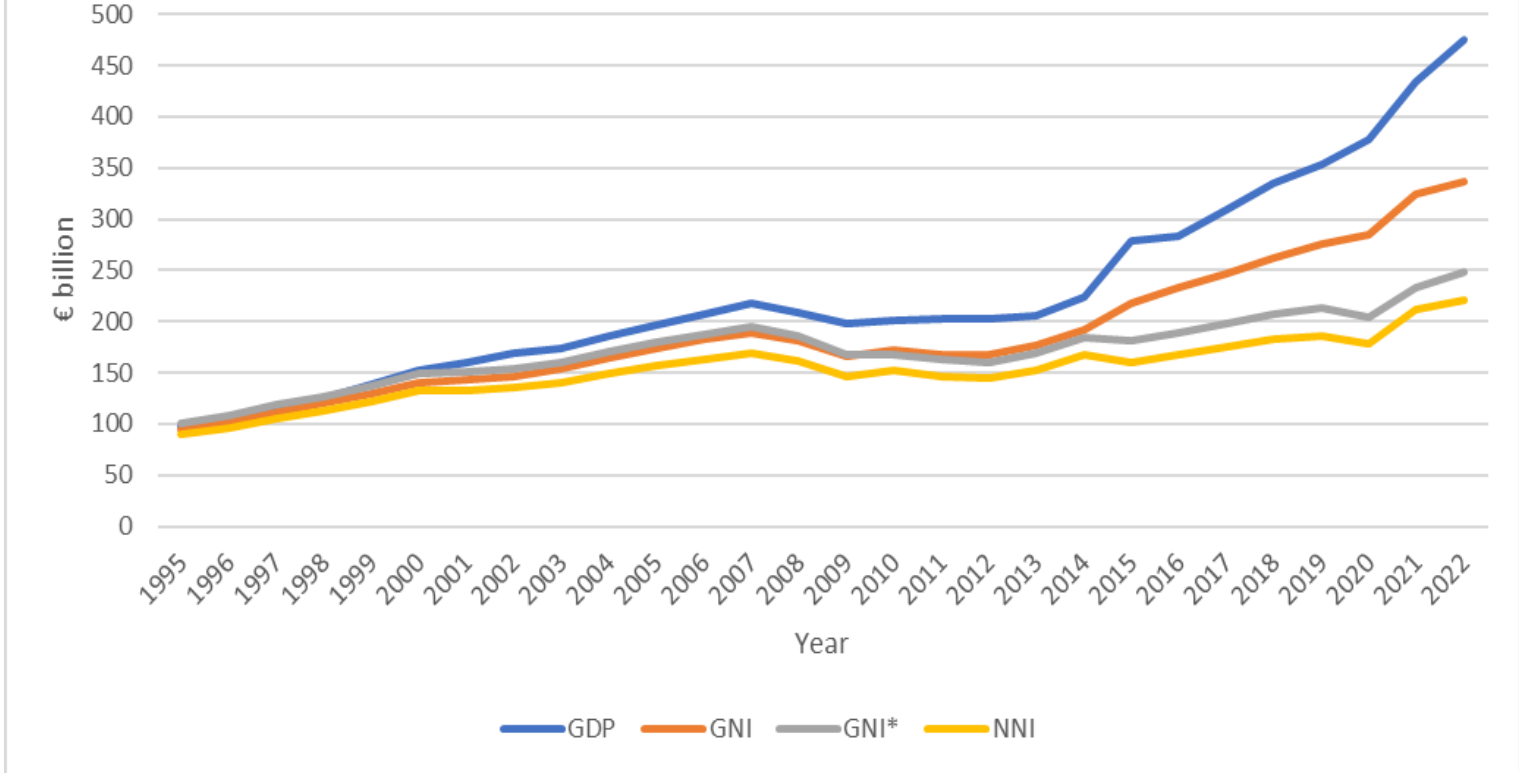




Fig 5: NNI by component 2010 -2022 - Ireland current prices



Fig. 3: GDP, GNI, GNI\* and NNI Levels at Constant Market Prices - Ireland



**Table 1: Explanatory Table of Aggregate Measures**

	GDP	GNI	GNI*	MFDD <sup>1</sup>	NNI
Subtracts Net Factor Income	NO	YES	YES	N/A  (CALCULATED USING EXPENDITURE)	YES
Subtracts Depreciation	NO	NO	YES (IP, R&D AND LEASED AIRCRAFT ONLY)	N/A	YES
Subtracts PLC Factor Income	N/A	NO	YES	N/A	NO
Internationally Comparable	YES	YES	NO	NO	YES

<sup>1</sup> MFDD: Modified Final Domestic Demand. An explanation of this measure is included in Section 3.



<u>High Level Aggregate</u>	<u>Key Statistical/Analytical uses</u>
MFDD	Part of/Partial economy measure useful as a Demand side indicator of domestic economic activity.
GDP	At Current Prices, GDP is required under EU Fiscal rules for use as a denominator for the compilation of Government Debt & Deficit metrics.
GNI	A key element used for determining EU Budgetary Contributions (with GNI and Gross National Product [GNP] being highly correlated headline measures for Ireland).
Modified GNI (GNI*)	<p>Nationally designed Whole-of-Economy measure that excludes the influence of MNEs on the Irish economy.</p> <p>Only depreciation on R&amp;D Service Imports and Trade in IP and depreciation on leased aircraft are deducted. And redom-NFCs factor income.</p>
NNI	Whole-of-economy measure that excludes globalisation effects associated with Reinvested Earnings (RIE) and Depreciation on all Fixed Capital Assets regardless of asset class, that has the benefit of international comparability under the System of National Accounts (SNA) accounting rules.



- # Thank You
- <https://www.cso.ie/en/releasesandpublications/ep/p-ana/annualnationalaccounts2022/gdpbyincomes/>
- <https://www.cso.ie/en/releasesandpublications/ep/p-isanff/institutionalsectoraccountsnon-financialandfinancial2022/>
- <https://www.cso.ie/en/releasesandpublications/ep/p-ia/internationalaccountsq42023/>
- <https://www.cso.ie/en/releasesandpublications/ep/p-fdi/foreigndirectinvestmentinireland2020/redomiciledplcs/>

