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IRELAND

Key Economic Indicators
(Millions of U.S. dollars)

	1998	1999	2000	Est.
Income, Production and Employment:				
Nominal GDP 1/	68,974	93,219	98,497	
Real GDP Growth (pct) 2/	10.2	9.8	8.75	
GDP by Sector: 3/				
Agriculture	4,390	3,967	N/A	
Industry	28,316	29,638	N/A	
Services	34,998	36,369	N/A	
Public Admin. and Defense	11,600	12,354	N/A	
Per Capita GDP (US$)	20,517	24,890	25,717	
Labor Force (000's)	1,646	1,711	1,732	
Unemployment Rate (pct) 4/	7.6	5.6	4.4	
Money and Prices (annual percentage growth):				
Money Supply Growth (M3E) 5/	17.3	N/A	N/A	
Consumer Price Inflation	2.4	1.6	5.5	
Exchange Rate (IP/US$)	0.70	0.74		
Balance of Payments and Trade:				
Total Exports FOB 6/	64,556	70,917	73,125	
Exports to U.S.	8,720	10,894	7,000*	
Total Imports CIF 6/	44,728	46,777	46,633	
Imports from U.S.	7,165	7,733	4,000*	
Trade Balance	19,828	24,139	26,492	
Balance with U.S.	1,555	3,161	3,000	
General Government Debt 7/	47,612	46,845	40,483	
Exchequer Surplus/GDP (pct) 8/	1.2	1.7	3.5	
Current Account Balance/GDP (pct)	2.0	0.65	0.5	
Debt Service Payments/GDP (pct)	4.0	3.6	N/A	
Gold and Foreign Exchange Reserves	9,221	5,693	N/A	
Aid from U.S. 9/	5	5	5	
Aid from All Other Sources 10/	1,300	995	1,322	

* Total for Jan-June 2000

1/ GDP at current market prices.
2/ GDP at constant market prices (local currency).
3/ GDP at constant factor cost.
4/ ILO definition.
5/ Broad money (from 1998 CBI discontinued publishing M3E).

6/ Merchandise trade; * indicates first six months of 2000.
7/ Total amount owed by Irish government at year ending December 31, 1998 and 1999 at the average yearly exchange rate. The figure for year 2000 represents the value of government debt on July 1, 2000.
8/ General Government.
9/ Each year the United States contributes 19.6 million dollars to the International Fund To Ireland (IFI). A quarter of this amount is estimated to be spent in the Republic of Ireland's border counties.
10/ These figures include transfers from the EU's European Social Fund, Regional Development Fund, Cohesion Fund and Special Programme for Northern Ireland and the Border Counties, as well as the contributions from countries other than the United States to the IFI.

Sources: Central Bank of Ireland (CBI); Central Statistics Office (CSO); National Treasury Management Agency (NTMA).

1.General Policy Framework

In 2000 the Irish economy continues to grow strongly, having enjoyed a vigorous average annual growth rate of approximately eight percent in real terms over the past six years.

Most commentators trace the origins of Ireland's "Celtic Tiger" economy to the economic policy mix put in place in the late 1980s and maintained by successive governments since then. This included: (1) tight control of public spending in order to reduce government borrowing and taxation on corporate and personal incomes; (2) a de facto incomes policy, operated through national economic programs agreed by the government, employers and trade unions, in order to limit wage growth and boost employment creation; (3) the ten percent corporate tax rate for international manufacturing and service companies, together with generous grants to export-oriented multinational firms who locate in Ireland; and (4) high levels of investment in education, training and physical infrastructure, much of it funded by generous transfers from the European Union. In contrast to the economic policies of the 1970s and early 1980s, the policy mix in the last decade has centered on supply-side reforms to the economy, aimed at improving the attractiveness of Ireland as a location for overseas investment and increasing competitiveness of Irish-made goods in the international marketplace.

The results have been impressive. Real Irish GDP growth has averaged almost eight percent since 1994, and real Irish incomes have increased by almost two thirds since the beginning of the decade. Fast growth has been accompanied by increasing openness to the world economy. In 1999 total imports and exports were equivalent to over 125 percent of GDP, compared with under 100 percent a decade earlier. Thanks in large part to the strong performance of Irish-based U.S. and other multinational firms, Ireland now enjoys a huge surplus in merchandise trade (equivalent to 26 percent in GDP in 1999), which more than offsets trade deficits in services and factor incomes. Despite fast growth, inflation remained low for much of this period, averaging just 2 percent in 1994-97. Since late 1999, however, inflation has accelerated from annual rates of 2 percent to a rate of 6.2 percent in August 2000. The weak value of the euro vis-a-vis the dollar, high oil prices, increasing wage costs, rising disposable incomes, relatively low interest rates, lower taxes, fast employment and strong growth in property prices have together resulted in these recent levels of high inflation.

Fiscal Policy: After the runaway public deficits of the mid-1980s, the Irish government has since maintained a more prudent fiscal position. Fast economic growth, combined with limited growth in public spending, has kept Ireland's general government deficit below 2.5 percent of GDP since 1989. This was consistent with the provisions of the 1992 Maastricht Treaty, which required EU nations to keep their fiscal deficits below three percent of GDP, and allowed Ireland to be confirmed in May 1998, along with ten other EU nations, as a starting participant in the final stage of Economic and Monetary Union (EMU), which began in 1999.

The small fiscal deficits, together with fast growth in national income, have reduced Ireland's debt/GDP ratio from over 125 percent in 1987 to 50.1 percent at the end of 1999. The national treasury management agency predicts a further decline in the ratio, of the order of seven percentage points, in 2000. In nominal terms, national debt at the end of 1999 amounted to just over 43 billion dollars. Of this, six percent was denominated in a non-euro currency. Most new government borrowing, used to refinance maturing debt, is made through the sale of Irish pound-denominated securities, although significant proportions of these are purchased by non-residents.

Personal income and consumption taxes form the bulk of total government tax revenue. There are two personal tax rates: the standard 22 percent rate and the higher 44 per cent rate. The higher rate kicks in at slightly below the median industrial wage (about $23,000). In a bid to secure continued trade union commitment to modest nominal wage increases and to make entry level jobs more attractive to the long-term unemployed and non traditional participants in the Irish workforce (older citizens and mothers), the current government is committed to lowering personal tax rates and expanding income tax credits significantly over the next two years, although concerns about recent spikes in inflation have caused some discussion within the government coalition about delaying these reductions in tax rates. The rate of Value Added Tax (VAT), a consumption tax, at 21 percent, is high by European standards. VAT rates in EU member states, including Ireland, can be raised, but not lowered, without EU approval.

The standard rate of corporate tax is 24 percent. Corporate taxation, however, makes a relatively modest contribution to public finances, and few U.S.-owned businesses pay this rate because of the special ten percent rate available to companies producing internationally-traded manufactured goods and services, and to companies operating in certain industrial zones. Most Irish-based, U.S.-owned businesses pay corporate tax at the special ten percent rate. In response to European Commission criticism that the special rate of corporate tax constituted a subsidy to industry, the government is committed to harmonizing the special and standard rates of Irish taxes to one single rate of 12.5 percent by 2003, thereby eliminating the differential treatment. In the interim period corporate tax rates will fall to 20 percent in 2001, 16 percent in 2002 and finally 12.5 percent in 2003.

Monetary Policy: Beginning in 1999, monetary policy in Ireland, as in the other ten EU states adopting the single European currency, is formulated by the European Central Bank (ECB) in Frankfurt. The Irish Central Bank will continue to exist as a constituent member of the European System Of Central Banks (ESCB) and will be responsible for implementing a common European monetary policy in Ireland (i.e. providing and withdrawing liquidity from the Irish inter-bank market at an interest rate set by the ECB.) The governor of the Irish Central Bank (currently Maurice O'Connell) will, ex officio, have one vote in the ECB's 17-member monetary policy committee, although each national central bank governor in the committee will be expected to disregard the individual performances of their own national economies in formulating a common monetary policy for the euro area. The 1992 Maastricht Treaty identifies price stability as the primary objective of monetary policy under EMU. Price stability is defined by the ECB as a year-on-year increase in the harmonized index of consumer prices for the euro area of below two percent. In making its assessment of future consumer price movements, the ECB will take account of trends in money supply, private sector credit, and a range of intermediate price indicators. The primary instrument of monetary policy is expected to be open market operations by the ECB and the national central banks (purchases and repurchases of government securities at a discount rate announced weekly.)

2. Exchange Rate Policies

On January 1, 1999 the Irish pound ceased to exist as Ireland's national currency, and the new single European currency, the euro, became the official unit of exchange. Although Irish currency continues to circulate until the introduction of euro notes and coins in January 2002, it acts as a "denomination" of the euro, with an irrevocably fixed exchange rate to the euro and the ten other participating currencies. The conversion rate between the Irish pound and the euro was fixed at the rate of one euro to Irish pounds 0.787564.

The euro is freely convertible for both capital and current account transactions. The Maastricht Treaty makes exchange rate policy for the euro the responsibility of EU finance ministers, subject to the proviso that exchange rate policy does not threaten price stability in the euro area. Ireland is unique among all other euro members in that its largest trading partner, the UK, remains, for the foreseeable future, outside the single euro currency. Ireland's loss of control over its exchange rate with UK sterling poses risks to Irish industry dependent on UK suppliers. The weak value of the euro vis-à-vis sterling places pressure on Irish importers to increase the flexibility of their cost base. The Irish pound averaged 1.35 against the dollar in 1999 (IP 1.0 = $1.35), and is expected to average in the region of $1.21 (IP 1.0 = $1.21) in 2000.

3. Structural Policies

Economic policy in Ireland is geared primarily towards maintaining low unemployment and raising average living standards, although income redistribution, social cohesion and regional development are also important goals. After the failure of expansionary fiscal policies in the late 1970s to stimulate growth, government policy makers focused on supply-side measures aimed at creating an environment attractive to private enterprise and in particular to inward direct investment by export-oriented multinationals. The most important policies in this regard have been the following:

(A) Tight control over the public finances in order to maintain macroeconomic stability (in 1997 Ireland recorded its first general government surplus in over 50 years);

(B) The development of a social consensus on economic policy through national wage agreements negotiated by the government, employers and trade unions (the latest agreement, the Program for Prosperity and Fairness, took effect at the beginning of April 2000 and trades off continued wage/pay moderation by trade unions in return for substantial cuts in personal taxation);

(C) The promotion of greater competition and liberalization in the economy, and reducing the number of state-owned industries, particularly in the provision of transport, energy and communications services;

(D) The availability of a special ten percent rate of corporate taxation and generous grants to attract foreign investment (which rises to 12.5 percent from 2003 onwards);

(E) A commitment to the Single European Market and to Irish participation in EMU;

(F) High levels of investment in education and training (of all OECD countries, only the Japanese workforce has a higher proportion of trained engineers and scientists); and

(G) Improvements in physical infrastructure (in all areas from roads to environmental systems to housing stock, details of which are contained in the National Development Plan [2000-2006]; structural investment between 2000-2006 is expected to total around 48 billion dollars. Much of this will be funded by Irish taxpayers as opposed to previous national development plans, which were funded by generous EU transfers).

The success of the above policies in attracting foreign investors and raising incomes has had two distinct effects on U.S. exports to Ireland. First, over 550 U.S. firms are now located in Ireland. These companies import a large proportion of their capital equipment and operating inputs from parent companies and other suppliers in the United States. Accordingly, the largest component of U.S. exports to Ireland is office machinery and equipment, followed by electrical machinery and organic chemicals. Furthermore, as U.S. firms in Ireland become increasingly integrated with the local economy, sales by U.S. parent companies to local Irish enterprises are believed to have increased dramatically in recent years, although the data on this remains sketchy. Second, the fast growth in both personal incomes and corporate profitability in Ireland has led to a strong increase in demand for U.S. capital and consumer goods from Irish companies and workers. The combination of the above two effects has seen U.S. exports to Ireland increase by a factor of five between 1983 to 1999. As a result, the United States has become Ireland's second largest trading partner, behind only the UK.

4. Debt Management Policies

The National Treasury Management Agency (NTMA) is the state agency responsible for the management of the government debt. Ireland's general government debt at end 1999 amounted to just over $46.7 billion (using average 1999 exchange rates), equivalent to just over 50 percent of GDP. The bulk of the national debt was accumulated in the 1970s and early 1980s, partly as a result of high oil prices, but more generally as a result of expanding social welfare programs and public-sector employment. Increased fiscal rectitude since the late 1980s means, however, that Ireland was the only EU member state to have a lower debt/GDP ratio in 1997 than it had in 1991. When exchange rate fluctuations are taken into account the market value of the general government debt actually increased by $1.9 billion.

While absolute level of debt has remained within a relatively narrow range over recent years, the ratio of debt to GDP has declined sharply because of the very strong growth of the Irish economy. Reported 1999 debt service expenditure was $3,392 million, some $39 million below the budget of $3,431 million.

The burden of debt service costs on the economy and the taxpayer continued to fall in 1999. The ratio of interest payments to tax revenues declined by four percentage points, continuing the downward trend of the past several years. As a result, interest on the debt now absorbs approximately 10 percent of tax revenue compared to almost 30 percent at the beginning of the decade. Debt servicing costs are expected to continue to fall significantly as a proportion of national income and total government expenditure in the coming years, reflecting moderate interest rates, falling nominal debt levels and fast Irish income growth. This should pave the way for further reform of the personal taxation system, thus increasing consumer demand for U.S. exports of goods and services.

5. Aid

In 1999 the United States contributed $19.6 million to the International Fund for Ireland (IFI), of which around $5 million is estimated to have been spent in the border constituencies of the Republic of Ireland, with the balance being spent in the UK province of Northern Ireland.

6. Significant Barriers To U.S. Exports

The United States is Ireland's second largest source of imports, behind only the UK. Total exports from the United States into Ireland in 1999 were valued at $7.7 billion (18 percent of total Irish imports), up from just over $3 billion in 1990. Irish exports to the United States have, however, increased at an even faster rate over the same period. With Irish exports to the United States in 1999 standing at $10.9 billion, the trade balance between the two countries in 1999 favored Ireland by almost $3.2 billion. Ireland has been running a trade surplus with the United States since 1997.

As a member of the EU, Ireland administers tariff and nontariff barriers in accordance with applicable EU policies. There are, however, several significant barriers to trade of importance to potential U.S. exporters, particularly with regard to trade in services. Specifically, Ireland maintains some barriers in the aviation industry: under the "Open Skies" aviation agreements that the U.S. has with most EU member states, there are no restrictions on bilateral routes, capacity or pricing. Ireland is one of several member states without an Open Skies agreement, and where the U.S.-Ireland bilateral aviation agreement still contains some limitations.

Ireland's markets for electricity and gas are presently being liberalized, in accordance with EU energy directives. Ireland has opened 33 to 40 percent of its electricity market to European competition in accordance with the EU electricity directive. This development has sparked significant interest among electricity suppliers, both domestic and foreign, in the Irish electricity market, although the provision of electricity in Ireland is relatively costly for suppliers, owing to low demographic density in areas outside the major urban centers.

The gas industry is to be similarly deregulated beginning in 2001. The Irish government is in the process of establishing the regulatory and legal environment for a competitive gas market. Several U.S. firms have proposals before the Irish government for gas pipeline construction projects and distribution proposals.

The market for telecommunications services in Ireland was fully liberalized in December 1998, more than one year ahead of the original timetable agreed with the European Commission in 1996. Prior to liberalization, the state-owned telecommunications company, Telecom Eireann, had been the monopoly provider of voice telephony services to the general public, although the market for leased lines and other data transmission services was progressively liberalized earlier in the 1990s. The state-owned telephone company, Telecom Eireann, was publicly floated on the Dublin and New York stock exchanges in May 1999, under its new name "Eircom." Also as part of the privatization, Eircom sold off the state-owned cable network, "Cablelink" to "NTL," an Anglo-U.S. firm, which is presently launching a raft of telecommunications services ranging from an extension of the cable network to the provision of next generation internet facilities.

There are three licensed mobile telephony network providers. These include Eircell, subsidiary of Eircom, Esat-Digiphone and Meteor (U.S. consortium). A competitive market environment is emerging in Ireland in both land based and mobile telecoms networks. The EU's telecom ministers meeting in October 2000 agreed to a series of "local loop unbundling rules" that will pave the way to open access to the last mile of telephone lines by January 1, 2001. It is envisaged that this decision will be approved by the European Parliament and enter into force in January 2001.

Although some liberalization has taken place in recent years, Ireland still maintains some of the strictest animal and plant health import restrictions in the EU. These, together with EU import duties, effectively exclude many meat-based foods, fresh vegetables and other agricultural exports from the United States. Restrictions also apply to certain foods containing genetically modified organisms (GMOs), bananas from outside the Caribbean area, cosmetics containing specified risk materials (SRMs), and some wines, although as with other goods, these policies are determined at EU level.

Ireland has been a member of the World Trade Organization (WTO) since it came into effect on January 1, 1995. The WTO agreement was ratified by the Irish parliament in November 1994. As member of the EU, however, Ireland participates in a large number of EU regional trade agreements, which may distort trade away from countries with whom Ireland trades purely on an MFN, nonpreferential WTO basis.

7. Export Subsidy Policies

The government generally does not provide direct or indirect support for local exports. However, companies located in designated industrial zones, namely the Shannon Duty Free Processing Zone (SDFPZ) and Ringaskiddy Port, receive exemptions from taxes and duties on imported inputs used in the manufacture of goods destined for non-EU countries. Furthermore, Ireland applies a special ten percent rate of corporation tax (the standard rate is 24 percent) to companies producing internationally traded manufactures and services and to companies operating out of the SDFPZ and the international financial services center in Dublin. Under pressure from the European Commission, which viewed the tax as a subsidy to industry, the Irish government is now committed to eliminating the special ten percent rate of tax by harmonizing the special and standard rates (currently 24 percent) of tax at 12.5 percent by 2003, thereby abolishing the differential treatment.

In May 1998 the United States instituted WTO dispute settlement consultations against Ireland in relation to Ireland's "Special Trading House" tax regime. Under section 39 of the Irish finance act, 1980, the ten percent rate of corporation tax is available to "special trading houses," which are companies that act as an access mechanism and marketing agent for Irish-manufactured products in foreign markets. Following the U.S. action, the Irish government announced in June 1998 its intention to seek parliamentary approval for the termination of the scheme "at the earliest opportunity." Trading houses already licensed under the scheme will continue to receive the tax break until December 31, 2000, when the scheme is due to expire in any case under existing EU directives.

Other activities that qualify for the special ten percent rate of corporate taxation include design and planning services rendered in Ireland in connection with specified engineering works outside the European Union. This applies mainly to services provided by engineers, architects and quantity surveyors. Profits from the provision of identical services in connection with works inside the EU are taxed at the standard 24 percent rate.

Since January 1992, the government has provided export credit insurance for political risk and medium-term commercial risk in accordance with OECD guidelines. As a participant in the EU's Common Agricultural Policy (CAP), the Irish Department of Agriculture, Food and Forestry administers CAP export refund and other subsidy programs on behalf of the EU Commission.

8. Protection of U.S. Intellectual Property

Ireland is a member of the World Intellectual Property Organization and a party to the International Convention for the Protection of Intellectual Property. In July 2000 Irish President McAleese signed new legislation designed to bring Irish intellectual property rights (IPR) law into compliance with Ireland's obligations under the WTO Trade-Related Intellectual Property Treaty (TRIPS). Following final administrative preparations required under the new law, it will come into force in early fall 2000 (see below) and give Ireland one of the most comprehensive systems of IPR protection in Europe.

The new Irish legislation is a wholesale reform of previous Irish IPR law. Among its many provisions, this new legislation specifically addresses several TRIPS inconsistencies in Irish copyright, patent and trademark law which had been of concern to foreign investors, including the absence of a rental right for sound recordings, the lack of an "anti-bootlegging" provision, and low criminal penalties which failed to deter piracy. The new legislation should, by improving enforcement and penalties on both the civil and criminal sides, help reduce the high levels of software and video piracy in Ireland (industry sources estimate that up to approximately fifty percent of PC software used in Ireland is pirated).

As part of this new comprehensive copyright legislation, changes were also made to revise the non-TRIPS conforming sections of Irish patent law. Specifically, the new IPR legislation addresses two concerns of many foreign investors about the previous legislation:

The compulsory patent licensing provisions of the previous 1992 patent law were inconsistent with the "working" requirement prohibition of TRIPS articles 27.1 and the general compulsory licensing provisions of article 31; and applications processed after December 20, 1991, did not conform to the non-discrimination requirement of trips article 27.1.

Final enactment of the new legislation, and simultaneous repeal of previous IPR laws, will occur by ministerial order in early fall 2000, following completion of necessary preparatory administrative work, such as the regulatory definition of terms used in the new law (e.g., "charitable institutions" and "lending libraries") and the establishment of new dispute settlement bodies created under the new legislation.

In light of Irish government progress in passing new IPR legislation, USTR first suspended WTO dispute settlements proceedings against Ireland and then, in November 2000, removed Ireland from "Watchlist" status on its Special 301 Review of Intellectual Property Protection by U.S. Trading Partners.

Ireland offers exceptional trade and business opportunities in the technological services sector, particularly for e-commerce and other Internet related businesses. The Irish government has put into place, ahead of many of its fellow EU member states, flexible, market driven legal and regulatory regimes on key issues such as electronic signatures, consumer and data protection, encryption policy, and intellectual property protection for Internet based industries. The government, as part of its goal of making Ireland a transatlantic e-commerce hub, has aggressively invested in broad bandwidth throughout the country. Irish officials are also proactively supporting Irish private and public involvement in development of the "next generation Internet." The recently announced "Technology Foresight Fund," an Irish government program to fund basic scientific research projects with potential for commercial development, will focus on computers and Internet related research, as one of its priorities. There are no major trade barriers to exports or investment in e-commerce or Internet relates sectors.

Opportunities in the biotechnology sectors also exist. Irish policies in the planting and consumer sale of genetically modified (GM) crops and food products are still evolving, but an initial government sponsored "consultation paper" on biotechnology development, released in 1999, strongly argued for increased government support for all areas of biotechnology research, development and commercialization. There are some restrictions in importation of GM seeds and foods, in accordance with existing EU directives. Research involving GM crops and products is being conducted in Ireland after approval from the Irish Environmental Ministry.

Ireland is a growing center for biomedical research. The government has identified biomedical research as a priority sector for development. Both Irish and U.S. biomedical firms are active in Ireland. There are no trade barriers to export of biomedical products or foreign direct investment in the biomedical sector.

9. Worker Rights

a. *The Right of Association:* The right to join a union is guaranteed by law, as is the right to refrain from joining. The Industrial Relations Act of 1990 prohibits retribution against strikers and union leaders. About 55 percent of workers in the public sector and 45 percent in the private sector are trade union members. Police and military personnel are prohibited from joining unions or striking, but they may form associations to represent them in matters of pay, working conditions, and general welfare. The right to strike is freely exercised in both the public and private sectors. The Irish Congress Of Trade Unions (ICTU), which represents unions in both the Republic and Northern Ireland, has 63 member-unions with 738,126 members.

b. *The Right to Organize and Bargain Collectively:* Labor unions have full freedom to organize and to engage in free collective bargaining. Legislation prohibits anti-union discrimination. In recent years, most terms and conditions of employment in Ireland have been determined through collective bargaining in the context of a national economic pact. The current partnership agreement (The Program for Prosperity and Fairness) trades off moderation by trade unions in wage demands in return for cuts in personal taxation by the government. Employer interests in labor matters, and during the negotiations of these national partnership agreements, are represented by the Irish Business and Employers Confederation (IBEC). Foreign owned businesses participate in IBEC at all levels.

The Labor Relations Commission, established by the Industrial Relations Act of 1990, provides advice and conciliation services in industrial disputes. The commission may refer unresolved disputes to the Labor Court. The Labor Court, consisting of an employer representative, a trade union representative, and an independent chairman, may investigate labor disputes, recommend the terms of settlement, engage in conciliation and arbitration, and set up joint committees to regulate conditions of employment and minimum rates of pay for workers in a given trade or industry.

c. *Prohibition of Forced or Compulsory Labor:* Forced or compulsory labor is prohibited by law and does not exist in Ireland.

d. *Minimum Age of Employment of Children:* New legislation introduced in 1997 prohibits the full-time employment of children under the age of 16, although employers may hire 14 or 15 year olds for light work on school holidays, or on a part-time basis during the school year. The law also limits the number of hours which children under age 18 may work. These provisions are enforced effectively by the Irish Department of Enterprise, Trade and Employment.

e. *Acceptable Conditions of Work:* After persistent lobbying by trade unions, the Irish government announced in April 1998 proposals for the introduction of a national hourly minimum wage of IP 4.40 (around 5.30 dollars), which came into effect in April 2000.

The standard workweek is 39 hours. In May 1997 a European Commission directive on working time was transposed into Irish law, through "The Organization of Working Time Act, 1997." The act set a maximum of 48 working hours per week, requires that workers be given breaks after they work certain periods of time, imposes limits to shift working, and mandates four weeks annual holidays for all employees. Worker rights legislation increasingly is being set at a European level, and further directives in this area, including rights for part-time workers and the right of equal treatment, can be expected in coming years.

f. *Rights in Sectors with U.S. Investment:* Worker rights described above are applicable in all sectors of the economy, including those with significant U.S. investment.

Extent of U.S. Investment in Selected Industries—U.S. Direct Investment Position Abroad on an Historical Cost Basis—1999

(Millions of U.S. dollars)

Category		Amount
Petroleum		(1)
Total Manufacturing		8,949
Food & Kindred Products	621	
Chemicals & Allied Products	3,172	
Primary & Fabricated Metals	184	
Industrial Machinery and Equipment	158	
Electric & Electronic Equipment	1,570	
Transportation Equipment	38	
Other Manufacturing	3,206	
Wholesale Trade		235
Banking		-7
Finance/Insurance/Real Estate		7,960
Services		1,994
Other Industries		(1)
TOTAL ALL INDUSTRIES		19,823

(1) Suppressed to avoid disclosing data of individual companies.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.