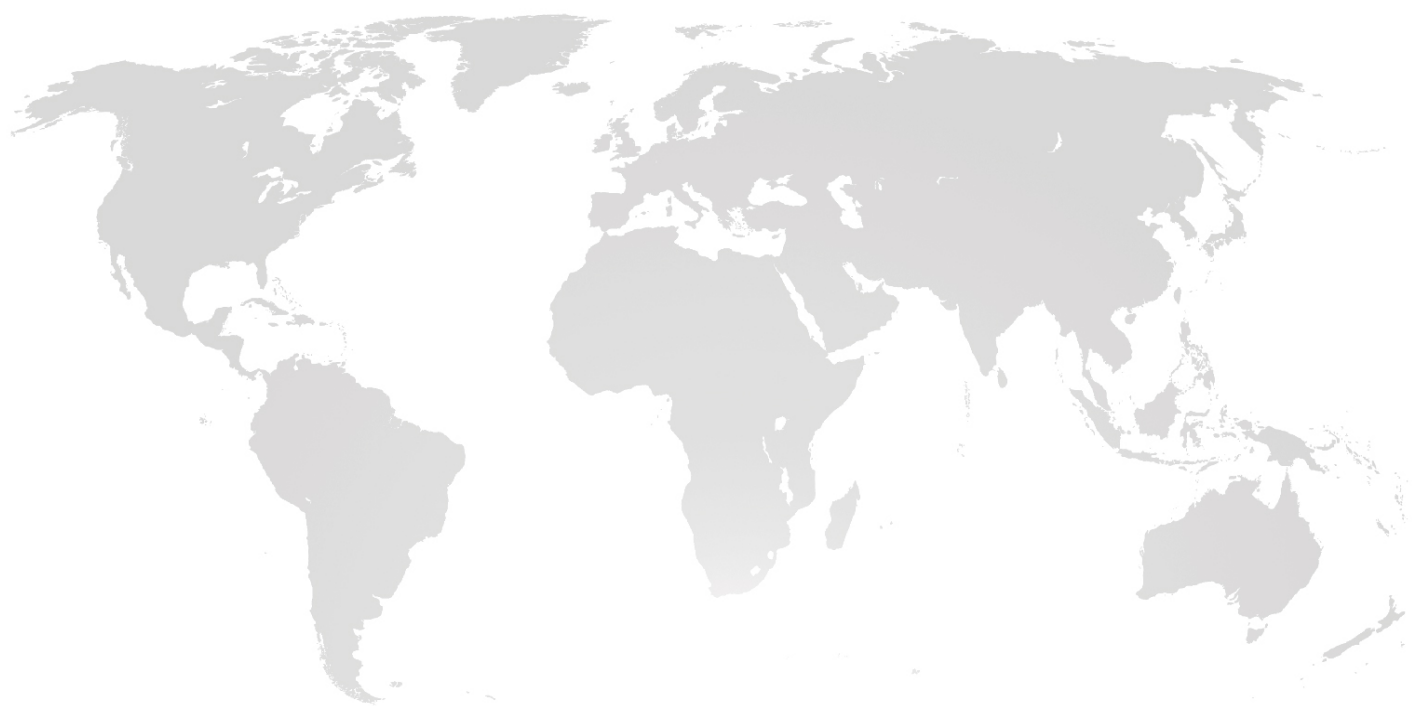




D&B Country Insight Snapshot: Ireland

December 2014





Overview

Overall Country Risk Rating : DB3b



Slight risk : Enough uncertainty over expected returns to warrant close monitoring of country risk. Customers should actively manage their risk exposures.

Rating Outlook: Stable →

Core Outlook

- + A skilled workforce, low taxes, and membership of the euro area give potential for the Irish economy to expand faster than the EU average.
- + Ireland’s effective rate of corporation tax remains at 12.5% and compares very favourably with other European countries such as the UK and Germany.
- + There are few legal or bureaucratic barriers to investors entering the Irish market.
- Flooding is not unusual in Ireland and can cause significant disruption to transportation services and electricity supply, including in urban areas.

Key Development

Falling government popularity and mass protests following the introduction of a new water charge signify the beginning of a period of political turbulence in the short term.

Credit Environment Outlook

Key Development has had a neutral impact on the outlook.

Supply Environment Outlook

Key Development has had a neutral impact on the outlook.

Market Environment Outlook

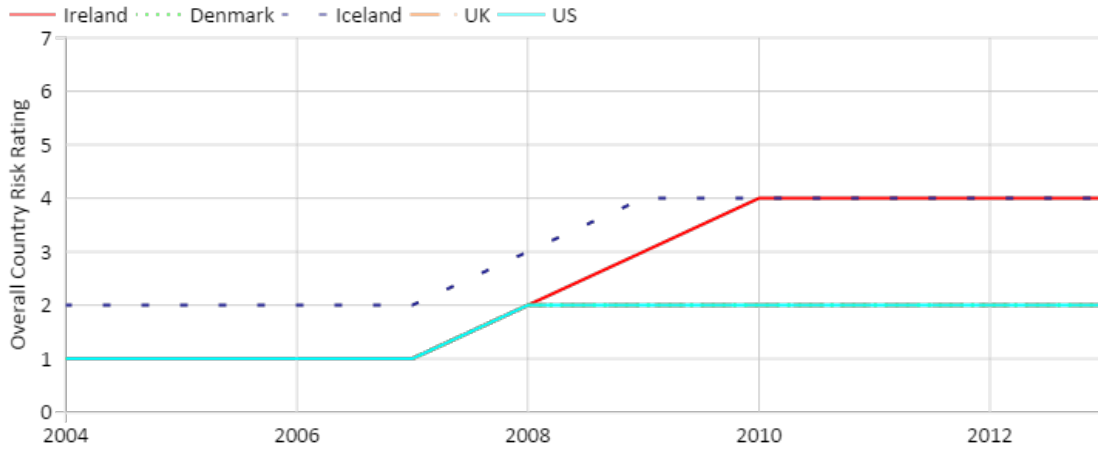
Key Development has had a neutral impact on the outlook.

Political Environment Outlook

Key Development has had a negative impact on the outlook.

Key Indicators

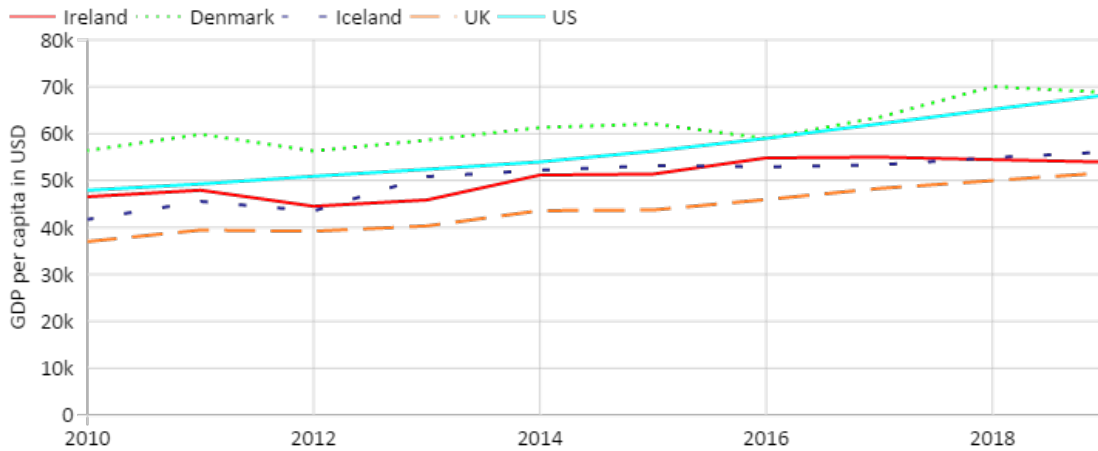
Rating History and Comparison



Source : D&B

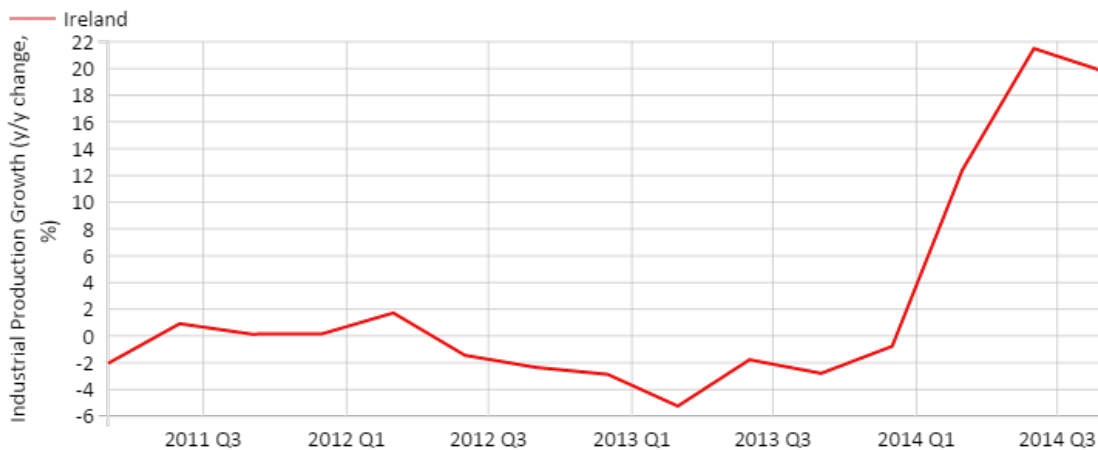
Note: 1 = Low Risk, 7 = High Risk

Regional Comparisons



Source : D&B

Chart of the Month



Source : National Statistical Offices / Haver Analytics

Economic Indicators

Indicator	2011	2012	2013	2014f	2015f	2016f	2017f	2018f
C/A balance % GDP	0.1	1.5	4.7	5.4	4.1	3.7	3.7	3.7
Govt balance, % GDP	-12.6	-8.0	-7.5	-3.8	-3.0	-2.8	-2.6	-2.5
Inflation, annual avge %	1.2	1.9	0.5	0.5	1.0	1.5	1.8	2.0
Real GDP Growth, %	1.1	0.2	-0.3	4.0	3.0	3.3	3.3	3.5
Unemployment, %	14.7	14.7	13.1	11.0	10.0	9.5	9.3	9.0

Source : Haver Analytics/D&B

Trade and Commercial Environment

The World Bank's *Doing Business 2015* report ranks Ireland 13th out of 189 countries for the ease of doing business. Ireland generally remains a conducive place in which to do business, and features among the top ten countries with respect to starting a business, protecting investors, paying taxes and resolving insolvencies. Many factors make Ireland an attractive country in which to invest: a skilled workforce, lack of language barriers and access to European markets are some of the reasons for high levels of European and US investment, but the generous tax and other incentives on offer are also significant. FDI has played a central role in the success of the Irish economy. Large companies have located in Ireland due to the mix of commercial advantages.

Trade Terms and Transfer Situation

Minimum Terms: SD

The minimum form of documentation or trading method that D&B advises its customers to consider when pursuing export trade with the stated country.

Recommended Terms: LC

D&B's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

Usual Terms: 30-60 days

Normal period of credit associated with transactions with companies in the stated country.

Local Delays: 1-3 months

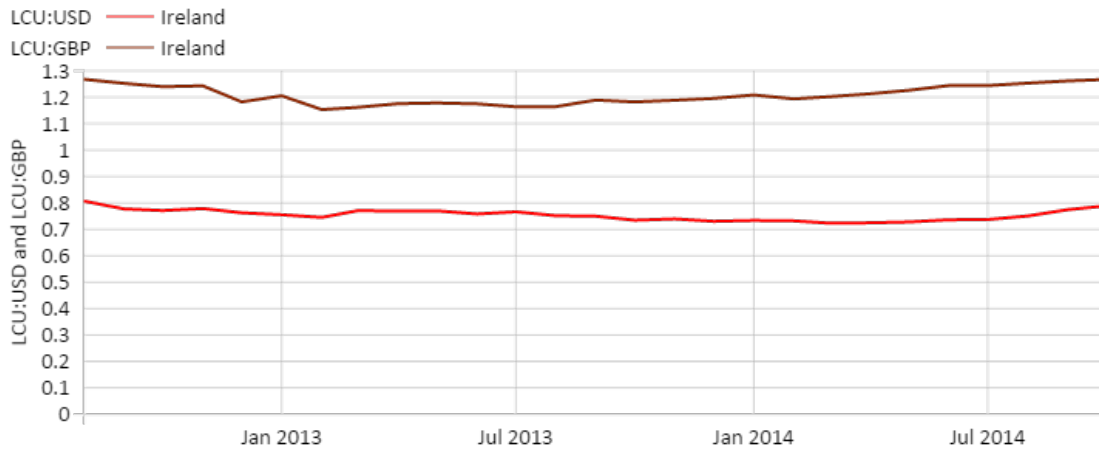
The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

FX/Bank Delays: 0-2 months

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.



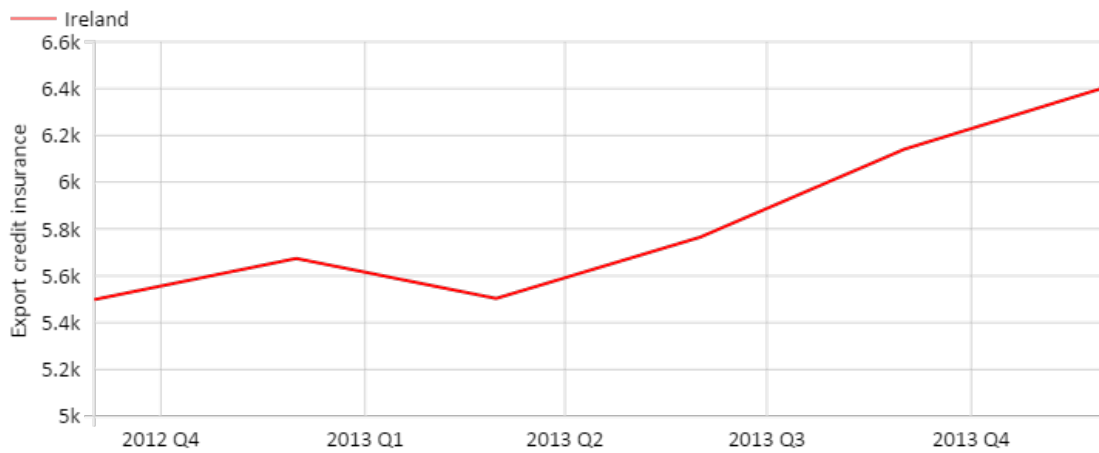
Exchange Rate



Source : IMF International Financial Statistics, National Statistical Offices

LCU = Local Currency Unit

Credit Conditions



Source : Haver

Insured export credit exposures, USDm

Risks and Opportunities

Insecurity/Civil Disorder Risk

Water charge triggers mass demonstrations

The last available monthly *Red C/Sunday Business Post* poll suggests that Irish politics is set for a period of significant turbulence in the short term, amid dropping ruling coalition popularity and mass protests against new water charges. Even though Prime Minister Kenny ruled out calling snap election next year and managed to survive a confidence motion with the full support of the government in December, downbeat developments in the political sphere represent the biggest downside risk to D&B's otherwise positive view of Irish economy. Granted, the ruling centre-right Fine Gael and the centre-left Irish Labour Party (the junior coalition party) have successfully managed to stir the country out of recession, making Ireland the fastest growing economy among the euro-zone countries. However, voters have not yet acknowledged the government's contribution to Ireland's strong economic performance as they claim not to feel the economic benefits of the recovery and accuse the government of unfairly targeting poor households with welfare and spending cuts. The November *Red C/Sunday Business Post* poll reports a 6% drop for Fine Gael from the previous month (14% from the 2011 elections) and an equal fall of 6% for the Labour Party. Sinn Fein, which strongly opposes the ongoing austerity (in particular spending cuts affecting low- and middle-income citizens), took the highest advantage and is now the most popular party with 22% of polled people saying they would support it.

Short-Term Economic Outlook

Strong 2014 growth posted

On the economic front, the October rise in industrial production (up by 38.5% y/y) suggests the economy is set to record strong growth in Q4 and in 2014 as a whole. The improvement in industrial output is broadly consistent with recent forward-looking indicators which, in turn, point to continued improvement ahead. Markit's Purchasing Managers' Index (PMI) for the services sector rose from 61.5 points in October to 61.6 points in November (readings above 50.0 denote a sectoral expansion) on account of improving levels of economic activity which, in turn, boosted new business creation. Similarly, the manufacturing PMI remained very close to the 15-year high of 57.3 points in August as exporters saw new orders flood in at the fastest rate in almost four years. A strengthening operating environment continues to feed through into improving labour market conditions: in November, unemployment came in at 10.7%, down from 10.9% in October. Other positive developments include: an improvement in consumer spending (retail sales rose by 5.7% y/y in October); lower borrowing costs for the government (the yield on ten-year government bonds dropped to an all-time low of 1.4% in November); and rising business confidence. On a less positive note, official data reveal that average Irish wages fell by 1.9% q/q in Q3, suggesting that the strengthening economy has not yet fed through into higher households' purchasing power.

Country Profile and Statistics

Overview

The Republic of Ireland is located on an island to the west of the UK. It shares the island with Northern Ireland, which is a constituent country of the UK; the Republic of Ireland was founded in 1922 after gaining independence from the UK.

In recent years, the economy has transformed from an agricultural focus to become dominated by trade, industry and investment. Ireland has an investor-friendly business environment. Strong economic growth in 2004-08 was driven by a buoyant construction sector; however, the mid-2007 housing market downturn, coupled with the financial crisis, has caused investment activity and economic growth to halt, and exposed large imbalances in the public sector.

The political environment is reasonably stable. One long-standing feature of Irish politics is the relationship with Northern Ireland and the conflict that took place there in recent decades. However, the advent of the Good Friday Agreement in 1998 and the return of devolved power in 2007 mean that peace has returned and the issue has become less potent.

Key Facts

Key Fact	Detail
head of government	Prime Minister Enda KENNY
Capital	Dublin
Timezone	GMT
Official languages	Irish, English
Population (millions)	4.7
GDP (USD billions)	239.3
GDP per capita (USD)	51,170
Life expectancy (years)	80
Literacy (% of adult pop.)	99.9
Surface area (sq km)	70,280

Source : UN / Haver Analytics / D&B

Historical Data

Metric	2010	2011	2012	2013	2014
Real GDP growth (%)	-0.43	1.09	0.2	-0.3	4
Nominal GDP in USDbn	207.99	216.82	203.67	212.2	239.32
Nominal GDP in local currency (bn)	156	156	159	159	177
GDP per Capita in USD	46,551	47,937	44,509	45,861	51,170
Population (year-end, m)	4.47	4.52	4.58	4.63	4.68
Exchange rate (yr avge, USD-LCU)	0.75	0.72	0.78	0.75	0.74
Current Account in USDbn	0.95	0.14	2.98	9.98	13
Current Account (% of GDP)	0.46	0.07	1.46	4.7	5.43
FX reserves (year-end, USDbn)	0.3	0.32	0.33	0.33	0.35
Import Cover (months)	1.34	1.21	1.31	1.32	1.4
Inflation (annual avge, %)	-1.6	1.2	1.9	0.5	0.5
Govt Balance (% GDP)	-32.4	-12.6	-8	-7.5	-3.8

Source : D&B

Forecasts

Metric	2015	2016	2017	2018	2019
Real GDP growth (%)	3	3.3	3.3	3.5	3.5
Nominal GDP in USDbn	242.9	261.8	265.3	265.3	265.3
Nominal GDP in local currency (bn)	187	199	199	199	199
GDP per Capita in USD	51,377	54,825	55,003	54,461	53,941
Population (year-end, m)	4.7	4.8	4.8	4.9	4.9
Exchange rate (yr avge, USD-LCU)	0.8	0.8	0.8	0.8	0.8
Current Account in USDbn	10	9.8	9.8	9.8	9.5
Current Account (% of GDP)	4.12	3.74	3.69	3.69	3.58
FX reserves (year-end, USDbn)	0.4	0.4	0.4	0.4	0.4
Import Cover (months)	1.5	1.5	1.5	1.5	1.5
Inflation (annual avge, %)	1	1.5	1.8	2	2
Govt Balance (% GDP)	-3	-2.8	-2.6	-2.5	-2.3

Source : D&B

Comparative Market Indicators

Indicator	Ireland	Denmark	Iceland	UK	US
Income per Capita (USD)	51,170	61,288	52,204	43,589	53,975
Country Population (m)	4.7	5.6	0.3	63.5	322.6
Internet users (% of population)	78.3	94.6	96.5	89.8	84.2
Real GDP Growth (% p.a., 2014 - 2023)	1.8 - 2.8	1.4 - 2.3	1 - 2.5	1.5 - 3.5	1.5 - 3

Source : D&B

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Other D&B Products and Services

Sales

Email: countryinsight@dnb.com

Telephone

UK: +44 (0)1628 492700

US: +1 800 234 3867

Rest of World

contact your local office
or call +44 1628 492700

Publisher

D&B

Marlow International

Parkway

Marlow

Bucks SL7 1AJ

United Kingdom

Tel: 01628 492000

Fax: 01628 492929

Email: countryinsight@dnb.com

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