



Decide with Confidence

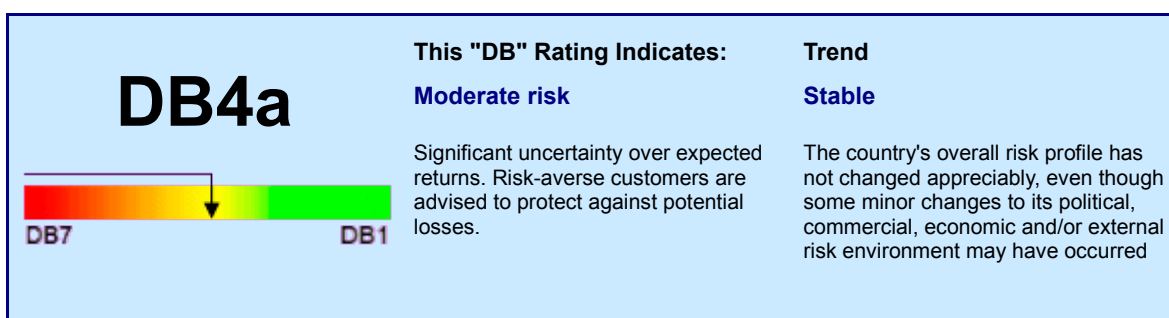
D&B Country RiskLine Report

IRELAND

Region : Western Europe

Edition : March 2013

D&B Country Risk Indicator



The 'DB' risk indicator provides a comparative, cross-border assessment of the risk of doing business in a country and encapsulates the risk that country-wide factors pose to the predictability of export payments and investment returns over a two year time horizon. The 'DB' risk indicator is a composite index of four over-arching country risk categories:

Political risk - internal and external security situation, policy competency and consistency, and other such factors that determine whether a country fosters an enabling business environment;

Commercial risk - the sanctity of contract, judicial competence, regulatory transparency, degree of systemic corruption, and other such factors that determine whether the business environment facilitates the conduct of commercial transactions;

External risk - the current account balance, capital flows, FX reserves, size of external debt and all such factors that determine whether a country can generate enough FX to meet its trade and foreign investment liabilities;

Macroeconomic risk - the inflation rate, government balance, money supply growth and all such macroeconomic factors that determine whether a country is able to deliver sustainable economic growth to provide further expansion in business opportunities.

The DB risk indicator is divided into seven bands, ranging from DB1 through DB7. Each band is subdivided into quartiles (a-d), with an 'a' designation representing slightly less risk than a 'b' designation and so on. Only the DB7 indicator is not divided into quartiles.

Key Facts

Population:	4.5m
Surface area (sq km):	70,280
Capital:	Dublin
Timezone:	GMT
Official languages:	Irish, English
Head of government:	Prime Minister Enda KENNY
GDP (USD):	205.3bn
GDP per capita (USD):	45,918
Life expectancy (years):	80
Literacy (% of adult pop.):	99.9

Country 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, since mid-2007 a 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.

Trade & Commercial Environment

Trade Terms

Minimum Terms:	SD
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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
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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
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Normal period of credit associated with transactions with companies in the stated country.

Transfer Situation

Local Delays:	1-3 months
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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
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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.

Trade & Commercial Environment

The World Bank's *Doing Business 2013* report ranks Ireland 15 out of 185 countries for the ease of doing business. Although it slipped by five positions compared with its 2012 ranking, Ireland generally remains a conducive place in which to do business and features among the top 10 countries with respect to starting a business, protecting investors, paying taxes and resolving insolvencies. 'Dealing with construction permits' is the sub-index of the report in which Ireland obtains its lowest ranking. Despite the positive regulatory environment, weak domestic demand means that overall trading conditions are challenging. Defaults are still common in the aftermath of country's property collapse; insolvencies were up by 7.5% y/y in the first seven months of 2012.

Export Credit Agencies

US Eximbank	Full cover available
ECGD	Full cover available
Euler Hermes UK	Full ST cover available
Atradius	Full cover available

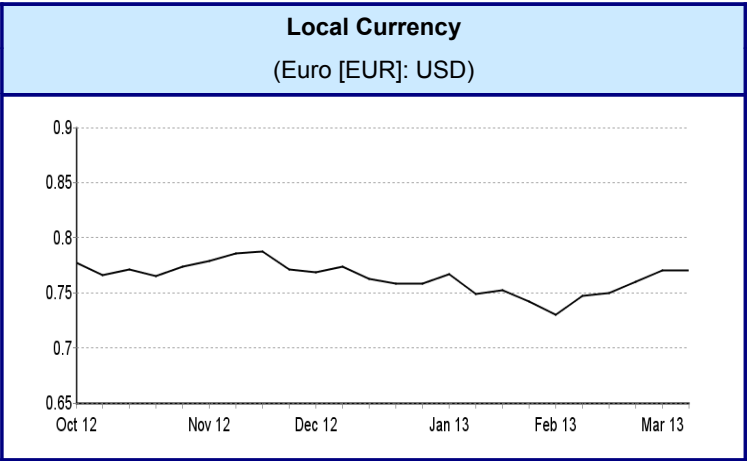
Economic Indicators

	2010	2011	2012	2013f	2014f
Real GDP growth, %	-0.4	1.1	0.6	1.5	2.7
Inflation, annual ave, %	-1.6	0.8	1.5	2.0	2.2
Govt balance, % GDP	-31.2	-10.2	-8.9	-7.9	-5.5
Unemployment, %	13.7	14.3	15.0	14.8	14.2
C/A balance, % GDP	0.5	1.3	1.2	1.8	1.6

Inflation and unemployment are based on EU-harmonised data.

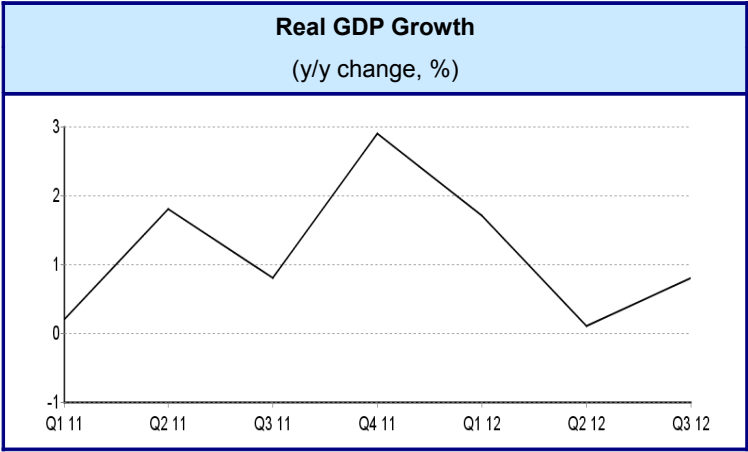
Currency Information

Exchange Rates (London, 11 Mar 13)	
GBP	1.15
JPY*	0.8009
USD	0.7703
*(x 100)	



Local Currency (Euro [EUR]: USD)						
	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13
Week 1	0.777	0.778	0.769	0.767	0.730	0.770
Week 2	0.766	0.786	0.774	0.749	0.747	0.770
Week 3	0.771	0.787	0.763	0.752	0.750	
Week 4	0.765	0.771	0.758	0.742	0.760	
Week 5	0.773		0.758			

Real GDP Growth



Data Table						
Q1 11	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12
0.2	1.8	0.8	2.9	1.7	0.1	0.8

Risk Factor

Even though we still expect Ireland's GDP to record moderate growth in 2012 (our projection stands at 0.6%), softening external demand continues to adversely affect the domestic economy, adding to home-grown weaknesses. According to the national statistics office's latest data, exports of goods fell by 4.0% in year-on-year (y/y) terms in December; a 1.8% contraction in chemicals' exports led the decline (chemicals account for 60% of all goods' exports). That said, the surplus on Ireland's trade balance rose by 0.2% in 2012 to EUR43bn, which demonstrates that the country is successfully 'exporting out' of its economic plight and is on track to meet the terms of its international bailout agreement.

Leading economic indicators and co-incident indicators appear to be following a dichotomous trend. While the former suggest brighter prospects, the latter show that general macro-economic conditions remain challenging. Positively, in February the NBC Purchasing Manager Index (PMI) posted a reading above 50.0 points (where values above 50.0 denote a sectoral expansion) for both services and manufacturing sectors, although the services' rate of improvement eased somewhat from the previous month (the PMI reading slipped to 53.6 points, from 56.8 points in January). Confidence also strengthened in the construction sector: the *Ulster Bank Construction PMI* increased from 43.0 points in December to 45.8 points in January, showing a weaker rate of decline over the past two months. That said, muted domestic consumption continues to act as a drag on the industrial sector. Latest official data show that manufacturing turnover fell by 10.8% y/y in December and industrial new orders plummeted by 10.9% y/y, while in January retail sales contracted by 1.2% y/y and manufacturing output decreased by 3.1% y/y. Soft internal demand is also keeping unemployment at record-high levels: the unemployment rate was unchanged in January from the November rate of 14.7%, which is preventing a structural upswing in household spending.

High unemployment and a heavy tax burden are feeding through into lower disposable incomes which, in turn, are driving up the number of Irish home loans in arrears. According to the Irish Central Bank's latest report, some 11.9% of all residential mortgages were in arrears for more than 90 days at end of December 2012. This is up from 11.5% in September and 9.0% at the end of December 2011. The ongoing decline in the level of house prices is among the major factors behind the rise in arrears as many homes are currently worth less than the amount families had borrowed to finance the purchase. Official data show that prices countrywide fell by 3.3% y/y in January and were around 50% lower than their 2007 peak.

Glossary & Definitions

DEFINITIONS

Minimum Terms:

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:

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:

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

Local Delays:

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

F/X Bank Delays:

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.

C/A (current account) balance, % GDP:

Part of the balance of payments that records a nation's exports and imports of goods and services, and income and transfer payments.

DSR (debt service ratio), %:

Annual interest and principal payments on a country's external debts as a percentage of exports of goods and services.

Govt balance, % GDP:

The balance of government expenditure and receipts.

Real GDP growth, %:

GDP adjusted for inflation.

Inflation, %:

The increase in prices over a given period.

GLOSSARY

CiA	Cash in Advance
CLC	Confirmed Letter of Credit
CWP	Claims Waiting Period
FX	Foreign Exchange
LC	Letter of Credit
LT	Long term
MT	Medium term
OA	Open Account
SD	Sight Draft
ST	Short term

Customer Service & Support

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Email: CustomerHelp@dnb.com

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Telephone: 1-800 234-3867 option 1, 1 and then 2

Email: CustomerService@dnb.com

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