

COUNTRY PROFILE:**IRELAND**

IES/02: ATTACHMENT A

DATED:**MARCH 2007****CREDIT GUARANTEE:**

	<i>Country Rating</i>	<i>U/W Method</i>
<i>Short-term</i>	1A	No Restrictions

Recent Political Highlights

- ❑ Prime Minister Bertie Ahern has been head of Government since June 1997. The prime minister, whose role is largely ceremonial, is elected for a seven-year term. The next election is due in 2011;
- ❑ Irish politics remain dominated by the two political parties that emerged from Ireland's bitter 1922-23 civil war. Fianna Fail was formed by those who opposed the 1921 treaty that partitioned the island. Although opponents lost the civil war, Fianna Fail soon became Ireland's largest political party. Fine Gael, representative of the pro-treaty forces, remains the country's second-largest party;
- ❑ If the Irish and British Governments are able to persuade Northern Ireland's political parties to share power by the end of March 2007 (ahead of the May 2007 parliamentary elections), further crises can be expected as both the leading parties are extreme and can be expected to clash frequently if they share power.

Recent Economic Highlights

- ❑ Ireland has a population of 4m which grew at an estimated rate of 1.2% in 2006;
- ❑ Ireland has a vibrant open economy with GDP per capita second only to Luxembourg and one of the lowest debt/GDP ratios in the EU. Growth has averaged an annual 5% since 2004. The Economist expects that economic growth of 6.2% in 2006 will mark the peak of the cycle and strong private consumption growth in 2006-07 will underpin growth initially and will moderate to average 3.5% from 2009-11. Growth is expected at 5.4% in 2007;
- ❑ Since 2004, the economy has created 90,000 new jobs annually, attracting over 200,000 foreign workers – mostly from the new EU accession states. The construction sector is responsible for generating a quarter of these jobs;
- ❑ Inflation averaged 3.9% in 2006 as a result of higher energy prices coupled with strong domestic demand, but will level off to 3.5% in 2007 due to a stabilisation of international oil prices. Inflation is set to average 2.5% between 2008-11;
- ❑ Over the past decade, Irish whiskey sales have surpassed that of coffee. Sales have soared with annual double-digit sales growth to 30m bottles in 2006. Americans were the biggest buyers of Irish whiskey, while the Irish themselves consume about 6m bottles, followed by the French;
- ❑ Shares in Irish drinks company C&C spiked following renewed speculation that SABMiller was eyeing a bid for the maker of the fast-growing Magners and Bulmers cider brands. This is not the first time that such talks surfaced, but a number of recent developments have given the speculation some credibility;
- ❑ Government may soon announce plans for future energy policy in Ireland. The plans are expected to include a series of targets for increasing the use of renewable energy from solar, wind and sea power. Incentives to encourage the increased use of bio-fuels are also expected to be included as well as the controversial proposals to introduce more private providers in the electricity market.

Latest Trade Developments

- ❑ Main exports: machinery and equipment, computers, chemicals, pharmaceuticals, live animals and animal products;
- ❑ Main imports: data processing equipment, other machinery and equipment, chemicals, petroleum and petroleum products, textiles and clothing;
- ❑ Major trading partners: US, UK, Belgium, Germany, France, Netherlands and Italy;
- ❑ SA's exports to Ireland totaled R1.1bn in 2005 and R1.2bn in 2006.

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