

COUNTRY PROFILE:**REPUBLIC OF LIBERIA****DATED:****MARCH 2011****CREDIT GUARANTEE:**

IES/02: ATTACHMENT A

<i>Export Department Comment/Opinion</i>	Rating ZZ. No exposure. No commitments. No underwriting or claims experience.
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Recent Political Highlights

- President Ellen Johnson-Sirleaf, a Harvard-trained banker and administrator, was elected as president in January 2006 for a six-year term and may run for a second term. She is Liberia's and Africa's first democratically elected female head of state. The president has focused on reducing corruption and increasing foreign direct investments into the country.
- President Johnson-Sirleaf has announced her intention of running for a second term in the October 2011 elections. The United Nations peacekeeping missions will send 115 soldiers from the Philippines to Liberia to ensure stability during the elections.
- The Economist Intelligence Unit (EIU) expects President Johnson-Sirleaf's popularity to fade somewhat as the ruling party is surrounded by corruption scandals and a perception that the government has failed to improve overall living standards. This led to the president reshuffling the cabinet in November 2010 in an attempt to revive the administration. The formation of cross-party alliances may also decrease President Johnson-Sirleaf's chances to secure a second term in the presidency.
- The National Electoral Commission has begun preparations for a national referendum on 23 August 2011 to amend four aspects of the 1986 Liberian Constitution that relates to elections.
- Liberian authorities are struggling to cope with the influx of refugees from Ivory Coast as the fighting continues over the presidential elections in 2010 as President Laurent Gbagbo refuses to cede power to UN and AU acknowledged winner Alassane Quattara. The government is already aware of 50,000 refugees that crossed the border into Liberia.

Recent Economic Highlights

- Liberia's population is estimated at 3.7m. The country is richly endowed with natural resources that include water, mineral resources, forests and favourable climate for agricultural activities.
- Real GDP increased from 4.6% in 2009 to 6% in 2010. The recovery was mainly led by a recovery in the rubber and commercial logging sector.
- The OECD expects GDP to rise to 7.7% in 2011. This is in line with the EIU's forecast of 7.3% real GDP growth in 2011 rising to 8% in 2012 on the back of increased investment in the mining sector.
- The civil war and government mismanagement destroyed Liberia's infrastructure with the road networks in poor condition. The government noted the reconstruction of these facilities as top priority supported by the World Bank and the African Development Bank. The construction works are estimated to create 2,500 direct and indirect jobs. The \$24m Labour-Based Public Works Project financed by the African Development Bank and the World Bank also include the rehabilitation and construction of clinics and schools.
- Under the Heavily Indebted Poor Country initiative, Liberia attained a reduction of \$5bn of their international debt in 2010. This will enable Liberia to establish a sovereign credit rating and issue bonds. Liberia's Paris Club creditors also agreed to cancel Liberia's debt.
- The IMF will disburse \$6.8m to Liberia as it completed its fifth review of the country's economic performance under the Extended Credit Facility, indicating a sign of faith in the government's economic policy.
- The government assured the country that all transactions entered into with the Libyan government are still legitimate despite the ongoing crisis in that country as the agreements are binding on the succeeding government. These agreements include projects in the agriculture and tourism sectors of Liberia's economy to contribute to local job creation and assist the nation's overall development goals.
- Liberia will start exploring for oil in late 2011. In January 2011 the president announced that the country will not export oil until the necessary policies are in place to ensure the oil wealth will be used for development, stability and poverty reduction in the country. Thus the management of oil wealth could depend heavily on the president securing the presidency in the October 2011 elections.
- In an attempt to attract foreign direct investment in the country, the government signed a deal with Dutch port giant, APM Terminals, to modernize the port of Monrovia. Over 95% of goods pass through this port, a gateway to the nation's economy.

Latest Trade Developments

- Export commodities include: rubber, timber, iron, diamonds, cocoa and coffee.
- Import commodities include: fuels, chemicals, machinery, transportation equipment, manufactured goods and food.
- Main trading partners include: South Korea, Germany, Poland, Japan, South Africa, India and China
- SA's exports to Liberia totalled R65m in 2008, R75m in 2009 and R54m in 2010.
- SA's imports from Liberia totalled R175m in 2008, R1.5bn in 2009 and R11m in 2010.