

IRELAND'S 'AAA' RATING AFFIRMED

Fitch Ratings—London—March 3, 2003: Fitch Ratings, the international rating agency, has today affirmed its 'AAA' Long-term foreign currency and local currency ratings for the Republic of Ireland. The Short-term foreign currency rating of 'F1+' was also affirmed. The Outlook for the Long-term ratings is Stable.

Following an extraordinary decade in which real output almost doubled, GDP growth fell back to 5.7% in 2001, with a similar figure expected for 2002. Full year figures are not yet available. Yet this inevitable slowdown in Ireland's export dependent economy still leaves the country with growth rates at least double the average of those of its fellow EU members. Given the continuity of past productivity improvements and the reliably expected expansion of the labour force, Ireland's annual growth rate for the next decade will average, perhaps, 5% to 6% a year and the gap between its income per head over other EU members will continue to widen. Despite the negative impact of rapidly growing repatriated profits on national income, the Irish are now a very rich people: GDP per head is the highest in the EU, with the exception of Luxembourg, and only two other EU countries, Belgium and Denmark, have a higher GNP per head.

Ireland is a modern, diverse and exceptionally open economy: exports are almost 100% of GDP. Unemployment is low. The Irish workforce is increasingly well educated and productivity will remain high. The demographic factors, including net immigration, remain favourable. Public finances are sound and general government debt is the lowest in the EU, again with the exception of Luxembourg. New official statistics demonstrate that Ireland overall is a substantial net creditor in respect of contractual debt. This almost offsets its deficit on direct investment and equity holdings.

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