



Decide with Confidence

WorldWatch

D&B Country Risk update



April 2008

		Africa
Algeria	Strong global oil prices and economic reforms continue to underpin robust economic growth.	
Angola	Higher oil and gas production promise short-term benefits, but graft remains a major barrier to development.	
Botswana	Rising inflation damages prospects for private consumption and economic growth.	
Cameroon	D&B downgrades Cameroon's country risk rating as discontent at rising prices and President Biya's quest for re-election sparks political violence.	
Cote d'Ivoire	Delays to the presidential election weaken the interim government's legitimacy.	
Congo, D.R.	A new peace deal offers some hope of a short-term solution to tensions in the east but will be extremely difficult to implement.	
Ethiopia	High inflation and the threat of fresh conflict with Eritrea threaten the risk outlook.	
Gabon	French investments in oil and manganese production bode well for future economic performance.	
Ghana	Inflation remains a key downside risk, while politically-motivated fiscal slippages will also put pressure on the fiscal deficit.	
Kenya	Government and opposition leaders sign a power-sharing deal but political uncertainty remains.	
Libya	The surprise abolition of most government ministries underlines the country's unpredictable decision-making environment.	
Malawi	Recent flooding threatens the country's capacity to generate foreign currency.	
Mauritius	The economy remains buoyed up by strong tourism receipts, despite ongoing difficulties in the sugar sector.	
Morocco	The arrest of dozens of members of a new terrorist cell highlights the ongoing risk of Islamist terrorism.	
Mozambique	As a net exporter of electricity, the country is set to benefit from the recent regional power crisis.	
Namibia	The short-term economic outlook remains unfavourable amid continuing power shortages.	
Nigeria	Inflation risks remain on the upside despite slowing food price growth.	
Senegal	The restructuring deal for the ailing state-owned phosphate producer is positive for economic prospects and sovereign risk.	
Sierra Leone	President Koroma's new policy agenda sends positive signals to the international donor community.	
South Africa	The business-friendly budget allays fears of a change in the country's economic policy stance.	
Sudan	Prospects for a debt relief deal falter, while a government reshuffle tightens President el-Bashir's grip on power.	
Tanzania	Inflationary pressures remain the key downside risk to the economic outlook.	
Tunisia	The risk outlook remains stable despite questions over human rights and press freedom.	
Uganda	Prospects for a peace deal between the government and rebels improve, although key obstacles remain.	
Zambia	Increasing uncertainty on global markets is set to reduce the country's export earnings.	
Zimbabwe	The economic situation will remain bleak unless there is a significant change in the political regime.	



Decide with Confidence

WorldWatch

D&B Country Risk update



April 2008

America

Argentina	Increased taxes on agricultural exports trigger strong protests and threaten more serious disruption.
Bolivia	President Morales' autocratic actions push the country further into political crisis.
Brazil	The economy grows unexpectedly quickly, suggesting that it is well cushioned against current global uncertainty.
Canada	The central bank cuts interest rates as downside risks to economic growth increase.
Chile	Despite a loss of political support in congress, the government reacts swiftly to mounting inflation and slowing economic growth.
Colombia	Tensions mount as Venezuela's President Chavez orders troops to the countries' shared border.
Costa Rica	The fate of the free-trade deal with the US remains uncertain as a slowdown in the US economy looms.
Cuba	The election of the country's first new president in half a century is unlikely to bring radical changes in the short term.
Dominican Republic	The sound macroeconomic environment and relative political stability improve the short-term risk outlook.
Ecuador	The external political outlook deteriorates as Colombia's internal conflict affects the shared border region.
El Salvador	The economy's strong growth should continue despite a US economic slowdown.
Guatemala	President Colom's term begins amid a worsening economic outlook and fragile political support.
Honduras	Doubts increase over President Zelaya's commitment to his own government's reform policy agenda.
Jamaica	The economic growth outlook is undermined by hurricane damage and rising energy and food prices.
Mexico	The short-term economic outlook deteriorates amid higher inflation and the US economic slowdown.
Nicaragua	The adversarial political environment continues to hamper the progress of key legislation.
Panama	The improved fiscal position bodes well for access to international markets, although government spending will increase ahead of next year's presidential election.
Paraguay	The leftist candidate remains ahead in polling for the presidential election.
Peru	A surge in investment boosts the economy's long-term growth potential, but the risk of political unrest remains.
Trinidad & Tobago	The central bank raises interest rates, signalling an increased threat to the inflation environment.
Uruguay	The ruling party's race to nominate a presidential candidate dominates the political outlook.
Venezuela	President Chavez' comments raise tensions with Colombia, but military confrontation remains unlikely.



Decide with Confidence

WorldWatch

D&B Country Risk update



April 2008

Asia/Pacific

Afghanistan	Aid transfers and opium-related receipts continue to fuel rapid economic growth.
Australia	The reserve bank raises rates amid strong economic growth and continuing inflationary pressures.
Bangladesh	An avian influenza pandemic threatens the country's agricultural sector.
Cambodia	Weaker demand in key export markets threatens prospects for the crucial garment manufacturing sector.
China	Conventional monetary policy does little to curb ongoing food price inflation.
Fiji	Declining economic growth and rising inflation dash hopes for a recovery from the recession.
Hong Kong	Economic growth looks set to moderate in the coming year.
India	The government woos the agrarian vote by cutting taxes and repaying farm loans in the run-up to the forthcoming election.
Indonesia	Food insecurity and rising international fuel prices create problems for the government.
Japan	The failure to appoint a central bank governor at a time of international financial and credit market volatility undermines confidence in the cabinet.
Malaysia	Election results severely weaken the ruling coalition.
Myanmar	The domestic economy remains severely depressed, but the oil and gas sectors are unaffected by tighter sanctions.
Nepal	Pre-election unrest triggers food and fuel shortages in the capital.
New Zealand	Business confidence is set to wane amid persistent economic risks.
Pakistan	The central bank tightens monetary policy in a bid to combat high inflation.
Papua New Guinea	The Australian prime minister's visit signals a beneficial warming of bilateral relations.
Philippines	Rumours persist about a planned coup against President Arroyo.
Singapore	Exports and hiring plans show resilience, but inflation is rising gradually.
South Korea	Lee Myung-bak's inauguration as president heralds a more conservative, business-friendly policy agenda.
Sri Lanka	Bomb attacks mar independence celebrations, increasing security risk.
Taiwan	The opposition candidate's presidential election victory promises to revolutionise relations with China.
Thailand	Ousted former Prime Minister Thaksin returns to the country to face corruption charges.
Vietnam	Inflationary concerns force the authorities to relax the exchange rate regime.



Decide with Confidence

WorldWatch

D&B Country Risk update



April 2008

Eastern Europe

Albania	The government unveils a five-year plan to tackle endemic corruption.
Azerbaijan	Tensions with Armenia rise as both countries consider pulling out of arms control agreements.
Belarus	Positive official economic growth figures mask mounting problems.
Bosnia & Herzegovina	The Bosniak-Croat federation harmonises tax rates with the Serb entity, simplifying the operating environment.
Bulgaria	The economy faces major short-term challenges after years of strong expansion.
Croatia	Liquidity levels remain comfortable despite a marked rise in foreign debt.
Czech Republic	President Klaus retains the presidency, reviving speculation over plans to oust the prime minister.
Estonia	A sharper-than-expected slowdown in economic activity reduces prospects for future growth.
Georgia	Political conditions remain turbulent despite the re-election of pro-Western President Saakashvili.
Hungary	The rejection of key austerity measures in a binding referendum creates concerns for potential investors.
Kazakhstan	Problems in the financial sector and the government's renegeing on oil contracts underline business risk.
Kyrgyz Republic	Harsh winter weather, escalating inflation and production problems at the main gold mine underline the country's difficult economic environment.
Latvia	Economic activity threatens to slow sharply after years of double-digit growth.
Lithuania	Economic growth is set to slow after two years of strong expansion.
Macedonia	Reform of the judiciary remains a major cause for concern among EU negotiators.
Poland	An economic slowdown looms as the central bank hikes interest rates.
Romania	A rebound in economic growth masks the reality of the economic outlook.
Russian Federation	Deep divisions over policy direction and another clash with neighbouring Russia over gas supplies dominate the political risk outlook.
Serbia	The central bank raises interest rates sharply amid high inflation and declining foreign investment.
Slovak Republic	Economic growth is set to remain robust in the coming year.
Slovenia	The economy is well-equipped to weather an economic slowdown following last year's record expansion.
Tajikistan	Business dealings are badly affected by winter weather and severe energy rationing.
Turkmenistan	Despite government distortion of official statistics, economic growth still appears strong.
Ukraine	Deep divisions over policy direction and a clash with neighbouring Russia over gas supplies dominate the political risk outlook.
Uzbekistan	The re-election of authoritarian President Karimov means there is little prospect of democratic reform in the foreseeable future.



Decide with Confidence

WorldWatch

D&B Country Risk update



April 2008

Middle East

Bahrain	The king asserts his authority by siding with reformists in a government disagreement.
Egypt	The authorities step up efforts to improve the regulatory oversight of the private sector.
Iran	The economic and political risk outlook deteriorates further as a new UN resolution threatens further sanctions.
Iraq	Although security has improved, political and economic risk in the country remains extremely high.
Israel	A terrorist attack in Jerusalem underlines the continuing security risks in the country.
Jordan	Parliamentary modifications to the budget will result in a higher deficit, increasing economic risk.
Kuwait	Political risk increases as the government resigns amid rising sectarian tensions.
Lebanon	The risk outlook deteriorates further as the political impasse continues and violence increases.
Oman	High oil prices continue to limit economic risk.
Qatar	US interest rate cuts increase pressure on the central bank to revalue the currency.
Saudi Arabia	Inflation risks increase amid rising oil prices.
Syria	The high level of risk is underlined by tighter US sanctions, strong inflationary pressures, a deteriorating fiscal balance and strains on public services.
UAE	Inflation and exchange rate concerns continue to undermine the economic outlook.
Yemen	Increased internal instability threatens the security outlook.



Decide with Confidence

WorldWatch

D&B Country Risk update



April 2008

Western Europe

Austria	Economic growth is set to moderate amid declining investment and private consumption.
Belgium	The formation of a new government coalition could herald a period of greater political stability.
Cyprus	The communist Demetris Christofias defeats the pro-business candidate in the presidential election.
Denmark	Rising inflation damages prospects for private consumption and economic growth.
Finland	The economic outlook improves but inflationary pressures remain a threat.
France	The ruling party's defeat in local elections could embolden opposition groups to disrupt forthcoming economic reforms.
Germany	The Left Party gains ground, forcing a recalibration of the country's party system.
Greece	Trade union opposition to government reforms disrupts economic activity.
Iceland	D&B downgrades Iceland's country risk rating in response to persistent economic imbalances and rising levels of external debt.
Ireland	The steepening decline of the construction sector intensifies the ongoing economic downturn.
Italy	Electioneering reveals little about parties' post-election priorities, increasing policy uncertainty.
Luxembourg	Uncertainty over the impact of the global credit crunch on the vital banking sector heightens macroeconomic risk.
Malta	In a positive development for country risk, the ruling party retains its grip on power in the parliamentary election.
Netherlands	Staff shortages in the booming business services sector presage a looming skills crisis.
Norway	The central bank leaves interest rates unchanged amid domestic and international pressures.
Portugal	Strong domestic demand fuels economic growth despite weaker net exports.
Spain	Recently re-elected Prime Minister Zapatero will need to avoid a hard landing for the economy amid mounting inflation and job losses.
Sweden	Mounting inflationary pressures and slowing export growth pose challenges for government economic management.
Switzerland	Consultations with the IMF focus on countering financial sector risk.
Turkey	Relations with Iraq and the US remain intact despite Turkey's military incursion into northern Iraq.
United Kingdom	The government revises economic growth forecasts down and the budget deficit up.