



Decide with Confidence

WorldWatch

D&B Country Risk update



August 2008

		Africa
Algeria	President Bouteflika appoints a new hard-line prime minister in a move to boost the fight against terrorism.	
Angola	The economy should continue to grow robustly despite political turbulence ahead of the general election.	
Botswana	The central bank hikes interest rates as inflationary risks continue to rise.	
Cameroon	Key challenges remain in balancing fiscal stability with alleviating the pressures posed by high food and fuel price inflation.	
Congo, D.R.	Monetary and fiscal stability remains elusive amid beyond-target public expenditure and a poor macroeconomic record.	
Cote d'Ivoire	The outlook improves amid moves towards a lasting peace and revived foreign investor interest.	
Ethiopia	Parliament approves spending increases in the new budget, while the country's humanitarian crisis continues.	
Gabon	Moves to attract investment accelerate, as the government offers new offshore blocs to bidders and accepts Chinese funding to extend an iron ore mine.	
Ghana	Inflation continues on a strong upward trajectory despite the central bank's monetary tightening.	
Kenya	The finance minister is replaced as graft allegations threaten to undermine the fragile ruling coalition.	
Libya	Tensions with Washington escalate after a draft US law threatens Libya with anti-trust action over oil price fixing.	
Malawi	D&B downgrades Malawi's country risk rating in response to a sharp rise in political risk as the president orders the arrest of the main opposition leader.	
Mauritius	D&B upgrades Mauritius' country risk rating in response to improvements in the business and investment environments.	
Morocco	The government tightens control over the media as high unemployment exacerbates social unrest.	
Mozambique	Economic growth will remain buoyant despite increasing economic risks from mounting oil and food price inflation.	
Namibia	Despite promising prospects for extractive industries, economic growth is set to slow due to rising inflation and slower demand from South Africa.	
Nigeria	Inflation soars and the central bank delays financial sector reforms.	
Senegal	Fiscal imbalances threaten the macroeconomic environment while social unrest at high food prices challenges stability.	
Sierra Leone	Despite steady improvements to political risk, commercial risks remain high.	
South Africa	Increasing signs of a domestic slowdown reduce expectations for future economic growth.	
Sudan	The country's risk environment deteriorates as the International Criminal Court indicts President al-Bashir on crimes against humanity charges.	
Tanzania	Strong investment in the mining sector drove robust economic growth in 2007, which we expect to continue.	
Tunisia	The risk outlook is stable, but concerns remain over the slowing economy and the government's poor record on human rights.	
Uganda	The government moves to reduce its reliance on donor funding in its new budget, but the small tax base and fiscal pressures could upset its plans.	
Zambia	Increased international donor support is set to bring benefits, but excessive bureaucracy continues to undermine social service delivery.	
Zimbabwe	The political parties hold talks to agree a framework for resolving the political stalemate amid hyperinflation and widespread shortages.	



Decide with Confidence

WorldWatch

D&B Country Risk update



August 2008

America

Argentina	Political uncertainty increases as Congress rejects the government coalition's controversial export tax regime.
Bolivia	Political tensions increase ahead of a national recall referendum for President Morales.
Brazil	Despite strong economic growth, rising inflation is threatening to constrain private consumption growth and erode support for the government.
Canada	The central bank leaves interest rates unchanged amid competing pressures from an economic slowdown and rising inflationary pressures.
Chile	D&B downgrades Chile's risk rating in response to mounting inflation and dwindling unity in the government coalition.
Colombia	D&B upgrades Colombia's country risk rating as internal stability improves following a series of setbacks for the country's largest guerrilla group.
Costa Rica	The currency depreciates rapidly, putting the authorities under pressure to allow the colon to float against the US dollar.
Cuba	D&B upgrades Cuba's country risk rating on the basis of economic reforms implemented by President Raul Castro.
Dominican Republic	The pro-business President Fernandez wins re-election but faces a more challenging economic environment in his second term.
Ecuador	The government's seizure of business assets creates further concerns for foreign investors.
El Salvador	The centre-right ruling party faces a difficult election contest as the economic outlook deteriorates.
Guatemala	The political environment deteriorates as the government fails to meet its early policy goals and a financial scandal claims a leading ally of President Colom.
Honduras	The slowdown in the US economy damages Honduras' growth prospects.
Jamaica	Hurricane activity and rising inflation may test the government's commitment to fiscal consolidation.
Mexico	Increasing inflationary pressures and slowing US growth weaken the economy while government attempts to reform the state oil company provoke protests.
Nicaragua	The commercial environment deteriorates as the government pursues dubious claims against foreign companies operating in the country.
Panama	The high rate of inflation erodes President Torrijos' popularity, despite sustained strong economic growth.
Paraguay	Controversial items on the president-elect's policy agenda could threaten internal stability.
Peru	Despite positive economic prospects, rising inflation and the weakening political environment remain concerns.
Trinidad & Tobago	Food price rises and robust demand-side pressures increase inflationary risks and complicate policy-making.
Uruguay	Mounting inflation threatens government finances amid the central bank's reluctance to increase interest rates.
Venezuela	Sharply slowing economic growth and soaring inflation begin to unsettle the political environment.



Decide with Confidence

WorldWatch

D&B Country Risk update



August 2008

Asia/Pacific

Afghanistan	Despite an escalation in the Taliban-led insurgency, donor commitment declines.
Australia	High interest rates begin to limit credit growth, but supply-side inflationary pressures remain a serious concern.
Bangladesh	Political risks rise as the military regime cracks down on opposition activists ahead of the December election.
Cambodia	High inflation is set to dampen consumer demand and slow economic expansion.
China	Consumer confidence strengthens, but business confidence for construction, property and services companies falls.
Fiji	Prime Minister Bainimarama's political base is narrow and resentment against him could grow in the armed forces.
Hong Kong	The services sector continues to enjoy robust demand conditions, but the territory's traditional manufacturing base is suffering.
India	The government's victory in a crucial confidence vote to implement a nuclear deal with the US paves the way for further economic liberalisation.
Indonesia	Confidence in the country's mining and upstream sectors remains strong, despite mounting inflation and poor consumer confidence.
Japan	The services sector's profits are under pressure as consumer confidence falls.
Malaysia	The government's economic reform agenda is threatened by public protests and the president's low approval ratings.
Myanmar	The government thwarts an opposition alliance bid to seize power in parliament, before the police detain the opposition leader.
Nepal	The junta completes long-term investment and hydrocarbon deals with India and China.
New Zealand	The declaration of a republic is accompanied by political wrangling over the new government and growing civil unrest driven by food and oil inflation.
Pakistan	Support for the ruling Labour party softens amid worsening economic conditions, raising the likelihood of an opposition election victory in September.
Papua New Guinea	Political instability increases as the former prime minister is barred from contesting a parliamentary seat.
Philippines	Rising global commodity prices fuel economic growth and prompt a tighter monetary policy stance.
Singapore	The government increases foreign borrowing to fund its social programmes and defend the flagging peso as rising oil and rice prices fan inflationary pressures.
South Korea	The economy contracts as exports to the US fall and plants in the pharmaceutical industry close temporarily.
Sri Lanka	The risk of terrorist attacks on civilian targets increases as the government offensive against rebels in the north gathers pace.
Taiwan	Relations with China thaw as cross-strait flights begin and the government liberalises financial dealings with the mainland.
Thailand	Price pressures and political uncertainty dampen consumer, business and investor confidence.
Vietnam	Economic growth slows and inflationary pressures intensify as the government raises fuel prices.



Decide with Confidence

WorldWatch

D&B Country Risk update



August 2008

Eastern Europe

Albania	The risk outlook is set to improve after the government accepts tenders for the partial privatisation of the power distribution network.
Azerbaijan	Economic growth moderates amid a considerable slowdown in oil production.
Belarus	Economic and trade relations with Russia remain crucial, with industrial growth heavily reliant on gas imports from its neighbour.
Bosnia & Herzegovina	The central bank revises down economic growth figures for last year, but the level of expansion remains relatively robust.
Bulgaria	The EU withholds some funds and urges the authorities to intensify efforts to tackle corruption and organised crime.
Croatia	The government stresses the need for wage moderation as it bids to anchor inflationary expectations.
Czech Republic	Economic growth slows as consumption and investment slacken, but net exports remain robust.
Estonia	The authorities rein in spending plans in response to a sharp economic slowdown and rising inflationary pressures.
Georgia	The risk outlook is set to improve as reformist President Saakashvili's party lands an overwhelming election victory.
Hungary	The central bank unexpectedly keeps interest rates on hold despite the forint's significant recent strengthening.
Kazakhstan	Foreign investors face an uncertain environment as the state renegotiates mineral extraction contracts and plans to introduce new taxes and duties.
Kyrgyz Republic	Wrangling over gold mining contractual issues, a looming energy crisis and further economic problems underpin the country's unfavourable risk outlook.
Latvia	D&B downgrades Latvia's country risk rating as economic activity slows sharply amid intensifying inflationary pressures.
Lithuania	Political pressures on the government reduce the likelihood of much needed budget cuts as economic growth slows.
Macedonia	Positively for policy continuity, Prime Minister Gruevski forms a new government after winning re-election.
Poland	Despite the ongoing consumer boom, tougher business conditions loom later in the year.
Romania	The EU criticises the country's 'lenient and inconsistent' handling of high-level corruption.
Russian Federation	The IMF urges action to tackle inflation amid continued strong growth.
Serbia	The capture of war crimes suspect Radovan Karadzic and the formation of a pro-EU coalition bode well for EU accession talks.
Slovak Republic	Despite a recent slowdown in economic growth, the economy continues to grow at a high rate.
Slovenia	The political environment will be dominated by a closely contested parliamentary election late in the year.
Tajikistan	Slowing economic growth, lingering power shortages, and the highest rate of inflation among former Soviet states remain serious problems.
Turkmenistan	The EU agrees a gas supply deal as Russia and the West jockey for influence over the country's sizeable hydrocarbons resources.
Ukraine	Increasing economic challenges and the government's inadequate response to them undermine the country's risk outlook.
Uzbekistan	The domestic economy continues to perform relatively well, but mounting inflationary pressures represent a key challenge.



Decide with Confidence

WorldWatch

D&B Country Risk update



August 2008

Middle East

Bahrain	Rising inflationary pressures continue to undermine the risk outlook.
Egypt	The country's risk environment continues to deteriorate amid mounting economic problems, including soaring inflation and slowing consumer demand.
Iran	The nuclear issue dominates the risk outlook as sanctions undermine Western investment and trade, threatening economic growth.
Iraq	Although high oil revenues are boosting economic growth, the security situation continues to dominate the risk environment.
Israel	Embattled Prime Minister Olmert's position is safe for the time being, improving the short-term outlook for political stability.
Jordan	An attack on tourists in the capital highlights the uncertain security environment.
Kuwait	The spectre of inflation continues to overshadow the risk outlook.
Lebanon	D&B upgrades Lebanon's country risk rating after the successful formation of a new national unity government improves the political outlook.
Oman	The government's ambitious plans to privatise a stake in the state-owned telecoms operator underline its commitment to economic liberalisation.
Qatar	The economy continues to expand robustly but rising inflation remains a key concern.
Saudi Arabia	The government privatises a significant stake in a mining company, accelerating long-term economic diversification plans.
Syria	Relations with Israel could improve as talks on a peace settlement progress.
UAE	Rising housing costs create a property bubble and drive up the inflationary pressures that are the economy's main downside risk.
Yemen	D&B downgrades Yemen's country risk rating in response to internal instability and a recurrence of fighting between rebels and the army.



Decide with Confidence

WorldWatch

D&B Country Risk update



August 2008

Western Europe

Austria	The government coalition collapses amid growing popular discontent.
Belgium	D&B downgrades Belgium's country risk rating amid an intensifying political dispute over regional autonomy.
Cyprus	A long-awaited agreement between Greek Cypriot and Turkish Cypriot leaders opens the way for fully-fledged peace and reunification talks in September.
Denmark	D&B downgrades Denmark's country risk rating as the economy slides into recession.
Finland	Despite rising inflation and faltering consumer confidence, the economy continues to grow robustly.
France	President Sarkozy's reform programme gathers pace as parliament ends the 35-hour working week.
Germany	Payments risk is on the rise amid a slowdown in economic activity.
Greece	Inflation risks remain on the upside, while the main budgetary figures fall short of target.
Iceland	D&B downgrades Iceland's country risk rating in response to an economic downturn amid inflationary pressures and tightening credit conditions.
Ireland	D&B downgrades Ireland's country risk rating as the economic downturn steepens.
Italy	D&B downgrades Italy's country risk rating in response to a worsening economic outlook and adverse political developments.
Luxembourg	Despite weaker economic growth, the global credit crisis does not appear to be affecting the country's private banking industry.
Malta	Government plans to privatise the country's shipyards could create labour unrest, but would also deliver a significant boost to the state finances.
Netherlands	The economy remains resilient, growing faster than previously reported.
Norway	The central bank hikes interest rates again in a bid to rein in inflationary pressures, although this risks precipitating a house market correction.
Portugal	The government trims value-added tax to stimulate the economy, but this is unlikely to halt the slump in consumer spending.
Spain	The economy slows faster than expected, jeopardising the business environment and weakening Prime Minister Zapatero's popular support.
Sweden	The centre-right government's declining popularity restricts its ability to implement further reforms.
Switzerland	The central bank leaves interest rates unchanged amid strong inflationary pressures and slowing economic growth.
Turkey	Political risk increases as the constitutional court considers banning the ruling party and terrorists bomb the capital.
United Kingdom	The administration again postpones fuel tax rises, amid high petrol prices and plummeting government popularity.