



Decide with Confidence

WorldWatch

D&B Country Risk update



March 2008

		Africa
Algeria	Fresh terrorist attacks raise concerns about sustaining foreign investment.	
Angola	Despite the global downturn, strong Chinese demand helps to maintain robust oil receipts.	
Botswana	The budget emphasises economic diversification, but power generation difficulties continue to undermine growth.	
Cameroon	President Biya capitalises on his party's dominance by announcing plans to amend the constitution to allow him to run for re-election again.	
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	The presence of a UN peace-keeping force along the disputed border with Eritrea ensures temporary international backing.	
Gabon	President Bongo appoints a new government, but does little to assuage concerns over nepotism and corruption.	
Ghana	Concerns over trade imbalances prompt changes to the country's credit rating.	
Kenya	Widespread violence and the political impasse continue to threaten the economy and business environment.	
Libya	Despite bureaucratic and political delays, the country's slow economic liberalisation continues.	
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	Agricultural output and economic growth are likely to benefit from improved weather conditions.	
Mozambique	Support from foreign donors remains dependent on continued government reform efforts.	
Namibia	Former President Nujoma steps down after four decades as leader of the ruling party.	
Nigeria	A looser fiscal policy could damage the progress made under recent economic reforms.	
Senegal	The country continues to reject an interim deal with the EU on tariff-free trade.	
Sierra Leone	President Koroma's new policy agenda sends positive signals to the international donor community.	
South Africa	The outlook for economic growth deteriorates in the wake of continuing power outages.	
Sudan	Unrest in neighbouring Chad threatens to block peacekeeping efforts in Sudan's Darfur region.	
Tanzania	The economic outlook remains positive, although inflationary pressures remain.	
Tunisia	Healthy prospects for investment help to offset concerns about inflation.	
Uganda	D&B downgrades Uganda's country risk rating due to the economic repercussions of post-election unrest in neighbouring Kenya.	
Zambia	Increasing uncertainty on global markets is set to reduce the country's export earnings.	
Zimbabwe	President Mugabe faces a major challenge from his former finance minister in March's general election.	



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America

Argentina	The economy is well-positioned to withstand a short global slowdown.
Bolivia	A state of emergency is declared after flooding causes extensive damage across much of the country.
Brazil	Economic expansion is likely to remain below potential despite favourable prospects for growth.
Canada	The government's declining popularity and minority status will continue to hamper effective policy-making over the short term.
Chile	Deteriorating domestic conditions and a global slowdown could hamper economic growth.
Colombia	Legislative pressures, looming elections and Washington's concerns over workers' rights are likely to delay the ratification of the free-trade deal with the US.
Costa Rica	The fate of the free-trade deal with the US remains uncertain as a slowdown in the US economy looms.
Cuba	President Castro's departure from power is unlikely to prompt radical changes in the political sphere in the short term.
Dominican Republic	The sound macroeconomic environment and relative political stability improve the short-term risk outlook.
Ecuador	The likely extension of US trade concessions offers some relief as the government implements further business-unfriendly policies.
El Salvador	President Saca's plan to deploy more troops to Iraq could undermine his support as political parties mobilise for the next election.
Guatemala	Congress approves the 2008 budget and the extension of a tax to support the peace accords.
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 economic outlook is weakened by the US' slowdown but a sharp downturn remains unlikely.
Nicaragua	The president's championing of citizen's councils provokes a severe deterioration in the political environment.
Panama	The booming economy remains extremely vulnerable to any downturn in global economic growth.
Paraguay	The result of April's presidential election is too close to call between the three leading candidates.
Peru	The country appears well placed to weather any downturn in the global economy.
Trinidad & Tobago	The short-term macroeconomic environment should remain stable under Prime Minister Manning's guidance.
Uruguay	President Vazquez averts a potentially destabilising political confrontation by ruling himself out of the 2009 presidential election.
Venezuela	The freezing of the state oil company's international assets raises doubts about its financial position.



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Asia/Pacific

Afghanistan	Despite the poor security situation, the country's economic performance is broadly favourable.
Australia	The new government launches its term by moving to roll back unpopular workplace reforms.
Bangladesh	An avian influenza pandemic threatens the country's agricultural sector.
Cambodia	Economic growth will remain regionally competitive despite being set to slow.
China	Extreme weather conditions expose the country's logistical and infrastructural vulnerabilities.
Fiji	The economy remains severely affected by the aftermath of the 2006 coup.
Hong Kong	The outlook appears bright, although China's logistical difficulties could prompt higher inflation.
India	Volatile shares and foreign portfolio investments complicate the country's financial market outlook.
Indonesia	The central bank leaves interest rates unchanged, but inflation could still present a challenge.
Japan	Strong export and investment figures mask the vulnerability of small firms and households.
Malaysia	The prime minister is set to call an early election amid fears over the economy.
Myanmar	The domestic economy remains severely depressed, but the oil and gas sectors are unaffected by tighter sanctions.
Nepal	Political violence ahead of constitutional assembly elections and the abolition of the monarchy bring a new period of political uncertainty.
New Zealand	Inflationary pressures remain high, limiting the opportunity for an interest rate cut.
Pakistan	The electorate snubs President Musharraf's party in the general election, raising doubts about the prospects for his presidency.
Papua New Guinea	Relations with the country's key external backers improve, boding well for future development plans.
Philippines	Promising export prospects and the improved fiscal environment offset inflationary pressures.
Singapore	The budget introduces measures addressing government concerns over inflation and income inequality.
South Korea	The economy is set to weaken as inflation erodes household incomes and exports to the US wane.
Sri Lanka	Bomb attacks mar independence celebrations, increasing security risk.
Taiwan	The possibility of a US recession is the principal economic downside risk.
Thailand	The new government names its first cabinet amid positive prospects for the economy.
Vietnam	The central bank tightens credit conditions in response to the highest inflation levels for a decade.



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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	Russia provides financial assistance to the government as bilateral relations improve.
Bosnia & Herzegovina	The EU president warns that the country represents a substantial risk to regional stability.
Bulgaria	Corruption and organised crime remain the key weakness in the country's risk outlook.
Croatia	D&B upgrades Croatia's country risk rating as the confirmation of a new governing coalition seems to assure policy continuity.
Czech Republic	The economy delivers stronger-than-expected growth amid robust domestic demand.
Estonia	Growth patterns and inflation still raise concerns despite economic activity slowing to more sustainable levels.
Georgia	Political conditions remain turbulent despite the re-election of pro-Western President Saakashvili.
Hungary	Industrial production slows further as government austerity measures continue to take effect.
Kazakhstan	Problems in the financial sector and the government's renegeing on oil contracts underline business risk.
Kyrgyz Republic	The parliamentary election victory of President Bakiyev's party could deliver some promising economic reforms.
Latvia	The new government faces a sharp economic slowdown and double-digit inflation.
Lithuania	Inflation hits a ten-year high as fiscal policy remains accommodating in an election year.
Macedonia	Reform of the judiciary remains a major cause for concern among EU negotiators.
Poland	Wage pressures and higher food and energy prices drive up inflation amid rising interest rates.
Romania	EU warnings over fiscal policy and lacking efforts to tackle corruption highlight two key weaknesses in the risk outlook.
Russian Federation	Strong economic growth and high inflation dominate the economic outlook as advocates of reform become more vocal.
Serbia	Kosovo's unilateral declaration of independence overshadows moderate incumbent Boris Tadic's victory in the presidential election.
Slovak Republic	Despite continuing tensions, the governing coalition is likely to survive.
Slovenia	The government revises its spending plans and cautions against wage increases in a bid to counter inflationary pressures.
Tajikistan	The country's energy crisis affects business dealings and underlines the need for a major reform of energy policy.
Turkmenistan	The risk outlook improves as the government takes initial steps towards exchange rate unification.
Ukraine	Prospects for further reforms remain weak, diluting the effects of WTO accession.
Uzbekistan	The re-election of authoritarian President Karimov means there is little prospect of democratic reform in the foreseeable future.



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Middle East

Bahrain	Rumours persist about the currency's possible decoupling from the US dollar.
Egypt	The central bank raises interest rates in a bid to counter increasing inflationary pressures.
Iran	A number of reformist candidates are barred from the March election, boosting the chances of success for traditional conservatives.
Iraq	A new agreement with the IMF paves the way for further debt reduction.
Israel	The first domestic suicide bombing for a year raises questions about security risks.
Jordan	The government's budget plans will increase inflationary pressures and slow the reduction in external debt.
Kuwait	The tax rate for foreign companies is cut, improving investment prospects.
Lebanon	The risk outlook continues to deteriorate amid escalating violence.
Oman	The authorities persist with their monetary policy despite inflationary pressures and US interest rate cuts.
Qatar	US interest rate cuts increase the chances that the riyal will be revalued.
Saudi Arabia	The government's ability to respond to mounting inflationary pressures is restricted by its US dollar currency peg.
Syria	The US condemns the country's attitude towards political freedom and its meddling in Lebanon's affairs.
UAE	Cuts in US interest rates make a revaluation of the dirham more likely.
Yemen	Increased internal instability threatens the security outlook.



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Western Europe

Austria	Government effectiveness is jeopardised as one of the ruling coalition parties is implicated in a scandal over interference with judicial proceedings.
Belgium	Despite inflationary pressures and likely slower economic expansion, the country is well placed for continued growth.
Cyprus	The defeat of the hard line incumbent in the first round of the presidential election could boost prospects for the island's reunification.
Denmark	The widespread reprinting of a controversial caricature reignites social tensions.
Finland	Despite slowing economic growth, business confidence and employment remain resilient.
France	President Sarkozy's declining popularity reduces the prospect of important structural reforms.
Germany	High-profile tax fraud investigations into corporate leaders could herald tighter regulation of executive pay.
Greece	The government's reform programme slows amid scandals and rising public opposition.
Iceland	Concerns remain over the levels of domestic demand, inflation and debt.
Ireland	Economic growth slows as machinery and construction investment contracts.
Italy	Former Prime Minister Berlusconi is likely to win April's snap election, but government instability and inefficiency is set to continue.
Luxembourg	Uncertainty over the impact of the global credit crunch on the vital banking sector heightens macroeconomic risk.
Malta	The country joins the euro-area, consolidating its role in the EU and reducing currency risk.
Netherlands	The risk environment deteriorates in anticipation of an expected economic slowdown.
Norway	The economy faces competitiveness challenges ahead of the global economic slowdown.
Portugal	The declining budget deficit gives the government room for manoeuvre in improving long-term competitiveness.
Spain	Prime Minister Zapatero is likely to narrowly win the general election despite the worsening economic outlook.
Sweden	The economy continues to grow robustly despite softening demand in major export markets.
Switzerland	An inflation spike reduces the likelihood of interest rate cuts.
Turkey	EU accession talks receive a boost but final agreement remains a distant prospect.
United Kingdom	The government is humiliatingly forced to nationalise a troubled mortgage provider.