



Decide with Confidence

WorldWatch

D&B Country Risk update



November 2007

		Africa
Algeria	Security risk remains high after two Al-Qaeda bombings kill more than 50 people.	
Angola	Strong oil and diamond receipts continue to drive the economy, but risks to the commercial sector remain high.	
Botswana	The inflation outlook is set to improve following the recent monetary policy tightening in South Africa.	
Cameroon	The constitutional court orders the rerun of parliamentary polls in five states in the wake of electoral irregularities.	
Cote d'Ivoire	Preparations for the presidential election start as identity card distribution begins, but the poll is unlikely to occur until well into next year.	
Congo, D.R.	Stability in the copper-rich Katanga province improves but the security situation deteriorates in the east of the country.	
Ethiopia	D&B downgrades Ethiopia's country risk rating amid increased external political risk, heightened internal instability and depleted FX reserves.	
Gabon	D&B upgrades Gabon's risk profile owing to increased optimism over the short-term macroeconomic outlook.	
Ghana	Risks remain despite significant macroeconomic progress and the country's first sovereign bond issue on the international capital markets.	
Kenya	The opposition presidential candidate leads in the opinion polls, but incumbent President Kibaki's strong economic record could swing voters in his favour.	
Libya	Bilateral relations with the US continue to strengthen, improving the political and economic risk outlook.	
Malawi	The opposition-dominated parliament passes the delayed budget bill, but political bickering continues to undermine economic progress.	
Mauritius	The central bank leaves interest rates unchanged, but high oil and food prices remain major concerns.	
Morocco	The king appoints a new prime minister following the parliamentary election, but political power still rests with the monarch.	
Mozambique	Ongoing reforms support the positive short-term economic outlook.	
Namibia	Tensions rise in the political arena as the ruling party's leadership candidates prepare for the party congress in November.	
Nigeria	D&B upgrades Nigeria's country risk indicator in response to the country's improving macroeconomic outlook and robust external position.	
Senegal	The government and the IMF move towards an agreement on a framework for economic and financial reforms.	
Sierra Leone	Positively, President Koroma's inaugural address focuses on strengthening the economy, improving electricity supplies and fighting corruption.	
South Africa	The monetary authority raises interest rates despite recent benign inflation indicators.	
Sudan	South Sudan's key political party walks out of the central government in a move that could overshadow peace talks on Darfur.	
Tanzania	The country's economic outlook remains positive, despite significant downside risks.	
Tunisia	Strong economic growth, healthy inflows of foreign investment and a buoyant olive oil sector boost the country's risk outlook.	
Uganda	Insecurity increases on the border with the Democratic Republic of Congo.	
Zambia	Robust export earnings strengthen the currency, but moderating metal prices, higher imports and global uncertainty will weaken the currency going forward.	
Zimbabwe	The recent devaluation of the currency exacerbates the country's hyperinflation problem.	



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		America
Argentina	Cristina Fernandez remains the favourite, but whoever wins October's presidential election will need to foster private investment to combat mounting inflationary pressures.	
Bolivia	The probable failure to redraw the constitution is likely to increase socio-political tensions.	
Brazil	Corruption allegations against a key ally may impede the implementation of the government's policy agenda.	
Canada	The government unveils its legislative priorities, which could result in an early election if parliament rejects the programme.	
Chile	The government's tight monetary stance continues as inflation and wage pressures mount.	
Colombia	Political risk rises as the paramilitary links of presidential allies scandal rumbles on, but the likelihood of economic overheating falls as economic growth slows.	
Costa Rica	A free-trade pact with the US is narrowly approved in a referendum, but challenges over its implementation remain.	
Cuba	Acting President Raul Castro's intention to liberalise the economy may be frustrated by his brother Fidel's political legacy.	
Dominican Republic	The IMF praises the country's economic policies, which have significantly reduced macroeconomic weaknesses.	
Ecuador	President Correa's victory in the constituent assembly election promises further business-unfriendly policies, deepens political polarisation and entrenches institutional weakness.	
El Salvador	Sharp partisan divisions and a corruption scandal lead the already weak political outlook to deteriorate.	
Guatemala	The presidential electoral contest goes to a run-off vote between the centre-left and right-wing candidates.	
Honduras	The energy crisis continues to disrupt the political environment and hamper economic growth.	
Jamaica	The new government announces an ambitious economic reform programme despite its slim parliamentary majority and the tense political climate.	
Mexico	Congress approves the government's fiscal reform bill, opening the way for improved public finances.	
Nicaragua	The devastation wrought by Hurricane Felix is likely to have only a minimal impact on the economy.	
Panama	Strained relations with Washington threaten the passage of a bilateral trade deal.	
Paraguay	The early release from prison of opposition figurehead Lino Oviedo splits the opposition coalition and leaves the result of the presidential election in doubt.	
Peru	The government slashes import duties in an attempt to curb inflation and reverse the currency's rise against the US dollar.	
Trinidad & Tobago	Prime Minister Manning's government is likely to be re-elected in the forthcoming general election.	
USA	A further interest rate cut is still expected before the end of the year, but upside inflation risks mean that this is not a certainty.	
Uruguay	The country continues to benefit from increasing foreign interest in its paper and pulp milling industry.	
Venezuela	The government's continuing oil-fuelled spending spree will frustrate much-needed counter-inflationary measures.	



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Asia/Pacific

Afghanistan	Foreign citizens could be at greater risk in Afghanistan following the South Korean government's deal with the Taliban to secure the release of its hostages.
Australia	The opposition Labor Party holds on to its opinion poll lead as campaigning gathers pace for the November general election.
Bangladesh	It remains unclear when the state of emergency will be lifted, with much depending on the outcome of legal proceedings over political corruption.
Cambodia	The economic outlook and Prime Minister Hun Sen's strengthening grip on power are both positive for the risk environment.
China	The new politburo highlights the influence of the powerful faction linked to economic interests in the east of the country.
Fiji	The military-backed government is concerned about the deteriorating economy and its impact on public support for the regime.
Hong Kong	Although the economy is performing well, both domestic and external demand are set to ease.
Indonesia	Interest rates remain unchanged as price stability seems set to continue.
Japan	Consumer sentiment weakens as firms' high profits are not passed on to workers and subcontractors.
Malaysia	Speculation mounts over the increasing probability of an early general election.
Myanmar	A harsh crackdown by the junta on mass protests has underlined its grip on power.
Nepal	Security concerns could trigger the postponement of the election scheduled for November 2007.
New Zealand	Signs of a slowdown in investment and consumer spending become more pronounced amid generally buoyant economic growth.
Papua New Guinea	Prime Minister Somare distributes his cabinet posts as the coalition government's new term in office gets underway.
Philippines	Domestic demand remains robust, but the stronger peso limits export growth.
Singapore	The monetary authority steps up its tightening bias in response to strong economic growth estimates.
South Korea	D&B upgrades South Korea's country risk rating amid improving relations with North Korea and the favourable short-term economic outlook.
Sri Lanka	A greater international focus on the humanitarian consequences of the war against the Tamil Tigers could complicate the government's deficit financing.
Taiwan	The possibility of a US recession presents the biggest threat to the short-term economic outlook.
Thailand	The country's political risk outlook remains uncertain as the year-old military junta's popularity slowly declines.
Vietnam	The short-term economic outlook remains bright, but some risk factors still warrant close monitoring.



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Eastern Europe

Albania	D&B upgrades Albania's country risk rating as the country prepares to offer a eurobond issue and receives a sovereign credit rating.
Azerbaijan	Real economic growth remains robust due to high world oil prices and increased production levels.
Belarus	Administrative purges and late payments for Russian gas indicate mounting economic and financial problems.
Bosnia & Herzegovina	The new high representative flexes his powers as politicians remain absorbed by inter-ethnic rivalries.
Bulgaria	Surging inflation and a teachers' strike exemplify the challenges created by strong economic growth.
Croatia	Buoyant consumer spending and exports of services underpin robust economic expansion and boost future growth prospects.
Czech Republic	An upgrade to the country's sovereign debt ratings improves foreign financing conditions.
Estonia	The outlook improves as economic growth eventually slows to sustainable levels.
Georgia	The government expands social and military spending ahead of parliamentary and presidential elections despite pledges to the IMF to restrict spending.
Hungary	Despite encouraging fiscal and price developments, the economic outlook remains weak in the absence of deeper reforms.
Kazakhstan	The global liquidity squeeze is set to curtail credit growth and constrain overall economic output.
Kyrgyz Republic	Strong economic growth is being overshadowed by a large current account deficit and concerns over the size and servicing of the country's foreign debt.
Latvia	The government aims to tighten fiscal policy to cool overheating economic growth but doubts over the measures' effectiveness and the authorities' commitment remain.
Lithuania	The continuing imbalances in the country's growth profile are set to result in a slowdown of economic activity.
Macedonia	Supporters of the largest ethnic-Albanian party clash with police as the government seeks improved rights for other ethnic minorities.
Poland	D&B upgrades Poland's country risk rating as the opposition's victory in the general election promises improvements in the political and business environment.
Romania	The political stalemate looks likely to continue as the government survives a no-confidence motion.
Russian Federation	President Putin manoeuvres to retain political influence, while further economic and political reform is unlikely.
Serbia	The central bank leaves interest rates on hold as core inflation remains within its target range.
Slovak Republic	A parliamentary resolution highlights tensions between nationalists and the country's ethnic-Hungarian minority, eliciting condemnation from abroad.
Slovenia	Recent official statistics ease concerns over rising inflation.
Tajikistan	Construction starts on a new hydropower plant as Tajikistan seeks to expand its role as a regional electricity exporter.
Turkmenistan	Despite ministerial claims of high economic growth in the first half of the year, the dearth of previous official statistics fuels scepticism about their accuracy.
Ukraine	The expected return of a pro-Western government coalition after the parliamentary election is unlikely to ease the policy gridlock.
Uzbekistan	The incumbent President Karimov seems set to be re-elected in the December poll.



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Middle East

Bahrain	Although the economy underpins a generally positive country risk environment, reforms would promote a more balanced outlook.
Egypt	Despite being ranked as the world's top reforming economy, the country still has much to do to improve the business environment.
Iran	Tehran's failure to suspend its nuclear programme continues to dominate the risk outlook.
Iraq	The external risk outlook deteriorates amid the threat of a Turkish cross-border incursion against separatist fighters.
Israel	Political pressure mounts as Premier Olmert faces three separate criminal enquiries.
Jordan	The prospects for a more inclusive parliamentary election improve as the main opposition group indicates that it will contest the poll.
Kuwait	The government's failure to achieve an international-standard business environment is illustrated by the proposed relocation abroad of the country's largest listed company.
Lebanon	The political impasse continues as the parliament agrees to delay the election of a new president by a month.
Oman	Inflation risks remain prominent in the face of strong growth and currency depreciation, stemming from the rial's fixed exchange rate to the US dollar.
Qatar	The positive economic outlook is undermined by the conflicting needs of the currency peg and the fight against inflation.
Saudi Arabia	The risk outlook brightens as a result of continued robust oil prices and an improved business environment.
Syria	The country's political risk is heightened after Israeli jets attack a possible nuclear-related target inside Syria.
UAE	Strong economic growth is curtailed by inflationary pressures.
Yemen	The risk outlook weakens as a result of rioting over inflation, the president's increasingly authoritarian rule and declining oil production.



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Western Europe

Austria	D&B upgrades Austria's country risk rating amid broadly-based economic growth and low political and commercial risks.
Belgium	Coalition negotiations build on existing policy agreements, increasing the chances of a government being formed by the end of the year.
Cyprus	Robust economic growth continues, but concerns remain over the developing property market bubble.
Denmark	The governing coalition's agreement to reduce personal income tax reduces the likelihood of an early election.
Finland	Despite the economy's positive short-term outlook, recent sectoral pay agreements could harm external competitiveness.
France	The new government's budget fails to tackle the country's chronic public deficit.
Germany	The government is in turmoil over controversial proposals to scale back earlier welfare reforms.
Greece	The new budget assures the continuity of the re-elected government's pro-reform agenda.
Iceland	The prospect of joining the single currency without joining the EU is being raised as the krona fluctuates and the stock market offers equity registration in euros.
Ireland	Prime Minister Ahern's political future is in doubt as he remains embroiled in corruption allegations.
Italy	The government's draft budget proposes corporate tax cuts.
Luxembourg	Strong economic growth continues, but the banking sector will slow in response to the global credit crunch.
Malta	Economic progress continues ahead of euro-adoption despite concerns over the country's ability to compete within the euro-zone.
Netherlands	The government coalition parties agree to avoid a referendum on the new EU treaty, reducing the risk of political instability.
Norway	The central bank remains committed to tightening interest rates in the short to medium term to guarantee low inflation amid strong economic growth.
Portugal	Due to recent global financial turbulence, the country's economic upturn remains vulnerable to trading partners' performance.
Spain	The sound financial system and healthy business sector support sustainable economic growth despite the slowdown in consumption.
Sweden	A bank scandal damages the business environment and the credibility of the political class.
Switzerland	The outcome of the parliamentary election is likely to prevent policy gridlock.
Turkey	Voters overwhelmingly back the government's constitutional reforms in a referendum overshadowed by further attacks by Kurdish separatists.
United Kingdom	The government downgrades its economic growth forecasts, increasing the fragility of public finances.

This update features extracts from D&B's Country Risk Services. To obtain further information on how D&B Solutions can help you turn **'Information into Insight'** log on to www.dnb.co.in or email us at ems@mail.dnb.co.in