



Decide with Confidence

WorldWatch

D&B Country Risk update



September 2008

		Africa
Algeria	Resurgent terrorist activity and potential changes in the investment environment increase downside risks.	
Angola	The ruling party becomes more autocratic as legislative elections approach, raising concern over the country's political stability.	
Botswana	Inflationary pressures continue to undermine economic growth and increase credit risk.	
Cameroon	Key challenges remain in balancing fiscal stability with alleviating the pressures posed by high food and fuel price inflation.	
Congo, D.R.	The country's rehabilitation continues but rivalries between donors complicate the outlook.	
Cote d'Ivoire	The rising cost of living sparks protests and renewed government subsidies.	
Ethiopia	The risk of renewed conflict with Eritrea remains following the withdrawal of the UN peace-keeping force.	
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	Political wrangling increases ahead of December's presidential poll, increasing political risk.	
Kenya	Despite high inflation, the authorities keep the benchmark interest rate unchanged in a bid to boost liquidity.	
Libya	The sudden emergence of tensions with Switzerland highlights the uncertain business environment for foreign companies.	
Malawi	Political feuding continues to undermine the country's economic prospects.	
Mauritius	D&B upgrades Mauritius' country risk rating in response to improvements in the business and investment environments.	
Morocco	The UN mediator's statements about the disputed Western Saharan territories heighten risk and threaten regional integration.	
Mozambique	The economy grows briskly in the first half of the year, but inflationary pressures and commercial risks pose threats to the operating environment.	
Namibia	Despite promising prospects for extractive industries, economic growth is set to slow due to rising inflation and slower demand from South Africa.	
Nigeria	The disputed budget is finally passed, while inflation continues to soar.	
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	Political uncertainty heightens as the ruling party's likely presidential candidate faces corruption charges.	
Sudan	The UN renews its peace-keeping mandate in Darfur against the background of President al-Bashir's indictment for war crimes.	
Tanzania	Robust economic growth driven by strong investment in the mining sector is set to continue.	
Tunisia	President Ben Ali looks set to secure another term of office in next year's presidential election after declaring his candidacy.	
Uganda	The economy grew robustly in 2007, but inflation continues to dampen the outlook.	
Zambia	President Mwanawasa's death increases political uncertainty.	
Zimbabwe	President Mugabe unilaterally convenes parliament, jeopardising power-sharing talks.	



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Asia/Pacific

Afghanistan	Despite an escalation in the Taliban-led insurgency, donor commitment declines.
Australia	The central bank moves to a loosening bias amid mounting evidence of an economic slowdown.
Bangladesh	Exports and economic growth remain strong but price pressures are gathering pace.
Cambodia	The governing party wins re-election amid allegations of electoral irregularities.
China	Government concern about slower growth mounts as smaller firms struggle with a credit squeeze.
Fiji	The interim government's political and constitutional positions both appear to have weakened.
Hong Kong	A fall in the purchasing managers' index presages slower economic growth.
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	The country's policy mix supports economic growth amid strong construction and investment activity.
Japan	Consumer gloom and a faltering of the country's terms of trade threaten the risk outlook.
Malaysia	Export performance remains robust despite weak demand from developed economies.
Myanmar	The weakening of the ruling coalition could threaten sectors dependent on patronage.
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	The Reserve Bank cuts its main interest rate amid fears of an economic recession.
Papua New Guinea	President Musharraf's resignation will not solve the country's political and economic ills, and could widen divisions in the ruling coalition.
Philippines	Rising global commodity prices fuel economic growth and prompt a tighter monetary policy stance.
Singapore	Heavy fighting breaks out between government forces and southern separatists as peace talks collapse.
South Korea	The city state's trade-related services mix could face challenges if world trade contracts.
Sri Lanka	The economy slows amid soaring inflation and weak external demand.
Taiwan	Exports begin to slow as demand from China weakens.
Thailand	Economic growth appears to be slowing as consumption and investment growth weakens.
Vietnam	Economic growth slows and inflationary pressures intensify as the government raises fuel prices.



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Eastern Europe

Albania	The prime minister reshuffles the cabinet as country risk indicators remain favourable.
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 prospect of EU accession helps to alleviate the risks stemming from a rising current account deficit.
Czech Republic	Tensions within the unstable ruling coalition continue to hamper policy-making ahead of important regional elections.
Estonia	The authorities rein in spending plans in response to a sharp economic slowdown and rising inflationary pressures.
Georgia	With Russia imposing its own peace terms, the prospects for post-conflict recovery depend on the fate of President Saakashvili.
Hungary	Excessively high rates of inflation and the slowing rate of economic growth are causes for concern.
Kazakhstan	State meddling in the oil sector continues to cause uncertainty for foreign investors.
Kyrgyz Republic	Wrangling over gold mining contractual issues, a looming energy crisis and further economic problems underpin the country's unfavourable risk outlook.
Latvia	A sharp slowdown of economic growth dominates the risk outlook.
Lithuania	Political pressures on the government reduce the likelihood of much needed budget cuts as economic growth slows.
Macedonia	Prime Minister Gruevski broadens the dispute with Greece to cover other differences, complicating the prospects for a deal.
Poland	High wage growth and mounting inflation increase cost pressures on businesses.
Romania	The EU criticises the country's 'lenient and inconsistent' handling of high-level corruption.
Russian Federation	The armed conflict with Georgia and tensions with the West compound a fall in investor confidence.
Serbia	A potential pact between the main coalition parties would improve prospects for government cohesion and pro-business policy-making.
Slovak Republic	A loss of cross-border competitiveness due to strong wage growth is set to prompt a moderation in economic activity.
Slovenia	The rising current account deficit could increase risk in the medium term.
Tajikistan	The operating environment remains very high risk, despite progress with an emergency IMF programme.
Turkmenistan	The EU agrees a gas supply deal as Russia and the West jockey for influence over the country's sizeable hydrocarbons resources.
Ukraine	Rapid import growth deepens the current account deficit and raises the risk of a painful economic adjustment.
Uzbekistan	The export sector boosts economic growth.



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Middle East

Bahrain	Rising inflationary pressures continue to undermine the risk outlook.
Egypt	Slowing growth, higher inflation and uncertainties in the investor environment weaken the country's risk profile.
Iran	The government faces difficult economic problems, regardless of the negative impact of sanctions.
Iraq	Political difficulties threaten to undermine the improvement in the security situation.
Israel	Prime Minister Olmert's decision to step down creates further political uncertainty.
Jordan	Economic growth continues to slow, putting pressure on attempts to reduce levels of poverty and unemployment.
Kuwait	Labour unrest and excessively high inflationary pressures overshadow the risk environment.
Lebanon	Parliament approves the new government's mandate, but major political, security and economic challenges must still be overcome.
Oman	Despite a continued rise in consumer price inflation, there are signs that it is approaching its peak.
Qatar	Robust government expenditure continues to support strong economic growth but is boosting inflationary pressures.
Saudi Arabia	High inflation, shortages of skilled labour, a tight property market and restrictions on credit availability undermine the business environment.
Syria	Political risk remains high following the assassination of a senior presidential aide.
UAE	Dubai's new mortgage law is expected to boost house prices, adding further inflationary pressures to the economy.
Yemen	Although a peace deal has been agreed with rebels in the northwest, the government still faces a difficult task in combating Al-Qaeda.



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		America
Argentina	The conflict with the farming sector severely damages the government's medium-term prospects.	
Bolivia	President Morales wins a national recall referendum but the political crisis continues and the risk of further social disorder rises.	
Brazil	The high inflation rate should moderate by year-end, while the weakening currency may support an improvement in payments performance.	
Canada	The falling price of oil exposes the country to a potentially rapid decline in its trade balance.	
Chile	Mounting inflation and lower copper prices pose considerable risks to the economy.	
Colombia	Positively, President Uribe's supporters launch moves to amend the constitution to allow him to run for a third term.	
Costa Rica	A widening trade deficit maintains downward pressure on the colon, prompting questions over the current exchange rate regime.	
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.	
Ecuador	Populist anti-business policies are set to continue as the government seeks to bolster popular support for a new constitution.	
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	Despite an increase in tourist numbers, economic growth remains weak amid sharply rising inflation.	
Mexico	Controversial reforms to the state oil company still jeopardise the political environment amid a worsening economic outlook.	
Nicaragua	The commercial environment deteriorates as the government pursues dubious claims against foreign companies operating in the country.	
Panama	Social unrest increases as a result of rising inflation, potentially undermining the government's chances of re-election.	
Paraguay	President Lugo's minority government faces deep challenges in pushing through its reform agenda.	
Peru	The negative impact of inflation on both economic growth and the weak political environment threaten the country's risk outlook.	
Trinidad & Tobago	Food price rises and robust demand-side pressures increase inflationary risks and complicate policy-making.	
USA	The overall outlook for the economy brightens slightly as consumer confidence and the trade balance improve.	
Uruguay	Despite high inflation and a fall in the country's commodity exports prices, the economic outlook remains positive.	
Venezuela	The government nationalises the country's third-largest bank, reducing financial sector efficiency.	



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Austria	D&B downgrades Austria's country risk rating amid increased macroeconomic and political uncertainty.
Belgium	Economic growth slows as inflation rises, consumer and business confidence falls and external competitiveness declines.
Cyprus	Economic growth slows in the first half of the year amid heightened risk of a further slowdown in private consumption.
Denmark	The central bank seeks to avert wider financial system problems by bailing-out an illiquid bank.
Finland	Fading hopes for a resolution to an export duty dispute with Russia increase pressure on the important woodpulp and paper sector.
France	President Sarkozy's reform programme gathers pace as parliament ends the 35-hour working week.
Germany	Three well-known retailers file for insolvency as rising inflation dents consumer confidence and spending.
Greece	Infighting within the ruling party undermines stability amid mounting public discontent with government policies.
Iceland	D&B downgrades Iceland's country risk rating in response to an economic downturn amid inflationary pressures and tightening credit conditions.
Ireland	Worries over a looming recession intensify as industrial production declines sharply and consumer spending collapses.
Italy	The government dashes hopes of early tax cuts, while the economy slides into recession.
Luxembourg	Despite slower economic growth and higher inflation, the economy is still one of the best-performing in the region.
Malta	Slower economic growth hampers the reduction of the budget deficit but structural reform continues.
Netherlands	Overall economic growth stagnates in response to slowing export and investment growth.
Norway	Although the economy continues to grow, downside risks to investment activity and consumer spending persist.
Portugal	The risk of a recession declines as falling unemployment and lower inflation provide some relief for consumers.
Spain	The government aims to enhance productivity to boost economic growth after the slowdown expected into the medium term.
Sweden	The economy slows more sharply than expected amid continuing high inflation.
Switzerland	A split within the country's largest party excludes it from the executive.
Turkey	Political risk eases as the constitutional court opts not to ban the ruling party.
United Kingdom	The economy continues to slow but the likelihood of moderating inflation and resilient consumer spending offer grounds for optimism.