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# WorldWatch

## D&B Country Risk update

Welcome to the latest World Watch. This update of global country risk developments is brought to you by the regional specialists of the Country Risk Services Group. World Watch's useful pointers to risk management issues are explored in more detail in D&B's unique journal, International Risk & Payment Review, which covers over 130 countries, and also on an individual basis in D&B Country RiskLine reports, both of which are updated on a monthly basis.

### Africa

<b>Algeria</b>	Growth prospects remain relatively strong but business performance continues to be sluggish.
<b>Angola</b>	The government revises downwards its 2010 growth forecast amid signs of an economic slowdown.
<b>Botswana</b>	Diamond exports weaken in June but were significantly above year-earlier levels during the first half of the year as a whole.
<b>Cameroon</b>	The recovery is continuing, but a global downturn could cause problems.
<b>Congo, D.R.</b>	Debt cancellation provides a boost but the business environment remains extremely poor.
<b>Cote d'Ivoire</b>	The promise of a presidential election is overshadowed by a number of key obstacles.
<b>Ethiopia</b>	Ambitious energy investment plans proceed as the government is re-elected for a new five-year term.
<b>Gabon</b>	Higher oil prices are underpinning economic recovery, but the business environment remains challenging.
<b>Ghana</b>	The monetary authorities cut interest rates again, but upside risks to inflation are emerging.
<b>Kenya</b>	D&B upgrades Kenya's country risk rating after a positive referendum result approves a new constitution.
<b>Libya</b>	Commercial risk remains significant due to a difficult commercial environment.
<b>Malawi</b>	The government rejects an Economic Partnership Agreement with the EU and a separate deal to import more electricity.
<b>Mauritius</b>	Sluggish growth in the EU erodes confidence in the country's economic prospects.
<b>Morocco</b>	Increases in manufacturing output and raised business expectations indicate a positive outlook.
<b>Mozambique</b>	Sound relations with the international donor community help to strengthen the fiscal position and the external accounts.
<b>Namibia</b>	Signs of an economic revival are evident and the mining sector looks set to drive economic growth.
<b>Nigeria</b>	Uncertainty over the next presidential and parliamentary elections dominates the political outlook.
<b>Senegal</b>	The outlook is improving but the challenging economic and business environments remain major downside risks to a more sustainable recovery.
<b>Sierra Leone</b>	A major iron ore mining project should benefit the economy but a major concession to China risks future foreign investment.
<b>South Africa</b>	The country faces new challenges as the economic momentum derived from the Soccer World Cup dissipates.
<b>Sudan</b>	Security risk remains high in view of the impending referendum on the independence of South Sudan.
<b>Tanzania</b>	The IMF continues to lend financial and technical support following the completion of positive programme reviews.
<b>Tunisia</b>	Strong foreign demand supports the economic recovery, despite significant downside

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risks.

<b>Uganda</b>	A tax dispute involving a major oil deal highlights commercial risk.
<b>Zambia</b>	Union resistance to foreign investment in copper mining is raising some concern.
<b>Zimbabwe</b>	A single large UK investment lifts confidence in the country's prospects.

### Asia Pacific

<b>Afghanistan</b>	Despite talk of national reconciliation and a peace process, political and security risks remain of the utmost concern.
<b>Australia</b>	Private sector investment outside the mining sector remains weak and business-to-business payments slow.
<b>Bangladesh</b>	Inflation, labour disputes and power shortages all remain serious constraints on the economy.
<b>Cambodia</b>	The country's recovery remains relatively fragile compared to those of its Asian neighbours.
<b>China</b>	Manufacturing looks poised to emerge from its seasonal quarterly slowdown.
<b>Fiji</b>	Climatic risks raise challenges for Fiji's near-term economic outlook.
<b>Hong Kong</b>	The economic outlook improves as quarterly growth exceeds expectations.
<b>India</b>	Inflationary pressures remain prevalent despite repeated moves to tighten monetary policy.
<b>Indonesia</b>	Supply chain risks rise amid adverse weather effects, but macroeconomic data indicate good economic prospects.
<b>Japan</b>	The economic recovery appears to be faltering, despite the return to profitability of corporate Japan's manufacturers.
<b>Korea (South)</b>	Robust growth and inflationary concerns mean that monetary policy is likely to continue to tighten into 2011.
<b>Malaysia</b>	The risk outlook weakens, with key US and Chinese export markets set to slow.
<b>Myanmar</b>	Import demand strengthens, while the junta's post-election strategy is in place.
<b>Nepal</b>	Political uncertainty remains high, with the country awaiting a government of 'national consensus'.
<b>New Zealand</b>	The central bank raises its policy rate for the second consecutive month amid concerns over house prices.
<b>Pakistan</b>	D&B downgrades Pakistan's country risk rating as devastating floods undermine the risk outlook.
<b>Papua New Guinea</b>	Changes to environmental law to attract investors could provoke political unrest.
<b>Philippines</b>	Food price inflation could still strike as global wheat and rice markets tighten.
<b>Singapore</b>	Recent economic growth figures were exceptional, but we expect a solid performance in the rest of 2010.
<b>Sri Lanka</b>	Despite improved political stability, risks remain from an increased concentration of political power and the high budget deficit.
<b>Taiwan</b>	The increased risk of a slowdown in China threatens the export-dependent island.
<b>Thailand</b>	Business sentiment improves but economic growth is still fragile and vulnerable to political risks and external shocks.
<b>Vietnam</b>	D&B downgrades Vietnam's risk rating as FX liquidity problems elevate payment risks.

### Eastern Europe

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<b>Albania</b>	The country is mired in political deadlock after the leading opposition party resumes its boycott of parliamentary proceedings.
<b>Azerbaijan</b>	Relations with Armenia deteriorate significantly after an exchange of gunfire in the disputed region of Nagorno-Karabakh.
<b>Belarus</b>	Recent tensions with Russia pose a significant downside risk to economic growth in the short term.
<b>Bosnia &amp; Herzegovina</b>	Political turmoil increases in the aftermath of an International Court of Justice ruling over the status of Kosovo.
<b>Bulgaria</b>	Austerity measures will reduce the fiscal deficit but also affect domestic demand.
<b>Croatia</b>	The economic outlook remains uncertain as the government faces strong opposition to necessary reform plans.
<b>Czech Republic</b>	Business confidence and stronger business conditions indicate slow growth over the coming period.
<b>Estonia</b>	The outlook is improving amid good economic results and the anticipated euro entry next year.
<b>Georgia</b>	Better economic growth bodes well for the risk outlook but the political situation remains a concern.
<b>Hungary</b>	Economic growth stalls, while parliament passes a controversial tax on banks.
<b>Kazakhstan</b>	D&B upgrades Kazakhstan's country risk rating due to strongly improving economic conditions.
<b>Kyrgyz Republic</b>	Violence in the south has dissipated, but there is a risk of further troubles later in the year.
<b>Latvia</b>	The country secures further funding from the IMF as further signs of economic recovery emerge.
<b>Lithuania</b>	The economic outlook improves amid more evidence of a solid recovery, but the rebound's sustainability remains in question.
<b>Macedonia</b>	The near-term political outlook weakens as early parliamentary elections loom.
<b>Poland</b>	D&B upgrades Poland's country risk rating due to the improved political outlook and stable macroeconomic environment.
<b>Romania</b>	The European Commission calls for greater efforts to fight corruption.
<b>Russian Federation</b>	Although the economic recovery continues, the ongoing drought creates downside risks.
<b>Serbia</b>	An International Court of Justice ruling on Kosovo's secession poses risks to the economy.
<b>Slovak Republic</b>	The government plans to cut the deficit in 2011 but will be forced to borrow more.
<b>Slovenia</b>	Political and foreign policy risks ease as the government takes steps to resolve a cross-border banking dispute.
<b>Tajikistan</b>	The risk outlook deteriorates amid instability in regions bordering the Kyrgyz Republic and Uzbekistan.
<b>Turkmenistan</b>	The short-term outlook improves amid an apparently strong economic expansion.
<b>Ukraine</b>	The central bank reduces interest rates for the third time in a row as inflation reaches a four-year low.
<b>Uzbekistan</b>	Further foreign investment in the hydrocarbon sector is set to boost economic growth.

### Middle East

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<b>Bahrain</b>	Concerns over the banking sector continue but financing for infrastructure projects is rising.
<b>Egypt</b>	The ending of fiscal stimulus measures is unlikely to weaken growth prospects.
<b>Iran</b>	D&B downgrades Iran's country risk rating as international sanctions are ramped up by the US and EU.
<b>Iraq</b>	Significant political and security risks still weigh negatively on the country risk outlook.
<b>Israel</b>	The risk of a recession eases, buttressed by the resilient business sector.
<b>Jordan</b>	A recent cabinet reshuffle is liable to weaken the outlook for economic reform.
<b>Kuwait</b>	The economic outlook is moderately upbeat, despite lingering problems in the financial sector.
<b>Lebanon</b>	The risk outlook deteriorates due to an escalation of tensions with Israel.
<b>Oman</b>	The fiscal and external positions continue to improve on the back of the economic recovery.
<b>Qatar</b>	The booming hydrocarbon industry and rising government spending boost the economic outlook.
<b>Saudi Arabia</b>	Improving credit conditions and high government spending support the economic outlook.
<b>Syria</b>	A strong recovery from the global crisis is tempered by underlying risks.
<b>UAE</b>	The economy shows signs of a recovery, but the response to the debt crisis undermines the risk outlook.
<b>Yemen</b>	A new attempt to reconcile the country's warring factions looks unlikely to succeed.

## The Americas

<b>Argentina</b>	Political interference continues to undermine the medium-term economic outlook.
<b>Bolivia</b>	Economic growth disappoints, while violent protests highlight the risk posed by political unrest.
<b>Brazil</b>	The economy starts to slow down but the outlook remains positive.
<b>Canada</b>	The economy shows signs of slowing in the second half of the year amid tighter monetary policy and growing global uncertainty.
<b>Chile</b>	The economic outlook is positive, although the economy remains heavily dependent on international developments.
<b>Colombia</b>	The central bank leaves interest rates unchanged despite a rapid appreciation of the peso.
<b>Costa Rica</b>	Despite a strong quarterly expansion, economic growth is likely to slow over the remainder of the year.
<b>Cuba</b>	Payment and expropriation risks will remain elevated into 2011 due to ongoing FX shortages.
<b>Dominican Republic</b>	Plans to reform the taxation system are unlikely to go ahead after the government bows to mounting pressure.
<b>Ecuador</b>	A controversial hydrocarbons law is unilaterally enacted, increasing state control over the oil sector.
<b>El Salvador</b>	Poor economic data in major trading partners points to a more subdued economic recovery.
<b>Guatemala</b>	Severe flooding and landslides negatively affect economic growth and exacerbate fiscal risks.
<b>Honduras</b>	Despite the positive economic growth outlook, consolidating the public finances remains the government's key challenge.
<b>Jamaica</b>	The economic outlook improves slowly with the help of an IMF support facility

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	programme.
<i>Mexico</i>	Economic performance has improved but we expect the recovery to stall over the second half of 2010.
<i>Nicaragua</i>	Government policy threatens relations with the international donor community.
<i>Panama</i>	Economic growth shows signs of slowing amid subdued external demand and labour unrest.
<i>Paraguay</i>	The economic outlook improves as the country recovers from recession.
<i>Peru</i>	A rapid economic recovery prompts more aggressive monetary policy tightening.
<i>Trinidad &amp; Tobago</i>	The snap elections bring about a considerable shift in the country's political environment.
<i>USA</i>	The weak labour market continues to challenge the country's recovery.
<i>Uruguay</i>	A resolution to the Botnia pulp mill conflict with Argentina bodes well for the economic outlook.
<i>Venezuela</i>	Diplomatic relations with Colombia reach a new low amid claims that Venezuela is harbouring Marxist guerillas.

### Western Europe

<i>Austria</i>	The country's economic performance continues to improve, but concerns remain over prospects for 2011.
<i>Belgium</i>	The economic outlook improves slightly, but elevated political risk clouds the overall outlook.
<i>Cyprus</i>	Parliament rejects government plans to increase real estate and corporate taxes.
<i>Denmark</i>	The economic outlook remains fragile, undermined by an uneven recovery in the manufacturing sector and the risk of renewed slowdown.
<i>Finland</i>	The economic recovery gains momentum but is unlikely to be sustained.
<i>France</i>	The economy records a healthy expansion but concerns remain over a slowdown in the second half of the year.
<i>Germany</i>	D&B upgrades Germany's country risk rating as economic growth figures surprise on the upside and payment risks fall further.
<i>Greece</i>	Progress on budgetary consolidation and reforms is impressive but the economy goes further into recession.
<i>Iceland</i>	A ruling by the country's supreme court could lead to renewed turmoil in the domestic banking sector.
<i>Ireland</i>	Irish government bond yields rise amid fears over a further widening of the public debt.
<i>Italy</i>	Rising exports continue to support the country's mild economic recovery.
<i>Luxembourg</i>	Successful banking stress tests bolster the risk outlook but global reforms could have an impact.
<i>Malta</i>	The economy shows signs of recovery amid declining unemployment rates and increased industrial production.
<i>Netherlands</i>	The formation of a potentially short-lived and unstable centre-right coalition government looks increasingly likely.
<i>Norway</i>	The near-term outlook remains positive, but downside risks from a renewed slowdown in Europe in 2011 are considerable.
<i>Portugal</i>	The economic recovery is slowing and financial risks will remain elevated in the forecast period.
<i>Spain</i>	The commercial environment remains weak, despite the financial sector showing signs of strength.

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<i>Sweden</i>	The economic recovery has gained momentum but the risk of a slowdown later in the year persists.
<i>Switzerland</i>	Favourable results in the latest bank stress tests boost the risk outlook, although some concerns persist.
<i>Turkey</i>	The economy appears to be on a growth trajectory but political tensions persist.
<i>United Kingdom</i>	Economic activity continues to pick up but downside risks are strong and inflation is above target.

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