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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>	Deteriorating political and commercial conditions weigh negatively on the risk outlook.
<b>Angola</b>	The fiscal position is set to improve over the short term, boding well for business dealings with the government.
<b>Botswana</b>	Demand for diamonds should help to support a strong rebound in economic growth.
<b>Cameroon</b>	Operating risks remain high despite an improvement in the economy.
<b>Congo, D.R.</b>	The risk outlook deteriorates again ahead of the elections due by 2011.
<b>Cote d'Ivoire</b>	Continued uncertainty over the long-overdue presidential election weighs negatively on the risk profile.
<b>Ethiopia</b>	Ambitious energy investment plans proceed as the government is re-elected for a new five-year term.
<b>Gabon</b>	The short-term economic outlook improves as oil prices recover further.
<b>Ghana</b>	The economic risk outlook is set to improve, despite mounting challenges.
<b>Kenya</b>	Parliamentary approval of a new price-fixing bill raises concerns about the business environment.
<b>Libya</b>	Despite increasing opportunities for foreign companies, the risk of doing business remains considerable.
<b>Malawi</b>	Electricity supply problems and food insecurity remain causes for concern.
<b>Mauritius</b>	The government's re-election promises stability and a positive business environment.
<b>Morocco</b>	The risk of an economic slowdown in Europe and exchange rate appreciation threaten the recovery.
<b>Mozambique</b>	Sound relations with the international donor community help to strengthen the fiscal position and the external accounts.
<b>Namibia</b>	A strike by customs officials is set to inconvenience traders.
<b>Nigeria</b>	The economic outlook is positive, but growth will remain below pre-crisis levels.
<b>Senegal</b>	Economic conditions are improving but the sustainability of the global recovery is a key downside risk.
<b>Sierra Leone</b>	The kidnap of a prominent investor and the resignation of the anti-corruption chief underline the high-risk operating environment.
<b>South Africa</b>	The economic outlook is positive, but security risks will remain high during the soccer World Cup.
<b>Sudan</b>	Preparations for the referendum on the South's independence threaten the risk outlook.
<b>Tanzania</b>	The IMF continues to lend financial and technical support following the completion of positive programme reviews.
<b>Tunisia</b>	The positive economic outlook helps to ease the level of credit risk.
<b>Uganda</b>	The commercial and economic outlook will benefit from a new World Bank loan.
<b>Zambia</b>	D&B upgrades Zambia's country risk rating amid improving economic prospects.
<b>Zimbabwe</b>	The outlook for economic growth deteriorates due to the highly uncertain business operating environment.

### Asia Pacific

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<b>Afghanistan</b>	Despite talk of national reconciliation and a peace process, political and security risks remain of the utmost concern.
<b>Australia</b>	The country remains one of the lowest-risk regional and global markets.
<b>Bangladesh</b>	Currency volatility, inflation and the public finances overshadow the risk outlook.
<b>Cambodia</b>	Garments exports and tourism feel the effects of external shocks.
<b>China</b>	The change in exchange rate policy sends important political and economic signals.
<b>Fiji</b>	The near-term economic outlook remains challenging as the country seeks to recover from recession.
<b>Hong Kong</b>	European debt problems and a tightening in the mainland property market could negatively affect the outlook.
<b>India</b>	Price pressures and uncertainty stemming from the euro-zone crisis pose challenges for firms in the months ahead.
<b>Indonesia</b>	Recent political changes may disappoint foreign investors hoping for reform and high-quality regulatory decisions.
<b>Japan</b>	Disappointing quarterly capital expenditure indicates the fragility of the recovery.
<b>Korea (South)</b>	The escalating tensions with North Korea dominate the risk outlook.
<b>Malaysia</b>	Despite recent strong economic growth, the country faces difficulties in stabilising the public finances.
<b>Myanmar</b>	The economy improves slowly as the junta finesses its grip on power.
<b>Nepal</b>	Political uncertainty remains high, with the prime minister set to resign at an unspecified date.
<b>New Zealand</b>	Improving conditions in the global economy boost the country's exports.
<b>Pakistan</b>	Firms remain constrained by energy shortages, high interest rates and chronic inflation amid the fragile economic recovery.
<b>Papua New Guinea</b>	Changes to environmental law to attract investors could provoke political unrest.
<b>Philippines</b>	The outlook remains positive, with political risks low and inflation controllable.
<b>Singapore</b>	The risk outlook appears resilient to the twin threats of recession in Europe and Chinese policy tightening.
<b>Sri Lanka</b>	Despite improved political stability, concerns remain over the high deficit and corruption.
<b>Taiwan</b>	Progress on a wide-ranging free-trade deal with China paves the way for a boost to Taiwan's competitiveness.
<b>Thailand</b>	D&B upgrades Thailand's country risk rating amid more positive political and economic developments.
<b>Vietnam</b>	The euro-zone crisis and the trade deficit both represent downside risks.

### Eastern Europe

<b>Albania</b>	The government faces higher financing costs in the wake of the Greek debt crisis.
<b>Azerbaijan</b>	An IMF review underlines the need to diversify the economy away from its reliance on depleting hydrocarbons.
<b>Belarus</b>	Recent tensions with Russia pose a significant downside risk to economic growth in the short term.
<b>Bosnia &amp; Herzegovina</b>	Rising political uncertainty ahead of the October elections puts the economic recovery at risk.
<b>Bulgaria</b>	The country's key growth driver remains vulnerable to a slowdown in the global economic recovery.

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<b>Croatia</b>	The country slips back into recession, underlining the fragility of the economic outlook.
<b>Czech Republic</b>	The political outlook remains somewhat uncertain following the May general election.
<b>Estonia</b>	Possible euro-zone membership improves the country's risk outlook.
<b>Georgia</b>	Overwhelming support for the president's party in local elections enhances domestic political stability.
<b>Hungary</b>	The euro-zone crisis underscores the country's vulnerability to external factors.
<b>Kazakhstan</b>	The strengthening economy drives an improvement in the risk outlook.
<b>Kyrgyz Republic</b>	Commercial risk is being heightened by ethnic violence in the south.
<b>Latvia</b>	The economic outlook improves slightly, but growth is unlikely to return before 2011.
<b>Lithuania</b>	Weak growth in the first quarter of the year underlines the fragility of the economic outlook.
<b>Macedonia</b>	Economic recovery is overshadowed by the problems in neighbouring Greece.
<b>Poland</b>	The political outlook remains uncertain as the presidential election fails to produce a definitive winner.
<b>Romania</b>	The government can probably pass the legislation needed to meet the requirements of its international funding deal.
<b>Russian Federation</b>	The economy continues to grow as corporate profitability starts to improve.
<b>Serbia</b>	The IMF highlights the improvements that have boosted confidence in the country's financial system.
<b>Slovak Republic</b>	A centre-right coalition is likely to form the next government in the wake of the recent general election.
<b>Slovenia</b>	Victory in a referendum on the border dispute with Croatia enables the government to concentrate on mitigating the recession.
<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>	Negotiations over resumed IMF lending continue to be drawn out but a deal is likely eventually.
<b>Uzbekistan</b>	Strong economic growth masks a multitude of structural issues that are undermining the risk outlook.

## Middle East

<b>Bahrain</b>	The economy starts to recover but requires diversification in order to reduce vulnerability to shocks.
<b>Egypt</b>	Improving growth prospects support business profitability and a decrease in credit risk.
<b>Iran</b>	Another set of UN sanctions further undermine the risk outlook.
<b>Iraq</b>	The continued failure to form a new government perpetuates the dangerous political vacuum.
<b>Israel</b>	The economic outlook is upbeat, although downside risks remain significant.
<b>Jordan</b>	The economy continues to recover, although downside risks remain.
<b>Kuwait</b>	Improving economic conditions boost the outlook for business activity and reduce credit risk.
<b>Lebanon</b>	Political tensions delay the 2010 budget, highlighting a key element of uncertainty in the

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	risk arena.
<i>Oman</i>	Economic performance should accelerate this year as a result of the government's sound policies.
<i>Qatar</i>	The government's boost to the bond market will improve the risk outlook in the medium term.
<i>Saudi Arabia</i>	Resilient domestic demand helps to support the strong economic outlook.
<i>Syria</i>	Positive growth prospects and admission to WTO entry negotiations boost the risk outlook.
<i>UAE</i>	Debt problems at quasi-state companies continue to undermine the risk outlook.
<i>Yemen</i>	Significant political and social instability negatively affects the country risk outlook.

## The Americas

<i>Argentina</i>	Inflation risk mounts and the government's anti-business policy agenda affects companies operating in the country.
<i>Bolivia</i>	Improving relations with the US could benefit the business environment.
<i>Brazil</i>	Inflation and the current account deficit could affect medium-term economic prospects.
<i>Canada</i>	The central bank raises interest rates as the economic recovery remains robust.
<i>Chile</i>	The central bank responds to inflationary pressures amid the economy's rapid recovery.
<i>Colombia</i>	President Santos' victory in the presidential poll points to a continuation of liberal economic policies.
<i>Costa Rica</i>	Trade policy continues to be liberalised as free-trade agreements are implemented with the EU and China.
<i>Cuba</i>	D&B downgrades Cuba's country risk rating to reflect the risks posed by the country's ongoing FX liquidity crisis.
<i>Dominican Republic</i>	The ruling party's electoral success should boost the pro-business policy agenda.
<i>Ecuador</i>	A proposed new hydrocarbon law underlines the risk of doing business amid the government's interventionist measures.
<i>El Salvador</i>	A new free-trade agreement is set to boost trade with the EU.
<i>Guatemala</i>	Severe flooding and landslides negatively affect economic growth and exacerbate fiscal risks.
<i>Honduras</i>	The risk outlook improves due to economic recovery and greater stability in the political environment.
<i>Jamaica</i>	D&B downgrades Jamaica's country risk rating amid increasing violent unrest.
<i>Mexico</i>	The economic recovery stalls, ensuring that monetary policy remains loose.
<i>Nicaragua</i>	Political violence undermines the overall country risk profile and damages economic growth prospects.
<i>Panama</i>	A new free-trade deal with the EU is set to bring benefits to the country.
<i>Paraguay</i>	The government declares a state of emergency as security risks increase.
<i>Peru</i>	Rising investment in mining and construction contributes to the continuation of the economic recovery.
<i>Trinidad &amp; Tobago</i>	The snap elections bring about a considerable shift in the country's political environment.
<i>USA</i>	The recovery shows signs of slowing as employment growth and consumer spending both moderate.
<i>Uruguay</i>	D&B upgrades Uruguay's country risk rating as the economy continues to expand and

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relations with Argentina improve.

**Venezuela** Tighter controls over the foreign exchange market are likely to increase payment delays.

### Western Europe

**Austria** The path of the forecast economic recovery remains uncertain.

**Belgium** A victory for Flemish separatists in the general election adds to the degree of political risk.

**Cyprus** The stalling of reunification talks maintains downward pressure on the risk outlook.

**Denmark** The economic outlook remains fragile amid government austerity measures and weak domestic demand.

**Finland** The economic recovery remains fragile and the country is still in recession.

**France** The need for decisive measures to reduce the budget deficit poses significant risks to the economic recovery.

**Germany** Contagion from the euro-zone debt crisis strongly affects the country's risk outlook.

**Greece** Economic reforms prove increasingly unpopular among politicians and the public.

**Iceland** The failure to agree on a debt repayment package for the UK and Netherlands still dominates the short-term risk outlook.

**Ireland** The economic outlook remains challenging despite the EU financial package for the euro-zone.

**Italy** Growth prospects are mildly positive but downside risks remain significant.

**Luxembourg** The continuing recovery is at risk from the debt problems in Europe.

**Malta** Growth was stronger than expected in the first three months of the year, but we doubt it will last given current risks.

**Netherlands** The inconclusive general election result creates the risk of political deadlock and government ineffectiveness.

**Norway** The pace of recovery slows, bringing interest rate hikes to a halt.

**Portugal** There is a heightened risk that Portugal will have to access EU-IMF emergency funds.

**Spain** The financial sector requires structural reform in order to guarantee solvency.

**Sweden** The economic outlook improves further following stronger-than-expected growth data.

**Switzerland** Uncertainty about the exchange rate remains a significant risk factor.

**Turkey** The IMF recommends the faster unwinding of the country's rescue package amid increased political and security risk.

**United Kingdom** The emergency budget targets some higher taxes and substantial spending cuts, which will constrain economic growth.

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