



Welcome to the August edition of 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	
Algeria	Government policy is undermining business conditions but the overall outlook is positive.
Angola	Decreasing oil prices and increased demand from emerging markets are key factors in the economic outlook.
Botswana	Mining activity drives very strong economic growth but inflation is set to remain above-target.
Cameroon	The recovery is continuing, but a global downturn could cause problems.
Congo, D.R.	The risk outlook deteriorates again ahead of the elections due by 2011.
Cote d'Ivoire	The promise of a presidential election is overshadowed by a number of key obstacles.
Ethiopia	Ambitious energy investment plans proceed as the government is re-elected for a new five-year term.
Gabon	Higher oil prices are underpinning economic recovery, but the business environment remains challenging.
Ghana	The downside risks to Ghana's growth prospects have increased but we expect the economy to remain robust in 2010.
Kenya	Parliamentary approval of a new price-fixing bill raises concerns about the business environment.
Libya	Investment in infrastructure improvements bodes well for strong growth prospects.
Malawi	Electricity supply problems and food insecurity remain causes for concern.
Mauritius	Sluggish growth in the EU erodes confidence in the country's economic prospects.
Morocco	Increases in manufacturing output and raised business expectations indicate a positive outlook.
Mozambique	Sound relations with the international donor community help to strengthen the fiscal position and the external accounts.
Namibia	The mining sector will drive economic growth, but fears of a renewed global downturn pose risks.
Nigeria	The economic outlook is positive, but growth will remain below pre-crisis levels.
Senegal	The outlook is improving but the challenging economic and business environments remain major downside risks to a more sustainable recovery.
Sierra Leone	The kidnap of a prominent investor and the resignation of the anti-corruption chief underline the high-risk operating environment.
South Africa	The economic outlook remains positive, although the second half of the year is set to bring new challenges for the country's recovery.
Sudan	A referendum on the independence of South Sudan and ongoing violence in Darfur undermine the country risk outlook.
Tanzania	The IMF continues to lend financial and technical support following the completion of positive programme reviews.
Tunisia	Strong foreign demand supports the economic recovery, despite significant downside risks.
Uganda	D&B downgrades Uganda's country risk rating as a consequence of recent terrorist attacks.
Zambia	Union resistance to foreign investment in copper mining is raising some concern.

Zimbabwe	The resumption of diamond exports should bring in valuable FX earnings to help alleviate the country's economic problems.
ASIA PACIFIC	
Afghanistan	Despite talk of national reconciliation and a peace process, political and security risks remain of the utmost concern.
Australia	The Reserve Bank fails to raise policy rates as the global economic recovery hangs in the balance.
Bangladesh	Currency volatility, inflation and the public finances overshadow the risk outlook.
Cambodia	The country's recovery remains relatively fragile compared to those of its Asian neighbours.
China	The central government's drive to prevent a housing bubble begins to take effect.
Fiji	Climatic risks raise challenges for Fiji's near-term economic outlook.
Hong Kong	The overall economy continues a strong recovery despite labour unrest in China affecting some Hong Kong-based companies.
India	Business confidence is high despite backlogs and delays due to robust demand.
Indonesia	Bank Indonesia's new capital controls reflect its desire to moderate the 'hot money' inflows which have appeared as the economy strengthens.
Japan	The ruling party's weak showing in July's poll bodes ill for the public finances, policymaking and the overall risk outlook.
Korea (South)	The pace of expansion will slow in the second half of 2010 as external demand eases.
Malaysia	Credit risks from the 2009 economic shock are feeding through into bankruptcy statistics.
Myanmar	The economy improves slowly as the junta finesses its grip on power.
Nepal	Political uncertainty remains high, with the country awaiting a government of 'national consensus'.
New Zealand	Despite the economy exhibiting signs of recovery, a number of downside risks will continue to undermine growth.
Pakistan	The country's nascent recovery remains constrained by security problems, energy shortages, high interest rates and chronic inflation.
Papua New Guinea	Changes to environmental law to attract investors could provoke political unrest.
Philippines	President Benigno Aquino's campaign promises will be tested as the government struggles to lower the fiscal deficit.
Singapore	The risk outlook appears resilient to the twin threats of recession in Europe and Chinese policy tightening.
Sri Lanka	Despite improved political stability, concerns remain over the high deficit and corruption.
Taiwan	Progress on a wide-ranging free-trade deal with China paves the way for a boost to Taiwan's competitiveness.
Thailand	Improved stability boosts economic activity, but political tensions and a potential downturn in the EU pose downside risks.
Vietnam	Economic policy remains biased towards growth, in preparation for the national congress in 2011.
EASTERN EUROPE	
Albania	The country is mired in political deadlock after the leading opposition party resumes its boycott of parliamentary proceedings.
Azerbaijan	An IMF review underlines the need to diversify the economy away from its reliance on depleting hydrocarbons.
Belarus	Recent tensions with Russia pose a significant downside risk to economic growth in the short term.
Bosnia & Herzegovina	Economic recovery is based on accelerating exports this year, with imports recovering next year.
Bulgaria	The rising fiscal deficit prompts the first mid-year budget revision for three years.
Croatia	The economy remains mired in recession and faces further downside risks to its growth path.

Czech Republic	Centre-right parties move quickly to establish a new coalition agreement following parliamentary elections.
Estonia	The country is ready to join the euro in 2011 after EU finance ministers give their final approval.
Georgia	Better economic growth bodes well for the risk outlook but the political situation remains a concern.
Hungary	D&B downgrades Hungary's country risk rating due to concerns about EU debt contagion and government policy.
Kazakhstan	The strengthening economy drives an improvement in the risk outlook.
Kyrgyz Republic	Violence in the south has dissipated, but there is a risk of further troubles later in the year.
Latvia	Further signs of economic recovery emerge, but growth is unlikely to return before 2011.
Lithuania	The outlook for economic growth remains weak due to fiscal cuts and EU slowdown.
Macedonia	The near-term political outlook weakens as early parliamentary elections loom.
Poland	D&B upgrades Poland's country risk rating due to the improved political outlook and stable macroeconomic environment.
Romania	The European Commission calls for greater efforts to fight corruption.
Russian Federation	Better relations with the US appear to be unaffected by the arrest of 11 suspected Russian spies.
Serbia	Recovery from the recession gathers pace as the economy returns to growth.
Slovak Republic	A new, business-friendly government takes control following the June general election.
Slovenia	The government's pursuit of harsh budget cuts could imperil the economic recovery.
Tajikistan	The risk outlook deteriorates amid instability in regions bordering the Kyrgyz Republic and Uzbekistan.
Turkmenistan	The short-term outlook improves amid an apparently strong economic expansion.
Ukraine	The IMF agrees a substantial new loan agreement on the condition that the government takes measures to reduce its debt.
Uzbekistan	Industrial production rises significantly amid the implementation of several infrastructure projects.
WESTERN EUROPE	
Austria	The euro-zone debt crisis has both positive and negative effects on country risk in Austria.
Belgium	The formation of a coalition government remains unresolved, raising the risk of political deadlock.
Cyprus	Government plans to increase corporate and property taxes are unlikely to be passed by parliament.
Denmark	Weakening business confidence indicators point towards fragile economic recovery.
Finland	A slow economic recovery is under way, helped by a high level of new orders, but the medium-term outlook is uncertain.
France	Fiscal policy remains an important risk factor as the government announces further budget cuts.
Germany	Signs that the manufacturing recovery is slowing bode ill for economic growth prospects.
Greece	Economic reforms prove increasingly unpopular among politicians and the public.
Iceland	Currency appreciation enables the central bank to lower interest rates.
Ireland	The economic outlook remains poor, while worries over mounting debt levels put pressure on the public finances.
Italy	The economic picture is mixed amid rising concerns of an economic slowdown in the EU.
Luxembourg	Successful banking stress tests bolster the risk outlook but global reforms could have an impact.
Malta	Growth was stronger than expected in the first three months of the year, but we doubt it will last given current risks.

Netherlands	Political and economic uncertainties remain key risks in the aftermath of the general election.
Norway	The pace of recovery slows, bringing interest rate hikes to a halt.
Portugal	The banking sector still appears to be vulnerable, despite favourable stress test results.
Spain	The commercial environment remains weak, despite the financial sector showing signs of strength.
Sweden	The economic outlook remains positive, with monthly data pointing towards a strong short-term recovery.
Switzerland	Uncertainty about the exchange rate remains a significant risk factor.
Turkey	Political and security risks undermine the risk outlook.
United Kingdom	The emergency budget targets some higher taxes and substantial spending cuts, which will constrain economic growth.
MIDDLE EAST	
Bahrain	Concerns over the banking sector continue but financing for infrastructure projects is rising.
Egypt	Growth prospects improve, but political tensions may have a negative effect.
Iran	International sanctions focusing on the hydrocarbon sector undermine the risk outlook.
Iraq	Uncertainty increases in the wake of the failure to reach a deal on a new government.
Israel	Uncertainty in the EU significantly increases the risk of an economic slowdown in Israel.
Jordan	The economy continues to recover, although downside risks remain.
Kuwait	Increased business confidence is creating an upbeat economic outlook.
Lebanon	The Lebanese economy continues to grow strongly, helped largely by the very buoyant tourist sector.
Oman	Resilience to the global downturn means the economic outlook is positive.
Qatar	The government's boost to the bond market will improve the risk outlook in the medium term.
Saudi Arabia	Improving credit conditions and high government spending support the economic outlook.
Syria	A strong recovery from the global crisis is tempered by underlying risks.
UAE	Debt problems at quasi-state companies continue to undermine the risk outlook.
Yemen	Significant political and social instability negatively affects the country risk outlook.
THE AMERICAS	
Argentina	The short-term outlook improves, but a lack of transparency and high levels of corruption will continue to affect businesses.
Bolivia	External political risk increases following the government's threat to expel a key aid agency.
Brazil	The rapidly expanding economy and improving commercial environment create substantial opportunities for doing business.
Canada	The economy shows signs of continuing its brisk recovery despite global uncertainty and tighter monetary policy.
Chile	The central bank responds to inflationary pressures amid the economy's rapid recovery.
Colombia	Diplomatic tensions with Venezuela increase, but the economic recovery is continuing.
Costa Rica	Trade policy continues to be liberalised as free-trade agreements are implemented with the EU and China.
Cuba	D&B downgrades Cuba's country risk rating to reflect the risks posed by the country's ongoing FX liquidity crisis.
Dominican Republic	The ruling party's electoral success should boost the pro-business policy agenda.
Ecuador	Economic growth remains subdued while external and fiscal vulnerabilities are a concern.
El Salvador	Poor economic data in major trading partners points to a more subdued economic recovery.

Guatemala	Severe flooding and landslides negatively affect economic growth and exacerbate fiscal risks.
Honduras	The risk outlook improves due to economic recovery and greater stability in the political environment.
Jamaica	D&B downgrades Jamaica's country risk rating amid increasing violent unrest.
Mexico	The opposition emerges victorious from the gubernatorial elections despite the assassination of one of their candidates.
Nicaragua	Government policy threatens relations with the international donor community.
Panama	Severe labour unrest exposes the government to increased opposition to pro-business reforms.
Paraguay	The government declares a state of emergency as security risks increase.
Peru	Monetary policy tightening continues in response to the economic recovery.
Trinidad & Tobago	The snap elections bring about a considerable shift in the country's political environment.
USA	Economic indicators suggest that the US recovery is increasingly at risk of stalling.
Uruguay	The economic outlook is positive but high inflation and an appreciating exchange rate are risks.
Venezuela	Diplomatic relations with Colombia reach a new low amid claims that Venezuela is harbouring Marxist guerrillas.

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