Quarterly Global Economic Outlook – Q2 2025

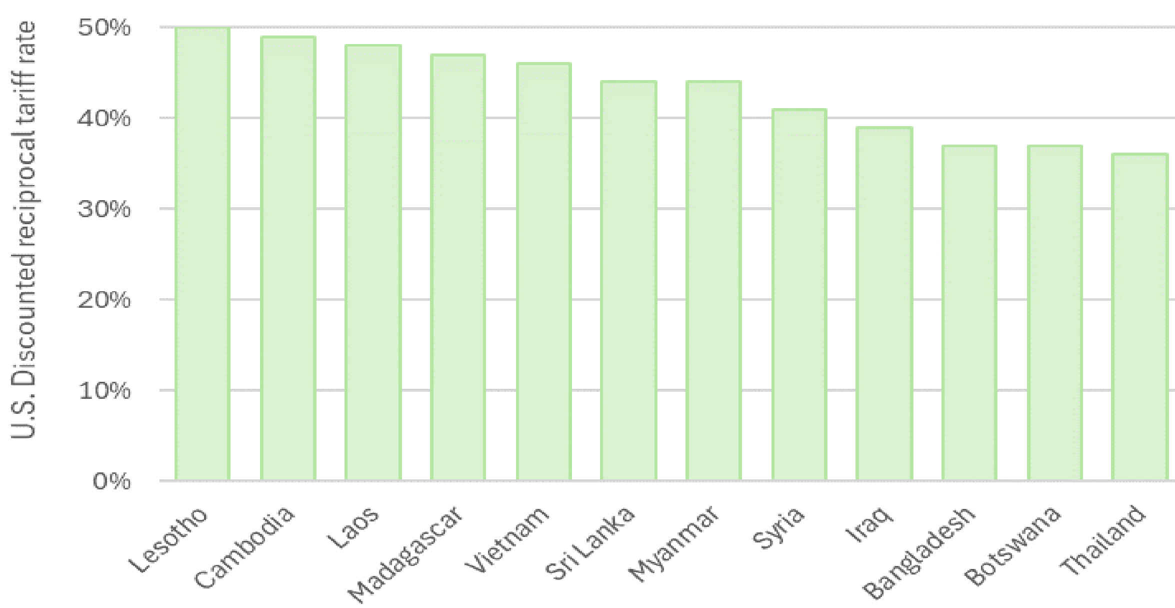
Navigation of global economic uncertainty

"Headwinds are blowing the global economy into increasingly turbulent waters and toward a prolonged period of uncertainty marked by slowing growth and heightened volatility. The recent implementation of sweeping U.S. tariffs triggered a dramatic sell-off across global equity markets – though a 90-day stay of execution given on the higher rates that had been announced for many markets caused stocks to rally. These policy-induced shocks have significantly impacted global trade flows, corporate confidence, and market stability. Our latest Dun & Bradstreet Global Business Optimism Insights report reflects this sense of collective uncertainty, showing a further decline in optimism. Businesses tell us that they continue to grapple with trade-related policy uncertainty and its broader implications, particularly in sectors with large export markets." ***Dr. Arun Singh, Global Chief Economist, Dun & Bradstreet***.

Global Overview

The global economy is navigating a period of exceptional uncertainty. Policy shifts, particularly those reshaping trade, have alarmed financial markets and bruised business sentiment. The U.S.'s reciprocal tariffs, which represent additional costs for businesses from almost all countries with which the U.S. trades, charge trade partners an import duty at a discounted rate of approximately half the rate that the trade partner currently imposes on the U.S. According to U.S. President Donald Trump, reciprocal tariffs, ranging from 10% to 50%, are meant to address trade barriers limiting U.S. exports. The *effective* tariff rate includes other tariffs imposed at an earlier date and cumulatively may now be higher than duties charged on U.S. imports. It is unclear whether the reciprocal tariffs represent a negotiating tool, and may therefore be temporary, or form part of broader long-term protectionist measures and industrial strategy.

Markets that have highest tariffs on the U.S. receive biggest reciprocal tariffs, suspended until July



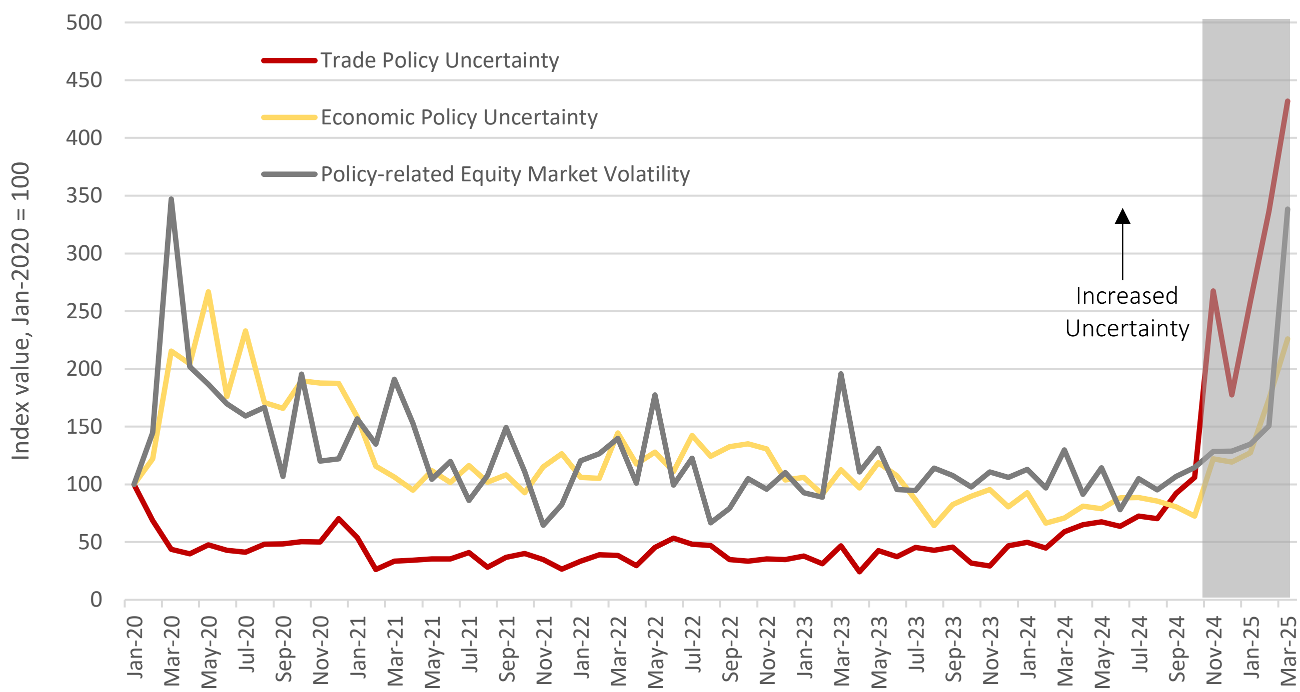
Sources: https://x.com/WhiteHouse/status/1907533090559324204, Dun & Bradstreet. Notes: The above graph shows a selection of markets with the largest U.S. discounted reciprocal tariffs announced on April 2, 2025. These tariffs are calculated to be approximately half the value of import tariffs charged by these countries to the U.S., with a minimum rate of 10%. These rates are set to take effect in July 2025.

Responses to reciprocal tariffs have been varied, with some economies promising swift countermeasures. More than 50 markets have sought negotiations with the U.S.. While Malaysia is seeking a united response across ASEAN, the Chinese Mainland has retaliated with duties on all imports from the U.S., declaring it will "fight to the end". In early April, the U.S. confirmed the most aggressive steps yet, with a cumulative 145% tariff on some products imported from the Chinese Mainland. Brazil has readied itself by passing a bill allowing for retaliation, Australia has ruled out retaliatory levies, and the EU remains open to negotiation while preparing a package of countermeasures.

Tariffs and their unpredictable application have weighed on consumer and business sentiment, sunk global stock markets, raised recession risks, and made a global slowdown more likely. Our latest [Global Business Optimism Insights report] for indicates a further decline in business optimism as firms continue to grapple with trade-related policy uncertainty and its broader economic implications. Export-driven sectors reported sharp declines in optimism. Financial risk perceptions remain elevated as businesses contend with high borrowing costs and persistent inflation expectations. More broadly, the uncertainty is reflected in delayed capital expenditure and a pullback in hiring.

Tariffs have begun to exert pressure on central banks by contributing to inflationary pressures and increasing financial market volatility. Central banks are adjusting forward guidance and policy frameworks and may begin to consider the likelihood of softer growth being a bigger priority than high inflation by starting to cut interest rates to support economies. For businesses, this uncertainty translates into unpredictable cost structures, fluctuating credit availability, and the management of operational costs through diversified supply networks.

Elevated global business uncertainty is driven by U.S. policy announcements



Sources: Haver Analytics, policyuncertainty.com; Stanford University; Dun & Bradstreet.

The latest Dun & Bradstreet Global Business Optimism Insights report reveals a further decline in business optimism, though at a more moderate pace than in the prior quarter, as businesses continued to grapple with trade-related policy uncertainty and its broader economic implications. Export-driven sectors such as automotives, electricals, and metals saw sharp declines in optimism, particularly in the U.S., Mexico, South Korea, and Japan, where rising tariffs and shifting trade policies have fueled cost pressures and demand volatility. Financial risk perceptions remain elevated.

Q2 2025 Global Business Optimism Insights

The Global Business Optimism Index further declined 1.3%, following a sharp 12.9% decline in the prior quarter. Sentiment across emerging economies held steady, with the decline driven by advanced economies where optimism fell 1.7%. However, a resurgence of inflation is viewed as being disruptive, with 86% reporting it would significantly affect operations.

The Global Supply Chain Continuity Index remained flat following a sharp decline of 10.7% last quarter. The overall stagnant optimism is attributable to the persistent supply chain disruptions, labor shortages, the ongoing challenges of adjusting to evolving global trade dynamics, and heightened tensions surrounding U.S. tariffs. The Global Business Financial Confidence Index declined 8.6%, reflecting a business landscape clouded by macroeconomic uncertainty, the ongoing high cost of capital, a softening growth outlook, and the reshaping of trade relationships.

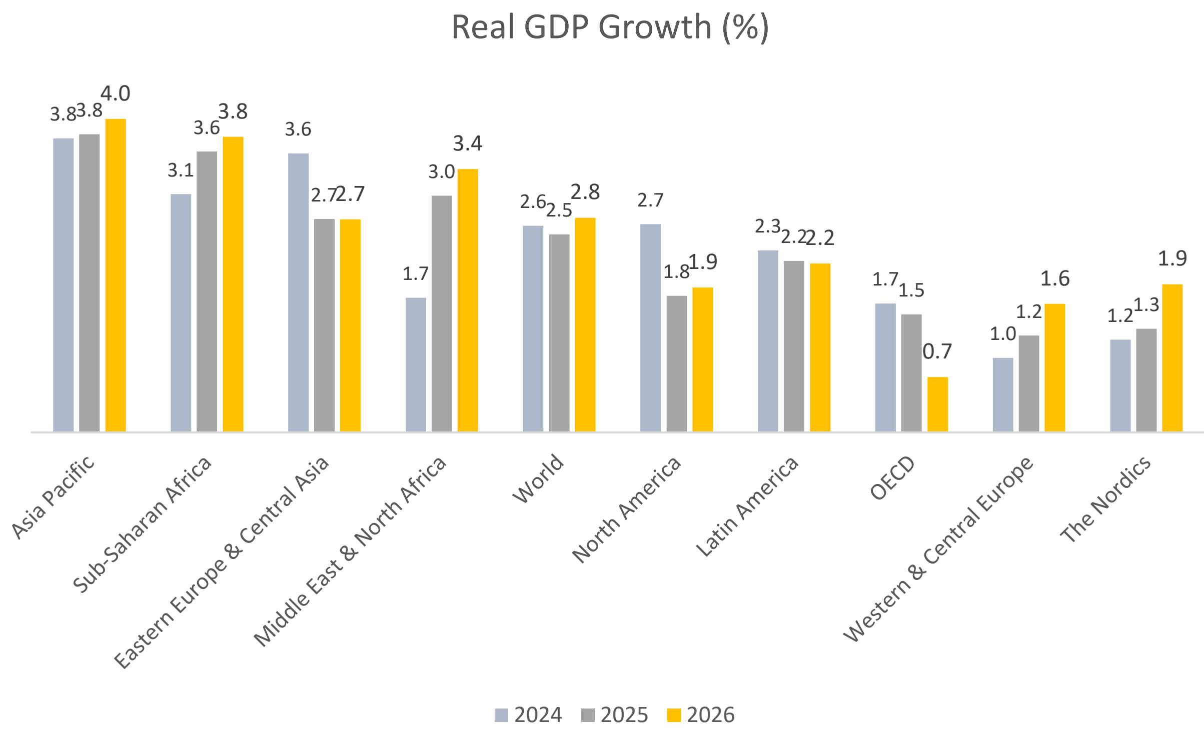
The Global Business Financial Confidence Index declined 8.6%, reflecting a business landscape clouded by macroeconomic uncertainty, the ongoing high cost of capital, a softening growth outlook, and the reshaping of trade relationships. Confidence declined across all business sizes, with large businesses being the most impacted. U.S. businesses particularly cite the potential impact of an inflation resurgence and tighter domestic monetary policy as top risks.

The **Global Business Investment Confidence Index** fell by 0.6%, reflecting increased uncertainty around the pace of interest rate cuts in 2025. Some 69% of businesses reported optimism for capital expenditures, a fall from 77% in the last quarter and 84% in Q4 2024. This drop off in confidence is largest for the metals and mining manufacturing sectors, which are the most exposed to the U.S. aluminum and steel tariffs.

The **Global Business ESG Index** declined 3.3%, marking the first drop after three consecutive quarters of growth, a result of declining engagement in social and governance initiatives. While 77% view climate change and environmental risks as significant, only 58% believe they are highly probable.

Regional Summaries

Policy and trade uncertainty is likely to weigh on global real GDP growth in 2025



Sources: Haver Analytics, Dun & Bradstreet.

North America

Economics

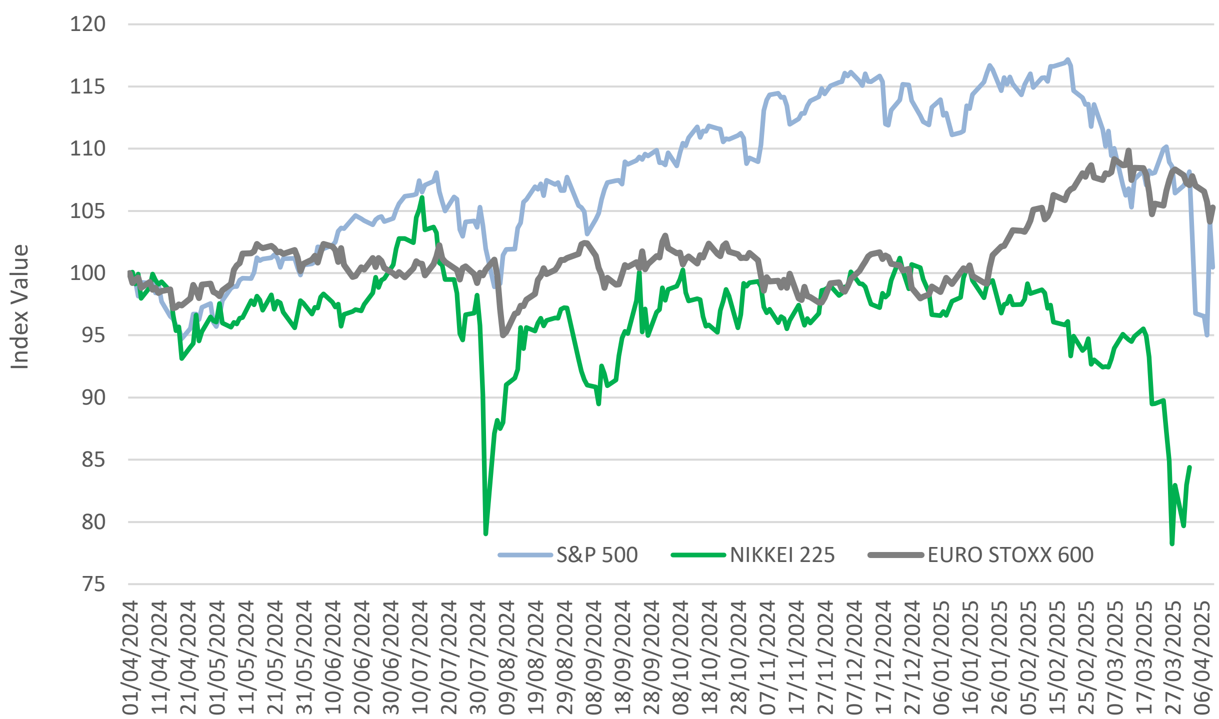
On April 2, a date declared by President Trump to be "Liberation Day", the U.S. announced so-called **reciprocal tariffs**. These are the tariff rates the U.S. says are necessary to balance its bilateral trade deficits with its trading partners. The 10% baseline rates are being applied to virtually all countries with which the U.S. trades with immediate effect, and further enhanced tariffs are set to be introduced in July following a 90-day postponement. **Policymaking uncertainty and potential for an escalating trade war** are weighing on expectations of economic growth in the U.S. Increased uncertainty reflects the difficulty facing policymakers and businesses associated with interpreting the scope and persistence of import tariffs.

The changing economic policy is harming U.S. assets. The ensuing sharp sell-off in equities following April 2 saw the S&P 500 lose more than 10% value in two days, but later rallied when tariff rates above the 10% baseline were postponed until July. **Fears over the global impact of changing trade policies have spread to collapsing markets in other regions and have raised the risk of a recession.** The Toronto Stock Exchange (TSX) lost 5% over the same period. Canada escaped reciprocal tariffs but has already borne the brunt of early tariff hikes and retaliated by initiating a World Trade Organization (WTO) dispute consultation and imposing tariffs of its own on the U.S. The Bank of Canada lowered policy rates in mid-March; a softening labor market implies likely further cuts, though retaliatory tariffs on U.S. imports may limit the central bank's action.

Politics

President Trump had previously put pressure on the U.S. Federal Reserve (the Fed) to ease monetary policy and stave off the effects of negative confidence. The Fed responded that it was becoming clearer that tariffs would induce higher inflation, but that it would continue to act independently of political influence. **The U.S. also continues to threaten Canada with calls for its absorption**. In response, Canada has called early elections to be held on April 28, in which it seeks a democratic mandate to stand up to the U.S. **Polls in early April placed the incumbent Liberal Party of Canada (LPC), under its new leader Mark Carney, on track to win the election**.

The U.S. financial market sell-off leads to contagion worldwide as business leaders lose confidence



Sources: Haver Analytics, Dun & Bradstreet. Notes: Indices are rebased to April 1, 2024 = 100.

Western Europe

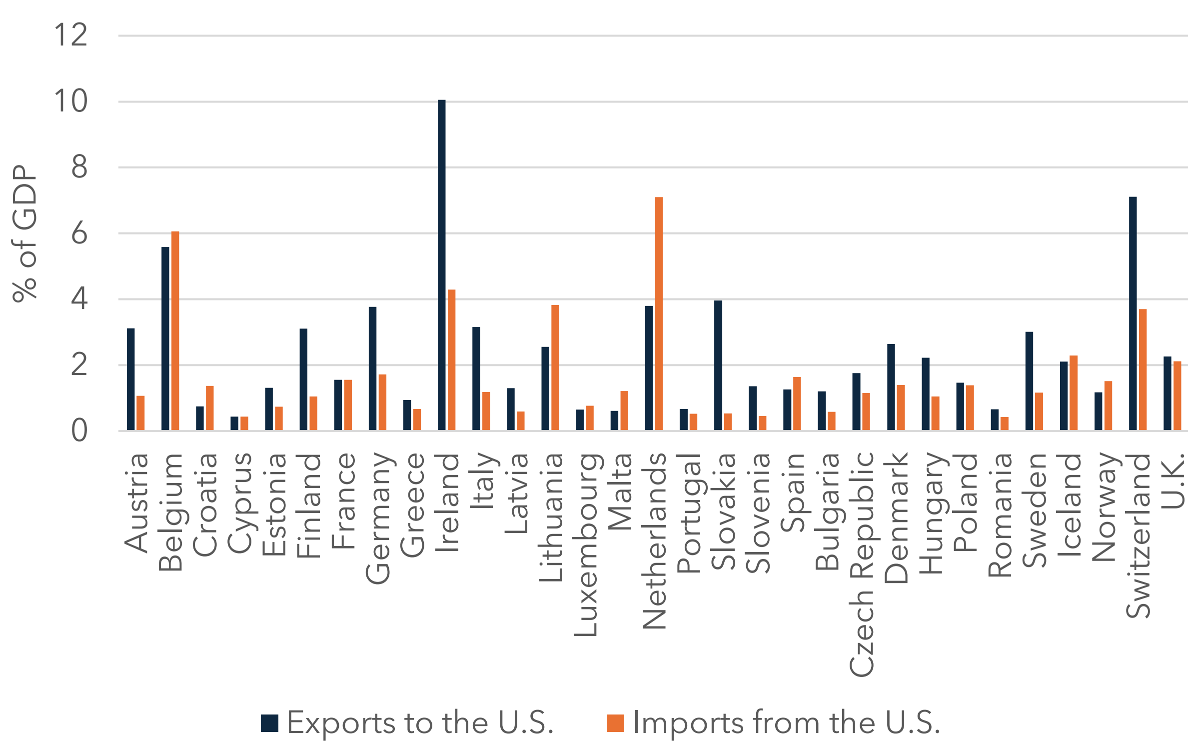
Economics

The U.S. has increased tariffs on most economies, with goods imports from the EU and the U.K. being hit with a 10.0% tariff; a higher 20.0% tariff on the EU was paused on April 9 for 90 days. The EU has threatened retaliatory tariffs, while the U.K. is aiming to make concessions to secure a free trade deal. The impact of tariffs on businesses and consumers will depend on their exposure to the U.S. **In 2023, goods exports from Ireland, Switzerland (which is facing a higher 32.0% tariff), and Belgium to the U.S. were worth 10.1%, 7.1%, and 5.6% of GDP, respectively; meaning these economies are the most at risk of U.S. tariffs on EU goods.** Similarly, goods imports by the Netherlands and Belgium from the U.S. were worth 6.0-7.0% of their respective GDP, putting importers and consumers at risk of substantial price increases should the EU retaliate. **The U.K.'s economy shrank 0.1% in January 2025 as slower growth in the services sector was compounded by a contraction in manufacturing.** We expect GDP growth to remain weak this year at just 1.0%.

Politics

The German Christian Democratic Union (CDU)-Christian Social Union (CSU) alliance has agreed to form a coalition with the Social Democratic Party (SPD) to form the next government. Meanwhile, the outgoing **Bundestag has approved a constitutional reform of the fiscal 'debt brake' to unlock EUR500bn for infrastructure investment** and to exclude most defense spending from the constraint. These measures are likely to strongly enhance Germany's economic growth and military capabilities, with significant spillover to key trading partners. The European Commission has allowed governments to increase defense spending by up to 1.5% of GDP without breaching fiscal rules.

Impact of U.S. tariffs is the largest for Ireland and Switzerland



Sources: Haver Analytics, Dun & Bradstreet.

Asia Pacific

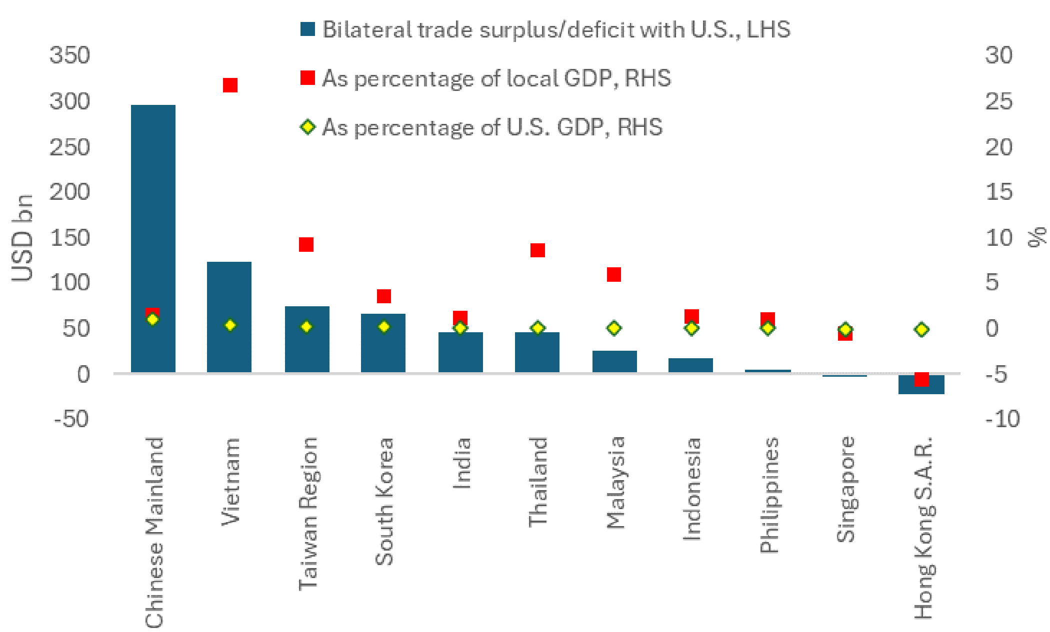
Economics

Asia Pacific is among the regions hit hardest by the resurgence of global trade tensions, as reciprocal tariff escalations between the U.S. and the Chinese Mainland cast a long shadow over regional growth. In recent weeks, President Trump's administration has announced **increased tariffs on the Chinese Mainland**, triggering swift retaliation from Beijing. Given the region's heavy reliance on U.S.-bound exports – particularly from the Chinese Mainland, Vietnam, Taiwan, and South Korea – rising trade barriers are likely to strain trade balances and corporate margins. For many economies, this double whammy of U.S. protectionism and Chinese deceleration raises the urgency of diversifying export markets and accelerating the implementation of initiatives to boost domestic demand. **India continues to post relatively steady growth and is working to shield vulnerable export sectors, such as gems, metals, and pharmaceuticals.** The prospect of monetary and fiscal easing across Asia Pacific economies is growing, as policymakers move to cushion domestic demand and stabilize growth trajectories.

Politics

Political tensions remain high across the region. **U.S.-Chinese Mainland relations continue to be shaped by disputes over the TikTok divestiture, the South China Sea, and expanding tech controls**, reinforcing strategic competition despite ongoing trade talks. In South Korea, President Yoon Suk Yeol has been officially impeached, and snap elections have been scheduled for June 3. The outcome could significantly shift domestic and regional political alignments. In the Philippines, political risk has surged as **former President Rodrigo Duterte faces trial at the International Criminal Court in The Hague**, raising concerns over potential unrest and institutional strain.

The Chinese Mainland, Vietnam, Taiwan, and South Korea are the most exposed to U.S. tariffs



Sources: Haver Analytics, Dun & Bradstreet.

Eastern Europe & Central Asia

Economics

Eastern European economies face challenges due to the EU's reliance on exports to the U.S. **High U.S. tariffs on European goods and services would indirectly affect the region through decreased demand for industrial products and reduced investment.** The prospect of a Russia-Ukraine peace deal, which now appears increasingly realistic, could bolster economic stability and investor confidence.

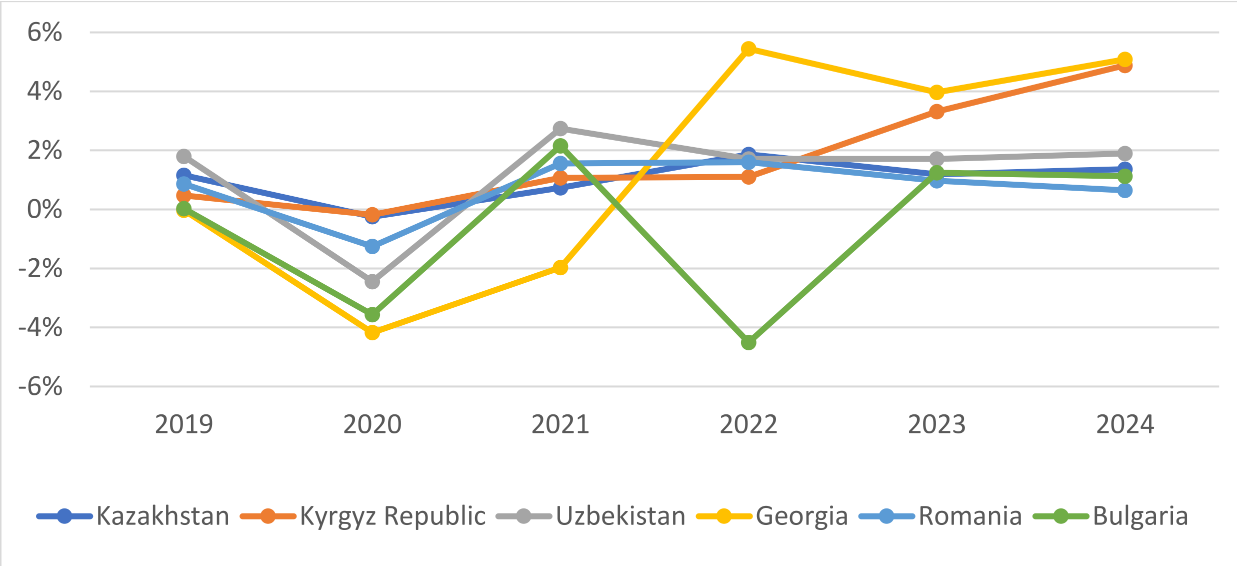
Central Asian economies continue to rely heavily on trade with the Chinese Mainland, which serves as the primary market for Turkmen gas and Kazakhstan's metals, oil, and gas exports. Further, Central Asia is focused on diversifying its partnerships by balancing relations with Russia and the Chinese Mainland while expanding ties with Azerbaijan, Türkiye, and the EU through major infrastructure projects such as the Middle Corridor, fostering long-term growth and stability. However, notably, **U.S. tariffs on Chinese and European goods could result in a reduction in demand for various items in Central Asia**.

Politics

The political environment in Eastern Europe between last year and this year has been shaped by significant events, including the initiation of Russia-Ukraine peace talks, mediated by the U.S., which has brought cautious optimism for regional stability. Romania's political landscape has been shaken by a constitutional crisis following the cancellation of its presidential election due to allegations of foreign interference and manipulation. Meanwhile, Georgia has witnessed widespread protests against its government's pro-Russian tilt, sparked by contested parliamentary elections and the suspension of EU accession negotiations. At the end of January, the Serbian prime minister resigned, and much of the country has been disrupted by mass protests against the government. **Serbia's prospects of joining the EU have diminished after European politicians expressed support for the protestors,** and President Aleksandar Vucic has accused European governments of leading a color revolution in the country.

Geopolitical tensions, particularly with Russia, and recently in Türkiye, continue to influence the region. In 2024, Central Asia showcased strong regional diplomacy and steady economic growth, with leaders enhancing political and economic cooperation. Key events included high-level summits in Astana; strengthened ties with global powers such as the Chinese Mainland, Russia, and the EU; and increased focus on East-West connectivity through the Middle Corridor. While challenges such as **political instability in Tajikistan and the Kyrgyz Republic** persisted, the region displayed confidence as a middle power.

Many Eastern European and Central Asian countries are experiencing employment growth, supported by steady economic expansion and increased investment



Sources: Haver Analytics, Dun & Bradstreet. Notes: Data are non-seasonally adjusted and shown as y/y % growth.

Latin America

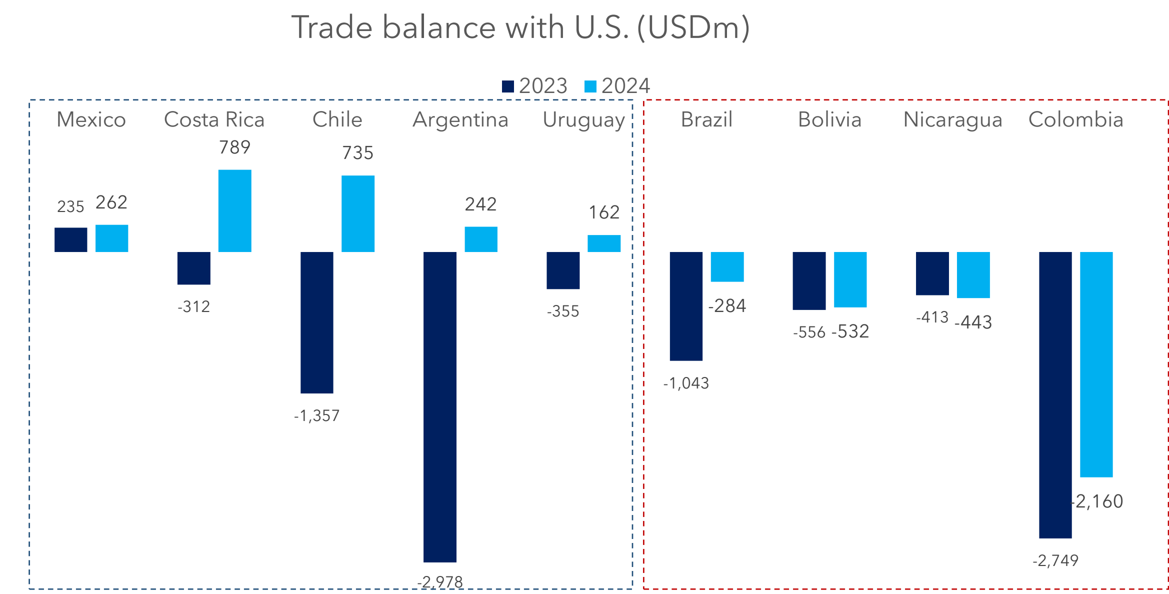
Economics

While Latin America has been largely spared the full brunt of new U.S. tariffs, the broader impact on growth cannot be underestimated. Under the Central America-Dominican Republic FTA and the U.S.'s FTAs with Peru and Chile, most exports between the U.S. and these nations were previously tariff-free. Now, **a new baseline 10% tariff applies to many Latin American and Caribbean countries**. The uncertainty surrounding the impact of the tariffs (for e.g., 25% tariffs on all goods from countries that directly import oil from Venezuela) is **intensifying currency volatility, eroding investor confidence, and unsettling stock markets**. Mexico, while exempt from the 10% baseline tariff due to prior tariffs, faces a 25% rate on goods not compliant with the USMCA. Given that 80% of Mexico's exports are U.S.-bound, the impact could be severe, particularly for auto-related supply chains. **Brazil and Mexico also face 25% tariffs on steel and aluminum**. Both countries are among the top five exporters of these commodities to the U.S.

Politics

The region's political environment remains challenging, as governments navigate domestic social issues while managing external developments that strain relations with the U.S. and the Chinese Mainland. **Panama's President Jose Raul Mulino faces mounting pressures** from U.S. rhetoric about the Panama Canal, complicating relations with the new U.S. administration and the Chinese Mainland. Ongoing protests and strikes against proposed social security reforms are likely to persist, disrupting traffic, cargo transport, and economic activity. **In Brazil, President Luiz Inacio Lula da Silva's approval rating fell** from 35% in December 2024 to 24% in February 2025, signaling potential challenges for the Workers' Party (PT) in retaining power in the 2026 elections. Peru's state of emergency in its northern provinces, which has been in place since 2023, has been further extended, and on March 18 a 30-day state of emergency was also declared in the Lima and Callao regions. However, these measures are unlikely to curb rising crime and insecurity, which remain major concerns for the government. More positively, **investor confidence in Argentina has rebounded**, mainly due to efforts to reverse the market uncertainty created by the previous administration.

Mexico's trade surplus with the U.S. rises while other Latin American countries try to improve their trade balance with the U.S.



Sources: Haver Analytics, Dun & Bradstreet

Middle East & North Africa

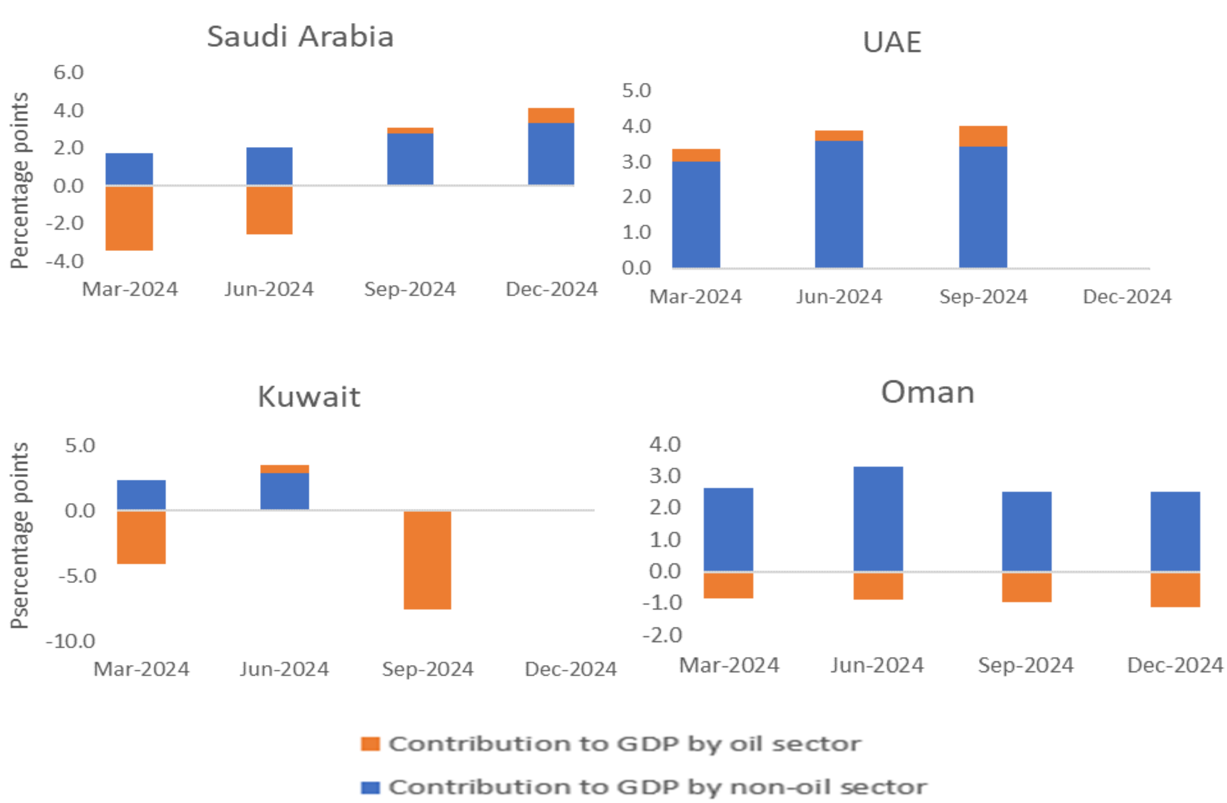
Economics

The economic outlook for the region has weakened due to falling oil prices and rising global trade uncertainty. Following the U.S. tariff announcement, oil prices dropped sharply owing to fears of a global recession. This comes just as OPEC+ began raising output in April, further putting pressure on prices. While **refined petroleum products are largely excluded from the new U.S. tariff regime**, other MENA exports – such as precious stones, jewelry, and textiles – face higher barriers. To offset these pressures, the **UAE has committed to deepening its economic ties with the U.S.** through a planned USD1trn investment push, targeting sectors such as technology and advanced manufacturing. Across the region, diversification and reform remain critical. Egypt, although less exposed to oil volatility, is grappling with inflation and FX reserve shortages.

Politics

Regional tensions have escalated significantly. The Israel-Hamas ceasefire has collapsed, leading to renewed hostilities. Israel has expanded its buffer zone within Gaza, now controlling over 50% of the territory, and has conducted airstrikes in Lebanon and Syria targeting Hezbollah sites. Additionally, U.S. forces have launched airstrikes in Syria, aiming at Iran-backed militias, further complicating the geopolitical landscape. In a notable diplomatic development, **the U.S. and Iran have announced plans for high-stakes nuclear negotiations,** which could lead to significant shifts in regional alliances and economic sanctions, depending on their outcome.

Oil revenues will continue to be a drag on growth of oil-exporting economies



Sources: Haver Analytics, Dun & Bradstreet.

Nordics

Economics

The Nordic region's economic outlook for 2025 is cautiously optimistic. **Despite higher global tariffs, including recent U.S. tariffs on European imports, and trade policy uncertainties, the region remains strongly resilient**, underpinned by its robust social systems and adaptive economies. While the U.S. tariffs have raised concerns about potential disruption in key sectors such as healthcare and manufacturing, the region has managed to **mitigate immediate impacts through diversified trade partnerships and strong domestic policies**.

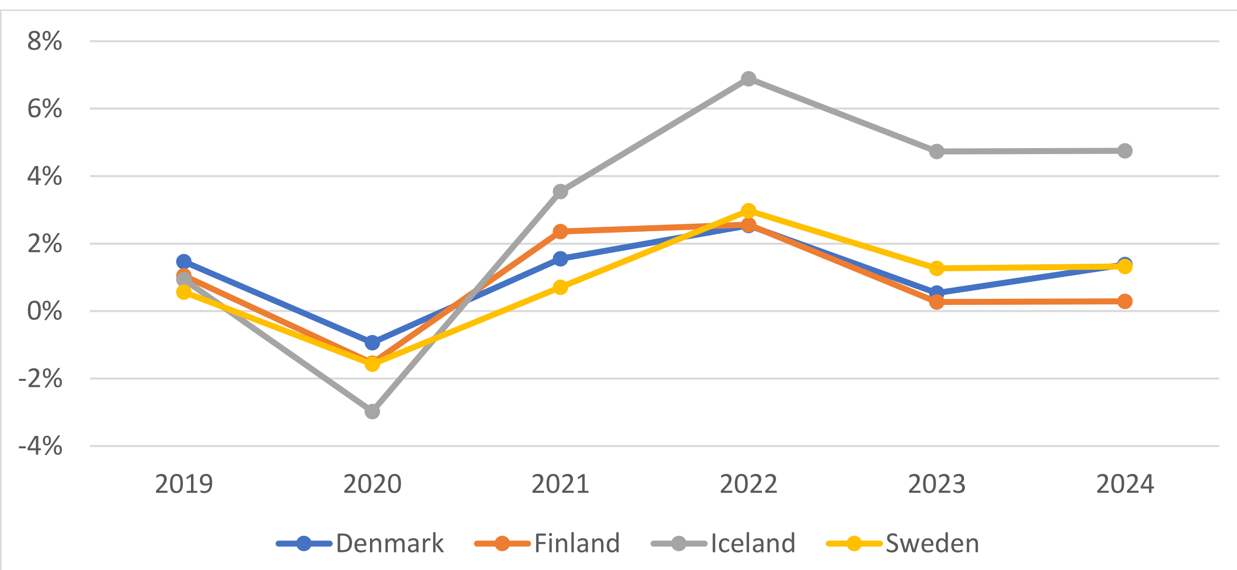
Denmark leads in private consumption, bolstered by rising real incomes and easing interest rates, even amid lingering consumer pessimism. Sweden's economy is on the mend, with gradual recovery gaining traction, though full-momentum growth remains a few steps away. In Norway, the services sector is forecast to thrive, thanks to strategic initiatives, but challenges in retail and construction temper the overall outlook. T**he Norwegian economy is less exposed to the U.S. market than other Nordic economies**, where the direct tariff impact would be sizable, but still manageable.

Politics

Cooperation and strategic initiatives are central to the Nordics' political outlook for 2025. Nordic and Baltic countries have reaffirmed their steadfast support for Ukraine, pledging increased military aid, including equipment and training for a scalable brigade-sized unit. This showcases **the region's dedication to European security and solidarity** in the face of ongoing geopolitical tensions.

On a national level, **Finland is advancing ambitious plans to enhance connectivity with Europe** through potential fixed links, such as a bridge or tunnel to Sweden, in line with EU integration objectives. Iceland, under PM Kristrun Frostadottir, is signaling a potential shift in its relationship with the EU, with **plans to hold an EU membership referendum by 2027** and explore the adoption of the euro.

The region is experiencing positive employment growth after a decline in 2023



Sources: Haver Analytics, Dun & Bradstreet. Notes: Data are non-seasonally adjusted and shown as y/y % growth.

Sub-Saharan Africa

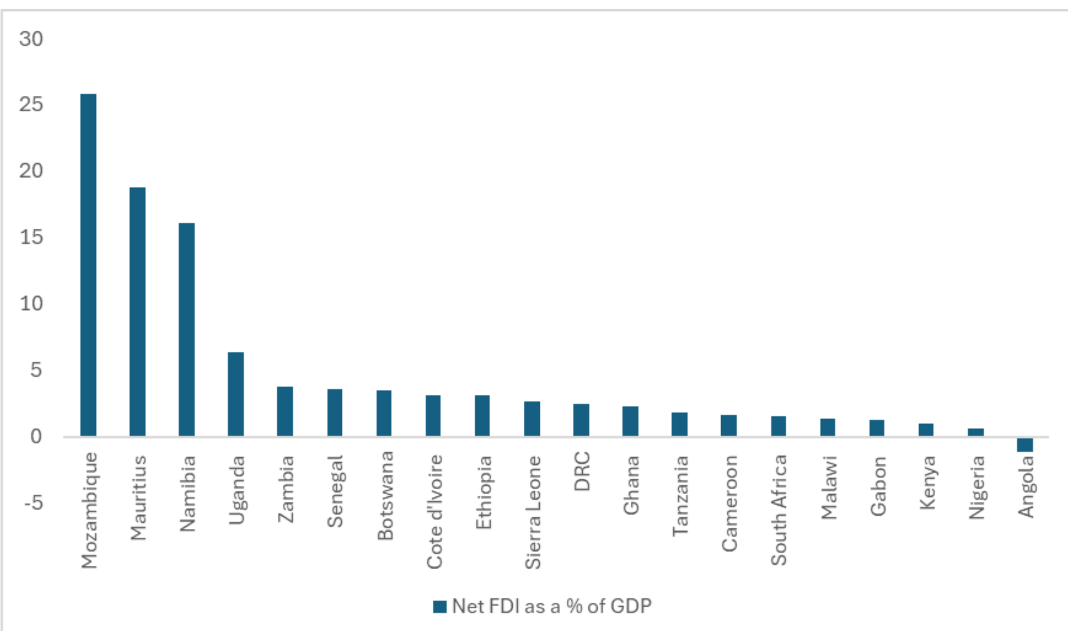
Economics

Sub-Saharan Africa is attracting more investment, particularly in oil and gas. **Oil exporters such as Nigeria, Angola, and Equatorial Guinea will benefit from the shift in global oil demand, with India's oil imports from Africa rising 245% in 2024.** While inflation remains high in the region, countries such as South Africa, Namibia, and Mozambique have reduced interest rates, and Nigeria is nearing its 21% inflation target. However, the U.S.'s retaliatory tariffs could have a negative impact on countries in the region, especially those that export to the U.S. under the African Growth and Opportunity Act (AGOA). This threatens sectors such as automobiles, textiles, agriculture, and steel, possibly affecting employment, export revenue, and currency stability across nations. **South Africa** – the major beneficiary of the AGOA – could be one of the hardest-hit countries. Apart from the 30% retaliatory tariff, the additional 25% import tariff on automobiles will negatively affect the country's domestic auto industry.

Politics

There is significant political instability in Mozambique, the Democratic Republic of the Congo, and the Sahel, where coups, insurgencies, and terrorism threaten economic stability. **Anti-foreign sentiment and resource nationalism in these regions (and elsewhere in sub-Saharan Africa) has led to the nationalization of mines**, with governments revoking foreign companies' licenses or forcing ownership transfers, deterring investment and resulting in increased litigation. The Sahel – a key producer of gold, oil, and lithium – is severely impacted by terror attacks and military governments suing for higher profits, disrupting mining operations. Additionally, **fluctuating metal demand has sparked protests in South Africa**.

Net FDI as a % of GDP in the region has increased due to investments in oil- and gas-intensive economies



Source: Haver, Dun & Bradstreet. Notes: The real GDP series is on the LHS of the Y-axis and the inflation and net FDI as % of GDP are on the RHS of the Y-axis.

Global Risks

Moving through 2025, the global economic landscape is becoming increasingly overshadowed by a convergence of macroeconomic and geopolitical risks that might materially affect growth across regions. The distribution of risks is tilted to the downside. Chief among these risks continues to be escalating trade tensions, especially those stemming from aggressive trade policies shaped by the U.S. and retaliatory measures from key trading partners. These disruptions, as found in our latest Global Business Optimism Insights report, are already exerting pressure on global supply chains and dampening business confidence.

The risk of dumping – exporting goods at prices below their normal market values or, in the current climate, shifting exports to new markets and away from the now more expensive option of the U.S. – could lead to longer-term market dislocation, undermining competition and prompting further protectionist measures. The EU has already identified the risk that goods from the Chinese Mainland may find their way into Europe, weakening European industry and exacerbating trade tensions.

Monetary policy uncertainty remains another critical risk. Central banks in advanced economies continue to shift toward accommodative stances in response to slowing growth and broadly declining inflation; the scope for further policy easing is narrowing. Monetary policy miscalibration, either too tight or too loose, is becoming increasingly possible and could exacerbate financial market volatility, interfere with capital flows, and limit the future effectiveness of central bank policymaking.

Geopolitical instability further compounds the risk outlook. Rising tensions in Eastern Europe, Asia Pacific, the Middle East, and parts of sub-Saharan Africa, coupled with increasing fragmentation in global governance institutions, present significant headwinds to business confidence, specifically cross-border transactions. Political uncertainty in key economies – including upcoming elections, coalition wrangling, and fiscal standoffs – risk stalling reforms and delaying critical infrastructure spending.

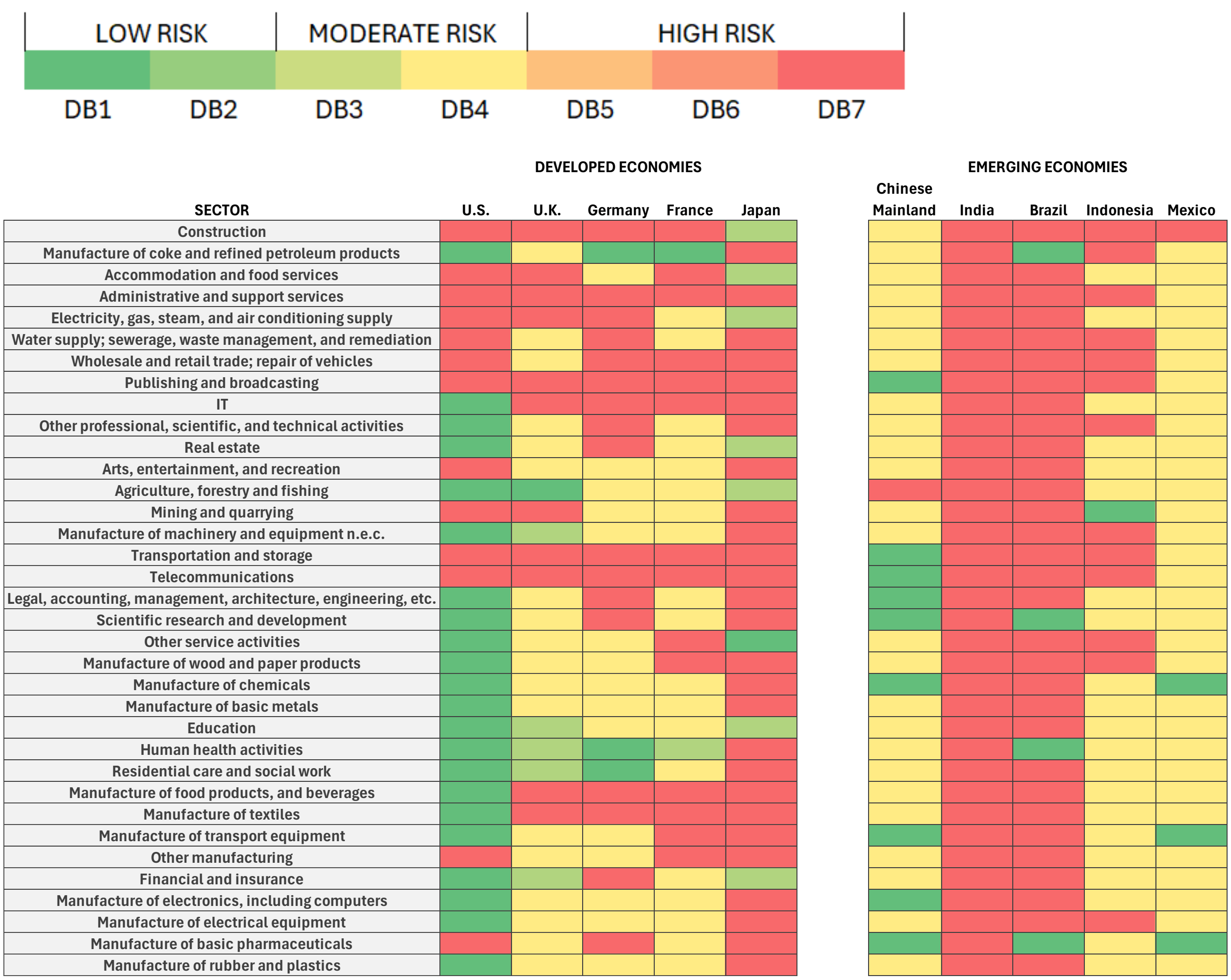
Donald Trump's election to the U.S. presidency, strong economic growth, and higher-for-longer interest rates in the U.S. have helped send the U.S. dollar to recent record highs vis-à-vis other currencies, but dollar strength is now being tested. The recent imposition of broad-based tariffs and growing fiscal deficits have fueled concerns over the sustainability of the dollar's strength. Should global confidence in U.S. policy credibility erode, the dollar could face sudden and destabilizing depreciation. Geopolitical tension involving the U.S. may also undermine the dollar's safe-haven status.

Sectoral Risk Ratings

In Q2 2025, global sectoral risks are highly uneven, with certain regions and industries more exposed to macroeconomic shocks, policy shifts, and structural disruption than others. Manufacturing and industrials are highly exposed to trade frictions, tariffs, and logistical constraints. The reshaping of global supply chains is increasing input costs and operational complexity, especially in automotives and heavy industry. Economies with large export-driven sectors, such as Japan and France may fare relatively worse. Pharmaceuticals face political and pricing risks, particularly in the U.S. and Europe, where regulatory reforms and public cost pressures weigh on profitability. Energy and related sectors, such as utilities supply, face volatility on many fronts. While the energy transition continues to be high on the agenda, short-term fossil fuel demand remains strong, creating price instability.

Sectoral risk profiles are increasingly shaped by cross-cutting forces, both cyclical and structural. For example, Brazil's sector risk ratings reflect the complex interplay of domestic political dynamics, fiscal constraints, and commodity market cycles. Diversification across geographies and adaptive risk management strategies are critical for effective business resilience.

The latest sectoral risk ratings indicate higher risk in some manufacturing regions



Source: Dun & Bradstreet. Notes: The heatmap indicates lower risk with a lighter color and higher risk with a darker color. The heatmap shading should be viewed only within the market, rather than across markets. Sector Risk Ratings are multi-dimensional risk ratings of the current economic environment by industry, sitting between the macro-level Country Risk Ratings and the entity-level Dun & Bradstreet analytical scores. Ratings are allocated into seven bands, in line with our Country Risk Ratings. Sector risk is aggregated at three layers for 130 markets: 10 sectors at the highest level of aggregation, 18 at the intermediate level, and 35 at the low level (according to ISIC industry classification). The lowest aggregation level is used here.

Rating Definition

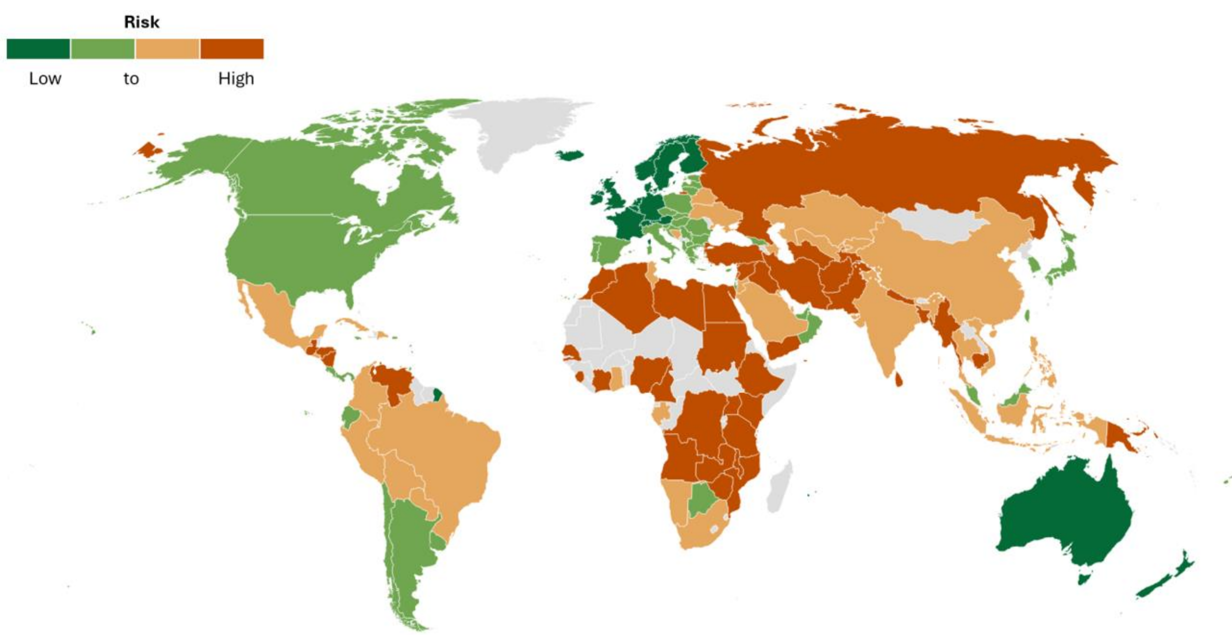
Rating	Risk Category	Rating Description
DB1	Lowest Risk	These risk indicators denote the lowest degree of uncertainty associated with expected returns, such as trade payments, bankruptcy, and business failure.
DB2	Very Low Risk	Low degree of uncertainty associated with expected returns, such as trade payments, bankruptcy, and business failure.
DB3	Low/Slight Risk	Enough degree of uncertainty over expected returns, such as trade payments, bankruptcy, and business failure. Customers should actively manage their risk exposures.
DB4	Moderate Risk	Significant degree of uncertainty over expected returns, such as trade payments, bankruptcy, and business failure. Customers should actively manage their risk exposures. Risk-averse customers are advised to protect against potential losses.
DB5	High Risk	Considerable degree of uncertainty over expected returns, such as trade payments, bankruptcy, and business failure. Customers should actively manage their risk exposures. Businesses are advised to limit their exposure and/or select high-return transactions only.
DB6	Very High Risk	Large degree of uncertainty over expected returns, such as trade payments, bankruptcy, and business failure. Customers should actively manage their risk exposures. A very high expected return is required to compensate for the additional risk or the cost of hedging such risk.
DB7	Highest Risk	Extreme uncertainty over expected returns, such as trade payments, bankruptcy, and business failure. Customers should actively manage their risk exposures. Business infrastructure has, in effect, broken down.

Country ESG Ratings

The latest Dun & Bradstreet Country ESG Ratings reveal pockets of high risk in parts of sub-Saharan Africa, emerging Asia, the Middle East, and Latin America. These regions face a considerable degree of uncertainty associated with climate change, quality of governance, and quality of life. We recommend customers to actively manage their exposures to be compliant with ESG regulations imposed by third parties. In large parts of Western Europe, ESG risk ratings are low or the lowest risk.

The U.K., France, Germany, and Australia all have the lowest-level risk ratings, indicating that these countries have the highest degree of accountability in environmental aspects and responsibility toward citizens. According to our latest Q2 2025 Global Business Optimism Insights report, businesses maintained their focus on environmental priorities with stronger stakeholder participation, while engagement in social and governance initiatives declined, signaling a recalibration of sustainability commitments amid evolving regulatory and economic conditions.

Overall, the developing relationship between tariffs and ESG underlines the need for approaches that balance economic protection, environmental sustainability, and good governance. The alignment between strategies that respond to global market conditions, including tariffs and sustainable development, will likely become an increasingly important component of national competitiveness.



Source: Dun & Bradstreet. Notes: The heatmap indicates lower risk with a lighter color toward green and higher risk with a darker color toward orange. Our Country ESG Ratings use nearly 100 quantitative and qualitative parameters and aggregates them using statistical measures for 132 countries. Ratings are allocated into seven bands, in line with our Country Risk Ratings. The heatmap is not to scale.