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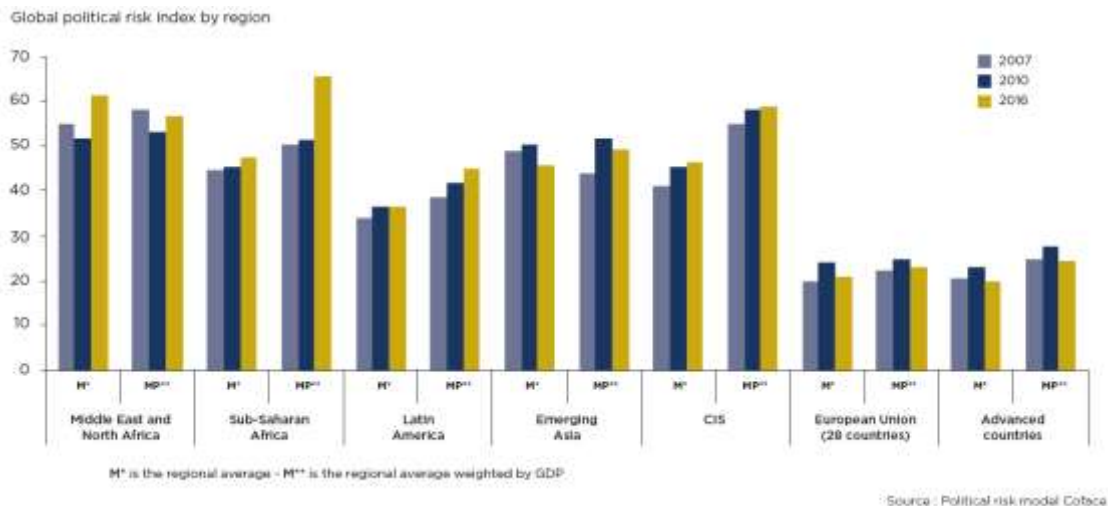
## New Coface Political Risk Index in 159 countries

### The widespread rise in the political risk conceals mixed regional dynamics

- The index has been rising since 2013
- Two major risks are taken into account: the security risk (conflicts and terrorism) and political and social fragility. While the first directly prevents companies from carrying out their activities, the second has a more indirect effect, via confidence
- The risk of conflicts doubled between 2007 and 2015
- The increase in terrorist risk (multiplied by 2.8 since 2008) indicates that these conflicts are becoming more international
- Specific variables for advanced economies to take into account the rise in populism

### A complete global index to quantify political risks rooted in the current state of affairs

Following the political risk index specific for Western Europe (2016) and emerging countries (2013), Coface launches a global index for 159 countries. Combination of two major components - the security risks (conflict and terrorism) and the political and social risks - allows a complete ranking of the political risk.



The score for the **Middle East** and **North Africa** is high (Afghanistan, Iraq, Libya, Nigeria: 100%) and on the increase since 2010 (+22 points for the Lebanon, +20 points for Egypt). In **Sub-Saharan Africa**, the risk has been growing since 2013 due to the conflicts that are

discouraging investors: +36 points in Nigeria (-30% FDI since 2013), +28 points in Central African Republic (note that Côte d'Ivoire is showing slight improvement: -6 points).

The countries of the **Commonwealth of Independent States** are also significantly above the average. The deterioration in the scores of Russia (+2 points) and Ukraine (+41 points) is not the sole reason for this. A rise may also be noted in the political and social fragilities of Tajikistan (+10 points) and Azerbaijan (+8 points).

**Latin America**, where social fragility is rising, is on an upward slope (Mexico +25 points and Venezuela +9 points).

Trends are mixed in **Asia**, with the exception of the two giants, China (+10 points) and India (stable), the political risk has been gradually improving since 2010 (Sri Lanka: -60 points; Nepal: -25 points).

### **Three components of the index confirm that the risk is spreading out**

- *The conflict index*

The conflict index is based on the occurrence of conflicts, their intensity, and the types of actors involved. The countries in a state of war are at the top of the ranking: Afghanistan, Iraq, Sudan, Nigeria and Syria. Mexico, because of the cartels war; Colombia; Algeria and India, also stand out with a high level of risk.

- *The terrorist risk*

The security risk cannot be measured without taking account of the terrorism indicator which has increased 2.8-fold since 2008 and is likely to affect the confidence of businesses, households and foreign investors. Most of the countries of the OECD engaged in combating the so-called Islamic State have seen their score increase between 2011 and 2015: France is the number-one developed country in the rating with a score of 77% (+24 points). The risk have also been progressing in the USA (+23 points), Australia (+27 points) and Germany (+27 points).

- *The political and social fragility index*

The political and social fragility indices take account, on the one hand, of the nature of the political regime, ethnic and linguistic fragmentation, and political and civil liberties and, on the other, of the pressures and instruments of the social risk. Here again, the countries where the conflicts are intense manifest the highest risk levels. Between 2007 and 2015, the rise was particularly marked in the CIS and Latin America.



P R E S S R E L E A S E

## Developed countries put to the test of the populist wave

For the developed countries, the "Manifesto" project data has been added, taking into account the rising populism. It surveys the proportion of political manifestos allocated to an electoral theme (protectionism, security, public order, national values, etc). The analysis conducted by Coface demonstrates that the countries in which the pressure of populism has reached the highest level are the United Kingdom (score of 73%) and France (70%) with a relatively significant share of themes linked to public order, followed by Austria (64%) and the Netherlands (63%), where a significant share deals with distrust of multiculturalism.

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### About Coface

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Final rating according to Coface political risk index 2016

Rank	Countries	Score in 2016	Level of political risk
<b>1</b>	Afghanistan	100%	Extreme political risk
<b>2</b>	Iraq	100%	Extreme political risk
<b>3</b>	Libya	100%	Extreme political risk
<b>8</b>	Central African Republic	90%	Extreme political risk
<b>10</b>	Chad	74%	Very high Political risk
<b>15</b>	Mexico	70%	Very high Political risk
<b>22</b>	Russia	62%	Very high Political risk
<b>25</b>	West Bank and Gaza Strip	60%	High political risk
<b>26</b>	Turkey	60%	High political risk
<b>30</b>	Algeria	57%	High political risk
<b>32</b>	India	56%	High political risk
<b>36</b>	China	53%	High political risk
<b>37</b>	Tajikistan	49%	Relatively high political risk
<b>39</b>	Venezuela	49%	Relatively high political risk
<b>44</b>	Turkmenistan	47%	Relatively high political risk
<b>56</b>	Azerbaijan	44%	Relatively high political risk
<b>58</b>	South Africa	43%	Relatively high political risk
<b>60</b>	Nepal	43%	Relatively high political risk
<b>63</b>	United Arab Emirates	42%	Relatively high political risk
<b>67</b>	Morocco	41%	Relatively high political risk
<b>71</b>	Sri Lanka	40%	Moderate political risk
<b>92</b>	Israel	35%	Moderate political risk
<b>103</b>	United States	30%	Moderate political risk
<b>107</b>	France	29%	Low political risk
<b>108</b>	Greece	29%	Low political risk
<b>116</b>	United Kingdom	27%	Low political risk
<b>126</b>	Spain	23%	Low political risk
<b>132</b>	Germany	22%	Low political risk
<b>134</b>	Belgium	21%	Low political risk
<b>140</b>	Australia	19%	Very low Political risk
<b>143</b>	Sweden	18%	Very low Political risk
<b>144</b>	Netherlands	18%	Very low Political risk
<b>152</b>	Japan	16%	Very low Political risk
<b>156</b>	Poland	14%	Very low Political risk
<b>159</b>	Iceland	9%	Very low Political risk