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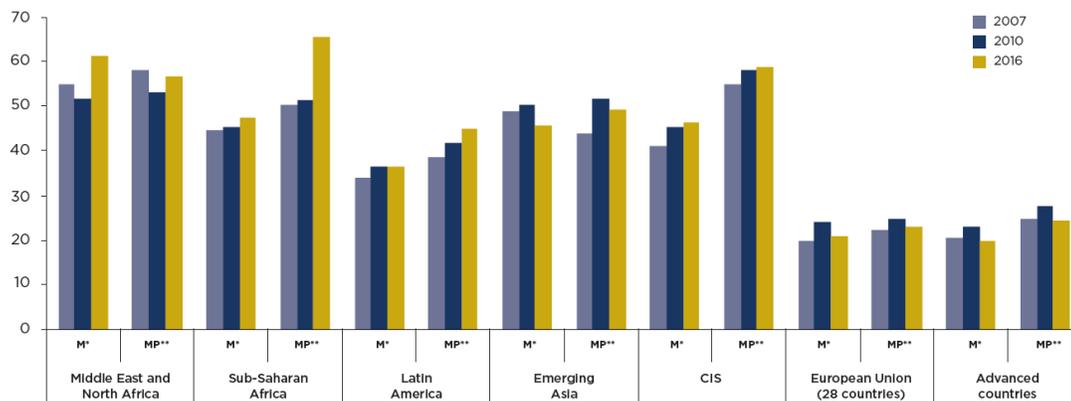
Coface Expands Political Risk Index to 159 Countries

Adding to its current political risk indices for Western Europe and emerging countries, global trade credit insurer Coface today launched a global index spanning 159 countries. The index measures two major categories – the security risks of conflict and terrorism, and a country’s political and social risks – for a comprehensive assessment political risk.

In developing the index with current and historical data, Coface notes that:

- The index has been rising since 2013
- The risk of conflicts doubled between 2007 and 2015
- Conflicts are becoming more international due to terrorist risk
- The rise of populism is having an impact in advance economies

Global political risk index by region



M* is the regional average - M** is the regional average weighted by GDP

Source : Political risk model Coface

The score for the **Middle East** and **North Africa** is high. Afghanistan, Iraq, Libya, and Nigeria are at 100%. Risk has also increased since 2010, with Lebanon up +22 points and Egypt up +20 points. In **Sub-Saharan Africa**, political risk has been on the rise since 2013, with +36 points in Nigeria, and +28 points in Central African Republic. Côte d'Ivoire showed a slight improvement, with a score that dropped -6 points.



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The countries of the **Commonwealth of Independent States** are also significantly above average. The heightened risk in Russia (+2 points) and Ukraine (+41 points) is not the only factor. Political risk levels have also increased in Tajikistan by +10 points and Azerbaijan by +8 points.

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

Trends are mixed in **Asia**. China is up +10 points and India is stable, but the situation has been gradually improving in Sri Lanka (-60 points) and Nepal (-25 points) since 2010.

Three Inputs of the Index Confirm that Political Risk is Spreading

- *Conflict Index*

The conflict index is based on the occurrence of conflicts, their intensity, and the types of players 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, Colombia, Algeria, and India also stand out with a high level of risk.

- *Terrorist Risk*

Security risk cannot be measured without taking terrorism into account. This indicator has increased 2.8-fold since 2008 and is likely to affect the confidence of businesses, households, and foreign investors. Most of the OECD countries that are engaged in combating the so-called Islamic State have seen their score increase between 2011 and 2015. France has the highest score among developed countries at 77% (+24 points.) This risk is also on the rise in the USA (+23 points), Australia (+27 points), and Germany (+27 points.)

- *Political and Social Fragility Index*

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

Developed Countries Face the Populist Wave

To assess rising populism in developed countries, Coface has incorporated data from the "Manifesto" project, which surveys the proportion of political manifestos allocated to an electoral theme (protectionism, security, public order, national values, etc). The Coface analysis found that the pressure of populism has reached the highest level in the United Kingdom (score of 73%) and France (70%), followed by Austria (64%) and the Netherlands (63%), where a significant share of the score is derived from a distrust of multiculturalism.



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NORTH AMERICA MEDIA CONTACT: Sue Hinton – sue.hinton@coface.com - +1 212 389 6484

About Coface

Coface, a world-leading credit insurer, offers 50,000 companies around the globe solutions to protect against the risk of financial default of their clients, both on domestic and export markets. The Group, which aims to be the most agile global credit insurer in the industry, is present in 100 countries, employs 4,300 people, and posted consolidated turnover of €1.411 billion in 2016. Coface publishes quarterly country and sector risk assessments based on its unique knowledge of company payment behavior and on the expertise of its 660 underwriters and credit analysts located close to clients and their debtors.

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Coface Political Risk Index: Select Scores

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