Global political risk index

GPRI is an index of country stability ratings in emerging market countries. Its unique methodology measures the country's ability to absorb political shocks. The higher the number, the more stable the country. GPRI uses a combination of quantitative and qualitative data collected on the ground and through open source methods to assess political, social, economic and security factors. Ratings are expressed on a scale of 0 to 100. A clear and concise analysis accompanies the index to show what events have affected each country's stability rating and to make forecasts for the coming month. Full report Businesses operating in both developed and emerging markets will face a complex and often volatile political risk environment in 2020. Global trade issues will continue, resulting in persistent political and economic uncertainty for businesses. Based on Fitch Solutions data, Marsh's 2020 policy risk map looks at the changing risk environment, highlighting the impact on globally operating firms. Choice of risk index Country/region risk index Country/region risk index Country/region risk index e-index operating risk index, economic risk index stable 80-100 70-79 60-69-59-59 <50 Unstable no data The transition to the multipolar world order seen in 2019, with the challenges of multilateralism and free multi-trade, is expected to continue. Although the US and China have reached a first-stage trade agreement, they are unlikely to resolve their trade dispute definitively. The two countries are likely to remain strategically opposed to issues such as intellectual property protection and public support for certain industries. In fact, the World Economic Forum's Global Risk Report 2020 states: The biggest risk is the confrontation for 2020. The Sino-American rivalry is expected to deepen in 2020, especially as the US presidential election approaches in November. The tech industry is expected to emerge as a particular battleground between the two countries, as both aim to reduce technological dependence on the other. Businesses are caught up in this rivalry as the two countries politicise trade and investment relations. Chinese telecommunications company Huawei embodies these challenges - the US has increased pressure on the ally not to use the company's technology - a situation unlikely to change in 2020. Economies around the world are increasingly choosing between US and Chinese technology partners. Geopolitics will dominate the risk environment in the Middle East. At the time of writing, Iran and the US appear to be following a major flare-up in early 2020 during which the United States targeted an Iranian general and then carried out ballistic missile launches against US facilities in Iraq. However, the US-Iran relationship is unlikely to improve and instability in the region. Iran's accidental shooting down of a passenger jet in recent incidents with the U.S. is likely to strain relations with the international community, while European governments have formally triggered a dispute over the mechanism of the 2015 nuclear deal, putting increasing pressure on sustainability. Iran can use its asymmetric capabilities to retaliate against the US and use its agents to carry out targeted assassinations or bombings, including cyberattacks, in the region. Iran could also put pressure on US regional allies in the Strait of Hormzi, where any major disruption could affect oil deliveries and thus the world economy. Iraq is likely to be a direct focal point of U.S.-Iran confrontations, ing the country poses a political risk. For example, one of the results of the January clash between the US and Iran was a growing number of articles within Iraq calling for US troops to leave the country, which could contribute to the intreation of terror risks in Iraq. Elsewhere, tensions between Russia and the West are expected to continue in 2020. Russia's increased role in the Middle East will continue, for example with its support for the Syrian government. After the U.S. presidential election, close attention will be paid to any attempted Russian interference, such as the 2016 elections, which will further strain relations. In Europe, although the UK left the EU on 31 January, its future relationship with the EU - from economic to political to security - will take years. The U.S. presidential election in 2020 is also big. The American electorate is highly polarized, with President Trump's impeachment compounding divisions despite his acquittal on February 5. In the election, deep fake media may also increase the risks. Economic uncertainty Economic and political risks will be intertwined in 2020. Trade tensions continue to pose a serious risk to the global economy, while the new coronavirus (Covid-19) outbreak could disrupt trade and supply chains. The World Bank is now forecasting global growth of 2.5% by 2020, a small rebound from its 2.4% estimate in 2019. Trade disputes could cost the global economy US$700 billion in lost emissions this year and businesses remain pessimistic about the outlook. Of the respondents to the World Economic Forum's Global Risk Assessment Survey 2019-2020, 78% expected economic confrontation to increase in 2020. Global debt levels remain a concern as debt in emerging markets reaches 170% of GDP by the end of 2018. Increased debt levels pose a significant risk to financial stability in many markets due to more fragile global growth prospects, and current account deficits, in the face of a slowdown in productivity growth and increasing preference for riskier borrowing. At the same time, resilience to economic shocks is likely to decrease in 2020. A A moving away from multilateralism and global cooperation means that governments may not be willing to respond in a coordinated way to the global economic crisis, while monetary and fiscal stimulus is declining. In the midst of this headwind, many governments face a difficult balancing. They must address economic inequalities through structural reforms, while at the same time treating them as a risk to social stability. At the end of 2019, many Latin American countries faced this dilemma, exemplifiing protests in Bolivia, Chile, Colombia and Ecuador. The riots focused on discontent with falling living standards, rising poverty and protracted periods of austerity measures. The risks of protest were not limited to Latin America - there were incidents in Iraq, Iran, Lebanon, France and Hong Kong. The need for a balance between social and economic stability is likely to continue in 2020, which poses political risks for businesses in many countries. Risk management Although the 2020 political risk map draws attention to challenging geopolitical and economic prospects, there are significant opportunities for opportunity. Emerging markets are expected to perform well in 2020, with real GDP growth of 4.3%, up from 3.9% in 2019. Markets in sub-Saharan Africa, Asia and beyond require investment in transport infrastructure, logistics networks and energy assets. Foreign expertise and funding can be critical to the development of such instruments. However, companies seeking to take advantage of such opportunities must navigate a complex and dynamic risk environment. Businesses may be exposed to political risks such as currency conversion, trade embargoes, the seizure of assets by host governments and political violence. Similarly, high levels of public debt and weakened macroeconomic fundamentals increase non-payment risks when contracted with host governments. Political risk insurance (PRI) can help businesses manage their exposure and implement opportunities while providing a sophisticated understanding of the political risks facing the business. The private PRI market offers a range of credit and policy risk hedges that policyholders can purchase individually or together to create a customized insurance program. Insurers offer a personalised policy formulation to cover the default of loan payments and the loss of capital investments, assets and financial flows caused by the abandonment of assets due to war, terrorism and other forms of political violence. Political violence, including physical damage to property as a result of the war and the resulting loss of business income. Confiscation, confiscation, nationalisation and deprivation of tangible or capital investments. Forced divestment of foreign investment on the order of the investor's headquarters government. Wrongful surrender of licences, licences or concessions by the government. Contract frustration or termination termination government or other government acts. Blocking cross-border cash flows due to currency conversion and non-transfer. Export/import restrictions that cause losses in trade transactions. Non-estimation of the arbitration award by a government body (breach of contract). Non-payment of debt by a private entity. In the midst of dynamic geopolitical conditions and economic uncertainty, the insurer's appetite for political risk is strong. The PRI market has developed at considerable depth in recent years and the available insurance capacity has never been better. Businesses can find possible solutions to different aspects of political risk in three related but different marketplaces. In addition to the PRI market outlined above, companies can cover related security and people's risks through political violence and terrorism, as well as kidnapping and ransom insurance. Europe In the UK, political risk has improved following the December 2019 election, which gave the Conservative Party the largest parliamentary majority in a decade, which has been good for overall stability. Following the UK's withdrawal from the EU on 31 January, the focus will shift to negotiations on its future relationship with Europe. The transition period will end in December 2020 and the pressure to reach a trade agreement will increase over the year. The EU will offset the financial impact of Brexit by asking for greater member contributions to its budget, while the new President of the European Commission, Ursula von der Leyen, will seek to launch plans for a European Green Agreement in 2020. In Greece, the center-right New Democracy party secured a majority in the July 2019 elections, allowing it to move forward with a pro-business agenda and improve the country's fiscal position, facilitating relations with creditors. As a result, Fitch Solutions increased Greece's short-term political risk index (STPRI) from 61.0 to 65.2, one of the biggest improvements in Europe. A higher STPRI score increases political stability and is a piece of Fitch Solutions' overall policy risk index. In Italy, the coalition between the Democratic Party and the Five Star Movement will be burdensome in 2020, as parties have differing views on a number of issues. A coalition of amenities, designed to prevent snap election and sideline the League party, may be short-lived. The coalition comes under pressure ahead of a referendum on parliamentary reform and negotiations on the future of ilva steelworks. U.S. policy will focus on the November 2020 presidential election in 2020, which is likely to reflect highly polarized voters. Political shaping will slow down as both parties look ahead to the elections and The impeachment trial against President Trump deepens political divisions, which is already evident under the divided control of Congress. Meanwhile, U.S.-Mexico tensions are likely to ease in 2020. Both countries successor to THE US-Mexico-Canada agreement, NAFTA. Canada is also expected to sign a deal with the law soon, its implementation could ease concerns among businesses about supply chain disruption in North America. However, risks remain high within Mexico. President Andrés Manuel López Obrador presented economic pragmatism in 2019, but headwinds could pursue an increasingly populist policy in 2020. The political risk for Latin America and the Caribbean has increased in many Latin American countries as governments increasingly challenge economic reforms and balance social stability. Colombia, Chile, Ecuador, Haiti and Bolivia held destabilising anti-government protests at the end of 2019. The incidents were remarkable because of the level of violence that occurred in each case. In Chile, one of Latin America's most stable operating environments, Fitch Solutions reduced the STPRI score from 74.8 to 66.7, the largest decline in the region and the third largest globally. The unrest is expected to be 4.5% smaller with the economy at the end of 2020 than was projected before the protests. In 2020, President Sebastián Piñera's government will implement a $5.5 billion spending package and implement constitutional reforms to quell protests. Although the root causes of the protests are unique in each country, many of the underlying drivers - poor service provision, economic reforms, falling living standards and inequality - will remain in 2020, allowing for further protests. Budget challenges limit governments' ability to respond to protesters' demands. Bolivia's political environment remains uncertain in 2020 after President Evo Morales resigned amid allegations of voter fraud in November 2019. New elections in early 2020 could be a flashpoint between Morales' supporters and the country's emerging centre-right. Venezuela's political crisis is unlikely to be resolved in 2020. Opposition politician Juan Guaidó has struggled to get President Nicolas Maduro out of power, despite being recognized as president by 50 countries. In Argentina, it will make president Alberto Fernández's political priorities clear in 2020 as investors continue to beware of a possible return to state interventionism in the economy. Amid the economic recession, high inflation and currency devaluation, Fernández is expected to begin a debt renegotiation. Brazil, on the other hand, is likely to continue investor-friendly economic reforms, although local elections held in October 2020 could slow progress. Hong Kong experienced the second largest deterioration in the STPRI score worldwide, as the area was violent protests have strained Hong Kong's relationship with mainland China. The government is unlikely to meet the protesters' demands in 2020, and if the unrest continues, they will continue, Chinese military intervention in Hong Kong. Political risks are also increasing in India. The citizenship-altering law began in December 2019 and could trigger disputes between the state of India and the central government in 2020, questioning prime minister Narendra Modi's power. Progress on de-nuclearization on the Korean Peninsula will be slow as U.S.-North Korean relations are deadlocked following the 2018 rapprochement. North Korea will be wary of preserving its personal goodwill between its leader, Kim Jong Un, and President Trump, but refuses to abandon its nuclear weapons program in exchange for sanctions relief. U.S.-Iran relations are likely to dominate the risk situation in 2020. While neither side can be expected to seek direct military confrontation, an unintentional escalation is possible. Iran can use its envoys in the region to increase pressure on the United States and its allies in the Gulf state, and Iraq is a potential point of activity. Targeted assassinations, attacks on military bases and/or critical energy infrastructure, while Iran could also step up its activities in the Strait of Hormuz, th ing a commercial shipping risk. The Joint Comprehensive Plan of Action will come under further pressure in 2020 after european states launched a dispute settlement mechanism in January 2020. Iran's economy will also fight harsh U.S. sanctions, triggering protests. In other parts of the region, tentative progress towards a ceasefire in Yemen appears possible as Saudi Arabia moves toward de-escalation - reducing air strikes and negotiating with Houthi rebels. In 2020, however, a final resolution is unlikely to be made. In the region's other major conflict, Syrian President Bashar el-Assad, backed by Russia, is consolidating the territorial advantages achieved in 2019, making peace talks with the opposition unlikely. Amid a challenging global outlook, Africa is expected to move beyond economic performance in 2020. The International Monetary Fund forecasts growth in sub-Saharan Africa to accelerate to 3.5% in 2020/21, up from 3.3% in 2019. However, downside risks stem from the continent's increasing sovereign debt load. West African states will struggle to manage security risks in 2020 as Islamist militants increase activity in the Sahel. In 2019, the number of deaths from armed conflict was the highest since 2012, as armed groups took advantage of porous borders and weak regional institutions. In January 2020, as a sign of escalating violence, 89 Nigerien soldiers were killed in a single militant attack. Uncertainty will continue in 2020, with increased security cooperation and further Despite. In addition, elections in Togo, Côte d'Iv iv ivation, Guinea, Burkina Faso and Mali could cause political instability. Côte d'Ivoire in October 2020 candidates have already cited north-south regional divisions, increasing the risk of election-related violence. South Africa will significantly increase its economic performance in 2020, despite the government economic recovery plan, while the contingent liabilities of SOEs remain significant. Divisions in the ruling African National Congress are also likely to weigh in on reform momentum. Rwanda experienced the biggest improvement in STPRI score in Africa, increasing from 64.2 to 68.5. This reflects president Paul Kagame's dominant political position and political stability, which supports continued economic growth and a stable business environment. Sudan posted the most significant global deterioration of its STPRI score, from 21.7 to 36.3. Political instability surged after President Omar al-Bashir was removed in a coup in April 2019. Civilian groups and the military have reached a temporary power-sharing agreement, but tensions between the two will continue to rise in 2020. It remains possible for the military to try to delay the transition to democracy. Democracy.