

BAROMETER COUNTRY AND SECTOR RISKS BAROMETER Q2 2020



By the Coface
Economic
Research team

From a massive shock to a differentiated recovery

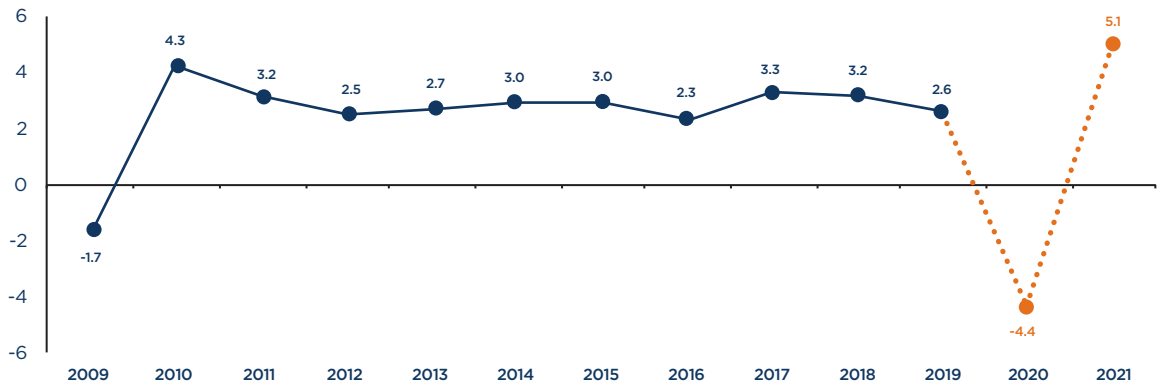
A few weeks after the first containment easing measures, economic activity seems to be picking up in most European countries. However, about two months after China, this gradual and partial recovery will not erase the effects of containment on growth: the depth of the recession in 2020 (a 4.4% drop in world GDP according to Coface) will be stronger than in 2009. Despite the expected recovery in 2021 (+5.1%) - in the absence of a second wave of the pandemic - GDP would remain 2 to 5 points lower in the United States, the Eurozone, Japan and the United Kingdom compared to 2019 levels. The expected increase in household precautionary savings and cancellation of business investment because of persistent uncertainty about the evolution of the pandemic, as well as the irrecoverable nature of production losses in some sectors (particularly service activities and raw materials used as combustible) explain the lack of a rapid catch-up effect. Admittedly, measures taken by central banks have helped to stabilize financial markets since April, especially those of countries (especially in Western Europe) that have, so far, contributed in maintaining some companies' production capacities, mainly by increasing debt. Nevertheless, they are also postponing adjustments in employment and corporate cash flow issues.

Despite public support measures, Coface anticipates that corporate insolvencies should increase by one-third worldwide between now and 2021 compared to 2019. As already highlighted in our previous

Barometer dated 4 April 2020, this trend should affect all of the main mature economies: United States (+43%), United Kingdom (+37%), Japan (+24%), France (+21%), Germany (+12%). However, many emerging economies (+44% in Brazil, +50% in Turkey) will also be disrupted by the economic consequences of lockdown measures combined with the fall in tourism revenues, expatriate workers' remittances and revenues linked to the exploitation of commodities of which prices have fallen.

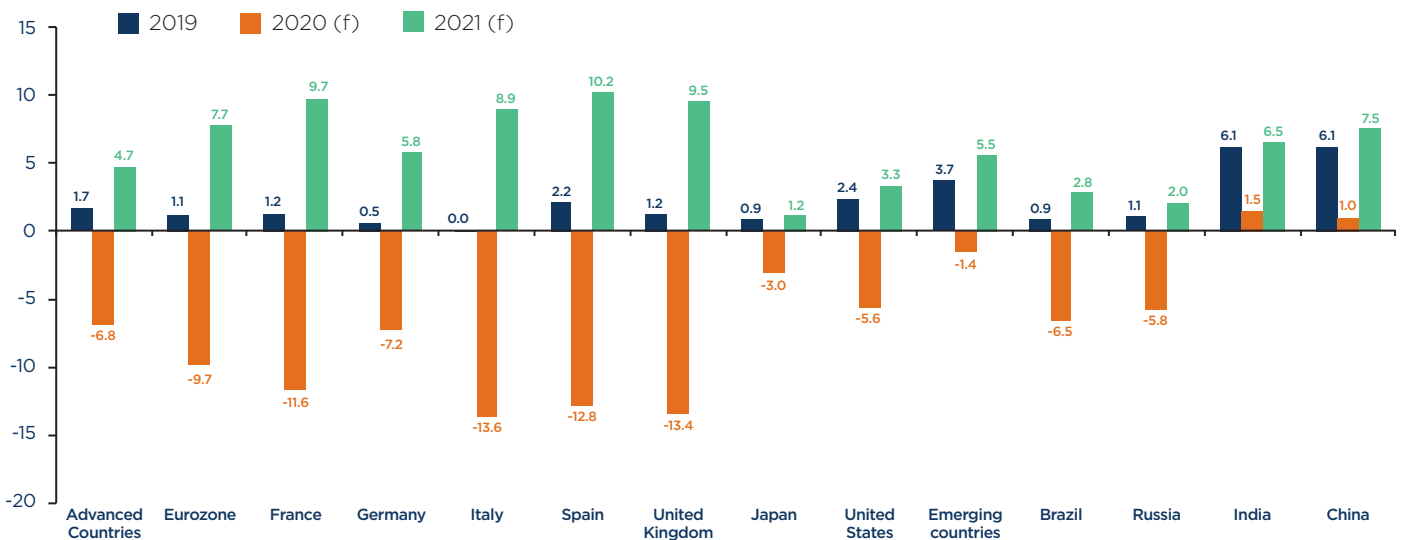
This sharp rise in the number of insolvencies reflects an increase of short-term corporate credit risk (6 to 12 months), of which Coface assesses the average level every quarter - per country, on a scale of 8 notches - using macroeconomic, financial and microeconomic data. Unlike rating agencies, Coface's Country Risk Assessment (CRA) does not aim to measure the insolvency risk of governments in the medium-term. Coface has taken into account the rise in credit risks observed during the previous quarter, which has resulted in 71 downgrades of CRA ratings, i.e. slightly more than 40% of the economies covered worldwide. The same applies to the 13 business sectors assessed in 28 countries representing 88% of world GDP, of which around 40% have been downgraded. Unsurprisingly, transport is the most affected sector because of the mobility crisis, followed by automotive and retail that were already in a weak position last year. At the other end of the spectrum, pharmaceuticals and, to a lesser extent, agri-food, the media and telecommunications segments of the ICT sector are the most resilient.

Chart 1:
Coface's World GDP Growth Forecast
(annual average, %)



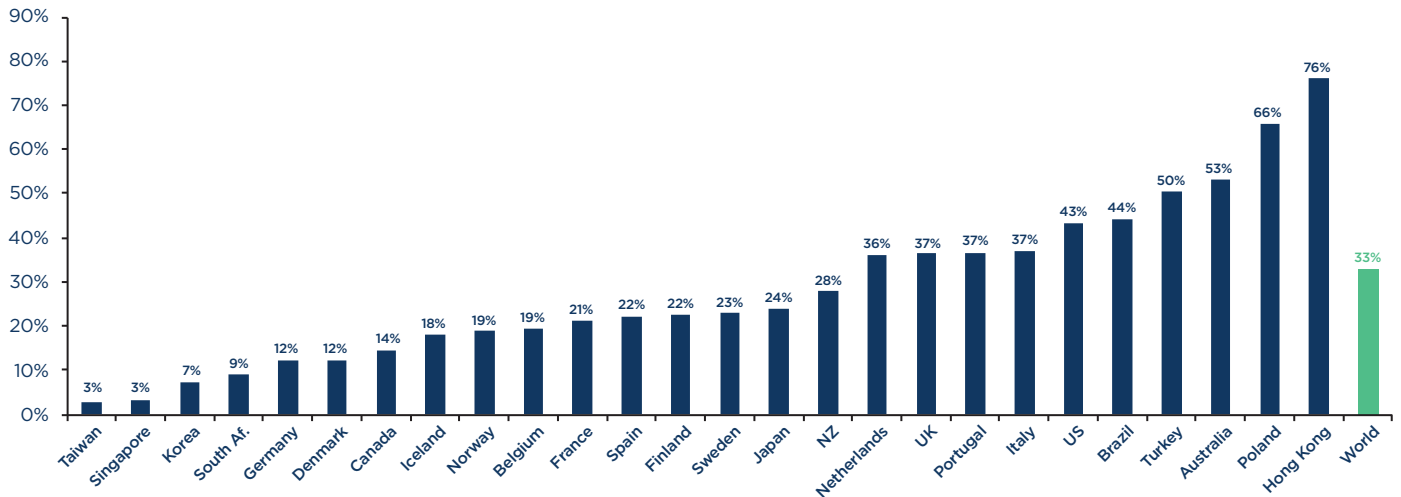
Sources: IMF, National authorities, Datastream, Coface

Chart 2:
Coface GDP evolution forecast
(selected countries, annual average, %)



Source: IMF, National authorities, Coface

Chart 3:
Cumulative variation in the number of corporate insolvencies per country in 2020 and 2021 compared to 2019
(in %)



Source: Coface, national data

BOX 1:

Key hypotheses

- **Main health hypotheses:** In the central scenario from which the GDP growth and corporate insolvencies forecasts were made, the risk of a second wave of the pandemic remains until a vaccine and/or a treatment is discovered in 2021, but does not materialize. Health security measures will continue to penalize companies and the mobility of individuals. In the risk scenario, a second wave of the pandemic halts the recovery in end-2020 and the world economy falls back into recession.
- **Savings ratio:** The household savings ratio will remain above its expected rising long-term average and precautionary household savings will remain at a high level because of continuous uncertainty about the evolution of the pandemic. This high level of savings should primarily penalize sectors that produce durable consumer goods (automotive, construction) as well as leisure and tourism, as the risk of a second wave remains.
- **Economic policies:** Monetary policies should remain highly expansionary, including in the emerging world, except

for economies constrained by capital outflows and low foreign exchange reserves (e.g. Argentina and Turkey). Regarding fiscal policy, despite the fast increase of global public debt, tightening is unlikely in 2021, particularly since many of the fiscal stimulus measures announced to combat the recessive effects of the pandemic will only bear fruit from next year onwards. For instance, in the EU, the EUR 750 billion financing programme announced by the European Commission at the end of May will, at best, only come into effect in 2021.

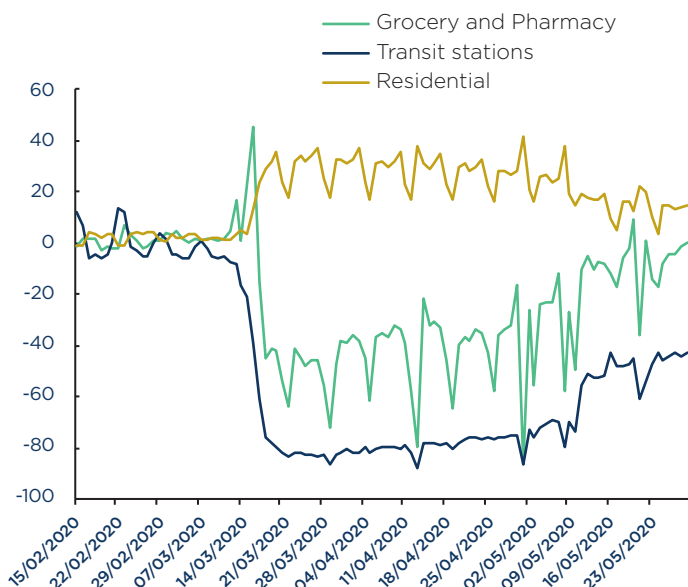
- **Oil prices:** Coface assumes that the price of a barrel of Brent oil will reach USD 35 on average in 2020. The fall of global demand for oil has not been offset by an equivalent fall of supply in the first half of the year (despite the OPEC+ agreement and persistent geopolitical tensions in the Middle East), resulting in an extremely high level of stocks. The sluggish recovery of the world economy expected in the second half of the year would not allow a marked rebound of black gold prices.

COVID-19: a lasting challenge for mobility and thus for transport

All sectors should be affected by this global crisis of unique nature and unprecedented scale in modern times. However, above all, a mobility crisis is durably challenging our travel styles, on both daily and more temporally spaced travels, locally and abroad. Therefore, transport sectors are the first affected. The need to maintain a physical distance between individuals and to use “protective measures”, such as masks for instance, questions the public transport systems on which most megacities rely to enable the movement of employees to their workplaces. The disruption to mobility is

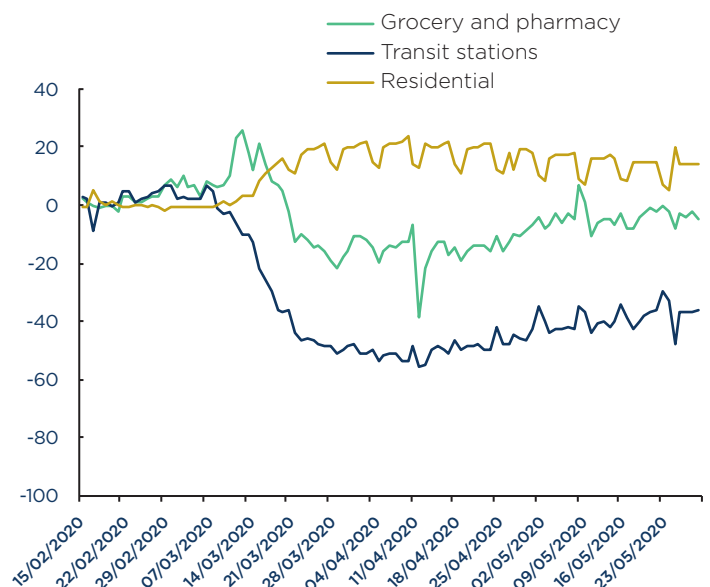
also visible with the decrease in the number of trains available to passengers, for instance in Europe, both in-between and within countries. **Charts 4 and 5** show Google mobility trends in France and the United States respectively and highlight the contrast between the sharp decline of mobility linked to transport (transit stations) and the relatively higher mobility around residences (including shopping of essential goods). The trends are improving gradually and slowly as restrictions are eased.

Chart 4:
Google Mobility Trends - France
(% change from baseline)



Sources: Google Mobility Trends, Coface

Chart 5:
Google Mobility Trends - USA
(% change from baseline)

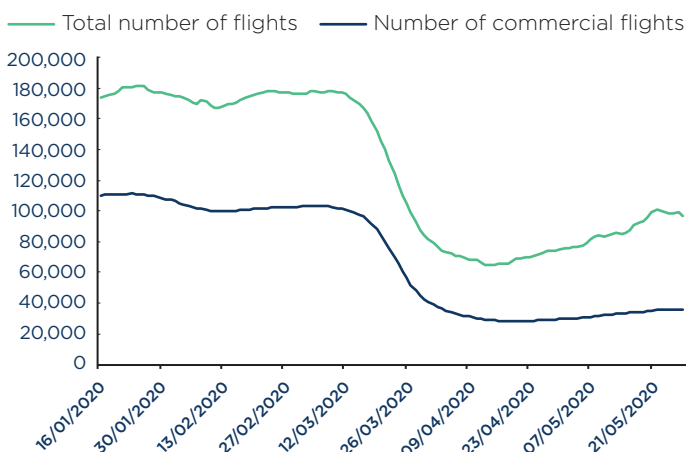


Sources: Google Mobility Trends, Coface

Even after the end of containment, this mobility crisis will continue to have a lasting impact on corporate profitability. The example of air transport is the most striking: with the presence of physical distancing measures, would any company still be profitable if aircraft load

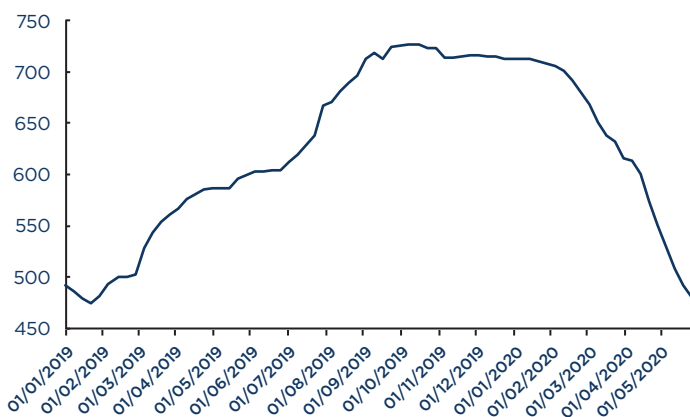
factors are limited by regulatory constraints that aim to control the spread of the virus? Another uncertainty concerns the evolution of consumer behavior during a period that lacks a treatment and/or a vaccine. The bankruptcies of several airlines since the beginning of the year confirm these challenges. While a gradual and very slow improvement can be observed in the high-frequency indicator detailing the daily evolution of flights, as containment measures are gradually easing around the world (see **Chart 6**), it is unlikely that the figure will return to its “normal” pre-crisis level in the coming months. The trend is the same in the maritime transport sector (see **Chart 7**).

Chart 6:
Number of flights worldwide
(7-day moving average)



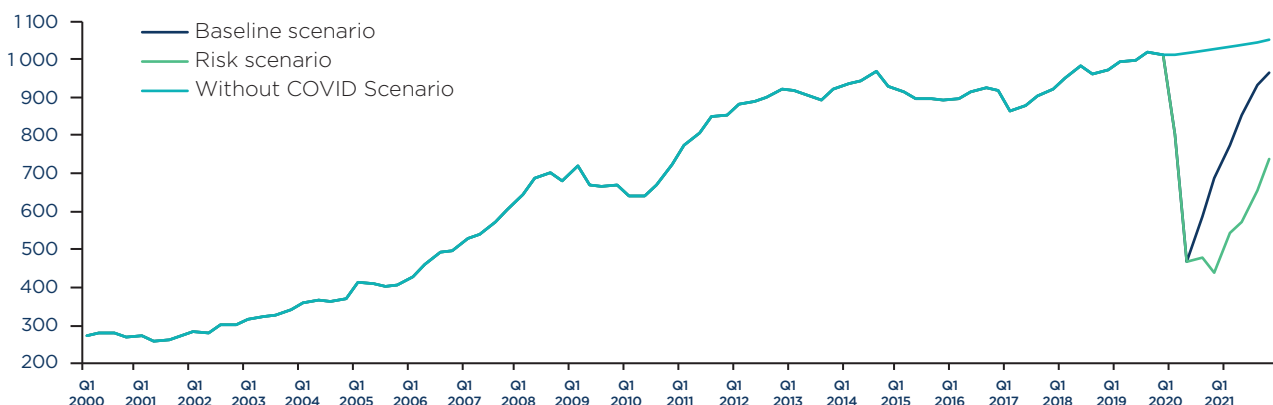
Sources: Flightradar24, Coface

Chart 7:
Harpex Shipping Index



Sources: Harper Petersen & Co, Coface, Datastream

Chart 8:
COVID-19 crisis: Coface turnover recovery scenarios forecasted for the global transport sector
(billion USD)



Source: Datastream, Coface - Latest point: Q4 2021

Coface has developed a methodology to establish global recovery scenarios by business sector up to the end of 2021, based on the aggregate turnover of all listed companies in a given sector worldwide. To achieve this, the evolution of turnover per sector in 2020 and 2021 is forecasted according to 3 different scenarios:

- 1) An evolution scenario without the pandemic, using the combination of ARIMA and Double Exponential Smoothing as statistical techniques, from historical data up to the end of last year.
- 2) We used available financial data and expert opinion to anticipate the potential shock on turnover compared to the scenario without the COVID-19 crisis. This was our core recovery scenario.
- 3) We then proceeded in a similar manner for the risk scenario (i.e., assuming a second wave of the pandemic later in the year).

According to these scenarios, the transport sector should be one of the most affected, with sales expected over 40% lower than they would have been without the COVID-19 crisis this year (see **Chart 8**).

BOX 2:

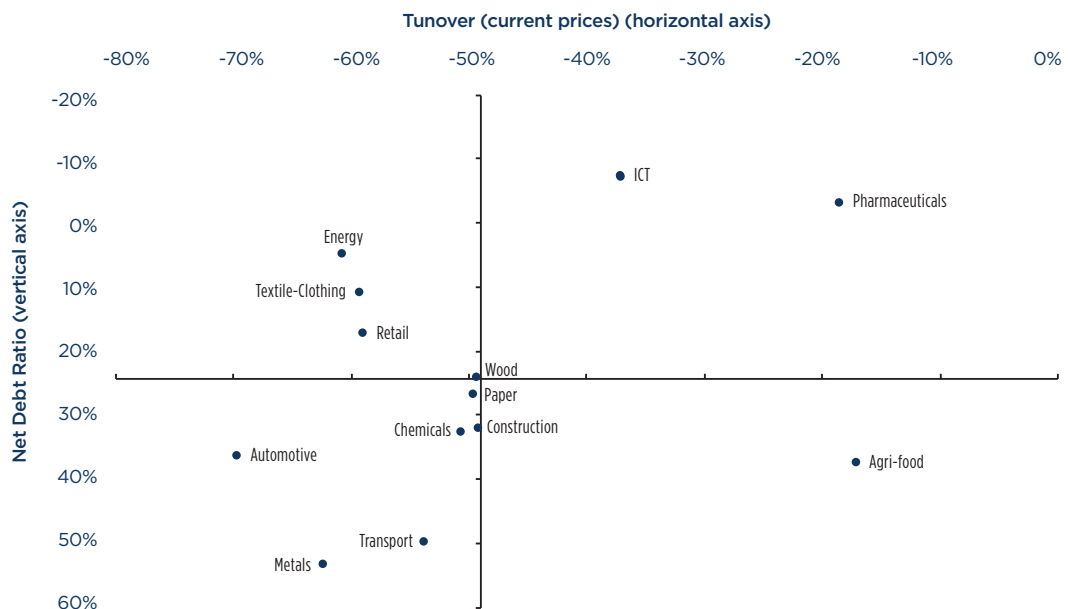
Coface forecasts of the impact of the COVID-19 crisis on global sectors' financial trajectory

Coface carried out a statistical study in order to classify the sectors likely to be most affected by the health crisis - in terms of repercussions on the financial health of companies in the sector - by forecasting the variations of financial indicators (turnover and net debt) for Q2 2020. The considered database is composed of the listed companies available in Datastream Refinitiv, in the 13 sectors for which Coface produces sector risk analyses. For this purpose, Coface has studied and integrated the amplitude of the Great Recession shock in the study (2008-2009), by sector.

Chart 9 (a similar approach was used for Chart 11 on p. 7) shows the relationship between growth in the net debt ratio (net debt/total assets) and growth in turnover between Q4 2019 and Q2 2020, for the 13 sectors for which Coface publishes sector risks assessments. The results of the graph confirm the analyses mentioned in this article. Among the resilient sectors, pharmaceuticals and ICT stand out. Likewise, automotive and metals are amongst the most distressed, with a sharp increase in net debt and a sharp decline in turnover.

Chart 9:

Turnover and net debt ratio variation (%) between Q4 2019 and Q2 2020



Sources: Datastream, Coface

The pandemic further weakens sectors that were already vulnerable last year: automotive, metals, retail and textile-clothing

In addition to the transport sector, the most affected are those that have had to face this crisis when they were already struggling because of the global economic downturn in 2019 and structural upheavals. This is the case for metals and automotive, as well as retail and textile-clothing.

Moreover, the analysis of the crisis' impact on the turnover and debt of companies (see Box 2 above) indicates that the most severely affected sectors, in both turnover and debt, are the automotive and metals sectors (see Chart 9). Debt levels in the global automotive sector are soaring, which should prompt many companies to sell assets and restructure, like it was announced by the major German automotive supplier Continental in March this year. The race for additional liquidity will push

debt to higher levels, similar to what was witnessed ten years ago when the net debt ratio rose from 26% to 32% between Q2 2008 and Q2 2009 and imposed a difficult period of deleveraging thereafter. Smaller players and in particular suppliers are likely to be the most affected. Indeed, bankruptcies in the supplier segment are likely to increase, as many small businesses do not have the financial capacity to cope with such a shock. They are usually tied to a single customer and are not in a position to negotiate favorable contract terms. They produce critical parts and are a weak link in the global automotive supply chain. They also do not have the capacity to increase their debt because their cash flow is rapidly depleting. Furthermore, declining customer appetite for diesel engines is weakening suppliers of equipment based on this type of technology. The switch from combustion engines to electric ones will undoubtedly put additional pressure on suppliers, as many of them have not invested in this new type of engine. Electric and hybrid vehicles sales are

expected to recover faster and will be supported by governments. As a result, traditional car manufacturers who invested sufficiently in these technologies before the COVID-19 crisis are likely to experience less difficult situations. Those, like Tesla, at the forefront of innovative vehicles seem in a better position regarding the slow economic recovery phase for this sector.

The retail and textile-clothing sectors also face technological challenges. Beyond the decline in demand due to the economic recession, the business models of these sectors are changing. Both sectors are severely affected by the repercussions of the COVID-19 crisis. Because of lockdown measures, customers have not been able to visit physical stores. Companies in the sector will have to face two major challenges until the epidemic is stopped by effective treatment or the emergence of a vaccine, as “barrier gestures” will have to be continuously applied. This situation mechanically discourages consumers from entering physical stores for “non-essential” purchases and, when they do, the number of potential customers in the store is controlled and limited, reducing the time consumers spend shopping and potentially the amount of spending per customer. Therefore, the challenge of maintaining the physical attractiveness of stores will be critical. This will be particularly important as e-commerce (which could be an interesting outlet) develops better for traditional stores when a related physical store exists¹.

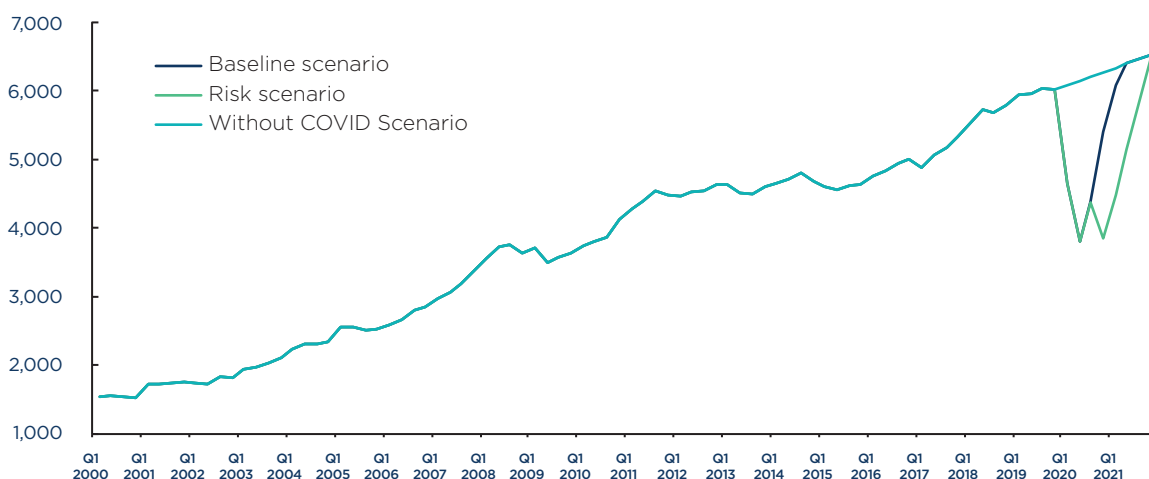
The only companies that stand out in these sectors and succeed in developing their businesses exclusively online are the ones which operate like Amazon. Therefore, the retail and textile/clothing businesses are continuing to reorganize themselves. Initial data from the US retail market show the decline of chains that have not been able to switch to e-commerce in time. The country is registering a wave of bankruptcies in the sector, such as those declared last month (for instance J.C. Penney founded in 1902 or Neiman Marcus).

Pharmaceuticals and, to a lesser extent, agri-food and ICT are the most resilient sectors

Unsurprisingly, in this context where technology and innovation help make the difference, the sector that stands out, with a majority of segments that are globally more resilient, is unquestionably the ICT sector, particularly its media segment. The media segment is made up of companies that are currently going through the crisis with a positive development of their activity. The global media provider Netflix is emblematic of this favorable situation for “home” entertainment media services, as it is in a healthy financial position with bright prospects.

Having said that, the positive results and promising prospects in the ICT sector should not mask the risks. Some existed before the COVID-19 shock, such as the strengthening of regulation to ensure better protection of consumer data, which is likely to have an impact on giants such as Facebook or Google, as well as the intense competition between the “big technology giants”. Moreover, the US-China trade war is not over and may further aggravate supply issues. The recent decision by the Trump administration to block deliveries of semiconductors to the Chinese company Huawei Technologies, one of the world’s leading manufacturers of smartphones, confirms this risk. Among the challenges directly linked to the crisis, the gradual diminution in advertising revenue - since companies are struggling as the recession deepens - is incrementally being taken into account by companies in the sector, who are adjusting their costs accordingly (including Google). More broadly in the electronic and IT equipment segments, containment has penalized sales and this shock will not be fully offset in the short-term by post-containment catch-up effects (Chart 10).

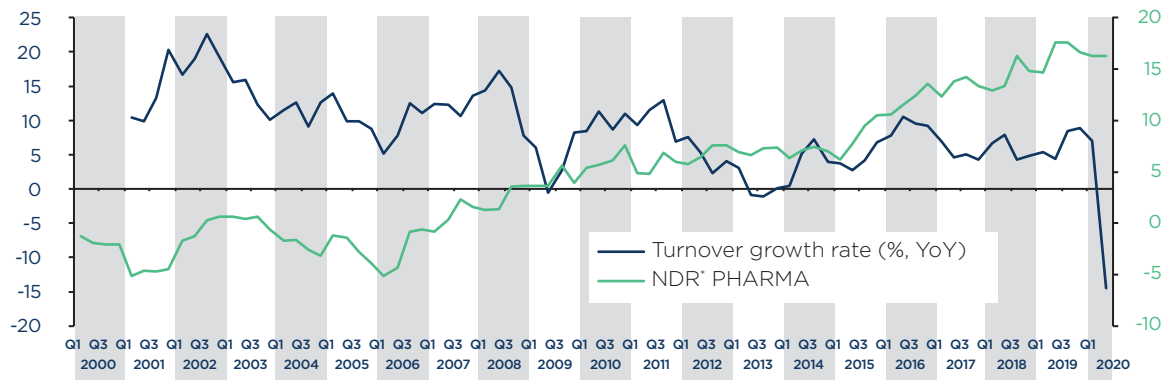
Chart 10:
COVID-19 crisis: Coface turnover recovery scenarios forecasted for the ICT sector
(billion USD)



Source: Datastream, Coface - Latest point: Q4 2021

¹ A 2018 Deloitte study showed (taking the example of holiday shopping) that even though 2/3 of consumers make their purchases online, only 1/3 of them actually start looking online. The others prefer visits to a physical store.

Chart 11:
Global Pharmaceutical forecasted financial trajectory impact due to COVID-19 crisis
(listed companies)



*NDR : net debt ratio (%) = net debt/total assets - Last data point Q2 2020
Source: Datastream, Coface

Within the category of resilient sectors, the pharmaceuticals sector is at the top and the only one that still has low sector risk assessments, in some regions like Asia Pacific or Central and Eastern Europe (see p. 9-10). Nevertheless, structural risks for the sector remain, including pressure from public authorities on drug prices, especially in the US (a key market for multinational pharmaceutical companies) in the context of the presidential election campaign. The importance of this issue regarding drug prices could be exacerbated by the ongoing health crisis, which has revealed a strong negative correlation between income levels and the mortality rate of COVID-19 in the country. Another example of public pressure on drug prices would be a bill aimed at limiting profits of private pharmacies and clinics during the crisis, which was passed last March in Chile. In these circumstances, the strategies of big pharmaceutical companies, which began before the global epidemic, consist in encouraging closer ties for the search of more profitable drugs and are leading to a movement of mergers and acquisitions in the sector. This trend has resulted in a higher level of debt for these companies (see **Chart 11**). Finally, the emergence of new players such as Amazon in the distribution of medicines still constitutes a risk for traditional actors.

Agri-food is the last member in this category of resilient sectors, as some of its sub-sectors benefited from overconsumption during lockdown. As containment measures have become more flexible, the structural challenges related to the sector's activities are coming back to the forefront: weather conditions (droughts, floods) and biological diseases (such as swine fever or the fall armyworm invasion). The COVID-19 crisis has fueled the pre-crisis volatility of agri-food commodity prices, due to the abovementioned

factors, the impact of the trade war between the United States and China and the export restriction measures taken by some producing countries (e.g. Russia and Ukraine for wheat, Vietnam for rice). The labour shortage caused by travel restrictions in Europe and North America has also created uncertainty for agricultural producers, even if these border control measures are now being questioned (see Coface Focus on world trade of May 2020²). Global meat production has also been penalized by the pandemic, which seems to be spreading more in meat slaughterhouses than in other factories. The ventilation equipment in the plants and the need (depending on the production system implemented so far) to have workers close to each other (while they carry out their tasks) are among the considered assumptions. This could indeed lead to soaring meat prices and a major supply disruption, particularly in the United States where, on 12 April, Smithfield Food, the world's largest pork processor, announced the closure of one of its plants because several of its employees had tested positive to COVID-19.

In the long term, the agri-food sector is expected to face contrasting trends. As agri-food activities are essential, several segments should remain resilient. However, there are uncertainties on demand, particularly regarding the evolution of consumer behavior in the midst of more difficult economic conditions. Another risk to global demand for agri-food products is linked to the gradual reopening (or otherwise) of restaurants, which remain important sales outlets. Furthermore, the extent to which demand for biofuels (e.g. maize and soya) remains attractive - in the context of lower oil prices - will have consequences for possible upward pressure on food prices.

² <https://www.coface.com/News-Publications/Publications/Focus-World-Trade-despite-a-sudden-interruption-global-value-chains-still-have-a-bright-future>

BOX 3:

Emerging economies: fewer capital outflows, but lockdown, falling tourism and commodity revenues will weigh on public finances and growth

Although the massive capital outflows observed last March and the downward pressure on currencies that they imply have been halted since April, the GDP of the emerging economies taken as a whole should fall by 1.4% this year (then rise by 5.6% in 2021) according to Coface's forecasts. Latin America would be the region most affected by this global crisis (-6.5% in 2020), followed by Central and Eastern Europe (-5.8%). Sub-Saharan Africa (-1.0%) and Middle East and North Africa (-3.6%) would also enter recession this year. Conversely, emerging Asia (+0.6%) would avoid recession thanks to China (+1.0%) and India (+1.5%). These negative figures can be explained by the multiple and often simultaneous shocks that these economies are facing this year. In addition to the initial levels of sovereign and exchange rate risk, 3 other factors must be taken into account to assess a country's exposure to the economic consequences of the pandemic, as we pointed out last April⁴:

1) Dependence on income from the export of non-agricultural commodities: despite a rebound of oil prices expected in the second half of the year by Coface, the anticipated level (USD 35 on average for a barrel of Brent in 2020) is insufficient for most of the main oil-exporting countries to balance their public and current accounts. Moreover, in addition to this price effect, there is also a volume effect for

the countries (including Saudi Arabia) that have agreed to drastically reduce their production in order to limit the extent of the fall in prices caused by the decrease of global demand (see Coface Country and Sector Risk Barometer of April 2020⁵). Net exporters of other non-agricultural commodities⁶ are also experiencing a deterioration in their terms of trade in early 2020. The budget balance of commodity exporting countries is expected to deteriorate the most this year (respectively -15% and -16% of GDP for Algeria and Oman as forecasted by the IMF).

- 2) Countries dependent on tourism revenues will also be affected by unfavorable travel restrictions. The tourism sector accounts for at least 15% of GDP in 45 countries, including Morocco, Tunisia, Mexico, Thailand, the Philippines, Croatia and Cambodia.
- 3) Countries affected by the pandemic and whose governments have decided on mandatory containment measures (at the national or local level) will have to face an increase in indebtedness because of declining revenues due to the pandemic, as well as increased spending on healthcare and support to mitigate the economic impacts on the population.

BOX 4:

The inclusion of environmental risks in Coface's country risk analysis

As presented on 4 February 2020 at the annual Coface Country Risk Conference in Paris³, Coface now includes environmental risks in its country risk assessment methodology. Two key risks for companies have been identified:

- **Physical risk** measures the frequency of occurrence of extreme weather events (such as the fires in Brazil and Australia in 2019). It depends simultaneously on the country's exposure to this type of event (measured mainly by taking into account long-term projections of agricultural yields, rising temperatures in the country, rising water levels, etc.) and on its sensitivity. The latter is measured by indicators of geographical, demographic and social structure (such as the share of rural population, the share of the population over 65 years of age, the poverty rate) and dependence on foreign countries for goods that will become scarcer with climate change (share of imports in the total consumption of agricultural goods, water and energy).
- **Transition risk:** Facing future climatic changes and in an attempt to avoid some of them, governments are taking steps to avert them (for instance, anti-pollution standards in the automotive sector in Europe and China) and consumers are changing their consumption patterns. While these regulatory and behavioral changes will have beneficial effects in the medium-term, they are likely to put stress on companies in the short-term, especially if they have not anticipated these changes in production or consumption patterns.

This transition risk is measured by the frequency with which the country's government participates in conferences on environmental change, the frequency with which the subject is covered in the national media and the number of measures taken by the government to effectively combat global warming and pollution (the country's level of emissions, the energy efficiency of the main sectors of activity and the investment made to promote energetic transition).

The exposure index measures the vulnerability of a country to climate disruption and captures the physical impact of climate risk. The sensitivity index, based on topographical and demographic variables or the economic structure of the country (i.e. sensitivity of the country's main sectors of activity to a climate shock), makes it possible to assess the degree of impact of a climate shock.

These two indexes, when combined, enable the assessment of a country's vulnerability to climatic hazards and are based on six sectors that are essential to the proper functioning of a country: food, access to water, health system, ecosystem services, human habitat and infrastructure. As a result, a country is considered highly exposed if a climatic hazard can severely limit access to drinking water, cause food insecurity or if the quality of infrastructure is not adequate to respond to this type of shock. At the same time, a country is considered highly sensitive if it is heavily dependent on imports to meet its energy, food, pharmaceutical or water needs.

3 <https://www.coface.com/News-Publications/Publications/Focus-COVID-19-swings-the-spotlight-back-onto-emerging-countries-debt>

4 <https://www.coface.com/News-Publications/Publications/Country-Sector-Risk-Barometer-Q1-2020-Quarterly-Update>

5 Excluding precious metals

6 <https://www.youtube.com/watch?v=8hsDsD3fJr4&list=PLqBkGnGAf1kEs5ic2VeHtH9u72AwbmUNM&index=14&t=0s>



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DOWNGRADES

AMERICAS

| | Country risk |
|---------------------|--------------|
| Argentina | D |
| Belize | C |
| Bolivia | C |
| Brazil | C |
| Canada | A3 |
| Chile | A4 |
| Colombia | B |
| Costa Rica | C |
| Cuba | E |
| Dominican Republic | B |
| Ecuador | D |
| El Salvador | D |
| Guatemala | D |
| Guyana | D |
| Haiti | D |
| Honduras | D |
| Jamaica | C |
| Mexico | C |
| Nicaragua | D |
| Panama | B |
| Paraguay | B |
| Peru | A4 |
| Suriname | D |
| Trinidad and Tobago | B |
| United States | A3 |
| Uruguay | A4 |
| Venezuela | E |

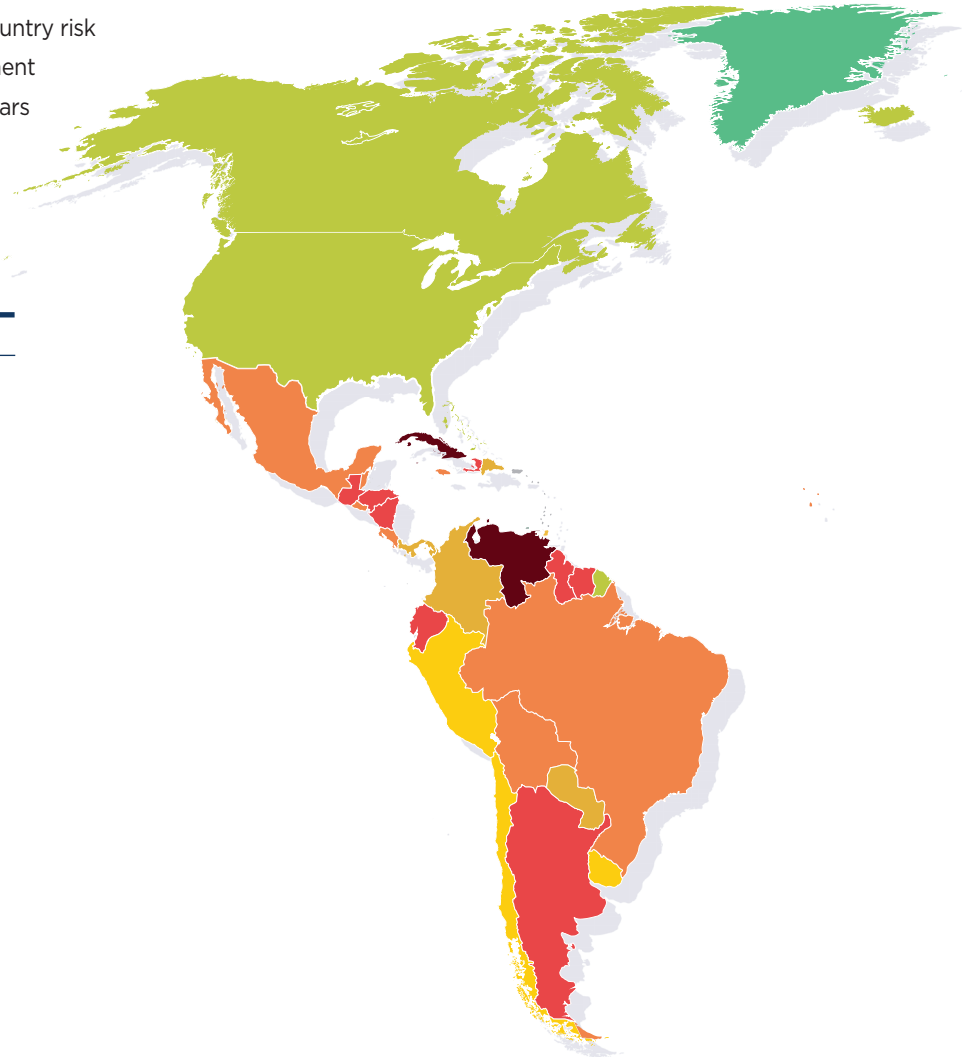
AFRICA

| | Country risk |
|------------------------------------|--------------|
| Algeria | D |
| Angola | D |
| Benin | B |
| Botswana | B |
| Burkina Faso | D |
| Burundi | E |
| Cameroon | C |
| Cabo Verde | C |
| Central African Republic | D |
| Chad | D |
| Congo (Democratic Republic of the) | D |
| Congo (Republic of the) | D |
| Côte d'Ivoire | B |
| Djibouti | C |
| Egypt | C |
| Eritrea | E |
| Ethiopia | C |
| Gabon | C |
| Ghana | B |
| Guinea | D |
| Kenya | B |
| Liberia | D |

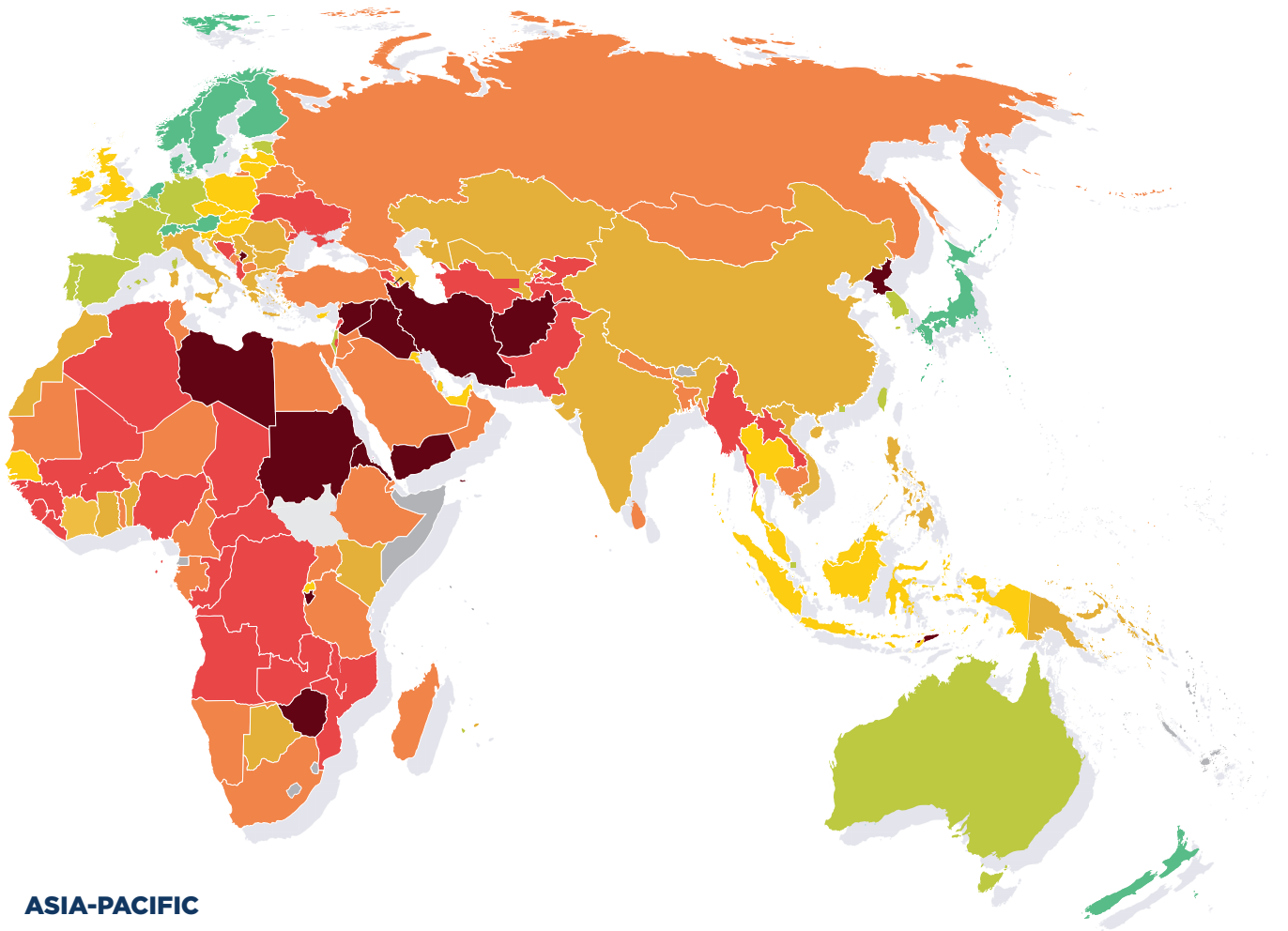
| | Country risk |
|-----------------------|--------------|
| Libya | E |
| Madagascar | C |
| Malawi | D |
| Mali | D |
| Mauritius | B |
| Mauritania | C |
| Morocco | B |
| Mozambique | D |
| Namibia | C |
| Niger | C |
| Nigeria | D |
| Rwanda | A4 |
| São Tomé and Príncipe | D |
| Senegal | A4 |
| Sierra Leone | D |
| South Africa | C |
| Sudan | E |
| Tanzania | C |
| Togo | C |
| Tunisia | C |
| Uganda | C |
| Zambia | D |
| Zimbabwe | E |

MIDDLE EAST

| | Country risk |
|-------------------------|--------------|
| Bahrain | D |
| Iraq | E |
| Iran | E |
| Israel | A3 |
| Jordan | C |
| Kuwait | A4 |
| Lebanon | D |
| Oman | C |
| Palestinian Territories | D |
| Qatar | A4 |
| Saudi Arabia | C |
| Syria | E |
| United Arab Emirates | A4 |
| Yemen | E |



RISK ASSESSMENT MAP



ASIA-PACIFIC

| | Country risk |
|------------------|--------------|
| Afghanistan | E |
| Australia | A3 |
| Bangladesh | C |
| Cambodia | C |
| China | B |
| Hong Kong SAR | A3 |
| India | B |
| Indonesia | A4 |
| Japan | A2 |
| Laos | D |
| Malaysia | A4 |
| Maldives | C |
| Mongolia | C |
| Myanmar | D |
| Nepal | C |
| New Zealand | A2 |
| Pakistan | D |
| Papua New Guinea | B |
| Philippines | B |
| Singapore | A3 |
| North Korea | E |
| South Korea | A3 |
| Sri Lanka | C |
| Taiwan | A3 |
| Thailand | A4 |
| Timor Leste | E |
| Vietnam | B |

EUROPE AND CIS

| | Country risk |
|------------------------|--------------|
| Albania | D |
| Armenia | D |
| Austria | A2 |
| Azerbaijan | B |
| Belarus | C |
| Belgium | A3 |
| Bosnia and Herzegovina | D |
| Bulgaria | B |
| Croatia | B |
| Cyprus | A4 |
| Czechia | A4 |
| Denmark | A2 |
| Estonia | A3 |
| Finland | A2 |
| France | A3 |
| Georgia | C |
| Germany | A3 |
| Greece | B |
| Hungary | A4 |
| Iceland | A3 |
| Ireland | A4 |
| Italy | B |
| Kazakhstan | B |
| Kyrgyzstan | D |
| Latvia | A4 |

| | Country risk |
|-----------------|--------------|
| Lithuania | A4 |
| Luxembourg | A2 |
| North Macedonia | C |
| Malta | A2 |
| Moldova | C |
| Montenegro | C |
| Netherlands | A2 |
| Norway | A2 |
| Poland | A4 |
| Portugal | A3 |
| Romania | B |
| Russia | C |
| Serbia | B |
| Slovakia | A4 |
| Slovenia | A4 |
| Spain | A3 |
| Sweden | A2 |
| Switzerland | A2 |
| Tajikistan | D |
| Turkey | C |
| Turkmenistan | D |
| Ukraine | D |
| United Kingdom | A4 |
| Uzbekistan | B |

Sector Risk Assessment Changes

REGIONAL SECTOR RISK ASSESSMENTS

| | Asia-Pacific | Central & Eastern Europe | Latin America | Middle East & Turkey | North America | Western Europe |
|------------------|----------------|--------------------------|---------------|----------------------|----------------|----------------|
| Agri-food | Medium Risk ↓ | Low Risk | High Risk | Medium Risk ↓ | High Risk | Low Risk |
| Automotive | Very High Risk | High Risk ↓ | High Risk | High Risk | High Risk ↓ | High Risk ↓ |
| Chemical | Low Risk | Low Risk | High Risk | Medium Risk ↓ | Medium Risk ↓ | High Risk |
| Construction | Very High Risk | High Risk | High Risk | High Risk ↓ | Medium Risk ↓ | Medium Risk ↓ |
| Energy | High Risk | Low Risk | High Risk | High Risk | High Risk ↓ | Medium Risk ↓ |
| ICT* | High Risk | Low Risk | High Risk | High Risk | Low Risk | Low Risk |
| Metals | High Risk | High Risk | High Risk | Very High Risk | High Risk | High Risk ↓ |
| Paper | Low Risk | Low Risk | High Risk | Medium Risk ↓ | High Risk | High Risk |
| Pharmaceuticals | Low Risk | Low Risk | Low Risk | Low Risk | Low Risk | Low Risk |
| Retail | High Risk | Medium Risk ↓ | High Risk | High Risk | High Risk ↓ | Medium Risk ↓ |
| Textile-Clothing | High Risk | Medium Risk ↓ | High Risk ↓ | High Risk | Very High Risk | High Risk ↓ |
| Transport | Medium Risk ↓ | High Risk ↓ | High Risk | Medium Risk ↓ | Medium Risk ↓ | Medium Risk ↓ |
| Wood | High Risk | Medium Risk ↓ | High Risk | High Risk | Low Risk | High Risk |

* Information and Communication Technologies
Source: Coface

ASIA-PACIFIC

| | Asia-Pacific | Australia | China | India | Japan | South Korea |
|------------------|----------------|---------------|----------------|----------------|---------------|----------------|
| Agri-food | Medium Risk ↓ | High Risk ↓ | Medium Risk ↓ | Low Risk | Low Risk | Low Risk |
| Automotive | Very High Risk | High Risk | High Risk ↓ | High Risk ↓ | High Risk ↓ | High Risk ↓ |
| Chemical | Low Risk | Low Risk ↓ | Low Risk | High Risk | Low Risk | Low Risk ↓ |
| Construction | Very High Risk | High Risk | Very High Risk | High Risk ↓ | Low Risk | Very High Risk |
| Energy | High Risk | Low Risk | High Risk | High Risk | High Risk | High Risk |
| ICT* | High Risk | Low Risk | High Risk | Very High Risk | Low Risk | High Risk |
| Metals | High Risk | High Risk | High Risk | High Risk | High Risk | High Risk |
| Paper | Low Risk | High Risk | Low Risk | Low Risk | High Risk | Low Risk |
| Pharmaceuticals | Low Risk | Low Risk | Low Risk | Low Risk | Low Risk | Low Risk |
| Retail | High Risk | High Risk | Medium Risk ↓ | High Risk | High Risk | Medium Risk ↓ |
| Textile-Clothing | High Risk | High Risk | High Risk | High Risk | High Risk | Low Risk |
| Transport | Medium Risk ↓ | Medium Risk ↓ | Medium Risk ↓ | Medium Risk ↓ | Medium Risk ↓ | High Risk |
| Wood | High Risk | High Risk | High Risk | Low Risk | Low Risk | Low Risk |

* Information and Communication Technologies
Source: Coface

BUSINESS DEFAULT RISK

- Low Risk
- Medium Risk
- High Risk
- Very High Risk
- Upgrade
- Downgrade

CENTRAL & EASTERN EUROPE

| | Central & Eastern Europe | Czechia | Poland | Romania |
|------------------|--------------------------|---------|--------|---------|
| Agri-food | | | | |
| Automotive | | | | |
| Chemical | | | | |
| Construction | | | | |
| Energy | | | | |
| ICT* | | | | |
| Metals | | | | |
| Paper | | | | |
| Pharmaceuticals | | | | |
| Retail | | | | |
| Textile-Clothing | | | | |
| Transport | | | | |
| Wood | | | | |

* Information and Communication Technologies
Source: Coface

LATIN AMERICA

BUSINESS
DEFAULT
RISK

- Low Risk
- Medium Risk
- High Risk
- Very High Risk
- Upgrade
- Downgrade

| | Latin America | Argentina | Brazil | Chile | Mexico |
|------------------|---------------|-----------|--------|-------|--------|
| Agri-food | | | | | |
| Automotive | | | | | |
| Chemical | | | | | |
| Construction | | | | | |
| Energy | | | | | |
| ICT* | | | | | |
| Metals | | | | | |
| Paper | | | | | |
| Pharmaceuticals | | | | | |
| Retail | | | | | |
| Textile-Clothing | | | | | |
| Transport | | | | | |
| Wood | | | | | |

* Information and Communication Technologies
Source: Coface

MIDDLE EAST & TURKEY

| | M. East & Turkey | Israel | Saudi Arabia | Turkey | UAE |
|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Agri-food | Medium Risk, Downgrade | Medium Risk, Downgrade | Medium Risk, Downgrade | High Risk | Medium Risk, Downgrade |
| Automotive | High Risk | Medium Risk, Downgrade | High Risk | Very High Risk | Medium Risk, Downgrade |
| Chemical | Medium Risk, Downgrade | Low Risk, Downgrade | Medium Risk, Downgrade | High Risk, Downgrade | Medium Risk, Downgrade |
| Construction | High Risk, Downgrade | High Risk | Very High Risk | High Risk, Downgrade | High Risk, Downgrade |
| Energy | High Risk | Medium Risk, Downgrade | Medium Risk, Downgrade | Very High Risk | Medium Risk, Downgrade |
| ICT* | High Risk | Medium Risk, Downgrade | High Risk | High Risk | High Risk |
| Metals | Very High Risk | Medium Risk, Downgrade | Very High Risk | Very High Risk | High Risk |
| Paper | Medium Risk, Downgrade | Medium Risk, Downgrade | Medium Risk, Downgrade | High Risk | Medium Risk, Downgrade |
| Pharmaceuticals | Medium Risk | Medium Risk | Medium Risk | Medium Risk | Medium Risk |
| Retail | High Risk | High Risk | Medium Risk, Downgrade | High Risk | Medium Risk, Downgrade |
| Textile-Clothing | High Risk | High Risk | Medium Risk, Downgrade | High Risk, Downgrade | Medium Risk, Downgrade |
| Transport | Medium Risk, Downgrade | Medium Risk, Downgrade | Medium Risk, Downgrade | Medium Risk, Downgrade | Medium Risk, Downgrade |
| Wood | High Risk | High Risk | Medium Risk, Downgrade | High Risk | Medium Risk, Downgrade |

* Information and Communication Technologies
Source: Coface

NORTH AMERICA

| | North America | Canada | United States |
|------------------|------------------------|------------------------|------------------------|
| Agri-food | High Risk | Medium Risk | High Risk |
| Automotive | High Risk, Downgrade | High Risk, Downgrade | High Risk, Downgrade |
| Chemical | Medium Risk, Downgrade | Medium Risk, Downgrade | Medium Risk, Downgrade |
| Construction | Medium Risk, Downgrade | High Risk | Medium Risk, Downgrade |
| Energy | High Risk, Downgrade | High Risk, Downgrade | High Risk, Downgrade |
| ICT* | Medium Risk | Medium Risk | Medium Risk |
| Metals | High Risk | High Risk | High Risk |
| Paper | High Risk | High Risk | High Risk |
| Pharmaceuticals | Medium Risk | Low Risk | Medium Risk |
| Retail | High Risk, Downgrade | High Risk, Downgrade | High Risk, Downgrade |
| Textile-Clothing | Very High Risk | Very High Risk | Very High Risk |
| Transport | Medium Risk, Downgrade | Low Risk, Downgrade | Medium Risk, Downgrade |
| Wood | Medium Risk | Very High Risk | Medium Risk |

* Information and Communication Technologies - Source: Coface

BUSINESS
DEFAULT
RISK



WESTERN EUROPE

| | Western Europe | Austria | France | Germany | Italy | Netherlands (the) | Spain | Switzerland | United Kingdom |
|------------------|----------------|-------------|-------------|-------------|-------------|-------------------|-------------|-------------|----------------|
| Agri-food | Medium Risk | Low Risk | Medium Risk | Medium Risk | High Risk | Medium Risk | Medium Risk | Medium Risk | High Risk |
| Automotive | High Risk | High Risk | High Risk | High Risk | High Risk | High Risk | High Risk | Medium Risk | High Risk |
| Chemical | High Risk | Low Risk | High Risk | High Risk | High Risk | Medium Risk | High Risk | Low Risk | High Risk |
| Construction | Medium Risk | Medium Risk | High Risk | Low Risk | High Risk | Medium Risk | High Risk | High Risk | High Risk |
| Energy | Medium Risk | Medium Risk | High Risk | Medium Risk | High Risk | High Risk | High Risk | Medium Risk | High Risk |
| ICT* | Medium Risk | Medium Risk | Low Risk | Medium Risk | High Risk | Medium Risk | Medium Risk | Medium Risk | Medium Risk |
| Metals | High Risk | High Risk | High Risk | High Risk | High Risk | High Risk | High Risk | High Risk | High Risk |
| Paper | High Risk | Medium Risk | High Risk | High Risk | High Risk | Medium Risk | Medium Risk | High Risk | High Risk |
| Pharmaceuticals | Medium Risk | Low Risk | Low Risk | Medium Risk | Medium Risk | Medium Risk | Medium Risk | Low Risk | Medium Risk |
| Retail | Medium Risk | Medium Risk | High Risk | High Risk | High Risk | High Risk | High Risk | High Risk | High Risk |
| Textile-Clothing | High Risk | High Risk | High Risk | High Risk | High Risk | High Risk | High Risk | High Risk | High Risk |
| Transport | Medium Risk | High Risk | High Risk | High Risk | High Risk | High Risk | Low Risk | High Risk | High Risk |
| Wood | High Risk | Medium Risk | High Risk | High Risk | High Risk | Medium Risk | Medium Risk | High Risk | High Risk |

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Source: Coface

OTHER COUNTRIES

BUSINESS DEFAULT RISK

- Low Risk
- Medium Risk
- High Risk
- Very High Risk
- Upgrade
- Downgrade

| | Russia | South Africa |
|------------------|-------------|--------------|
| Agri-food | Low Risk | High Risk |
| Automotive | High Risk | High Risk |
| Chemical | Low Risk | High Risk |
| Construction | High Risk | High Risk |
| Energy | High Risk | High Risk |
| ICT* | Medium Risk | High Risk |
| Metals | High Risk | High Risk |
| Paper | Medium Risk | High Risk |
| Pharmaceuticals | High Risk | Medium Risk |
| Retail | High Risk | High Risk |
| Textile-Clothing | High Risk | High Risk |
| Transport | High Risk | High Risk |
| Wood | High Risk | High Risk |

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