



Emerging Economies Will Experience a Difficult Stress Test in Year Ahead: Willis Political Risk Index

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LONDON, Oct. 13, 2015 (GLOBE NEWSWIRE) -- Syria, Venezuela and Zimbabwe top a list of 40 politically risky territories and destinations for foreign investment, according to data released today by Willis Group Holdings (NYSE:WSH), the global risk advisory, re/insurance broking and human capital and benefits firm. The findings appear in the latest edition of the Willis Political Risk Index, which is produced three times a year in partnership with Oxford Analytica.

Syria, which tops the Index, has been in the grip of a bloody civil war since 2011. It is ranked in the highest risk band (extreme) for four out of the five perils recorded in the Index, including political violence, terrorism, exchange transfer and sovereign default. Meanwhile, Zimbabwe and Venezuela, both territories that are beset by long running economic problems, are ranked very high or extreme for the risk of expropriation and sovereign default.

In recent months the beneficial conditions that have driven emerging market growth for the past decade are threatening to reverse, according to the Index. Given the rising levels of economic stress in emerging markets, it is perhaps unsurprising that in this edition of the Index the number of countries with a rising risk temperature again exceeds those whose risk temperature is falling. Nineteen countries saw their overall risk score rise, ten countries saw their score fall, and eleven were unchanged.

According to the Index: "It appears very likely that the emerging economies will experience a difficult stress test in the year ahead, as Chinese demand slows, commodity prices remain weak, and borrowing costs rise. This stress test will likely see a sharp escalation of economically driven political risks, such as exchange transfer and sovereign default risks. In some countries, these economic stresses could be reflected in threats to political stability as well."

Graham Hutchings, Chairman of Oxford Analytica, said: "At this point, most analysts consider a repeat of the emerging markets crises of the late 1990s to be unlikely. Emerging economies maintain far higher foreign exchange reserves now, and exchange rates tend to be more flexible. It is also possible that the stresses described above will not emerge at the same time: commodity prices might recover; China's growth could rebound; or interest rate hikes might be delayed. That said, the next year offers the potential for serious economic stress. And, as has recently been the case in Brazil, economic difficulties can quickly lead to escalating political challenges."

Paul Davidson, CEO of Willis's political and trade credit risk practice, added: "Over recent months we have been monitoring the rising levels of political risks, particularly in emerging market economies. We have also launched a new political risk model called VAPOR (Value at Political Risk) which enables companies to obtain a financial evaluation of their own, very unique, political risk exposures. This initiative is something I am confident will become an important tool for many of our clients. It gives them the ability to assess their global portfolio risk and compare the financial impact of political risk exposures, in real dollar-value terms between countries."

About Willis

Willis Group Holdings the global risk advisory, re/insurance broking and human capital and benefits firm. With roots dating to 1828, Willis operates today on every continent with more than 18,000 employees in over 400 offices. Willis offers its clients superior expertise, teamwork, innovation and market-leading products and professional services in risk management and transfer. Our experts rank among the world's leading authorities on analytics, modelling and mitigation strategies at the intersection of global commerce and extreme events. Find more information at our website, www.willis.com, our leadership journal, [Resilience](#), or our up-to-the-minute blog on breaking news, [WillisWire](#). Across geographies, industries and specialisms, Willis provides its local and multinational clients with resilience for a risky world.

Notes to Editors

The Willis Political Risk Index has been produced three times a year every year since 2006 exclusively for Willis clients. For more information on VAPOR or the Willis Political Risks Index go to www.willis.com.

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