COFACE ECONOMIC PUBLICATIONS

FEBRUARY 2025

BAROMETER

COUNTRY AND SECTOR RISKS BAROMETER (February 2025)

By the Coface Economic Research team

INTO THE WILD

What will 2025 look like? This is the difficult question we will attempt to answer in our first barometer of the year. Despite the fact that last year's election uncertainties have (partially) dissipated, the horizon has not yet cleared, and risks have rarely loomed so large. As the world continues to fragment – even within blocs of countries that were once aligned – there is no shortage of (geo)economic and financial risks in a year that should also provide its fair share of surprises. First and foremost, of course, are the now inextricably linked economic and foreign policies of the new US administration.

At the time of writing we are still in the dark about what will actually be decided and implemented in the US, but intuition tells us that the impact of US policy on the global economy – and beyond – will be essentially harmful. First for China, whose need to rebalance its growth model is becoming increasingly urgent as outlets dwindle for a manufacturing sector confronted with persistent major overcapacity. Second for emerging markets in general, especially those with large external imbalances and/or with the biggest debt, for whom dollar appreciation, capital outflows and intensifying Chinese competition are a potentially explosive cocktail. And last for Europe, where the opening of a new front with its main ally adds to all the challenges – institutional, economic, social, among others – that it must face when the fiscal leeway of many of its members has already been exhausted...

As we can see, 2025 has not gotten off to a promising start and, in many respects, may be likened to a fresh leap into the unknown. Against this background and in the context of our central scenario which sees global activity stabilising for the time being, we have revised seven country assessments (four upgrades and three downgrades) and 20 sector assessments (eight upgrades and 12 downgrades).

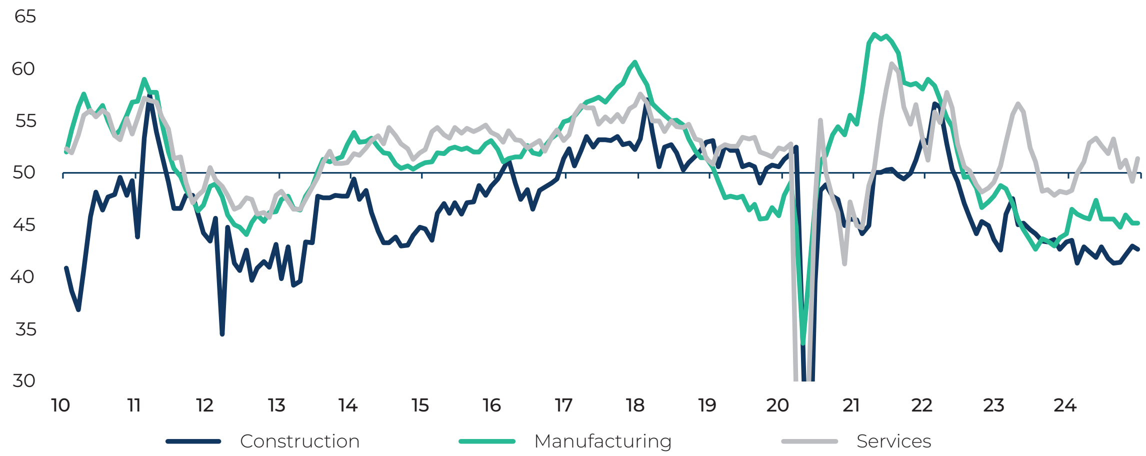
coface FOR TRADE

Transatlantic divergence confirmed

The year 2025 should confirm the divergence between the US economy and the euro area. US growth is expected to be solid thanks to the resilience of US household spending, which is being driven by a robust labour market and the wealth effects of rising property and equity prices. Deregulation and tax cuts promised by President Trump are set to buoy investment. We expect activity to weaken slightly in 2025, but the uncertainty surrounding our forecast is mainly on the upside. The same applies to price developments given the inflationary nature of the main measures announced – support for demand through tax cuts, curbs on immigration and even deportation of migrants, plus tariffs on imports.

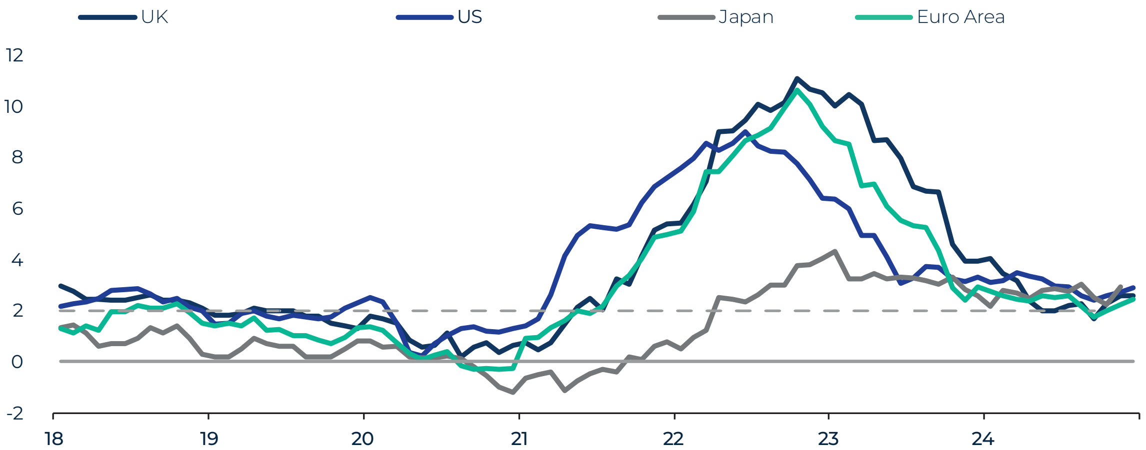
In contrast, we expect growth in Europe to be limited and hampered by challenges in manufacturing and construction, for which leading indicators are still not pointing to a recovery **(Chart 1)**. Despite easing inflation **(Chart 2)**, the lack of household confidence is likely to weigh on consumption. Growth is

Chart 1:
Eurozone: PMI index (50 = expansion threshold)



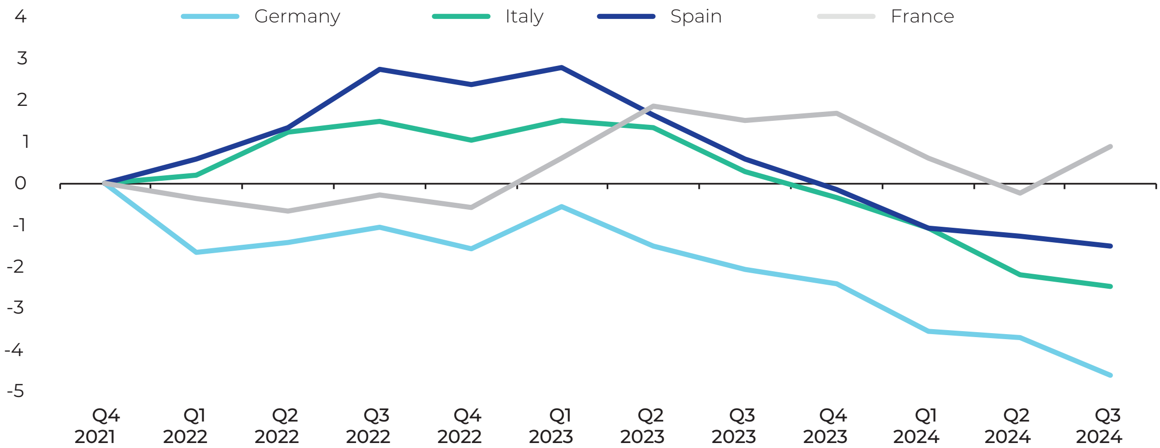
Sources: S&P Global, Macrobond, Coface

Chart 2:
Inflation - Advanced economies (CPI, YoY, %)



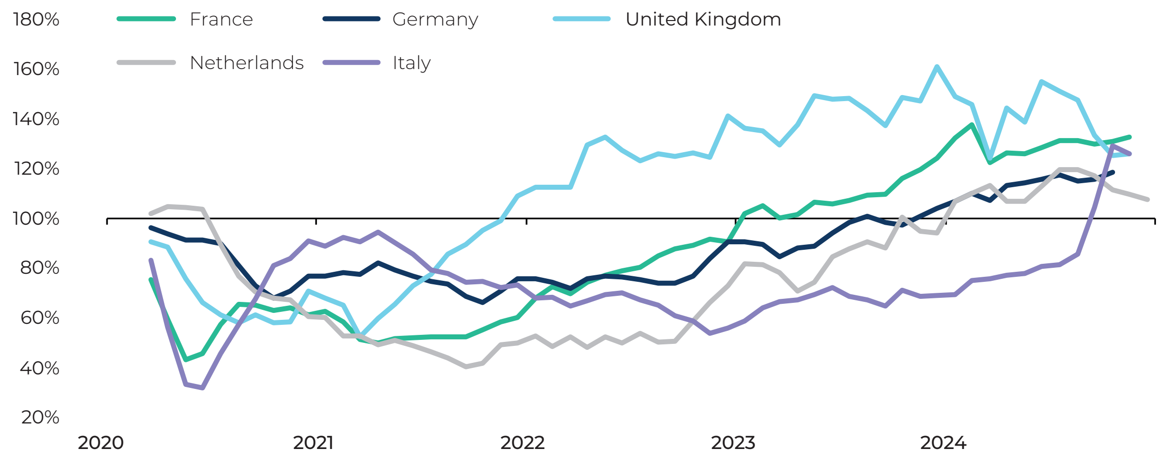
Sources: U.S. Bureau of Labor Statistics (BLS), U.K. Office for National Statistics (ONS), Japanese Statistics Bureau, Ministry of Internal Affairs & Communications, Eurostat, Macrobond, Coface expected to be weak in Italy and especially in Germany. After holding up better than its peers in 2024, thanks in particular to public spending and the Paris Olympics, the French economy should also slow in 2025. Spain, whose industry shows more resilience, will be the exception thanks to tourism, European funds and the robustness of its working population on the back of immigration. Disinflation is set to continue, barring a surge in energy prices related to geopolitical risks[1]. In contrast to the US, risks are on the downside in Europe, especially if labour markets deteriorate rapidly – as suggested by the increasing number of announcements of redundancy plans and plant closures – and if investment does not pick up in spite of falling interest rates. This risk can definitely not be ruled out given the continuing decline in corporate margins **(Chart 3)** and the trend in business insolvencies **(Chart 4)**. The unprecedented lack of financing in Germany, France and Spain is also a source of uncertainty. The other downside risk to European activity is the US trade policy, with the magnitude of additional tariffs and the timing of their introduction highly uncertain at the time of writing.

Chart 3:
Profit share of non-financial companies (change in percentage points vs Q4 2021)



Sources: Eurostat, INSEE, Macrobond, Coface

Chart 4:
Number of business insolvencies (% of the same month in 2019)

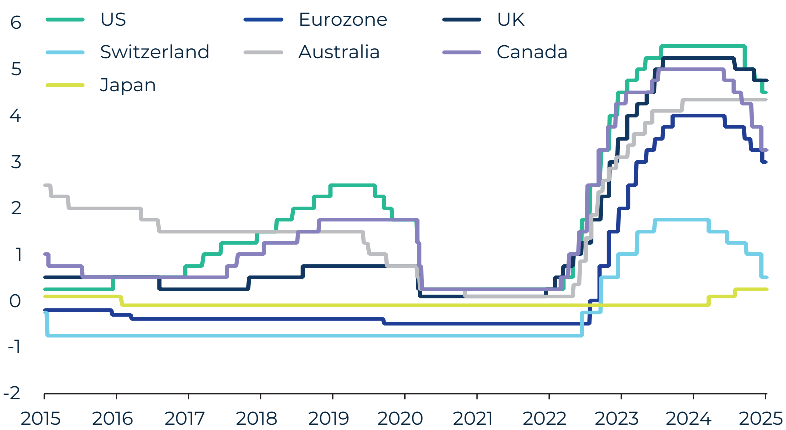


Sources: Macrobond, Coface

1 In our central scenario, we expect oil to average around USD 70-75 per barrel this year, from USD 80 in 2024.

These various trajectories should lead to potentially divergent monetary policies **(Chart 5)**. The ECB is expected to cut rates by 25 basis points on four occasions this year to bring its deposit rate down to 2%, but the Fed is likely to adopt a more wait-and-see approach, making only one or two cuts to the target federal funds rate. The latter action is in no way a foregone conclusion given the strength of the US economy and the significant risk of a resurgence in inflation.

Chart 5:
Central banks' policy rate (%)



Sources: Federal Reserve, ECB, Bank of England, National Bank of Switzerland, Reserve Bank of Australia, Bank of Canada, Bank of Japan, Macrobond, Coface

Chart 6:
US 10-year Treasury yield - Percent (%)

Sources: U.S. Department of Treasury, Macrobond, Coface

Among the other advanced economies, the Bank of Japan will continue to tighten monetary policy, introducing one or two further rate hikes - after the one on 24 January - against a backdrop of recovering growth and, above all, inflation, with encouraging signs of a price-wage loop.

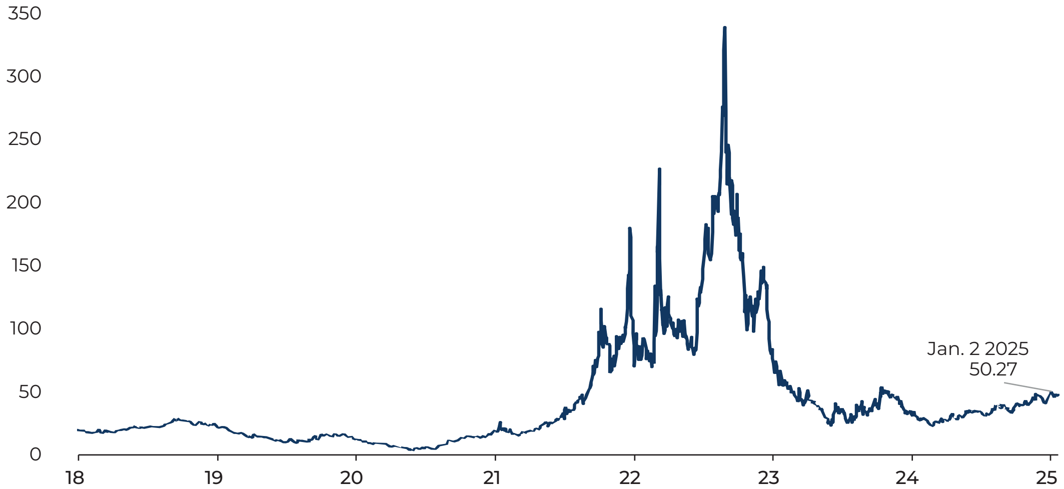
Economic recovery in the UK should emerge in 2025, mainly on the back of household consumption as real wages continue to rise. Growth should also be supported by the increase in public spending approved in the 2025 budget. However, given the increase in UK debt servicing costs and the nervousness of bond market participants, the government may eventually announce some savings measures. Although still higher than their pre-crisis levels, UK business insolvencies, which had risen earlier than elsewhere in Europe (since late 2021), appear to be on the decline. We have therefore upgraded the country's risk assessment from A4 to A3, a risk level now at par with those of France and Germany.

In our view, the main near-term risk for the UK, as for continental Europe, continues to be a major jump in interest rates, either related to the state of public finances or to a rise in US yields, which remain near a 20-year high **(Chart 6)**.

Box 1:
GAS UNDER PRESSURE AGAIN

On 1st January 2025, Russian gas supplies to Europe via Ukraine ceased after a five-year agreement between the two countries expired. These flows still accounted for 5% of the European Union's gas imports in 2024 and were particularly important for Austria and Slovakia. This disruption is putting upward pressure on gas prices in Europe **(Chart 7)**. At the beginning of January, the Dutch TTF contract, the European benchmark, reached EUR 50/MWh, a 50% increase year-on-year and the highest level since October 2023.

Chart 7:
Dutch TTF Natural Gas prices (EUR/MWh)



Sources: ICE, Macrobond, Coface

This rise in prices also reflects a colder-than-usual start to winter in Europe, which has led to a rapid drawdown in gas inventories. Indeed, since November, Northwestern Europe has been experiencing a period of *dunkelflaute*, characterised by intense cold, little sunshine and weak winds. This has boosted demand for heating while reducing solar and wind power, forcing countries to draw more heavily on their gas reserves. The drawdown in stocks is the fastest since the winter of 2016-2017.

While the risk of supply disruptions remains very limited, having entered the winter with stock levels above 95%, inventories are expected to end the winter at levels well below those of the previous two years requiring massive purchases to prepare for the winter of 2025-2026. At the same time, the expiry of the Russia-Ukraine gas transit agreement could accelerate the diversification of supply sources, notably towards more liquefied natural gas (LNG), which is more expensive in the short term. While gas prices in Europe are likely to remain far from their 2022 peaks, these dynamics should help to keep them at levels that will remain 2 to 3 times higher than those prevailing before the outbreak of the war in Ukraine.

A new deal with heightened risks for emerging markets

The election of Donald Trump changes the game for many emerging markets. The prospect of a much more dovish Fed has already led to strong dollar appreciation **(Chart 8)**, resulting in capital outflows and sharp currency depreciations, such as the South African rand. The very sharp depreciation of the Brazilian real at the end of 2024 – which shed 10% between the end of November and 25 December, even as the Brazilian central bank was hiking its interest rates – illustrates the risks weighing on emerging markets, which are deemed by the markets to be the most vulnerable. In the case of Brazil, the crisis of confidence was triggered by doubts over the sustainability of public finances. While the central bank was able to intervene using its substantial foreign exchange reserves (equivalent to 17 months of imports), this will clearly not be the case for all emerging markets. Furthermore, although the real has since appreciated, the crisis will make the central bank even more cautious and prompt it to accelerate monetary tightening. It raised interest rates by 100 basis points in December and January and has pledged to do likewise in March. Monetary tightening action of this sort will inevitably lead to a slowdown in economic activity and a further increase in business insolvencies, which have already jumped sharply (+35% year-over-year in the first 10 months of 2024).

Chart 8:
U.S. Dollar Index (DXY)

Sources: ICE, Macrobond, Coface

Similar developments are expected in the other emerging markets, with, at best, more cautious monetary easing and ultimately weaker support for activity. As always in a context of capital outflows and a stronger dollar, emerging markets with predominantly dollar-denominated debt will come under closer scrutiny. The most heavily indebted of these, or those with large external imbalances, are first in line and could experience severe turbulence if they have not already. The list of affected countries is long: Laos, Mongolia, Ecuador, Bolivia, Egypt, Tunisia and a sizeable number of sub-Saharan African countries.

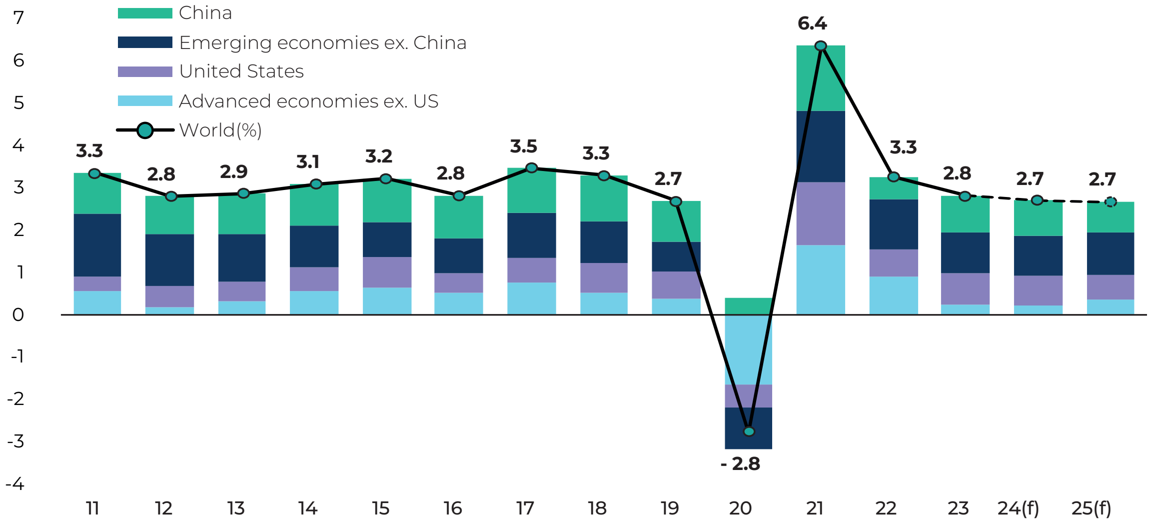
In China, which according to the latest official figures achieved its 5% growth target last year, the economy is likely to slow unless an extensive plan is rolled out to shore up demand. Stimulus measures are likely to be announced in March when the 2025 budget is unveiled, and are expected to mainly consist of consumer subsidies and infrastructure investments. While these measures have been calibrated at around one percentage point of GDP, as some leaks suggest, it will not be enough to reverse the trend. Monetary support is also welcome, but its effectiveness is highly uncertain as private sector credit is weak. Last, in the property market, the easing measures introduced – lower mortgage lending rates, less stringent down-payment requirements, etc. – have certainly had some impact, with home sales returning to positive territory in October/November, but the trend appears to be losing steam. While substantial fiscal stimulus is a bullish risk, the main risk to the Chinese economy in 2025 is bearish. As is the case for Europe, the timing and extent of US tariffs are uncertain, but their impact is bound to be (very) negative for China and all the other economies that are in the crosshairs.

Stable but still limited global growth

In this environment of many unknowns, we have slightly raised our global growth forecast for 2025 from 2.6% to 2.7% **(Chart 9)**, as in 2024. Overall, our downward revision for the euro area, which displays no signs of a near-term recovery, is more than offset by more buoyant activity in the US **(Chart 10)**.

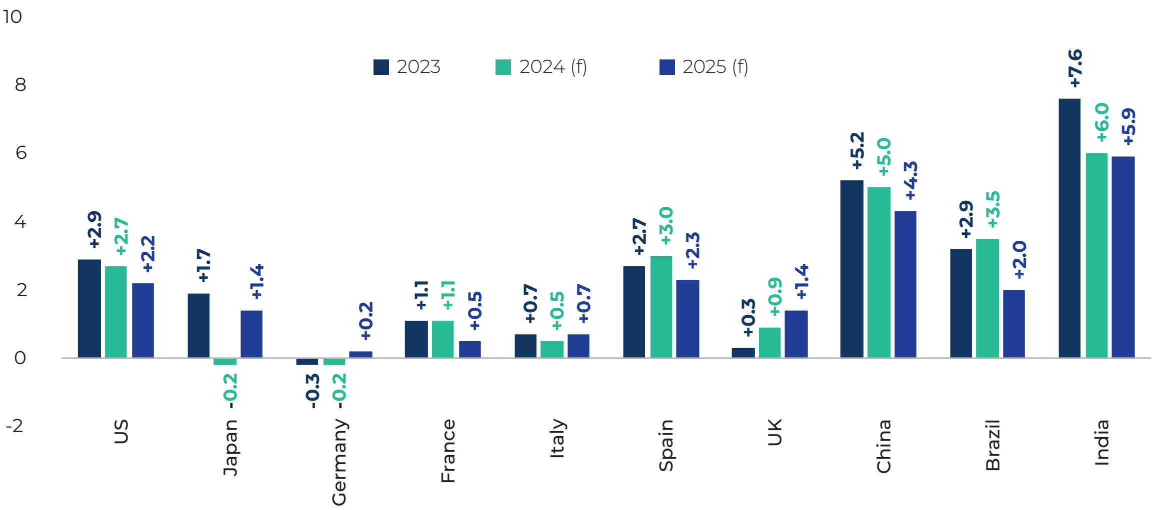
This outlook is reflected in our changes to sovereign ratings this quarter, with four upgrades (Guyana, Luxembourg, Oman and the UK) and three downgrades (Bangladesh, Botswana and the Maldives). At the same time, we downgraded 12 sectors, two-thirds of which are in the European automotive sector **(Box 2)**, and upgraded eight.

Chart 9:
Global real GDP growth (annual average, %)



Sources: IMF, national statistical institutes, Refinitiv Datastream, Coface forecasts

Chart 10:
Real GDP growth (annual average, %)



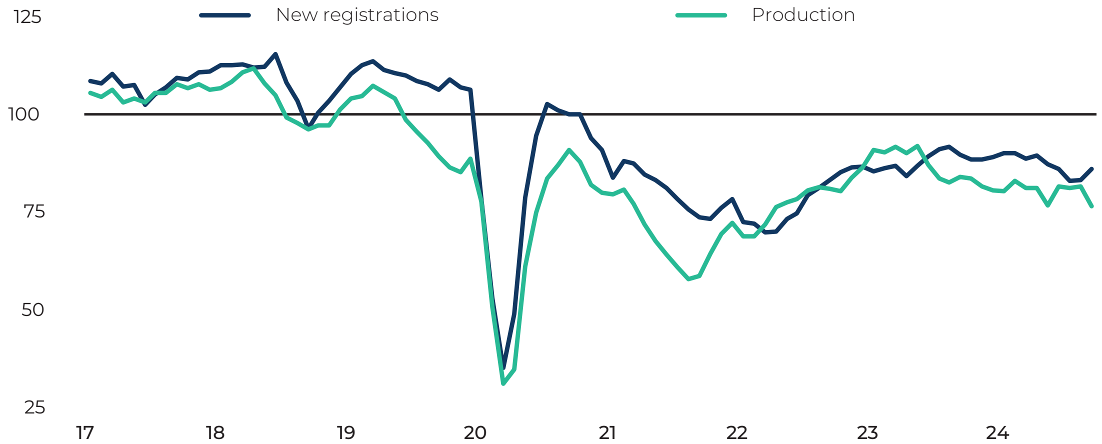
Sources: IMF, national statistical institutes, Refinitiv Datastream, Coface forecasts

Box 2:

EUROPEAN CAR INDUSTRY RUNS OUT OF GAS

The European automotive industry experienced a severe slowdown in 2024 **(Chart 11)**. Demand for passenger cars has stagnated, while production indicators suggest that manufacturing activity is running out of steam in most countries in the region. We are therefore downgrading this sector in eight countries, all in Europe.

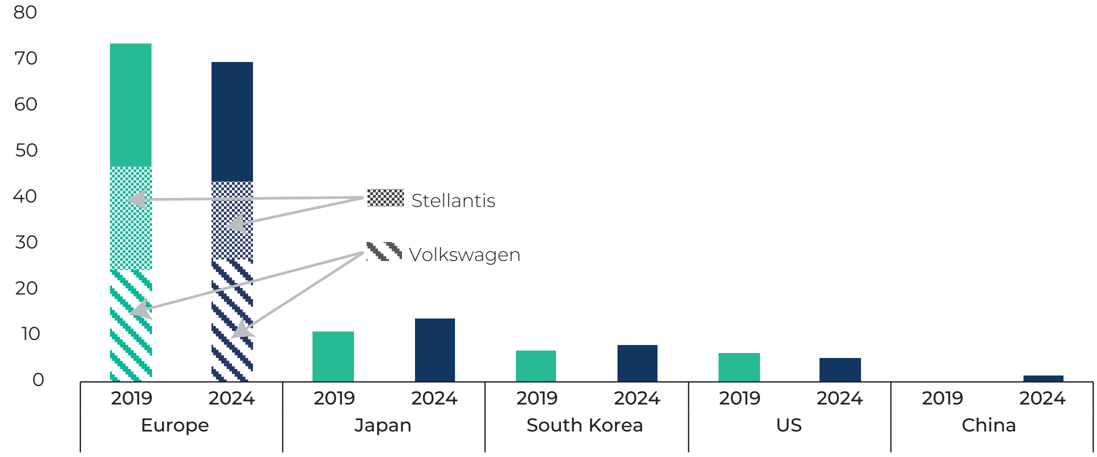
Chart 11:
European Union : Production & sales of passenger cars (100=01/01/2019, 3-month moving average)



Sources: ACEA, Coface

New registrations showed weak growth of +0.8% YoY in 2024, and even recorded a decline of 3% YoY in the second half of the year. All kinds of vehicles suffered this decline over the year, with the exception of non-rechargeable hybrids (+21% YoY), which allowed Japanese and South Korean manufacturers to eat into European carmakers' market share **(Chart 12)**. Sales of electric vehicles (EVs), which have been buoyant so far, have fallen compared to 2023: -6% YoY for battery electric vehicles (BEV) and -7% YoY for plug-in hybrids (PHEV).

Chart 12:
New car registrations in Europe by manufacturer's country/region of origin (passenger cars, in % of total)



Sources: ACEA, Coface

Box 2:

Few countries have escaped the slowdown in the sector, but «Not all died; yet all were smitten sore»[2]. Sales are down in the main markets: Germany (down 1% y/y), France (-3%) and Italy (-0.5%). Only Spain appears to be bucking the trend for the time being (+7%). Moreover, while production is falling in most countries (Germany, France, Italy, Poland, etc.), the level of order books suggests that the downturn will continue into 2025.

Germany is a perfect illustration of the industry's current difficulties - with capacity utilization falling by 10 percentage points in two quarters - but also of those to come. Dependent on the US market for its exports, it is also seeing its business model threatened by the electrification of its cars. In the medium term, the impact on the automotive value chain will be most visible in Central Europe's car-dependent manufacturing countries – the Czech Republic and Slovakia.

In 2025 and beyond, the European automotive industry is likely to be caught between increased competition from China[3] and the uncertainty of the US market. On the one hand, China's rise in the EV segment now seems unstoppable. It has a significant lead in batteries and its companies are key players on a global scale, accounting for 75% of world production. Brussels has (very) temporarily succeeded in stemming the flow of Chinese electric cars to Europe since the introduction of tariff barriers at the end of October 2024[4], but full protection of the European market would mean a further significant increase in tariffs.

On the other hand, President Trump's upcoming term in office, and particularly his threats of tariffs, could affect EU's car exports, 25% of which went to the US market in 2023. Furthermore, possible tariff barriers targeting this sector in Canada and Mexico would severely affect the supply chains of European manufacturers such as Stellantis and Volkswagen, which produce in these two countries between 30% and 40% of the cars sold in the United States.

2 « Les animaux malades de la peste », Les Fables de La Fontaine, J. de La Fontaine, 1678.

3 See our Focus *Electric vehicles: is Europe still in the driver's seat? Competition between China and Europe in an age of mobility transition*, October 2024

4 Sales by China's leading manufacturer, SAIC Motor, fell by 4% y/y in the two months following the introduction of the tariffs, having risen by 10% y/y in the first ten months of 2024.

Country Risk Assessment changes

Countries	CRA changes		
BANGLADESH	C	↘	D
BOTSWANA	A4	↘	B
GUYANA	C	↗	B
LUXEMBOURG	A2	↗	A1
MALDIVES	C	↘	D
OMAN	C	↗	B
UNITED KINGDOM	A4	↗	A3

BUSINESS DEFAULT RISK

- A1 Very Low
- A2 Low
- A3 Satisfactory
- A4 Reasonable
- B Fairly High
- C High
- D Very High
- E Extreme
- ↗ Upgrade
- ↘ Downgrade

Bangladesh :

[Downgrade from C to D] ↘

- Banking sector faces a liquidity crisis due to high NPL (non-performing loans), slow deposit growth and loan recovery. Macroeconomic instability remains high, affecting confidence. Inflation is still at a high level, above 10%, exceeding target of 7.2%. Sustained Taka devaluation, and increased import costs severely impacted financial capabilities of borrowers. We expect slower GDP growth (4.3%) and higher inflation (>10%) in 2025 given the political situation, the banking crisis, and the impact from recent floods. Foreign reserves are under pressure and struggled to hold above $20B (i.e. enough to cover around 3.5 months of imports). The country also suffers from deteriorated order and political situation, with social unrest.

Botswana :

[Downgrade from A4 to B] ↘

- As Botswana's economy remains quite unidimensional and depends heavily on diamonds and mining, growth was considerably below potential in 2023 and 2024. The diamond industry has been struggling due to low demand, high inventory levels, changing consumer preferences and competition from lab-grown diamonds. While Botswana's governance remains sound relative to monetary and fiscal policies, and the management of public debt, little progress has been made in terms of diversification, which is necessary to make the economy less vulnerable to cyclical shifts in the diamond industry.

Guyana :

[Upgrade from C to B] ↗

- GDP has increased by double digits (averaging 39.7% per year in 2020-2023) since the start of oil extraction in late 2019 and is expected to continue to record robust growth in the coming years. International oil majors should continue to invest in upstream exploration given the early success of current operations and the significant offshore potential in Guyana. Total oil production in the country is seen rising to over 1.6 million barrels daily by 2030. Meanwhile, non-oil activities, particularly construction and services (such as accommodation, food, transport) will be boosted by the oil sector's trickle-down effect on the local economy. Guyana will also benefit from the robust momentum of the gold sector (gold accounted for 6% of exports in 2023). As a result of such windfall, GDP per capita climbed by 157% from 2020 to 2023.

Luxembourg :

[Upgrade from A2 to A1] ↗

- Already in 2024, the economy has stabilized after the recession of 2023 and is now on a gradual recovery path. The main reason is the ECB interest rate path, with four rate cuts in a row in 2024. Further rate cuts down to the neutral level are expected in 2025, which will support the Luxembourgian financial sector, which represents 30% of the GDP. Consumer prices have fallen over the autumn 2024, bringing the inflation rate sharply down to below 1%. Together with still a robust wage growth, this will help to increase purchasing power and therefore foster private consumption.

Maldives :
[Downgrade from C to D]

- Maldives suffers from macroeconomic instability, with debt overhang, large budget deficits, and contraction of key sectors such as fishing and construction. Inflation is low due to government subsidies and price controls on essential goods and services. Phasing out of subsidies should see inflation rise given that the economy rely on food imports. The country is also characterized by high public debt and significant fiscal deficits. IMF-WB DSA identifies Maldives as having a high risk of external debt distress and a high overall risk of debt distress. Foreign reserves are very low. Maldives recently came close to defaulting on $500M of Sukuk bonds but India provided an interest-free loan to pay the coupons. Moody's and Fitch both downgraded its sovereign rating recently.

Oman :
[Upgrade from C to B]

- Oman realized significant steps to stabilise its public finances, reducing external debt and improvement of fiscal metrics. Growth will bounce back in 2025, rising from 2% in 2024 to 3.5% in 2025, driven by greater domestic consumption, robust foreign investment, tourism and downstream hydrocarbon.

United Kingdom :
[Upgrade from A4 to A3]

- GDP growth is expected to rise in 2025 due to higher public consumption and investment as well as better private consumption. Inflation is expected to be around 2.5% for most of the year. The Bank rate is nonetheless expected to be cut gradually throughout the year. Insolvencies are coming down. Autumn budget is seeing much of the revenue stemming from rises in the national insurance contribution for companies which along with a rise in the national minimum wage (of 6.7%) is increasing the labor costs for businesses. Nominal wages are expected to grow around 3.5-4% in 2025, outpacing inflation, which will give a rise in real disposable income and also allow companies to pass on some of the higher costs related to the budget.

Sector Risk Assessment Changes

(FEBRUARY 2025)

REGIONAL SECTOR RISK ASSESSMENTS

Sector	Asia-Pacific	Central & Eastern Europe	South America	Middle East & Türkiye	North America**	Western Europe
Agri-food	Medium Risk	Medium Risk	Medium Risk	High Risk	Medium Risk	High Risk
Automotive	High Risk	Medium Risk ↘ High Risk	High Risk	High Risk	High Risk	High Risk ↘ Very High Risk
Chemical	High Risk	High Risk	High Risk	High Risk	Medium Risk	High Risk
Construction	Very High Risk	Very High Risk	High Risk	Very High Risk	High Risk	Very High Risk
Energy	High Risk	High Risk	High Risk ↗ Medium Risk	Medium Risk	Medium Risk	Medium Risk
ICT*	Medium Risk	High Risk	High Risk	High Risk	Low Risk	Medium Risk
Metals	High Risk	High Risk	High Risk	High Risk	High Risk	High Risk ↘ Very High Risk
Paper	Medium Risk	High Risk	Medium Risk	High Risk	High Risk	High Risk
Pharmaceuticals	Low Risk	Low Risk	Medium Risk	Medium Risk	Medium Risk	Medium Risk
Retail	Medium Risk	Medium Risk	Very High Risk	High Risk	High Risk	High Risk
Textile-Clothing	High Risk	Very High Risk	Very High Risk	High Risk	Very High Risk	Very High Risk
Transport	Medium Risk	Very High Risk	High Risk	Medium Risk	High Risk	High Risk
Wood	High Risk	Very High Risk	High Risk	High Risk	High Risk	High Risk

*Information and Communication Technologies
** Mexico included since this year
Source: Coface

ASIA-PACIFIC

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

*Information and Communication Technologies
Source: Coface

BUSINESS DEFAULT RISK

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

CENTRAL & EASTERN EUROPE

Sector	Central & Eastern Europe	Czechia	Poland	Romania
Agri-food	Medium Risk	Medium Risk	Medium Risk	High Risk
Automotive	Medium Risk ↘ High Risk	Medium Risk ↘ High Risk	Medium Risk ↘ High Risk	Medium Risk ↘ High Risk
Chemical	High Risk	High Risk	High Risk	High Risk
Construction	Very High Risk	High Risk	Very High Risk	Very High Risk
Energy	High Risk	High Risk	High Risk	Medium Risk
ICT*	High Risk	Medium Risk	High Risk	Medium Risk
Metals	High Risk	High Risk	High Risk	High Risk
Paper	High Risk	High Risk	High Risk	High Risk
Pharmaceuticals	Low Risk	Low Risk	Low Risk	Medium Risk
Retail	Medium Risk	Medium Risk	Medium Risk	Medium Risk
Textile-Clothing	Very High Risk	Very High Risk	Very High Risk	Very High Risk
Transport	Very High Risk	High Risk	Very High Risk	High Risk
Wood	Very High Risk	High Risk	Very High Risk	High Risk

*Information and Communication Technologies
Source: Coface

BUSINESS DEFAULT RISK

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

SOUTH AMERICA

Sector	South America	Argentina	Brazil	Chile
Agri-food	Medium Risk	Medium Risk	Medium Risk	High Risk
Automotive	High Risk	Very High Risk	High Risk	High Risk
Chemical	High Risk	High Risk	High Risk	High Risk
Construction	High Risk	Very High Risk	High Risk	High Risk
Energy	High Risk ↗ Medium Risk	High Risk ↗ Medium Risk	Medium Risk	High Risk
ICT*	High Risk	Very High Risk	High Risk	Medium Risk
Metals	High Risk	Very High Risk	High Risk	Medium Risk
Paper	Medium Risk	High Risk	Medium Risk	Medium Risk
Pharmaceuticals	Medium Risk	Medium Risk	Medium Risk	Medium Risk
Retail	Very High Risk	Very High Risk	Very High Risk	High Risk
Textile-Clothing	Very High Risk	Very High Risk	Very High Risk	High Risk
Transport	High Risk	High Risk	High Risk	High Risk
Wood	High Risk	High Risk	High Risk	High Risk

*Information and Communication Technologies
Source: Coface

MIDDLE EAST & TÜRKIYE

Sector	M. East & Türkiye	Israel	Saudi Arabia	Türkiye	UAE
Agri-food	High Risk	High Risk	Medium Risk	High Risk	Medium Risk
Automotive	High Risk	High Risk	Medium Risk	High Risk	Medium Risk
Chemical	High Risk	High Risk	Medium Risk	High Risk	Medium Risk
Construction	Very High Risk	Very High Risk	High Risk	Very High Risk	High Risk
Energy	Medium Risk	High Risk	Low Risk	Very High Risk	Low Risk
ICT*	High Risk	High Risk	High Risk	High Risk	High Risk
Metals	High Risk	High Risk	High Risk	High Risk	High Risk
Paper	High Risk	High Risk	Medium Risk	High Risk	Medium Risk
Pharmaceuticals	Medium Risk	Medium Risk	Medium Risk → Upgrade → Low Risk	High Risk	Medium Risk → Upgrade → Low Risk
Retail	High Risk	High Risk	Medium Risk	High Risk	Medium Risk
Textile-Clothing	High Risk	Very High Risk	Medium Risk	Very High Risk	Medium Risk
Transport	Medium Risk	High Risk	Low Risk	High Risk	Low Risk
Wood	High Risk	High Risk	High Risk	High Risk	High Risk

* Information and Communication Technologies
Source: Coface

NORTH AMERICA

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

* Information and Communication Technologies
Mexico included since this year
Source: Coface

BUSINESS DEFAULT RISK

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

WESTERN EUROPE

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

* Information and Communication Technologies
Source: Coface

OTHER COUNTRIES

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

* Information and Communication Technologies
Source: Coface

BUSINESS DEFAULT RISK

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

Decoding the
WORLD ECONOMY
February 2025

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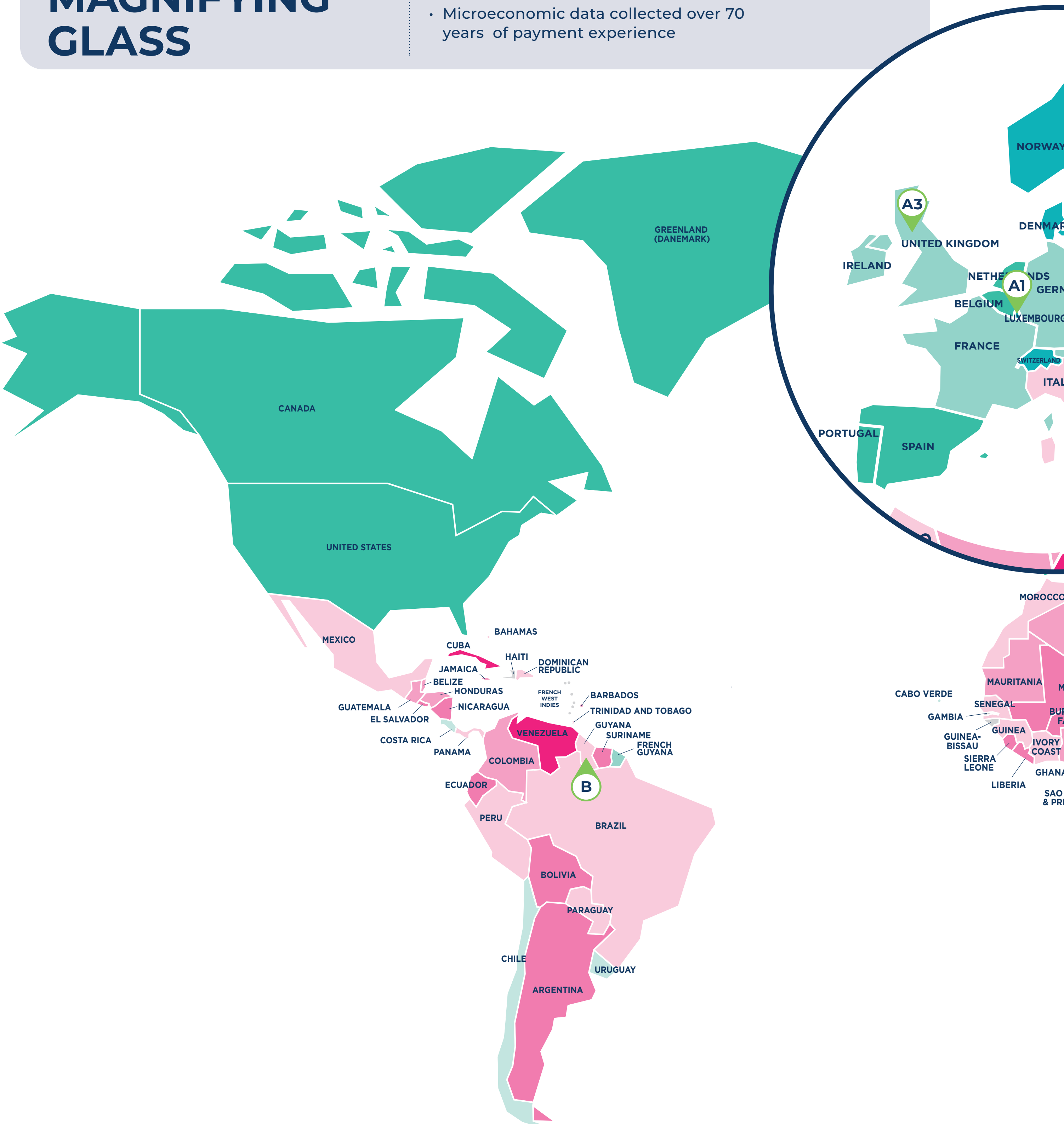
COUNTRY RISK ASSESSMENT MAP

160 COUNTRIES UNDER THE MAGNIFYING GLASS

A UNIQUE METHODOLOGY

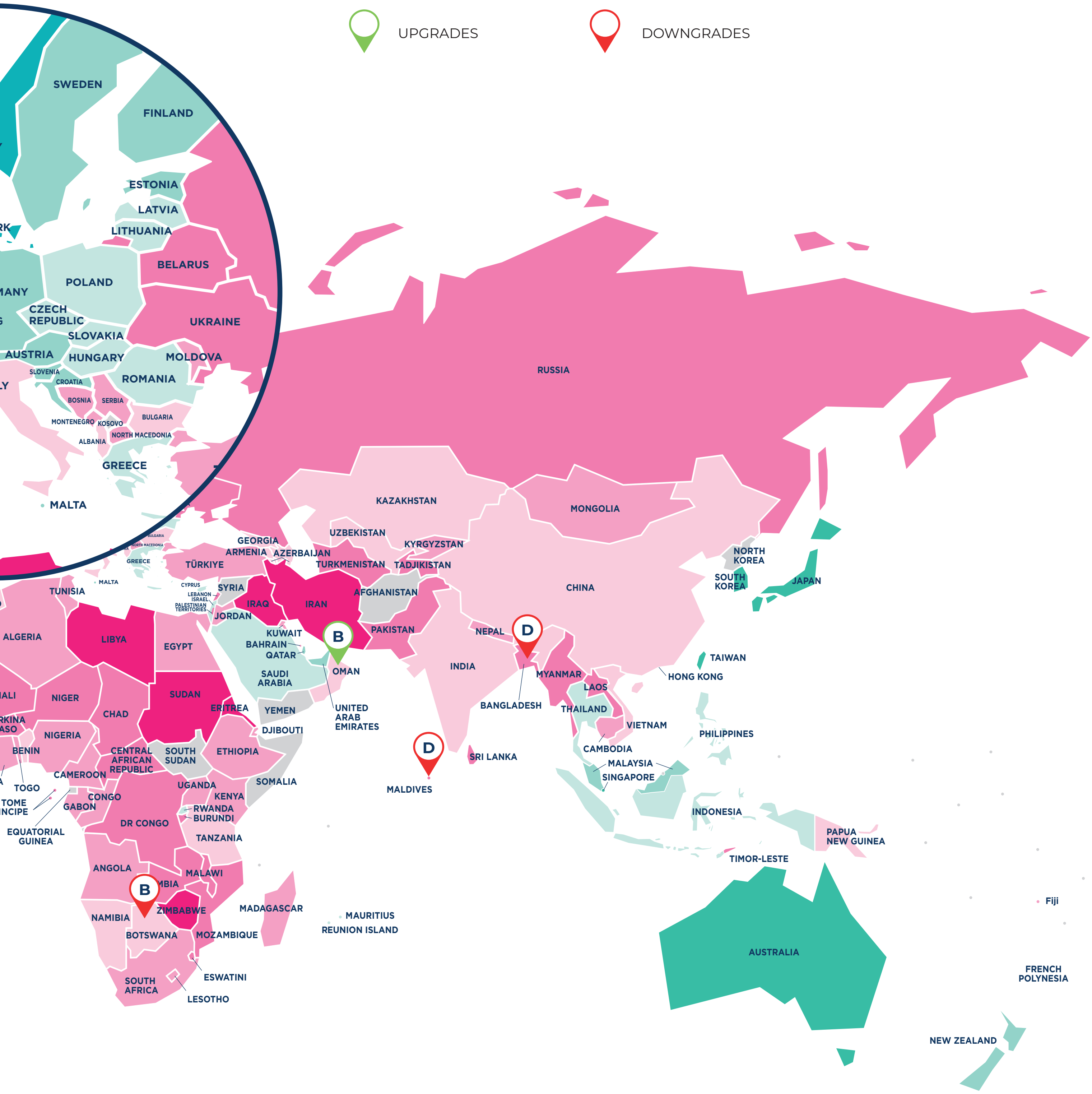
- Macroeconomic expertise in assessing country risk
- Comprehension of the business environment
- Microeconomic data collected over 70 years of payment experience



COUNTRY RISK ASSESSMENT

A1	A2	A3	A4	B	C	D	E
VERY LOW	LOW	SATISFACTORY	REASONABLE	FAIRLY HIGH	HIGH	VERY HIGH	EXTREME

UPGRADES   DOWNGRADES



Visit our websites for Coface's detailed country risk analyses

Coface's country risk assessment map gives you a unique overview of its risk assessment in 160 countries worldwide. **Coface assesses the average credit risk of companies in a country.** To do this, it uses macroeconomic, financial and political data.

SECTOR RISK ASSESSMENTS

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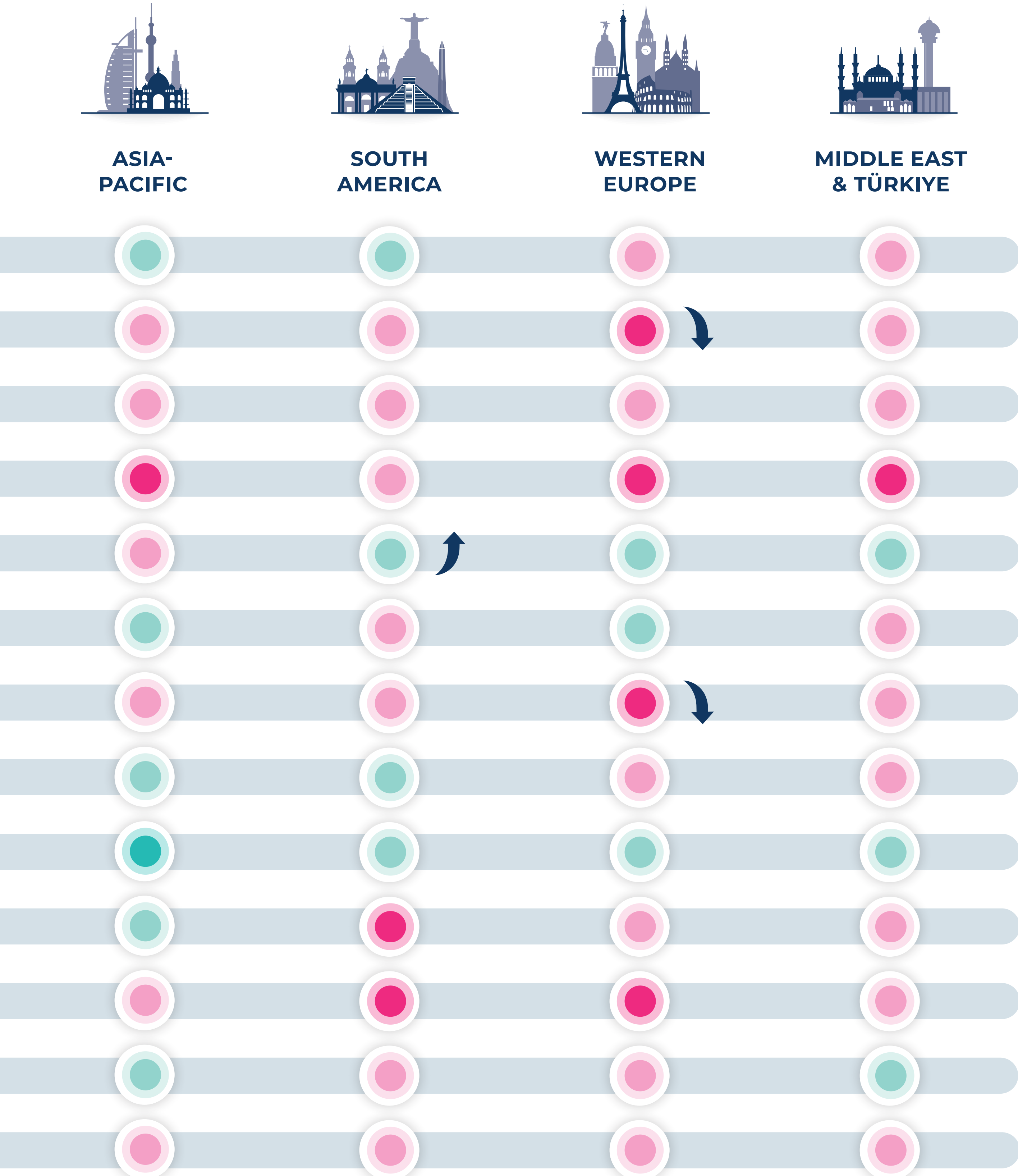
Low Risk · Medium Risk · High Risk · Very High Risk · ↑ Upgrades · ↓ Downgrades

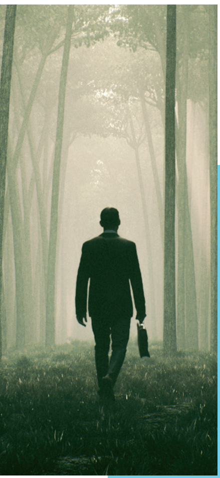
	NORTH AMERICA	CENTRAL & EASTERN EUROPE
AGRI-FOOD	Medium Risk	Medium Risk
AUTOMOTIVE	High Risk	High Risk ↓
CHEMICAL	Medium Risk	High Risk
CONSTRUCTION	High Risk	Very High Risk
ENERGY	Medium Risk	High Risk
ICT*	Low Risk	High Risk
METALS	High Risk	High Risk
PAPER	High Risk	High Risk
PHARMACEUTICALS	Medium Risk	Low Risk
RETAIL	High Risk	Medium Risk
TEXTILE-CLOTHING	Very High Risk	Very High Risk
TRANSPORT	High Risk	Very High Risk
WOOD	High Risk	Very High Risk

* Information and Communication Technologies



Visit our websites for Coface's detailed sector risk analyses

Every quarter, our economists **assess 13 sectors from six geographical regions** based on our expertise and financial data published by over 6,000 listed companies. Our credit risk statistical indicator simultaneously synthesizes the evolution of five financial indicators (changes in revenue, profitability, the net debt ratio, cashflow, and claims observed by our network).



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