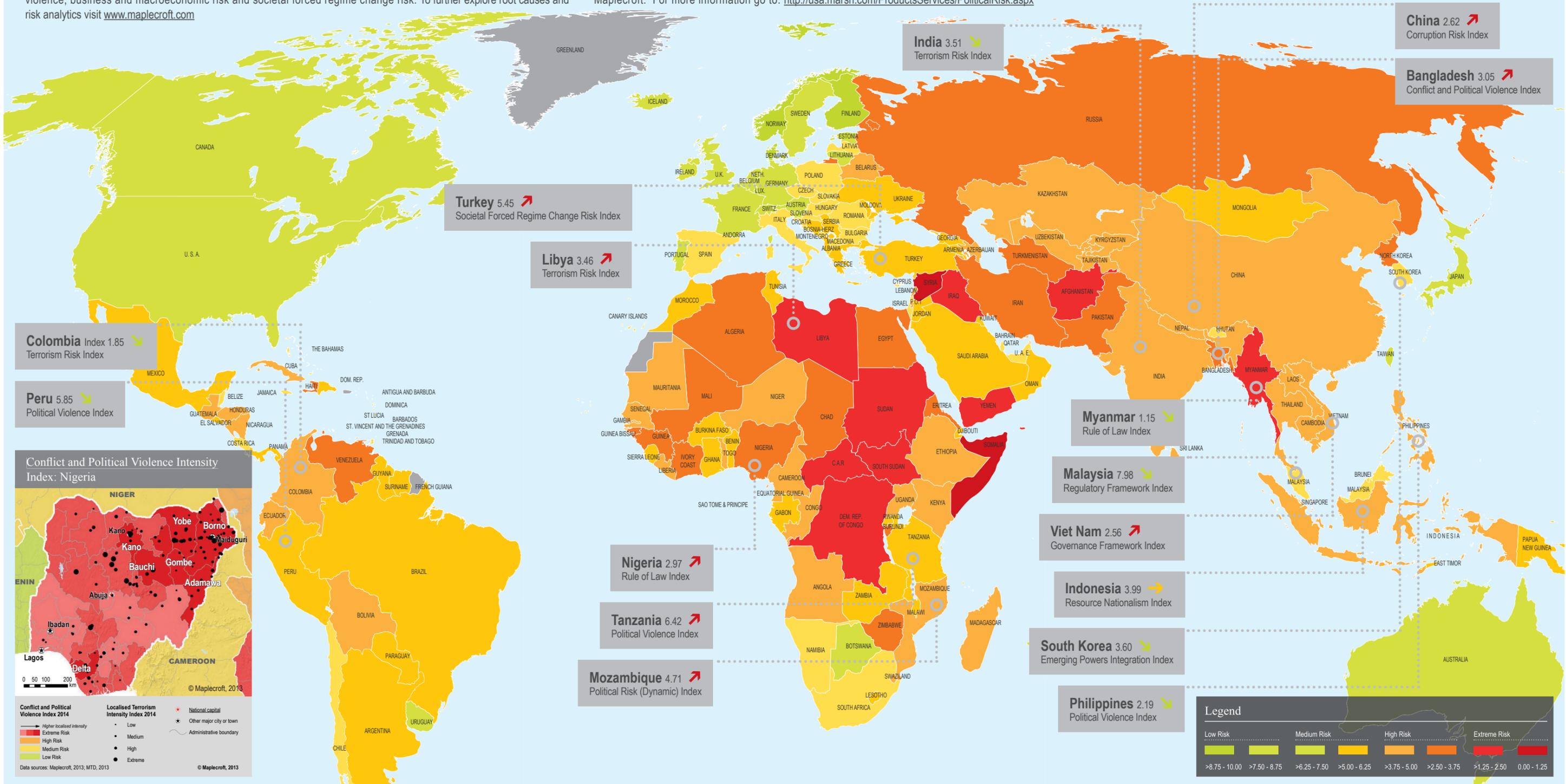


Political Risk 2014

Risk and opportunity hotspots in key growth markets

The Political Risk (Dynamic) Index assesses risks that have the potential to undergo change and in particular to deteriorate rapidly. It is comprised of 30 political risk indices under the four themes of governance framework, political violence, business and macroeconomic risk and societal forced regime change risk. To further explore root causes and risk analytics visit www.maplecroft.com

To navigate this ever-changing landscape, Marsh Political Risk specialists can assist your organization mitigate exposure and maximize opportunities with the strategic use of risk transfer solutions, and analytic tools such as Maplecroft. For more information go to: <http://usa.marsh.com/ProductsServices/PoliticalRisk.aspx>



Political risk in the top 20 Growth Markets: The Growth Markets are the countries identified as presenting the greatest economic opportunities for investors

2014 (13) rank	Country (GM rank)	Rating	2014 (13) rank	Country (GM rank)	Rating	2014 (13) rank	Country (GM rank)	Rating	2014 (13) rank	Country (GM rank)	Rating
10 (7)	Iraq (15)	Extreme	52 (49)	Colombia (19)	High	77 (71)	Turkey (13)	Medium	147 (149)	Qatar (14)	Medium
14 (16)	Nigeria (18)	High	59 (61)	China (2)	High	95 (89)	Saudi Arabia (6)	Medium	157 (161)	South Korea (8)	Medium
30 (33)	Bangladesh (5)	High	62 (60)	Indonesia (3)	High	104 (97)	Peru (11)	Medium	168 (167)	USA (16)	Low
35 (29)	Philippines (7)	High	71 (70)	Viet Nam (9)	High	115 (119)	Panama (20)	Medium	176 (180)	Singapore (10)	Low
47 (35)	India (1)	High	72 (83)	Tanzania (12)	Medium	122 (123)	Malaysia (4)	Medium	177 (177)	Hong Kong (China) (17)	Low

Highlighted within the map are the noteworthy risk trends in the key growth markets and emerging economies

Political risk hotspots 2014

Societal drivers of political risk

Maplecroft's chart plots social gains against political freedoms as these are leading indicators of political risk. Social gains is a composite index measuring a society's development in terms of its level of education, digital inclusion, its success in tackling poverty and its level of human rights compliance. Political freedoms assess the extent to which governments respect fundamental freedoms, and civil and political rights.

Maplecroft produces over 200 indices rooted in more than 1,500 analysed data sets, covering a wide range of political, economic, social, environmental and natural hazard issues. By identifying the root causes of risk and plotting the indices representing these factors over time, Maplecroft is able to provide clients with a leading insight into risks and opportunities at a country, regional and thematic level. For Maplecroft, it is not simply a matter of a country's current risk ranking, but the trajectory of where it is coming from and going to.

Political risk hotspots 2014

- » In 2014, deteriorating levels of political freedoms are significantly increasing the potential for societal unrest and political instability, particularly in growth economies with high levels of social gains, such as education and IT literacy amongst an unemployed or underemployed youth
- » As an example, Maplecroft highlights China – categorised as 'extreme risk' in the Oppressive Regimes Index – which is implementing reform effectively and at a sufficiently rapid rate to limit the likelihood of widespread societal unrest tipping the balance in respect of the growing stability and acceptability of the new regime
- » The year prior to the Arab Awakening, Libya, Tunisia, Iran, Saudi Arabia, Syria and Egypt were among the 20 countries with the biggest gap between the level of social gains and political freedoms, with trajectories that showed a reversal of progress previously achieved
- » In countries that fail to implement reform, government efforts to address underlying societal pressures symptomatic of increased structural political risk may manifest in the introduction of policies that are detrimental to business in order to garner favour with different social groups. Examples of this include increased resource nationalist policies, unfavourable tax regimes, demands for increasing local content or an increase in the remittances risk – Maplecroft reports and daily analysis on www.maplecroft.com monitor political and societal risk for clients
- » In 2014, the countries host to the most significant disparities in political freedoms and social gains are Uzbekistan (ranked 8th in the Oppressive Regimes Index), China (9th), Saudi Arabia (11th), Turkmenistan (12th), Belarus (16th), Cuba (22nd), Bahrain (24th), Viet Nam (25th), Kazakhstan (32nd) and UAE (42nd)
- » Whether the potential for societal unrest to increase political risk – measured by incidents of societally forced regime change and resource nationalism for example – is realised depends largely on the extent of entrenched power of government; the willingness and ability to use force; and the extent and speed of policy reform

