



## PRESS RELEASE

### **SOCIAL UNREST SET TO RISE AS SOCIO-ECONOMIC PRESSURES MOUNT AROUND THE WORLD** *Coface 2022 political and social fragility indicator*

**Singapore, October 25, 2022** – While the sources of economic uncertainty are legion, new political disturbances could be added to their ranks. For several years now, political risk has been a recurring theme in the news, taking various forms: rising populism, social unrest, conflicts, terrorism, and protectionism. The new geopolitical landscape opened up by Russia's actions could reawaken risks in other global hot spots. In addition, price pressures, particularly on basic goods, continue to fuel frustrations, building on those generated by the economic and health crisis triggered by the pandemic.

Coface is today sharing the results of the update of its social and political fragility index. This index has, admittedly, fallen from the record level reached last year, but still suggests a high risk environment. And while the focus naturally shifts to the risks of unrest in emerging countries, the advanced economies are not expected to be spared from this upsurge in social tensions.

Despite the emergence of inflationary pressures, the post-pandemic recovery has allowed socio-economic conditions to improve from the height of the health crisis. Thus, while the political and social fragility indicator had deteriorated for 145 of the 160 countries analysed by Coface in 2021, **140 countries have seen their score improve this year. However, this improvement should be put into perspective:** despite the decline, the overall average index remains one percentage point above pre-pandemic levels and 2/3 of the countries analysed have a score higher than two years ago. This data confirms the catalytic effect of the Covid pandemic on political risk and suggests that **the rising cost-of-living pressures immediately took over from the risks generated by the pandemic.**

**The ranking of scores for the political and social fragility index remains dominated by Iran (81.6%).** Economic suffering, having already sparked protests in 2017 and 2019, continues to fuel contestation against the regime. Since mid-September, the protests triggered by the death of Mahsa Amine, arrested by the morality police, have once again illustrated the fragility of the Iranian context. **The "podium" of the Coface indicator is completed, as since 2017, by Syria (78.0%) and Sudan (76.5%).**

**The biggest increase in the level of risk concerns Myanmar (59.9%),** which remains in a state of significant unrest since the coup in February 2021. **Afghanistan,** where the Taliban has regained power after the withdrawal of US troops, and **Guinea,** which is still struggling with uncertainty following a coup, **are also among the countries that have registered an increase in the indices. Belarus, Serbia and Egypt** also increased their scores. Finally, **Turkey is also under scrutiny** as its rather heterodox economic policy continues to fuel record inflation.

**The most explosive civil unrest will likely occur where the scope for dissent is reduced and the capacity to protect people from rising living costs is limited.** The budgetary response to the health crisis has, in fact, largely eroded the policy space of governments, particularly in middle- and low-income countries, and thus limits the capacity to respond to new socio-economic tensions. The focus is therefore on emerging countries whose public finances are in difficulty, such as Kenya, Bolivia, Tunisia and Egypt.

Nevertheless, **advanced countries, starting with Europe, are not spared from these risks.** While European governments have made announcements aimed at protecting households from inflation, the populations are already feeling its impact. In the UK, for example, in addition to pandemic fatigue, political scandals and major economic challenges suggest that patience with the government is likely to be very limited. **The discontent of Europe's populations is manifesting itself both in the streets, and in the ballot box.** The worsening socio-economic context is giving a new impetus to the so-called 'anti-system' parties across Europe, for example with the victory of *Fratelli d'Italia*, or the breakthrough of the national-populist Sweden Democrats.

While social concerns among advanced countries are strongest in Europe, **it is the United States (35.1%) that has the highest score on the political and social fragility indicator.** The country remains divided on many issues as the mid-terms elections approach in November. Economic issues are a major concern for voters, and protests by workers demanding higher wages and better working conditions are a testimony to this. Debates over abortion rights have also brought the protection of rights and the process of appointing judges to the Supreme Court in the debate.

Finally, the geopolitical upheaval triggered by Russia's invasion of Ukraine has **raised concerns that tensions could escalate into conflict, particularly in Eurasia.** The clashes between Tajikistan and Kyrgyzstan in mid-September are part of this context. The new rise in tensions between Turkey and Greece is also a source of apprehension. In East Asia, the North Korean missile firing are a reminder of the fragile security environment in the region. Added to this are the growing concerns around Taiwan. **Caution therefore remains the order of the day when it comes to the risk of conflict: the uncertainty, not to say anxiety, is likely to last.**

## **MEDIA CONTACTS**

Sheaujiun Lin : +65 6827 8790 - [sheaujiun.lin@coface.com](mailto:sheaujiun.lin@coface.com)

### **COFACE: FOR TRADE**

With 75 years of experience and an extensive international network, Coface is a leader in trade credit insurance and adjacent specialty services, including Factoring, Debt Collection, Single Risk insurance, Bonding and Information services. Coface's experts work to the beat of the global economy, helping ~50,000 clients in 100 countries build successful, growing, and dynamic businesses across the world. Coface helps companies in their credit decisions. The Group's services and solutions strengthen their ability to sell by protecting them against the risks of non-payment in their domestic and export markets. In 2021, Coface employed ~4,538 people and registered a turnover of €1.57 billion.

**For more information, visit [coface.com.sg](https://coface.com.sg)**

COFACE SA. is listed on Compartment A of Euronext Paris.  
ISIN Code: FR0010667147 / Mnemonic: COFA

