

“essential information for strategic global planning”

International Country Risk Guide

published by



“International Country Risk Guide... provides information that has great predictive value with respect to future equity returns around the world.”

Barron's

- ✓ ICRG monitors 140 developed & emerging markets
- ✓ ICRG warns about future business risks
- ✓ ICRG includes the highly regarded ICRG risk ratings
- ✓ ICRG gives you early signs of coming opportunities

**Put ICRG's proven predictive powers to work
for your investment and business strategies...**

... look inside for ways ICRG can help...

Subscribe to ICRG in Print or Online

You cannot find a more reliable, widely accepted standard for rating and forecasting risk. ICRG is unique among all “country or political risk” products, as international banks and financial institutions have known for years. A 12-month subscription to this 250-page print or digital journal gives you access to a highly valued resource for monitoring 140 countries, including 100 pages (or numerous computer files) of risk ratings and economic data in each issue. The online version of ICRG gives you the added benefit of having quick and constant access to 12 months’ worth of commentary on all 140 countries, as well as 12 full months of risk ratings and economic tables.

Statistics in Every Issue

(available in print or as spreadsheet files)

Table 1:	Country Risk Ranked by Composite Risk Rating
Table 2A:	Composite Risk Ratings over 12 months
Table 2B:	Current Risk Ratings and Composite Risk Forecasts*
Table 2C:	Composite Risk Forecasts
Table 3A:	Political Risk Ratings over 12 months
Table 3B:	Political Risk Points by Components (current)*
Table 3Ba:	Political Risk Points by Subcomponents (current)*
Table 3C:	Political Risk Rating Forecasts
Table 4A:	Financial Risk Ratings over 12 months
Table 4B:	Financial Risk Points by Component (current)*
Table 4C:	Financial Risk Rating Forecasts
Table 5A:	Economic Risk Ratings over 12 months
Table 5B:	Economic Risk Points by Component (current)*
Table 5C:	Economic Risk Rating Forecasts
Table 6A:	Summary of Economic Risk Components (current)
Table 6B:	Summary of Financial Risk Components (current)
Table 7:	GDP per Head of Population (current & 5 years)*
Table 8:	Real GDP Growth*
Table 9:	Annual Inflation Rate*
Table 10:	Budget Balance as % of GDP*
Table 11:	Current Account as % of GDP*
Table 12:	Foreign Debt as % of GDP*
Table 13:	Debt Service as % of Total Exports*
Table 14:	Current Account as % of Total Exports*
Table 15:	International Liquidity Ratios*
Table 16:	Exchange Rate Stability*
Table 17:	Foreign Exchange Rates

Case Study of a Bank

Identifying opportunities amid risks separates winners from losers in a volatile global equity market. A global investment bank, punished by wild fluctuations in emerging market stocks, required a quantifiable method that linked equity market performance to political and financial risk measures. Independent research shows a positive and strong correlation between ICRG’s monthly risk ratings and equity market movements. The bank established a test fund, buying and selling equities based on upgrades or downgrades in ICRG’s risk measures, and that fund began returning a healthy, risk adjusted return.

**For tables marked with an asterisk (*), you can [click here](#) for more information on historical ICRG data available back to 1984. (Please note, however, that forecasts are not included in historical files, and Table 3Ba began in May 2001.) Historical data can be downloaded directly from our website, www.prsgroup.com, or call +1-315-431-0511 for details.*

<http://www.prsgroup.com/> 2B

Table 2B

CURRENT RISK RATINGS AND COMPOSITE RISK FORECASTS

COUNTRY	CURRENT RATINGS				COMPOSITE RATING				
	Political Risk	Financial Risk	Economic Risk	Year Ago	Current Rating	Forecasts			
	01/12	01/12	01/12	02/11	02/12	One-Year WC	Five-Year BC	WC	BC

Summary: All key forecasts for 140 countries: Political, Economic, and Financial Risk Ratings, along with the Composite Ratings for each country now and 12 months ago.

Unique Ratings: ICRG is the only rating source for so many components of political risk.

<http://www.prsgroup.com/> 3B

A	Government Stability	12	G	Military in Politics	6
B	Socioeconomic Conditions	12	H	Religious Tensions	6
C	Investment Profile	12	I	Law and Order	6
D	Internal Conflicts	12	J	Ethnic Tensions	6
E	External Conflicts	12	K	Democratic Accountability	6
F	Corruption	6	L	Bureaucratic Quality	4

COUNTRY	Political Risk Rating													
	A	B	C	D	E	F	G	H	I	J	K	L		
ALBANIA	5.5	5.0	8.5	9.5	10.5	2.0	5.0	5.0	2.5	4.5	5.0	2.0	65.0	0.0
ALGERIA	>7.0	5.0	7.5	>8.0	10.5	2.0	3.0	2.5	3.0	3.5	3.5	2.0	57.5	1.0
ANGOLA	<9.0	3.0	8.0	9.0	11.0	2.0	2.0	4.0	2.5	3.0	2.5	1.5	57.5	-0.5

<http://www.prsgroup.com/> 4B

Table 4B

FINANCIAL RISK POINTS BY COMPONENT

COUNTRY	Total Foreign Debt as percent of GDP (10 points)	Debt Service as percent of Exports of Goods and Services (10 points)	Current Account as percent of Exports of Goods and Services (15 points)	International Liquidity as months of import cover (5 points)	Exchange Rate Stability as % of change (10 points)	Financial Risk Rating
Albania	6.0	8.5	9.5	3.0	9.5	36.5 -2.5
Algeria	10.0	10.0	13.0	5.0	10.0	48.0 0.0
Angola	8.0					
Argentina	6.5					
Armenia	4.5					
Australia	3.0					
Austria	5.5					

Complete Analysis: Studies show that having all three factors of risk are far more effective

<http://www.prsgroup.com/> 5B

Table 5B

ECONOMIC RISK POINTS BY COMPONENT

COUNTRY	GDP per head of Population (5)	Real Annual GDP Growth (10)	Annual Inflation Rate (10)	Budget Balance as percent of GDP (10)	Current Account as percent of GDP (15)	Economic Risk Rating
Albania	1.0	7.5	8.5	5.0	8.0	30.0 -0.5
Algeria	1.5	9.0	8.5	5.0	12.5	36.5 0.0
Angola	1.5	10.0	5.5	10.0	12.5	39.5 0.0
Argentina	2.5	10.0	7.0	9.0	13.0	41.5 0.0
Armenia	0.5	6.5	8.0	5.0	8.0	28.0 0.0
Australia	5.0	7.5	9.0	6.5	10.5	38.5 -0.5
Austria	5.0	7.0	9.5	5.0	13.0	39.5
Azerbaijan	2.0	8.5	8.0	1.5	15.0	35.0

ICRG has Historical Data for all countries monitored since 1984.

Who uses ICRG?

Here are some examples...

- Business Dev't Groups
- Commerce Ministries
- Consulates & Embassies
- Corporate Libraries
- Corporate Planners
- Corporate Resources
- Country Economists
- Defense Ministries
- Documents Departments
- Emerging Markets Managers
- Enterprise Risk Managers
- Financial Analysts
- Foreign Affairs Ministries
- Foreign Risk Managers
- General Managers
- Global Capital Investors
- Global Risk Managers
- Government Affairs Officers
- Information Analysts
- International Divisions
- International Fund Managers
- International Relations
- International Treasuries
- Investment Managers
- Market Data & Info Services
- National Economy Ministries
- Overseas Business Depts
- Petroleum Resource Centers
- Risk Strategists & Analysts
- Strategic Planners

International Country Risk Guide **December 2011**

CHINA

RISK ASSESSMENTS

Risk Category	Year Ago	Current 12/11	One Year Ahead		Five Years Ahead	
			Worst Case	Best Case	Worst Case	Best Case
Political Risk	62.5	61.0	57.0	67.0	53.5	72.0
Financial Risk	48.0	47.5	44.5	48.5	36.0	49.0
Economic Risk	39.5	39.5	38.5	41.5	31.5	43.0
Composite Risk	75.0	74.0	70.0	78.5	60.5	82.0
Risk Band	Low	Low	Low	Low	Mod.	V. Low

POLITICS
Government Stability
Leadership/Policy Changes for 2012

Provincial leaders with strong political aspirations are adding a bit of flare to the usually quiet and secretive world of Chinese politics. The People's Republic of China will be going through a dramatic political transition beginning in March 2012, with up to half of the Communist Party of China's (CPC) highest ranking body, the politburo standing committee, set to step down. With standing committee positions still largely up for grabs, some leaders of provincial governments have made their political ambitions public, utilizing media in a way that resembles political campaigning. Though political rhetoric may heat up in the lead-in to the transition, look for policy to remain very stable, as central government officials are likely to be conservative in a time of political change.

China's political process remains very opaque, and even the most seasoned watchers of Chinese politics have little clue as to the identity of the new members of the politburo standing committee. There are only two positions which seem to be set, the replacements for President Hu Jintao and Premier Wen Jiabao. Xi Jinping, with his promotion to Vice Chairman of the CPC's Central Military Commission, looks to be on course to take over as Chairman of the CPC and President of China, while Li Keqiang, another influential member of the younger generation of leaders, likely fill the role left by Premier Wen.

As to the new entrants into the standing committee, there is little clarity. Nonetheless, two special leaders have been surprisingly vocal in their ambitions to enter the politburo, generating speculation on their prospects and what it means for the future of Chinese politics. Wang Yang, the Secretary of highly developed Guangdong province, and Bo Xilai, the CPC Secretary of Chongqing, have each been generating headlines with their forthright speech and colorful styles.

A Bonus for ICRG Subscribers

Global Maps of Political Risk

(A SAMPLE)

Based on ratings from each issue of the *International Country Risk Guide*, these maps provide a quick overview of positive and negative changes in Political Risk. 12-month subscription, online or by e-mail.

“International Country Risk Guide... is unique in offering both broad coverage across countries and over time.”

World Bank PREMnotes

The PRS Group logo is on the left. To the right, there are four circular icons representing: Political Risk Services, Int'l Country Risk Guide, Country Data, and Academic Titles. Below these icons is a navigation bar with links: Home | My Products Page | Shopping Cart | Contact Us.

Country:
 Publish Date:
 Open PDF Download PDF

Current Tables 1-17
 Table 1
 Regional Tables
 The Americas
 Tables 1-17 Recent Issues
 Select A Table

International Country Risk Guide (ICRG)

International Country Risk Guide February 2012

BRAZIL

RISK ASSESSMENTS

Risk Category	Year Ago	Current	One Year Ahead		Five Years Ahead	
			Worst Case	Best Case	Worst Case	Best Case
Political Risk	69.0	69.5	63.0	69.5	62.0	77.0
Financial Risk	41.0	41.5	38.0	42.0	34.0	43.5
Economic Risk	36.5	37.0	33.5	38.0	31.0	39.0
Composite Risk	73.3	74.0				
Risk Band		Low	Low			

POLITICS
Government Stability/Corruption
No End to Corruption Scandals

President Dilma Rousseff's administration scandals that have resulted in the resignation of corruption since June 2011. Nevertheless her personal approval rating at 72%, which performance, the highest one-year figure Brazil in 1985. The strong positive rate economy took a turn for the worse in 2011.

That Rousseff has not been tainted by the decisiveness she has shown in dealing with example of her approach came in Decent demanding bribes from organizations requesting a reflective detail. Lupa apologizes job, publicly assured Rousseff that he loved

The PRS Group logo is on the left. To the right, there are four circular icons representing: Political Risk Services, Int'l Country Risk Guide, Country Data, and Academic Titles. Below these icons is a navigation bar with links: Home | My Products Page | Shopping Cart | Contact Us.

Country:
 Publish Date:
 Open PDF Download PDF

Current Tables 1-17
 Table 1
 Regional Tables
 Asia & Pacific
 Tables 1-17 Recent Issues
 Select A Table

International Country Risk Guide (ICRG)

International Country Risk Guide January 2012

INDIA

RISK ASSESSMENTS

Risk Category	Year Ago	Current	One Year Ahead		Five Years Ahead	
			Worst Case	Best Case	Worst Case	Best Case
Political Risk	58.5	59.0	55.0	64.0	53.5	71.0
Financial Risk	43.5	41.5	39.5	45.5	37.0	46.0
Economic Risk	32.5	32.5	32.5	35.5	23.0	37.0
Composite Risk	67.3	66.5	63.5	72.5	56.8	77.0
Risk Band		Mod.	Mod.	Mod.	Low	High

POLITICS
Government Stability
Government Moving in Reverse

A combination of electoral calculation, public frustration over corruption, rising inflation, and the erosion of economic optimism produced a rather toxic political brew in the second half of 2011, contributing to political paralysis and policy certainty that will heighten the risks for business going forward. Both the credibility and the unity of the governing United Progressive Alliance (UPA) have been undermined as a result, and the appearance of potentially irreparable rifts among the Indian National Congress (INC) and its key allies in the UPA, which include the All-India Trinamool Congress (Tinaamool), Dravida Munnetra Kazhagam (DMK), and the National Conference (NC), has raised doubts as to what Prime Minister Manmohan Singh's government might accomplish over the more than two years remaining in its term, assuming it survives to the end of its five-year mandate.

Public anger over rampant corruption and frustration with the unproductive sparring between the INC and the Bharatiya Janata Party (BJP), the leader of the opposition National Democratic Alliance (NDA), has fueled a wave of anti-incumbent sentiment that has been channeled into a non-partisan

- Albania
- Algeria
- Angola
- Argentina
- Armenia
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Belarus
- Belgium
- Bolivia
- Botswana
- Brazil
- Brunei
- Bulgaria
- Burkina Faso
- Cameroon
- Canada
- Chile
- China
- Colombia
- Congo
- Congo, DR
- Costa Rica
- Cote d'Ivoire
- Croatia
- Cuba
- Cyprus
- Czech Republic
- Denmark
- Dominican Rep
- Ecuador

Why use ICRG?

ICRG's risk rating system is unique because, for more than 25 years, the system has incorporated as many key political, financial, and economic risk elements (*and publishes the historical data*).

$$CPFER (\text{country X}) = 0.5 (PR + FR + ER)$$

CPFER = Composite political, financial and economic risk ratings

PR = Total political risk indicators
(12 components)

FR = Total financial risk indicators
(5 components)

ER = Total economic risk indicators
(5 components)

And beyond the formula...

ICRG rates the risk and then goes beyond all of the numbers to explain how the investment climate might change, providing you a very sophisticated assessment of the implications for business and finance. Not only can you get today's risk ratings, you can also use ICRG's extensive historical data set of ratings to build and verify time series, models and comparisons. Choose from a wide variety of print and digital options.

“International Country Risk Guide... is remarkably effective for equity investment, producing surprising risk adjusted returns... The implications for fund managers and investment strategists are profound.”

Duke University News Service

- Egypt
- El Salvador
- Estonia
- Ethiopia
- Finland
- France
- Gabon
- Gambia
- Germany
- Ghana
- Greece
- Guatemala
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Israel
- Italy
- Jamaica
- Japan
- Jordan
- Kazakhstan
- Kenya
- Korea, DPR
- Korea, South
- Kuwait

Latvia
 Lebanon
 Liberia
 Libya
 Lithuania
 Luxembourg
 Madagascar
 Malawi
 Malaysia
 Mali
 Malta
 Mexico
 Moldova
 Mongolia
 Morocco
 Mozambique
 Myanmar
 Namibia
 Netherlands
 New Zealand
 Nicaragua
 Niger
 Nigeria
 Norway
 Oman
 Pakistan
 Panama
 Papua New Guinea
 Paraguay
 Peru
 Philippines
 Poland
 Portugal
 Qatar
 Romania

ICRG does not treat its methodology as a trade secret, but publishes it, in full, on its website, so the user need not wonder what lies in some secretive “black box” - On its website, ICRG publishes the full methodology, including all formulas, so you can modify the system to suit specific needs.

An Introduction to ICRG Methodology

The International Country Risk Guide (ICRG) rating comprises 22 variables in three sub-categories of risk: political, financial, and economic. A separate index is created for each of the subcategories. The Political Risk index is based on 100 points, Financial Risk on 50 points, and Economic Risk on 50 points. The total points from the three indices are divided by two to produce the weights for inclusion in the composite country risk score. The composite scores, ranging from zero to 100, are then broken into categories from Very Low Risk (80 to 100 points) to Very High Risk (zero to 49.5 points).

The Political Risk Rating includes 12 weighted variables covering both political and social attributes. ICRG advises users on means of adapting both the data and the weights in order to focus the rating on the needs of the particular investing firm.

ICRG incorporates a “Type II” forecast, providing a current assessment, a one-year assessment, and a five-year assessment. The projections of future conditions are framed in “best” case and “worst” case scenarios. This provides managers with a probabilistic future in which to make judgments about risk management or insurance needs.

Country analyses in ICRG include descriptive assessments, ratings and economic data for 140 countries on a monthly basis, and an additional 22 countries are monitored on an annual basis in New Emerging Markets.

---Llewellyn D. Howell, Ph.D.

Russia
 Saudi Arabia
 Senegal
 Serbia
 Sierra Leone
 Singapore
 Slovak Republic
 Slovenia
 Somalia
 South Africa
 Spain
 Sri Lanka
 Sudan
 Suriname
 Sweden
 Switzerland
 Syria
 Taiwan
 Tanzania
 Thailand
 Togo
 Trinidad & Tobago
 Tunisia
 Turkey
 UAE
 Uganda
 Ukraine
 United Kingdom
 United States
 Uruguay
 Venezuela
 Vietnam
 Yemen
 Zambia
 Zimbabwe

Political Risk Components

- ✓ Government Stability
- ✓ Socioeconomic Conditions
- ✓ Investment Profile
- ✓ Democratic Accountability
- ✓ Religious Tensions
- ✓ Bureaucracy Quality
- ✓ Military in Politics
- ✓ Law and Order
- ✓ Ethnic Tensions
- ✓ Corruption
- ✓ Internal Conflict
- ✓ External Conflict

ICRG Available Now

If you have questions about ICRG, just call (+1-315-431-0511, Ext. 0), or send us an e-mail (custserv@prsgroup.com).

To Access Now -- click on any title below

[International Country Risk Guide \(ICRG\)](#)

Academic Datasets Using ICRG Data

Researcher's Datasets:

[Composite Risk, Annual averages, since 1984 \(from 2B\)](#)

[Political Risk, Annual averages, since 1984 \(from 3B\)](#)

[Financial Risk, Annual averages, since 1984 \(from 4B\)](#)

[Economic Risk, Annual averages, since 1984 \(from 5B\)](#)

IRIS Dataset:

Produced in the 1990s by Stephen Knack and Philip Keefer for the IRIS Center, University of Maryland.

Campbell Harvey Dataset:

Data from his original study of the predictive value of ICRG data (Jan. 1984-Sep. 1995) For comparable current data, purchase Table 2B.

Plan for Geopolitical Risk with ICRG Ratings

Having access to ICRG data could help companies earn sizable returns and avoid profound future risk. ICRG thoroughly explains the methodology used to arrive at our risk ratings. This system was designed to allow businesses, financial institutions or governments to manipulate and customize the data to meet their specific circumstances. The hard data used to generate risk ratings is also included among the many data tables, so you can use a spreadsheet and your expert knowledge of your company, country, or industry to create your own risk ratings.

...Christopher McKee, Ph.D., ICRG's Editor-in-Chief
CEO/Chair, The PRS Group, Inc.