COFACE ECONOMIC PUBLICATIONS

October 2025

COFACE RISK REVIEW

COUNTRY AND SECTOR RISKS (October 2025)

By the Coface Economic Research team

EDITORIAL by Jean-Christophe Caffet, chief economist

THE CALM DURING THE STORM

The summer provided an opportunity to partially lift the uncertainty prevailing over trade policy (if not fully clarify the situation) and to confirm the assumption of a 15-point increase in US customs duties. The latter has been achieved with little or no retaliation from US trading partners, which have accepted this new situation without (much) challenge giving substance to bilateral «agreements» that have been decided almost unilaterally, in keeping with the times. However, in most cases, these agreements still need to be finalised and ratified. Further surprises cannot be ruled out, foremost among which is the US Supreme Court's pending ruling on the legality of the process. As things stand therefore, the worst-case scenario of a tit-for-tat escalation of tariffs should be averted. And with it, the scenario of a drastic contraction in flows that would have potentially devastating consequences for economic activity.

Although a sense of relief prevails at the time of writing, namely that the worst has been avoided, the global economy will not emerge unscathed from these events. It is holding up for now, that much is certain. «Anticipation», «reorientation» and «absorption» were the watchwords that guided companies' actions during a particularly turbulent first half of 2025 amid a remarkably calm market environment given the disruption and confusion generated. The main reasons are the gradual increase in US customs duties – illustrated by the persistent gap between theoretical and observed rates – and the wave of investment driven by an unshakeable faith in AI. However, they cannot mask the initial negative signs on activity, employment and inflation. In short, the coming quarters are not only likely to see the harmful effects of tariff measures feed through to the macroeconomy, but more worryingly, a potential correction of certain excesses – or denial – in the financial sphere. Time will tell if this apparent lull, which is being reflected in a continuous but gentle slowdown, can continue. Or whether the global economy is currently in the eye of a storm whose intensity is being underestimated, if not (un)consciously repressed.

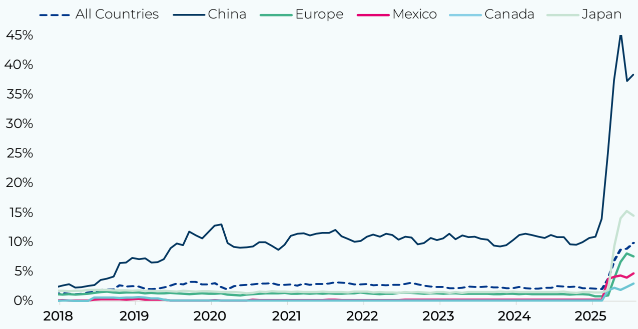
In this context, we have only marginally revised our growth forecasts for 2025 and 2026 – slightly upward this year (+2.6%) and slightly downward next year (+2.4%). We have also made five changes to country assessments (including four upgrades) and 16 changes to sector assessments (including 9 upgrades).

OPENING

GEOPOLITICS by Thomas Gomart, director of IFRI

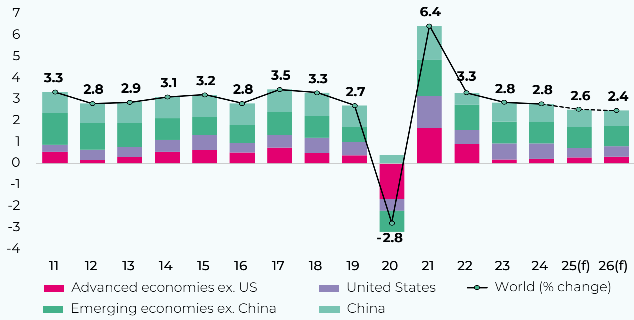
The international scene is being profoundly altered by the transatlantic transformation currently under way. Security conditions are being reassessed in line with the Trump administration's immediate commercial interests. The war in Ukraine continues to be the centre of gravity for European security, which is being increasingly treated as a side issue by the rest of the world, even though it directly and indirectly involves Iran, North Korea and China on the one hand, and NATO countries, Japan and South Korea on the other. Donald Trump is encountering the relentless determination of Vladimir Putin, who continues to believe he can dominate Ukraine – which is receiving less and less military support – at the cost of military Keynesianism, which will have serious consequences in the medium term. The trade agreement struck by Ursula von der Leyen and Donald Trump enabled the US President to impose his version of international trade to the European Union. It was justified by the need to maintain US support in Ukraine, which raises a number of institutional questions. Europe has been left on the sidelines to witness the convergence of viewpoints between Washington, Moscow and, in some respects, Beijing on the principle of spheres of influence and three-way dialogue. At the same time, Xi Jinping took care to be seen with Vladimir Putin and Narendra Modi in Tianjin.
This rivalry for power has also wielded an impact on the Israeli Palestinian conflict, in spite of Benjamin Netanyahu's ability to take action. In retaliation for Hamas' use of militarised terrorism in October 2023, Israel's ferocious response has led to the destruction of Gaza and international condemnation of the Jewish state, which has ongoing support from the US. Israel is also conducting operations in Lebanon, Syria, Yemen and Qatar. In addition, it engaged in strikes on Iran in which the US was involved. The Israeli-Palestinian conflict is also dividing societies in many countries. Does the ceasefire imposed by Donald Trump in October 2025 mean peace?
The business climate is being weighed down by the trade war initiated by Donald Trump and by the direct and indirect effects of these ongoing conflicts. The US President's attitude towards environmental issues is influencing a wide array of economic players even though sustainable development is a priority for many.
Last, a word about France after the publication in July 2025 of the National Strategic Review, which posits the highly probable assumption of a large-scale military engagement in Europe by 2030. The question is how much importance businesses are attaching to this assumption.

Chart 1:
US: Observed Tariff Rates



Sources: US Census Bureau, Coface

Chart 2:
Global real GDP growth (market exchange rate, %)

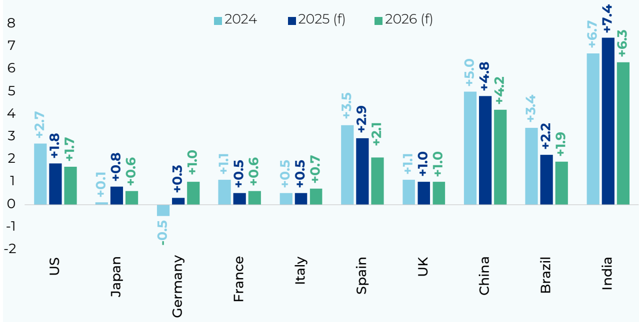


Sources: IMF, national statistical institutes, Refinitiv Datastream, Coface forecasts

GLOBAL ECONOMY

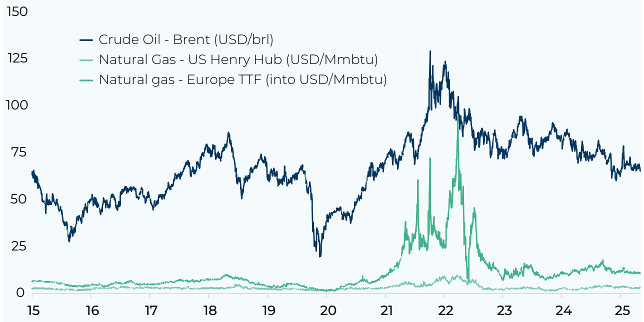
Despite the conclusion of a number of trade agreements over the summer, many uncertainties continue to weigh on US trade policy and, ultimately, the global economic outlook. These uncertainties are affecting trade relations between the United States and the main emerging countries with which no agreement has yet been reached: Brazil, India and, above all, China. On the other hand, new sectoral tariffs are expected, such as those on pharmaceuticals at the end of September, semiconductors and lumber. Finally, the renegotiation of the USMCA trade agreement over the coming quarters could also lead to increased tensions with Mexico and Canada, which have so far been relatively spared thanks to the exemption negotiated for goods that comply with the USMCA agreement **(Chart 1)**.
While the distribution of the impact of tariffs between foreign exporters, US companies and consumers – and therefore the cost to different economies – remains to be determined, global growth will remain limited in 2026 **(Chart 2)**. While US growth appears to be holding up better than expected, the Chinese economy will slow significantly, and the eurozone will rebound only slightly – mainly thanks to Germany **(Chart 3)**.
With these limited growth prospects weighing on commodity prices **(Chart 4)**, particularly oil prices – which are also being driven down by increased production in OPEC countries – inflationary pressures are likely to remain limited in most regions of the world. The main uncertainty concerns the inflation profile in the United States, where our June scenario of a peak of around 4% in early 2026 seems to be on track.
Troubled by weak job figures, the Fed delivered the first rate cut of 2025. Expect 3-4 cuts over the next 12 months, although a pause cannot be ruled out given the inflationary pressures facing the US economy. At the same time, the ECB appears to have reached its terminal rate, although one or two further cuts of the deposit rate (now 2%) cannot be completely ruled out in the event of a more adverse scenario.

Chart 3:
Real GDP growth (annual average, %)



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

Chart 4:
Oil & Natural Gas Prices



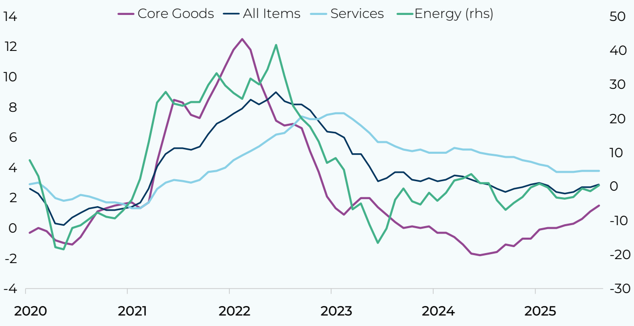
Sources: Intercontinental Exchange (ICE), CME Group, Macrobond, Coface

ADVANCED ECONOMIES

NORTH AMERICA

Weak non-farm payroll growth figures dominated the headlines in the late summer months, with a substantial downward revision for jobs added in the year leading up to March (991 K fewer than previously estimated). Apprehension about further labor market deterioration motivated the Fed to resume its rate cutting cycle in September. However, in the context of the Trump administration's immigration crackdown, we caution against reading too far into weakening payroll numbers, as slower workforce growth is likely playing a major role. The picture that emerges is that of a low hiring, low firing job market that, for the moment, remains rather close to full employment. Taken alongside the major upward revision to Q2 consumption growth (from 1.4% annualized rate in the first estimate to 2.5% in the final update) and the healthy consumption figures for July and August (back-to-back 0.4% MoM expansions in real terms), demand-side resilience is not showing signs of cracking.
Due to tariff implementation lags, the buffering provided by inventory front-running, and the sequential approach followed by companies in their tariff management strategy, the transmission process is far from running its course. We still see a hiccup in the final quarter of the year as core goods inflation continues to pile up **(Chart 5)**, but barring intensifying job market decay, the US economy should avoid a sharp slowdown.

Chart 5:
US: Consumer Price Index (YoY, % change)

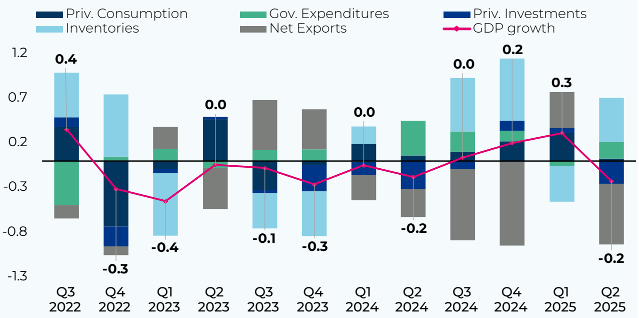


Sources: US Bureau of Labor Statistics, Macrobond, Coface

EUROPE

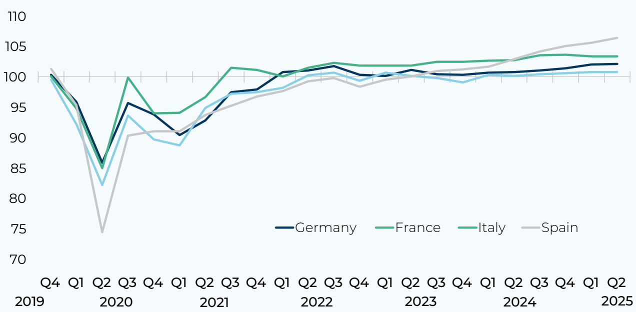
Germany's economic momentum remains subdued for now **(chart 6)**. Although the €500bn investment package over 12 years and increased defense spending support the outlook, this will have an impact in 2026. Instead, in 2025, delays in reforms and rising layoffs in the manufacturing sector weigh on sentiment and investment. Additional US tariffs add to the pessimism. As a result, the economy is moving sideways this year, with a modest recovery expected next year.
In **France**, political instability and fiscal uncertainty will continue to weigh on business and household confidence in the coming quarters. Against this backdrop, consumption and investment will remain subdued and growth is expected to remain weak in 2026. Risks are skewed to the downside in the event of sharp – albeit unlikely – fiscal tightening or – more likely – political instability.
Italian growth remains sluggish due to trade tensions weighing on exports and private consumption struggling to pick up following stagnant real incomes despite a dynamic labour market. On the other hand, investment is benefiting from European funds taking over from the Superbonus, which will end in 2025. **Spain**, meanwhile, will maintain its momentum thanks to solid domestic demand supported by immigration, gains in purchasing power and European funds **(chart 7)**.
The **UK** economy remained resilient in early 2025, with stable investment and robust exports, though household spending was subdued. Government expenditure should support growth into 2026, but rising unemployment will constrain private demand despite positive real wage growth. Higher tariffs and a US slowdown may weigh on exports. An autumn 2025 tax rise may dampen spending, partly offset by lower policy rates, though rate cuts are limited by persistent inflation.

Chart 6:
Germany: real GDP growth and its contributors



Sources: Destatis, Macrobond, Coface

Chart 7:
Eurozone - Household consumption (100 = 2019, constant prices, SA & CA)

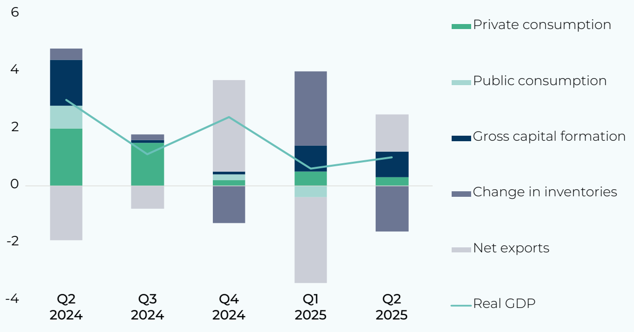


Sources: Eurostats, Macrobond, Coface

DEVELOPED ASIA-PACIFIC

Japan's GDP rose for a fifth consecutive quarter in Q2, driven by solid exports and capex, while private consumption maintained positive growth **(chart 8)**. We expect the underlying structural recovery in wages and investment to remain largely intact, although cyclical momentum may ease from H2 as impact of US tariffs becomes more visible. Despite a trade agreement, Japanese automakers' decision to absorb tariff on US-bound shipments erodes corporate profits, potentially limiting wage hikes for manufacturing firms. Meanwhile, diversification of tech goods exports to emerging Asia seems to have lost some steam. On the political front, LDP elected Sanae Takaichi as its new leader following PM Ishiba's resignation. But her path to becoming Japan's next PM is complicated by Komeito's exit from the ruling alliance and potential coalition among opposition parties to put forth DPP leader Yuichiro Tamaki as their candidate. These ongoing political uncertainties have made near-term policy outlook somehow unclear.

Chart 8:
Japan: Real GDP (QoQ, % change)



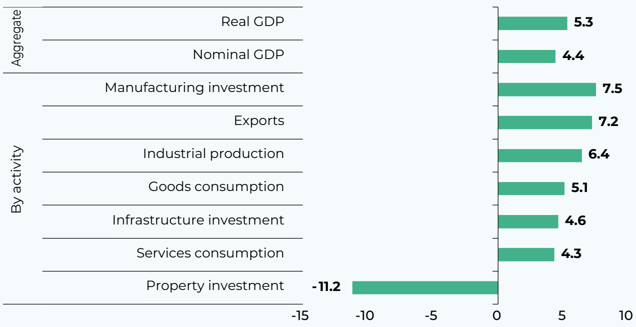
Sources: Cabinet office, Coface

EMERGING ECONOMIES (1)

EMERGING ASIA

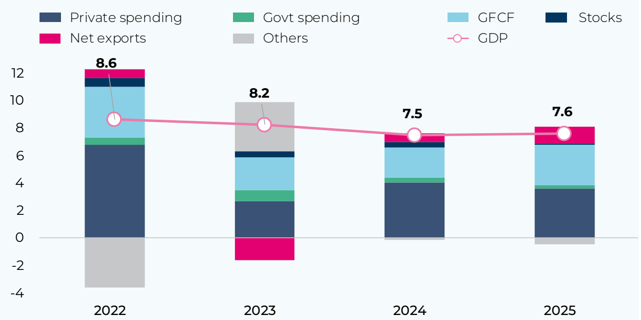
We upgraded **China's** 2025 GDP forecast from 4.5% to 4.8%, reflecting a strong H1 outturn but a slower H2 (4.4%) is expected before a further slowdown to 4.2% in 2026 **(chart 9)**. Demand may weaken across multiple fronts, including payback effects from front-loaded exports and robust durable goods sales, which were boosted by "trade-in" subsidies. The government has stepped up efforts to address overcapacity, which could restore profitability in some sectors but curb industrial output and investment in the near term. As such, policymakers shifted towards modest consumption support, including childcare and consumer loans interest subsidies.
India's strong first half GDP growth at 7.6% was boosted by consumption and investment **(chart 10)**. This marked a positive start for the government's shift in strategy to strengthen domestic demand amid difficult global developments. Recent measures such as income tax relief, rate cuts, GST changes, are more aimed at demand-side boost than the predominant supply-side reforms in the past. Improved macroeconomic, fiscal and external position earned India a sovereign rating upgrade from S&P.
Indonesia was rocked by nationwide deadly protests on public frustrations towards the government linked to economic anxieties, fiscal cuts, and increased lawmaker benefits. In response, President Prabowo reshuffled his cabinet to consolidate his ability to push through policy priorities and achieve 8% GDP target.

Chart 9:
China: Economic activity (YoY, H1 2025, % change)



Sources: NBS, Coface

Chart 10:
India Real GDP (YoY, H1 2025, % change)

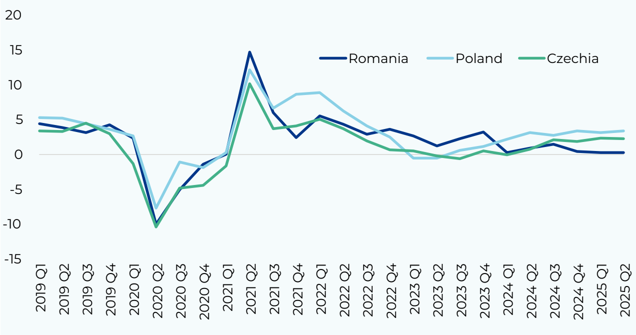


Sources: MoSPI, Coface

CENTRAL & EASTERN EUROPE

Poland maintains an impressive economic momentum, achieving a GDP growth rate of 3.4% YoY in Q2 2025 **(chart 11)**. However, concerns regarding fiscal policy are intensifying. Despite the government's willingness to reducing the fiscal deficit, President Nawrocki's reluctance to support essential fiscal reforms is hindering progress, rendering deficit reduction a challenging undertaking.
The **Czech Republic**, despite one of the weakest post-pandemic recoveries, is showing signs of economic acceleration, with GDP growth reaching 2.6% YoY in Q2 2025. Nevertheless, the political environment poses increasing risks. Following the October parliamentary election, the new coalition led by the populist ANO party introduces significant uncertainty to the economic outlook. On the other hand, the expected modest recovery in the German economy should provide a tailwind going further into 2026.
Romania's economic performance remains among the worst in the CEE region, with GDP growth barely positive at 0.3% YoY in Q2 2025. Austerity measures aimed at addressing the European Union's highest fiscal deficit are further straining the economy. Inflation has surged to 9.9% YoY, driven by VAT increases and the unfreezing of energy prices. Nominal wage growth is lagging behind the rising cost of living, constrained by the public sector wage freeze. This will deal a blow to the purchasing power of Romanian households.

Chart 11:
GDP growth rate in Poland, Czech Republic and Romania (constant prices, non-seasonally adjusted)

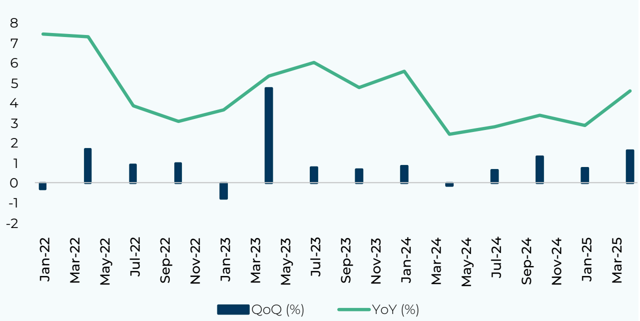


Sources: national statistical offices, Coface

MIDDLE EAST

The **Turkish** economy grew above expectations in the first half of 2025, supported by stronger private investment and consumption spending. Growth is expected to remain resilient, supported by the interest rate cuts that began in July **(chart 12)**. However, persistent credit constraints, particularly for SMEs, continue to pose financial risks. The recovery in industrial production also remains uneven across sectors. While the ICT sector is outperforming, traditional competitive industries such as textiles and clothing are struggling. The disinflation process is helping to keep production costs under control going into next year. Inflation is projected to decline below 30% by the end of 2025 and approach 20% by late 2026. In parallel, the Central Bank may continue easing monetary policy. Exchange rate stability, low global energy prices, and anchored inflation expectations are expected to support disinflation, while inertia in service prices, volatility in food prices, and domestic as well as international geopolitical uncertainties remain key risk factors.
The **Israeli** economy is expected to grow at a slower pace than previously projected in 2025, before accelerating toward 4% in 2026. Inflation remains slightly above the central bank's target but is set to ease below 3% in 2026. Annual growth in manufacturing has slowed, although confidence in the real economy has been improving in recent months.

Chart 12:
Türkiye's real GDP change



Sources: Turkish statistics institute, Coface

EMERGING ECONOMIES (2)

LATIN AMERICA

Mexico's GDP edged up to 0.6% QoQ in Q2 2025 from 0.3% in Q1. Moreover, export growth has been driven by front-loading effects. However, the outlook remains subdued, with GDP expected to grow just 0.5% in 2025 due to ongoing uncertainty around US trade policy, which continues to weigh on investment. In 2026, growth is projected at 1.5%, contingent on a successful USMCA renegotiation, and fiscal stimulus - including infrastructure spending - though these assumptions remain highly uncertain.
Regarding **Brazil**, its economy weakened in Q2 2025, as expected, due to the lagged impact of tight credit conditions—policy rate at 15%—on private consumption and investment. Meanwhile, falling commodity prices and a stronger currency have slightly eased inflation expectations **(chart 13)**. As a result, we expect a gradual start to monetary easing in early 2026. Despite this, high rates are likely to keep growth subdued through 2025 and 2026.
As for **Argentina**, GDP contracted 0.1% QoQ in Q2 2025 **(chart 14)**, driven by weak private consumption as wages lagged inflation in H1 2025. Although full-year growth is projected at 3.8% due to a low base, activity may have entered a technical recession in Q3 amid tighter credit and exchange rate volatility. A positive result for President Milei in the October 26 midterm elections would help his Mileiconomics remain afloat, supporting a projected 3% GDP growth in 2026.

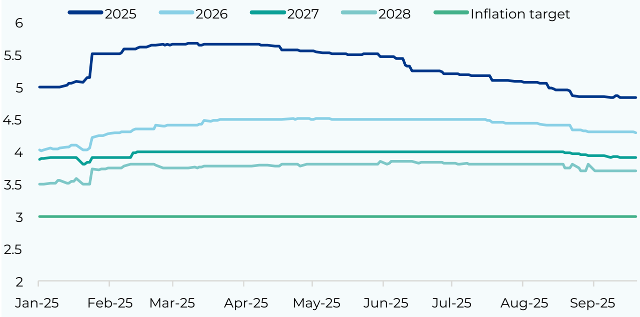
AFRICA

Overall, the growth outlook for the African continent has slightly improved (+4.1% in 2025 and +4.2% in 2026). More reasonable food and oil prices, combined with a weaker dollar, should support lower inflation (thus consumption) and alleviate pressure on the external accounts. Nevertheless, reserve levels will remain under pressure for oil and diamond exporters, as well as countries with larger external financing needs. Regarding US tariffs, aside from Algeria (30%), Libya (30%), Tunisia (25%) and South Africa (30%), African countries saw their tariff level increase to 10 or 15%. The economic impact will be marginal as exposition to the US is low for most countries and considering that many minerals have been exempted.
Ghana's debt-restructuring is expected to be complete by end-2025. The policy mix introduced after the debt crisis, which constrained growth in 2022-23, is producing its medium-term effects, as the fiscal balance has improved, foreign exchange reserves have been rebuilt, and disinflation is firmly entrenched **(chart 15)**. Therefore, investor confidence has improved, the cedi has strengthened, and growth has accelerated (+5.8% in 2025, +5.7% in 2024). It should return to potential (5%) in 2026. The rebound has been broad-based, with consumption as the primary driver, while investment and exports have been supportive. Ghana's recovery is positive for the dynamism of West Africa.

INSOLVENCIES

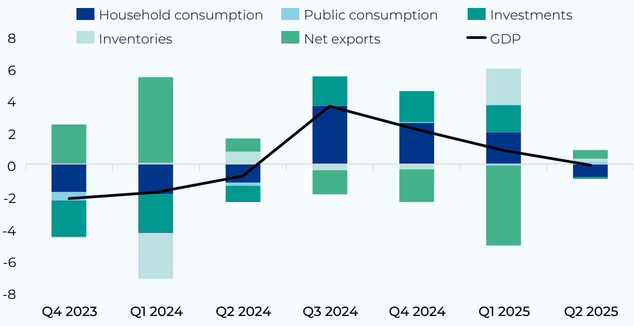
Globally, corporate insolvencies **continued to rise** in the first half of 2025, with the overall index for advanced economies up 4% compared to the same period in 2024 **(chart 16)**. This was driven mainly by significant increases in Europe (+11% year-on-year) and Asia-Pacific (+12%), with all covered Asia-Pacific countries seeing higher insolvencies – most notably Singapore and Australia. Among major covered European economies, only the United Kingdom saw insolvencies remain broadly unchanged. In contrast, North America recorded a decline. However, US insolvencies are expected to rise in the second half of the year, not helped by legislative changes that inflated H1 2024 figures and suppressed H2 2024 figures.
Sectoral drivers of insolvencies varied by regions and countries, but **hospitality** contributed to the rise in several key markets while **construction** remained a major factor in Germany, Italy, Spain, Australia, and Japan. Lower policy rates and some easing in credit standards should support the corporate credit environment, even if higher long-term rates do not provide the same relief for fixed-rate products. Greater certainty around tariff levels should also provide clarity and ease supply chains, but higher rates and the US slowdown are likely to weigh on demand, potentially limiting sales and firms' ability to service debt. Overall, global insolvencies are expected to continue rising in 2025, before gradually slowing and stabilising into 2026.

Chart 13:
Brazil: Evolution of market estimates for year-end inflation (%)



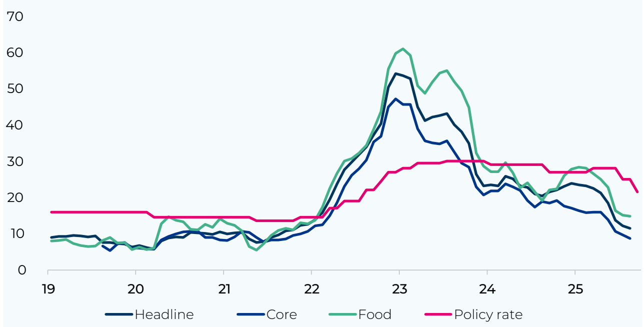
Sources: Central Bank of Brazil, Coface

Chart 14:
Argentina: Real GDP growth - quarterly evolution (QoQ, seasonally adjusted)



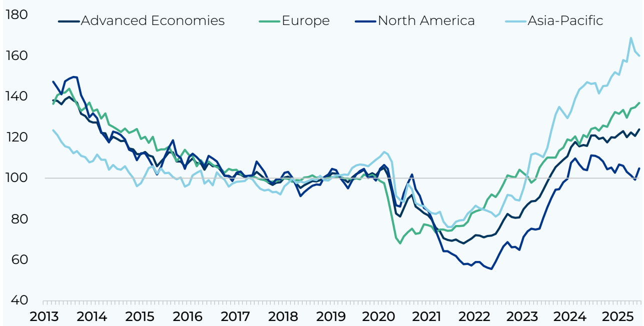
Sources: Indec, Coface

Chart 15:
Ghana: Inflation and interest rate (%)



Sources: Ghana Statistical Office, Macrobond, Coface

Chart 16:
Corporate Insolvencies in Advanced Economies (Index [same month in 2019 = 100], 3-month running average)



Note: GDP-weighted average of USA, Germany, Japan, UK, France, Italy, Canada, South Korea, Australia, Spain, Netherlands, Switzerland, Taiwan, Belgium, Sweden, Singapore, Hong Kong, and New Zealand
Sources: national sources, Macrobond, Coface

IN THE SPOTLIGHT

ELEVATED POLITICAL RISK
now makes part of the global landscape

For several years now, we have been warning of a fundamental upward trend in political risk due to an exceptional electoral calendar, persistent social frustations, and intensifying geopolitical rivalries. The 2025 update of our political risk index confirms this reality. At 41.1 %, the global score has climbed to a new record **(chart 17)**, slightly eclipsing its pandemic peak.

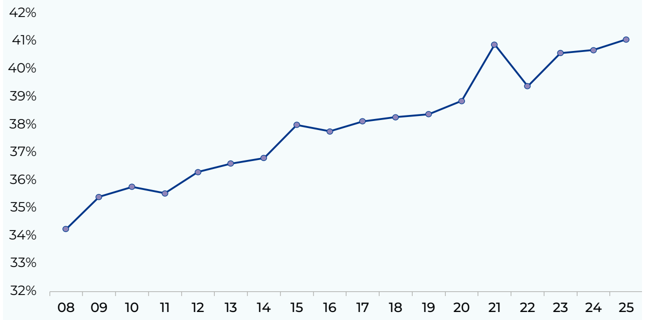
Conflicts take root, continuing to drive our overall score upward. In addition to the wars in Ukraine and Gaza, domestic tensions are intensifying, sometimes violently, as recent events in Nepal, Indonesia, and Madagascar have shown.

Moreover, the political and social landscape remains precarious, and recent events are reflected in our indicator. This trend is particularly pronounced in Africa, where countries now ruled by juntas after coups, such as Burkina Faso and Niger, show the sharpest increases in risk **(chart 18)**. Pakistan, amid crackdowns on protests and tensions with India, ranks among the top risers. Lebanon's chronic paralysis, compounded by regional instability, pushed its score higher. In Latin America, Ecuador's rising score also reflects volatility, with recent protests reinforcing the signals captured in our data.

The United States stands out as a stark outlier. It recorded the largest increase in risk worldwide between 2024 and 2025, and the fifth largest since pre-Covid. This sharp rise is closely tied to the country's growing institutional fragility and a significant surge in the populism score. Other advanced economies, such as Austria and France, amid its political crisis, are experiencing worsening trends.

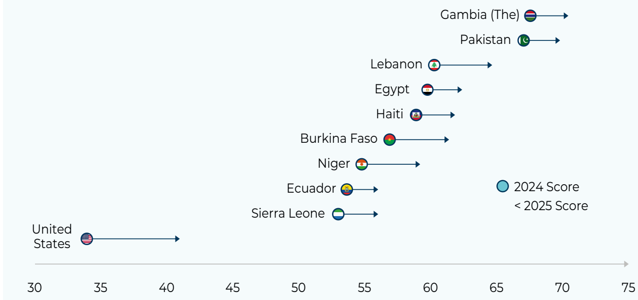
Ultimately, political risk has settled into a new, elevated level. What was once dismissed as temporary turbulence has become structural. The interplay of geopolitical rivalries, polarisation, energy transition and technological challenges ensures this higher-risk baseline will persist.

Chart 17:
World average: Coface Political Risk Index (Risk scale from 0 % (lowest risk) to 100 % (highest risk))



Source: Coface

Chart 18:
Top 10 largest increases in Coface political and social fragility index, 2025 vs. 2024



Source: Coface

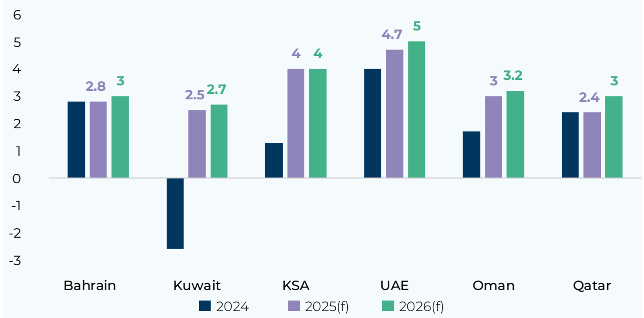
GCC: not just about oil...

The Gulf Cooperation Council (GCC) remains one of the most dynamic regions in the global economy. This is largely due to economic diversification efforts initiated in the early 2000s, which have increased the share of the non-oil sector in GDP to nearly 70% as of Q4 2024, compared with 60% in 2020 and 50% in 2010. Despite global economic uncertainties, GCC growth is expected to accelerate to 3.8% in 2025 from about 2% in 2024, before inching up further to around 4% in 2026 led by strong domestic demand and public-sector initiatives aligned with ambitious reform agendas **(chart 19)**. National development plans, such as Saudi Arabia's Vision 2030 and initiatives in the UAE, are expected to support new sectors, such as renewable energy, tourism, logistics or technology.

Large public spending programs are crowding in private capital and increasing integration into global value chains. In 2024, FDI into Saudi Arabia reached USD 32 billion (2.5% of GDP), while the UAE attracted USD 46 billion (8.3% of GDP), ranking among the top 10 FDI destinations worldwide **(chart 20)**. Among sectors, the largest shares of FDI went to wholesale and trade (26%), real estate (24%), and finance (21%), while manufacturing accounted for around 7% of total FDI. Based on the UAE's National Investment Strategy 2031, which aims to increase annual FDI inflows to USD 65 billion, these sectors are likely to continue attracting investment in the coming years. Green energy, digitalization (i.e. smart cities like NEOM, Smart Dubai Initiative), new bilateral trade agreements (i.e. UAE comprehensive economic partnership agreements with Türkiye and India) are expected to drive further investments.

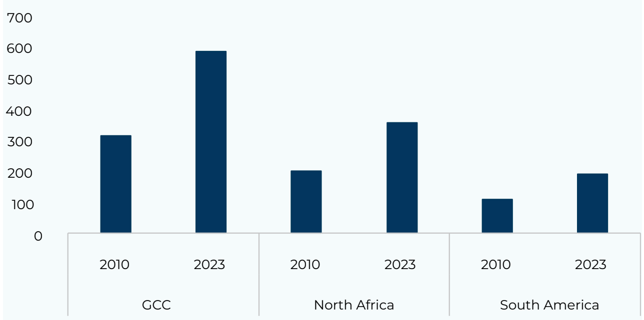
Despite progress, hydrocarbons still dominate fiscal balances and exports (about 70% of the total). A prolonged oil price decline would strain budgets and delay major projects. Yet ample reserves (covering around 8 months of imports), expanding tax systems, low public debt (around 35% of GDP), and nearly USD 4 trillion in sovereign wealth fund assets should give governments capacity to respond to shocks. While US tariffs will have limited effect, regional tensions remain a key risk for trade, tourism, and financial stability.

Chart 19:
GCC countries: Real GDP growth



Source: Coface

Chart 20:
FDI stock in GCC vs. Peers (bn USD)



Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics), Coface

Assessment changes
Country Risk

Countries	CRA changes		
CZECH REPUBLIC	A4	↗	A3
SAUDI ARABIA	A4	↗	A3
UNITED ARAB EMIRATES	A3	↗	A2
VIETNAM	B	↗	A4
CANADA	A2	↘	A3

BUSINESS DEFAULT RISK

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

Canada:
[Downgrade from A2 to A3] ↘
Canada's most critical trade relationship has been thrown off balance by the White House's sweeping 35% tariff on imports that fall outside USMCA compliance, alongside a 10% duty specifically targeting energy products. Although these measures have disrupted trade flows, the USMCA carve-out has helped cushion the blow. Despite this, targeted tariffs remain a major burden for key sectors. The unemployment rate has risen half a percentage point since January, to 7.1%, and even that is understated by the slowing labor force growth. The automotive industry faces a 25% tariff on vehicles and parts, while metals like steel, aluminum, and copper are hit with a 50% duty, weighing heavily on manufacturing. The situation is further complicated by declining energy prices. Taken together, these pressures are expected to cause uneven but significant economic damage.

Czechia:
[Upgrade from A4 to A3] ↗
In 2025, the economy is experiencing robust growth, with real GDP projected to reach 2.5%, exceeding historical averages. This upward trend is primarily driven by strong household consumption, fueled by increasing real wages, while investments also began rising, reflecting healthy economic momentum. Notably, this acceleration persists despite challenges in the German industrial sector, indicating that growth is endogenously driven and less reliant on external industrial performance. The fiscal deficit remains at a reasonable level (vs. regional peers), ensuring macroeconomic stability without straining public finances. Cyclical sectors, such as construction, are showing signs of improvement, further bolstering the economy's resilience. Although industrial production has not expanded, it has demonstrated remarkable resilience amid global trade challenges, particularly given its significant dependence on the automotive sector.

Saudi Arabia:
[Upgrade from A4 to A3] ↗
Saudi Arabia is experiencing a steady economic rebound, supported by strong domestic demand, government infrastructure projects, and the expansion of non-oil sectors under Vision 2030. Inflation remains moderate, and although the country runs a fiscal deficit, its low public debt and targeted investments in key industries provide resilience. Foreign investors are showing growing confidence, encouraged by reforms that improve investor protection, the establishment of special economic zones, and policies that ease capital inflows. At the same time, diversification is advancing in areas such as renewable energy, tourism, logistics, and technology, which should boost employment and long-term growth. Combined with healthy demographics and sizeable financial reserves, Saudi Arabia is strengthening its role as a competitive and attractive regional economy.

United Arabas Emirate:
[Upgrade from A3 to A2] ↗
The UAE's economy continues to demonstrate robust momentum, underpinned by non-oil sectors such as tourism, logistics and finance. Inflation remains moderate, providing a stable environment for businesses and consumers. The country's balanced fiscal position and resilient financial markets further reinforce economic stability. Further policy rate reductions from the US Federal Reserve are anticipated to provide the UAE's central bank with the opportunity to decrease its policy rate due to the currency peg. This is expected to enhance investment opportunities going forward. Collectively, these factors contribute to a more positive and balanced macroeconomic outlook for the UAE. High level of economic diversification level provides a buffer to the volatility in oil prices.

Vietnam:
[Upgrade from B to A4] ↗
Vietnam experienced a strong 1H GDP growth (+7.5%), driven by strong exports (+16% y/y). Economic growth momentum should remain solid for the rest of the year, supported by exports and investment growth. FDI pledges have been robust, reflecting sustained international confidence in Vietnam's economic prospects. Fiscal policy remains expansive, and monetary policy supportive, which will both continue to support economic activity. Stricter crackdown on trade fraud and illegal transshipment may help avoid the imposition of higher US tariffs (40%) on Vietnamese exports. From a longer term perspective, a mix of structural advantages (young, skilled and affordable workforce; robust infrastructure; geographical location, FTA network), political stability, and strategic reform momentum should support Vietnam as one of the most stable and forward-looking economies in Asia.

Changes in sectors assessment

UPGRADES

Automotive			
CHILE	High risk	Upgrade	Medium risk
Construction			
AUSTRALIA	Very high risk	Upgrade	High risk
SPAIN	High risk	Upgrade	Medium risk
Energy			
POLAND	High risk	Upgrade	Medium risk
ICT			
POLAND	High risk	Upgrade	Medium risk
SAUDI ARABIA	High risk	Upgrade	Medium risk
UAE	High risk	Upgrade	Medium risk
Retail			
BRAZIL	Very high risk	Upgrade	High risk
Textile-Clothing			
SOUTH AFRICA	Very high risk	Upgrade	High risk

DOWNGRADES

Agri-food			
BRAZIL	Medium risk	Downgrade	High risk
CHINA	Medium risk	Downgrade	High risk
Chemical			
SOUTH KOREA	High risk	Downgrade	Very high risk
Construction			
UNITED STATES	High risk	Downgrade	Very high risk
Retail			
ROMANIA	Medium risk	Downgrade	High risk
Textile-Clothing			
INDIA	High risk	Downgrade	Very high risk
Wood			
CANADA	High risk	Downgrade	Very high risk

BUSINESS DEFAULT RISK

- Low risk
- Medium risk
- High risk
- Very high risk

- Upgrade
- Downgrade

COUNTRY RISK ASSESSMENT MAP

160 COUNTRIES UNDER THE MAGNIFYING GLASS

A UNIQUE METHODOLOGY

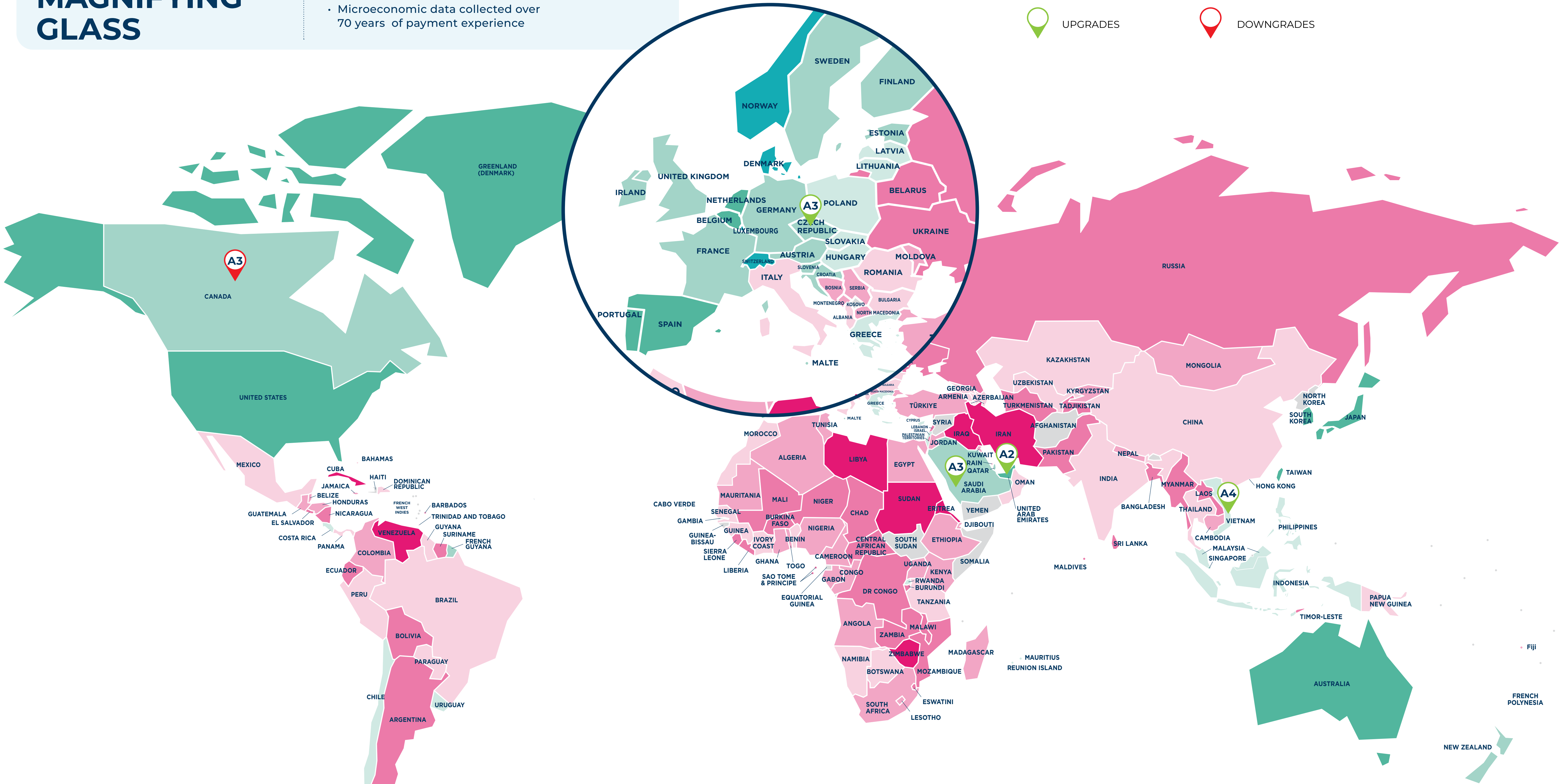
- Macroeconomic expertise in assessing country risk
- Comprehension of the business environment
- Microeconomic data collected over 70 years of payment experience

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.

coface FOR TRADE

SECTOR RISK ASSESSMENTS

October 2025

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

	NORTH AMERICA	CENTRAL & EASTERN EUROPE	ASIA-PACIFIC	SOUTH AMERICA	WESTERN EUROPE	MIDDLE EAST & TÜRKIYE
AGRI-FOOD	Medium	Medium	High (Downgrade)	High (Downgrade)	High	Medium
AUTOMOTIVE	High	High	High	High	Very High	Medium
CHEMICAL	Medium	High	High	High	Very High	Medium
CONSTRUCTION	Very High (Downgrade)	Very High	Very High	High	Very High	High
ENERGY	Medium	Medium (Upgrade)	High	Medium	Medium	Medium
ICT*	Medium	Medium (Upgrade)	Medium	High	Medium	Medium (Upgrade)
METALS	High	High	High	High	Very High	High
PAPER	High	High	High	Medium	High	Medium
PHARMACEUTICALS	Medium	Low	Low	Medium	Medium	Medium
RETAIL	Very High	Medium	Medium	High (Upgrade)	High	Medium
TEXTILE-CLOTHING	Very High	Very High	Very High (Downgrade)	Very High	Very High	High
TRANSPORT	High	Very High	Medium	High	High	Medium
WOOD	High	Very High	High	High	High	High

* 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).

Sector Risk
Assessment Changes
(OCTOBER 2025)

NORTH AMERICA

Sector	North America	Canada	United States	Mexico
Agri-food	Medium Risk	Medium Risk	Medium Risk	Medium Risk
Automotive	High Risk	High Risk	High Risk	High Risk
Chemical	Medium Risk	High Risk	Medium Risk	High Risk
Construction	High Risk ↘ Very High Risk	High Risk	High Risk ↘ Very High Risk	Very High Risk
Energy	Medium Risk	Medium Risk	Medium Risk	Very High Risk
ICT*	Medium Risk	Medium Risk	Medium Risk	Medium Risk
Metals	High Risk	Very High Risk	High Risk	Very High Risk
Paper	High Risk	High Risk	High Risk	High Risk
Pharmaceuticals	Medium Risk	Low Risk	Medium Risk	Medium Risk
Retail	Very High Risk	High Risk	Very 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 ↘ Very High Risk	High Risk	Very High Risk

SOUTH AMERICA

Sector	South America	Argentina	Brazil	Chile
Agri-food	Medium Risk ↘ High Risk	Medium Risk	Medium Risk ↘ High Risk	High Risk
Automotive	High Risk	High Risk	High Risk	High Risk ↗ Medium Risk
Chemical	High Risk	High Risk	High Risk	High Risk
Construction	High Risk	Very High Risk	High Risk	High Risk
Energy	Medium 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 ↗ High Risk	Very High Risk	Very 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	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 ↘ High Risk	Low Risk	Medium Risk ↘ High Risk	Medium Risk	Medium Risk	Medium Risk
Automotive	High Risk	High Risk	High Risk	Medium Risk	Medium Risk	High Risk
Chemical	High Risk	Medium Risk	High Risk	High Risk	High Risk	High Risk ↘ Very High Risk
Construction	Very High Risk	Very High Risk ↗ High Risk	Very High Risk	Medium Risk	High Risk	Very High Risk
Energy	High Risk	Medium 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	High Risk
Paper	High Risk	High Risk	High 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	Low Risk	Medium Risk
Textile-Clothing	High Risk ↘ Very High Risk	High Risk	Very High Risk	High Risk ↘ Very 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	Medium Risk	High Risk	Medium Risk

MIDDLE EAST & TÜRKIYE

Sector	M. East & Türkiye	Israel	Saudi Arabia	Türkiye	UAE
Agri-food	Medium Risk	High Risk	Medium Risk	High Risk	Medium Risk
Automotive	Medium Risk	High Risk	Medium Risk	High Risk	Medium Risk
Chemical	Medium Risk	High Risk	Medium Risk	High Risk	Medium Risk
Construction	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 ↗ Medium Risk	High Risk	High Risk ↗ Medium Risk	High Risk	High Risk ↗ Medium Risk
Metals	High Risk	High Risk	High Risk	High Risk	High Risk
Paper	Medium Risk	High Risk	Medium Risk	High Risk	Medium Risk
Pharmaceuticals	Medium Risk	Medium Risk	Low Risk	High Risk	Low Risk
Retail	Medium 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

WESTERN EUROPE

Sector	Western Europe	Austria	France	Germany	Italy	Netherlands (the)	Spain	Switzerland	United Kingdom
Agri-food	High Risk	Medium Risk	High Risk	High Risk	High Risk	High Risk	High Risk	Medium Risk	High Risk
Automotive	Very High Risk	Very High Risk	Very High Risk	Very High Risk	Very High Risk	Very High Risk	Very High Risk	Very High Risk	Very High Risk
Chemical	Very High Risk	High Risk	Very High Risk	Very High Risk	High Risk	Very High Risk	High Risk	High Risk	Very High Risk
Construction	Very High Risk	Very High Risk	Very High Risk	Very High Risk	Very High Risk	High Risk	High Risk ↗ Medium 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	Very High Risk	High Risk	Very High Risk	Very High Risk	Very High Risk	High Risk	High Risk	Very High Risk	Very High Risk
Paper	High Risk	High Risk	High Risk	High Risk	High Risk	High Risk	High Risk	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	Medium Risk	Medium Risk
Wood	High Risk	High Risk	High Risk	Very High Risk	High Risk	High Risk	High Risk	High Risk	Very High Risk

CENTRAL & EASTERN EUROPE

Sector	Central & Eastern Europe	Czechia	Poland	Romania
Agri-food	Medium Risk	Medium Risk	Medium Risk	High Risk
Automotive	High Risk	High Risk	High 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 ↗ Medium Risk	High Risk	High Risk ↗ Medium Risk	Medium Risk
ICT*	High Risk ↗ Medium Risk	Medium Risk	High Risk ↗ Medium Risk	Medium Risk
Metals	High Risk	Very High Risk	High Risk	Very 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 ↘ High 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

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	High Risk
ICT*	Very High Risk	Medium Risk
Metals	Very High Risk	Very 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 ↗ High Risk
Transport	Very High Risk	Very High Risk
Wood	High Risk	High Risk

BUSINESS DEFAULT RISK

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

COFACE GROWTH FORECASTS

	2023	2024	2025 (f)	2026 (f)
World	**2.8%**	**2.8%**	***2.6%***	***2.4%***
Advanced economies	**1.7%**	**1.7%**	***1.4%***	***1.4%***
United States	2.9%	2.7%	*1.8%*	*1.7%*
Japan	1.7%	0.1%	*0.8%*	*0.6%*
United Kingdom	0.4%	1.1%	*1.0%*	*1.0%*
Australia	2.1%	1.0%	*1.8%*	*2.3%*
Canada	1.1%	1.2%	*1.1%*	*1.0%*
European Union	**0.4%**	**1.1%**	***1.3%***	***1.5%***
Euro Area	**0.4%**	**0.9%**	***1.0%***	***1.3%***
Germany	-0.9%	-0.5%	*0.3%*	*1.0%*
France	1.1%	1.1%	*0.5%*	*0.6%*
Italy	1.1%	0.5%	*0.5%*	*0.7%*
Spain	2.5%	3.5%	*2.9%*	*2.1%*
Emerging and developing economies	**4.1%**	**4.0%**	***3.9%***	***3.7%***
China	5.2%	5.0%	*4.8%*	*4.2%*
India	8.8%	6.7%	*7.4%*	*6.3%*
Russia	3.6%	3.9%	*1.2%*	*0.8%*
Brazil	3.2%	3.4%	*2.2%*	*1.9%*
Mexico	3.4%	1.4%	*0.5%*	*1.5%*
Turkey	5.0%	3.2%	*3.5%*	*3.7%*
Saudi Arabia	-0.8%	1.3%	*4.0%*	*4.0%*
South Africa	0.8%	0.5%	*0.8%*	*1.3%*
Nigeria	2.7%	3.4%	*3.2%*	*3.2%*

F = forecasts

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