

Algeria

5.15

AKE raised the political risk rating for Algeria in Q1 2019 following six weeks of mass protests against President Abdelaziz Bouteflika's continued presidency. Concessions were made by the establishment, but the protests ultimately led to high-level breaks with Bouteflika and increasing pressure from the army, eventually forcing Bouteflika's immediate resignation. Protests remained largely peaceful but the risk of political instability is heightened under the caretaker government before elections mandated to occur within 90 days. Protests may yet continue as the caretaker government does not differ greatly from the previous regime. There is also little political consensus among opposition groups.

AKE Political Risk Outlook Q1 - Ones to Watch



Kazakhstan

3.5

AKE affirmed the political risk rating for Kazakhstan in Q1 despite Nursultan Nazarbayev's resignation as president on 20 March after more than 30 years in office. Nazarbayev had not previously moved to take any action to prepare for a transition. Nonetheless, the rating remains unchanged as Nazarbayev will remain the nation's dominant political figure and retain extraordinary political rights as 'leader of the nation,' head of the ruling party, and chair of the security council. New president Kassym-Jomart Tokayev is a close loyalist. AKE will continue to monitor the situation and whether the transition spurs renewed infighting amongst Nazarbayev's own family.

Ecuador

4.58

AKE raised the political risk rating for Ecuador as President Lenin Moreno's government reached a three-year US\$4.2bn financing agreement with the IMF to address a pressing fiscal crisis and large foreign debt. The Fund approved the deal on 11 March. The agreement allows US\$652m to be immediately released and enables the government to receive a further US\$6bn from other multilateral lenders, including the World Bank and the Inter-American Development Bank. Although Moreno's austerity measures, including the privatisation of state-owned companies and subsidies' cuts, are likely to come at a political cost, severe political instability risks remain unlikely in Q2.

Sudan

5.8

AKE raised the political risk rating in Sudan in Q1 amid rising political uncertainty as nationwide protests calling for President Omar al-Bashir's resignation continued unabated. To defuse unrest, Bashir signalled he will not stand for another term in the 2020 elections. Even so, the imposition of emergency laws in February could yet provoke a violent pushback and it is uncertain whether protesters would accept an NCP stalwart to succeed Bashir. Sudan's economy, as well, continued to deteriorate. With inflation soaring to above 50 per cent and debt hitting a record high of nearly 170 per cent of GDP, the risk of default increased further.

Thailand

4.41

AKE raised the political risk rating for Thailand in Q1. Initial results in the long-awaited general elections have not produced a clear winner. The junta-backed Palang Pracharat Party appears to have won the popular vote but the pro-democracy opposition is claiming it has enough seats to form a majority in the National Assembly. The military's continued entrenchment in Thai politics is inevitable and the country is on the verge of protracted political deadlock. The final result will not be announced until after the King's coronation on 9 May. Despite heightened political instability and security risks in Bangkok, business and economic risks are not expected to increase significantly in Q2.

AKE SECURITY RISK RATING SCALE

0.0 - 2.5

2.6 - 3.5

3.6 - 4.2

4.3 - 5.2

5.3 - 6.9

7.0 - 10.0