PRESS RELEASE

2009: A WORLD OF SEISMIC CHANGE

At a time of worldwide recession, increasing scarcity of basic commodities and with an untried president in the White House, 2009 will be a year of profound change and turbulence. Old economic rules will be obsolete, the international banking system re-engineered and all the old certainties called into question. Against this formidable backdrop of unpredictability, security flashpoints will intensify, and business will face a challenging landscape of political risk and complex investment opportunities.

In this year's RiskMap launched today, specialist business risk consultancy Control Risks examines the perils 2009 will present to business and identifies potential rewards in every corner of the world.

THE STRATEGIC PICTURE:

- Global economic contagion as hope is abandoned that growth in emerging markets would decouple from mature industrialised countries.
- 2009 will be a post-surplus world in which scarcity of key resources increasingly drives political decision-making and poses significant challenges for business.
- While 2009 is unlikely to witness 'resource wars', scarcity will have a profound impact on security, operating and regulatory conditions.
- US foreign policy interests are not expected to change dramatically under President Obama, although he is more likely to work through international bodies than his predecessor, and his major priorities will remain preventing Iran from acquiring nuclear weapons, resolving the Israel/Palestine conflict and the withdrawal of forces from Iraq. The emphasis in the 'war on terror' will shift further towards Afghanistan and Pakistan's tribal areas.
- If the US economy does not improve by the second half of the year Obama will have to resist pressure for protectionism and financial over-regulation.
- Terrorist groups may test the new president's resolve.

"In 2009, risk will become still more significant as business is forced to negotiate an increasingly difficult and uncertain landscape", says Control Risks Research Director, Adam Strangfeld. "It is clear from our analysis that the financial crisis is worldwide – the emerging markets as well as more mature economies are not immune.

"But not all countries will have the same degree of exposure; and differentiating clearly between markets will become a critical factor in making
successful investments; opportunities will remain to those who put a premium on careful pre-investment planning.

"In many parts of the world, scarcity of resources is a mounting problem that cannot be confined by national boundaries or even regions. In 2009, scarcity will represent a strategic challenge for business that only first-class intelligence can meet."

Of increasing concern to business is likely to be the enhanced risk of kidnap faced by employees in a growing number of regions. "Allowing for differences of motivation and method, kidnap has become much more of a global issue and new hotspots are likely to emerge in 2009" says Jonathan Wood, a Control Risks analyst. "It has never been more important for business to understand the dynamics underlying security issues in each country of operation."

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THE TACTICAL PICTURE:

- Kidnapping for ransom has become a global phenomenon and increasingly groups with a political agenda will use kidnapping as a fund-raising tool.
- Although the main driver in the growth of kidnap will remain its adoption by militant groups, the number of piracy incidents involving kidnap is surging – and will continue to do so in 2009.

REGIONAL OVERVIEWS

Africa – with some notable exceptions, the region is not badly positioned to weather the economic crisis. With few liquid capital markets and a banking system decoupled from global streams, the region is largely isolated from the worldwide financial storm. Much (political stability and reform) will depend on commodity prices, aid flows, investment, remittance and trade. Paradoxically, the crisis may aid political reform as countries compete for multilateral loans.

Americas – 2009 may see a contest between two economic models, liberal and statist. The first model (adopted by the US, Brazil and Mexico among others) allows a central role for the private sector. The second (favoured by Venezuela, Bolivia and others) has a state-controlled approach. Economic slowdown could challenge the former's commitment to the liberal model, and for the statists the idea that governments are the main engine of growth will be questioned. Many liberal and statist countries are likely to experience social unrest.

Asia – in 2009 the region is expected to perform better in the global crisis than advanced economies. While world economic growth may slow to around two per cent, for Asia the figure is forecast to be seven per cent. Nonetheless, rising unemployment and high prices for food and fuel could lead to economic nationalism and social unrest. But these are not expected to exceed 2008 levels. In short, watch out for the Asia rebound in later 2009.

Europe and the FSU – the recession will demand institutional resilience in Western and Central European states. In contrast, commodity-rich authoritarian regimes in Central Asia will use their stabilisation funds to cushion the impact of economic downturn. In Eastern and Central Europe, governments that failed to implement structural reforms will face sizeable budget deficits. With government instability hindering effective response to the crisis, political risk will return with a vengeance.

Middle East – this region will continue to present the full spectrum of risks to foreign business. In the poorer areas, the global crisis will lead to widespread social unrest. Most economies in the region will be insulated from its worst effects by their oil revenues. In the Gulf States, the main concern in 2009 will not be issues of political or social unrest but the challenge of maintaining funding for the region's development projects.

An executive summary of the main challenges facing the world of business in 2009 is attached.

FOR MORE INFORMATION:

If you would like to know more, obtain a graphic of the accompanying map or arrange for interviews please contact:

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NOTES TO EDITORS

About Control Risks

Control Risks is one of the world's leading global business risk consultancies. With 27 offices on five continents, we provide assistance to clients 24 hours a day, 365 days a year, wherever and whenever it is needed. As a trusted advisor to over 70% of the Fortune Global 500, our support and advice enables clients to manage the political, security, operational and integrity risks that come with doing business internationally.

Risk Ratings by Country

SECURITY Risk

Countries with areas at EXTREME security risk [* indicates entire country rated at extreme]:
Afghanistan, Burundi, Congo (DRC), Iraq, Somalia, Sri Lanka (north and north east), Sudan (Dafur).

Countries with areas at HIGH security risk (by region) [* indicates entire country rated at high]:
AFRICA: Cameroon, Central African Republic, Chad*, Côte d'Ivoire, Eritrea, Ethiopia, Kenya, Liberia, Niger, Nigeria, Rwanda, Uganda, Zimbabwe*

AMERICAS: Colombia, Ecuador, Guatemala, Haiti*, Pakistan, Panama, Peru, Venezuela

ASIA: Bangladesh, Burma (Myanmar), East Timor*, India, Indonesia, Papua New Guinea*, Philippines, Thailand

EUROPE: Armenia, Azerbaijan, Georgia, Kyrgyzstan, Russia, Tajikistan, Uzbekistan

MIDDLE EAST/NORTH AFRICA: Algeria, Palestinian Territories*, Saudi Arabia*, Turkey, Yemen*

Countries with areas at MEDIUM security risk (by region) [* indicates entire country rated at medium]:
AFRICA: Angola, Benin; Burkina Faso*, Comoros*, Congo, Djibouti*, Ghana, Guinea (Conakry)*, Guinea-Bissau*, Lesotho*, Madagascar*, Mozambique*, São Tomé & Príncipe*, Sierra Leone*, Senegal, South Africa, Swaziland*, Tanzania, Togo*, Zambia

AMERICAS: Argentina, Bolivia*, Brazil, Costa Rica, Ecuador, El Salvador*, Guyana*, Honduras*, Jamaica*, Mexico*, Nicaragua, Paraguay, Trinidad & Tobago, United States

ASIA: Cambodia*, China, Fiji*, Laos*, Mongolia*, Nepal*, Solomon Islands*, Tonga*

EUROPE: Albania; France; Greece; Italy; Kazakhstan*; Macedonia*; Moldova, Serbia, Spain, Turkmenistan*

MIDDLE EAST/NORTH AFRICA: Egypt*, Iran*, Israel*, Jordan, Lebanon*, Morocco, Syria

Countries with areas at LOW security risk (by region) [* indicates entire country rated at low]:
AFRICA: Botswana*, Cape Verde*, Equatorial Guinea*, Gabon*, Gambia*, Malawi, Mali, Mauritania*, Mauritius*, Namibia*

AMERICAS: Antigua & Barbuda*, Aruba*, Bahamas*, Barbados*, Belize*, Bermuda*, Canada*, Cayman Islands*, Chile*, Cuba*, Dominican Republic*, French Guiana*, Grenada*, Guadeloupe*, Martinique*, Netherlands Antilles*, Puerto Rico*, St Kitts And Nevis*, St Lucia*, St Vincent & Grenadines*, Suriname*, Uruguay*, US Virgin Islands*

ASIA: Australia*, Brunei*, Japan*, Malaysia*, Maldives*, New Caledonia*, New Zealand*, North Korea*,

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Singapore*, South Korea*, Taiwan*, Vanuatu*, Vietnam*

EUROPE: Austria*, Belarus*, Belgium*, Bosnia And Herzegovina*, Bulgaria*, Croatia*, Cyprus*, Czech Republic*, Denmark; Estonia*, Germany*, Hungary*, Ireland*, Latvia*, Lithuania*, Luxembourg*, Malta*, Monaco*, Montenegro*, Netherlands*, Poland*, Portugal*, Romania*, Slovakia*, Slovenia*; Sweden*, Switzerland, Ukraine*, United Kingdom*

MIDDLE EAST/NORTH AFRICA: Bahrain*, Kuwait*, Libya*, Oman*, Qatar*, Tunisia*, UAE*

Countries at INSIGNIFICANT security risk (by region) [* indicates entire country rated at insignificant]:
AFRICA: Seychelles*

AMERICAS: Anguilla*, British Virgin Islands*, Dominica*, Turks & Caicos Islands*

ASIA: Bhutan*

EUROPE: Andorra*, Finland*, Iceland*, Liechtenstein*, Norway*, San Marino*

MIDDLE EAST/NORTH AFRICA: -

POLITICAL Risk

Countries at EXTREME political risk:
Somalia (H in Somaliland), North Korea, Zimbabwe

Countries at HIGH political risk:
Afghanistan, Belarus, Bolivia, Burundi, Central African Republic, Chad, Comoros, Congo (DRC), Côte d'Ivoire, East Timor, Ecuador, Guinea (Conakry), Guinea-Bissau, Haiti, Iraq (M in Kurdish Region), Nepal, Palestinian Territories, Sudan (E in Darfur), Venezuela

Countries at MEDIUM political risk:
Albania, Algeria, Angola, Argentina, Azerbaijan, Bangladesh, Belgium, Benin, Bosnia and Herzegovina, Brazil, Bulgaria, Burkina Faso, Burma (Myanmar), Cambodia, Cameroon, Colombia, Congo, Cuba, Djibouti, Dominican Republic, El Salvador, Equatorial Guinea, Eritrea, Ethiopia, Fiji, Gabon, Gambia, Georgia, Guatemala, Honduras, India, Indonesia, Iran, Kazakhstan, Kenya, Kosovo, Kyrgyzstan, Laos, Lebanon, Lesotho, Liberia, Libya, Macedonia, Madagascar, Malta, Malawi, Maldives, Mauritania, Mexico, Moldova (H in Transdniestr), Mongolia, Montenegro, Mozambique, Nicaragua, Niger, Nigeria, Pakistan, Papua New Guinea, Paraguay, Peru, Philippines, Romania, Russia (H in North Caucasus), São Tomé & Príncipe, Serbia, Sierra Leone, Slovakia, Solomon Islands, Sri Lanka, Swaziland, Syria, Tajikistan, Turkmenistan, Thailand, Togo, Tonga, Turkey, Uganda, Ukraine, Uzbekistan, Yemen, Zambia

Countries at LOW political risk
Antigua & Barbuda, Armenia, Aruba, Austria, Bahrain, Belize, Botswana, Brunei, Cape Verde, Chile, China, Costa Rica, Croatia, Cyprus (M in Turkish Republic of Northern Cyprus), Czech Republic, Egypt, Estonia, France, French Guiana, Germany, Ghana, Greece, Grenada, Guyana, Hungary, Iceland, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kuwait, Latvia, Lithuania, Malaysia, Mali, Mauritius, Morocco (M in Western Sahara), Namibia, Netherlands, Netherlands Antilles, New Caledonia, Oman, Panama, Poland, Portugal, Qatar, Rwanda, Saudi Arabia, Senegal, Seychelles, Slovenia, South Africa, South Korea, Spain, Suriname, Switzerland, Taiwan, Tanzania (M in Zanzibar archipelago), Trinidad & Tobago, Tunisia, UAE, United Kingdom, United States, Uruguay, Vanuatu, Vietnam

Countries at INSIGNIFICANT political risk
Andorra, Anguilla, Australia, Bahamas, Barbados, Bermuda, Bhutan, British Virgin Islands, Canada, Cayman Islands, Denmark, Dominica, Finland, Guadeloupe, Liechtenstein, Luxembourg, Martinique, Monaco, New

Zealand, Norway, Puerto Rico, San Marino, Singapore, St Kitts and Nevis, St Lucia, St Vincent & Grenadines, Sweden, Turks & Caicos Islands, US Virgin Islands

Definitions of Political risk:

INSIGNIFICANT
The environment for business is favourable and likely to remain so. Government policy is stable and the economy is secure. Business faces no legal or regulatory disadvantages.
There are no significant non-state threats to operations.

LOW
Business can operate with few problems. Political institutions are stable but there is some possibility of negative policy change. Legal guarantees are strong but business may face some regulatory or judicial insecurity. Non-state actors may occasionally hamper operations.

MEDIUM
Foreign business is likely to face some disruption from state or non-state actors OR long-term investment security cannot be guaranteed. There is a risk for business of exposure to some or all of the following: corruption; strong and hostile lobby groups; absence of adequate legal guarantees; restrictions on imports or exports; weak political institutions; and capricious policymaking. In some Medium risk countries there is a latent threat of military or other illegal intervention.

HIGH
Business is possible but conditions are difficult or likely to become so in the near future. Political institutions effectively do not function, the regulatory framework is poor and judicial decisions are arbitrary. There is little security for investments. Business may be exposed to the following risks: economic and political conditions may become rapidly unstable; international sanctions are possible; non-state actors actively target business; or there is a risk of contract repudiation or re-negotiation by state actors.

EXTREME
Conditions are hostile to/untenable for business. There is no investment security. The following conditions may apply: the economy has collapsed; law and order has broken down and state bodies have ceased to function; there is a state of war or civil war; non-state actors cause suspension of operations; or the state is actively hostile to foreign business and expropriation of assets is likely.

Definitions of Security risk

INSIGNIFICANT
Assets and personnel are not at risk except from isolated incidents or petty crime. Levels of violent crime are low, the authorities provide effective security and there is virtually no political violence.

LOW
Assets are generally secure and the authorities provide adequate security. Companies and personnel face only infrequent exposure to violence from terrorists or criminals; companies are unlikely to be systematically targeted for asset theft

MEDIUM
There is a reasonable possibility of security problems affecting companies, but there is no sustained threat directed specifically against foreign companies. Targeted crime or violence poses some risk to foreign assets and personnel OR they are at reasonable risk from violence by terrorists or unrest. State security is inadequate.

HIGH
There is a probability that foreign companies will face security problems; special measures are required. Assets and personnel are at constant risk from violence or theft by state or non-state actors OR there is a high risk of collateral damage from terrorism or other violence. State protection is very limited.

EXTREME
The severity of security risks to assets or personnel is likely to make business operations untenable. There is no law and order; conditions may verge on war or civil war. Foreign companies must strongly consider withdrawal.