

## COFACE RISK REVIEW

COUNTRY AND SECTOR RISKS (February 2026)



By the Coface  
Economic  
Research team

### EDITORIAL by Jean-Christophe Caffet, chief economist

## THE MOMENT OF TRUTH?

In some ways, 2025 lived up to expectations, marking a sharp acceleration in history amid turmoil and a stabilization of global growth in line with our initial forecast (+2.8%). Without going back over all the events that punctuated a year that was anything but smooth sailing, this seemingly paradoxical result can be explained by two main factors. The first is that the shock to the global economy was ultimately not as severe as the uncertainties that preceded it, particularly in terms of tariffs. The second is the ability of companies to adapt, particularly those with an international focus, confirming, if confirmation were needed, that globalization remains a strong dynamic, driven by powerful forces, if not irreducible interdependencies.

What will 2026 look like? It is difficult to say, especially with any degree of precision, given the high level of uncertainty and the often extreme risks involved. First and foremost are geopolitical risks, as recent events have shown, particularly those that have occurred since the beginning of the year, from Latin America to Iran and Greenland. There are also financial risks, given the levels of debt and valuation of most assets in a context of persistently higher interest rates. More generally, there are macroeconomic risks, shaped by evolving US economic policy and the ongoing possibility of renewed trade tensions, against a backdrop of intensifying international competition and declining global cooperation. Finally, there are social and political risks, with deep and growing resentment among an ever-larger section of the population in many countries, particularly in Europe. Not to mention, of course, the ever-present or intensifying health and climate risks.

At the time of writing, we are forecasting a very slight slowdown in global growth (+2.6%), (almost) entirely attributable to the Chinese economy (+4.4%), relatively stable inflation against a backdrop of still moderate commodity prices, particularly for energy and food, and the gradual end of the cycle of rate cuts initiated by the major central banks almost two years ago. These forecasts are extremely fragile, dependent as they are on the answers to the many fundamental questions that remain unanswered. While it may not be the moment of truth, the coming year should help to clear up some ambiguities, both economically and in the (geo)political arena.

In this context, and as part of our country and sector risk assessment exercise, we made seven changes to country assessments (including six upgrades) and nine changes to sector assessments (including seven upgrades).

## OPENING

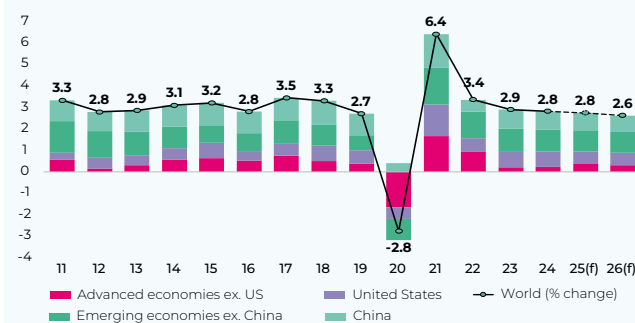
## GEOPOLITICS by Thomas Gomart, director of IFRI

In January 2026, Venezuela, Greenland and Iran dominated the geopolitical headlines. Policy signals and communication dynamics in the United States attracted strong market and media attention, reinforcing the need for ongoing analysis. These developments contribute to a broader environment of geopolitical uncertainty that economic actors must learn to manage.

How can these developments be interpreted? Decision-making dynamics in geopolitics are complex and shaped by multiple strategic considerations. Recent events highlight evolving security priorities, shifting regional tensions, and changes in policy signaling. Actions targeting transnational crime networks reflect a growing emphasis on security threats within U.S. policy discussions. Discussions surrounding Greenland illustrate broader debates about strategic influence, national security, and access to critical regions. Meanwhile, tensions between the United States and Iran continue to be shaped by regional conflicts and evolving alliances, contributing to an environment of heightened geopolitical uncertainty. Overall, recent policy decisions suggest a willingness to rely on stronger security postures compared with previous periods.

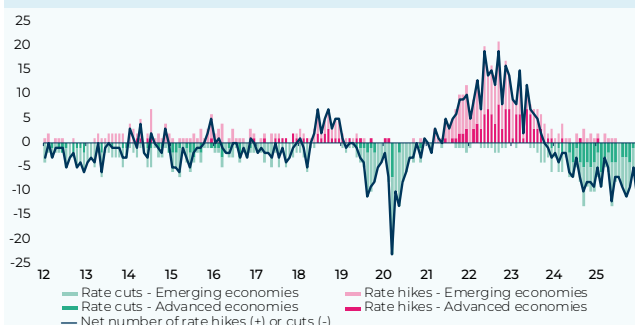
These dynamics are likely to shape the geopolitical environment ahead of key diplomatic and political milestones in 2026, including the anticipated Sino-American summit and upcoming electoral cycles in the United States. Trade tensions that escalated in 2025 have led to a series of bilateral arrangements that reflect evolving approaches to international trade governance. China's response has highlighted the growing importance of geo-economic tools, particularly in areas such as critical minerals and rare-earth supply chains, which remain central to industrial and technological competition. This is now a constant in an increasingly unstable world. For Europeans, they are still seeking autonomy, balancing commercial pressure from the U.S., industrial pressure from China, and military pressure from Russia via Ukraine. Crucial choices about resource allocation will have to be made in 2026 and 2027.

**Chart 1:**  
Global real GDP growth (market exchange rate, %)



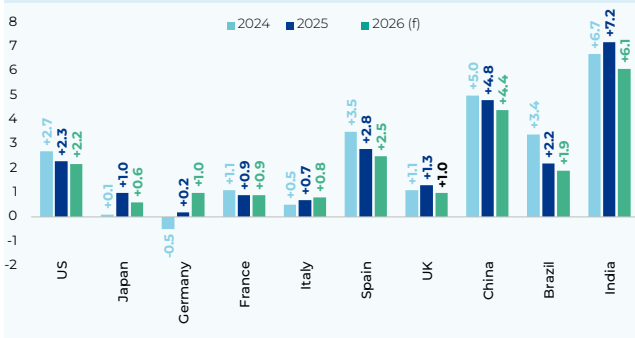
Sources: IMF, national statistical institutes, Refinitiv Datastream, Coface forecasts

**Chart 2:**  
Net monthly number of rate hikes (+) or cuts (-) by major central banks



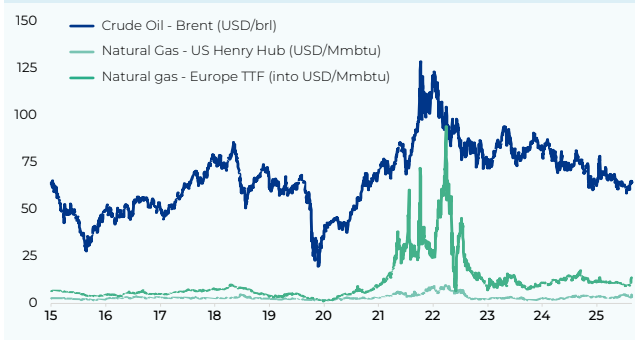
Note: based on the Central Banks of 11 advanced economies, including the ECB, and 20 emerging economies. Sources: Central banks, Macrobond, Coface

**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

## GLOBAL ECONOMY

The first few weeks of 2026 set the tone: tariffs and uncertainty are not behind us. Ongoing tariff discussions in the United States, influenced by both economic and strategic considerations, are likely to continue weighing on global growth expectations this year.

Despite peaks of uncertainty and trade tensions, the global economy grew by 2.8% in 2025 (**Chart 1**) for the second consecutive year, partly thanks to the delayed effects of the massive monetary easing that has been widespread since mid-2024 (**Chart 2**). The upward revision of our global growth forecast by 0.2 percentage points compared to our October *Risk Review* is mainly due to the U.S. economy.

Looking forward, growth is expected to remain stable at 2.2% in the United States in 2026 (**Chart 3**). In the eurozone it will remain stable as well but in this case – excluding the highly volatile Irish economy – at around 1%, with the gradual rebound in Germany offsetting the natural slowdown in the still dynamic Spanish economy. Thus, the slowdown in the global economy in 2026, to 2.6%, will be mainly attributable to the Chinese economy. After being buoyed by temporary factors last year (anticipated exports to the United States in the first half of the year and consumer subsidies), growth will be slower in China in 2026.

In this context, oil prices (**Chart 4**) are expected to decline, falling from USD 68 per barrel of Brent in 2025 to around USD 60. This would reflect moderate growth in demand, while supply is expected to increase significantly, driven in particular by the ramp-up of offshore fields in Guyana and Brazil. Despite likely episodes of volatility linked to the geopolitical environment, energy prices are expected to remain quite neutral for inflation, which is still decreasing in most regions. The U.S. might be the exception as some tariff passthrough is still in the pipeline and the immigration crackdown's effects on labor supply will become increasingly visible in a context of robust consumer demand. All this should not prevent the Fed to keep cutting rates if employment disappoints, but probably not more than twice this year. In the eurozone, the ECB is expected to keep its rates unchanged.

## AMERICAS

## NORTH AMERICA

Left to its own devices, the **U.S.** economy should retain its good shape in 2026. The bulk of the tariff's costs are being absorbed by firms (producer price inflation is at 3.3%), which goes a long way to explaining why inflation (2.7% in December) has so far undershot expectations. Business insolvencies have increased by 15% yoy in H2 2025 (**Chart 5**), signaling that the weakest firms are struggling to keep up with higher costs even as the strongest firms do very well.

Similar polarization dynamics explain why demand for goods and services has remained so strong. Conservative estimates put the share of consumption of the wealthiest quintile at 35%; the highest at 50-60%. The wealthier you are, the more exposed you are to the equity market: The top 0.1% hold about 70% of their financial wealth in equities versus 15% to 20% for the bottom 50%. Investor enthusiasm around A.I. therefore isn't just supporting CAPEX, it is underpinning spending for wealthier Americans. Besides, extra tax refunds from the Big Beautiful Bill should provide a 0.8% boost to household income throughout the year. If anything, we might get too much demand and convergence to 2% inflation might be postponed.

Two areas should be closely monitored: the stock market and the job market. Potential triggers for an equity correction include a reversal in investor sentiment on A.I., as well as unpredictable policy from a White House afraid of losing Congress in the midterm elections. As for the job market, you would expect the good growth picture to nurse it back to health. But given the strong incentives for technology-driven labor substitution, we'll call the end of the "low-fire, low-hire" job market when we see it. Meanwhile, Canada and Mexico are set for another sub-par year in 2026. Not everything is doom and gloom: computer equipment exports are taking off in **Mexico** (**Chart 6**) thanks to the U.S. A.I. boom; and building the infrastructure to diversify **Canadian** trade will come with a modest public investment boost. But, as long as uncertainty remains around the USMCA revision (which should last most of the year, if not more), private investment should remain subdued.

**Chart 5:**  
United States: Business insolvencies (by quarters)

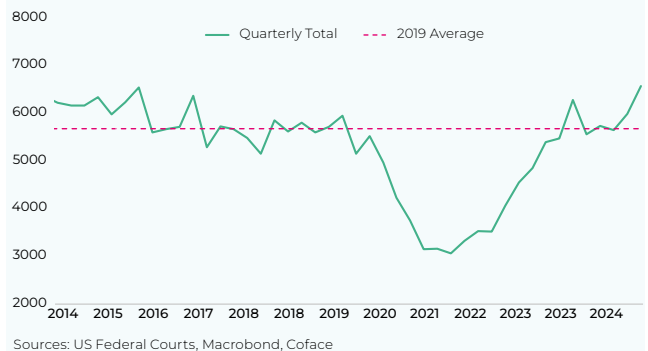


**Chart 6:**  
Mexico: exports (USD Billion)

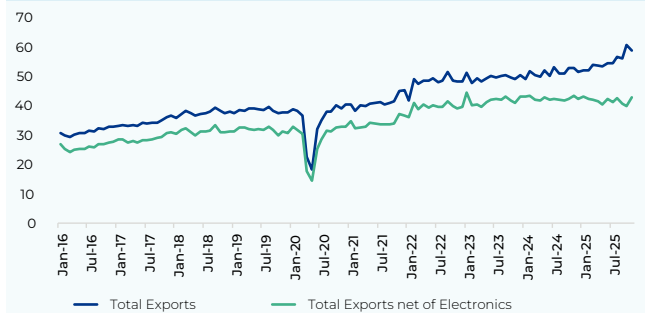
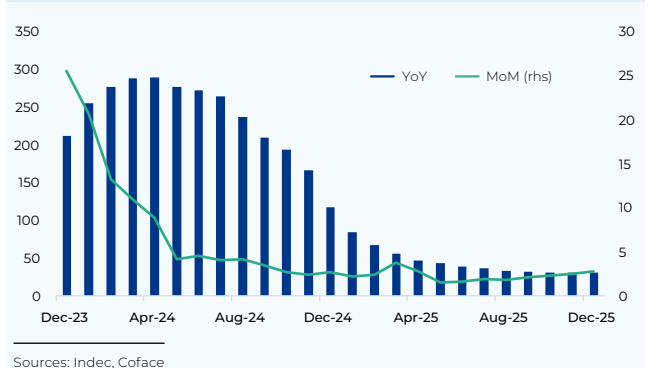


**Chart 7:**  
Venezuela: Oil output (million barrels per day, 3 mma)



**Chart 8:**  
Argentina: inflation evolution - consumer prices (%)



## SOUTH AMERICA

South America drew attention in early 2026 after the U.S. carried out strikes in **Venezuela**, though their impact – whether on encouraging fair elections or helping revive the country's depleted oil industry – remains uncertain (**chart 7**). Knock-on effects to neighboring countries should be minimal, as Venezuela's trade and financial links with the region are currently at very low levels. Regarding regional economic activity, preliminary Q4 2025 data show **Brazil's** economy continuing to lose momentum due to very restrictive credit conditions, with the Selic policy rate still at 15%. Even with monetary easing anticipated to start in March 2026, real interest rates will remain high, continuing to weigh on investment and business payment performance.

**Argentina** entered 2026 on firmer footing after the ruling coalition's landslide win in the October 2025 midterm elections restored market confidence in its economic agenda. GDP growth will slow somewhat this year due to base effects (3.4% after 4.4% in 2025), but easing credit conditions and improved sentiment should support investment, while falling inflation (forecast at 20% at end 2026, from 31.5% at end-2025) should favor private consumption (**chart 8**). Still, risks persist, as monthly inflation accelerated for the fourth consecutive month in December, reaching 2.8%. In **Chile**, conservative president elect José Antonio Kast will take office in March 2026, pledging tougher security and migration policies alongside deregulation, lower business taxes, and fiscal consolidation. GDP growth should remain similar to 2025: high copper prices will support activity, albeit the sector has recently faced some operational disruptions.

As for **Colombia**, the country stood out as an exception in the region in terms of monetary policy. In January 2026, the central bank initiated a tightening cycle, raising the policy rate by 100 bps to 10.25% in a split decision. The move was driven by persistently high inflation—5.1% in December 2025—and by a sharp rise in inflation expectations, which jumped to 6.4% in January 2026 following the announcement of a 23% increase in the minimum wage.

## EUROPE

## WESTERN EUROPE

After contracting in 2023 and 2024 and more or less stagnating in 2025 (+0.2%), the **German** economy should accelerate somewhat this year (+1%), due to the immense fiscal stimulus package (total budget: 500bn euros over the next 12 years, equivalent to 11% of 2025 nominal GDP) and some extra working days adding ¼ pt to GDP growth (**chart 9 and 10**).

The government's 2026 budget foresees total public investment of 127bn euros up from 87bn euros last year. Overall, the fiscal stimulus package is expected to add 0.7 pp to GDP growth this year. Yet there is sizable uncertainty about absorption rates (which averaged 75% to 80% only in 2024-25). While it will support activity in the short-term, the impact on Germany's growth potential should be limited given recent fiscal policy decisions (which included handouts to the hospitality sector, for example). According to government forecasts, the growth potential will remain at a low 0.5% per annum in 2026-29, half the rate seen in 2016.

From an industry perspective, the hospitality sector has recently benefitted from a reduced VAT rate and the ailing construction sector will see an uptick in new public infrastructure work. Energy intensive sectors will be (modestly) supported by an "electricity price brake" and the armaments industry (including adjacent sectors) is still booming. The government has de-facto lifted the constitutional debt brake on military spending in early 2025, causing an increase of the defense budget 86bn euros last year to 108bn euros this year.

In **France**, the government finally succeeded in getting the 2026 budget approved, surviving the resulting motions of no confidence. The lack of a clear majority in Parliament meant that no significant savings could be made, and the public deficit will remain very high (>5% of GDP). Although the outlook therefore remains bleak in the medium term, the approval of this budget reduces uncertainty in the short term (**chart 11**). While businesses and households may ultimately be less cautious, growth should nevertheless continue to be driven by the recovery of the important aerospace industry and – as has been the case since 2023 – public spending.

In **Italy**, growth will continue to be driven by solid investment due to the upcoming deadline of EU funds. Moreover, private consumption will keep recovering thanks to the increase in real wages. In **Spain**, despite decelerating, activity will remain strong, as investment will be boosted by accelerated use of NGEU funds and immigration will continue to support domestic demand.

In the **UK**, inflation is expected to ease after its mid-2025 uptick, allowing the Bank of England to continue a gradual easing of monetary policy. Public spending should continue to support growth despite elevated borrowing costs. Lower inflation and interest rates should help sustain domestic demand, but labour market softness and persistent margin pressures will continue to weigh on businesses.

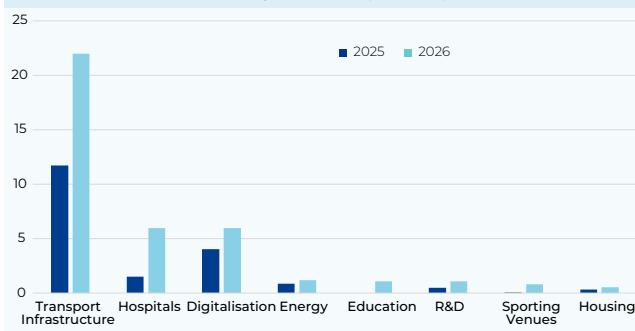
## CENTRAL &amp; EASTERN EUROPE

**Poland's** industrial production is showing a marked improvement over recent stagnation, with a 7.4% YoY increase in December (**chart 12**). The manufacturing sector is now aligning more with economic growth, as GDP increased by 3.6% in 2025. The composition of GDP is encouraging, with investments rebounding by 7.1% and signaling the onset of a new investment cycle, driven by higher absorption of EU funds. This will accelerate economic growth to 3.8% in 2026.

For **Bulgaria**, 2026 will be the first year as a member of the Eurozone. Although immediate economic benefits are not anticipated, the transition will improve investor confidence and facilitate integration with the Eurozone. In the near term, however, political environment will be a source of uncertainty. The resignation of the government has triggered another – 8th since 2021 – snap election this year, with the resigning President widely expected to participate.

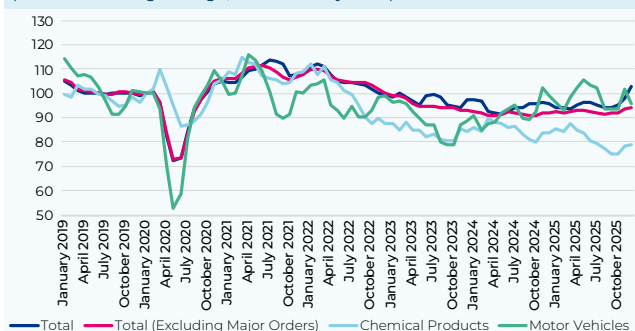
Elections will also take place in **Hungary**. The ruling Fidesz party trails the opposition Tisza in most polls, with the latter campaigning on a platform that includes securing the EU funds. The suspension of these funds has contributed to weak economic performance, exemplified by 0.4% growth in 2025 and contraction in industry. However, in the run up to the elections, the fiscal policy will become looser, which will push growth to 2.0% in 2026.

**Chart 9:**  
Germany: Special Fund for Infrastructure and Climate Neutrality  
Investments from the Federal government (bn euros)



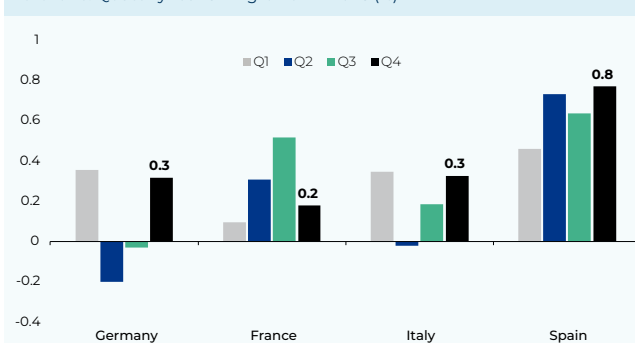
Sources: Federal Ministry of Finance, Coface

**Chart 10:**  
Germany: New Order Inflow Manufacturing Sector  
(3-month moving average, 100 = January 2020)



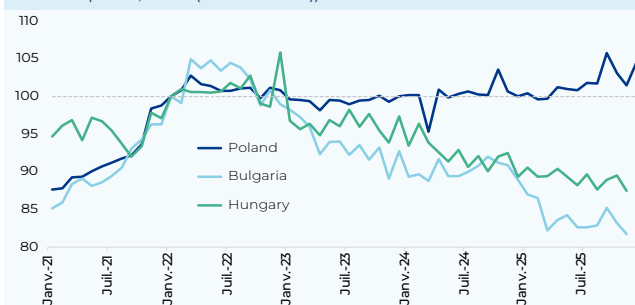
Source: German Federal Statics Office, Macrobond, Coface

**Chart 11:**  
Eurozone: Quarterly real GDP growth in 2025 (%)



Sources: Eurostat, Coface

**Chart 12:**  
Poland, Bulgaria and Hungary: industrial production (seasonally adjusted,  
constant prices, Index (2022-01 = 100))



Sources: Polish Central Statistical Office (GUS), Bulgarian National Statistical Institute, Hungarian Central Statistical Office (HCSO), Coface

## ASIA

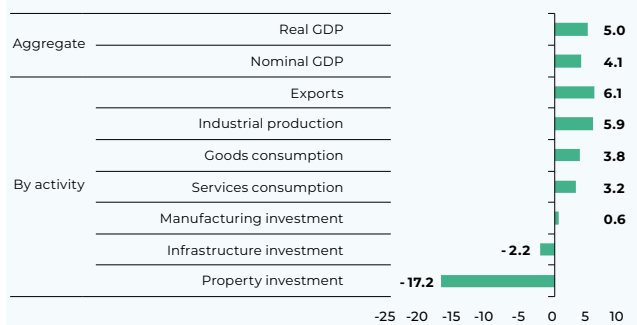
## CHINA

China achieved 5% growth in 2025, supported by solid exports and resilient industrial output. However, domestic demand weakened notably in 25H2, which will likely persist into 2026 (**chart 13**). As boost of trade-in subsidies faded, consumption remained constrained by a soft labor market and only modest increases in social welfare spending. Investment momentum also deteriorated, with fixed investment posting its first annual decline in decades. While housing investment slump was the main drag, manufacturing capex was also held back by weaker corporate earnings and controls on capacity expansion. Looking ahead, advanced manufacturing investment may strengthen in 2026 as new projects kick off under the new Five-Year Plan. These should be further supported by front-loaded fiscal funds and lower financing costs.

Externally, export growth is set to moderate in 2026 as front-loading unwinds and boost from RMB depreciation wanes. Even so, exports should remain a key growth pillar, helped by structural AI-related electronics demand and U.S.–China trade truce. Meanwhile, trade frictions outside the U.S. remain a risk amid concerns over Chinese competition, with Mexico already imposing up to 50% tariffs on certain Chinese imports. However, Beijing may indirectly benefit from the Trump administration's complex relations with longstanding Western allies, which could shift trade alignments in its favor.

**Chart 13:**

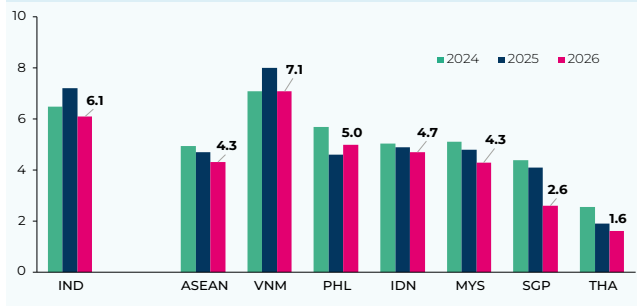
China: Economic activity (YoY, 2025, % change)



Sources: NBS, Coface

**Chart 14:**

Emerging Asia: Real GDP growth rates (YoY, % change)



Note: IND= India, VNM = Vietnam, PHL = Philippines, IDN = Indonesia, MYS = Malaysia, SGP = Singapore, THA= Thailand  
Sources: national statistics, Coface

**Chart 15:**

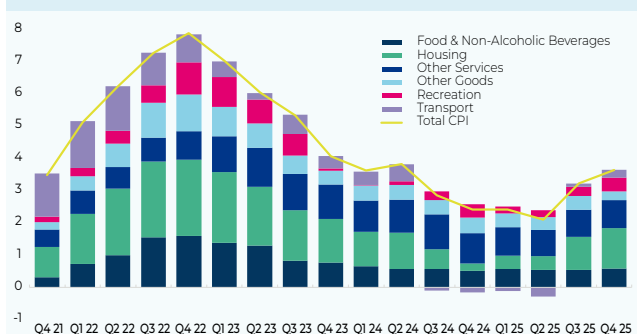
Japan: supplementary budget for fiscal year 2025

| Expenditures                | Yen trillion | % of GDP |
|-----------------------------|--------------|----------|
| Inflation relief measures   | 8.9          | 1.4      |
| Growth-oriented investment  | 6.4          | 1        |
| Defense capability spending | 1.7          | 0.3      |
| Others                      | 1.3          | 0.2      |

Sources: Japan ministry of finances, Coface

**Chart 16:**

Australia: Contribution to inflation (CPI, YoY, % change)



ABS, Macrobond, Coface

## EMERGING ASIA

**India's** economic outlook reflects competing forces (**chart 14**). U.S. tariffs and global uncertainties are creating challenges, but domestic tailwinds like a strong monsoon, lower inflation, tax cuts, government capital spending, monetary and regulatory easing are helping to support growth. India concluded talks for a free trade agreement with the European Union, and secured a trade deal with the U.S., boding well for its export sectors. The U.S. and India announced a trade deal on 2-3 February to lower tariffs from 50% to 18%, but there were few details at press time.

**Southeast Asia** enters 2026 navigating a mix of economic resilience, political volatility and heightened exposure to global trade and tariff tensions. The region showed strong divergence in economic performance. **Vietnam** should continue to perform well despite U.S. tariff risks, backed by strong export demand, FDI inflows, and public investment. Steady growth in **Indonesia** expected but constrained by weak wage increases and productivity challenges. The **Philippines** revised 2026 growth downwards due to corruption-linked fiscal delays but expects recovery through consumption.

**Thailand's** growth was weakest among major Southeast Asian economies due to both structural and cyclical factors. High household debt, slow productivity gains and an aging population limit potential growth, a challenging situation worsened by continuous political turnover, and lagging tourism recovery.

## ADVANCED ASIA-PACIFIC

**Japan's** political landscape shifted in October 2025 as Sanae Takaichi became the first female PM and formed a new LDP–JIP governing coalition. As a champion of Abenomics, she has pursued expansionary fiscal policy and pushed for sizeable FY25 supplementary budget (2.8% of GDP) and FY26 initial request (**chart 15**). These stimuli aim to ease cost-push inflation and boost investment in key sectors such as AI, while accelerating defense spending. Meanwhile, tensions with China escalated after Takaichi's remarks on Taiwan, triggering Chinese retaliations, which threaten to reduce inbound Chinese tourism, weaken exports, and disrupt supply chains.

The immediate shock from new U.S. semiconductor tariffs on **South Korea** and **Taiwan** is cushioned by phase-one exemptions and resilient AI-driven demand. Preferential tariff treatments secured by trade agreements may help, but at the cost of related investment outflows these countries committed to, which further limit positive spillovers to domestic activities.

**Australia's** recovery continued, driven by private investment (in data centers), and consumption, reflecting rising wages and a still tight labor market. Strong demand has increased capacity pressures and pushed inflation above target range, prompting the RBA to reverse policy stance and lift cash rate in February (**chart 16**).

## EMERGING ECONOMIES

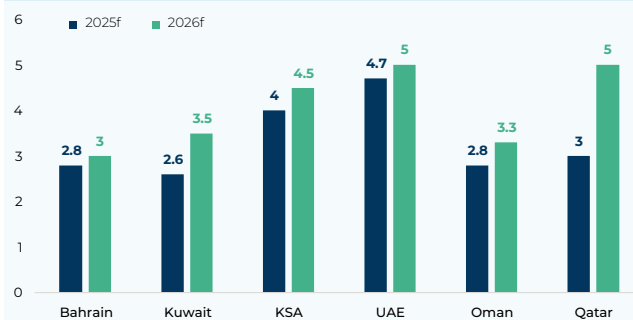
## MIDDLE EAST

In the **Gulf region**, **Saudi Arabia and the UAE** continue to stand out, supported by large-scale investment strategies, supportive non-oil momentum, and policy efforts to broaden growth engines beyond hydrocarbons (**chart 17**). Importantly, easing monetary conditions across the Gulf, broadly in line with the U.S. Fed's rate cuts, have helped lower borrowing costs and improve financial conditions. This is supporting private investment appetite, credit dynamics and domestic consumption, reinforcing resilience. In particular, the UAE's ambitious diversification agenda, which includes investments in renewable energy, advanced technology, and logistics infrastructure, has positioned the country as a regional hub for innovation and trade. Saudi Arabia, meanwhile, continues to push forward with Vision 2030, channeling resources into sectors such as tourism, entertainment, and manufacturing. However, fiscal revenues in the region remain materially dependent on hydrocarbons, and a prolonged period of lower energy prices would weigh on budget dynamics and medium-term investment capacity. At the same time, heightened regional tensions remain a key downside risk for confidence, capital flows and activity.

In **Türkiye**, where GDP growth is expected to reach 3.7% in 2026, tight macro policies and easing inflation dynamics are helping stabilize expectations and gradually reduce domestic imbalances, even as financing conditions remain restrictive (**chart 18**). Due to ongoing monthly caps on loan growth, corporate access to credit is likely to remain somewhat constrained despite lower funding costs, which could increase the risk of a further deterioration in private-sector payment behavior in the coming months. In **Israel**, growth is expected to reach 4% in 2026, led by a recovery in private demand and a gradual easing of monetary policy. Macro stability has strengthened and downside risks have moderated, although the security backdrop remains a key source of uncertainty and could still weigh on investment and sentiment.

Across the region, persistent structural and geopolitical risks continue to weigh on the medium-term outlook, despite better near-term momentum in Türkiye and Israel and solid investment-driven growth prospects in Saudi Arabia and the UAE.

**Chart 17:**  
Gulf Cooperation Council countries: real GDP growth (YoY, % change)



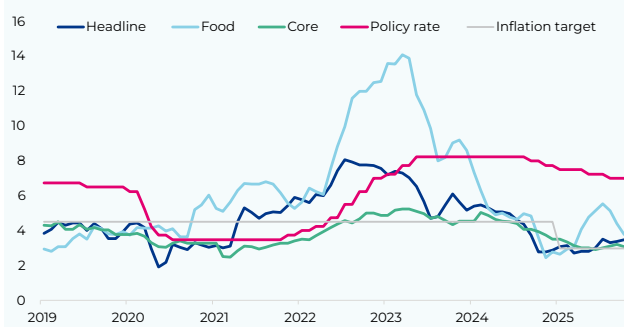
Source: Coface

**Chart 18:**  
Türkiye: policy rate vs. inflation (%)



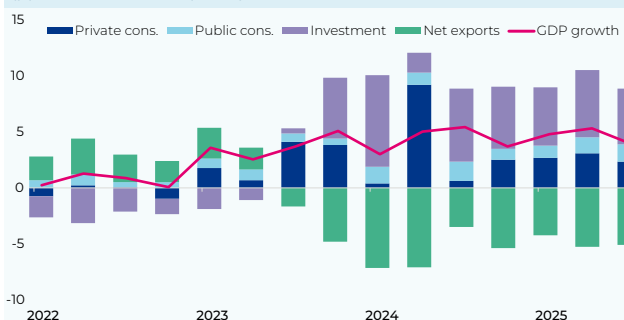
Source: CBRT, TSI, Coface

**Chart 19:**  
South Africa: inflation and interest rate (YoY, % change)



Source: Stats SA, SARB, Macrobond, Coface

**Chart 20:**  
Morocco: contributions to GDP growth (pp, YoY, SA, constant prices)



Source: Haut Commissariat au Plan, Macrobond, Coface

## AFRICA

Growth on the African continent will remain sound in 2026 (+4.3%, after +4.2% in 2025) and could even exceed expectations considering the outlook for some commodities. Prices of food and energy, of which most African countries are net importers, are expected to remain moderate. On the other hand, prices of minerals and metals are surging, due to a combination of supply bottlenecks and high demand. This will benefit many countries who are net exporters of these commodities (Zambia and the DRC for copper, Ghana for gold, Guinea for bauxite and iron ore, etc.). Alongside the direct impact on growth, these trends support stronger currencies, thus lower imported inflation, and enable the building of FX reserves. Less pressure on the external accounts will also provide some leeway for countries with strained public accounts and that still face high financing needs.

**South Africa**, despite its large structural constraints, low potential growth (below 2%), and US tariffs, would benefit from an increase in mining activity, which would spread to other industries via significant sectoral linkages. Furthermore, a stronger rand, combined with lower fuel prices, should maintain inflation in the tolerance band of the central bank's new target (3%), which will enable further monetary easing in 2026 (**chart 19**).

**Morocco** will also continue to perform well in 2026 (+4.4%, after 4.6% in 2025). Agricultural production will recover progressively, as weather conditions in the latter part of 2025 have been favourable. Construction will be a strong growth driver, as the preparation of the 2030 FIFA World Cup will bolster infrastructure investment (railway, airports, stadiums, etc.). However, manufacturing growth is likely to decline, mainly due to weak automotive demand in Europe that will affect production and export volumes. Tourism will remain buoyant, with arrivals already hitting a record of nearly 20 million visitors in 2025. Financial services will continue to expand given Morocco's increasing attractiveness as a financial hub. As inflation is low, the central bank will maintain its monetary stance, which will support both consumption and investment (**chart 20**).

## IN THE SPOTLIGHT

## INSOLVENCIES

Globally, corporate insolvencies continued to rise in 2025, with the overall index for advanced economies estimated to be around 5% higher than in 2024 (**chart 21**). The Asia-Pacific region recorded the strongest increase, with insolvencies up by approximately 9% year on year, followed by Europe (8%) and North America (3%).

Nevertheless, developments remained uneven across countries. A small number recorded declines in insolvencies during 2025, most notably Canada (-22% year on year) and the Netherlands (-12%). At the other end of the spectrum, several economies experienced large increases, including Italy (+33%), Switzerland (+30%), Singapore (+24%), New Zealand (+24%), South Korea (+18%) and Germany (+11%). In most other advanced economies, insolvencies rose more moderately, reflecting a deceleration after the post-pandemic rebound.

In the United States, insolvency trends strengthened noticeably in the second half of the year. After remaining broadly unchanged in the first half of 2025, insolvencies rose by 15% year on year in the second half, pointing to further pressures on corporates.

As highlighted in our most recent insolvency publication<sup>1</sup>, corporate insolvencies in a selected group of advanced economies are expected to increase by around 3% year on year in 2026 (**chart 22**). This would push insolvency levels more than 25% higher than their pre-pandemic average.

Looking beyond advanced economies, India is an outlier. After significant fluctuations following the major overhaul of its insolvency regime with the introduction of the Insolvency and Bankruptcy Code (IBC) in 2016, insolvency numbers have been constantly declining since mid-2022. In the first nine months of 2025, there were 468 corporate insolvencies, representing a 33% fall compared with the same period in 2024. This decline was broad-based across sectors, with the notable exceptions of agrifood and construction, where insolvencies rose by around 20% and 10%, respectively.

<sup>1</sup> Corporate insolvencies expected to remain stubbornly high in 2026, after climbing further in 2025, Coface Focus, January 2026.

**Chart 21:**  
Advanced economies: corporate insolvencies index by regions (Index [2017-2019 average = 100], 3-month average)

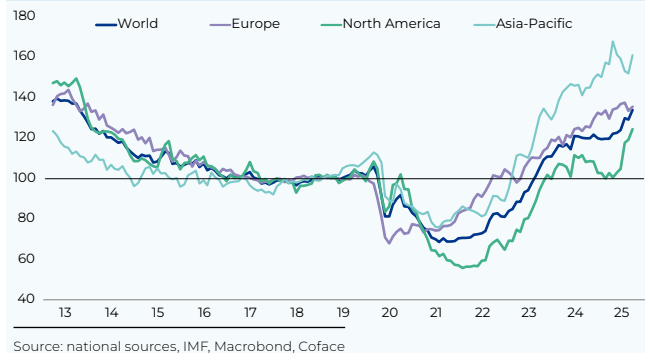
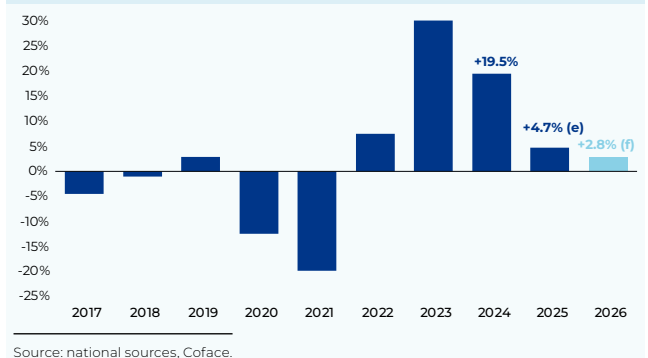


**Chart 22:**  
Advanced economies: corporate insolvencies development and forecast (YoY, % change)



## WORLD TRADE

A year ago, many feared a sharp slowdown in global trade in 2025 amid escalating U.S. tariff measures. This did not happen. On the contrary, growth in the volume of trade in goods accelerated from 2.9% in 2024 to 3.9% (**chart 23**). This resilience can be explained by the strength of U.S. imports, fueled both by a surge in purchases before the new tariffs came into effect and by a tariff increase that was ultimately much lower than announced. While an average rate of up to 36% had been anticipated in April, the actual rate was of 9.4% in November 2025.

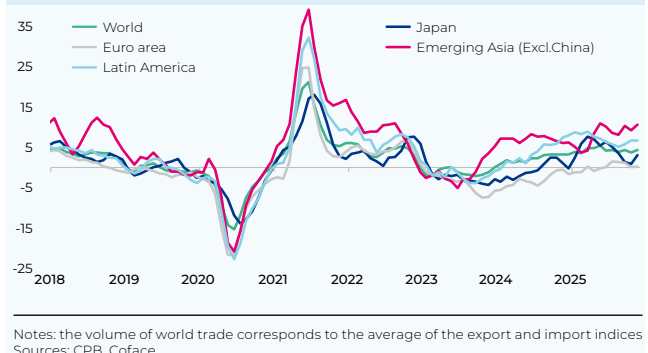
The reorganization of U.S. imports, with the use of third countries, particularly in Southeast Asia, to avoid the highest tariffs, has contributed to this resilience. Vietnam is the main beneficiary: the increase in U.S. imports from this country (43% YoY in value terms between January and November 2025) accounts for nearly half of the decline in imports from China. In addition to the dynamism of emerging Asia, global trade has also been supported by a recovery in Japanese foreign trade and, though more limited, in the euro area, reflecting developments in their economic growth. Japan's international trade grew by 4.9% in volume over the first 11 months of 2025, after falling by 0.6% in the same period in 2024. In the eurozone, trade volumes were broadly stable (+0.3%) over January–November 2025, after a 2.8% decline during the corresponding period of the previous year. Latin America, for its part, is seeing an acceleration in the growth of its foreign trade (**chart 24**).

However, the slowdown expected for 2025 is likely to materialize in 2026, prolonging the deceleration seen in the second half of 2025. Reflecting this trajectory, container freight rates, one of the main indicators of global trade transport costs, are expected to decline in 2026, also as a result of an increase in fleet size and a possible return of ships through the Suez Canal, which would accentuate market overcapacity. The decline is expected to be significantly less pronounced for bulk transport, where capacity is more constrained.

**Chart 23:**  
Annual growth in global goods trade (volume, %)



**Chart 24:**  
Global goods trade volume by geographic area (3-month moving average, annual growth, %)



# Assessment changes

## Country Risk

| Countries                                                                                        | CRA changes |   |    |
|--------------------------------------------------------------------------------------------------|-------------|---|----|
|  <b>BARBADOS</b> | C           | ↗ | B  |
|  <b>CHILE</b>    | A4          | ↗ | A3 |
|  <b>CYPRUS</b>   | A4          | ↗ | A3 |
|  <b>ECUADOR</b>  | D           | ↗ | C  |
|  <b>POLAND</b>   | A4          | ↗ | A3 |
|  <b>SENEGAL</b> | B           | ↘ | C  |
|  <b>SWEDEN</b> | A3          | ↗ | A2 |

**Barbados**  
[Upgrade from C to B] ↗

Fiscal discipline and structural reforms are supporting high primary surpluses (around 4% of GDP) and a steady reduction in the deficit, enabling a steady decline in public debt since its restructuring in 2018-2019. Approximately 60% of public debt is domestic, while most of the external debt is contracted with multilateral institutions, which strengthens its sustainability. Investment (16% of GDP) remains dynamic, particularly in tourism-related construction and climate resilience projects. Foreign exchange reserves remain strong, supported by net inflows from tourism revenues and multilateral financing.

**Chile**  
[Upgrade from A4 to A3] ↗

Chile has maintained its pro-business framework after two failed attempts to rewrite its Constitution (Sept 2022 and Dec 2023), reinforcing investor confidence. As the world's largest copper producer, the country is well-positioned to benefit from sustained high prices and strong global demand for the metal, which has spurred an expansion investment pipeline, particularly in mining and energy. According to the Capital Goods Corporation's Q3 2025 survey, nominal investment over the next five years is projected at USD 79 billion—around 24% of 2024 GDP. Additionally, following recent fiscal slippage, Chile is expected to pursue fiscal consolidation, helping it preserve relatively low public debt compared to neighboring economies.

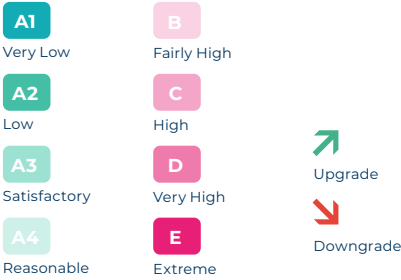
**Cyprus**  
[Upgrade from A4 to A3] ↗

Growth continues to be solid and well above the European average. The tourism sector continues to post record performances and will remain an engine of the economy in 2026. In 2025, international arrivals increased by 12% compared to 2024 and are 14% higher than pre-pandemic levels. Domestic demand remains buoyed by household consumption, with purchasing power continuing to improve, thanks in particular to a dynamic labour market (unemployment rate at a historic low of 4.1% in Q3 2025). In addition, investment is expected to strengthen with the approaching deadline of the European recovery plan in 2026. More than half of the funds remain to be disbursed (the total represents 5.2% of GDP in 2019), mainly in the form of grants.

**Ecuador**  
[Upgrade from D to C] ↗

After a severe drought triggered a power crisis and a 2% GDP contraction in 2024, Ecuador's economy rebounded strongly, growing 3.9% year-on-year in the first half of 2025. 3.1% year-on-year in the first three quarters of 2025. Moreover, despite initial fiscal slippage in early 2025, President Daniel Noboa implemented key adjustments since taking office in May, notably eliminating

BUSINESS DEFAULT RISK



the diesel subsidy, saving about US\$1.1 billion annually (0.8% of GDP). Multilateral support also strengthened, with the IMF increasing Ecuador's Extended Fund Facility by US\$1 billion in July, while acknowledging significant progress in structural reforms, particularly in fiscal management, governance, and growth-oriented policies.

**Poland**  
[Upgrade from A4 to A3] ↗

Poland's economic growth has been one of the most dynamic in the region despite stagnant economic activity in Germany, the key trading partner. In 2025, the economy expanded by 3.6% supported by strong domestic demand from increase in purchasing power and improved consumer confidence. At the same time, the inflation rate is within the central bank's target, indicating no overheat in the economy. The outlook is very promising as well. Ahead of the 2026 deadline for the disbursement of the Recovery and Resilience Facility funds, the 2026 should bring a delayed absorption of EU funds. The EU financed investments will be a main growth driver of 2026. Moreover, the lagging effect of ongoing monetary easing should provide another tailwind to the private-sector investments and improve spending capacity of the households (due to lower mortgage expenditures).

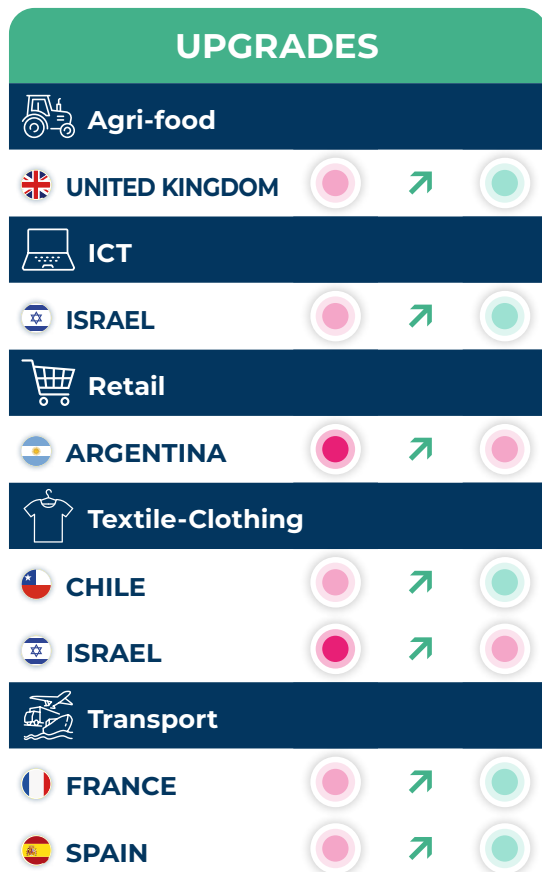
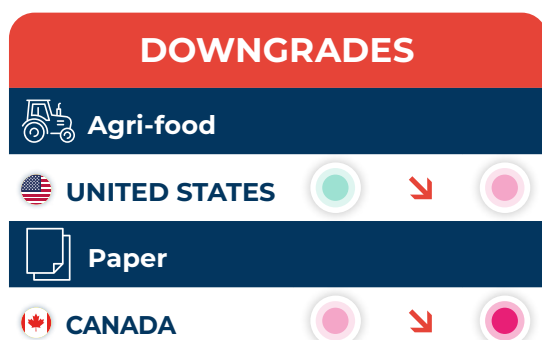
**Senegal**  
[Downgrade from B to C] ↘

Although growth has been strong over the past two years on the back of hydrocarbon production, Senegal's massive fiscal slippage since 2019, due to unreported investments that were financed via a combination of external project loans and domestic borrowing, has made its debt (approximately 130% of GDP as of last estimates) unsustainable. The previous IMF agreement has been suspended, and despite several rounds of negotiations, a new agreement has still not been reached. While Senegal has made commitments towards large fiscal consolidation, mainly through measures to increase taxes and reduce tax exemptions, it seems unlikely that the targets for 2026 will be met. To stabilize the public accounts in the medium-term, and secure a new IMF agreement, a more significant drop in public expenditure could be required, which would further weigh on growth. Furthermore, reducing expenditure without sacrificing social spending will be a challenge for the authorities.

**Sweden**  
[Upgrade from A3 to A2] ↗

Economic activity has continued to rebound in 2025 and is expected to remain robust in 2026, supported by a combination of substantial government spending and resilient domestic private demand. These dynamics are further underpinned by lower interest rates, positive real wage growth and recent tax reductions. The labour market is expected to improve with easing unemployment and higher employment. Corporate sentiment has strengthened, and business insolvencies are projected to decline further as conditions improve. The 2026 Budget was notably generous, a stance likely shaped by the 2026 general election. This election may encourage further expansionary fiscal policy, regardless of whether the incumbent administration remains in office or the centre-left opposition returns to power.

# Changes in sectors assessment



## BUSINESS DEFAULT RISK



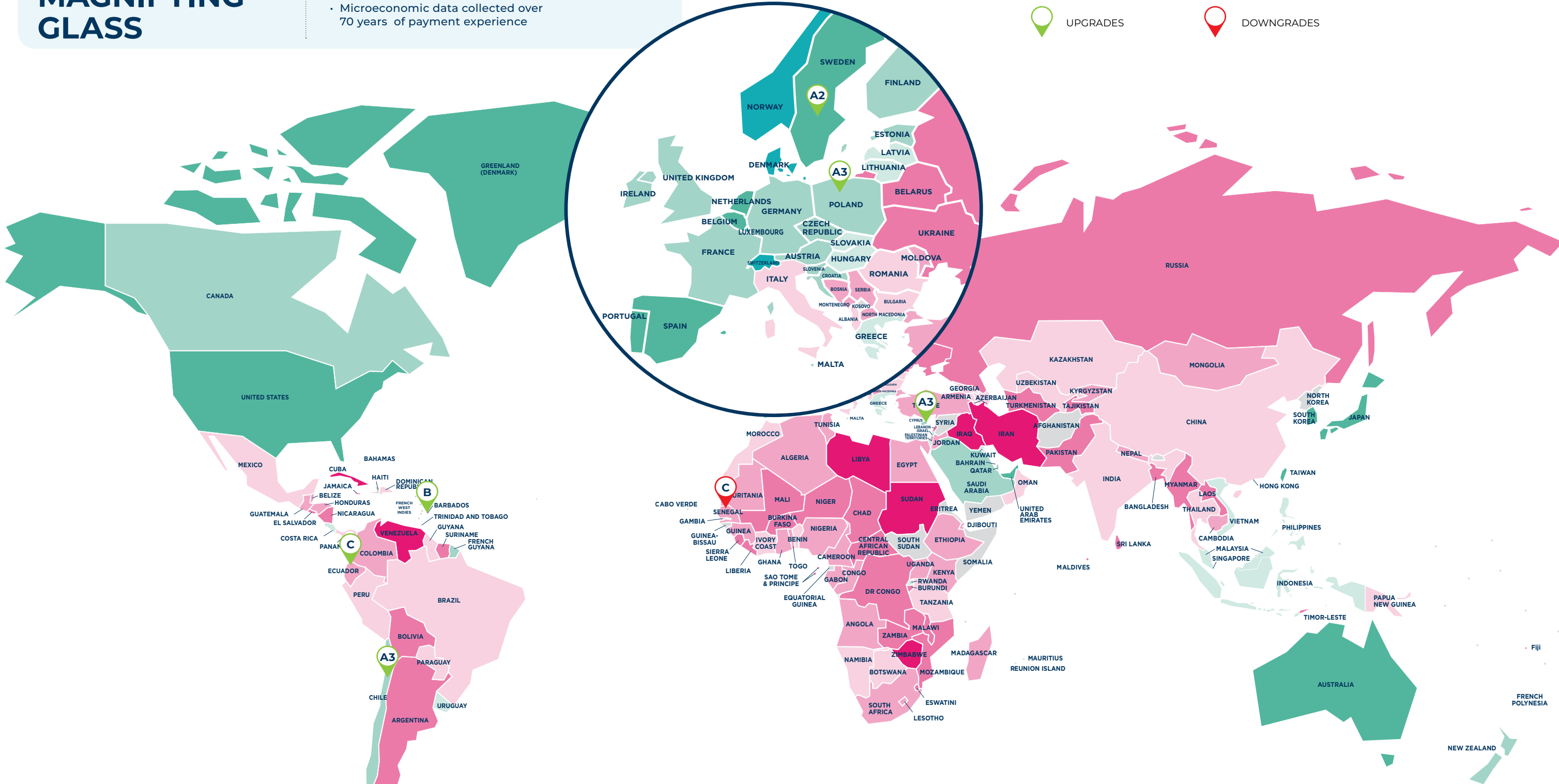
Historic cattle shortage adding to labor shortages in meat packing plants is creating significant supply pressures in the meat value chain. The rise in fertiliser prices also persists. In October 2025, after few month of imports restriction, China had agreed to buy 12 million metric tons of soybeans from US farmers by the end of the year, as well as at least 25 million metric tons over each of the next three years. This is good news for Soybean farmers, but it remains to be seen if it will be fully executed.

# 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



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.



February 2026

Low Risk

Medium Risk

High Risk

Very High Risk

Upgrades

Downgrades



|                  | <br>NORTH AMERICA | <br>CENTRAL & EASTERN EUROPE | <br>ASIA-PACIFIC | <br>SOUTH AMERICA | <br>WESTERN EUROPE | <br>MIDDLE EAST & TÜRKIYE |
|------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| AGRI-FOOD        | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                               | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                    | <div><div></div><div></div></div>                                                                     | <div><div></div><div></div></div>                                                                            |
| AUTOMOTIVE       | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                               | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                    | <div><div></div><div></div></div>                                                                     | <div><div></div><div></div></div>                                                                            |
| CHEMICAL         | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                               | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                    | <div><div></div><div></div></div>                                                                     | <div><div></div><div></div></div>                                                                            |
| CONSTRUCTION     | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                               | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                    | <div><div></div><div></div></div>                                                                     | <div><div></div><div></div></div>                                                                            |
| ENERGY           | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                               | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                    | <div><div></div><div></div></div>                                                                     | <div><div></div><div></div></div>                                                                            |
| ICT*             | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                               | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                    | <div><div></div><div></div></div>                                                                     | <div><div></div><div></div></div>                                                                            |
| METALS           | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                               | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                    | <div><div></div><div></div></div>                                                                     | <div><div></div><div></div></div>                                                                            |
| PAPER            | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                               | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                    | <div><div></div><div></div></div>                                                                     | <div><div></div><div></div></div>                                                                            |
| PHARMACEUTICALS  | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                               | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                    | <div><div></div><div></div></div>                                                                     | <div><div></div><div></div></div>                                                                            |
| RETAIL           | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                               | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                    | <div><div></div><div></div></div>                                                                     | <div><div></div><div></div></div>                                                                            |
| TEXTILE-CLOTHING | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                               | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                    | <div><div></div><div></div></div>                                                                     | <div><div></div><div></div></div>                                                                            |
| TRANSPORT        | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                               | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                    | <div><div></div><div></div></div>                                                                     | <div><div></div><div></div></div>                                                                            |
| WOOD             | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                               | <div><div></div><div></div></div>                                                                   | <div><div></div><div></div></div>                                                                    | <div><div></div><div></div></div>                                                                     | <div><div></div><div></div></div>                                                                            |



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

(FEBRUARY 2026)

| NORTH AMERICA    |               |        |               |        |
|------------------|---------------|--------|---------------|--------|
| Sector           | North America | Canada | United States | Mexico |
| Agri-food        |               |        |               |        |
| Automotive       |               |        |               |        |
| Chemical         |               |        |               |        |
| Construction     |               |        |               |        |
| Energy           |               |        |               |        |
| ICT*             |               |        |               |        |
| Metals           |               |        |               |        |
| Paper            |               |        |               |        |
| Pharmaceuticals  |               |        |               |        |
| Retail           |               |        |               |        |
| Textile-Clothing |               |        |               |        |
| Transport        |               |        |               |        |
| Wood             |               |        |               |        |

\* Information and Communication Technologies  
Mexico included since this year  
Source: Coface

| WESTERN EUROPE   |                |         |        |         |       |                   |       |             |                |
|------------------|----------------|---------|--------|---------|-------|-------------------|-------|-------------|----------------|
| Sector           | Western Europe | Austria | France | Germany | Italy | Netherlands (the) | Spain | Switzerland | United Kingdom |
| Agri-food        |                |         |        |         |       |                   |       |             |                |
| Automotive       |                |         |        |         |       |                   |       |             |                |
| Chemical         |                |         |        |         |       |                   |       |             |                |
| Construction     |                |         |        |         |       |                   |       |             |                |
| Energy           |                |         |        |         |       |                   |       |             |                |
| ICT*             |                |         |        |         |       |                   |       |             |                |
| Metals           |                |         |        |         |       |                   |       |             |                |
| Paper            |                |         |        |         |       |                   |       |             |                |
| Pharmaceuticals  |                |         |        |         |       |                   |       |             |                |
| Retail           |                |         |        |         |       |                   |       |             |                |
| Textile-Clothing |                |         |        |         |       |                   |       |             |                |
| Transport        |                |         |        |         |       |                   |       |             |                |
| Wood             |                |         |        |         |       |                   |       |             |                |

| ASIA-PACIFIC |           |       |       |       |             |
|--------------|-----------|-------|-------|-------|-------------|
| Asia-Pacific | Australia | China | India | Japan | South Korea |
|              |           |       |       |       |             |
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| MIDDLE EAST & TÜRKİYE |        |              |         |     |
|-----------------------|--------|--------------|---------|-----|
| M. East & Türkiye     | Israel | Saudi Arabia | Türkiye | UAE |
|                       |        |              |         |     |
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| CENTRAL & EASTERN EUROPE |         |        |         |
|--------------------------|---------|--------|---------|
| Central & Eastern Europe | Czechia | Poland | Romania |
|                          |         |        |         |
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| OTHER COUNTRIES |              |
|-----------------|--------------|
| Russia          | South Africa |
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BUSINESS DEFAULT RISK

Low Risk

Medium Risk

High Risk

Very High Risk

Upgrade

Downgrade

## COFACE GROWTH FORECASTS

|                                          | 2023        | 2024        | 2025 (f)    | 2026 (f)    |
|------------------------------------------|-------------|-------------|-------------|-------------|
| <b>World</b>                             | <b>2.9%</b> | <b>2.8%</b> | <b>2.8%</b> | <b>2.6%</b> |
| <b>Advanced economies</b>                | <b>1.8</b>  | <b>1.8</b>  | <b>1.8</b>  | <b>1.7</b>  |
| <b>United States</b>                     | 2.9%        | 2.7%        | 2.3%        | 2.2%        |
| <b>Japan</b>                             | 1.7%        | 0.1%        | 1.0%        | 0.6%        |
| <b>United Kingdom</b>                    | 0.4%        | 1.1%        | 1.3%        | 1.0%        |
| <b>Australia</b>                         | 2.1%        | 1.0%        | 1.8%        | 2.1%        |
| <b>Canada</b>                            | 1.1%        | 1.2%        | 1.2%        | 1.1%        |
| <b>European Union</b>                    | <b>0.4</b>  | <b>1.0</b>  | <b>1.5</b>  | <b>1.4</b>  |
| <b>Euro Area</b>                         | <b>0.4</b>  | <b>0.8</b>  | <b>1.4</b>  | <b>1.2</b>  |
| <b>Germany</b>                           | -0.9%       | -0.5%       | 0.2%        | 1.0%        |
| <b>France</b>                            | 1.1%        | 1.1%        | 0.9%        | 0.9%        |
| <b>Italy</b>                             | 1.1%        | 0.5%        | 0.7%        | 0.8%        |
| <b>Spain</b>                             | 2.5%        | 3.5%        | 2.8%        | 2.5%        |
| <b>Emerging and developing economies</b> | <b>4.2</b>  | <b>4.1</b>  | <b>4.0</b>  | <b>3.8</b>  |
| <b>China</b>                             | 5.2%        | 5.0%        | 5.0%        | 4.4%        |
| <b>India</b>                             | 8.8%        | 6.7%        | 7.2%        | 6.1%        |
| <b>Russia</b>                            | 3.6%        | 4.3%        | 0.5%        | 0.5%        |
| <b>Brazil</b>                            | 3.2%        | 3.4%        | 2.2%        | 1.9%        |
| <b>Mexico</b>                            | 3.4%        | 1.4%        | 0.5%        | 1.5%        |
| <b>Turkey</b>                            | 5.0%        | 3.3%        | 3.5%        | 3.7%        |
| <b>Saudi Arabia</b>                      | 0.5%        | 2.0%        | 4.0%        | 4.5%        |
| <b>South Africa</b>                      | 0.8%        | 0.5%        | 1.0%        | 1.3%        |
| <b>Nigeria</b>                           | 2.7%        | 3.4%        | 3.8%        | 4.0%        |

F = forecasts



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