Major Country Risk Developments
September 2025

By Byron Shoulton

Overview

China

In China, a procession of the country's newest tanks, drones and missiles were on full display to mark the 80th anniversary of World War II victory over Japan. President Xi Jinping projected his nation's growing power in a show of solidarity with Russia's Vladimir Putin and North Korea's Kim Jong Un.

Xi cast China as a force for world peace, opposed to hegemonism. The military parade was designed to show that China was a great power rooted in the developing world. The absence of western leaders and the prominence of Putin, Kim, India's Modi among other leaders of the developing world, underlined that China was seeking to send a critical message. Eight decades after the WWII, China no longer views itself as a mere participant in history but as the architect of a new world order-one that it intends to design on its own terms.

The parade followed the Shanghai Cooperation Organization (SCO) regional security meeting, where Xi called for an alternative global order to replace the postwar U.S.-led system. Meanwhile, the Chinese economy has slipped back into deflation territory and capital continues to flee the mainland.

Two of China's benchmark economic indicators slowed sharply in July as domestic and trade pressures fueled concern over the health of the economy. Industrial output was at its slowest pace since last November. Retail sales were at 3.7 %, down from 4.8% previously. The

gloomy data comes as a four-year slowdown in the housing market and the fallout from the U.S. tariff war weigh on China's economy, while the government battles the continued threat of deflation and growing concerns about industrial overproduction.

France

France has entered a period of intense political uncertainty with a third prime minister stepping aside amidst the country's deteriorating public debt profile (114% of GDP). The outgoing PM sought to cut the budget by $50 billion to reduce the deficit for which there was little support. He subsequently lost a 'no confidence' vote, forcing him to step aside.

Meanwhile, President Macron's tenure faces increased pressure, and he will likely have to call early elections as his popularity continues to fall. After eight years of marginalization since Macron took the presidency in 2017, the French socialist party is back at the center of the political stage. The party's 66 deputies could help deliver a budget for 2026, much as they did for 2025.

The French Council for Economic Analysis (CEA) says France will need to start running a primary surplus (the balance before interest payments) of 1% to stabilize its debt, which is set to rise to 120% of GDP (from the current 114%). That goal is a big adjustment from the current 3% primary deficit (5.8% including interest payments). France has only managed to eke out a primary surplus once in the last 30 years, compared with 25 times in Italy.

According to the CEA, the evidence suggests the best way to sustainably rebalance the budget is by cutting spending not raising taxes. France outspends the Eurozone average on pensions, social protection, health and education. The French public is not ready to adjust its social protection model, let alone rethink it. Public concern about finances is growing, with polls showing that 58% consider debt reduction a priority. However, it only ranks seventh on a list of 19 urgent issues facing the country.

According to Goldman Sachs, in addition to shifting to a sustained primary surplus, France will also need to enact pro-growth reforms to raise employment and skills. France would also benefit from an ambitious program of EU market integration and investment, backed by more common borrowing, of which Paris is a keen advocate.

Argentina

Argentina's libertarian President Javier Milei was dealt a stinging blow in Buenos Aires province as voters questioned the government's reform program and a corruption scandal weighed on Milei's popularity ahead of midterm elections due in October.

The opposition Peronists coalition won 47% of the vote in Argentina's largest province on September 7, outpacing Milei's Libertad Avanza which received 34% of the votes. While Buenos Aires, home to nearly 40% of Argentina's electorate, is historically a Peronist stronghold, Milei had been counting on a closer contest to build momentum heading into national midterm polls on October 26. The result renewed doubts over Milei's reform program. President Milei has struggled to defend his fiscal agenda in Congress, which recently overrode one of his vetoes for the first time in his tenure. Opposition legislators have also pushed more spending bills.

Financial markets have been under strain. Argentina's short-dated dollar bonds have fallen more than 15% since July to their lowest levels in a year, while equities are down 34% in dollar terms. The premium for Argentine sovereign debt over U.S. Treasuries has risen by nearly 2 percentage points over the past two months to 9 percentage points.

The fear is that given ongoing economic turbulence that the Argentine government already faces, if the election result in Buenos Aires feeds into a deeper crisis, it could set off a negative spiral in which voters in Milei's stronger areas of support could begin to turn against him. The government engineered a sharp recession with high interest rates to defend the peso, but Buenos Aires voters are saying jobs matter more than squeezing out the last bit of inflation.

USA

The Trump Administration's pledge to deliver a booming economy is being undermined by a stalling labor market. Figures from the Bureau of Labor Statistics show slowing job growth. U.S. employers created only 22,000 positions in August after a weak summer-hitting confidence as the economic outlook remains uncertain. Employment data for June was revised to a loss of 13,000 jobs, the first net loss since the end of 2020. Trade policy uncertainty and overall policy uncertainty caused a pullback in hiring, and there are no clear signals that this trend will end soon.

The recent jobs data provides ammunition to those arguing that the Administration's policies are, so far, doing more harm than good. Complaints have grown that costs keep rising while U.S. manufacturing activity is contracting. In short, businesses do not know whether to invest or hire because there is so much uncertainty in the economy. The Administration blames high interest rates for the slowdown while claiming that there is an ongoing capital spending boom.

Yet, evidence of a languishing jobs market is accumulating. Many of the hardest hit industries include blue-collar sectors which the Administration promised to reinvigorate, but which have been hit disproportionately hard by tariffs forcing many companies to impose a hiring freeze. According to the most recent report from the U.S. Census Bureau on household income, real median household incomes rose last year by only $1,040. Real median incomes for some Americans fell $2,060. Wealthy Americans continue to do well, but most workers treaded water. Real incomes among the top 5% increased by an average of $11,500 last year. For those households at the bottom 50%, incomes were stagnant.

Taxes on imports and deportations are taking a toll. Job growth stalled this summer amidst the impact of tariffs on companies. The BLS survey showed that an average of 27,000 jobs were created over the last four months. Workers no longer in the labor force increased by 1.2 million since April. Most are seeking employment without success. The share of teens who are employed also fell.

Recent data indicate that inflation isn't vanquished, and tariffs are contributing to higher prices in some goods. U.S. inflation rose to 2.9% in August, underlining the Federal Reserve's (the Fed) challenge ahead of a highstakes decision on interest rates. The annual consumer price index figure from the Bureau of Labor Statistics was above July's 2.7%. Core inflation held steady at 3.1%, in line with expectations. Two-year Treasury yields, which are sensitive to interest rate expectations, fell 0.04 percentage points to 3.49%.

The Fed is likely to cut rates by 25 or perhaps 50 basis points this month. But the government could do far more to help businesses, workers and consumers by dropping anti-growth policies.

Concerns over U.S. deficits were reignited after an appeals court ruled that most of the recent U.S. tariffs are illegal, threatening hundreds of billions of dollars in potential government revenue. Congress's fiscal watchdog said in August that the Trump tariffs would cut U.S. deficits by $4 trillion over the coming decade. The Supreme Court has agreed to rule shortly on the lower court's opinion regarding the legality of the new tariff regime.

The U.S. government struck a deal with U.S. chipmakers Nvidia and AMD that will see them pay the administration a portion of revenue generated by chip sales to China. The Administration also confirmed that it would take a 10% stake in chipmaker Intel. This follows an earlier move by the Administration which took a golden share in U.S. Steel as part of the government's approval for Japanese producer Nippon Steel's $15 billion takeover of the company.

Developing countries move out of U.S. dollar debt

With the U.S. benchmark federal funds rate currently at a range of 4.25%-4.5% - far higher than equivalent rates set by other major central banks – the cost of new borrowing in dollars is relatively high for many developing countries. No wonder then that more developing countries are moving out of dollar debts and turning to currencies with rock bottom interest rates such as the Chinese renminbi and Swiss franc.

The shift, embarked upon by indebted countries including Kenya, Sri Lanka and Panama, reflects the higher

rates in the U.S. which have increased other countries' debt servicing costs. The high level of interest rates and a steep U.S. Treasury yield curve have made US dollar financing more onerous for developing countries. As a result, these countries are seeking more cost-effective options.

A switch to renminbi borrowing-which comes as the Chinese currency hits its highest level against the U.S. dollar this year- is also a consequence of China's $1.3 trillion belt-and-road development program, which has lent hundreds of billions of dollars for infrastructure projects to governments across the globe.

While overall figures for new renminbi borrowing are not widely available, since China's bilaterally negotiates loans with other governments, Kenya and Sri Lanka are seeking to convert high-profile dollar loans into the Chinese currency.

Kenya's treasury said in August it was in talks with China ExIm Bank, to switch to renminbi repayments on dollar loans for a $5 billion railway project weighing down its budget.

Sri Lanka's president told parliament that the government was seeking lending in renminbi to complete a key highway project that stalled when the country defaulted in 2022.

The Swiss National Bank cut rates to zero in June while China's benchmark seven-day reverse repo rate is 1.4%. Many "Belt and Road" loans of the 2010's were in dollars, at a time when U.S. interest rates were far lower. The cost for both Kenya and Sri Lanka of such debt have since risen significantly, increasing the incentive to shift away from dollar financing. By borrowing in renminbi and Swiss franc, countries can access debt at much lower interest rates than those offered by dollar bonds.

Panama tapped the equivalent of nearly $2.4 billion in Swiss franc loans from banks in July alone, as the government battled to contain its fiscal deficit and avoid a downgrade in its credit rating to junk status. The country's finance minister said access to cheaper financing saved more than $200 million compared with issuing debt in dollars. The country has diversified its sovereign debt management into both euros and Swiss francs instead of relying solely on U.S. dollar capital markets.

Colombia is also moving toward Swiss franc loans to refinance dollar bonds. A group of global banks launched an offer to buy discounted Colombian bonds as part of arranging a Swiss franc loan to the government. Colombia is looking to borrow at low Swiss-based rates of 1.5% to buy back dollar debts that have yields of 7%-8%, and local peso bonds paying up to 12%. The country's local currency debt was downgraded to junk by S&P this month after the government suspended a key fiscal rule. Companies in emerging markets are also selling more bonds in euros this year, with the amount of this debt issue rising to a record $239 billion as of July, according to JPMorgan. This year's euro issuance is growing more than is seen in dollar issuance.

South Korea

The main risks in Korea come from external events such as military threats from a nuclear-armed North Korea and disruptions to South Korea's export-oriented economy due to the rise of U.S. trade protectionism worldwide or flare-ups of geopolitical conflicts.

Despite continuing political polarization, political risk has significantly decreased following the victory of Lee Jae-myung in the snap presidential election in June this year, which brought the government and parliament under the control of the liberal Minjoo Party. Major armed conflicts on the Korean peninsula are unlikely in 2025-26, as all interested parties, including the U.S. and China, prefer to avoid such a scenario; however, a low-level risk has been sustained by North Korea's increasingly belligerent rhetoric, frequent testing of strategic weapons and a newly formed military alliance with Russia. Similarly, potential conflicts across the Taiwan Strait and in the South China Sea represent threats to trade and growth. High household debt linked to the property market poses a low risk to the financial sector.

A large-scale immigration raid at a Hyundai Motor plant in the state of Georgia, U.S., ended with the detention of hundreds of South Korean citizens working at the plant. Talks between both countries for the release of the South Koreans ended with the promise that the detained employees would be released and flown home. One unresolved issue is whether the detained South Koreans would be allowed to leave the U.S. voluntarily or be deported-the latter move would trigger a multiyear entry ban to the U.S. The U.S. said no criminal charges had been filed.

The electric-vehicle battery manufacturing plant under construction is an $8 billion investment by South Korea meant to be a showcase development project to serve the U.S. market. The plant is a project of Hyundai, which makes electric vehicles at a plant nearby, and LG Energy Solution, a U.S. branch of another South Korean giant LG Industries. None of the detained were directly employed by Hyundai, according to the company. LG Energy said 47 of its employees-all South Koreans except one Indonesian-had been arrested, as well as 250 workers at subcontracted companies.

The two Korean companies said they follow U.S. immigration law and are cooperating with U.S. immigration officials. Some of the detained Koreans were in the U.S.

temporarily to supervise construction or to train Americans to do work at the new facilities. Some of the illegal migrants may have worked for independent contractors working on the buildout of the plant. The reasoning being circulated is that the U.S. construction industry cannot find enough workers, so migrants are being brought in to fill the gap. This makes any employer a potential target of an immigration raid, if ICE suspects foreigners are employed.

South Korean companies have reportedly routinely used unsuitable visas for workers sent to the U.S. to build multibillion-dollar advanced manufacturing sites, according to Korean executives and industry groups. The South Korean business community, the government and diplomats admit being aware of the problem for years. The recent ICE raid on the Hyundai construction site has provoked fury in South Korea, with senior officials voicing dismay that the companies were put in an impossible position. Successive U.S. governments are accused by the South Koreans for refusing to facilitate short-term working visas for projects to be completed on a timely basis.

While successive U.S. administrations have pressured South Korea to invest billions of dollars in the U.S., they have consistently failed to provide Korean workers with the appropriate visas to lend their expertise to the projects and to train U.S. personnel on how to operate the plants. Turning a blind eye to this issue has resulted in the detention of valued Korean expertise, while creating an embarrassing international episode for all involved.

Other foreign companies are watching this incident closely. Multinational companies with foreign employees in the U.S. have reportedly sought legal advice and paused some travel after the arrest of the South Korean workers. The rules around the terms of entry for such workers have been somewhat ambiguous. It may be an aggressive use of B-1 visas issued for business meetings or temporary visits to the U.S., or it could be an overreach by ICE which may have taken a more restrictive view of what's allowed as a business visit. Either way the incident left foreign companies reviewing the legal ramifications of the unexpected crackdown- which made hundreds of Korean workers seem like criminals.

In recent years, South Korea has been one of the largest foreign direct investors into the U.S., pledging to build American production sites for semiconductors, EVs, batteries, ships and other strategic industries. In late July, South Korea agreed to $350 billion in U.S. investments, in addition to another $100 billion in U.S. energy purchases, as part of a pact with the U.S. that would lower its reciprocal tariff rate to 15% from a proposed 25%. Autos, including South Korean-made Hyundai vehicles, would also face a 15% levy as part of the agreement.

The raid caught South Korea and Hyundai by surprise and has rattled this U.S. ally at the core. The South Korean authorities are seeking assurances from the U.S. that similar incidents will be prevented in the future. South Korea previously voiced frustration over the lack of visas reserved for the country that would make it easier to send skilled workers to the U.S. The fallout from this ICE raid will certainly include delays in the completion of this specific Hyundai /LG project but could extend to heightened concerns at other ongoing foreign-owned projects or pledged investments in the U.S.

Hyundai has bet big on expanding its U.S. footprint. The site where the raid occurred represents Georgia's largest-ever manufacturing investment. The company pledged to spend another $26 billion in the U.S. since the second Trump term.

Japan

Japan's Prime Minister, Shigeru Ishiba, who was in power for less than a year, resigned after facing internal rebellion and recent election setbacks for the ruling Liberal Democratic Party (LDP). He leaves behind several challenges including a strained relationship with the U.S. over tariffs and voter anger over stagnating living standards. The exit of PM Ishiba is likely to extend Japan's political uncertainty.

The departing PM had just won some relief from punishing U.S. tariffs that were squeezing Japan's powerhouse auto sector and other important exporters. The U.S. president signed an executive order lowering tariffs on most imports from Japan to 15% from 25%, formalizing an agreement reached in July after months of intense negotiations. In return, Japan promised to buy more U.S. rice, soybeans, aircraft and weapons, and to invest $550 billion in the U.S. in strategic sectors such as semiconductors, and infrastructure over the next few years. Finalizing that deal was not sufficient to save the outgoing PM's tenure. Aside from lowering the headline tariff rate, the US also reduced the levy on Japanese cars and car parts from 27.5% to 15%.

Under the new U.S. trade deal, Japan agreed to let the U.S. President decide which projects its $550 billion capital investment in the U.S. will be used for. The unusual terms between the U.S. and one of its closest allies, underscore the extraordinary lengths that U.S. trading partners will go to secure tariff relief. South Korea and the European Union have also pledged to invest huge sums into the U.S. economy in a bid to avert punitive taxes on their exports.

Managing Japan's relationship with the U.S. is a critical task for any Japanese leader. Analysts say the alliance is broadly solid, but that trade has put the relationship under strain. U.S. imposition of steep new tariffs on allies and adversaries alike was received poorly in Japan, which counts itself as the U.S.'s foremost ally in Asia.

Adding to the pressure, the U.S. has been pressing its Asia-Pacific allies to spend much more on defense, while U.S. commitment to defending the region sometimes appear uncertain. By finalizing a pact on tariffs and investment in the U.S., outgoing PM Ishiba brought some stability, at least for the time being, and his successor should benefit from that. Still, the U.S. signaled that it would consider reimposing steeper tariffs on allies if they don't live up to their investment pledges, raising the possibility of more economic volatility ahead.

Japan's economy has been holding up relatively well against political headwinds at home and tariff pressure abroad. Revised government data show that the Japanese economy grew at a faster pace than initially estimated in the second quarter thanks to solid private spending. Whether candidates vying for the PM's job are in favor of expansionist policies or want to keep spending tight, they will have to address voter frustration with inflation, stagnant living standards and confront the rise in right-wing populism in the country.

The longer-term impact of the political turmoil on the market and Japan's broader economy hinges on the person chosen to succeed Mr. Ishiba. The next PM could be hamstrung by the fact that the ruling LDP coalition doesn't have a parliamentary majority. This means they will need to negotiate with opposition parties and independents to get policy proposals passed in parliament.

Japan's major challenge remains economic. Rising inflation has fueled discontent among voters over stagnant living standards, a phenomenon common to advanced economies that is made worse in Japan by its lost decades of growth after a stock and real-estate bubble burst in the early 1990's. Reviving Japan's economic dynamism is the big challenge. Finding ways to reinvigorate economic growth and refire innovation and investments over the next decade remains the top priority.

The U.S. codified the new tariff rate at a ceremony with Japanese officials. The memorandum said President Trump would be given the final pick of potential investment projects put to him by an investment committee to be chaired by the U.S. Commerce Secretary. The deal sets out that the investment committee could attempt to choose Japanese suppliers to provide goods and services for any of the projects invested in, where possible. According to both sides this initiative could have positive medium-term impact on Japanese exports, depending on the procurement ratios.

India

Based on current activity in the black market for crude oil, the new 50% U.S. levy on Indian exports appears to be falling short of its intended goal. Russia cut the price of its oil to India by $7 per barrel compared to a barrel of equivalent crude from the Middle East. That makes it too good for India's refineries to refuse Russian crude. The unintended effect of the U.S. crackdown has therefore been to make Russia's already discounted crude even cheaper for India.

The amount of crude under Western sanctions is at a record high: 15% of the world's total crude supply. The black market to trade this illicit crude is increasingly sophisticated. In 2022, there was suspected to be 427 co-called shadow vessels transporting sanctioned energy from Iran and Venezuela. The fleet has quadrupled in size since Russia's energy exports were sanctioned three years ago.

With so much discounted oil available, China and India have been busy buying up as much of it as they can. One-third of China's supply now comes from sanctioned producers, according to data from Kpler. India's share is higher at 37% of its oil imports, up from just 1% four years ago.

India's energy policy may not have been the only U.S target. The 50% tariff rate also appears to be a tactic to force concessions in trade talks with New Delhi. The U.S. demands that India open its agricultural market have been a sticking point in negotiations. The new levy will be painful for India, potentially shaving off 0.8% point off the country's economic growth, according to estimates by Citi.

So far, the pressure has not worked. New Delhi appears to be reacting by moving closer to Russia and China. Prime Minister Modi made his first trip to China in seven years, to attend the SCO summit. India's Foreign Minister visited Moscow last month and both countries agreed to increase bilateral trade by 50% over the next five years. India is digging in its heels and resisting U.S. pressure to curb purchases of Russian crude, despite threats from President Trump to retaliate by imposing even higher tariffs on India. Political experts believe PM Modi is calculating that the U.S. will decide that ties between the two countries are ultimately too critical to jeopardize in a trade spat.

These circumstances make the U.S. energy policy look conflicted. Until recently, it suited the U.S. and Europe for India to buy Russian crude because it keeps energy prices in check for Western customers by keeping supply high and reducing demand for unsanctioned crude. Plus, the U.S. has not moved as aggressively against China, which also imports millions of barrels of sanctioned oil from both Russia and Iran.

There is no doubt that the U.S. wants to remove the advantage that cheap crude hands to India and strategic rival China. But enforcing sanctions properly will mean higher prices at the pump for Americans. The latest U.S. policy move has only made black-market oil more enticing.

Besides China and India, Russia continues to export significant volumes of energy-especially crude oil, oil products and liquified natural gas- to major buyers such as Japan, Turkey and some European Union states, which has helped Russia stabilize its budget.

India has repeatedly defended its purchases of Russian crude as necessary to support its economy and keep energy prices steady for its huge population. It says that its imports of Russian oil ramped up only after its traditional supplies were diverted to European countries during the Ukraine war. India accused the U.S and the EU of operating a double standard-continuing to trade with Russia while penalizing others for doing the same.

Brazil

The Brazilian Supreme Court voted to convict former president Jair Bolsonaro for plotting a coup to overturn the 2022 election [including plans to assassinate Lula who beat him]. This decision will only intensify the divisions between Brazil and the Trump administration. Mr. Bolsonaro is an ally of President Trump who has been a very vocal opponent of the Brazilian legal system and the prosecution of this case.

After April's announcement of U.S. "Liberation Day" tariffs on dozens of countries, Brazil emerged largely unscathed. Brazilian exports to the U.S. became subject to 10% levies, the baseline rate, escaping the debilitating tariffs applied to the goods of some U.S. allies. However, this has changed. Brazilian exports now face tariffs of 50%, one of the highest rates Washington has imposed anywhere in the world. The announcement has raised the prospect of a trade war between the U.S. and Latin America's largest economy.

It also indicates that the U.S. is willing to use tariffs not only to force more beneficial trade deals or balance trade deficits but also as a tool to influence the domestic politics of a foreign country.

The overall operating risk environment in Brazil is C-rated. Persistent tensions between the executive, legislature, and judiciary weigh on governability and political stability. The president, Luiz Inácio Lula da Silva of the left-leaning Workers Party, frequently faces obstacles in passing structural and fiscal reforms through the right-leaning Congress, limiting the scope for major policy adjustments.

The perception of widespread corruption in the public sector sustains the potential for social unrest, while external headwinds—particularly rising global trade protectionism—pose risks for Brazil's exports and external accounts. Labor informality remains high, and productivity is low in important sectors, including services and industry. Strikes are relatively common but rarely cause severe disruption to business operations, owing in part to limited union mobilization. The banking sector is well capitalized and broadly resilient to external shocks, underpinned by sound financial indicators. Security risks are high, reflecting elevated levels of violence and homicide, as well as the entrenched presence of organized crime in major urban centers.

In August, President Lula, announced a package of measures to soften the broader economic impacts of higher U.S. tariffs on Brazilian exports. The plan includes a US$5.6 billion credit line—equivalent to about 0.3% of GDP—offering subsidized loans to affected sectors, along with targeted tax breaks and government purchases of specific goods.

These measures will help Brazil to offset part of the impact from higher U.S. tariffs and are consistent with the baseline forecast that the overall economic effect of U.S. tariffs will be limited, trimming GDP growth by no more than 0.2 percentage points in 2025-26.

By targeting the most exposed sectors, the relief measures reinforce the view that Brazil is well positioned to absorb the U.S. tariff shock. Brazil remains a relatively closed economy, with exports of goods and services accounting for less than 20% of GDP, while sales to the U.S. represents only 2% of GDP. Even before Lula unveiled the package, the U.S. had exempted 694 Brazilian products from the 50% tariff announced in July, leaving nearly half of Brazil's exports subject instead to a lower 10% rate.

The new support measures focus on sectors that were not spared from the higher tariff and that account for a significant share of Brazil's exports to the U.S., such as beef, coffee and fruits.

Among the measures, the government will expand the partial refund of taxes incurred along the export chain for large and medium-sized Brazilian companies—previously excluded from the benefit—to 3%, while increasing the refund rate for small companies from 3% to 6%. This scheme, known as Reintegra, will be complemented by an extension of the drawback regime until December 2026, which exempts local firms from specific taxes on imported inputs used in producing goods for export to the U.S. The package also includes government purchases of surplus perishable goods otherwise destined for the U.S. market, to be channeled primarily into school meals and other food initiatives. In addition, the $5.6 billion credit line—financed partly by the national development bank (BNDES) and export-related guarantee funds—will support affected exporters through cheaper credit. Roughly half of Brazil's fish and civil construction equipment exports go to the U.S. market.

Although the overall fiscal cost of the package remains unclear, it will strain Brazil's already-stretched public accounts further. The finance ministry stated initially that the measures would comply with Brazil's fiscal framework, which targets a balanced budget in 2025 and a modest surplus in 2026. Nevertheless, the government is negotiating with lawmakers for a $1.8 billion waiver from the fiscal rules, including about $500 million for the Reintegra scheme and $700 billion in disbursements from guarantee funds.

Following the announcement of the new package, Brazil's Ibovespa stock market index suffered additional losses and the Real weakened slightly against the U.S. dollar, reflecting heightened uncertainty over fiscal policy under Lula and its implications for the country's high and rising public-debt ratio, which stood at 76.6% of GDP in June.

Outlook for Crude

The world's largest oil and gas companies are cutting jobs, slashing costs and scaling back investments at the fastest pace since the pandemic-driven market collapse, as the industry braces for a prolonged period of lower crude prices.

Thousands of jobs have been cut across the industry at companies including Chevron and BP, with tens of billions of additional cost savings promised. Spending plans have been reigned in, with some projects paused or put up for sale as groups seek to balance the books.

The U.S. shale industry has been hit particularly hard. ConocoPhillips became the latest to cut staff in response to the downturn. Independent producers have warned that "lights are flashing red" for the entire U.S. oil and gas industry.

Even large state-run energy companies are not immune. Saudi Aramco is selling a $10 billion stake in a pipeline network to raise cash, while Petronas of Malaysia is cutting 5,000 jobs from its workforce.

Crude prices are down 50% from the peak that followed Russia's full invasion of Ukraine in 2022. Meanwhile, oil cartel OPEC and its allies have decided that, as of October 2025, it will pivot from a strategy of restraining production to one of boosting output, despite forecasts of a looming supply glut. The cartel says that rather than attempting to prop-up prices, it hopes to win back market share and crushing higher-cost rivals in the U.S. and other non-OPEC nations.

Forecasts are for benchmark Brent crude to fall below $60 per barrel in 2026 and to remain low for "a few years" - barring a geopolitical shock. Brent traded at just $66 per barrel on September 8, 2025.

At $60 per barrel none of the big western oil companies can cover their investment plans and the dividends and buybacks that investors expect. The expectation is that those companies will cut their share buybacks in the months ahead, while BP has already done so. Meanwhile, borrowing levels among leading western energy producers have crept back up to the levels last seen before the 2022 oil boom that allowed producers to pay down their debt.

Capital spending on global oil and gas production is forecast to fall 4.3% in 2025 to $341.9 billion, the first annual fall in investment since 2020. The U.S. Energy Information Administration says the slowdown in capital investment in the U.S. would cause domestic production to fall for the first time since 2021.

In Texas, center of the U.S. industry and location of the giant Permian Basin ConocoPhillips announced it plans to cut 3,250 jobs by Christmas. Chevron's cuts of up to 8,000 jobs have been under way since February. Both companies have been pushing through sweeping restructuring following big acquisitions, with management consultants hired to oversee the reductions. Companies say that to remain competitive they must control their own future. The number of drill rigs and fracking crews has plunged to four-year lows, according to Baker Hughes.

U.S. producers, which have outperformed their European peers for several years, are particularly exposed to the economics of shale oil, where drillers need a price of $65 per barrel to make a profit, according to the Dallas Federal Reserve. This is higher than the oil fields of the Middle East or many offshore locations. In the UK, BP announced in January it was cutting 4,700 jobs, in order to improve shareholder returns.

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Trade Credit & Political Risk

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What is Trade Credit Insurance?

Companies selling products or services on credit terms or financial institutions financing those sales face the risk of non-payment by their buyers.

Trade Credit Insurance provides a cost-effective mechanism for transferring that risk. FCIA's Trade Credit Insurance products protect the policyholders against losses resulting from that non-payment.

Why Trade Credit Insurance?

One of a company's largest assets is their accounts receivable but they are often not insured. This could often be due to lack of knowledge of availability of coverage.

A debtor's nonpayment can be caused by commercial events such as insolvency or protracted default. On international transactions, nonpayment can also result from the occurrence of disruptive political events such as wars, government interventions, or currency inconvertibility.

A Few Value-Added Benefits For Insureds

FCIA's Trade Credit Insurance policies offer companies a wide array of flexible coverages. You can insure a broad multi-buyer receivable portfolio, a smaller select receivable portfolio (key accounts), or a single buyer receivable.

Some Value-Added Benefits of Trade Credit Insurance

- Sales expansion
- Ability to offer longer repayment terms
- Access to better financing terms
- Reduce earnings volatility
- Reduce bad debt reserves

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