

USA and China top global risk ranking for economic loss due to natural disasters linked to climate change

» Maplecroft's new interactive maps of natural disasters highlight hotspots as well as opportunities for disaster mitigation and business continuity

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Whilst the human impact of natural disasters is predominantly concentrated in developing countries, with **90%** of deaths occurring in these regions, the increase in both frequency and severity of climate related disasters is increasingly impacting upon developed and emerging economies.

In 2008 natural disasters cost the world US\$200 billion. USA and China bore **90%** of this burden, topping risk specialist, Maplecroft's table for countries most susceptible to economic losses. Moreover, experts are predicting that hurricane and storm activity will rise in 2009 meaning the prospects for insurance companies are worrying.

So far this century, more than 800,000 people have been killed by natural disasters, more than 2 billion have been affected, and damage costs total over US\$ 800 billion. But not all natural hazards become disasters. Although we cannot stop events such as earthquakes and hurricanes, at least in the short term, we can reduce the risk they pose by reducing our vulnerability to them. We can do this by assessing the risk, being better prepared and responding more effectively when potentially disastrous natural events occur. Critical to this task is the availability of systematic knowledge and analysis.

Towards that goal, Maplecroft has produced a new series of global maps of natural disaster risk for 2009, mapping the risk to human development and economic activity in 208 countries.

The maps and risk indices are designed to support efforts to mitigate the effects that climate change and natural disasters can have on communities as well as economic activity. Four sets of maps explore:

- 1) All natural disasters;
- 2) Hydro-meteorological disasters;
- 3) Geophysical disasters and
- 4) Economic losses due to natural disasters.

Each map uses a unique index to measure disaster risk in each country. The maps are supported with background explanation and comprehensive analysis as well as discussion of how business can engage in natural disaster preparedness and response, supported by case studies of business engagement.

Maplecroft also found that 90% of deaths caused by natural disasters were concentrated in developing countries, with Bangladesh and Sudan most vulnerable in their Hydro-meteorological Disasters Index. The increase in the disaster level of hydro-meteorological events, such as last year's Cyclone Nargis and Hurricane Ike has prompted insurers amongst others, not least public interest groups, to strengthen demands on policymakers to agree on joined up approaches to tackling [climate change](#). Moreover, this year began with the worst forest fires in Australia's history, underlining the relevance of the IPCC's predicted increase in extreme temperature events.

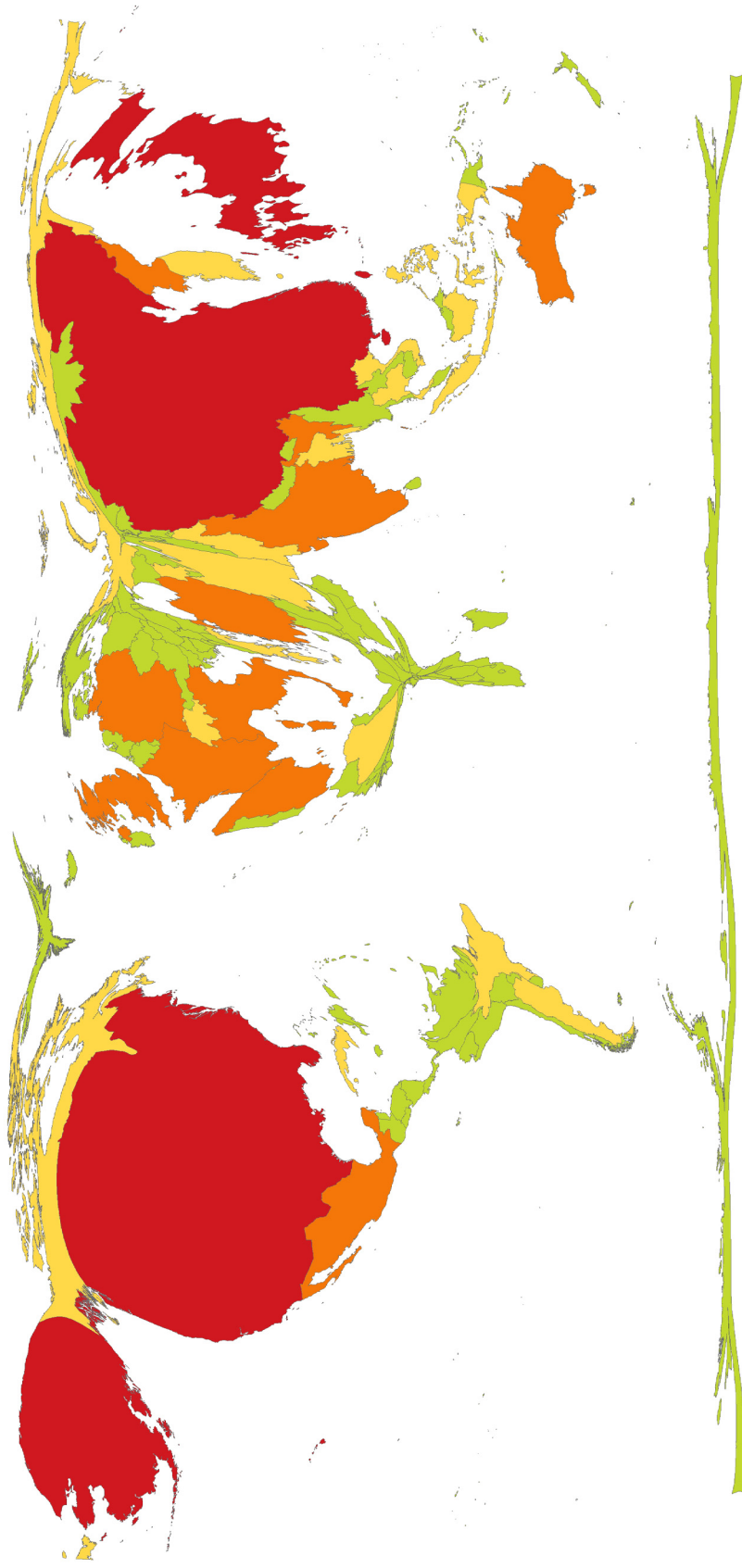
Top 10 highest risk countries for absolute natural disaster economic losses and hydro-meteorological disaster risk

Country	Mean annual natural disaster economic loss (US\$ millions)		Rank
	Annual mean (1980-2008)	2008	
USA	18000	57290	1
China	10700	109520	2
Japan	7100	0	3
Italy	2000	0	4
India	1600	0	5
Germany	1200	1200	6
France	1000	0	7
United Kingdom	1000	3	8
Mexico	900	75	9
Turkey	800	0	10

Country	Hydro-meteorological Disasters Index	Rank
Bangladesh	0.49	1
Sudan	0.60	2
Mozambique	0.61	3
Niue	0.82	4
Haiti	0.90	5
Honduras	1.02	6
Djibouti	1.03	7
Philippines	1.04	8
Vanuatu	1.05	9
Antigua & Barbuda	1.06	10

Mean annual economic losses due to natural disasters (1980–2008)

(the cartogram provides an image of the world where a country's size has been distorted relative to annual economic losses)



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Small Island Developing States are highly economically vulnerable

Absolute damage costs tend to be greatest in developed and emerging economies. However, when losses are considered as a percentage of GDP, [Maplecroft's](#) indices show that it is developing nations which are most at risk, particularly Small Island Developing States (SIDS).

Risk to infrastructure on the ground, and therefore overall attractiveness to investment, is particularly high in Small Island Developing States (SIDS), which tend to combine high exposure to natural hazards, especially tropical storms, with high vulnerability, particularly in coastal regions where business activity (tourism, fishing, logistics etc.) is most concentrated.

Background

- “The nature of risk presented by disasters requires a combined response from all areas of society to ensure that contributions to preparedness are undertaken in a sustainable way and that the massive economic and social costs of disasters are avoided or minimised” (Dr Anna Moss, [Maplecroft](#)).
- Over the past decade, business has become increasingly active in the role it plays in international development and humanitarian relief, exemplified by the growth in partnerships between the private sector and civil society – for example, TNT and the World Food Programme, DHL and the UN's OCHA. Core competencies can be applied to support humanitarian effort of both disaster preparedness and response.

Conflation of risks

Just as natural disaster risk is related to other issues such as human development, infrastructure quality and climate change, so the impacts of natural disasters can affect or worsen other risks, including: [political risk](#), and [water](#) and [food security](#). Maplecroft can provide maps of all these risks and overlay such risks on its natural disaster risk maps to show hotspots.

“ *Disaster risk reduction is everybody's business. Only by investing in tangible risk reduction measures can we reduce vulnerability and protect development* ”

Ban Ki-Moon - Secretary-General, United Nations
(International Day for Disaster Reduction, 8 October 2008)

Notes for journalists

- Maplecroft advises global companies and organisations to help them identify and measure social, economic, political and environmental risks.
- Using this risk insight and information, Maplecroft works with organisations to manage their risks and responsibilities, often in collaboration with affected stakeholders.
- Maplecroft helps businesses to gain both strategic insight and reputational advantage through effective and creative communication of their risk and responsibility policies and performance.
- Maplecroft's Natural Disasters Series 2009 are one in a series of maps and country scorecards that provide accurate, detailed and easy-to-use information about non-financial risks at the country level.
- Other risks covered by the series include climate change, human rights, political risks and infectious diseases. For a free trial of the Global Risks Portfolio register here: <http://www.global-risks.com>
- Top 10 highest risk country tables and further details for [natural disasters](#), [geophysical disasters](#) and [economic loss risks](#) available on request

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