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Headline: Calamities seen as major threat to emerging markets

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Global warming has been tagged as one of the biggest threats to the health of emerging markets in the 21st century, especially for emerging markets like the Philippines that still relies on the weather-sensitive agriculture industry.

Standard & Poor's (S&P;) said in a new report on climate change that the credit-worthiness of many economies in the Asia-Pacific region would take a hit as a result of global warming, which brings more severe storms to countries ill-equipped to cope with disasters.

"Typhoon 'Yolanda' (international name: Haiyan) hitting The Philippines in November 2013 has been a powerful and hugely destructive reminder of this trend," S&P; said.

Extreme weather events, such as tropical storms or floods, seem to have been on the rise since the early 1980s. Data collected by MunichRe, a reinsurer, suggested that weather-related loss-events have risen in all continents, most significantly in Asia and North America where they increased more than fourfold.

In Eastern Asia, overall losses (insured and non-insured) used to be below \$10 billion a year, but have regularly surpassed \$20 billion during the last decade, with a peak of over \$50 billion.

So far, S&P; has not revised the rating of a sovereign as a consequence of an extreme weather event like Yolanda. The rating firm said it has so far taken a view that the size of the devastation these storms brought, while large in absolute terms, has not been sufficient to impact a rating overall.

"However, assuming that extreme weather events are on the rise in terms of frequency and destruction, how this trend could feed through to our ratings on sovereign states bears consideration," it said.

In its Global Adaption Index (GAIN), which ranks countries in terms of vulnerability to storms, all of the 20 worst-off nations were emerging markets and many of them were in Asia-Pacific.

Vietnam, Bangladesh, Fiji, Philippines, Papua New Guinea and Indonesia were among the list of nations in the bottom 10 places, S&P; said.

"Their vulnerability is in part due to their reliance on agricultural production and employment, which can be vulnerable to shifting climate patterns and extreme weather events, but also due to their weaker capacity to absorb the financial cost," it added. Paolo G. Montecillo

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