

# Changes to Global Cargo Watch List (GCWL) risk scores methodology

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Some months ago I briefed JCC orally on planned changes to the methodology used by IHS Country Risk to assess country cargo risk scores. These changes are scheduled to coincide with the unification of IHS Country Risk outputs, including Foresight, onto the IHS platform 'Connect'. Subscribers to Foresight will start to be introduced to Connect from August. Details will be disseminated separately to clients.

As far as cargo (and all other) risk scores are concerned, most of the existing Foresight risk level definitions, and their numerical score risk banding, will be retained under the new system. A major change for Foresight clients will be the greater granularity achieved by breaking down the current very broad 'Severe' band (3.2-10.0) into three new categories: 'Very High', 'Severe', and 'Extreme'. The revised risk band widths and their colour coding are:

Low	0.1 – 0.7
Moderate	0.8 – 1.5
Elevated	1.6 – 2.3
High	2.4 – 3.1
Very high	3.2 – 4.3
Severe	4.4 – 6.4
Extreme	6.6 – 10

In addition, some of the peril definitions are changing; for example, we are going to discriminate between inter-state war and civil war (currently both considered under 'war'), and between 'labour strikes' and 'protests and riots' (currently both considered under 'civil unrest').

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Of greatest direct impact on GCWL scores, we are going to stop using the current computer-generated formula, which is weighted towards terrorism, and instead will draw our country cargo risk scores from the aggregate cargo risk score for the country concerned. (This score is displayed on Foresight Security Planning.) We are doing this because we have refined our internal detailed cargo risk guidance and completed a comprehensive review of all our cargo scores globally, and now consider this will be a more granular reflection of cargo risks than the current formula-generated score, which is arguably 'skewed' to over-emphasize terrorism.

The net overall effect of the change in methodology will be to reduce scores, and in some cases move countries into a lower risk band. (But broadly the relationship between country scores will remain the same.)

The above change in score calculation methodology applies to those geographical definitions on GCWL that relate to a single country only. Scores for those areas that do not equate to a single country, e.g. Gulf of Aden piracy, are not currently computer-generated from Foresight scores (because these are countrywide) but from the 'manual' analyst application of the standard risk criteria to the area in question. The scores for sub-country areas will continue to be calculated in the same way so will not be affected by the change in country cargo score methodology.

Note that these methodology changes apply to all IHS Country Risk outputs dealing with cargo risks, and that this includes reference to the peril of theft by 'for profit' criminals. It is appreciated that theft is not a peril covered by the GCWL and therefore where there is a country (e.g. Brazil) where the standard cargo risk score reflects a high level of 'for profit' crime, this element will be discounted in assessing whether the country concerned should be included on the GCWL, and in calculating the cargo risk score. (The countries, principally in Latin America, where cargo risks are currently inflated by the risk of 'for profit' theft, do not figure on the GCWL and this is unlikely to change).



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