GLOBAL INSOLVENCY REPORT

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GLOBAL INSOLVENCY OUTLOOK 2020

A SOFTER BUT BROADER BASED RISE IN CORPORATE INSOLVENCIES

Allianz

EULER HERMES

EXECUTIVE SUMMARY

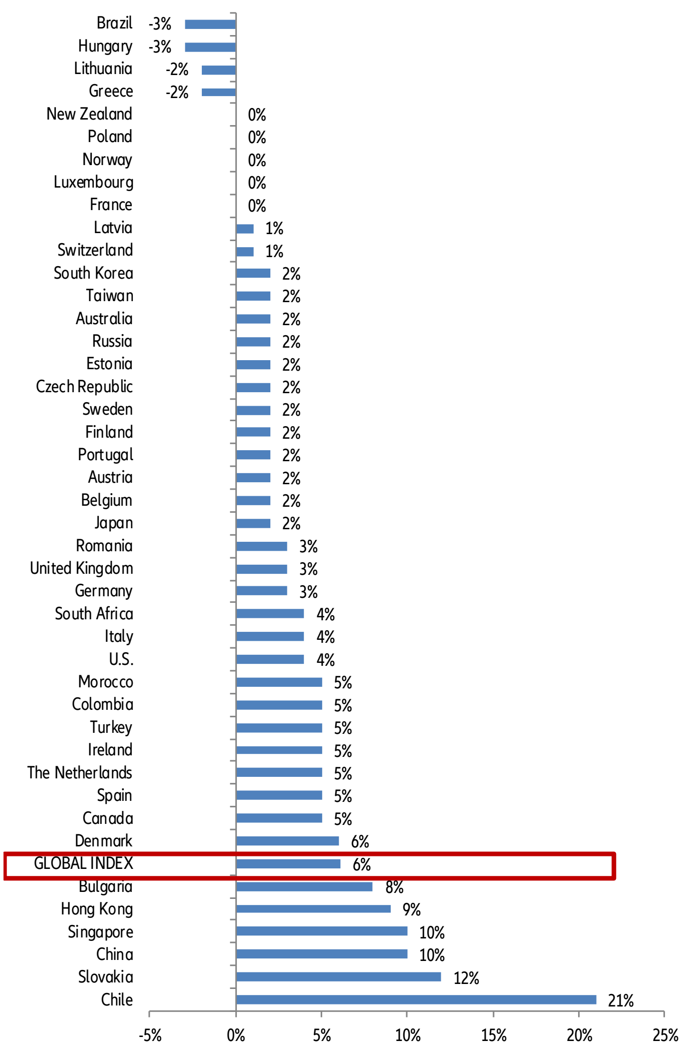
Maxime Lemerle, Head of Sector and Insolvency Research
+33 (0) 1 84 11 54 01
maxime.lemerle@eulerhermes.com

- At a global level, the upward trend in business insolvencies continued in 2019 (+9% y/y), mainly due to the prolonged surge in China (+20%) and, to a lesser extent, a trend reversal in Western Europe (+2%) and North America (+3%). In this context, our proprietary Global Insolvency Index bounced back to just slightly below its 2013 level.
- On top of this higher number of insolvencies, we identify a persistent high level of failures of large companies – those with over EUR50mn of turnover - with 249 major insolvencies totaling more than EUR145bn in turnover in Q1-Q3 2019. The hot spots were construction in Asia; energy and retail in North America and retail and services in Western Europe.
- In 2020, business failures are set to rise for the fourth consecutive year (+6% y/y). The combination of a low-for-longer pace of economic momentum, notably in advanced economies and in the industrial sector, and the lagging effects of trade disputes, political uncertainties and social tensions, will keep companies under pressure.
- While the easing of global monetary and financial conditions will help, increased price competition and higher salaries will limit margins and translate into additional woes for a higher number of companies in a majority of countries.
- Asia will be the key contributor to the rise in insolvencies (+8% y/y) in 2020, notably due to China (+10%) and India (+11%). Western Europe, where economic growth will remain below the historical threshold which usually stabilizes the number of insolvencies (+1.7%), will see an increase in most countries, but the latter would be moderate, notably in Germany (+3%), Italy (+4%) and Spain (+5%), as well as the UK (+3%).
- All in all, four out of five countries will post a rise in insolvencies in 2020, with Brazil (-3% y/y) and France (0%) as the key exceptions. As a result, one out of two countries will register more insolvencies in 2020 than before the financial crisis.

Expected rise in insolvencies in 2020, according to our Global Insolvency Index

+6 %

Chart 1 Insolvencies in 2020 (yearly change in %)



Sources: National Statistics, Solunion, Euler Hermes, Allianz Research

GLOBAL BUSINESS INSOLVENCIES ARE SET TO INCREASE BY +6% IN 2020

In 2019, global insolvencies rose for the third consecutive year. Indeed, our Global Insolvency Index, which covers 44 countries that account for 87% of global GDP, is expected to record a +9% y/y increase for 2019. This outcome reflects a prolonged surge in China (+20%) and, to a lesser extent, a trend reversal in Western Europe (+2%) and North America (+3%); it also reflects a slightly worse than expected trend compared to our previous forecast released in September (+8%), due to a more elevated number of insolvencies in specific countries such as Chile, Colombia, India, Russia and Singapore.

Indeed, 2019 has been marked by at least two key factors which contributed to this outcome: first the softer macroeconomic tempo; secondly the higher level of uncertainties due to both political issues and trade disputes. All in all, corporates not only faced weaker global demand, but also weaker global trade, notably in goods and in value terms, which led to weaker global manufacturing and increased price competition, on top of inventory issues due to preventive stockpiling (for example, the Brexit case) or oversupply (i.e. in the automotive sector). The implementation of new types of insolvency procedures and the cleaning of business registers through the official insolvency procedures in a few countries also explains the overall increase in insolvency figures.

In this context, the upside trend proved to be broad-based, with insolvencies on the rise across all regions and across a majority of countries, both emerging and developed ones. Based on the latest infra annual data available per country, we expect 29 countries of our sample (i.e. 66%) to end 2019 with more insolvencies than in 2018.

The risk of major insolvencies also remains high. Indeed, the first three quarters of 2O19 pointed to another batch of 249 insolvencies of major companies – namely those with over EUR50mn of turnover. This represents a relatively stable number of cases compared to the same period of 2018 (+1) but still a worsening severity in terms of cumulative turnover (+ EUR39.1bn to EUR145.2bn), which could have serious domino effects on providers along supply chains. In this regard, retail (with 37 major insolvencies over Q1-Q3), construction (33) and services (27) were the most concerned sectors in 2019, and Western Europe (104), Asia (64) and North America (51) the most impacted regions (For more details).

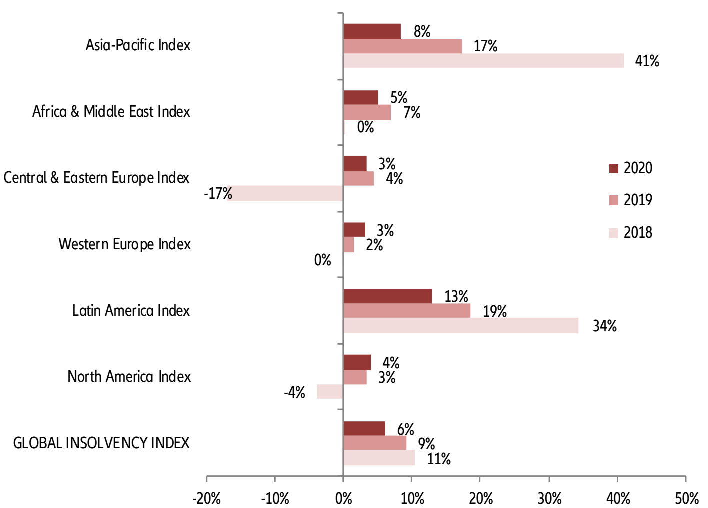
For 2020, we expect another increase in insolvencies, the fourth consecutive year of a rising trend, albeit at the slowest pace since 2016 (+6%). This outlook reflects a set of challenges that companies will face in 2020 on top of their business-as-usual issues: (i) a moderate pace of economic growth, with key economies, notably the advanced ones, to record below potential GDP growth, which has historically proved to be necessary to stabilize the level of insolvencies (+1.7% for Western Europe); (ii) the lagging effects of trade disputes, notably weaker trade, rise in input costs and supply-chain switches creating winners and losers; (iii) the lagging effects of political uncertainties and social tensions, notably in terms of inventory issues and loss of business and (iv) a prolonged discrepancy between manufacturing sectors, which are more exposed to international trade issues, and services sectors, which are benefiting from the resilience of domestic demand.

In other words, we expect softer demand to increase the vulnerability of companies with high fixed costs and firms with larger inventories or working capital requirement issues, while tougher price competition and an increase in production costs, notably wages, will limit margins and translate into additional woes for many companies. At the same time, we expect monetary policies to keep on being supportive in 2020, by contributing to a more sustainable debt financing in the short run; they will help to reduce the rise in insolvencies in 2020 but they won't stop it and, on the contrary, they will increase liquidity risks on a more medium-term perspective.

In 2020, we expect four out of five countries to register an increase (compared to 2 out of 3 in 2019) in insolvencies. We also expect one out of two countries to record more insolvencies than registered on average over the 2003-2007 period, prior to the financial crisis of 2008. Countries which exhibited dynamic business creation over the past years would face an extra volume of insolvencies due to the number of young companies too weak to survive.

All in all, this insolvency outlook calls for more selectivity and preventive credit-management actions. It calls also for a close monitoring of trade disputes and other political and policy-related risks which will create a high level of volatility all along 2020.

Chart 2 Euler Hermes Global Insolvency Index and regional indices (yearly change in %)



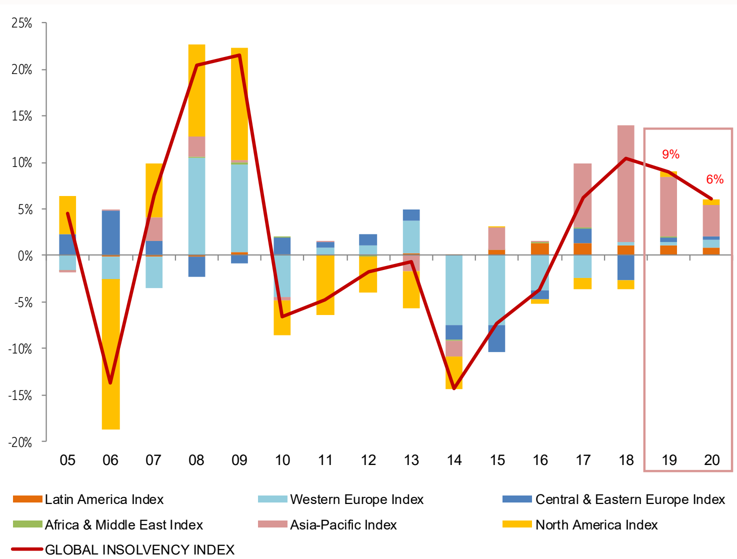
Sources: National Statistics, Solunion, Euler Hermes, Allianz Research

Chart 3 Euler Hermes Insolvency Heat Map 2020

	Very low level (more than 20% below the 2003-2007 level)	**Low level** (between 0% and 20% below the 2003-2007 level)	**High level** (between 1% and 20% above the 2003-2007 level)	**Very high level** (more than 20% above the 2003-2007 level)
Strongly deteriorating +5% and more	Hong-Kong (+9%) Canada (+5%) The Netherlands (+5%)		Denmark (+6%) **GLOBAL (+6%)**	Chile (+21%) Slovakia (+12%) China (+10%) Singapore (+10%) Bulgaria (+8%) Colombia (+5%) Ireland (+5%) Morocco (+5%) Spain (+5%) Turkey (+5%)
Deteriorating +1% to less than +5%	South Africa (+4%) US (+4%) Germany (+3%) Romania (+3%) Estonia (+2%) Japan (+2%) Russia (+2%) South Korea (+2%) Taiwan (+2%) Latvia (+1%)	UK (+3%) Austria (+2%)	Italy (+4%) Czech Rep (+2%) Finland (+2%) Sweden (+2%) Switzerland (+1%)	Australia (+2%) Belgium (+2%) Portugal (+2%)
Stable or slightly improving Less than -5% to 0%	Greece (-2%) Hungary (-3%)	New Zealand (+0%) Poland (0%) Brazil (-3%)	France (0%)	Luxembourg (0%) Norway (0%) Lithuania (-2%)
Strongly improving strictly more than -5%				

Sources: National Statistics, Solunion, Euler Hermes, Allianz Research

Chart 4 Euler Hermes Insolvency Indices by region (contribution to the yearly change in Euler Hermes Global Insolvency Index)



Sources: National Statistics, Solunion, Euler Hermes, Allianz Research

ASIA LEADS THE GLOBAL INCREASE IN CORPORATE INSOLVENCIES

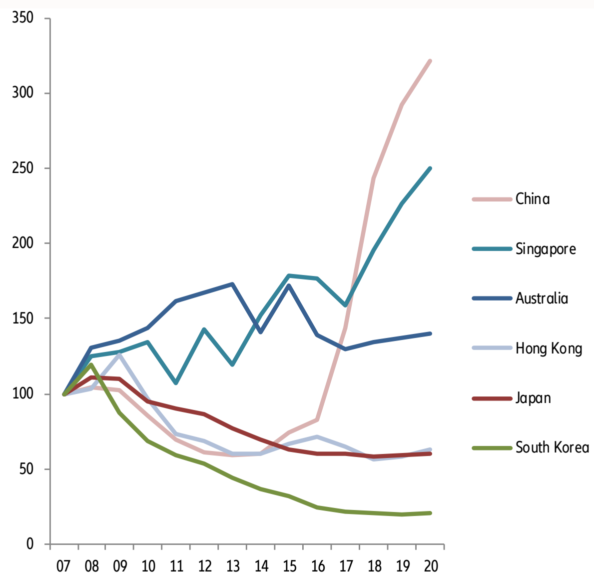
Asia will remain the key contributor to the global rise in insolvencies in 2020, with a +8% increase (after +17% in 2019). This would come from a continued rise in China and India, and a rebound in most of the other countries of the region, both emerging and more advanced ones. The region has also become a key contributor to the count of major insolvencies globally: In 2019, Asia accounted for one out of four insolvencies of major companies over the Q1-Q3 period, with noticeable cases in construction, agrifood, metals and chemicals. Asia also accounted for 17 out of the top 30 cases of major insolvencies, mainly due to China.

In China, we expect the rise in insolvencies to soften in 2020 (+10%) after a double-digit increase in 2019 (+20%[1]). The tempo has reduced following the surge of insolvencies posted in 2017-2018, which was partly driven by a stronger willingness by authorities to use the insolvency framework to clean the stock of "zombie" state-owned enterprises. The forecast for 2020 reflects (i) the lagging effects of trade woes, notably for export-oriented sectors; (ii) the slowdown of China's economic momentum, with GDP likely to grow by less than +6%, and overcapacities in some sectors such as the electric car industry and (iii) some inefficiencies in the transmission of monetary policy to Small and Medium Enterprises through smaller banks.

In India, business insolvencies should keep on increasing at a double-digit tempo (+11% in 2020, after +35% in 2019). Construction, business activities, trade and basic metals will be the hot spots. Two factors are at play: first, the gradually increasing use of the insolvency law that was newly established in 2016, and second, the less supportive economic outlook.

At the same time, and most often from low levels, we expect business insolvencies to see a moderate increase in Japan (from +1% in 2019 to +2% for 2020) and Australia (+2% both in 2019 and 2020), as well as in Taiwan (+2% in 2020) and Hong Kong (+9%), where political uncertainties will exacerbate corporates difficulties. Singapore, still too dependent to the global economy and Chinese growth, as well as vulnerable to trade tensions, will stand out, with another noticeable increase (+10%), albeit with a low number of extra cases (+ 5 insolvencies).

Chart 5 Euler Insolvencies in selected Asian countries (basis 100: year 2007)



Sources: National Statistics, Euler Hermes, Allianz Research

[1] The reduced tempo for 2019 is suggested by non-official data (there is no official release by the Supreme People's Court of the People's Republic of China).

A MODERATE TREND REVERSAL FROM A RECORD LOW LEVEL IN NORTH AMERICA

After a decade of steady declines to a record low, with less than 22,200 cases in 2018, the number of insolvencies in the U.S. started to pick up in 2019. The resilience of the U.S. economy at a macro level, also visible in the job market, was not sufficient to prevent a slightly higher number of companies from filing for bankruptcy.

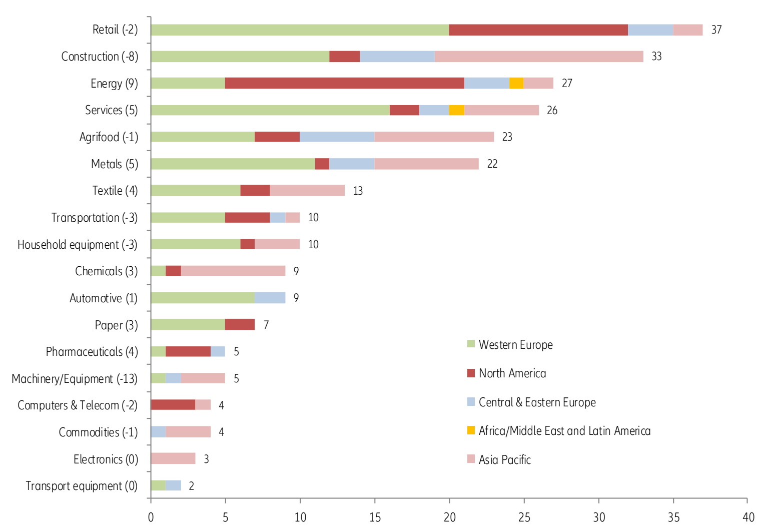
Part of this trend reversal comes from the surge in chapter 12, which is dedicated to farmers: the trade feud with China, with back and forth retaliatory tariffs on U.S. agricultural products and official calls to find other sources for soybeans, has definitely put farmers into trouble, compounding existing difficulties after several years of bad weather.

Yet, the rebound comes also from other sectors facing intense price competition, higher import costs and structural challenges due to digitalization/innovation, such as retail. To this regard, the U.S. continues to stand out by recording a significant number of insolvencies of major companies (46 cases over the first three quarters of 2019), in particular in the energy and retail sectors, and accounting for four out of the 10 largest global insolvencies over the same period.

In 2020, we expect the U.S. cycle of expansion to keep on slowing, remaining below potential, while companies most exposed to foreign demand will see only limited recovery from the global shock on trade. In this context, and considering also the business creation re-engaged in 2012, which is mechanically generating some insolvencies of young companies, we expect the U.S. to register another moderate increase in business insolvencies in 2020 (+4% to 23,800 cases, compared to +3% in 2019).

Meanwhile, Canada should see the confirmation of the trend reversal posted in 2019 (+5%) with another increase in 2020 (+5%), so that the North America Insolvency Index would show a pretty similar rebound in 2020 (+4%).

Chart 6 Major insolvencies (*) by sector and region in 2019 Q1-Q3 (in number)



Sources: National Statistics, Solunion, Euler Hermes, Allianz Research

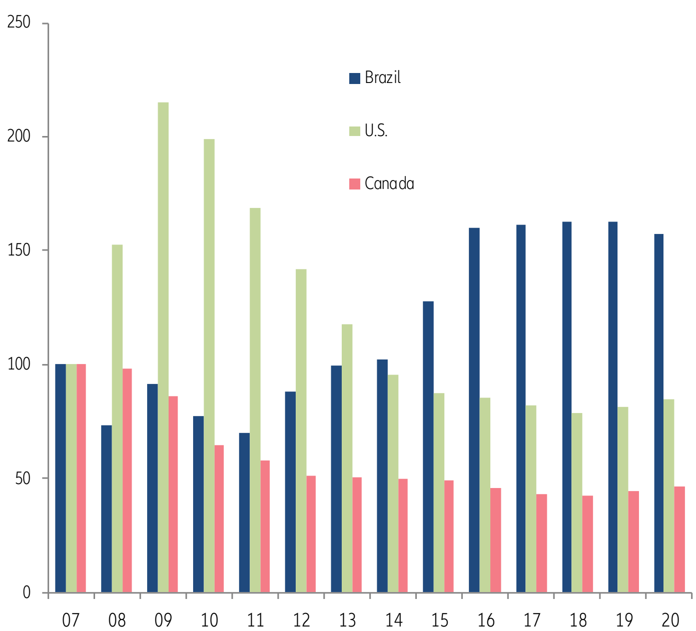
(*) companies with a turnover exceeding EUR50mn. The figures in brackets show the change in number of insolvencies from 2018 Q1-Q3 to 2019 Q1-Q3

THE BIG DIVIDE IN LATAM: DECREASE IN BRAZIL, SURGE IN CHILE AND COLOMBIA

At a regional level, we expect insolvencies in Latin America to keep on growing in 2020 (+13%) for the ninth consecutive year. However, this outcome would mask two opposite trends. On one hand, we expect a gradual decrease in insolvencies to finally take place in Brazil in 2020 (-3%), after more difficult than expected 2019 for corporates, partly because of the macroeconomic impact of the delay on pension reform (steady level of 2,700 cases in 2019, notably for SMEs and, in terms of sectors, services and retail).

On the other hand, we expect social protests, uncertain political environment and weaker business confidence to drive up insolvencies in other countries of the region: we foresee another steady increase in Chile (+21% anticipated in 2020), as well as in Colombia (+5%) where measures taken to accelerate the treatment of pending insolvencies already boosted insolvencies in 2019 (+34%).

Chart 7 Insolvencies in Latin America (basis 100: year 2007)



Sources: National Statistics, Solunion, Euler Hermes, Allianz Research

EUROPE: TOWARDS A BROAD-BASED BUT RATHER MODERATE RISE IN INSOLVENCIES

In 2019, Western Europe as a whole is likely to have posted the first increase in insolvencies since 2014. Yet this upward trend will be limited (+2%) since it reflects: (i) a set of countries still seeing a decrease over the year (France, Ireland, Portugal, Greece); (ii) an overall stabilization in Germany and Italy, despite a trend reversal in the second part of the year; (iii) a moderate increase in most of the other countries (+1% in Austria and Switzerland, +2% in Norway, +3% in the Netherlands, +5% in Sweden and Denmark) and "only" three countries with a stronger pick up: Luxembourg, Belgium and the UK, on the road to post a +6% in 2019 after an already noticeable +10% rise in 2018.

2020 is set to see an extension of this regional upward trend. We foresee the global context to keep the pressure on prices and companies' turnover. Indeed, European corporates should face (i) a limited economic dynamic for the second year in a row; (ii) prolonged headwinds for the industrial sectors, notably those most exposed to international trade and to the structural changes related in particular to digital innovation or green mobility issues – with the automotive sector in the front line and (iii) prolonged destocking and inventory issues in H1 2020. The pretty high number of major insolvencies, with 104 cases over the first three quarters of 2019, is an extra source of difficulties for impacted suppliers. At the same time, the rise in input costs and wages will limit margins and, despite supportive monetary policies, translate into additional woes for a higher number of companies – but from uneven starting point from one country to another.

After a decade of declines to record low levels, business insolvencies should see a +3% rebound to 19,950 cases in Germany, due the weaker economic outlook, in particular for the industrial sector and notably the supply chain of the automotive industry, while the country has already seen a noticeable increase in major insolvencies in 2019. In Italy, the lagging effects of political uncertainties and the persistently low growth dynamic will weigh on corporates and drive a +4% rebound after a flat 2019. In Spain, the trend reversal which started in mid-2019 is expected to continue in 2020, with a +5% rise reflecting the deceleration of the economy and the loss of competitiveness coming from higher labor costs. In the UK, we expect the election results of December 2019, with a solid Conservative majority, to lower (some of) the uncertainties, at least for the short term, and to increase economic growth. Yet, we anticipate the downside pressures on prices to prevail, given the need to resorb the post contingency stockpiling. This would support another increase (albeit slower) in insolvencies in 2020 (+3%). Belgium will continue with new records in the number of insolvencies (from +7% in 2019 to +2% in 2020) but part of the rise is due not to cyclical reasons but to a change in the law – now used for liberal profession insolvencies and also by the Courts to get rid of inactive companies and to limit certain forms of fraud. France should stand out with a stable number of insolvencies after four consecutive years of a steady decline (-18% since 2015 to 52,000). Yet, we expect this figure to mask uneven trends between sectors and types of companies, with another decline in insolvencies of individual companies but still prolonged difficulties for the largest firms, noticing that authorities have taken measures to support the companies most affected by strikes.

All in all, Western Europe would post a broader but more moderate increase in 2020 (+3%) compared to 2019. The regional insolvency index would remain well below its peak observed in 2013 (-32%).

At the same time, Central and Eastern Europe is also expected to register a moderate pick up in insolvencies in 2020 (+3%), with much less uneven trends than observed in 2019 across the countries of the region. In Russia, the improvement of the economy will be too gradual, with GDP expanding at +1.3%, to significantly improve the average situation of corporates and avoid another rise in insolvencies from +7% in 2019 – driven notably by the insolvencies in trade (+5%) business services (+10%), accommodation and food services (+16%) - to +2% in 2020. Poland should also keep an elevated number of insolvencies, slightly above the 2013 peak, given the structural problem of the profitability of Polish firms, which is exacerbated when economic growth is softer. The top increase in bankruptcies will be in Slovakia (+12%) but this where the changes in the insolvency law made in 2017 continue to boost the bankruptcies of sole proprietorships, which now represent more than 80% of the total number of bankruptcies.

Chart 8 Changes in business insolvencies by sector for selected European countries (2019 vs 2018, ytd figures available as of mid-December 2018, in %)

	Agriculture	Manufacturing, Mining & Utilities	Construction	Retail/ Trade	Transportation/Logistics/Storage	Services	Other
Belgium	66%	12%	10%	4%	4%	13%	-
Denmark	-6%	18%	-3%	4%	32%	11%	-29%
France	-8%	-6%	-5%	-4%	5%	-3%	-32%
Germany	13%	9%	-8%	-2%	2%	-3%	-3%
Italy	-	5%	-10%	2%	-	-1%	-8%
Netherlands	-18%	3%	12%	4%	-1%	2%	19%
Norway	-13%	-8%	4%	1%	-1%	0%	2%
Spain	-29%	13%	-19%	9%	0%	-2%	5%
Sweden	14%	6%	1%	7%	-2%	8%	-15%
UK	8%	10%	4%	1%	-1%	4%	16%

Sources: National Statistics, Solunion, Euler Hermes, Allianz Research

Statistical appendix

Table 1 Business insolvencies level

	% of World GDP (**)	% of Global Index	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019e	2020f
GLOBAL INSOLVENCY INDEX *	86.4	100.0	97	117	142	133	126	124	123	106	98	94	100	111	121	128
North America Index *	26.9	31.1	78	116	161	147	124	105	87	72	67	65	62	60	62	64
U.S.	24.8	28.7	28 137	42 861	60 530	56 046	47 534	39 851	33 061	26 849	24 636	24 027	23 098	22 158	22 900	23 800
Canada	2.0	2.3	6 293	6 164	5 420	4 072	3 643	3 236	3 187	3 116	3 089	2 884	2 700	2 677	2 800	2 940
Latin America Index *	3.1	3.6	39	32	41	37	35	40	46	48	77	112	137	183	218	246
Brazil	2.4	2.8	1 694	1 240	1 551	1 308	1 189	1 495	1 680	1 734	2 164	2 705	2 737	2 751	2 751	2 660
Colombia	0.4	0.4	132	133	250	323	318	294	357	378	499	564	714	973	1 300	1 360
Chile	0.3	0.4	143	150	171	131	133	127	141	163	401	757	1 050	1 388	1 680	2 030
Western Europe Index *	21.5	24.9	99	131	174	167	174	191	204	169	151	141	133	133	135	139
Euro zone Index *	15.7	18.2	102	136	188	184	193	220	240	197	177	159	149	146	148	153
Germany	4.6	5.3	29 160	29 291	32 687	31 998	30 099	28 297	25 995	24 085	23 101	21 525	20 093	19 302	19 370	19 950
France	3.3	3.8	49 218	54 731	62 726	60 039	59 886	61 170	62 904	62 713	63 263	58 901	54 984	54 379	52 100	52 000
United Kingdom	3.5	4.1	23 728	30 398	35 133	29 607	31 196	28 967	24 958	22 601	19 824	19 825	19 285	21 161	22 325	22 995
Italy	2.5	2.9	6 160	7 502	9 381	11 232	12 153	12 543	14 128	15 685	14 729	13 472	12 023	11 227	11 200	11 700
Spain	1.6	1.9	952	2 634	4 567	4 388	5 166	6 911	8 417	5 804	4 729	4 091	3 933	3 915	4 100	4 300
The Netherlands	1.0	1.2	4 602	4 637	7 987	7 147	6 883	8 346	9 431	7 621	6 006	5 012	3 867	3 633	3 740	3 930
Switzerland	0.9	1.0	4 314	3 892	4 067	4 658	4 697	4 513	4 570	4 240	4 519	4 648	4 766	4 952	5 000	5 050
Sweden	0.7	0.8	5 791	6 298	7 638	7 274	6 958	7 471	7 701	7 154	6 426	6 019	6 394	7 223	7 600	7 750
Norway	0.5	0.6	2 845	3 637	5 013	4 435	4 355	3 814	4 564	4 803	4 462	4 544	4 557	5 010	5 120	5 120
Belgium	0.6	0.7	7 677	8 472	9 421	9 579	10 224	10 587	11 740	10 736	9 762	9 170	9 968	9 878	10 600	10 800
Austria	0.5	0.6	6 295	6 315	6 902	6 376	5 869	6 041	5 459	5 423	5 150	5 226	5 079	4 980	5 040	5 140
Denmark	0.4	0.5	2 401	3 709	3 337	3 225	2 521	2 614	2 232	1 753	2 011	2 364	2 270	2 434	2 550	2 700
Finland	0.3	0.4	2 560	2 916	3 803	3 400	3 449	3 476	3 702	3 497	3 068	2 848	2 595	2 942	2 942	3 000
Greece	0.3	0.3	524	342	368	380	474	455	437	335	206	111	114	104	96	94
Portugal	0.3	0.3	2 001	2 907	3 815	4 091	4 523	6 275	5 659	4 553	4 714	3 616	3 099	2 694	2 540	2 590
Ireland	0.4	0.5	363	773	1 406	1 525	1 638	1 684	1 365	1 164	1 049	1 032	874	767	690	725
Luxembourg	0.1	0.1	623	583	698	918	988	1 066	1 086	876	902	1 021	1 020	1 356	1 440	1 440
Central & Eastern Europe Index *	4.5	5.2	243	186	207	236	235	255	267	258	255	246	260	216	226	233
Russia	1.7	2.0	35 787	17 754	13 465	11 194	10 235	10 325	8 983	9 407	10 086	10 467	11 513	10 282	11 000	11 200
Turkey	1.1	1.3	9 954	9 578	10 395	13 442	14 991	16 063	17 400	15 822	13 701	12 328	14 701	13 593	14 700	15 400
Poland	0.6	0.7	480	420	673	691	730	941	926	822	747	805	900	988	990	990
Czech Republic	0.3	0.3	1 115	1 141	1 553	1 601	1 778	1 899	2 224	2 403	2 191	2 115	1 803	1 343	1 383	1 411
Romania	0.3	0.3	14 104	14 483	18 421	21 692	19 651	26 807	29 587	20 696	10 269	8 371	9 103	8 304	6 260	6 450
Hungary	0.2	0.2	9 619	10 886	14 504	17 434	19 811	22 376	13 420	17 327	9 545	7 528	6 579	5 692	5 100	4 950
Slovakia	0.1	0.1	598	435	586	782	728	714	798	700	622	495	876	1 959	2 309	2 578
Bulgaria	0.1	0.1	467	545	520	556	641	647	815	631	525	440	435	476	500	540
Lithuania	0.1	0.1	606	957	1 844	1 637	1 273	1 401	1 553	1 686	1 986	2 737	2 974	2 091	1 820	1 780
Latvia	0.0	0.0	1 010	1 620	2 578	2 535	812	870	806	947	797	726	584	593	575	580
Estonia	0.0	0.0	202	423	1 055	1 029	623	495	459	428	376	335	343	273	278	283
Africa & Middle East Index *	0.5	0.6	86	99	117	116	110	100	105	110	120	145	148	149	159	167
South Africa	0.4	0.5	3 151	3 300	4 133	3 992	3 559	2 716	2 374	2 064	1 962	1 934	1 868	1 845	1 950	2 030
Morocco	0.1	0.2	1 729	2 339	2 451	2 760	3 080	3 709	4 373	5 010	5 783	7 161	8 020	7 944	8 536	9 000
Asia-Pacific Index *	29.9	34.6	89	94	87	80	77	73	68	61	65	64	82	116	136	148
China	14.9	17.2	4 358	4 555	4 448	3 715	3 037	2 650	2 555	2 613	3 237	3 602	6 257	10 600	12 750	14 000
Japan	6.5	7.6	14 091	15 646	15 480	13 321	12 734	12 124	10 855	9 731	8 812	8 446	8 405	8 235	8 300	8 450
India	1.7	1.9	-	-	-	-	-	-	-	-	-	-	800	959	1 290	1 430
Australia	1.7	1.9	4 705	6 124	6 370	6 750	7 596	7 859	8 124	6 625	8 079	6 559	6 120	6 317	6 440	6 600
South Korea	2.0	2.3	2 294	2 735	1 998	1 570	1 359	1 228	1 001	841	720	555	494	469	455	465
Taiwan	0.7	0.8	1 044	805	341	268	256	254	209	132	162	203	227	217	200	205
Singapore	0.4	0.5	106	132	135	142	113	151	126	161	189	187	168	207	240	265
Hong Kong	0.4	0.5	455	468	573	438	333	312	274	271	305	325	296	255	265	288
New Zealand	0.2	0.3	2 733	3 651	3 807	3 448	3 045	2 930	2 796	2 730	2 461	2 282	2 068	2 133	1 950	1 950

(*) GDP 2018 weighing at current exchange rates

(**) Euler Hermes Global (or Regional) Insolvency Index is the weighted sum of national indices, each country being weighted by the share of its GDP within the countries used in the sample (44 countries representing 86.4% of global GDP in 2018). National indices are based upon national sources or Euler Hermes internal data on insolvencies, using a base of 100 in year 2000. Forecasts are reviewed each quarter, with the agreement of EH business units.

Sources: National Statistics, Euler Hermes, Allianz Research (e: estimate; f: forecast) - Data are available on the website app MindYourReceivables *and on our* OpenData *platform*

Table 2 Business insolvencies growth

	% of World GDP (**)	% of Global Index	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019e	2020f
GLOBAL INSOLVENCY INDEX *	86.4	100.0	6%	20%	22%	-7%	-5%	-2%	-1%	-14%	-7%	-4%	6%	11%	9%	6%
North America Index *	26.9	31.1	37%	48%	39%	-9%	-15%	-16%	-16%	-18%	-7%	-2%	-4%	-4%	3%	4%
U.S.	24.8	28.7	42%	52%	41%	-7%	-15%	-16%	-17%	-19%	-8%	-2%	-4%	-4%	3%	4%
Canada	2.0	2.3	-7%	-2%	-12%	-25%	-11%	-11%	-2%	-2%	-1%	-7%	-6%	-1%	5%	5%
Latin America Index *	3.1	3.6	-18%	-19%	29%	-11%	-6%	15%	15%	6%	59%	47%	21%	34%	19%	13%
Brazil	2.4	2.8	-21%	-27%	25%	-16%	-9%	26%	12%	3%	25%	25%	1%	1%	0%	-3%
Colombia	0.4	0.4	-32%	1%	88%	29%	-2%	-8%	21%	6%	32%	13%	27%	36%	34%	5%
Chile	0.3	0.4	8%	5%	14%	-23%	2%	-5%	11%	16%	146%	89%	39%	32%	21%	21%
Western Europe Index *	21.5	24.9	-10%	32%	33%	-4%	4%	10%	7%	-17%	-10%	-7%	-5%	0%	2%	3%
Euro zone Index *	15.7	18.2	-10%	34%	38%	-2%	5%	14%	9%	-18%	-10%	-10%	-7%	-2%	1%	3%
Germany	4.6	5.3	-15%	0%	12%	-2%	-6%	-6%	-8%	-7%	-4%	-7%	-7%	-4%	0%	3%
France	3.3	3.8	6%	11%	15%	-4%	0%	2%	3%	0%	1%	-7%	-7%	-1%	-4%	0%
United Kingdom	3.5	4.1	-20%	28%	16%	-16%	5%	-7%	-14%	-9%	-12%	0%	-3%	10%	6%	3%
Italy	2.5	2.9	-41%	22%	25%	20%	8%	3%	13%	11%	-6%	-9%	-11%	-7%	0%	4%
Spain	1.6	1.9	13%	177%	73%	-4%	18%	34%	22%	-31%	-19%	-13%	-4%	0%	5%	5%
The Netherlands	1.0	1.2	-23%	1%	72%	-11%	-4%	21%	13%	-19%	-21%	-17%	-23%	-6%	3%	5%
Switzerland	0.9	1.0	-5%	-10%	4%	15%	1%	-4%	1%	-7%	7%	3%	3%	4%	1%	1%
Sweden	0.7	0.8	-6%	9%	21%	-5%	-4%	7%	3%	-7%	-10%	-6%	6%	13%	5%	2%
Norway	0.5	0.6	-6%	28%	38%	-12%	-2%	-12%	20%	5%	-7%	2%	0%	10%	2%	0%
Belgium	0.6	0.7	1%	10%	11%	2%	7%	4%	11%	-9%	-9%	-6%	9%	-1%	7%	2%
Austria	0.5	0.6	-6%	0%	9%	-8%	-8%	3%	-10%	-1%	-5%	1%	-3%	-2%	1%	2%
Denmark	0.4	0.5	21%	54%	-10%	-3%	-22%	4%	-15%	-21%	15%	18%	-4%	7%	5%	6%
Finland	0.3	0.4	-1%	14%	30%	-11%	1%	1%	7%	-6%	-12%	-7%	-9%	13%	0%	2%
Greece	0.3	0.3	-2%	-35%	8%	3%	25%	-4%	-4%	-23%	-39%	-46%	3%	-9%	-8%	-2%
Portugal	0.3	0.3	18%	45%	31%	7%	11%	39%	-10%	-20%	4%	-23%	-14%	-13%	-6%	2%
Ireland	0.4	0.5	3%	113%	82%	8%	7%	3%	-19%	-15%	-10%	-2%	-15%	-12%	-10%	5%
Luxembourg	0.1	0.1	0%	-6%	20%	32%	8%	8%	2%	-19%	3%	13%	0%	33%	6%	0%
Central & Eastern Europe Index *	4.5	5.2	-4%	-24%	11%	14%	-1%	8%	5%	-4%	-1%	-3%	6%	-17%	4%	3%
Russia	1.7	2.0	-9%	-50%	-24%	-17%	-9%	1%	-13%	5%	7%	4%	10%	-11%	7%	2%
Turkey	1.1	1.3	5%	-4%	9%	29%	12%	7%	8%	-9%	-13%	-10%	19%	-8%	8%	5%
Poland	0.6	0.7	-26%	-13%	60%	3%	6%	29%	-2%	-11%	-9%	8%	12%	10%	0%	0%
Czech Republic	0.3	0.3	-10%	2%	36%	3%	11%	7%	17%	8%	-9%	-3%	-15%	-26%	3%	2%
Romania	0.3	0.3	0%	3%	27%	18%	-9%	36%	10%	-30%	-50%	-18%	9%	-9%	-25%	3%
Hungary	0.2	0.2	6%	13%	33%	20%	14%	13%	-40%	29%	-45%	-21%	-13%	-13%	-10%	-3%
Slovakia	0.1	0.1	-54%	-27%	35%	33%	-7%	-2%	12%	-12%	-11%	-20%	77%	124%	18%	12%
Bulgaria	0.1	0.1	31%	17%	-5%	7%	15%	1%	26%	-23%	-17%	-16%	-1%	9%	5%	8%
Lithuania	0.1	0.1	-20%	58%	93%	-11%	-22%	10%	11%	9%	18%	38%	9%	-30%	-13%	-2%
Latvia	0.0	0.0	16%	60%	59%	-2%	-68%	7%	-7%	17%	-16%	-9%	-20%	2%	-3%	1%
Estonia	0.0	0.0	-43%	109%	149%	-2%	-39%	-21%	-7%	-7%	-12%	-11%	2%	-20%	2%	2%
Africa & Middle East Index *	0.5	0.6	3%	14%	18%	-1%	-5%	-9%	6%	5%	9%	21%	2%	0%	7%	5%
South Africa	0.4	0.5	4%	5%	25%	-3%	-11%	-24%	-13%	-13%	-5%	-1%	-3%	-1%	6%	4%
Morocco	0.1	0.2	0%	35%	5%	13%	12%	20%	18%	15%	15%	24%	12%	-1%	7%	5%
Asia-Pacific Index *	29.9	34.6	11%	6%	-8%	-8%	-4%	-5%	-6%	-11%	7%	-1%	28%	41%	17%	8%
China	14.9	17.2	20%	5%	-2%	-16%	-18%	-13%	-4%	2%	24%	11%	74%	69%	20%	10%
Japan	6.5	7.6	6%	11%	-1%	-14%	-4%	-5%	-10%	-10%	-9%	-4%	0%	-2%	1%	2%
India	1.7	1.9	-	-	-	-	-	-	-	-	-	-	-	-	35%	11%
Australia	1.7	1.9	0%	30%	4%	6%	13%	3%	3%	-18%	22%	-19%	-7%	3%	2%	2%
South Korea	2.0	2.3	-9%	19%	-27%	-21%	-13%	-10%	-18%	-16%	-14%	-23%	-11%	-5%	-3%	2%
Taiwan	0.7	0.8	68%	-23%	-58%	-21%	-4%	-1%	-18%	-37%	23%	25%	12%	-4%	-8%	2%
Singapore	0.4	0.5	-18%	25%	2%	5%	-20%	34%	-17%	28%	17%	-1%	-10%	23%	16%	10%
Hong Kong	0.4	0.5	-18%	3%	22%	-24%	-24%	-6%	-12%	-1%	13%	7%	-9%	-14%	4%	9%
New Zealand	0.2	0.3	-6%	34%	4%	-9%	-12%	-4%	-5%	-2%	-10%	-7%	-9%	3%	-9%	0%

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Director of Publications: Ludovic Subran, Chief Economist
Euler Hermes Allianz Economic Research
1, place des Saisons | 92048 Paris-La-Défense Cedex | France
Phone +33 1 84 11 35 64 |
A company of Allianz

http://www.eulerhermes.com/economic-research
research@eulerhermes.com
euler-hermes
eulerhermes

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