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ALLIANZ RESEARCH

# CALM BEFORE THE STORM: COVID-19 AND THE BUSINESS INSOLVENCY TIME BOMB

**16 JULY 2020**

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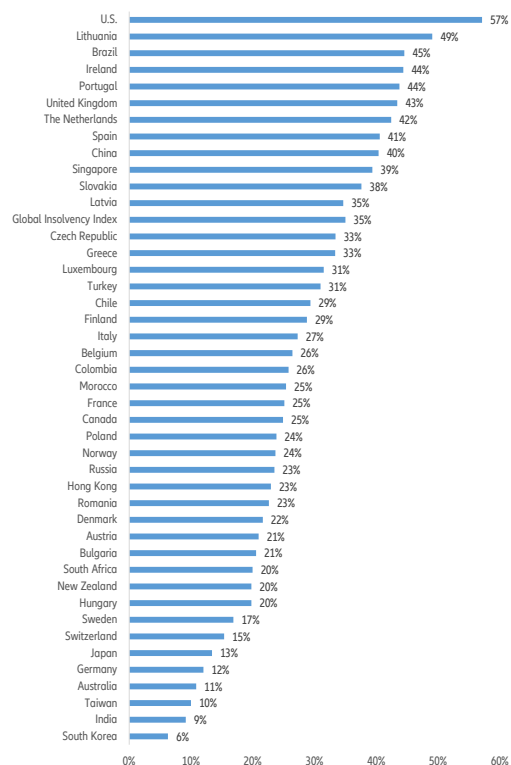
# EXECUTIVE SUMMARY



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- **Covid-19 is creating an insolvency time bomb.** Even as economies emerge from lockdowns, we expect the bulk of insolvencies is still to come, largely between the end of 2020 and H1 2021, as a result of uneven initial conditions, as well as differing re-opening strategies and emergency policy measures, particularly regarding when insolvencies are filed. Our global insolvency index is likely to hit a record high of **+35% by 2021**, cumulated over a two-year period, with half of the countries recording a new high since the 2009 financial crisis.
- **Where are the hotspots?** The top increases will be recorded in the U.S. (+57% by 2021, compared to 2019), Brazil (+45%), China (+20%) and core European countries such as the UK (+43%), Spain (+41%), Italy (+27%), Belgium (+26%) and France (+25%). We expect two out of three countries to post a stronger rise in insolvencies in 2020 than in 2021 – notably the U.S., Brazil, China, Spain and Italy – but one out of three would record an acceleration in 2021 – notably India, the UK, France and to a lesser extent Germany.
- **A premature withdrawal of supportive policy measures could make things worse, increasing the surge in insolvencies by +5pp to +10pp.** And if the global economy takes longer than expected to recover from the Covid-19 shock, the rise in insolvencies could increase by as much as +50pp to +60pp. However, while further support for companies will limit insolvencies in the short-term, it could also prop up zombie companies, raising the risks of more insolvencies in the medium and long term.

**Figure 1: Changes in insolvencies by 2021 (2021 level compared to 2019 level in %)**



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



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# +35%

**Forecast for increase in global insolvencies by 2021, cumulated over a two-year period.**

# GLOBAL BUSINESS INSOLVENCIES ARE SET TO INCREASE BY +35% BY 2021

Before the Covid-19 crisis struck, we were already expecting global business insolvencies to rise for the fourth consecutive year in 2020<sup>1</sup>, the result of a moderate pace of economic growth and the lagging effects of trade disputes, political uncertainties and social tensions, as well as a prolonged discrepancy between manufacturing and services sectors. Then Covid-19 hit the global economy like a meteorite: This sudden shock of historic proportions will have lasting effects, worsening the business insolvency outlook all the way through the first half of 2021.

The suddenness of the shock is critical for the companies that were already the most fragile prior to the crisis, notably in the sectors the hardest hit<sup>2</sup> (transportation, automotive, non-essential retail, hotels and restaurants), while the historical scale of the shock has made all other companies fragile, with more resilience only seen in few specific sectors such as pharmaceuticals or IT services. At the same time, emerging from lockdowns is adding more pressure on companies' liquidity, since the restart of activity comes with an increase in working capital requirement.

However, we identify three factors that will result in a delayed transmission of the Covid-19 shock into insolvencies, causing the bulk to be recorded between the end of 2020 and H1 2021:

- **The impact of lockdown measures on business courts, especially the less digitally advanced ones:** This created lags and delays in official registrations of insolvencies, and a noticeable statistical basis effect in countries with limited capacities to absorb backlogs.
- **The long list of emergency government interventions to prevent a liquidity crisis for corporates:** tax deferrals, state loans and guarantees, wage subsidies and debt moratoriums.
- **The temporary changes in insolvency regimes designed to give time and flexibility to companies before they resort to filing for bankruptcy,** such as the suspension of the obligation to file for bankruptcy under certain conditions, the extension of deadlines, a moratorium to prevent certain creditor actions against a company, the raising of the threshold limit of unpaid debt to initiate a bankruptcy and winding up application etc. Euro-

pean countries have been particularly reactive with temporary changes in core countries such as Germany, France and the UK, but also smaller markets. However, none of these temporary changes in insolvency frameworks have the same end date.

The impact of these three factors is evident in the short term: Figure 2 shows that many countries recorded significant monthly decreases in insolvencies over the March to May period, pushing the year-to-date figures down to double-digit drops in several large economies (Canada, Brazil, Australia, South Korea, France), with the U.S. and China as key exceptions. As a result, our Global Insolvency Index<sup>3</sup> is set to record a -4% decline in H1 2020 compared to H2 2019, with a noticeable drop in Western Europe (-15% y/y in H1), followed by Central and Eastern Europe (-7%) and Latin America.

**Figure 2: Business insolvencies – latest figures for 2020**

	Last point	y/y	ytd		Last point	y/y	ytd
U.S.	Q1	4%	4%	Germany	April	-13%	-6%
Canada	May	-36%	-30%	France	May	-62%	-36%
Brazil	June	28%	-16%	United Kingdom	March	-11%	-11%
Russia	May	-54%	-15%	The Netherlands	May	6%	2%
Turkey	April	-1%	4%	Switzerland	May	-23%	-16%
Romania	April	-87%	-33%	Sweden	May	2%	14%
Latvia	May	-49%	-39%	Belgium	May	-72%	-30%
China	May	22%	10%	Austria	Q1	-9%	-9%
Japan	May	-55%	-1%	Denmark	May	-9%	-8%
India	Q1	1%	1%	Finland	Q1	14%	14%
Australia	April	-42%	-18%	Portugal	May	-12%	-2%
South Korea	May	-53%	-31%	Ireland	Q1	-18%	-18%
Singapore	April	-84%	51%	Luxembourg	May	-45%	-32%

Sources: National sources, Allianz Research

<sup>1</sup> See our previous report [Global Insolvency Outlook 2020: A softer but broader-based rise in corporate insolvencies](#)

<sup>2</sup> See our previous report [No stone unturned: How Covid-19 is disrupting every industry](#) and our [Q2 2020 Sector Risk Map](#).

<sup>3</sup> Covering 44 countries that account for 83% of global GDP, see appendix.

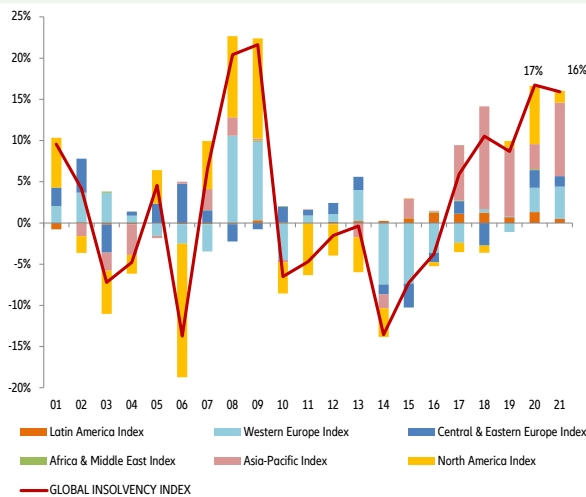
However, we expect the gradual ending and phasing out of these temporary factors to lead to a trend reversal that would gain traction particularly in Q4 in Europe. We expect our Global Insolvency Index to rebound by +35% in H2 2020 and reach a new high in H1 2021 (+6%). Overall, amid a constrained global economic recovery<sup>4</sup>, we anticipate a +35% surge in business insolvencies by the end of 2021, representing a

+16% y/y CAGR over the two-year period, similar to the intensity recorded on average during the previous financial crisis (+16% y/y CAGR from 2007 to 2009).

Unlike in the 2007-2009 financial crisis, however, this time all regions and economies are likely to post double-digit increases in insolvencies by 2021. The largest increase will be recorded in North America (+56% by the end of

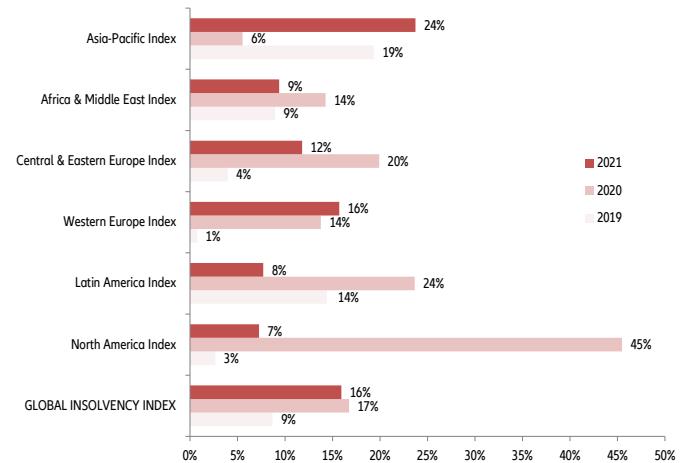
2021), with the bulk of the rise in 2020 (+45%). In the other regions, the rise in insolvencies by 2021 will exceed +30% and remain slightly below the global average, with Asia at +31%, Western Europe at +32%, Latin America at +33% and Central and Eastern Europe at +34%.

**Figure 3: Euler Hermes insolvency indices by region – contribution to the yearly change in Global Insolvency Index**



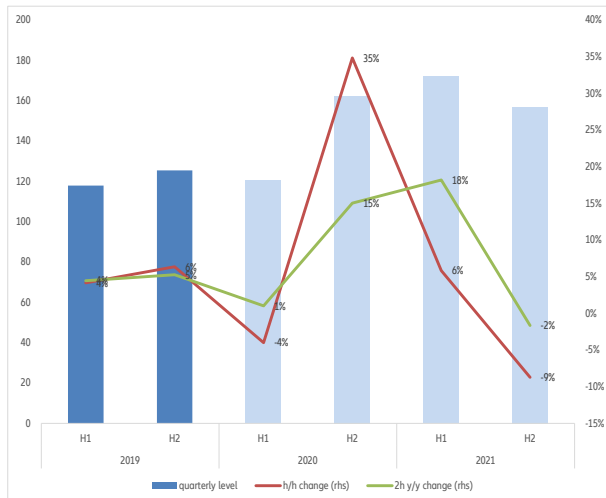
Sources: National Statistics, Solunion, Euler Hermes, Allianz Research

**Figure 4: Euler Hermes Global Insolvency Index and regional indices (yearly change in %)**



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

**Figure 5: EH Global Insolvency Index by time period (level and change in %)**



Sources: National sources, Allianz Research

<sup>4</sup> See our report: [Coping with Covid-19 in differing ways](#)

# THE U.S. TO DRIVE THE RISE IN 2020, BEFORE EUROPE (AND INDIA) IN 2021

We identify two clusters of countries, those that will see a stronger rise in insolvencies in 2020, and those that will see a delayed surge in 2021. Most APAC countries are in the first group (China, Japan, South Korea, Taiwan, Hong Kong and New Zealand, with India as key exception) mainly because they were the first to be impacted by the Covid-19 outbreak. The earlier economic recovery of the region will help limit the rise in insolvencies for 2020, but the stricter and/or longer lockdown measures will also cap the recovery

and keep companies under pressure up to 2021, when the region will see another rise in insolvencies. China tops the list, with an expected +40% more insolvencies by the end of 2021, compared to 2019. It is followed by Singapore (+39%), Hong Kong (+23%), Japan (+13%) and Australia (+11%).

The U.S. is also in the first category, but will see the largest spike: +47% y/y in 2020. The rapid spread of the virus is amplifying the trough in activity and generating a liquidity crisis for a larger set of companies, while the main policy

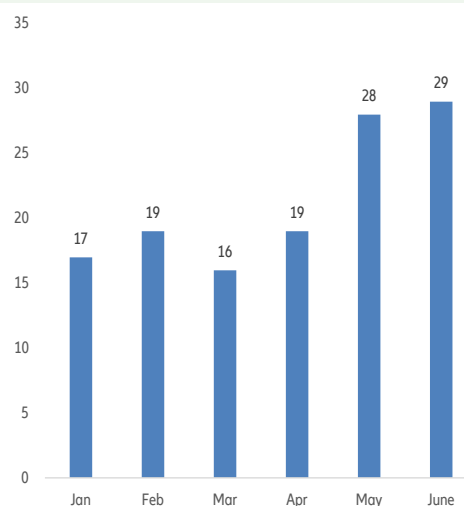
measure – the Coronavirus Aid, Relief, and Economic Security Act (aka the CARES act) – is targeting SMEs and not the largest companies under financial stress. We do not expect the U-shaped recovery in the U.S. to be sufficient to offset all the legacies of the crisis on financial metrics, nor to prevent the rise in insolvencies from continuing into 2021. The U.S. would register a +57% rebound in insolvencies by 2021, with 35,700 cases annually – the highest since 2012.

## Box - Top insolvencies are increasing the risk of a domino effect

The insolvencies of major companies are adding pressure along supply chains. They not only put at risk clients by potentially disrupting their supplying, forcing them to urgently find (costly) alternatives, they also put their own suppliers at financial risk by not paying them - and forcing them to undertake long and expensive legal procedures. The larger the company filing for bankruptcy, the higher the risk of a domino effect.

The U.S. is particularly exposed to this risk, and also a good indicator for the rest of the world of the intensity of the risk. For the first half of 2020, overall business insolvencies across all chapters are expected to post a rebound and confirm the jump in chapter 11 filings recorded by Epiq AAER (+26% y/y) to the other chapters (chapter 7, 12 and 13). However, we have already seen a significant increase in top cases. Listed companies are far from immune: Bloomberg recorded 52 bankruptcies in Q1 and 76 cases in Q2, i.e. a total of 128 companies, representing a provisional amount of USD160bn in assets (and USD150bn in liabilities). According to our proprietary data, insolvencies among companies with over USD50mn of turnover have more than doubled from H1 2019 to H1 2020 (66 cases), including several emblematic names in Q2 (Hertz, Latam Airlines, Frontier Communication, Intelsat, J.C. Penney, Neiman Marcus, McDermott Intl).

**Figure 6:** EH Bankruptcies of listed companies in the U.S. in 2020 (number of cases, by month)



Sources: Bloomberg, Euler Hermes, Allianz Research



Photo on Unsplash

Half of the European countries also belong to this category, for one or several of the following factors: they have been less impacted by lockdowns of business courts (the Nordics in particular), they have not implemented major temporary changes in insolvency frameworks (Sweden, Ireland) or the rise in insolvencies will occur from a low/stable level of insolvencies in 2019 (Italy, Portugal). De facto, Italy, Spain and Portugal have all enacted temporary changes in insolvency laws, but we expect (i) not all companies to use this opportunity and (ii) a rebound right after the end of these adjustments. Italy would post a +18% rebound in 2020, from a -2% decline in 2019, and Spain a +20% surge after +6% in 2019. Both countries will see a continued rise in insolvencies in 2021 (+8% and +17%, respectively), pushing their annual number of insolvencies up to 2014-2015 levels (to 14,000 and 5,850 cases, respectively).

The remaining countries, or one out of three, should record a delayed acceleration in business insolvencies, with a stronger rise seen in 2021 than in 2020. This is in particular the case for India, due to the major effects of lockdowns

on business courts activity (with the suspension of judicial functioning) and some changes in insolvency laws playing up to the end of 2020 or even until further notice. In this context, insolvencies will decline in 2020 (-52%) before registering a massive bounce back in 2021 (+128%) to potentially more than 2,000 cases – a record since the implementation of the new insolvency law in 2018.

For France, the UK and to a lesser extent Germany, which also come under the second category, this is directly the result of adjustments in bankruptcy regimes. In the UK, the main points of the Corporate Insolvency and Governance bill applied up to end of June, but various other government schemes run to the end of December. Germany and France both decided to suspend the obligation to file for bankruptcy until 30 September and technically speaking 10 October, respectively (more precisely up to three months after the end of the period of sanitary urgency). Insolvencies are expected to gain traction with the end of the suspension rule in Q4 2020 and H1 2021 and the lack of recovery momentum.

In the UK, where companies already took a hit on their activity and margins prior to the crisis due to Brexit, and where the length and strictness of the lockdown have been stronger, insolvencies would rebound again by +43% by 2021 to 31,500 annual cases – less than the 2009 level. In France, we expect massive insolvencies in Q4 2020 and H1 2021, also due to the gradual easing of supportive measures: the final outcome would be a +25% increase by 2021 to a record high level (64,300 cases in 2021). Extrapolating the commercial debt at risk from additional bankruptcies, the economic cost of additional bankruptcies in 2020 could be as much as EUR4.2bn, and EUR5.7bn in 2021. In total, over 2020-21, Covid19 would mean EUR10bn liabilities to the economy or 0.4 GDP points. Germany will show more resilience, notably thanks to stronger initial conditions, a shorter and less strict lockdown and the earlier opening of the economy, on top of a larger fiscal stimulus. However, we expect insolvencies to rebound from their historical low level reached at the end of 2019, with +12% by the end of 2021.

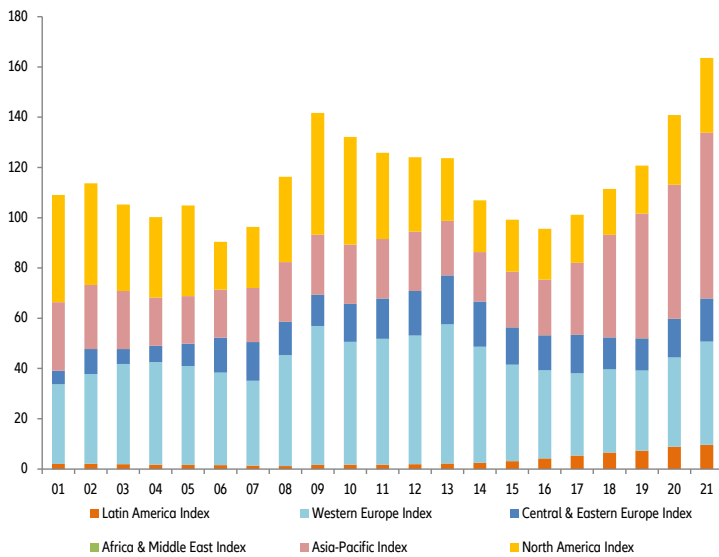
# A NEW RECORD IN 2021 AT A GLOBAL LEVEL (AND FOR ONE OUT OF TWO COUNTRIES)

The global result is that our Global Insolvency Index will reach the level last seen in 2009 in 2020, before hitting a new record in 2021, with half of the countries registering a new high since the financial crisis. The latter are located in Europe (i.e. France, Italy, Spain, Belgium, Nordics) but also in Emerging Markets (i.e. China, Brazil, Russia, Tur-

key). The key exceptions would be the U.S., Japan and Germany. However, policymakers now have to manage a delicate balance: A premature withdrawal of supportive measures could increase the rise in insolvencies by +5pp to 10pp. And if the global economic recovery takes longer than expected, the surge could be +50pp to

60pp stronger. While adding or prolonging existing support to companies could limit insolvencies in the short term, it could also prop up zombie companies, raising the risks of more insolvencies in the medium and long term.

**Figure 7: EH indices by region Global Insolvency Index and regional indices (yearly change in %)**



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

**Figure 8: Euler Hermes Insolvency Heat Map 2021**



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





Table 2: Business insolvencies growth

	% of World GDP (**)	% of Global Index	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020f	2021f	2021 vs 2019
<b>GLOBAL INSOLVENCY INDEX *</b>	<b>86,4</b>	<b>100</b>	<b>6%</b>	<b>20%</b>	<b>22%</b>	<b>-7%</b>	<b>-5%</b>	<b>-2%</b>	<b>0%</b>	<b>-14%</b>	<b>-7%</b>	<b>-4%</b>	<b>6%</b>	<b>11%</b>	<b>9%</b>	<b>17%</b>	<b>16%</b>	<b>35%</b>
<b>North America Index *</b>	<b>26,8</b>	<b>31,1</b>	<b>37%</b>	<b>48%</b>	<b>39%</b>	<b>-9%</b>	<b>-15%</b>	<b>-16%</b>	<b>-16%</b>	<b>-18%</b>	<b>-7%</b>	<b>-2%</b>	<b>-4%</b>	<b>-4%</b>	<b>3%</b>	<b>45%</b>	<b>7%</b>	<b>56%</b>
U.S.	24,8	28,7	42%	52%	41%	-7%	-15%	-16%	-17%	-19%	-8%	-2%	-4%	-4%	3%	47%	7%	57%
Canada	2,0	2,3	-7%	-2%	-12%	-25%	-11%	-11%	-2%	-2%	-1%	-7%	-6%	-1%	3%	15%	9%	25%
<b>Latin America Index *</b>	<b>3,1</b>	<b>3,6</b>	<b>-18%</b>	<b>-19%</b>	<b>29%</b>	<b>-11%</b>	<b>-6%</b>	<b>15%</b>	<b>15%</b>	<b>19%</b>	<b>56%</b>	<b>41%</b>	<b>17%</b>	<b>38%</b>	<b>14%</b>	<b>24%</b>	<b>8%</b>	<b>33%</b>
Brazil	2,4	2,8	-21%	-27%	25%	-16%	-9%	26%	12%	3%	25%	25%	1%	1%	5%	32%	10%	45%
Colombia	0,4	0,4	-32%	1%	88%	29%	-2%	-8%	21%	61%	31%	4%	4%	53%	2%	18%	7%	26%
Chile	0,3	0,4	8%	5%	14%	-23%	2%	-5%	11%	16%	146%	89%	39%	32%	23%	21%	7%	29%
<b>Western Europe Index *</b>	<b>21,5</b>	<b>24,9</b>	<b>-10%</b>	<b>32%</b>	<b>33%</b>	<b>-4%</b>	<b>4%</b>	<b>10%</b>	<b>7%</b>	<b>-17%</b>	<b>-10%</b>	<b>-7%</b>	<b>-5%</b>	<b>0%</b>	<b>1%</b>	<b>14%</b>	<b>16%</b>	<b>32%</b>
<b>Euro zone Index *</b>	<b>15,7</b>	<b>18,2</b>	<b>-10%</b>	<b>34%</b>	<b>38%</b>	<b>-2%</b>	<b>5%</b>	<b>14%</b>	<b>9%</b>	<b>-18%</b>	<b>-10%</b>	<b>-10%</b>	<b>-7%</b>	<b>-2%</b>	<b>0%</b>	<b>15%</b>	<b>15%</b>	<b>32%</b>
Germany	4,6	5,3	-15%	0%	12%	-2%	-6%	-6%	-8%	-7%	-4%	-7%	-7%	-4%	-3%	4%	8%	12%
France	3,3	3,8	6%	11%	15%	-4%	0%	2%	3%	0%	1%	-7%	-7%	-1%	-5%	4%	20%	25%
United Kingdom	3,5	4,1	-20%	28%	16%	-16%	5%	-7%	-14%	-9%	-12%	0%	-3%	10%	4%	8%	33%	43%
Italy	2,5	2,9	-41%	22%	25%	20%	8%	3%	13%	11%	-6%	-9%	-11%	-7%	-2%	18%	8%	27%
Spain	1,6	1,9	13%	177%	73%	-4%	18%	34%	22%	-31%	-19%	-13%	-4%	0%	6%	20%	17%	41%
The Netherlands	1,0	1,2	-23%	1%	72%	-11%	-4%	21%	13%	-19%	-21%	-17%	-23%	-6%	4%	29%	10%	42%
Switzerland	0,9	1,0	-5%	-10%	4%	15%	1%	-4%	1%	-7%	7%	3%	3%	4%	-1%	6%	9%	15%
Sweden	0,7	0,8	-6%	9%	21%	-5%	-4%	7%	3%	-7%	-10%	-6%	6%	13%	2%	11%	5%	17%
Norway	0,5	0,6	-6%	28%	38%	-12%	-2%	-12%	20%	5%	-7%	2%	0%	10%	0%	12%	11%	24%
Belgium	0,6	0,7	1%	10%	11%	2%	7%	4%	11%	-9%	-9%	-6%	9%	-1%	7%	4%	22%	26%
Austria	0,5	0,6	-6%	0%	9%	-8%	-8%	3%	-10%	-1%	-5%	1%	-3%	-2%	1%	10%	10%	21%
Denmark	0,4	0,5	21%	54%	-10%	-3%	-22%	4%	-15%	-21%	15%	18%	-4%	7%	6%	16%	5%	22%
Finland	0,3	0,4	-1%	14%	30%	-11%	1%	1%	7%	-6%	-12%	-7%	-9%	14%	1%	19%	8%	29%
Greece	0,3	0,3	-2%	-35%	8%	3%	25%	-4%	-4%	-23%	-39%	-46%	3%	-28%	-9%	7%	25%	33%
Portugal	0,3	0,3	18%	45%	31%	7%	11%	39%	-10%	-20%	4%	-23%	-14%	-13%	-5%	30%	10%	44%
Ireland	0,4	0,5	3%	113%	82%	8%	7%	3%	-19%	-15%	-10%	-2%	-15%	-12%	-26%	16%	24%	44%
Luxembourg	0,1	0,1	0%	-6%	20%	32%	8%	8%	2%	-19%	3%	13%	0%	33%	7%	18%	12%	31%
<b>Central &amp; Eastern Europe Index *</b>	<b>4,5</b>	<b>5,2</b>	<b>-4%</b>	<b>-24%</b>	<b>12%</b>	<b>14%</b>	<b>0%</b>	<b>9%</b>	<b>7%</b>	<b>0%</b>	<b>0%</b>	<b>-4%</b>	<b>4%</b>	<b>-16%</b>	<b>4%</b>	<b>20%</b>	<b>12%</b>	<b>34%</b>
Russia	1,7	2,0	-9%	-50%	-24%	-17%	-9%	1%	-13%	5%	7%	4%	10%	-11%	14%	18%	5%	23%
Turkey	1,1	1,3	5%	-4%	9%	29%	12%	7%	8%	-9%	-13%	-10%	19%	-8%	3%	22%	7%	31%
Poland	0,6	0,7	-26%	-13%	60%	3%	6%	29%	-2%	-11%	-9%	8%	12%	10%	-1%	13%	10%	24%
Czech Republic	0,3	0,3	-10%	2%	94%	15%	49%	48%	57%	50%	0%	-11%	-10%	-15%	40%	8%	24%	33%
Romania	0,2	0,3	0%	3%	27%	18%	-9%	36%	10%	-30%	-50%	-18%	9%	-9%	-21%	4%	18%	23%
Hungary	0,2	0,2	6%	13%	33%	20%	14%	13%	-40%	29%	-45%	-21%	-13%	-13%	-9%	13%	6%	20%
Slovakia	0,1	0,1	-54%	-27%	35%	33%	-7%	-2%	12%	-12%	-11%	-20%	77%	124%	25%	22%	12%	38%
Bulgaria	0,1	0,1	31%	17%	-5%	7%	15%	1%	26%	-23%	-17%	-16%	-1%	9%	6%	3%	17%	21%
Lithuania	0,1	0,1	-20%	58%	93%	-11%	-22%	10%	11%	9%	18%	38%	9%	-30%	-23%	-7%	60%	49%
Latvia	0,0	0,0	16%	60%	59%	-2%	-68%	7%	-7%	17%	-16%	-9%	-20%	2%	-6%	18%	14%	35%
Estonia	0,0	0,0	-43%	109%	149%	-2%	-39%	-21%	-7%	-7%	-12%	-11%	2%	-20%	-46%	76%	27%	123%
<b>Africa &amp; Middle East Index *</b>	<b>0,5</b>	<b>0,6</b>	<b>3%</b>	<b>14%</b>	<b>18%</b>	<b>-1%</b>	<b>-5%</b>	<b>-9%</b>	<b>6%</b>	<b>5%</b>	<b>9%</b>	<b>21%</b>	<b>2%</b>	<b>0%</b>	<b>9%</b>	<b>14%</b>	<b>9%</b>	<b>25%</b>
South Africa	0,4	0,5	4%	5%	25%	-3%	-11%	-24%	-13%	-13%	-5%	-1%	-3%	-1%	11%	12%	7%	20%
Morocco	0,1	0,2	0%	35%	5%	13%	12%	20%	18%	15%	15%	24%	12%	-1%	6%	14%	10%	25%
<b>Asia-Pacific Index *</b>	<b>29,9</b>	<b>34,6</b>	<b>11%</b>	<b>6%</b>	<b>-8%</b>	<b>-8%</b>	<b>-4%</b>	<b>-5%</b>	<b>-6%</b>	<b>-11%</b>	<b>7%</b>	<b>-1%</b>	<b>28%</b>	<b>41%</b>	<b>19%</b>	<b>6%</b>	<b>24%</b>	<b>31%</b>
China	14,9	17,2	20%	5%	-2%	-16%	-18%	-13%	-4%	2%	24%	11%	74%	69%	12%	21%	16%	40%
Japan	6,5	7,6	6%	11%	-1%	-14%	-4%	-5%	-10%	-10%	-9%	-4%	0%	-2%	2%	8%	5%	13%
India	4,6	5,3													95%	-52%	128%	9%
Australia	1,7	1,9	0%	30%	4%	6%	13%	3%	3%	-18%	22%	-19%	-7%	3%	1%	5%	5%	11%
South Korea	2,0	2,3	-9%	19%	-27%	-21%	-13%	-10%	-18%	-16%	-14%	-23%	-11%	-5%	-12%	14%	-6%	6%
Taiwan	0,7	0,8	68%	-23%	-58%	-21%	-4%	-1%	-18%	-37%	23%	25%	12%	-4%	-8%	15%	-4%	10%
Singapore	0,4	0,5	-18%	25%	2%	5%	-20%	34%	-17%	28%	17%	-1%	-10%	23%	39%	15%	21%	39%
Hong Kong	0,4	0,5	-18%	3%	22%	-24%	-24%	-6%	-12%	-1%	13%	7%	-9%	-14%	-4%	19%	3%	23%
New Zealand	0,2	0,3	-6%	34%	4%	-9%	-12%	-4%	-5%	-2%	-10%	-7%	-9%	3%	-10%	14%	6%	20%

(\*) 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 2019). 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.

(\*\*) GDP 2019 weighing at current exchange rates

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

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