

November  
2020 ISSUE  
VOL V

# CRIF INDUSTRY WATCH

A monthly edition on Data, Risk and Economic Insights

## INSIDE THIS ISSUE

- Analysis and Studies
- Import-Export
- Product Analysis
- Article of the Month
- Quick Infographic
- Know your CRIF partner



# Analysis and Studies

## | Switzerland - CRIF study about logistics sector



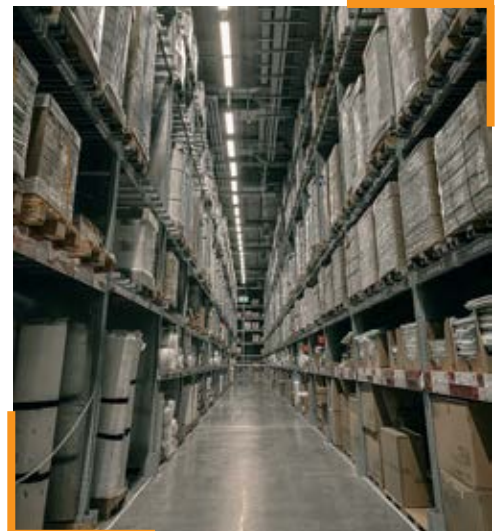
CRIF AG has looked at what has been happening in the logistics sector (excluding air and sea freight) over the past six years. This sector has grown slightly since 2014: from 8,662 active businesses to 8,899 in 2020, which is equivalent to an increase of 2.7%. A look at the portfolio of companies by individual sector reveals that most of the companies operating in 2020 were involved

in forwarding freight by road (5573). However, their share of the overall business has fallen by 3.6% in comparison with 2014. The highest level of growth was reported by the segment involved with transport for relocation, which increased by 55.9%.

### Company start-ups and liquidations

The largest number of new companies was set up in the transport sector in the canton of Zurich (937), followed by the canton of Aargau (409) and the canton of Bern (374). A comparison between the numbers of start-ups and liquidations revealed that the canton of Basel-Stadt reported more company liquidations (155) than start-ups (130).

The largest number of company start-ups involved the forwarding of freight by road. However, this segment experienced negative growth in the years 2015, 2016 and 2019, when there were more liquidations than start-ups.



A look at the individual cantons shows that the cantons of Zurich and Vaud reported the highest growth, with 25 new businesses. On the other hand, liquidations outnumbered start-ups in the cantons of Bern (-31), Basel-Landschaft (-18), Basel-Stadt (-14), Valais (-12), Freiburg (-11), St. Gallen (-7) and Ticino (-5).

### 50% of companies disappear after one year

Many of the newly set-up companies in the transport and logistics sector went out of business again within a short period of time. 50% of the companies disappeared after as little as one year.

## About the survey process

In this survey, we took account of all those businesses in the transport sector (excluding air and sea freight) that were entered into the Commercial Register for the first time during the period from 2014 to May 2020, or deleted from it during the same interval.

# Import-Export Snapshot

## Austria

Austria is the 30<sup>th</sup> largest export economy in the world and 26<sup>th</sup> as importer.



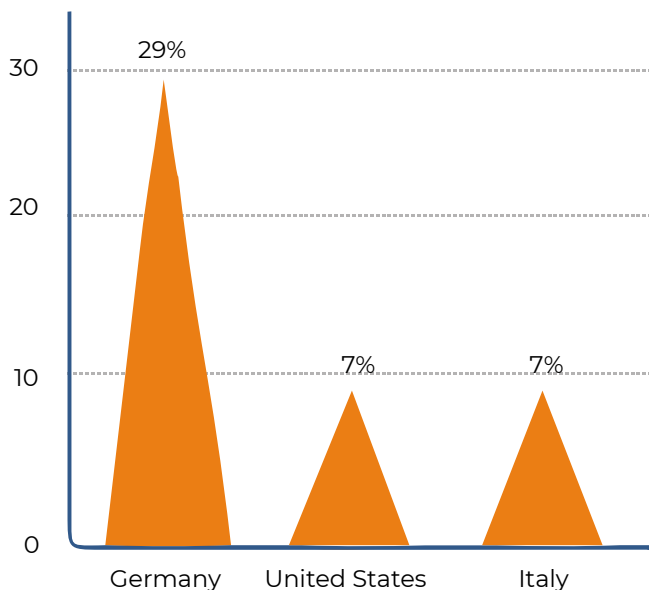
In 2017, Austria exported \$148B and imported \$162B, resulting in a negative trade balance of \$14.1B.

In 2017 the GDP of Austria was \$416B and its GDP per capita was \$52.4K.

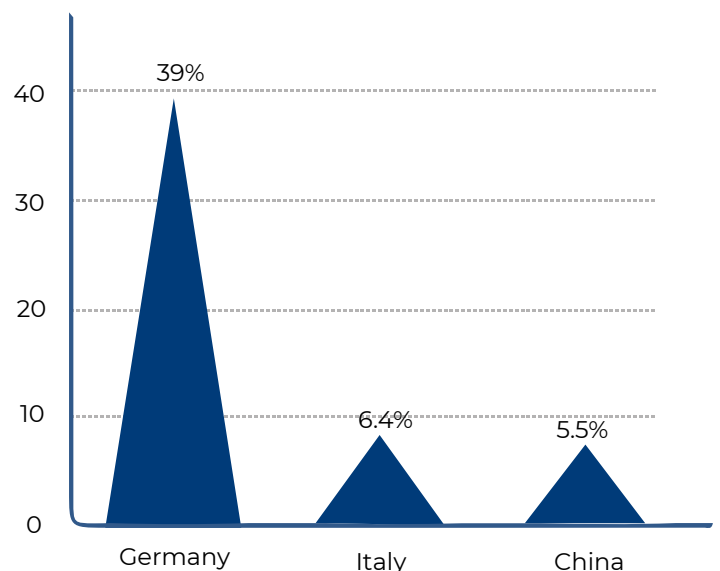
Austria is a member of EU, World Bank & WTO.

Austria is classified as high income economy by World Bank.

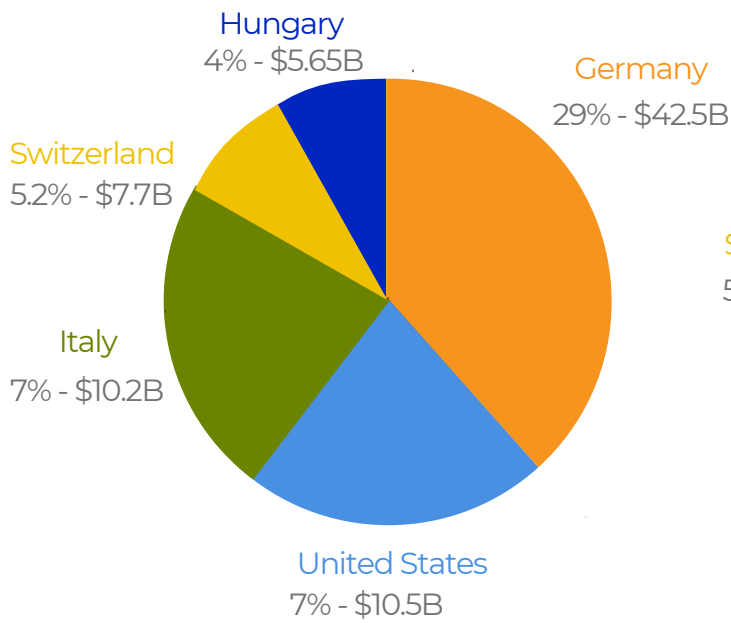
## Top 3 Export Destinations (overall value \$148B)



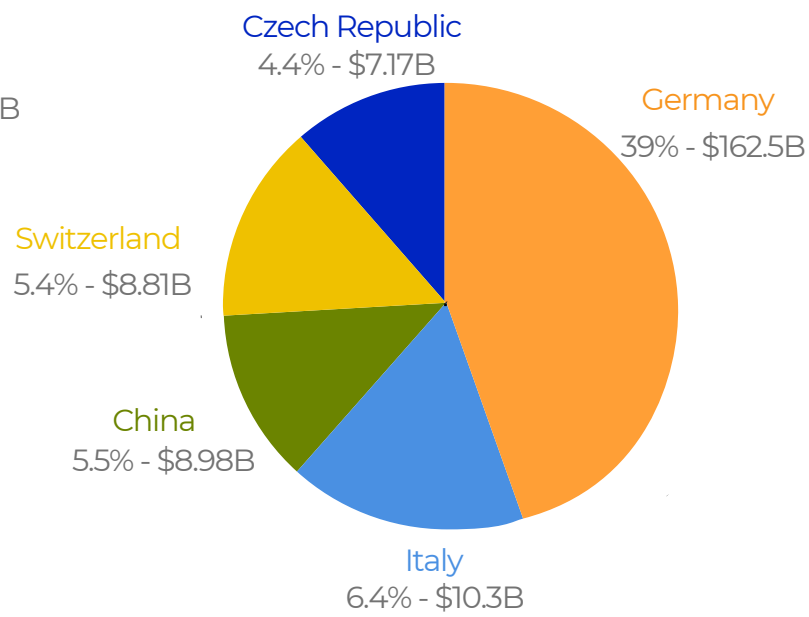
## Top 3 Import Origins (overall value \$162B)



## Top 5 Export Countries



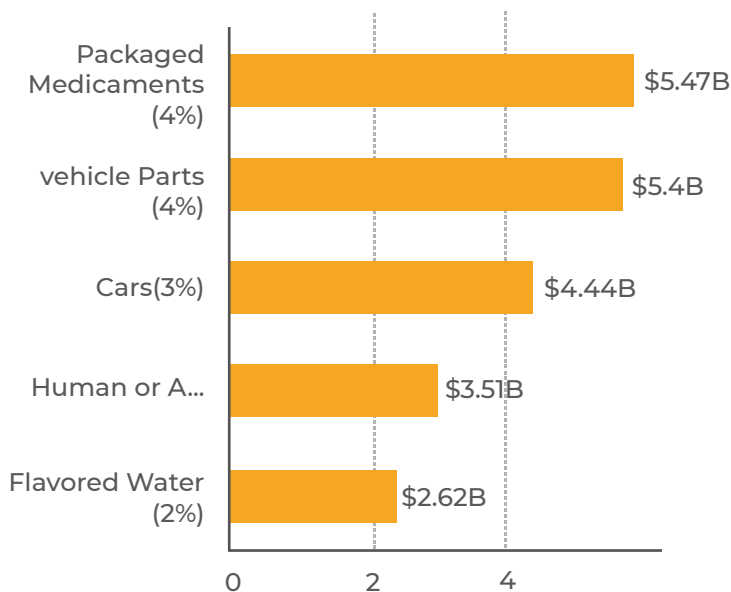
## Top 5 Import Countries



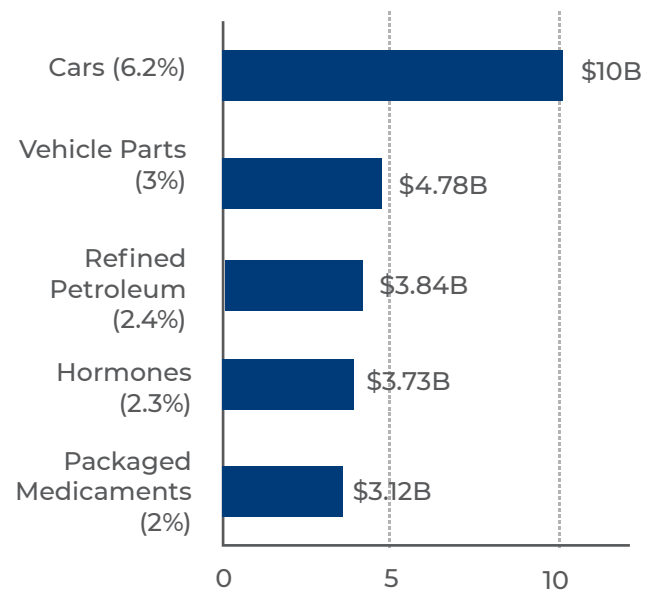
SOURCE: <https://oec.world/en/profile/country/aut/>

## What does Austria Imports and Exports?

### Top 5 products exported by Austria



### Top 5 products imported by Austria



SOURCE: <https://oec.world/en/profile/country/aut/>

# Product Analysis

## | Essential Oils Top Importer United States



- Essential Oils are the 446<sup>th</sup> most traded product in the world.
- The value of total export amounts at \$5.44B.
- United States import for \$1.27B, which represents the 23.3% of the world total.
- The top Importers of Essential Oils are the United States (\$1.27B), France (\$466M), Germany (\$353M), the United Kingdom (\$341M) and India (\$258M).
- The top Exporters are the United States (\$697M), India (\$444M), China (\$522M), France (\$466M) and Brazil (\$409M).

## Article of the Month

### | Know your Customer and Know your Vendor in a complex and robust assessment flow

In current economic scenario interactions between companies can be very complex and present at the same time opportunities and threats. With the increase of exchanges, know exactly business partners, not only their identity but also the ownership chain, is the right way to establish powerful and long-term relationship.

If from one side compliance requirements are established by law, on the other side processes to find out a Beneficial Owner in a Know you Customer (KYC) and Know your Vendor (KYV) flow are a good practice to follow in day-by-day business activities.

Have the right name of a company, discover that is regularly registered in public sources is of course crucial, but it is not enough: it's necessary to understand who owns the company, identifying the Beneficial Owner.

Considering definition in Business Dictionary, 'Beneficial Owner is entity that enjoys the possession and/or benefits of ownership (such as receipt of income) of a property even though its ownership (title) is in the name of another entity (called a 'nominee' or 'registered owner'). Use of a nominee (who may be an agent, custodian, or a trustee) does not change the position regarding tax reporting and tax liability, and the beneficial-owner remains responsible. Also called actual owner'.





Starting from this definition, it's clear that be able to know the Beneficial Owner of the company is the success key to real understand the profile of a business partners. It's not enough to know the officers of the company or the name and address, but it's more important to go one step ahead.



Successful relationship between the companies are the focus asset in achieving economic results, so make a mistake, or be not so precise, in identifying the owner could represent a threat also from reputational point of view combined to a risk in a decrease of market share.

Trying to understand when and who need to define the Beneficial Owner, seems quite simple say that for every business is important understand Beneficial Owner of the business partners with the aim to avoid negative impacts on the company itself. Simple but true. If not always is required by law, it's in any case crucial to preserve business from issues caused by missing knowledge of the chain of the ownership.



It's not only a matter to accomplish to legal requirements, it's a matter to preserve own business from third parties, customers and suppliers, from unknown ownership that could hide very critical aspect like money laundering, bribery and corruption. Shell companies are representing a high risk to firms that are dealing with them without any awareness of the ownership.

Reputational impact is connected to economic one: discover to be connected to a shell company or other

entity with Beneficial Owner unclear or not identified means a negative impact on the brand, with a linked lost in term of market share and lost in revenue. Anonymity of the Beneficial Owner can move towards illegal activities and complicate the identification of the subject.

Unfortunately, the availability on the data related to Beneficial Owner are not always available. Over the past years, FATF (Financial Action Task Force on Money Laundering) strongly suggested, as best practice, to always identify Beneficial Owner during onboarding process, as well as every business relationship.

A higher disclosing of Beneficial Owner it's essential to prevent corruption, fraud and money laundering: not only for financial institutions of public bodies. Also for companies it's essential to be in the position to to know who they're really doing business with, reducing overall risks. In this way, knowledge of Beneficial Owner has an important positive effect also to prevent financial misconducts activities. It has a positive effect in a wider scenario in actions fighting crimes like corruption, bribery or money laundering.

Assets coming from money laundering or corruption can fund new industries, holdings or estates and dealing with these subject can determines a threats if no checks on the real ownership is performed in advance starting doing business.

The KYC process must considered not as an additional step in bureaucracy activities, but a good practice in prevent money laundering, terrorist financing and fraud. A check done in advance allows to know customer and decide how to manage risks.

KYC process must become more and more a standard practice, to protect shareholders and investments in a specific company. It's good way to reduce risks and avoid to be involved, not aware or not fully aware, in illegal activities.

Beneficial Owner identification must involve all companies: it means customers or suppliers, with an established relationship or brand new partners. Even better, this process is strongly recommended before any new agreement is signed, in order to prevent future issues.



If it's more common to discuss about KYC, so the assessment related to a customer as strictly linked to topics connected to payments ability and performance, on the opposite side also analyze a supplier is connected to business development. Also a KYV, with the aim to know a vendor, is crucial too as have relationship with a supplier involved in illegal activities can a have a negative impact, such as a stop in production due to lack in raw material if the supplier isn't anymore able to provide due to its criminal position.

Discover that a customer has a Beneficial Owner involved in financial crimes means be in the position to lose it as not anymore able to pay, with a consequent decrease in economic results. Discover that a supplier has a Beneficial Owner involved in financial crimes means have a high risk in not receiving goods crucial for production and not be able to sell them with a consequent negative effect in financial targets.

In any case, there are some mixed reasons that are moving towards a more extensive check of Beneficial Owner in KYC and KYV processes, from legislation, to economic results, to reputational aspects.

Due to the importance of this information and thanks to international presence and longstanding experience with local information providers, via SkyMinder, CRIF platform giving access to in-depth credit and financial data on companies all over the world, is possible to request KYC Report. Starting from company identification, then Shareholder list and % and Domestic Beneficial Owner, when available, is possible to obtain information on companies on the great majority of the countries. KYC Reports are a crucial tool when a verification in a due diligence process is required and decisions must be taken on reliable and complete information.

# Quick Infographic

## | CRIF's Vendor Evaluation Report and It's Benefits



### What is **Vendor Evaluation**, and what are its benefits?



Do you have the following questions?



- Are my potential vendors capable of meeting our organisational standards?
- How high will my credit risk exposure be if I partner with a particular vendor?
- Will they be able to offer high-quality services?

### It is time to get your due diligence with **CRIF Business Information Report**.

Onboard suppliers and vendors who ensure compliance with all laws, regulations and standards that apply to your business framework.

Here are the major benefits of getting your vendors evaluated with CRIF Due Diligence:



Establish authenticity and understand the background of your vendors



Assess vendors' capability to reduce your operational costs



Establish credibility for a smooth supply chain and agile business framework



Build trustworthy relationships to encourage collaborative business growth



Onboard vendors who match your values and eliminate risks of fraud

Get your vendor due diligence with **CRIF Business Information Report**



# Know your CRIF partner

## | In the role of Tawous Bashir (Associate Vice President-BI )

### 1. Tell us a bit about yourself.

I am an MBA Finance, with a work experience of around 12 years in the Banking/ Financial Industry.

### 2. What is your role at CRIF?

I am an AVP- handling Sales for North & East, for the Business Information vertical at CRIF, I have been with CRIF for around 4 years now.

### 3. How do you see CRIF adding value to your business partners?

CRIF's BIR Report, is a new way of thinking about data and information and how they are linked to each other. We can add value to our clients, by helping them take Informed decisions both for Domestic & International Clients. CRIF Reports are always freshly investigated, thereby guaranteeing high quality information anywhere in the world. From instantly generated reports for those requiring additional analysis, to verify and collect data on companies where data availability is limited. CRIF has been working towards making the process of Risk Management simple, by further offering customised Business Risk Assessment solutions as well.

### 4. Any favourite quote you want to share with your partners?

It is better to take some informed decision on your customer/ vendor & your partners with the help of our Business Information services, than working with an unknown one.

### 5. Best time to reach you.

Anytime between 9am to 8pm on my no. 8291957345/ t.bashir@crif.com



# About CRIF India

CRIF India is one of India's leading provider of Credit Information, Business Information, Analytics, Scoring, Credit Management and Decisions Solutions.

CRIF's Business Information Report, commonly known as the BIR Report, is a new way of thinking about data and information and how they are linked to each other. Available in 230 countries and territories, CRIF'S Business Information Report contains up to date information collected from various data sources. The report helps in determining a company's profitability, financial trends, and risk. It also provides an in-depth profile of a company, including financial information, legal cases, history of business, ownership details, operational information, and details on related firms and special events that occurred in the past involving company management. It's an industry standard for evaluating both new and existing credit relationships, especially medium-to-high risk accounts. Additionally, it supports a company's other efforts, like marketing and purchasing.

## CRIF India's Business Information Offerings



## | How is CRIF different?



We brought in new Sets of Data Points,  
First in the Industry at a TAT less than 48hrs.



### Global Data Environment

200 million companies across 230 countries,  
2 Million directors on these companies,  
400+ data points covered



### Unmatched expertise in analysis

Our vast experience gives us an eye for better  
assessment of information



### Count on our TAT

Quality in expertise translates into  
efficiency in outcome



### Quality checks

We've set processes to ensure reliable  
information is coming your way

**Customized solutions for:** Customer | Suppliers | Trade / Supply Chain solutions



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