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CRIF INDUSTRY WATCH

A monthly edition on Data, Risk and Economic Insights

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Analysis and Studies

| The Impact of Covid-19 on International Trade



GLOBAL TRADE - Came to a halting stop with the spread of the COVID-19

Did you know that approximately 25% of companies worldwide had their sales fall by almost 50% during the pandemic? Global trade came to a halting stop with the spread of the COVID-19 virus, and it has been two years of reworking a new trade industry.

Have you wondered how the pandemic has affected (and continues to affect) global trade? A new era includes remote work, international worker shortages, and high inflation. Even with these changes, you may want to stay on top of international trade regarding your industry.

We have you covered. Keep reading on below and learn more about what industries were hit the hardest during COVID-19 and what the future could bring.

Export Trade

Countries and suppliers exporting materials or products were significantly affected by the COVID-19 impact. Social distancing and lockdowns made it challenging for workers to make it to their jobs. Additionally, the increase in cases made some people too ill to come to work.

You can imagine what suppliers faced - significant shortages. With shortages, production declined, and port handling fees increased as transportation became scarcer.

Countries exporting much-needed commodities were affected the most. Food-

and other essentials require on-site work compared to some non-essential export.

The bright spot in exporting countries is remote work has changed the playing field. Exporting can start increasing in industries with opportunities for remote work. Once this happens, prices can begin leveling.

Unfortunately, studies show that this is not sustainable across all exporting industries. In manufacturing, only 22% of jobs could transition to remote work.

Exporting Countries Affected

The three main exporting countries trading globally that were affected included:

- United States
- China
- Germany

In 2020, China showed the sharpest drop in exports but recovered the fastest. In July, the United States was still down approximately USD 20 billion, whereas China had increased its exports by USD 40 billion.

Unfortunately, while some countries began recovering, there was a considerable decline in other regions. One, in particular, is car manufacturers. Cars and US airplane parts decreased by USD billions during 2020 and are currently working towards recovery.

Vaccine Exports

One industry that thrived during international trade was vaccines. Pharmaceutical industries and manufacturing plants experienced growth during the height of the COVID-19 pandemic. The top exporters for vaccines are:

- Belgium
- China
- United States

However, vaccine exports increased throughout most of the world.

In some places, there was growth over 1,000 percentile points.

While Belgium primarily distributed vaccines to Europe, the United States exported vaccines to North and South America. By itself, Belgium tallied almost USD 20 billion in vaccine distribution.

Importing Countries

How do the changes seen in exporting countries affect imports? The trade industry and COVID-19 impact created a large shift towards online shopping and purchases. However, a couple of things happened at the beginning of the COVID-19 pandemic that affected an item's import and trade.

At first, incomes were cut, jobs were lost, and people primarily remained at home. Demand decreased as fewer people ventured into malls or grocery stores. Next, essential purchases increased tremendously as panic ensued.

More people purchased fruits, vegetables, toilet paper, face masks, and cleaning products. These industries likely saw an increase in demand during the COVID-19 pandemic. It is unlikely it will remain elevated, but cleaning products and hand sanitizer are still being purchased in high numbers.

Online shopping will likely persist. This places higher demand on electronics and IT departments that manufacture laptops, smartphones, tablets, and more.

Global Trade Industries Struggling

Currently, the lack of raw materials and workers makes it difficult for some industries to rebound. Germany and the United States don't have enough truck drivers, making the transportation of goods virtually impossible to keep up with.

Towards the end of 2021, experts predicted the global supply chain lags were likely to continue. What are some industries that are affected by this bottlenecking?

- Auto
- Electronics
- Meat
- Household products

However, because of shortages in delivering goods across the country or through ports, every industry is affected. The least affected industries are ones with:

- Wide profit margins
- Low raw materials
- Smaller workforces

Technology, IT departments, finance, and healthcare should all continue recovering and performing well post-pandemic. What can citizens expect? Higher costs, lower shelf supplies, and increased wait times.

Potential Partner Assessment

Company data is critical for understanding who you should trade with, especially during these unprecedented times. SkyMinder provides risk information that helps you better understand international markets. There are five main components when it comes to assessing company information and future trade partners, including:

- Data availability
- Market needs
- Strategic information
- Country information
- Risk level

Supply chain shortages and heightened demands are taking their toll on industries. This makes business information even more critical during recovery.

Future of Global Trade

When are experts predicting that markets and trade will start returning to 2019 levels? Well, the hope is never.

The lessons learned are that the world's system wasn't sustainable. The goal for the future is a more resilient trade network that can support each other rather than being dependent on one nation.

Diversification with trade can benefit the globalization of trade. In return, more countries can start contributing to the trade industry.

Finding Data on International Businesses

Global trade is critical for your business's success. It can help increase revenue and bring opportunity and growth to the economy. In today's age, global trade is hindered by bottlenecked supply chains, reliance on exporting countries, and employee shortages.

Export Import

| Some data about trade between USA and Russia



Russia was the 26th largest goods trading partner

One of the key aspects shaping the conflict in Ukraine is the relationship between Russia and the Western countries, in particular the US. The two countries have different political systems and economic structures, but how much do they interact regarding trade? Let's have a look at some data which are referred to 2019, thus leaving apart exceptional pandemic conditions.

Trade Data

U.S. **goods and services trade** with Russia totaled an estimated \$34.9 billion in 2019. Exports were \$10.9 billion; imports were \$24.0 billion. The U.S. goods and services trade deficit with Russia was \$13.1 billion in 2019.

Russia was the 26th largest **goods** trading partner with \$28.0 billion in total (two way) goods trade during 2019. Goods exports totaled \$5.8 billion; goods imports totaled \$22.3 billion. The U.S. goods trade deficit with Russia was \$16.5 billion in the same year.

Trade in **services** with Russia (exports and imports) totaled an estimated \$6.9 billion in 2019. Services exports were \$5.1 billion; services imports were \$1.8 billion. The U.S. services trade surplus with Russia was \$3.4 billion in 2019.

Export

Russia was the United States' 40th largest goods export market in 2019. U.S. goods exports to Russia went up 8.5% from 2009 to 2019, a sign of stronger relationship through years between the two countries.

The **top export categories** (2-digit HS) in 2019 were: machinery (\$1.2 billion), aircraft (\$1.2 billion), vehicles (\$725 million), optical and medical instruments (\$506 million), and electrical machinery (\$349 million).

Import

Russia was the United States' 20th largest supplier of goods imports in 2019. U.S. goods imports from Russia totaled \$22.3 billion in 2019, up 22.3% from 2009.

The top **import categories** (2-digit HS) in 2019 were: mineral fuels (\$13 billion), precious metal and stone (platinum) (\$2.2 billion), iron and steel (\$1.4 billion), fertilizers (\$963 million), and inorganic chemicals (\$763 million).

FDI

U.S. foreign direct investment (FDI) in Russia (stock) was \$14.4 billion in 2019, a 2.6% increase from 2018. U.S. direct investment in Russia is led by manufacturing, wholesale trade, and information services.

Source: Office of the United States Trade Representative

Product Analysis

| Consequences of the war for the sunflower oil industry



In 2019, the top importers were: India (\$1.71B), China (\$869M)

We all know that palm oil is fundamental in the food industry. However, palm oil prices are soaring, mostly after the Russian invasion of Ukraine. Futures prices of this good rose by more than 10% in the last period; in Indonesia, the biggest exporter of the product, they touched 18%.

Countries are looking for alternatives that can fill this gap, but they will not be able to count on Ukraine's sunflower oil. The nation affected by the war is responsible for one third of the global production and for half of all exports of the product. However, the different players in the market will have to find alternative solutions due to the shortage of this good in Ukraine.

Why does this happened?

Main causes

The whole industry even before the invasion was fragile, and the Russian attack has arrived at the wrong moment. Palm oil buyers can no longer rely on Ukraine's sunflower oil, as shipments of the goods through the Black Sea are blocked temporarily. Take in count that shipments through sea make up about 55% of world's exports.

Ukraine is responsible for one third of the global production of this oil and for half of all exports; it is evident that the lack of this big stake of the global market will damage all the partners involved in related import-export. In France, for example, prices of chips bags have already raised by 20-30 cents, on average.

Some data about the sunflower oil industry

As it has been said, Ukraine is the biggest exporter of sunflower oil, as it accounts for nearly half of the \$7.42 billion trade in 2019. Russia is the second one, with a stake of 20%; Argentina, the Netherlands and Hungary follow.

India is the biggest importer of sunflower oil and it imports mostly from Ukraine and Russia: as the trade here stopped, India sees a shortage of the product. Experts say this is going to impact the common man.

In 2019, the top importers were: India (\$1.71B), China (\$869M), Netherlands (\$496M), Iran (\$464M), and Spain (\$440M). The average tariff was 11.8%.

Article of the Month

Understand and evaluate propension to innovation at the worldwide level: patents' role

Being innovative means increase own market positioning and keeping an advantage versus other players on the market.

Innovation can be considered as an essential driver of economic growth giving benefits to business, consumers, and the economy overall. Being innovative means increase own market positioning and keeping an advantage versus other players on the market. As innovation is related to Research and Development propension of a company, it's necessary to have the right tools to understand how a company is positioned and define the best approach.

Considering economic terms, innovation is related to the development and implementation of ideas and technologies with the aim to improve goods and services or make their production more efficient.

Starting with this perspective, one of the major benefits of innovation is linked to contributing to economic growth and in production is done in a more efficient way, an increase is expected.



Top three innovation economies by region



Top three innovation economies by income group

High-income	Upper middle-income	Lower middle-income	Low-income
1. Switzerland	1. China	1. Viet Nam	1. Rwanda ↑
2. Sweden	2. Bulgaria ↑	2. India ↑	2. Tajikistan ☆
3. United States of America	3. Malaysia ↓	3. Ukraine ↓	3. Malawi ☆

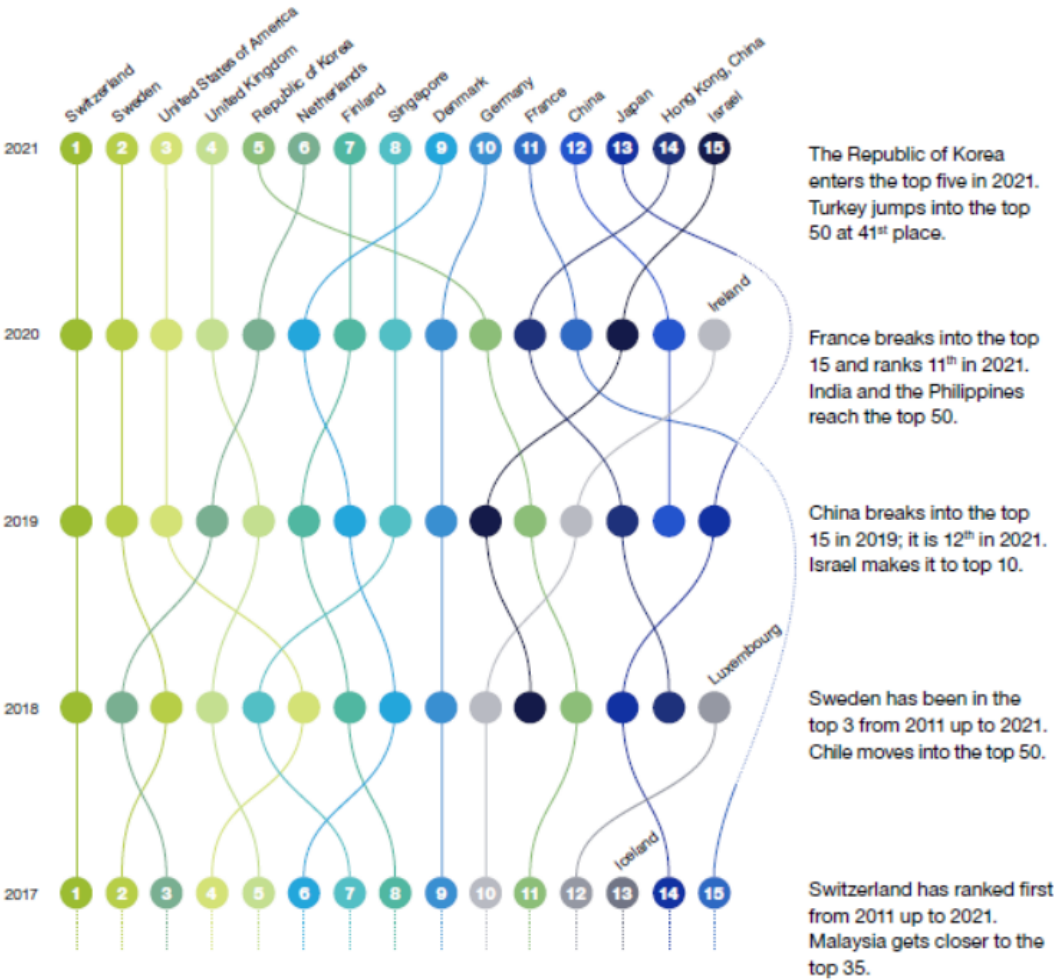
↑↓ Indicates the movement of rank within the top three, relative to 2020, and
☆ indicates a new entrant into the top three in 2021.

* Top three in Northern Africa and Western Asia (NAWA) – excluding island economies. The top four in the region, including all economies, are as follows: Israel (1st), Cyprus (2nd), United Arab Emirates (3rd) and Turkey (4th).

* Top three in sub-Saharan Africa (SSA) – excluding island economies. The top five in the region comprise Mauritius (1st), South Africa (2nd), Kenya (3rd), Cabo Verde (4th) and the United Republic of Tanzania (5th).

Source: Global Innovation Index Database, WIPO, 2021.
Notes: World Bank Income Group Classification (June 2020). Year-on-year GII rank changes are influenced by performance and methodological considerations; some economy data are incomplete (see Appendix I).

Movement in the GII top 15, 2017–2021



Source: Global Innovation Index Database, WIPO, 2021.
Note: Year-on-year comparisons of the GII ranks are influenced by changes in the GII model and data availability.

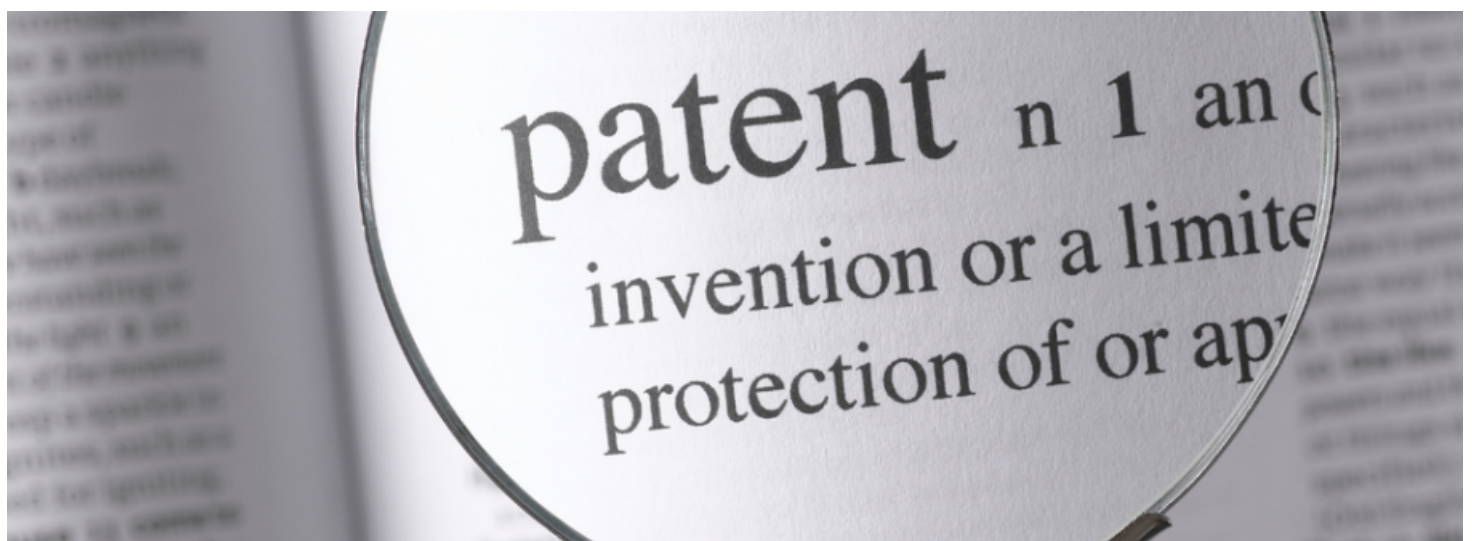
Intellectual property rights to protect innovations

To protect legally creators for original work, inventions, or the appearance of the product there are intellectual rights encouraging new creations.

Inventions are mandatory for innovation and it must be protected through patents protecting the interests of inventors. In fact, an individual or a company must control the commercial use of the invention preventing others from making, selling, retailing, or importing that technology. It means giving the opportunity for the inventors to sell, trade or license patented technologies with others who may want to use them.

When a new solution is available on the market, it's a benefit for all society, as it may enable to do something previously not possible. In addition, revenues generated from commercial success coming from patented new products makes it possible to finance further research.

New Patents stimulate economic and technological development, creating competition. There are other ways to protect inventions, such as copyrights, design rights, trademarks, and trade secrets, but the patent is the most effective to protect innovation



What is a Patent?

A patent is an exclusive right granted to an inventor for a fixed time period. A patent excludes others from making, using, or selling the item in question for the duration of the patent's life. Once a patent has been granted to an inventor, they have the legal authority to prohibit others from making or selling the invention in the country where the patent was granted. To summarize:

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- A patent provides an inventor with exclusive rights to the patented process, design, or invention for a certain period of time.
- For a business, patents are classified as intellectual property, a form of intangible asset.
- Being intangible, patents are difficult to value properly, but they still must be accounted for on a firm's balance sheet.
- Patents can be valued using a variety of methodologies depending on the type of patent and whether the patent is likely to produce future cash flows or

Inventions do not fall into three different categories:

- Laws of nature
- Natural phenomena
- Abstract ideas

It also requires that inventions that seek to be patented fall within one of three categories:

- Machines
- Human-made products
- Processing methods
- Innovation Criterion

The invention must be unknown. In other words, the invention cannot be one that has been shown to the public, and in addition that an invention will not be patented if the invention only differs from a previously patented invention by making obvious modifications.

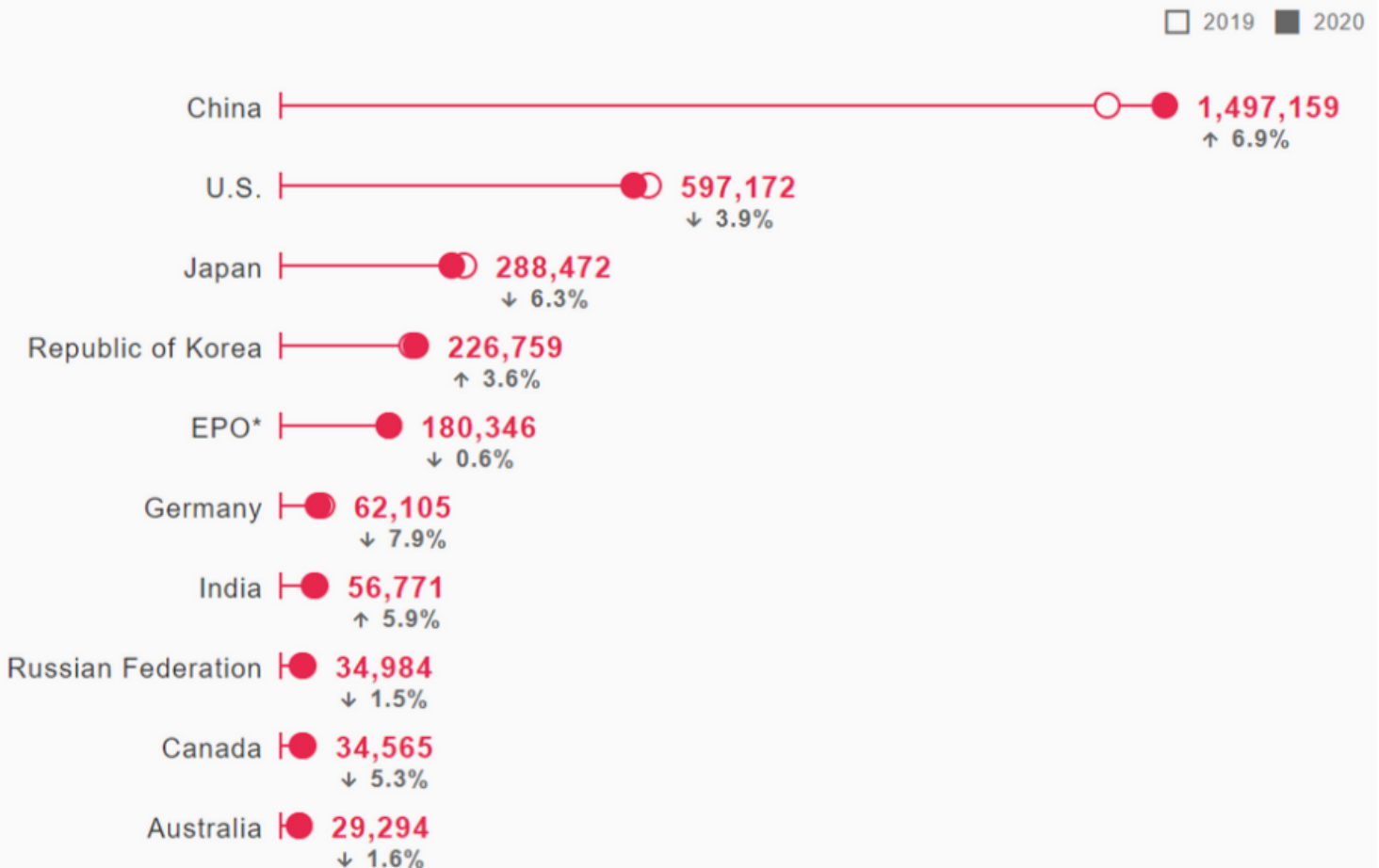
There are several types of patents:

- Plant Patent: granted to an inventor who has invented or discovered a new variety of plants.
- Utility Patent: granted to inventors who invent or discover any new and useful process, software or the machine, or any new functional improvement to an existing invention.
- Design Patent: protects an invention's ornamental design, improved decorative appearance, or shape.

PATENTS AND UTILITY MODELS ▾

Patent applications for the top 10 offices

WHERE WAS PATENT ACTIVITY HIGHEST?



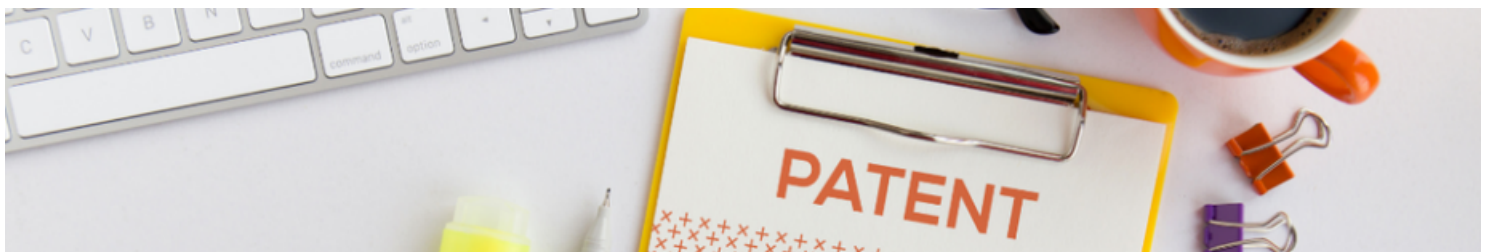
Patent Due Diligence Report

About companies everywhere in the world, without any exclusion, it's possible to request SkyMinder Due Diligence Report. Thanks to Patent Due Diligence Report available via SkyMinder and created by InQuartik is possible to obtain in-depth information about Patents allowing assess a business also in terms of Research and Development approach. Available on companies worldwide, SkyMinder Patent Due Diligence Report includes registrations done everywhere in the world.

InQuartik is a patent intelligence company having the mission to provide understandable patent data. InQuartik was founded in 2014 with the headquarters is in Taipei (Taiwan) and around 80 locations everywhere in the world.

Utilizing big data and artificial intelligence, SkyMinder Patent Due Diligence Report created by InQuartik makes patents of companies everywhere in the world available. Thanks to InQuartik it's possible to obtain the right information allowing to give a value related to Patents and use them in the financial statement. Information includes Coverage and Status, Technologies, Owner, and Value.

Patent Due Diligence Report includes information related to patents worldwide owned by a specific company. In particular, it's possible to understand in which countries patents are registered, their status, industries involved, and also a comparison to competitors. Thanks to very in-depth and detailed data, the Patent Due Diligence Report includes all information useful to understand the approach to innovation of a particular business partner like a customer, supplier, or competitor and have also a look related to current intangible assets.



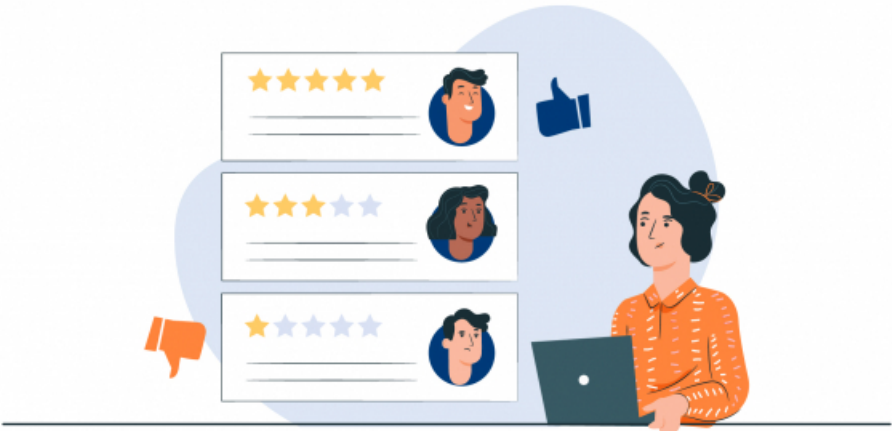
Quick Infographic

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

Vendor evaluation or vendor assessment is the process businesses use to determine whether their list of prospective vendors and suppliers can meet their organizational standards and comply with the rules of the contract. The intent is to secure a low-risk and best possible vendor-supplier portfolio. The benefits of the vendor risk assessment process, which far exceed the challenges of setting it up, including finding low-risk sources for high-quality goods and services, as well as the development of mutually beneficial, long-term business relationships.



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**

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



CRIF Solutions (India) Pvt. Ltd.

Unit 601, Sixth Floor, Axis Centra, Survey No-62, 1/4, Baner, Pune, 411045, Maharashtra, India

Ph: +91 2067642900 | Email ID: BISales.India@crif.com | Website: www.crif.in