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CRIF INDUSTRY WATCH

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Analysis and Studies

CRIF Germany: Decline in personal insolvencies. Trend reversal in third quarter of 2022 with increase forecast in 2023

The war in Ukraine and supply chain and inflation problems are having a significant negative impact on the German economy.

The sharp rise in insolvencies last year (plus 93.6 percent year-on-year) has thus now reversed somewhat. The increase in private insolvencies in 2021 was mainly due to the fact that many private individuals withheld corresponding insolvency applications in 2020. The individuals concerned wanted to benefit from the legislative reform to further shorten the residual debt discharge procedure and take advantage of the announced reduction in the duration of the procedure from six to three years and consequently did not file until 2021. The law came into force at the beginning of 2021 and those affected can now be debt-free after just three years instead of six. This is intended to make it easier for debtors to get back on their feet more quickly. This special feature caused private insolvencies to rise particularly sharply in 2021. Consequently, the baseline value (1st to 3rd quarter 2021) is also high and the corresponding percentage change in the nine months of 2022 is distorted at minus 13.5 percent. Despite the high baseline value, there is already a trend reversal in Q3 2022. Looking only at the figures in Q3, personal insolvencies rose by 0.7 percent to 25,047 cases (Q3 2021: 24,884). cases.

The comparison with the first three quarters of 2019 - i.e. before the law reform and before Corona - shows the current high level of insolvencies. According to the report, personal insolvencies increased by 11.8 percent in the first nine months of 2022 (Q1-3 2019: 63,612).

The war in Ukraine and supply chain and inflation problems are having a significant negative impact on the German economy. This also affects private individuals. In particular, the sharp rise in energy prices, but also other commodity and food prices, have led to an inflationary increase in consumer prices. The financial situation of many private individuals in Germany remains strained due to steadily rising rent and energy prices. People in Germany will have less money in their pockets to meet their obligations such as loan payments, rent or financing. In the long run, less income leads first to over-indebtedness and then possibly to private insolvency.

"Rising costs mean that a wave of debt is possible in Germany. If costs rise sharply, it will be difficult for people who have already been living at the subsistence level. Particularly for financially and income-poor households, the financial situation will come to a head - also because financial reserves have been depleted by losses in the Corona pandemic. Economic crises have a delayed impact on consumers. Since insolvency statistics primarily reflect the past, i.e. they are a look in the rear-view mirror, the consequences due to increased costs will have an impact on insolvency figures, especially from 2023 onwards. Even though we are already seeing a trend reversal from the third quarter onwards," comments CRIF Germany Managing Director Dr. Frank Schlein on the current situation. The information service provider CRIF expects 100,000 private insolvencies in Germany in 2022. In 2023, a further increase to up to 120,000 cases is possible. People who file for personal insolvency do not necessarily have to be heavily in debt. A large proportion of those affected have total debts of just under €10,000. The average debt is currently less than € 19,000.

Private insolvencies by federal state: Most private insolvencies in Bremen, Lower Saxony and Hamburg

Nationwide, there were 85 private insolvencies per 100,000 inhabitants in the first nine months of the year. The northern states are more affected by private insolvencies than the south of Germany. Bremen, for example, leads the statistics with 153 private insolvencies per 100,000 inhabitants. It is followed by Lower Saxony with 120 and Hamburg with 118 insolvencies per 100,000 inhabitants. The states of Schleswig-Holstein (110), MecklenburgWestern Pomerania (101) and Saxony-Anhalt (100) are also well above the national average. The lowest numbers of private insolvencies were recorded in Bavaria (52 cases per 100,000 inhabitants), Baden-Württemberg (64) and Thuringia (67). In absolute terms, the states of North Rhine-Westphalia (16,577), Lower Saxony (9,637) and Baden-Württemberg (7,141) lead the insolvency statistics.

Percentage changes: Rise in private insolvencies in Hesse and Saxony

Private insolvencies in Germany fell by 13.5 percent nationwide in the first nine months. In Hesse, private insolvencies rose by 4.8 percent year-on-year (Q1-Q3 2021); in Saxony, by 4.5 percent. There were significant declines in the first nine months in North RhineWestphalia (down 21.2 percent), Mecklenburg-Western Pomerania (down 20.6 percent) and Bavaria (down 20.5 percent). The picture changes when the current figures are compared with the first nine months of 2019 - i.e. before the law reform and before Corona. In this comparison, private insolvencies in Hesse increased by 32.3 percent. But Saxony (up 28.7 percent), Bremen (up 26.7 percent) and Bavaria (up 23.1 percent) also saw significantly more private insolvencies in the first three quarters than in the same period of 2019.

Private insolvencies by gender: more men affected by private insolvency

The trend in recent years of men being more likely to be affected by private insolvency than women in Germany is continuing in 2022. 60.9 percent or 43,332 of private insolvencies were reported by men. Men also lead the way in a relative comparison of the sexes. For every 100,000 men, 104 private insolvencies were reported. This compares with 78 private bankruptcies per 100,000 women.

Import & Export Snapshot

Netherland: A Look at the Market

The Netherlands is the 7th country in the world for living standards

The Netherlands is located in Western Europe and borders the North Sea between Belgium and Germany. In the past (17th century), it used to be one of the leading seafaring and commercial powers, with settlements and colonies around the world. It is a parliamentary constitutional monarchy with a head of government - the prime minister - and a head of state - the monarch.

Now it is a modern and industrialized nation, and an important productive, financial, and economic center. The Netherlands is a founding member of NATO and of the EU, and in 1999 it was one of the first countries to adopt the euro as its currency.

The economy of the Netherlands: trade, import and export

The Netherlands is the sixth-largest economy in the European Union, a key transportation hub for the continent frequently posts big trade surpluses, and has a low unemployment rate. The country is the 17th largest in the world in 2021 for GDP, worth around 1 trillion dollars. According to the Social Progress Index 2022 (published every year by the Social Progress Imperative, a non-profit organization that ranks countries according to social aspects such as access to basic human needs, general well-being, and opportunities), **the Netherlands is the 7th country in the world for living standards.**

Public administration, defense, human health, and social work activities were the most significant sectors of the Dutch economy in 2020, followed by wholesale and retail trade, transportation, lodging, and food services (20.4%), professional, scientific, and technical activities (14.7%), and administrative and support service activities (21.7%).

66% of the Netherlands' exports are for intra-EU commerce (Germany 23%, Belgium 10%, and France 9%), 8% are for extra-EU trade, and 4% are for extra-EU trade with the United States and the United Kingdom. In terms of imports, Germany accounts for 15% of the total and Belgium for 8%. Outside of the EU, China and the United States account for 17% and 8% of the total respectively.

The top exports of the Netherlands are Refined Petroleum ($29.7 billion), Broadcasting Equipment ($19.3 billion), Packaged Medicaments ($18.8 billion), Computers ($13.7 billion), and Photo Lab Equipment ($11.7 billion). Crude Petroleum ($32.1B), Refined Petroleum ($23.8B), Broadcasting Equipment ($21.9B), Computers ($14.7B), and Packaged Medicaments ($13.5 billion) were the top imports.

Product Analysis

Candles: import and export

Between 2019 and 2020 the exports of Candles grew by 5.02%, from $3.22B to $3.38B.

With different sizes, colors, scents and shapes, **candles** today are used for their fragrance and as a decoration in many environments.

Primal forms of candles, rushlights, were supposedly invented by Ancient Egyptians. It was the Romans, however, who started to wrap papyrus around twine and dip it into tallow to make the first wicked candles, followed by other civilizations that replaced papyrus with local plants and products.

In 1834 the invention of a molded candle production machine made it possible to industrialize the production process. Despite that, the birth of the lightbulb in the same century brought to a decline of the candles market for more than 100 years.

In the 20th century new technologies made it possible to produce higher quality candles and their popularity took off, preserving that success until our days. In fact, in 2020 candles were the world's 595th most traded product, with a total trade of $3.38B.

Between 2019 and 2020 the exports of Candles grew by 5.02%, from $3.22B to $3.38B. Focusing on 2020, candles were mostly exported by Poland ($620M), China ($618M), Vietnam ($384M), United States ($210M) and Netherlands ($199M). In the same year, the top importers were United States ($711M), Germany ($448M), United Kingdom ($318M), Netherlands ($204M) and France ($124M).

Between the same two years, the exports of candles grew the fastest in Vietnam ($81.4M), Canada ($70.1M), Czechia ($46.3M), Poland ($15M) and France ($11.8M), while the fastest growing importers were United States ($163M), Germany ($33.8M), Saudi Arabia ($19.2M), Poland ($10.3M) and United Kingdom ($9.59M).

Article of the Month

GRI: what it is and how its standards are evolving

GRI exists to help organizations be transparent and take responsibility for their impacts so that we can create a sustainable future

GRI (Global Reporting Initiative) is the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. It provides the world's most widely used standards for sustainability reporting – the GRI Standards.

With thousands of reporters **in more than 100 countries**, the Standards are advancing the practice of sustainability reporting, and enabling organizations and their stakeholders to take action and make better decisions that create economic, environmental and social benefits for everyone.

The history of GRI Standards

- Initiated by the Global Sustainability Standards Board (GSSB) in 2019, the project aimed to review the GRI Universal Standards, which consist of
- GRI 101: Foundation 2016
- GRI 102: General Disclosures 2016
- GRI 103: Management Approach 2016

Its aim was, and still is, to improve the quality and consistency of sustainability reporting as well as how organizations use the Standards to disclose their impact on economy, environment, and people.
In particular, the project focused on the following

- Incorporation of human rights disclosures into the GRI Standards
- Incorporation of due diligence concept into GRI 103: Management Approach 2016
- Consideration of revisions to reporting principles and concepts in GRI 101: Foundation 2016
- Consideration of revisions to reporting principles and concepts in GRI 101: Foundation 2016
- Consideration of revisions to GRI 102: General Disclosures 2016

The review of the Universal Standards was informed by the recommendations of the GRI Technical Committee on Human Rights Disclosure, a stakeholder group on labor-related disclosures.

What to expect 2023 onwards

The different news that will come into effect starting 2023 will be:
GRI standards constitute a modular and interconnected standard system decided for the first time in 2000 by the non profit international independent organization Global Reporting Initiative (GRI).

Guidelines and indicators can be used, freely, by every kind of organization, independently by the economic sector tht wants to identify, prioritize and report their impacts toward sustainable development.

Built around the concepts of impact, materiality, due diligence and stakeholder engagement: the new GRI standards increase transparency and responsibility with a true reference to Corporate Sustainability Reporting Directive (CSRD and to reporting principles of IFRS.

Why...

- GRI exists to help organizations be transparent and take responsibility for their impacts so that we can create a sustainable future

How...

- GRI creates the global common language for organizations to report their impacts - which enables informed dialogue and decision making around those impacts

What...

- We are the global standard setter for impact reporting
- We follow an independent, multi-stakeholder process
- We maintain the world's most comprehensive sustainability reporting standards
- Our Standards are available as a free public good

About the project

The most important news starting 2023 are:

- GRI 1 Foundation 2021, the starting point to use GRI standards
- GRI 2 General Disclosures 2021 how to report the organizational contest information (in sostituzione del GRI 102:2016) and
- GRI 3 Material Topics 2021 is a sort of practical guide to identify and manage materials themes management

Universal Standards have been reviewed with the aim to make reporting more complete ̀in terms of international principles as:

- Responsible governance
- Due diligence
- Respect of human rights

Starting 2023, every organization should take as a reference - according to the commodity sector - the related sector standards.

New standard sectors have been thought to improve quality, completeness and coherence of reported information: they describe the contests among which are developed the impacts on sustainable development, connected to SDGIs of 2030 Agenda and for each one list the specific aspects to report.

The first standard sector to be published is the one related to Oil And Gas.

Last but non least there are 31 Topic Standards to be selected on the basis of results given from materiality.

In conclusion, starting 2023, the Universal Standards, sectorial and specific should be used as a unique interconnected set of modular reporting.

Starting 2023 it will not exist a difference between the adoption of standards in core mode: but only through the following options:

- In accordance with : when an organization is able to satisfy all 9 requirements of the standard
- With reference to: when an organization is not able to satisfy the mandatory requirements of GRI or wants to report only specific information.

Quick Infographic

Quick and easy Cyber Check reports powered by CRIF

Together to the next level

Quick and Easy
Cyber Risk Assessment

Cyber risks need to be assessed carefully and dealt with the highest level of priority. The exposure to cybercrimes is increasing with the increasing dependency on the internet and digital workspaces.

Why should you be concerned about cybersecurity?

Cyber Risks can cause reputational damages

Lead to regulatory and compliance issues

Supply chain continuity can be disrupted

Impact business relationships negatively

CRIF CYBER CHECK is simple and easy to use.
A cost-effective proactive response to cyber risk management.

Why CRIF Cyber Risk Assessment?

SIMPLE:
Understand your Cyber risks without any specialist knowledge

LOW COST:
Choose the point-in-time you want to assess or any ongoing cyber risk monitoring

ACTIONABLE:
Threats get prioritised to highlight severe risks that need immediate action

INSTANT:
Tracks latest cyber data and trends to instantly report vulnerabilities

INSIGHTS:
Identifies threats based on your company's current cyber risk exposure

Access your CRIF Cyber Risk Assessment Report now!

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.

Count on our TAT
Quality in expertise translates into efficiency in outcome

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

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

Unmatched expertise in analysis
Our vast experience gives us an eye for better assessment of information

Customized solutions for: Customer I Suppliers I Trade / Supply Chain solutions

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