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# CRIF INDUSTRY WATCH

A monthly edition on Data, Risk and Economic Insights

## INSIDE THIS ISSUE

- Analysis and Studies
- Import and Export Snapshot
- Product Analysis
- Article of the Month
- Quick Infographic



# Analysis and Studies

## Supply Evaluations Challenges in a worldwide Scenario: Risk and Opportunities



The supply chain at the worldwide level is experiencing some changes and issues in terms of flows and organization. If 2020 was the year that underlines the crisis of the model so far implemented, now the current scenario isn't showing a stable situation but imposes a list of challenges that must be sorted out or at least considered.

If until 2020 strategy of the supply chain was to focus on efficiencies based on savings, never mind if the chain itself became very long, now it's clear that it's a no more applicable model. Globalization wasn't so successful as the supply chain was too long, with a poor selection of countries to deal with.

As the supply chain is a system of activities in handling, distributing, manufacturing and processing goods in order to move resources from a vendor to a consumer is very critical in a business process. It means putting in place all measures to avoid any disruption in production, causing damages from both economic sides, with a loss in revenues, and from a reputational point of view.

In such a scenario is important to act at two different levels:

- understand trends and risks related to the supply chain itself considering also the overall worldwide scenario
- evaluate suppliers and understand the potential linked threats.

## Understand Trends and Risks Related to The Supply Chain and Evaluate Your Suppliers

SUPPLY CHAIN  
MANAGEMENT



### Decreasing propension to full globalization

Due to last year's experiences, from Covid to geopolitical tensions, countries are reducing their confidence in terms of cooperation and interdependence. In presence of high tensions, raw materials cannot be available and at the same time, main trade routes are closed. As an impact, both governments and industries are moving towards a different approach to globalization. Starting from focusing on domestic material supply and manufacturing, moving to well know countries and partners (friendship approach) or developing nearshoring, and establishing relationships with geographically close countries considered as more secure.



Covid underlined how long the supply chain was weak with consequent disruptions. It means that is now required to find out new sources and raw materials, as much as possible, nearby.

Pay attention in do no consider globalization as ended, but it's going on a big and massive transformation thanks to emerging technologies. Global labor conditions with economic volatility are part of the new scenario.



### **Materials' availability generating manufacturing changes**

Mixed reasons are generating a decrease in terms of materials' accessibility (both raw materials and semi-manufacturing): starting from commodity goods tensions due to political, environmental and climate turmoil. It's clear that a lack of materials is generating a disruption from a supply chain point of view and at the same time increase in energy price is imposing an overall re-thinking of the manufacturing process.

### **Technology investments to mitigate crisis pressures**

With the aim to neutralize inflationary pressure and economic stagnation, investing in technology can be a good path to overcome supply chain maturity with the automation of warehouses or another operational task with the aim to realize a unique experience. Technology can also help in understanding the geopolitical climate and focus on sustainability.

### **Cyber risk will continue to increase**

Considering investments in technology, they're also linked to cyber-attacks. Cybercriminals are becoming more and more sophisticated as a result to put the supply chain at risk. Attacks can be related to supplier networks or basic warehouse equipment but risks can be mitigated by a friendship approach or nearshoring with. at the same time investments in technologies.

### **Labor shortage**

The supply chain is facing in the last few years a quite massive labor shortage due to external issues, like the pandemic, inflation, political instability, etc. Think of the factory sector, as an effect there is a slowdown in production or also in some cases a complete stop with connected issues on the distribution side. In addition, a shortage in logistics has negative effects on final customers. Labor shortage can be faced only with an overall review of human resources policy, from hiring to compensation and retention.

## Supply Chain as ESG Path



Strategies related to Supply Chain are now part of corporate ESG initiatives, for example in taking control of emissions. Institutions, banks, or shareholders are paying attention to how companies are acting in terms of sustainability requests. The growing attention to environmental, social, and governance (ESG) issues is having resulted in policies and rules established by governments.

This is why sustainability has to become a high-priority task impacting all aspects of life. Climate changes with extreme weather conditions can generate material shortages. For example, food, wool, and minerals can be difficult to harvest or access. Also, logistics is heavily impacted by floods, fires, and storms, as a result, in delays or losses.

Considering the above points there is strong attention to having a supply chain based on green and sustainable principles. Back to a new approach to globalization, a supply chain closer to home if compared to the past is automatically a greener one. But if companies agree in having maximum attention to ESG topics, it's now time for them to translate principles into actions.

## Port Congestions and Post-Pandemic Way



Congestions on the ocean are related to port capacity and strictly connected to labor shortage but also to port closure or partial work due to external factors such as for example pandemic. In fact, some ports are operating beyond their capacity per month.

What happened in 2021 with a six-day closure of the Suez Canal, impacted the distribution of goods all around the world but, even if it was an outlying event, 2023 can be at risk in similar issues.

Combined with this freight congestion, also a shortage in warehouse spaces will negatively affect the last part of the supply chain and also storage criteria.

To solve this scenario, it's mandatory for companies to implement a technologically driven scenario with robust processes able to predict in advance risks of congestion or other shortages.

### How to deal with Covid

Even if there is a sort of back to normal with companies dealing and acting in a post-pandemic way, Covid with its variances can represent a threat difficult to predict in terms of general health but also for economic impact and effects on the supply chain. Continuous disruption must be monitored to identify areas at potentially high risk and put in place in advance proper actions.





## Focus On The Right Tools And Solutions For Partner Evaluation At a Worldwide level

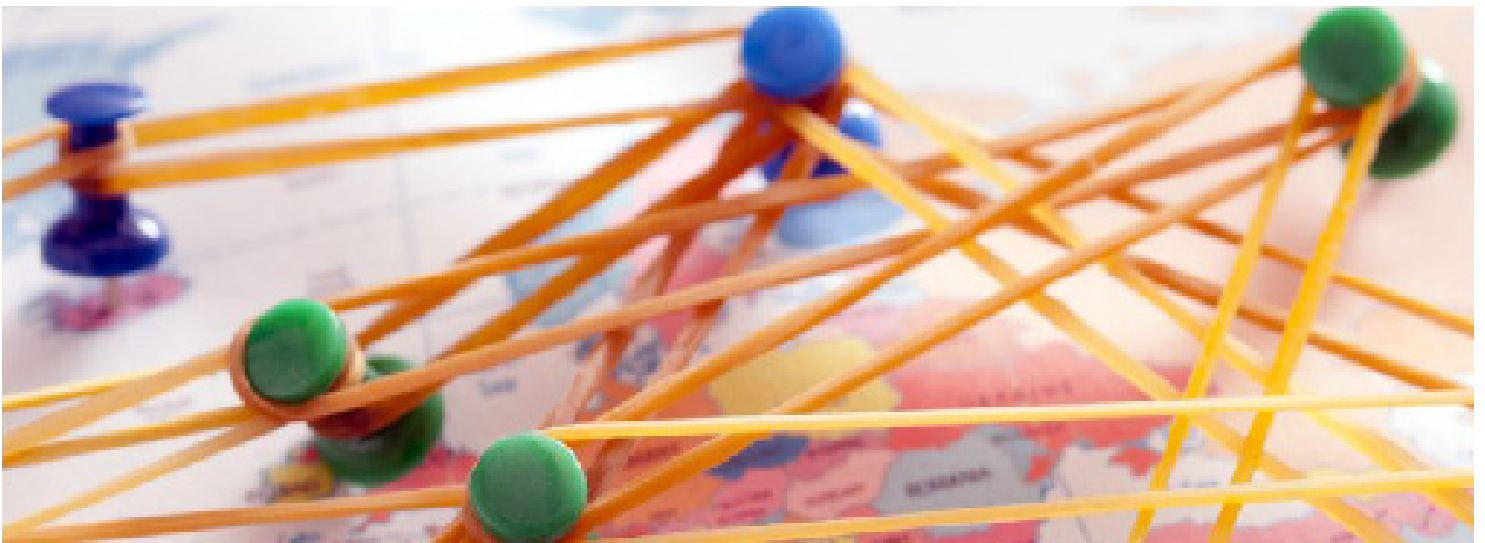


### Understand risk profile

As discussed above, 2023 is marked by several challenges required to be faced during the year with the aim to move towards a different perspective and definition of supply chain organization. If it's required to re-think globalization not as back to localization but with a more mature and aware approach, it's also important to focus on the right tools and solutions for partner evaluation at a worldwide level.

All challenges related to Supply Chain are focused to minimize at the maximum level of disruption risk that causes economic and reputational image damages related to the involved company. Better knowledge of a supplier profile through business information is a good way of avoiding any current or potential issues. It is also important to check compliance with regulatory requirements and to assess cybersecurity risks.

SkyMinder, CRIF BTB risk information platform enabling international business, offers different solutions critical for the companies' evaluation in a supply chain scenario. It's possible to cover all the evaluation paths, considering local specificities in terms of data availability linked to legislation requirements.



## SkyMinder, CRIF BTB Risk Information Platform Offers Different Solutions Critical for The Companies' Evaluation In a Supply Chain Scenario



### Understand risk profile

Starting from Full Reports and Slim Report, is possible to have general information about the company, evaluation data, financial information, company structure, and negative information. Combining Monitoring solutions, changes affecting the company are provided with the aim to review the relationship if required.

Company structure and shareholders are provided by verification report.

Compliance aspects are having more and more important in an evaluation process with the aim to detect involvement in financial crimes or other crimes. Thanks Extended Check Report and Compliance Report provided a complete overview related to criminal activities. Knowing in advance that a business partner isn't involved in such actions, helps to exclude future negative impacts on business. Cyber Risk attacks are one of the main threats to the supply chain. Starting a check on how partners' IT system is open to vulnerability, is a good starting point in minimizing potential disruptions. Kynd Cyber Risk Report provides an overview of possible weaknesses. From a different perspective, is also important to understand the level of propension of innovation and research and development, and the Patent Due Diligence Report this area is fully covered.

As Supply Chain is presenting several challenges to solve with the aim to put in place a safer model everywhere in the world the possibility to have an in-depth knowledge of supply partners is a good starting point in an overall process strongly based on awareness.



# Import and Export Snapshot

## | Nigeria: A Look at The Market



### Nigeria's economic growth recovered but macroeconomic stability weakened

Nigeria, is probably the Africa most populous country and one of the largest economy of the continent. Nigeria has just hold the presidential election last Saturday February the 25th. The outgoing president Muhammadu Buhari, who has just finished his second four-year term, was ineligible to run for re-election. Due to the current national economic and security problems, for these elections the stakes are high and the race has remained competitive and highly unpredictable until the last moment. The results will be announced in these days. According to the country's constitution, the candidate with the most votes who also earns at least 25% of the votes in two-thirds of Nigeria's 36 states will be declared the winner. If no candidate meets that threshold, the top two candidates then face off in a second round of voting within three weeks.

After the recession caused by the 2020 pandemic, Nigeria's economic growth recovered but macroeconomic stability weakened. The growth outlook is subject to downside risks including further declines in oil production and increased insecurity. The uncertainty is also related to high inflation and continued fiscal and debt pressures. While Nigeria has made some progress in socio-economic terms in recent years, the country continues to face big developmental challenges, including the need to reduce the dependency on oil and diversify the economy. Inequality, in terms of income and opportunities, remains high.

## Many Nigerians Obtain a Living from Agricultural Production



Nigeria has extensive arable land overall, but there is an extreme scarcity of farmland in the most densely populated areas of the southeastern states. This has forced large numbers of Igbo, Ibibio, and Hausa people to migrate to other parts of the country. Often, however, cultural traditions, such as the prohibition against selling family land, have restricted access to farmland in some localities that appear to have abundant cultivable land, and, in the far north, desertification has severely limited the land area available for cultivation



Many Nigerians obtain a living from agricultural production. Most are small-scale subsistence farmers who produce only a little surplus for sale and hand tools are still dominant in agriculture.



Root crops (mainly yams, taro, and cassava) are the main food crops in the south, while in the North, which is drier, there are grains and legumes (sorghum, millet, cowpeas, and corn). Rice is also an important domestic crop. Oil palm, cacao, and rubber trees are the main industrial crops in the South, while peanuts and cotton are produced in the north. Cocoa beans, from the cacao tree, are the major agricultural export; production of other industrial crops has declined, owing to the general stagnation in agriculture.



## Resource Extraction Is the Most Important Sector Of The Economy



The raising of sheep, pigs, and goats is still not very developed. Nigeria's permanent forest reserves occupy less than one-tenth of the total land area. Outside these reserves, much of the forest cover has been destroyed through regular burning to prepare land for farming or to facilitate hunting. There are many large plantations of exotic species, such as gmelina and teak, established by the government to provide electric and telegraph poles, and fuelwood. In the drier zones, forest belts have been established to help arrest the advance of the Sahara. Forest plantations have been established also in many watersheds to protect them and to reduce soil erosion.

Fishing is very important and the domestic catch supplies more than half of the fish demand Nigeria has a variety of both renewable and non-renewable resources, some of which have not yet been effectively exploited. Solar energy is probably the most extensive of the underexploited renewable resources.

Resource extraction is the most important sector of the economy. The most economically valuable minerals are crude oil, natural gas, coal, tin, and columbite (an iron-bearing mineral that accompanies tin). Petroleum is the most important source of government revenue and foreign exchange. Most of the oil output comes from onshore fields in the Niger delta, although an increasing proportion of the crude is produced at offshore locations.



There are vast reserves of natural gas, but most of the gas produced is a by-product of crude oil and Nigeria has become a globally ranked exporter of this commodity. Nigeria has also significant reserves of coal, but these deposits are being developed gradually. Coal is used by the railroad, by traditional metal industries, and by power plants to generate electricity.

There are extensive iron ore and limestone mines in many areas, where it is widely exploited for manufacturing cement and for use in the steel industry. Other mined minerals include gypsum, kaolin, barite, gold, sapphires, topazes, and aquamarines. There are also uranium deposits in the country.

## The Service Sector Is a Major Contributor To Nigeria's Economy, Including Industries Such as Telecommunications, Banking, and Tourism



About one-fifth of the country's power is provided by hydroelectricity, although this source has the potential to provide an even greater amount of power. Firewood and charcoal are still an important energy source for domestic use.



The federal government has established capitalintensive industries like steel mills, pulp and paper mills, petrochemical plants, and an aluminium smelter. In the past, foreign investors mainly controlled the large-scale manufacturing of textiles, tobacco, beverages, and cement. The government's indigenization efforts have counter-balanced the ownership situation, although the management and effective control of most large factories is still in the hands of expatriate representatives of multinational corporations.

Traditional industries carried out in homes or in makeshift craft workshops include the making of iron implements such as hoes and hatchets, door hinges and bolts, soap- and salt, pottery making and wood carving, cane work and the making of bags and mats from raffia.



In addition, the services sector is a major contributor to Nigeria's economy, including industries such as telecommunications, banking, and tourism. The banking sector is well developed and there are a stock exchange and a securities exchange commission in Lagos. Nigeria has also many attractions of interest to tourists. There are miles of coastal beaches, wildlife reserves, a variety of cultures, and many museums that house artistic treasures.

Nigeria most exported goods/commodities are crude oil and natural gas, cocoa beans and other crops, rubber, solid minerals (such as tin, iron ore, and coal), processed foods and beverages and textiles and leather products.

## The Main Markets For Nigerian Exports Are India, The United States, Spain, The Netherlands, Brazil, Indonesia, South Africa, Turkey, Togo, and Ghana



It is worth noting that crude oil and petroleum products make up a significant portion of Nigeria's export earnings. However, the government has been working to diversify the country's export base and promote non-oil exports in order to reduce the country's reliance on oil and gas. The main markets for Nigerian exports are India, the United States, Spain, the Netherlands, Brazil, Indonesia, South Africa, Turkey, Togo and Ghana.



Nigeria is also a big importer. The major import goods are machinery and transport equipment, manufactured goods (iron and steel products, textiles, and paper products), chemicals and food. The top import countries are China, India, The Netherlands, United States, Belgium, United Kingdom, France, Italy, Spain and South Africa.

Doing good business in Nigeria and importing or exporting to/from this region requires an in depth knowledge of the country. In order to overcome these problems and get reliable information on companies, a business information company needs to have a local presence in the country.

Only the local presence and the support of local and native agents can allow access to manual registries, build stronger networks and react faster to political and social unrests and cultural/religious manifestations affecting the delivery time of SkyMinder ensure the most reliable business credit information available on Nigerian companies thanks to the most trustworthy and competent local information providers.



Team of high skilled local experts' access all local official entities and other sources, collect all available data and analyse them by using trusted and sophisticated risk models.



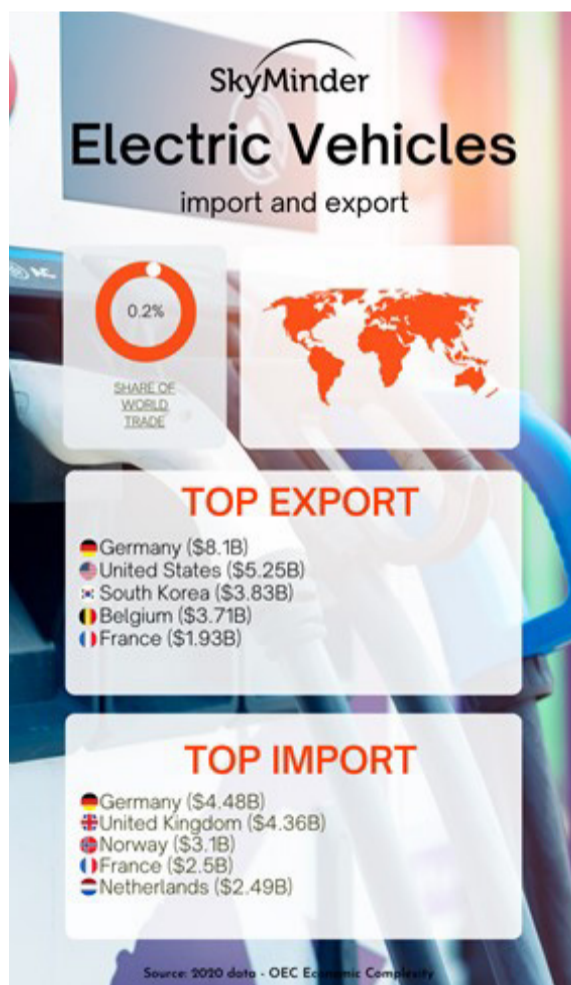
# Product Analysis

## Electric Motor Vehicles: import and export



**In 2020, Electric Motor Vehicles Were the 66th Most Traded Product in The World, with a Total Trade of \$33.2B and Representing 0.2% of Total World Trade**

Electric vehicles (EVs) were first invented in the late 19th century and they are now seeing a rise in popularity. The first known practical electric car dates back to 1835, when two Dutchmen, Sibrandus Stratingh and Christopher Becker, built an electric motor that powered a small model car. Then, in 1859, batteries that could be recharged came along, making the electric car idea more viable. Despite becoming more popular and widespread in the late 19th century, EVs were overtaken by the introduction of the mass-produced gasoline-powered car, the Model T. Renewed interest in electric vehicles sparked between the 1960s and the 1970s, thanks to oil prices and gasoline shortages.



Today, these vehicles are becoming increasingly popular due to their efficiency and environmental friendliness. Powered by an electric motor instead of an internal combustion engine, EVs are more cost-effective than conventional cars, as they require less maintenance and also offer tax incentives in some areas. In addition, although their battery lives can be limited, they are considered reliable and they are becoming more accessible.

In 2020, electric motor vehicles were the 66th most traded product of the world, with a total trade of \$33.2B and representing 0.2% of total world trade.

In the same year, the top exporters were Germany (\$8.1B), United States (\$5.25B), South Korea (\$3.83B), Belgium (\$3.71B), and France (\$1.93B), while the top importers were Germany (\$4.48B), United Kingdom (\$4.36B), Norway (\$3.1B), France (\$2.5B), and Netherlands (\$2.49B).

Between 2019 and 2020, the exports grew the fastest in Germany (\$4.36B), South Korea (\$1.48B), Slovakia (\$1.43B), Spain (\$1.02B), and Czechia (\$967M), while the fastest growing importers were United Kingdom (\$2.83B), Germany (\$2.78B), France (\$1.41B), Belgium (\$614M), and Japan (\$560M).



# Article of the month

## Combining smart digital & sustainable solutions to change the market paradigm



The banking sector has a transformative role to play as a catalyst and enabler of a systemic acceleration towards a more sustainable economy, with the challenging mission of rapidly inducing change in consumer, lender and investor behaviour, and perhaps more importantly, in the broader society as a whole. The Horizon 2020 Energy Efficient Mortgages Initiative (EEMI) Bauhaus model is intended to support this process and build a new methodological approach to propose a strategic harmonic roadmap to accelerate the green and social transition.

Exciting ideas around sustainability are emerging and should be introduced in a pragmatic way into the daily lives of families with a 'real economy' implementation strategy to help market players and citizens transform challenges into opportunities. This revolution requires the construction of solid pillars, starting from complete convergence in governance across EU authorities in the European political infrastructure to local authorities involved in the day-to-day life and expectations of citizens. In this way, we can secure coordination in the efficient deployment of monetary and fiscal policies.

### **BUILDING TRUST THROUGH COOPERATION**

Efforts to deliver a green financial sector go hand in hand with this process of 'greening' the real economy, and extreme care should be taken to ensure cooperation and coordination which will mitigate the risk of speculation and greenwashing. Digital solutions and data gathering exercises should support the market in closing the data gap and securing a credible and sustainable 'greening' of the sector.

Europe's citizens currently live in approximately 220 million dwellings, three quarters of which need to be renovated in order to meeting the EU's ambitious climate and energy savings targets. At this time of change and opportunity, the Horizon 2020 funded EEMI project is taking the lead in 'joining the dots' and seamlessly integrating all market participants, including lenders, investors, start-ups, SMEs and utilities into a new value chain, known as the EEMI Home Ecosystem.

The Trento EEMI Bauhaus Week (13-16 Feb 2023) is the first in a series of market events intended to launch a new movement in the design, scale-up and roll-out of home ecosystems globally through the exchange of ideas, knowledge and best practice between financial actors, SMEs, start-ups, architects, scientists and academics, local authorities, to name but a few. Together, these actors have the potential to design and deliver a new market paradigm and blueprint, built around clear best practices and market benchmarks, which can shape and drive massive qualitative improvements for the market and for millions of families around the globe.

# Quick Infographic

## Business Information Report - An Infographic



## 4 habits that will help you build good business partnerships in 2021



A successful partnership is built on transparent terms agreed upon by both parties. It is important to ensure that your counterparts match with the vision and scope to run your supply chain smoothly.

Lay focus on the small details if you wish to build a good business partnership in 2021. A few simple habits will help in landing lucrative business opportunities this year.



**Assess your risks** in a timely manner to get an insight into your company's vulnerability with credit limits



**Deep dive into the legal events** of your potential partners to get a clear picture of their true nature and visions



**Understand the financial strengths and weaknesses** of your potential partners to stay one step ahead in cases of mishaps



**Look into the historical data** of your potential partner's company to evaluate their emerging trends

Stay one step ahead with **CRIF's Business Information Report in 2023**

# 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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