

April
2023 ISSUE
VOL XXXIV

CRIF INDUSTRY WATCH

A monthly edition on Data, Risk and Economic Insights

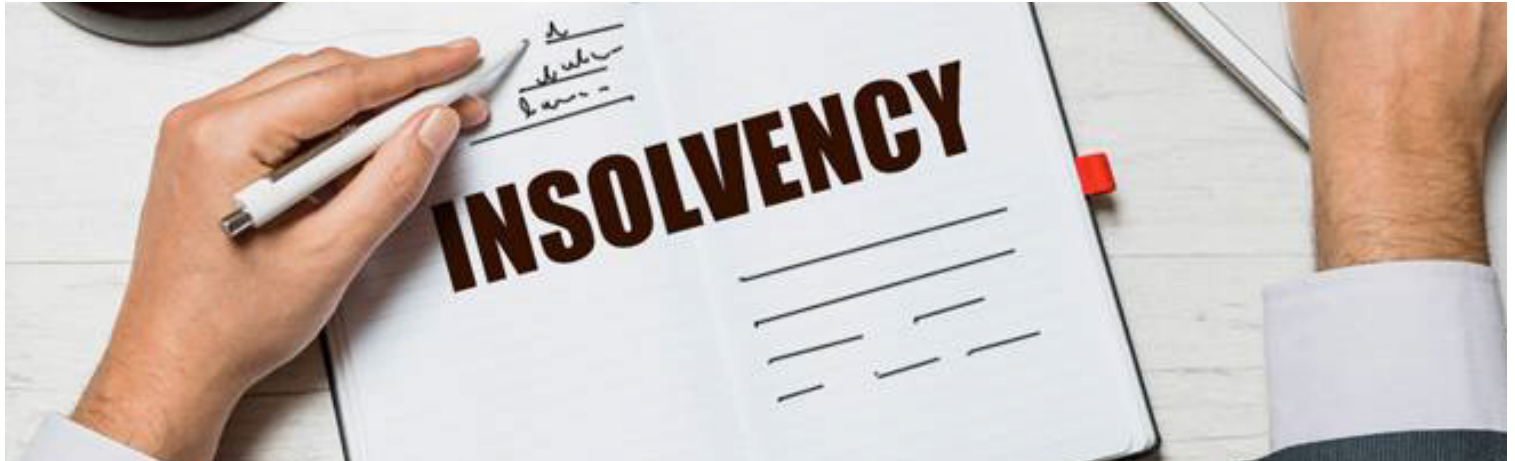
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Analysis and Studies

CRIF STUDY 2022: Corporate Insolvencies Rise In Germany – Moderate Increase in Corporate Bankruptcies Forecast For 2023



A CRIF Study related to Germany reported a 4.2% increase in corporate insolvencies.

During the last year, 14,578 companies filed for insolvency in Germany. This represents an increase of 4.2 percent in corporate insolvencies in comparison to the same period of the previous year (2021: 13,991 corporate insolvencies). These are the key findings of the analysis of corporate insolvencies in 2022 by information service provider CRIF.

As a result, the number of corporate insolvencies rose again in 2022 for the first time since 2009. However, insolvencies remain at a low level. Since the introduction of the new Insolvency Code in 1999, there have only been fewer insolvencies in 2021.

As against the previous insolvency peak year of 2003, when there were 39,320 corporate bankruptcies in Germany, the number of insolvency cases in 2022 has fallen by more than 60 percent.

"The main causes of company insolvencies last year were high energy costs, existing problems in supply chains and high inflation. In addition, consumers were reluctant to spend, with less money available due to high energy prices and inflation. The resulting loss of purchasing power also weighed on companies," comments CRIF Germany Managing Director Dr. Frank Schein on the latest figures.

So far, Germany has avoided a severe recession and there is reason to hope that this will continue to be the case. However, it is necessary to ensure that the geopolitical situation does not deteriorate further in order to achieve a decrease in inflation and an improvement in the economic situation.

"Currently, we expect up to 16,500 corporate insolvencies in 2023. This is an increase of almost 13 percent compared to 2022. However, we do not see a wave of insolvencies, but rather a normalization of the insolvency situation in Germany," says Dr. Schein.

The states of North Rhine-Westphalia, Bavaria, and Baden-Württemberg reported the most corporate insolvencies



Berlin shows the highest insolvency rate

Berlin had the highest insolvency density in 2022, with 82 insolvencies per 10,000 companies. The national average was 48 bankruptcies per 10,000 companies. Alongside Berlin, Bremen (73 insolvencies per 10,000 companies), North Rhine-Westphalia (62), Hamburg (63), Saarland and Hesse (53 each) also ranked above this average. The fewest company bankruptcies in 2022 were in Bavaria and Thuringia (35 insolvencies per 10,000 companies each) and Baden-Württemberg (36).

In absolute terms, the states of North Rhine-Westphalia (3,789), Bavaria (1,994) and Baden-Württemberg (1,517) reported the most corporate insolvencies.

Strongest decline in Bremen

Compared with 2021, corporate insolvencies fell most sharply in Bremen (minus 33.6 percent). The Saarland (minus 7.1 percent) and North Rhine Westphalia (minus 4.1 percent) also saw fewer corporate insolvencies. Significantly more corporate insolvencies were reported by Brandenburg (plus 40.3 percent), Rhineland-Palatinate (plus 17.1 percent), Saxony (plus 16 percent) and Schleswig-Holstein (plus 15.6 percent).



Construction Sector Witnessed the most Insolvencies



The highest number of corporate insolvencies in 2022 occurred in the construction sector. This is followed by the trade sector (including maintenance and repair of motor vehicles), the hospitality industry, catering, logistics, manufacturing and companies in the gardening and landscaping sector.



Indicators of possible insolvency

In practice, there are typical behavioral patterns that indicate a precarious situation of companies at an early stage, for example when there is a deterioration in payment behavior, a change in ordering behavior or a frequent change in management, bank details or company name.

Further indicators are delayed payments due to unjustified notices of defects, broken verbal promises or frequent requests for copies of invoices. Additionally, the affected companies no longer afford new purchases and use outdated production facilities. Evidence of financial distress is also given by the consumption of equity capital over a period of years or the multiple increase in the credit line (use of borrowed capital).

Import and Export Snapshot

Ireland: A Look at the Market



An Overview of the Economy and of the Business Environment

March is a very important month for Ireland because on March the 17th Irish celebrates St. Patrick's Day and celebrations may not be limited only to this date. St Patrick is one of the patron saints of Ireland and the day commemorates Saint Patrick and celebrates the heritage and culture of the Irish in general. What was once a one-day event has transformed into a longer festival in many locations such as Dublin and Cork. The growing popularity of this holiday worldwide has also had a big positive impact on the tourism sector of Ireland.

Ireland is one of the most open and export-driven economies in the world. The country positioned itself as one of the fastest growing European economy.



The national economy has been supported by strong domestic demand and by the activities of multinational companies operating in the country. After recording an exceptional growth in 2021, Ireland's economy grew at a slower pace in 2022, but remained very dynamic and resilient to the effects of the war in Ukraine and the global energy crisis.

Economic growth is supported by strong interior demand boosted by the full relaxation of the pandemic related restrictions, by the various Government's measures to deal with the consequences of the war and by the dynamic exports from multinational-dominated sectors. Ireland is one of the most open and export-driven economies in the world. The country positioned itself as one of the fastest growing European economy.

The primary sector in Ireland refers to the sector of the economy that involves the extraction and production of raw materials from natural resources, such as agriculture, forestry, fishing, and mining.

Agriculture remains a key sector as the government seeks to strengthen its role in the economy by modernizing it and transforming the food processing industries (beef, dairy, potatoes, barley, wheat).



Most of Ireland's agricultural land is used as pasture or for growing hay.

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The beef and dairy categories are the largest ones. The agricultural sector in Ireland also includes crop production, horticulture, and forestry.

Most farms are family farms; only a small percentage of those employed in agriculture work as hired labor. Mixed farming is the general pattern, with the production of beef cattle tending to predominate in the midlands and dairy farming in the south.

Ireland's fishing industry is also an important part of the primary sector, with significant catches of fish, shellfish, and crustaceans being taken from the waters surrounding the country. The mining industry in Ireland is relatively small, with only a few active mines, mainly producing metals such as zinc and lead. Overall, the primary sector continues to play an important role in the Irish economy, contributing to employment, exports, and rural development.



The secondary sector in Ireland includes industries involved in manufacturing, construction, and energy production. Here are some of the main sub-sectors within the secondary sector in Ireland: Manufacturing is a key sub-sector within the secondary sector in Ireland. Industries within this sub-sector include pharmaceuticals, medical devices, electronics, food and beverages, and chemicals.

Ireland's recent industrial development was achieved through a deliberate policy of promoting advanced export-oriented enterprises, and partly through attractive offers for investors. Textiles, chemicals and electronics perform particularly well. Some of the major multinational companies with manufacturing operations in Ireland include Pfizer, Intel, and Johnson & Johnson.

Construction is another important sub-sector within the secondary sector in Ireland. This includes both residential and commercial construction, as well as civil engineering projects. The construction industry in Ireland has experienced significant growth in recent years, with increased investment in infrastructure projects.



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The energy sector in Ireland includes industries involved in the production, transmission, and distribution of electricity, as well as the production of renewable energy. This includes both traditional fossil fuel-based energy production, as well as newer forms of energy such as wind and solar power.

Technology: Ireland is a major hub for technology companies, with many of the world's largest tech companies, including Google, Facebook, and Apple, having their European headquarters in the country. Overall, the secondary sector in Ireland plays an important role in the country's economy, providing employment opportunities and contributing to GDP growth.



The service sector accounts for 55.4% of GDP and employs more than three-quarters of the labor force (77%) (World Bank). Banking and finance have grown to such an extent that Dublin is a major financial center, and Ireland is home to many international financial services companies, including banks, insurance companies, and investment firms.

Tourism has become an important source of foreign exchange earnings. In 2021, tourism contributed to 1.2% of total GDP or EUR 5.1 billion, with 127,900 people employed according to the World Travel and Tourism Council (WTTC).

The principal imports include machinery and transport equipment, chemicals, petroleum and petroleum products, food products, and textiles



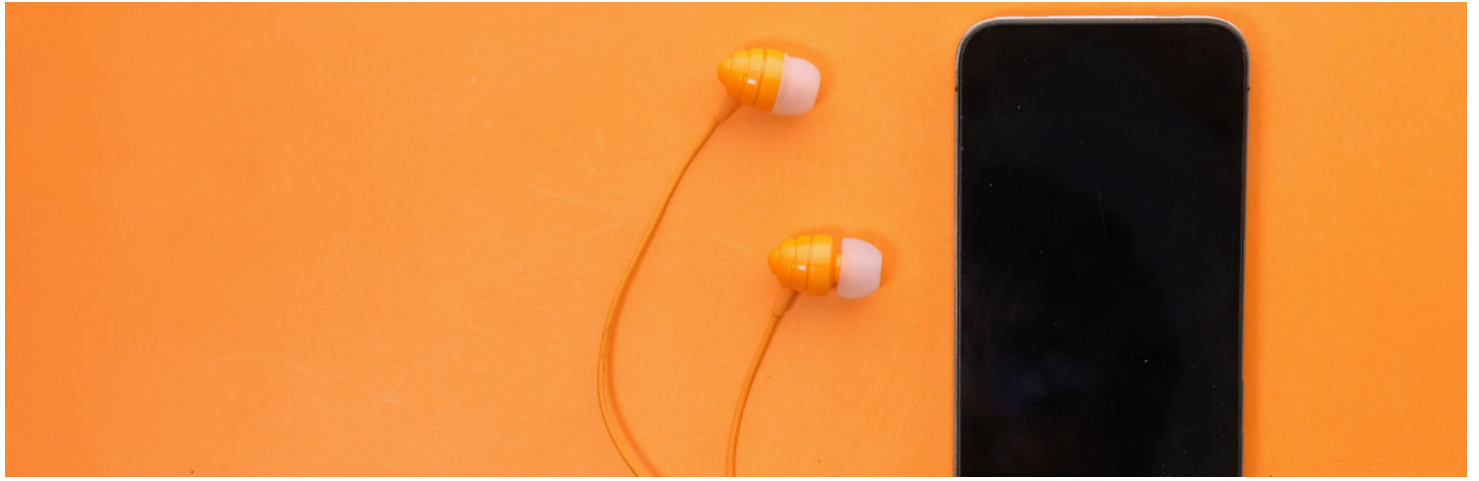
Ireland's main trading partners are the European Union (mainly Germany and Belgium), the United Kingdom which is the main market for imports and the fourth largest for exports, the United States, China and Switzerland. The UK's withdrawal from the EU (Brexit) raises many questions around the future relations between Ireland and its main trade partner. Most exported goods are electrical machinery and apparatus, processed foods, chemical products, clothing and textiles, and beverages. Ireland is also among the world's leading exporters of computer software



The principal imports include machinery and transport equipment, chemicals, petroleum and petroleum products, food products, and textiles and Ireland imports mostly from the United Kingdom, the United States, France, China and Germany.

Product Analysis

Music Streaming Global Market



By 2027, the music streaming market is expected to reach a size of \$18.56B.

Over the past decade, streaming music has become a popular way to listen to music. It all began in the mid-2000s, when early forms of music streaming sites made it possible for users to access their favorite music with the click of a button. Later on, this idea was fully realized with the launch of specific apps, which made it easy for users to access millions of songs. Since then, streaming services have become increasingly popular, thanks to the different kinds of subscription plans that made them available to all the music lovers around the world.

The growth of the music streaming market has been driven by several factors, including the proliferation of smart devices, such as smartphones and smart speakers, changes in consumer trends and technological advancements, such as the development of artificial intelligence and machine learning. In particular, many consumers are now turning to streaming services because they offer more convenience and lower costs than buying physical music products, while also offering a personalized service.

The global music streaming market is expected to continue to grow in the coming years. In fact, its market size has been growing rapidly, reaching \$13.75 billion in 2022, with North America being the largest region in the market in 2022. By 2027, the music streaming market is expected to reach a size of \$18.56B.

Many countries are introducing legislation to support the growth of the market, while new streaming services are being launched. This is making the global market increasingly competitive, with streaming services offering more features that appeal to consumers.

Overall, the global music streaming market is expected to continue to grow in the coming years, driven by technological advancements, changes in consumer trends, and new streaming services. The industry is facing some challenges, however, such as competition from other digital music services, podcasts and streaming radio, and the problem of piracy. As such, the industry must continue to innovate in order to stay competitive.

Article of the month

Sustainability strategy for large corporates: from compliance to competitiveness



In the early days of sustainability, many companies viewed it as a regulatory compliance issue. Businesses would do the minimum required to meet environmental standards and then move on, without giving much thought to how sustainability might actually benefit their operations.

However, as consumers, investors, and other stakeholders have become more environmentally conscious, this approach is no longer enough. Today, leading companies are recognizing that sustainability can play a strategic role as a source of competitive advantage. By adopting sustainable practices, businesses can reduce costs, enhance their brand image, and even create new revenue streams.

• Sustainability strategy for business

A study made by EY Parthenon has analyzed the evolution of the approach to sustainability in corporate strategy, finding the drivers of change for the rise of sustainability as a key component for business strategy can be linked to 4 key stakeholders: investors, consumers, industry peers and governments.

• Investors

The central role of sustainability in capital markets is linked to the analysis of three key metrics: environmental, social, and governance (ESG). The weight of sustainability in the financial sector has led to the rise of ESG Rating and analytics platforms, such as Sustainalytics, Refinitiv, and Bloomberg.

The study shows that 90% of global institutional investors revise investments if companies do not at least consider ESG criteria within their business model.

• Consumers

The demand for sustainable products is increasing as customers become aware of the implication of climate change and the damage to the environment and human health.

The willingness to pay more in order to buy a product that is “sustainable” and the will to change their habits in order to tackle emissions and resource use is now driving buying decisions. A study made by ICCR Institute reports that revenues from sustainable products are growing at about six times the rate of other products.

Another finding states that by 2025, consumers will consistently prefer products or services that are less damaging to the environment, human health, and society.

This trend is significantly driven by young generations who more than others understand the impact that climate change is going to have on their lives and are willing to pay the green premium for environmentally friendly products.

• Industry peers

The momentum behind the sustainability imperative is driven by a growing recognition within the global business community that a company's purpose transcends mere profit, and that its success is intertwined with the well-being of other firms, organizations, and individuals in the wider ecosystems in which it operates.

An increasing number of businesses are embracing sustainability as a central pillar of their corporate strategy, not only because of the financial benefits that come with sustainable practices, but also because employees now expect their work to be meaningful and purposeful. As a result, these companies are applying considerable pressure on other businesses to follow suit, creating a ripple effect across the business world.

• **Governments**

As we are reaching the target year for the achievement of global climate objectives, the pressure is mounting from governments around the world to hold companies accountable for their impacts. The pressure from institutions has manifested through regulations and taxes on emissions and environmental performance. With the many instruments created by institutions such as the EU (e.g. Taxonomy, CSRD, ETS, Carbon border adjustment mechanism) the price to pay for not being sustainable is going to be high for companies that don't comply with standards and regulations.

• **Sustainability strategy for competitiveness**

When it comes to corporate strategy, sustainability is a key success factor.

The implementation of a sustainability strategy is linked to different benefits for a company.

• **Brand reputation**

As generations pass, consumers are becoming more environmentally conscious and orient their decision considering ethical reasons.

Research on sales growth for product that claim to be environmentally and socially responsible has shown that product making ESG-related claims averaged 28% cumulative growth over a 5 year period, while products who made no ESG claims averaged 20%.

Talent attraction and meeting consumers demands

The gain in brand reputation not only affects economic performances, but it also attracts talents and consumers.

Millennial and Generation Z are going to become the largest share of workforce and consumers in the next decade and to be aligned with their needs and values is going to become a strategic necessity for firms.

• **Increase Efficiency**

As found in a McKinsey study, increasing operation efficiency can help to reduce a company's operating expenses. Changing the energy mix, enhancing circularity models and improving manufacturing processes in order to be more efficient leads to better financial performance, highlighting the link between a company's sustainability performance and its financial performance.

Results of a pervasive strategy

Sustainability strategy has evolved from a mere compliance issue to a key driver of competitiveness for businesses.

Companies that are serious about sustainability need to take a holistic approach, integrating environmental, social, and governance considerations into all aspects of their operations.

They also need to be willing to collaborate with others and invest in sustainable solutions, even if it requires short-term sacrifices. By doing so, companies can create long-term value for their stakeholders, while also contributing to a more sustainable future for all.

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: BSales.India@crif.com | Website: www.crif.in