PRESS RELEASE

**ukraine invasion dents optimism of uk exporters**

May xx, 2022

London

* *UK exporters expecting turnover to fall in 2022 increased from 11% to 19% since the start of the Ukraine conflict*
* *Almost two thirds (62%) of UK firms expect rising energy costs to become more of a challenge in 2022*
* *Fear of non-payment has rocketed since the invasion from 27% to 53% for UK exporters; figures reflected across Europe*

A cocktail of uncertainty caused by ’long Brexit’, the Ukraine invasion, and disrupted supply chains has left UK exporters the least optimistic in Europe, curbing growth ambitions and increasing fears of late and non-payment, according to Allianz Trade.

The first annual Allianz Trade Global Survey highlights that three in five (60%) UK exporters expect geopolitical concerns to become more challenging in 2022, higher than the share in France (40%), Germany (44%) and Italy (58%). Indeed, half (50%) of the UK exporters surveyed see sanctions on Russia as a source of concern and will provide a challenge to their business.

One in 10 (11%) were already worried about export turnover declining before the invasion started, the highest a number of the six countries (China, France, Germany, Italy, UK and US) in the research from leading trade credit insurer (formerly Euler Hermes), a number which has now risen to one in five (19%) UK exporters.

Exporters in the UK were also the most concerned about the impact of the war on their domestic economy, and 39% of UK companies expect Brexit to become more of a challenge for export performance in 2022.

**Ana Boata, Global Head of Economic Research at Allianz Trade, said:** “Even if Russia and Ukraine are not key final markets for European exporters, the war is affecting global trade indirectly – through supply chains, raw material and energy – weighing on export opportunities for firms. We expect global trade growth to moderate by at least -2pp in 2022 to +4% in volume terms, just below its long-term average.”

Out of all the countries in the survey, companies in the UK were the most concerned about high energy prices before war broke out. They are now the second most concerned: 62% expect energy prices to become more of a challenge in 2022 (compared to 47% pre-war). Overall, the share of European corporates that expect high energy prices to become more of a challenge has also increased from 40% to 56%, with countries most dependent on imports of gas particularly concerned: Italy (66% compared to 46% pre-war) and Germany (52% against 34% pre-war). France has the lowest share of companies concerned by high energy prices (46% vs. 37% pre-war), which likely reflects the implementation of the government’s “Resilience Plan” that takes into account the cost of the energy bill for most corporates.

**Sarah Murrow, CEO Allianz Trade UK & Ireland, added**: “Business leaders are facing increasingly complex decisions on two fronts. First, around managing disrupted supply chains, increased input costs and fulfilling orders profitably. Second, a heightened fear of delayed or non-payment further along their supply chains as their own customers battle with the same issues. It will pay to be cautious about open credit terms. We’re already seeing an uptick in business failures from the historic lows of the past two years.”

Following the invasion of Ukraine, more than 40% of European exporters now expect payment terms to lengthen in the next six to twelve months. Nearly half of UK exporters (47%) now expect longer payment terms, compared to just one in four (22%) pre-invasion. Conversely, the number of exporters expecting payment terms to remain stable this year has plummeted to 48% of respondents compared to 72% pre-invasion.

Non-payment risk has become a bigger concern for UK exporters in 2022. Pre-invasion just 22% of exporters expected non-payment issues to rise in 2022. Subsequently, significant concerns about non-payment rocketed to 53% of respondents. It’s the same story across European export sectors. Fear of non-payment becoming a significant risk has increased from 26% to 71% in construction, and from 19% to 80% in agriculture and food.

**ENDS**

|  |  |
| --- | --- |
| **Allianz Trade contact**  Adrian Russell  +44 (0)20 7860 2728  [adrian.russell@allianz-trade.com](mailto:adrian.russell@allianz-trade.com)  **Follow us**  [https://www.linkedin.com/company/allianz-trade](https://www.linkedin.com/company/allianz-trade-france/)  <https://twitter.com/AllianzTradeFR> | **Citypress contact**  Max Ibbotson  [max.ibbotson@citypress.co.uk](mailto:max.ibbotson@citypress.co.uk) |

## We predict trade and credit risk today, so companies can have confidence in tomorrow

Allianz Trade is the global leader in trade credit insurance and a recognized specialist in the areas of surety, collections, structured trade credit and political risk. Our proprietary intelligence network analyses daily changes in +80 million corporates solvency. We give companies the confidence to trade by securing their payments. We compensate your company in the event of a bad debt, but more importantly, we help you avoid bad debt in the first place. Whenever we provide trade credit insurance or other finance solutions, our priority is predictive protection. But, when the unexpected arrives, our AA credit rating means we have the resources, backed by Allianz to provide compensation to maintain your business. Headquartered in Paris, Allianz Trade is present in 52 countries with 5,500 employees. In 2021, our consolidated turnover was €2.9 billion and insured global business transactions represented €931 billion in exposure. For more information, please visit allianz-trade.com

Cautionary note regarding forward-looking statements

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management’s current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements. Such deviations may arise due to, without limitation, (I) changes of the general economic conditions and competitive situation, particularly in the Allianz Group’s core business and core markets, (II) performance of financial markets (particularly market volatility, liquidity and credit events), (III) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (IV) mortality and morbidity levels and trends, (V) persistency levels, (VI) particularly in the banking business, the extent of credit defaults, (VII) interest rate levels, (VIII) currency exchange rates including the euro/US-dollar exchange rate, (IX) changes in laws and regulations, including tax regulations, (X) the impact of acquisitions, including related integration issues, and reorganization measures, and (XI) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.