PRESS RELEASE

**ukraine invasion dents optimism of uk exporters**

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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.

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