**Food supply chain late or failed payment claims up 79% as the sector faces ‘quadruple threat’**

* **The Insurer’s data also shows Agriculture supply chains are suffering, with a 119% rise in 20221**
* **Insurer warns the ‘quadruple threat’ of rising prices, the ongoing fallout from Brexit and the pandemic, and bad weather could see insolvencies soar in the sector**

One of the UK’s largest trade credit insurers, [**Atradius**](http://www.atradius.com)**,** has reported a 79% increase in claims for late and failed payments in the food sector amid national supply shortages of products like eggs and some vegetables. It’s data shows the agriculture sector also saw claims more than double (119% increase) last year.

Atradius provides trade credit insurance, which helps to protect suppliers against the risk of a retailer becoming insolvent between when they place an order and make payment. Without insurance, suppliers tend to seek more specific payment terms, putting pressure on a retailer’s cash flow.

A rise in claims received in the sector indicates the number of retailers failing to pay their suppliers has risen exponentially over the last 12 months, as firms struggle to return to business as usual.

**Georgios Panzaris, Senior Underwriter at** [**Atradius**](http://www.atradius.com)**, says:**

“It’s been a challenging few years for the food industry in the UK, and ongoing supply issues look set to continue as the sector battles with the quadruple threat of rising prices, ongoing fallout from Brexit and the pandemic, and bad weather conditions.

“The empty shelves shoppers are seeing have different root causes. Egg shortages are largely down to farmers being hit by the rising costs of feed, energy and labour, not to mention the largest Avian Flu outbreak we’ve ever seen, with undersupply at risk of persisting for months. Meanwhile vegetable producers are facing similar challenges alongside unfavourable weather conditions, with lower crop yields affecting supply. Put simply, farmers are facing a raft of challenges in an already volatile environment.

“Our data on late and failed payments paints a bleak picture, with the number of claims we received in the sector for late and failed payments up by 79% in the food sector, and a huge 119% in the agriculture sector last year. This follows a relatively subdued period in 2021 where businesses could benefit from ongoing government support put in place during the pandemic. But with no such support in place this year, firms will be bracing themselves for the coming months.

“Companies that have traditionally operated on thin margins will be particularly vulnerable to volatile market conditions, but even the biggest players are being tested. With insolvency a real risk, businesses need to do all they can to ensure they are protecting cash flow so they can mitigate the risk of a large customer failing unexpectedly. We – at Atradius – continue to underwrite agri-food firms on a case-by-case basis, but it’s crucial businesses have robust and updated financial insight and forecasts. To guard against the domino effect that crumbling supply chains can have on firms, a trade credit insurance policy can play a very important role in maintaining a company’s confidence in its trade debtor book.”

**ENDS**

**NOTES TO EDITORS:**

1. **Atradius’ own internal claims data showed a 79% increase in the number of claims it received for late or failed payments in the food sector compared to 2021. Claims increased by 119% in the agriculture sector.**

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**About Atradius**

Atradius is a global provider of credit insurance, bond and surety, collections and information services, with a strategic presence in over 50 countries. The products offered by Atradius protect companies around the world against the default risks associated with selling goods and services on credit. Atradius is a member of Grupo Catalana Occidente (GCO.MC), one of the largest insurers in Spain and one of the largest credit insurers in the world. You can find more information online at https://www.atradius.co.uk