

Euler Hermes: Increased non-payments among Italian businesses in 2012

- Slowing national economic growth (GDP - 2.2% in 2012, - 0.8 in 2013) mirrored by the non-payment trend among Italian businesses
- In 2012 the frequency of non-payments in the domestic market rose by 15% compared to 2011; higher for payments to exporters: + 16%
- Business sectors: Food sector suffering from strong price volatility; transport heavily affected by the cost of fuel; automotive still suffering from decreased demand. Slightly better news for household appliances, boosted by new high-tech products now entering homes
- Emilia Romagna, Piemonte and Marche regions are most affected by worsening indicators
- Early 2013 signals: a continued increase in domestic market non-payments, with a slight slowing from 2012. Some positive export market signs - in January the average amounts unpaid declined in the textile and mechanical sectors.

ROME – 27 FEBRUARY 2013 – Data to year-end 2012 shows an Italian domestic business market rise in the frequency of non-payments (+ 15%), i.e. the number of non-payments, however a slowing or slight reversal (-3%) of the trend in severity, i.e., the average amount outstanding. The export market frequency was stable in 2012 vs. 2011, but deteriorated (+16%) in terms of the average amounts outstanding.

“The strong decline in household consumption, the sharp and restricted conditions related to credit access, combined with a heavily indebted financial structure, fed domestic market growth of B2B non-payments,” said Michele Pignotti, Head of Region Mediterranean Countries, Africa and Middle East. “Many domestic market sectors are impacted: food in particular, affected by an inefficient distribution chain and growing costs for farmers; transport is heavily impacted by high fuel costs; automotive faced a strong decline in demand. Household appliances, the only sector showing positive signs, are boosted mainly by new high-tech products now entering homes.”

Pignotti added that for Italian exporters, increases in the average amount of non-payments created a worsening scenario especially in the chemical, commodity, mechanical and steel sectors. Countries with the highest rate of non-payments to Italian exporters include France, Germany, Poland, Romania and Turkey.

According to the report, initial 2013 signals indicate that the domestic market faces continued increases in non-payments, with a slight slowing compared to 2012. Some positive signs in the January export market: average amounts outstanding slowed in the textile and mechanical sector.

It also notes that the most serious phase of the international crisis appears to be over. Global growth is foreseen to increase by 2.5% in 2013 and by 3.2% in 2014. In 2013, more than half of world growth will effectively be recognized as deriving from emerging countries (China + 7,6%, India + 5,5%), which will collectively contribute almost 1.9 pp (about 75% of the total) vs. 2,1 pp in 2014 (60% of total). Italian economics worsened in the third quarter of 2012, and were also impacted by political uncertainty. 2013 forecasts indicate continued negative growth (- 0,8%). Industrial production dropped in 2012 and a recession is expected for the early months of 2013

The Euler Hermes Non-Payments Report is a quarterly survey on payment trends among Italian businesses. Regional analyses are provided by business sector, based on daily payments monitoring recorded in Euler Hermes' database of 450,000 Italian buyers. The survey offers a forecast of economic cycles and trends, and insights into complex financial-economic scenarios. Based on trend indicators - frequency (number) and severity (average amount) of non-payments – the survey is also a useful reference on annual statistics as well as in comparison to pre-2007 crisis levels.

Non-payment trends of Italian firms in 2012



	2012 vs 2011		2011 vs 2010	
	Frequency	Severity	Frequency	Severity
Domestic	+15%	- 3%	+42%	+17%
Export	- 3 %	+ 16%	0%	+ 7%



Source: Euler Hermes Italia

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Euler Hermes established its activities in Italy in 2002 acquiring the local trade credit insurer SIAC (Società italiana Assicurazione Crediti), which was originally founded in 1927. [Euler Hermes Italy](#) today employs 400 employees in its Rome headquarters and regional offices, serving more than 4,500 customers businesses across a range of sectors and sizes.

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