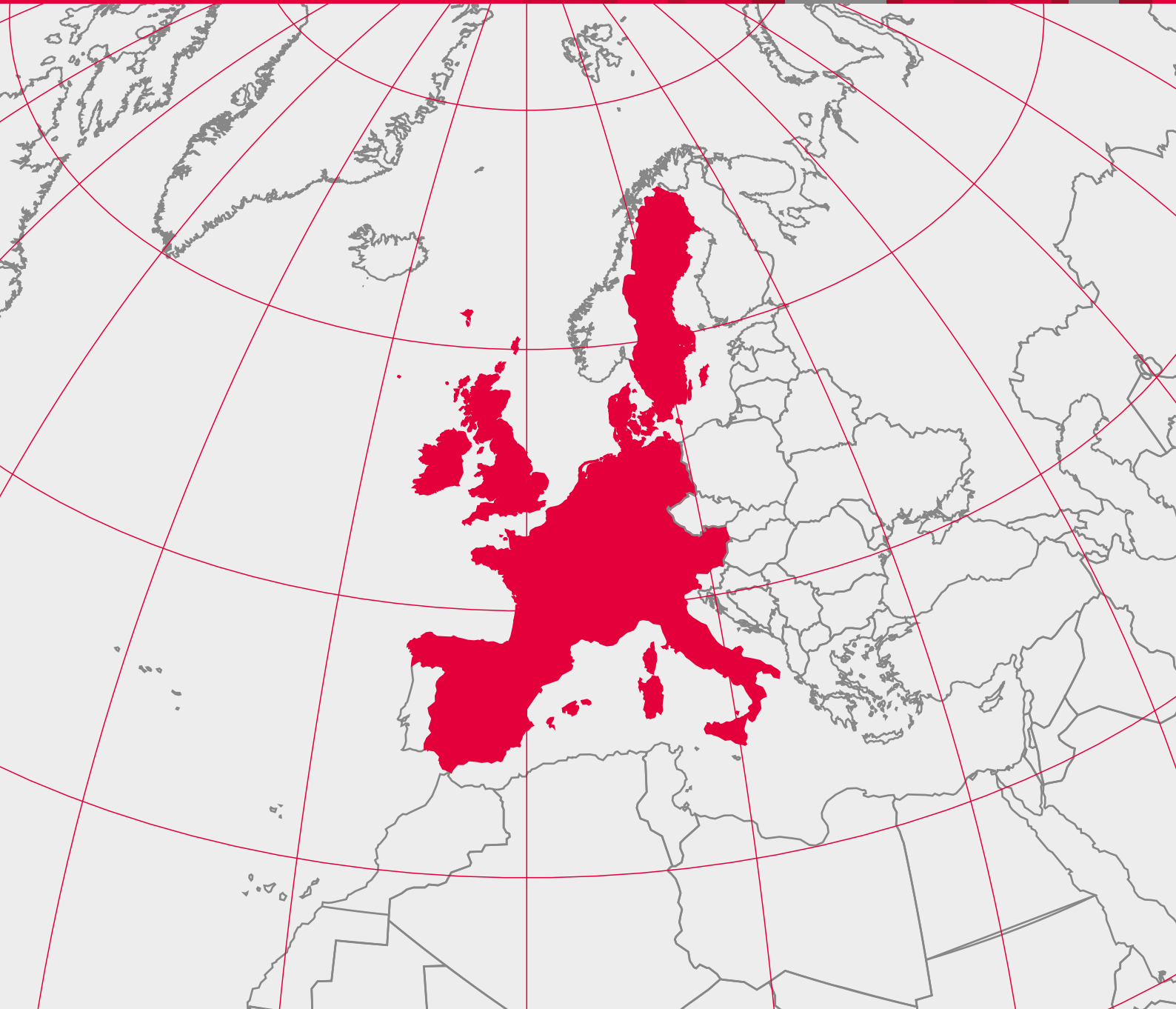


# Atradius Country Report

Main Western European Markets - May 2017



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# Austria

## Main import sources (2015, % of total)

Germany:	41.8 %
Italy:	6.3 %
Switzerland:	5.6 %
Czech Republic:	4.2 %
The Netherlands:	4.0 %

## Main export markets (2015, % of total)

Germany:	29.6 %
USA:	6.4 %
Italy:	6.1 %
Switzerland:	5.3 %
France:	4.4 %

## Key indicators

	2014	2015	2016	2017*	2018*
Real GDP (y-on-y, % change)	0.7	0.9	1.4	1.9	1.6
Consumer prices (y-on-y, % change)	1.6	0.9	0.9	2.3	1.8
Real private consumption (y-on-y, % change)	-0.2	0.0	1.3	1.9	1.6
Retail sales (y-on-y, % change)	-0.5	0.8	0.7	0.1	0.0
Industrial production (y-on-y, % change)	-0.2	1.2	1.5	2.4	2.1
Unemployment rate (%)	8.4	9.1	9.1	8.8	8.4
Real fixed investment (y-on-y, % change)	-0.4	0.6	2.6	1.6	2.0
Exports of goods and non-factor services (y-on-y, % change)	2.4	3.6	2.0	1.9	3.1
Fiscal balance (% of GDP)	-2.7	-1.1	-0.8	-1.0	-0.6
Government debt (% of GDP)	77.6	84.4	81.9	81.3	85.3

\* forecast Source: IHS

## Austrian industries performance forecast

May 2017



**Excellent:**  
The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.



**Good:**  
The credit risk situation in the sector is benign / business performance in the sector is above its long-term trend.



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**Bleak:**  
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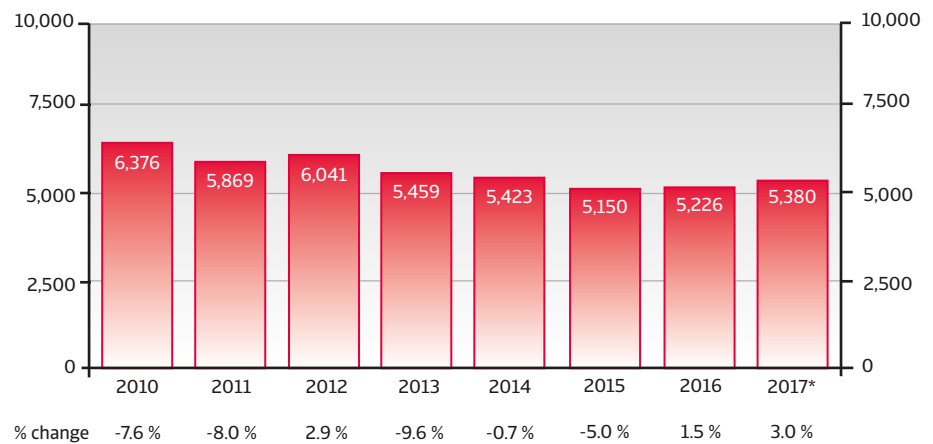
Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction	Construction Materials
Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
Metals	Paper	Services	Steel	Textiles

## The insolvency environment

### The phase of yearly insolvency decreases has come to an end

After decreasing three years in a row, Austrian business insolvencies increased again in 2016, by 1.5%, and are expected to rise further in 2017 (up 3%).

#### Austrian business insolvencies (year-on-year change)

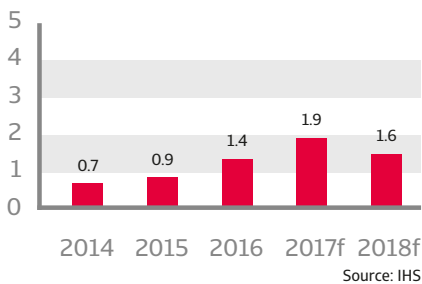


\*forecast

Sources: National Statistics Office, IHS, Atradius Economic Research

## Economic situation

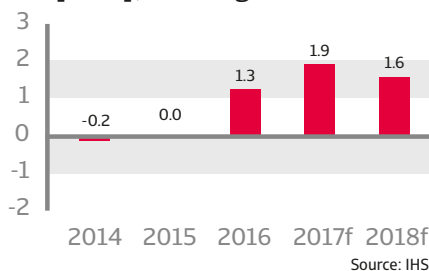
### Real GDP growth (y-on-y, % change)



### Higher growth expected in 2017

Austrian GDP grew 1.4% in 2016 and is expected to increase 1.9% in 2017, fuelled by both domestic consumption and exports. Private consumption is forecast to increase 1.9%, helped by decreasing unemployment. Exports are expected to benefit from increasing demand in the eurozone and overseas markets. Inflation is forecast to increase more than 2% in 2017 following the 0.9% rise in 2016.

### Real private consumption (y-on-y, % change)



# Belgium

Main import sources (2015, % of total)	
The Netherlands:	16.9 %
Germany:	12.9 %
France:	9.7 %
USA:	8.6 %
United Kingdom:	5.1 %

Main export markets (2015, % of total)	
Germany:	17.1 %
France:	15.7 %
The Netherlands:	11.7 %
United Kingdom:	9.0 %
USA:	6.0 %
















Key indicators	2014	2015	2016	2017*	2018*
Real GDP (y-on-y, % change)	1.7	1.5	1.3	1.4	1.6
Consumer prices (y-on-y, % change)	0.3	0.6	2.0	1.9	2.0
Real private consumption (y-on-y, % change)	0.6	1.1	0.7	1.2	1.4
Retail sales (y-on-y, % change)	-0.1	-0.3	-2.9	-0.2	0.4
Industrial production (y-on-y, % change)	0.9	0.0	4.3	1.7	3.1
Unemployment rate (%)	8.6	8.5	8.0	7.6	7.6
Real fixed investment (y-on-y, % change)	5.1	2.4	2.3	2.0	2.5
Exports of goods and non-factor services (y-on-y, % change)	5.1	4.3	5.8	2.9	2.1
Fiscal balance (% of GDP)	-3.1	-2.5	-2.7	-2.6	-2.4
Government debt (% of GDP)	99.6	106.3	103.1	103.9	108.5

\* forecast Source: IHS

## Belgian industries performance forecast

May 2017

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Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
				
Metals	Paper	Services	Steel	Textiles
				

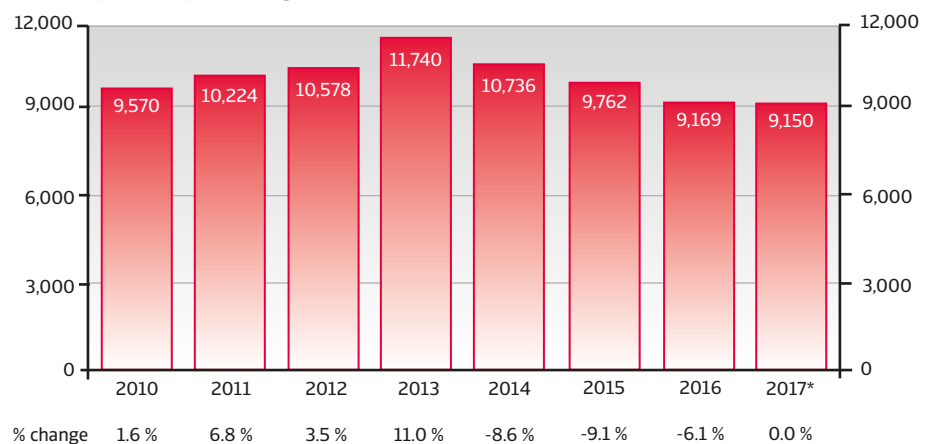
## The insolvency environment

### High level of corporate insolvencies despite decreases in previous years

Belgian corporate insolvencies recorded yearly decreases in the years 2014-2016 after major increases in the wake of the 2008 credit crisis. In 2017 business failures are expected to level off only after a 6% decrease in 2016. Construction and retail insolvencies are bucking the positive trend since H2 of 2016. With about 9,150 cases forecast this year, the number of insolvencies will still be higher than the levels seen before the start of the global credit crisis in 2008 (about 7,700 cases in 2007).

### Belgian business insolvencies

(year-on-year change)

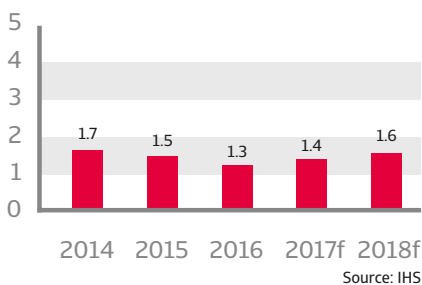


\*forecast

Sources: National Statistics Office, IHS, Atradius Economic Research

## Economic situation

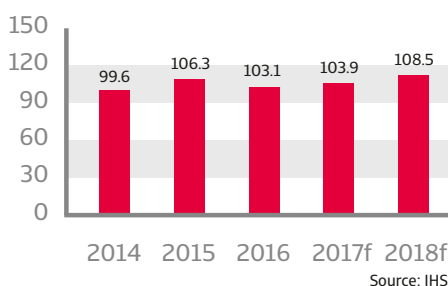
### Real GDP growth (y-on-y, % change)



### Modest growth in 2017, but reforms underway

Belgian economic growth decelerated to 1.3% in 2016, as private consumption was negatively affected by increases in indirect taxes and a temporary suspension of wage indexation imposed by the government in 2015. Economic growth is expected to remain modest in 2017 (up 1.4%), with household spending expected to remain restrained by on-going fiscal consolidation and wage restraining measures. That said, unemployment is expected to decrease further in 2017. Net exports should contribute positively to Belgium's economic performance. As Belgium is an export-driven economy, its balance of trade should be structurally positive.

### Government debt (% of GDP)



The progress in structural labour market and pension reforms is starting to bear fruit, and should help to increase the resilience and international competitiveness of the Belgian economy in the mid- and long-term.

A modest decrease in the yearly fiscal deficit is expected in 2017, supported by on-going austerity measures. Pension reform has significantly improved the long-term sustainability of public finances. However, public debt will remain one of the highest in the European Union in terms of the government debt-to-GDP ratio.

# Denmark

Main import sources (2015, % of total)	
Germany:	20.7 %
Sweden:	12.6 %
The Netherlands:	8.3 %
China:	7.4 %
Norway:	6.2 %

Main export markets (2015, % of total)	
Germany:	18.2 %
Sweden:	11.8 %
USA:	8.5 %
United Kingdom:	6.4 %
Norway:	6.3 %
















Key indicators	2014	2015	2016	2017*	2018*
Real GDP (y-on-y, % change)	1.7	1.6	1.1	1.4	1.3
Consumer prices (y-on-y, % change)	0.6	0.5	0.3	1.0	1.3
Real private consumption (y-on-y, % change)	0.5	1.9	2.1	1.2	0.8
Retail sales (y-on-y, % change)	-0.4	0.9	-0.7	-0.6	0.3
Industrial production (y-on-y, % change)	0.9	1.1	3.9	2.4	1.3
Unemployment rate (%)	6.5	6.2	6.2	6.4	6.3
Real fixed investment (y-on-y, % change)	3.4	2.5	4.7	1.8	3.1
Exports of goods and non-factor services (y-on-y, % change)	3.6	1.8	1.4	1.9	2.2
Fiscal balance (% of GDP)	1.3	-0.9	-1.5	0.1	-0.1
Government debt (% of GDP)	40.7	39.3	37.5	38.1	39.4

\* forecast Source: IHS

## Danish industries performance forecast

May 2017

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**Excellent:**  
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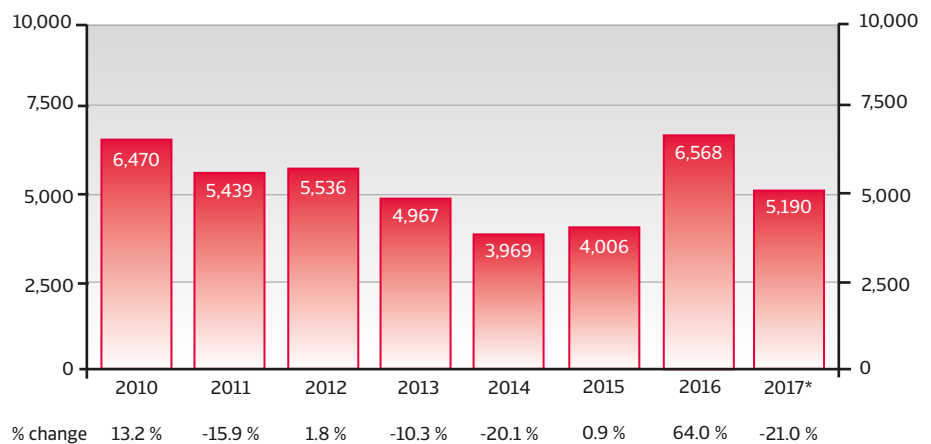
Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction	Construction Materials
				
Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
				
Metals	Paper	Services	Steel	Textiles
				

## The insolvency environment

### Sharp, but exceptional insolvency increase in 2016

Danish business insolvencies increased sharply in 2016 due to the introduction of a new form of company in official statistics and the clearing of a backlog of insolvencies. As such, it is difficult to provide an accurate forecast on real businesses and insolvency development in 2017. It is expected that business failures will decline by about 20% this year, an adjustment from exceptionally high levels in 2016.

### Danish business insolvencies (year-on-year change)

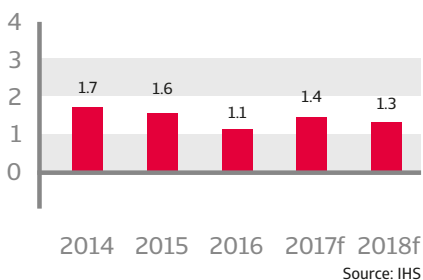


\*forecast

Sources: National Statistics Office, IHS, Atradius Economic Research

## Economic situation

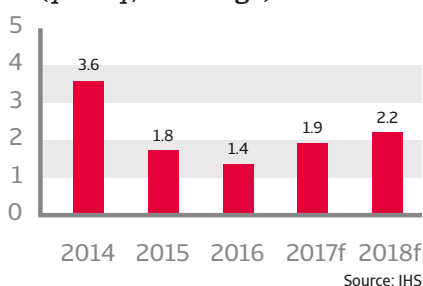
### Real GDP growth (y-on-y, % change)



### Exports to pick up

The Danish economy is expected to grow 1.4% in 2017, driven by investment and exports. The Danish economy has regained some of its international competitiveness due to structural reforms that addressed the issue of high labour costs. Avoiding a major appreciation of the krone against the euro helps Danish firms remain competitive in their eurozone export destinations. Danish exporters are also expected to benefit from rising demand as a result of a devalued euro. However, private consumption growth should remain subdued in 2017.

### Exports of goods and non-factor services (y-on-y, % change)



Public finances are healthy, with government debt below 40% of GDP. This provides room for more fiscal stimulus.



# France

Main import sources (2015, % of total)	
Germany:	19.7 %
Belgium:	10.9 %
Italy:	7.8 %
The Netherlands:	7.6 %
Spain:	6.9 %

Main export markets (2015, % of total)	
Germany:	16.2 %
Spain:	7.4 %
USA:	7.4 %
Italy:	7.2 %
United Kingdom:	7.2 %
















Key indicators	2014	2015	2016	2017*	2018*
Real GDP (y-on-y, % change)	0.7	1.2	1.2	1.3	1.4
Consumer prices (y-on-y, % change)	0.5	0.0	0.2	1.5	1.5
Real private consumption (y-on-y, % change)	0.5	1.5	1.8	1.2	1.2
Retail sales (y-on-y, % change)	-0.5	1.2	1.3	1.0	1.6
Industrial production (y-on-y, % change)	-0.9	1.6	0.4	1.0	1.3
Unemployment rate (%)	10.3	10.4	10.1	9.7	9.6
Real fixed investment (y-on-y, % change)	-0.4	0.9	2.7	1.6	1.7
Exports of goods and non-factor services (y-on-y, % change)	3.4	6.0	1.1	2.0	1.6
Fiscal balance (% of GDP)	-4.0	-3.6	-3.4	-3.0	-2.9
Government debt (% of GDP)	87.9	95.4	92.9	94.8	100.9

\* forecast Source: IHS

## French industries performance forecast

May 2017

- 
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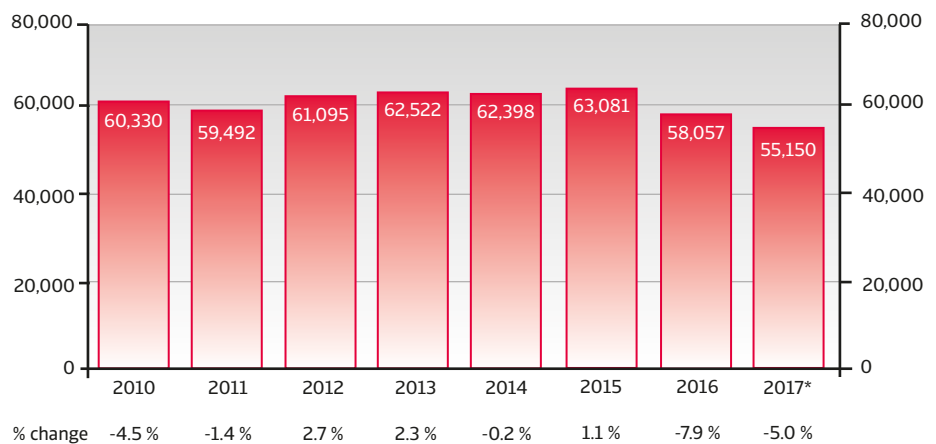
Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction	Construction Materials
				
Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
				
Metals	Paper	Services	Steel	Textiles
				

## The insolvency environment

### Despite decreases in 2016 and 2017, the insolvency level remains high

French business insolvencies decreased by about 8% in 2016, and in 2017 another 5% decline is expected, in line with the on-going (albeit modest) economic rebound. However, with more than 58,000 cases in 2016 the number of business insolvencies was still about 5% higher than in 2008.

#### French business insolvencies (year-on-year change)

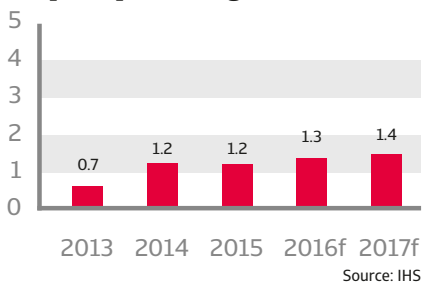


\*forecast

Sources: National Statistics Office, IHS, Atradius Economic Research

## Economic situation

### Real GDP growth (y-on-y, % change)

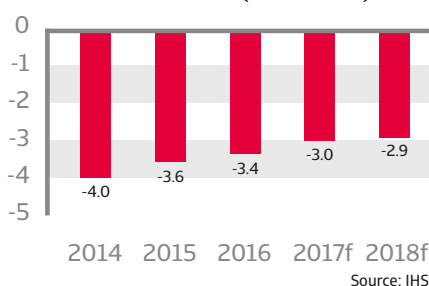


### Growth expected to remain below eurozone average

After several years of feeble GDP increases of less than 1%, in 2015 and 2016 the French economy grew 1.2% annually. However, this growth rate remained below the eurozone average (1.6% growth in 2016).

In 2017 and 2018 French economic growth is expected to increase only modestly, by 1.3% and 1.4% respectively; again below the eurozone average. Productivity remains an issue in the French manufacturing sector. Unemployment, at least, shows a decreasing trend, which should benefit private consumption.

### Fiscal balance (% of GDP)



The 2008 credit crisis, subsequent government stimulus measures, and France's only modest recovery have led to a sharp increase in public debt in recent years, up to 93% of GDP in 2016 from 67% of GDP in 2008. The French government has repeatedly missed meeting the Maastricht deficit threshold of 3% of GDP. Despite some austerity programmes, more measures to curb public spending are required, as public spending in France is the highest in the eurozone (57% of GDP).

# Germany

Main import sources (2015, % of total)	
The Netherlands:	13.7 %
France:	7.6 %
China:	7.3 %
Belgium:	6.0 %
Italy:	5.2 %

Main export markets (2015, % of total)	
USA:	9.6 %
France:	8.6 %
United Kingdom:	7.5 %
The Netherlands:	6.6 %
China:	6.0 %
















Key indicators	2014	2015	2016	2017*	2018*
Real GDP (y-on-y, % change)	1.6	1.5	1.8	1.4	1.5
Consumer prices (y-on-y, % change)	0.9	0.2	0.5	2.1	1.8
Real private consumption (y-on-y, % change)	1.0	1.9	1.8	1.5	1.4
Retail sales (y-on-y, % change)	0.9	2.3	1.2	0.2	0.3
Industrial production (y-on-y, % change)	1.5	0.5	1.0	2.6	2.5
Unemployment rate (%)	6.7	6.4	6.1	5.8	5.9
Real fixed investment (y-on-y, % change)	3.4	1.1	2.1	2.7	2.0
Exports of goods and non-factor services (y-on-y, % change)	4.0	4.6	2.4	3.6	3.2
Fiscal balance (% of GDP)	-0.2	0.2	0.2	0.1	0.0
Government debt (% of GDP)	68.3	69.9	65.3	63.4	65.5

\* forecast Source: IHS

## German industries performance forecast

May 2017

- 
**Excellent:**  
 The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.
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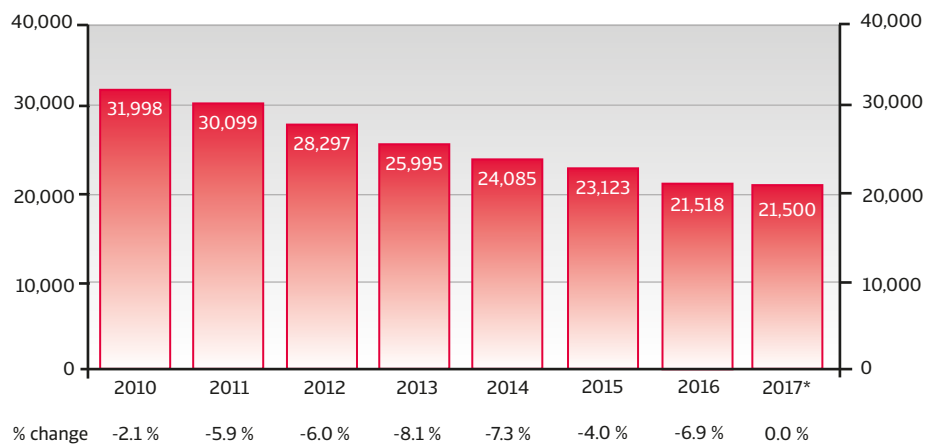
Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction	Construction Materials
				
Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
				
Metals	Paper	Services	Steel	Textiles
				

## The insolvency environment

### No further insolvency decrease expected in 2017

As a consequence of Germany's consistent economic performance since 2010, the number of business failures decreased annually. In 2016 business failures decreased by 6.9%, to about 21,500 cases. However, at the same time, creditors' outstanding claims increased to EUR 27.4 billion in 2016 compared to EUR 17.3 billion in 2015, as more larger and economically relevant businesses failed. In 2017, no substantial insolvency decrease, as seen in previous years, is expected.

### German business insolvencies (year-on-year change)

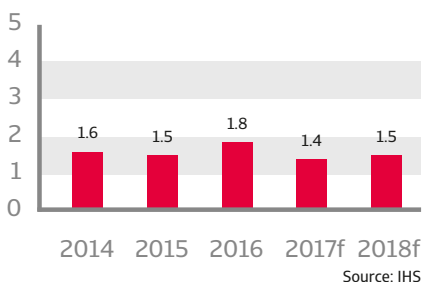


\*forecast

Sources: National Statistics Office, IHS, Atradius Economic Research

## Economic situation

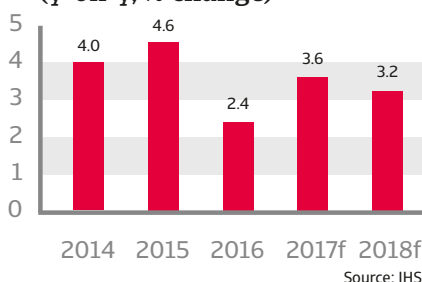
### Real GDP growth (y-on-y, % change)



### Private consumption remains a key driver of growth in 2017

The German economy remains resilient, recording a solid growth rate of 1.8% in 2016. As in 2015 household consumption was a key driver, increasing 1.8% (this is in contrast to previous years, when economic growth was mainly driven by exports). In 2017 private consumption growth is expected to slow down somewhat as consumer prices increase above 2%, but remain sustained by wage growth and a decreasing unemployment.

### Exports of goods and non-factor services (y-on-y, % change)



Export growth is expected to accelerate in 2017 as global demand increases and the eurozone rebound continues. At the same time, government expenditures and industrial production will increase further. That said, business investment growth remains relatively weak.

The federal government has achieved slight budget surpluses since 2015, largely due to higher tax revenues and lower government transfer payments for unemployment. In 2017 and 2018 the budget surplus is expected to be maintained. However, depending on the outcome of the September 2017 general elections, public spending could increase further in 2018 and beyond.

# Ireland

Main import sources (2015, % of total)	
United Kingdom:	31.6 %
USA:	15.2 %
France:	10.7 %
Germany:	9.1 %
The Netherlands:	4.8 %

Main export markets (2015, % of total)	
USA:	24.0 %
United Kingdom:	13.8 %
Belgium:	13.1 %
Germany:	6.6 %
Switzerland:	5.5 %
















Key indicators	2014	2015*	2016	2017**	2018**
Real GDP (y-on-y, % change)	8.4	26.3	4.2	3.1	2.0
Consumer prices (y-on-y, % change)	0.2	-0.3	0.0	0.7	1.1
Real private consumption (y-on-y, % change)	1.7	4.5	2.6	1.9	2.7
Retail sales (y-on-y, % change)	6.0	7.3	4.4	0.4	2.4
Industrial production (y-on-y, % change)	21.0	36.9	0.8	2.7	2.1
Unemployment rate (%)	11.3	9.4	7.9	6.9	6.4
Real fixed investment (y-on-y, % change)	18.1	32.5	3.3	3.4	3.7
Exports of goods and non-factor services (y-on-y, % change)	14.4	34.5	1.5	4.1	2.5
Fiscal balance (% of GDP)	-3.8	-1.9	-1.5	-0.7	0.2
Government debt (% of GDP)	97.3	77.9	76.5	76.2	78.8

\* The extraordinary high growth rate seen in 2015 is due to a statistical revision, after which foreign companies that switched their base to Ireland were included in the value of its corporate sector. \*\* forecast Source: IHS

## Irish industries performance forecast

May 2017

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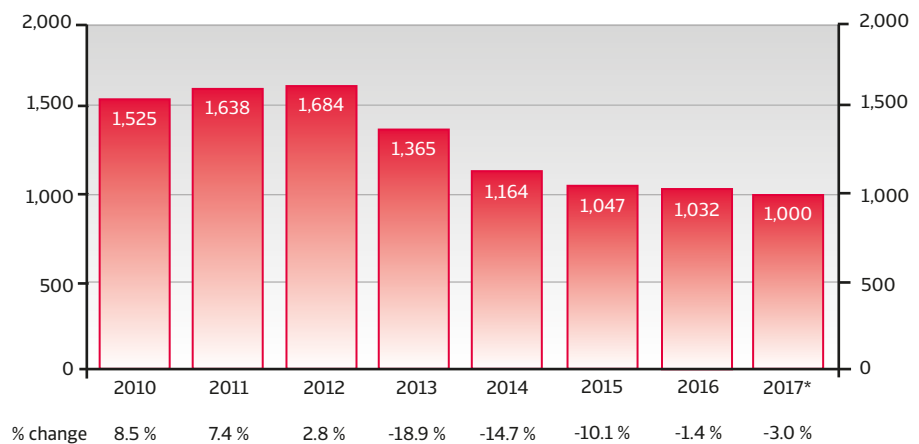
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## The insolvency environment

### Business failures are expected to decrease further

After six years of increases, Irish business insolvencies finally started to decline in 2013. However, this positive trend slowed down to a 1% decrease in 2016, while in 2017 a 3% decrease is expected. That said, businesses dependent on exports to the UK (e.g. in the food sector) are increasingly suffering from the depreciation of the British pound against the euro.

### Irish business insolvencies (year-on-year change)

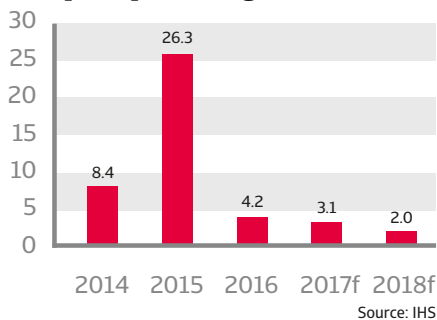


\*forecast

Sources: National Statistics Office, IHS, Atradius Economic Research

## Economic situation

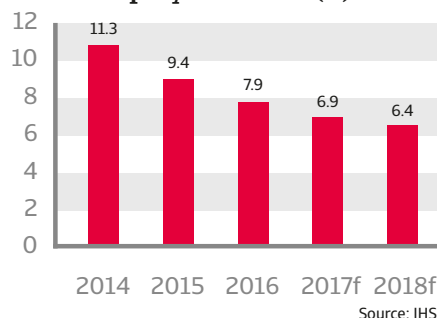
### Real GDP growth (y-on-y, % change)



### The Brexit decision casts its shadow

The Irish economy grew robustly in 2015 and 2016, based on solid domestic demand, investment and export growth. International investors seem to appreciate the government's efforts to reduce the public deficit and have regained new trust in the (long-term) sustainability of public finances. In 2017 GDP expansion is expected to continue, although at a slower pace (up 3.1% and 2.0% respectively), sustained by further growth in exports and investments. Unemployment is expected to decrease further.

### Unemployment rate (%)



However, due to the importance of the British market (which accounts for about 14% of Irish goods and 20% of services exports) the repercussions of the Brexit decision have started to affect business sentiment and certain Irish sectors, e.g. the depreciation of the pound sterling has already hurt Irish agricultural/food products to the UK. Therefore, a potential economic downturn in the UK and the outcome of the EU-UK negotiations in the coming two years (towards a "soft leave" or "hard leave") will immediately affect Ireland's economic performance.

# Italy

Main import sources (2015, % of total)	
Germany:	15.6 %
France:	8.8 %
China:	7.7 %
The Netherlands:	5.7 %
Spain:	5.1 %

Main export markets (2015, % of total)	
Germany:	12.6 %
France:	10.5 %
USA:	8.9 %
United Kingdom:	5.5 %
Spain:	4.9 %
















Key indicators	2014	2015	2016	2017*	2018*
Real GDP (y-on-y, % change)	0.2	0.7	0.9	0.6	0.7
Consumer prices (y-on-y, % change)	0.2	0.0	-0.1	1.7	1.6
Real private consumption (y-on-y, % change)	0.2	1.6	1.3	0.5	0.5
Retail sales (y-on-y, % change)	-1.4	0.7	-0.1	-0.9	0.7
Industrial production (y-on-y, % change)	-0.6	0.9	2.0	2.0	1.6
Unemployment rate (%)	12.6	11.9	11.7	11.8	11.3
Real fixed investment (y-on-y, % change)	-2.2	1.4	3.1	1.8	0.9
Exports of goods and non-factor services (y-on-y, % change)	2.4	4.1	2.6	1.7	2.1
Fiscal balance (% of GDP)	-3.0	-2.6	-2.4	-3.8	-2.9
Government debt (% of GDP)	120.4	129.9	128.9	132.8	140.8

\* forecast Source: IHS

## Italian industries performance forecast

May 2017

- 
**Excellent:**  
 The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.
- 
**Good:**  
 The credit risk situation in the sector is benign / business performance in the sector is above its long-term trend.
- 
**Fair:**  
 The credit risk credit situation in the sector is average / business performance in the sector is stable.
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 The credit risk situation in the sector is relatively high / business performance in the sector is below long-term trend.
- 
**Bleak:**  
 The credit risk situation in the sector is poor / business performance in the sector is weak compared to its long-term trend.

Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction	Construction Materials
				
Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
				
Metals	Paper	Services	Steel	Textiles
				

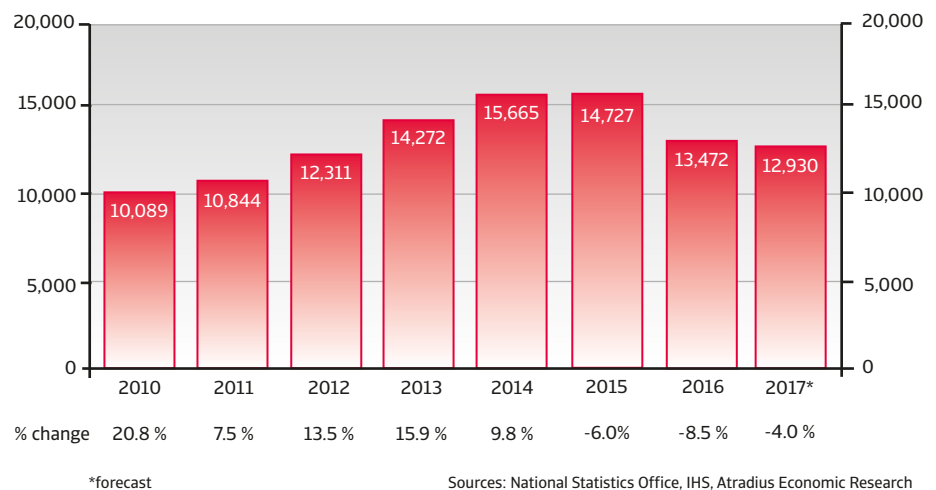
## The insolvency environment

### Only a modest decrease in insolvencies in 2017 after years of steady increases

In line with Italy's weak economic performance over past years, corporate insolvencies registered annual increases between 2008 and 2014, mainly with double-digit growth rates. In 2015 and 2016 insolvencies finally decreased, by 6% and 8.5% respectively. In 2017 a 4% decline is expected, but the forecast number of about 12,900 cases is still much higher than that in 2008 (6,500 cases).

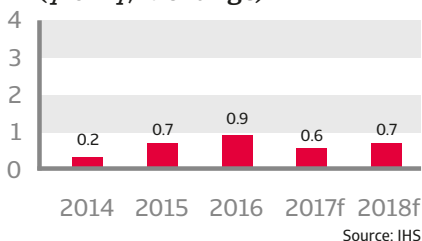
Liquidity problems of Italian businesses are exacerbated by continuing poor payment behaviour, especially by the public sector. Moreover, Italian companies compared to their Western European counterparts, show a higher average gearing – especially short-term gearing.

### Italian business insolvencies (year-on-year change)



## Economic situation

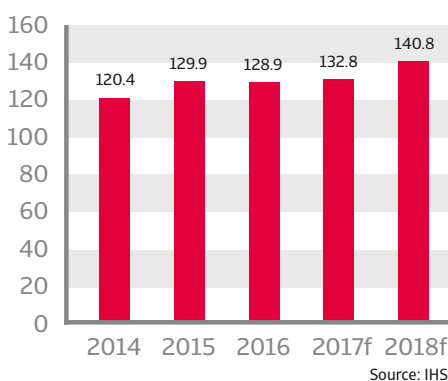
### Real GDP growth (y-on-y, % change)



### A feeble rebound with potential downside risks

Italy's economic rebound remains feeble, with modest growth forecasts of 0.6% in 2017 and 0.7% in 2018. The current recovery is far from stable. Export growth is supported by a weaker euro exchange rate, however Italy's competitiveness has not improved against its EU peers. Reform efforts (e.g. in the labour market) have been insufficient so far. The Italian banking sector remains under pressure, and, in particular, loan provisions to businesses remain constrained. Despite some efforts for fiscal consolidation, the government debt-to-GDP ratio remains high, at more than 130%. In order to decrease the debt ratio substantially a nominal annual growth rate of 3% would be required.

### Government debt (% of GDP)



Additionally, political uncertainty has increased after Prime Minister Matteo Renzi stepped down in December 2016 as a reaction to the rejection of constitutional changes in a referendum. While Italy's political landscape remains fragmented, early elections in 2017 cannot be ruled out. As a reaction sovereign yield spreads have increased since early 2017.



# The Netherlands

Main import sources (2016, % of total)	
Germany:	17.2 %
Belgium:	9.8 %
China:	9.1 %
USA:	8.7 %
United Kingdom:	5.5 %

Main export markets (2016, % of total)	
Germany:	23.2 %
Belgium:	10.4 %
United Kingdom:	8.9 %
France:	8.0 %
USA:	4.3 %

Key indicators	2014	2015	2016	2017*	2018*
Real GDP (y-on-y, % change)	1.4	2.0	2.1	2.0	1.8
Consumer prices (y-on-y, % change)	1.0	0.6	0.3	1.6	1.4
Real private consumption (y-on-y, % change)	0.3	1.8	1.7	1.7	1.5
Retail sales (y-on-y, % change)	-0.5	0.8	1.6	1.8	0.8
Industrial production (y-on-y, % change)	-2.8	-3.3	1.9	0.9	1.3
Unemployment rate (%)	7.4	6.9	6.0	5.2	5.2
Real fixed investment (y-on-y, % change)	2.3	9.9	4.8	1.0	1.9
Exports of goods and non-factor services (y-on-y, % change)	4.4	5.0	3.5	3.5	4.4
Fiscal balance (% of GDP)	-2.3	-1.9	-0.3	-0.9	-0.9
Government debt (% of GDP)	62.1	63.9	62.0	58.8	61.6

\* forecast Source: IHS

## Dutch industries performance forecast

May 2017



**Excellent:**  
The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.



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**Bleak:**  
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Agriculture	Automotive/Transport	Chemicals/Pharma	Construction	Construction Materials
Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/Engineering
Metals	Paper	Services	Steel	Textiles

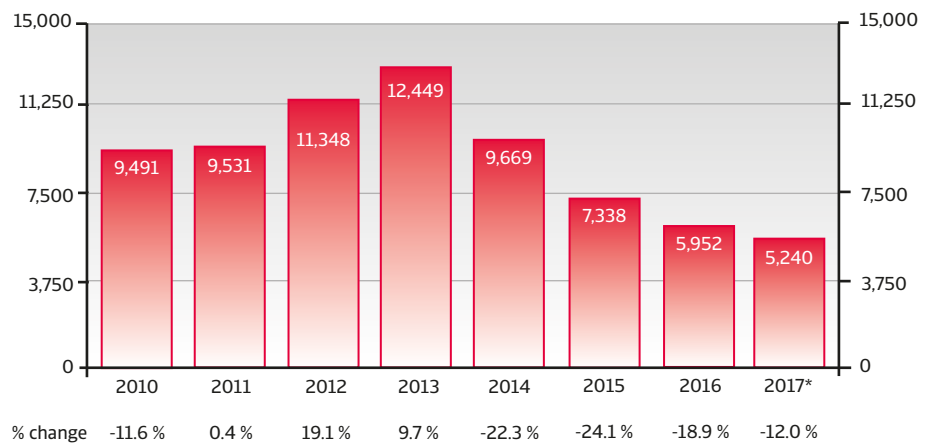
## The insolvency environment

### Corporate insolvency decrease expected to slow down in 2017

The economic slowdown in 2012 and 2013 triggered sharp increases in business insolvencies. Due to the economic rebound since 2014 business failures started to decrease again, declining 18.9% to 5,952 cases in 2016 (including sole proprietorships). The positive trend is expected to continue in 2017.

#### Dutch business insolvencies

(year-on-year change)

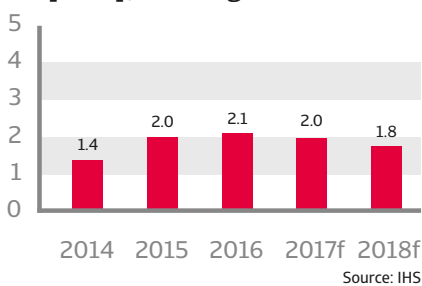


\*forecast

Sources: National Statistics Office, IHS, Atradius Economic Research

## Economic situation

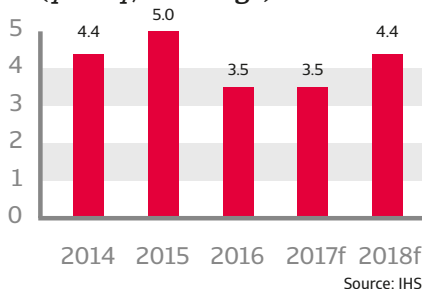
### Real GDP growth (y-on-y, % change)



### Solid growth to continue in 2017 and 2018

The Dutch economy has gained momentum in 2015 and 2016, and is forecast to continue to grow in 2017 and 2018 by about 2% annually. All spending categories are expected to contribute to the economic expansion. Private consumption benefits from decreasing unemployment (which has decreased substantially over the past three years), an increase in disposable income and a 15% rebound of house prices since 2013. At the same time, inflation will increase to 1.6% in 2017 due to higher energy prices. Dutch exports continue to benefit from higher global demand and the depreciation of the euro. Due to past austerity measures and the on-going economic growth, the budget deficit is expected to remain small or even turn into a surplus in 2017 and 2018.

### Exports of goods and non-factor services (y-on-y, % change)



The Brexit decision will most probably affect Dutch industries in the mid-term, due to close trade and investment ties between the Netherlands and the UK. The sectors to be mainly affected are chemicals, electronics, food and metals.

# Spain

Main import sources (2015, % of total)	
Germany:	14.7 %
France:	11.9 %
China:	7.2 %
Italy:	6.6 %
The Netherlands:	5.1 %

Main export markets (2015, % of total)	
France:	16.1 %
Germany:	11.3 %
United Kingdom:	7.6 %
Italy:	7.5 %
Portugal:	7.3 %

Key indicators	2014	2015	2016	2017*	2018*
Real GDP (y-on-y, % change)	1.4	3.2	3.2	2.4	2.2
Consumer prices (y-on-y, % change)	-0.1	-0.5	-0.2	2.6	1.8
Real private consumption (y-on-y, % change)	1.6	2.9	3.2	2.2	2.0
Retail sales (y-on-y, % change)	0.6	2.2	2.4	-1.2	0.7
Industrial production (y-on-y, % change)	1.2	3.2	1.9	1.8	1.5
Unemployment rate (%)	24.5	22.1	19.6	17.6	16.7
Real fixed investment (y-on-y, % change)	3.8	6.0	3.1	2.1	2.4
Exports of goods and non-factor services (y-on-y, % change)	4.2	4.9	4.4	4.0	3.8
Fiscal balance (% of GDP)	-6.0	-5.2	-4.5	-3.5	-3.0
Government debt (% of GDP)	92.2	98.5	97.4	97.4	103.4

\* forecast Source: IHS

## Spanish industries performance forecast

May 2017



**Excellent:**  
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Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction	Construction Materials
Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
Metals	Paper	Services	Steel	Textiles

## The insolvency environment

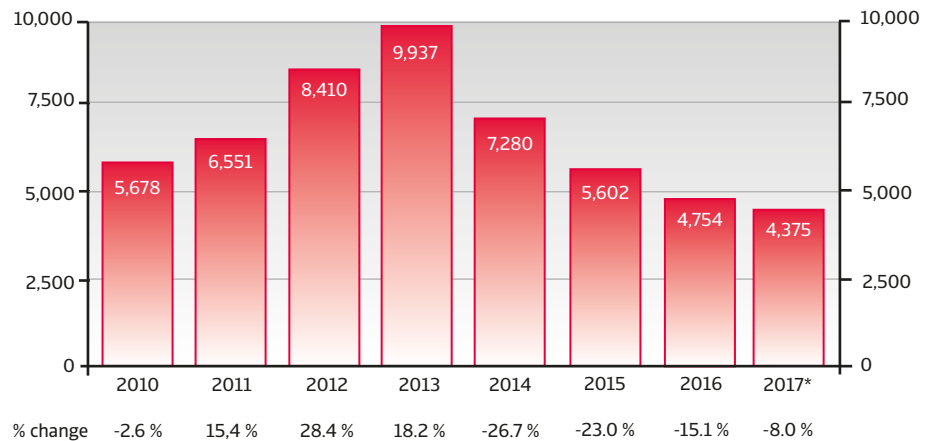
### Another insolvency improvement expected in 2017, but figures remain high

Corporate defaults have closely reflected economic conditions, with high year-on-year increases seen in 2012 and 2013. This was mainly a consequence of the drop in internal demand and generally high pressure on businesses' liquidity because of limited options for external financing.

However, with the economic rebound since 2014 insolvencies began falling again, and this positive trend is expected to continue, with business failures forecast to decrease 8% in 2017. This would still leave business insolvencies at a high level of about 4,400 cases, not yet fully recovered from the increases since 2008, when about 3,000 cases were recorded.

### Spanish business insolvencies

(year-on-year change)

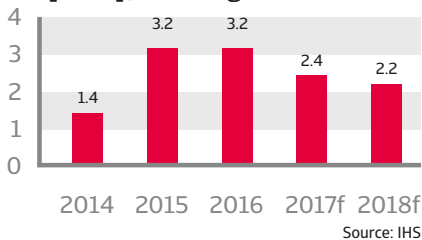


\*forecast

Sources: National Statistics Office, IHS, Atradius Economic Research

## Economic situation

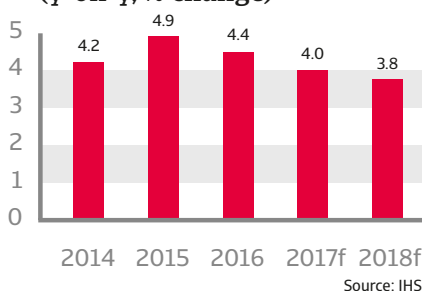
### Real GDP growth (y-on-y, % change)



### The economic rebound continues

Spain's economic rebound gained further momentum in 2016, with GDP increasing again by more than 3%. In 2017 economic growth of 2.4% is expected as household consumption remains robust (although the positive effect of lower energy prices, fiscal stimulus and income tax changes seen in 2016 fade), and unemployment continues to decrease. Both real fixed investment and industrial production are expected to continue to grow and export growth to remain robust in 2017. After three years of deflationary consumer prices, inflation is expected to return.

### Exports of goods and non-factor services (y-on-y, % change)



The deleveraging of household and corporate debt continued in 2016, but there is still some way to go, as both debt levels are still above eurozone averages.

The resilience of Spanish banks has improved further in 2016, in terms of asset quality and capital. However, the level of non-performing loans remained high compared to that of other EU-members. With one exception, Spanish banks have passed the 2016 stress test of the European Banking Authority.

In July 2016 the European Commission conceded Spain two additional years, until 2018, to lower the budget deficit to less than 3%. In 2016 a fiscal deficit of 3.5% of GDP is predicted, followed by a reduction to 3.0% of GDP in 2018.

# Sweden

## Main import sources (2015, % of total)

Germany:	18.0 %
The Netherlands:	8.1 %
Norway:	7.9 %
Denmark:	7.7 %
China:	6.0 %

## Main export markets (2015, % of total)

Norway:	10.4 %
Germany:	10.4 %
USA:	7.8 %
United Kingdom:	7.3 %
Denmark:	6.9 %

## Key indicators

	2014	2015	2016	2017*	2018*
Real GDP (y-on-y, % change)	2.7	3.8	3.1	2.2	2.2
Consumer prices (y-on-y, % change)	-0.2	0.0	1.0	1.8	1.9
Real private consumption (y-on-y, % change)	2.2	2.6	2.2	1.7	1.7
Retail sales (y-on-y, % change)	3.0	5.8	2.1	1.6	0.6
Industrial production (y-on-y, % change)	-1.7	3.1	1.1	1.9	1.5
Unemployment rate (%)	7.9	7.4	7.0	6.8	6.8
Real fixed investment (y-on-y, % change)	5.6	6.5	5.5	3.3	2.5
Exports of goods and non-factor services (y-on-y, % change)	5.5	5.2	3.0	2.6	2.5
Fiscal balance (% of GDP)	-1.6	0.3	0.2	-0.4	-0.2
Government debt (% of GDP)	39.0	43.8	39.3	40.4	43.2

\* forecast Source: IHS

## Swedish industries performance forecast

May 2017



**Excellent:**  
The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend.



**Good:**  
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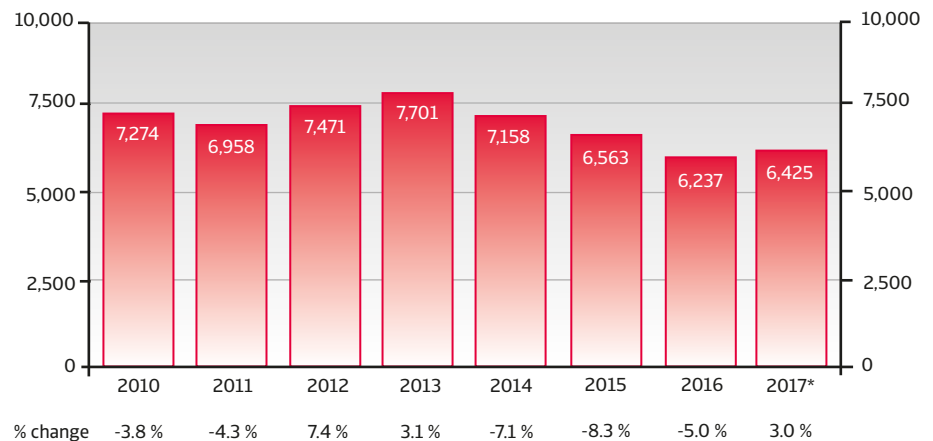
Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction	Construction Materials
Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
Metals	Paper	Services	Steel	Textiles

## The insolvency environment

### Insolvencies expected to increase again

Swedish business insolvencies have decreased since 2014, with a 5% decline recorded in 2016. However, in 2017 a turnaround is expected, with a modest 3% increase forecast.

#### Swedish business insolvencies (year-on-year change)

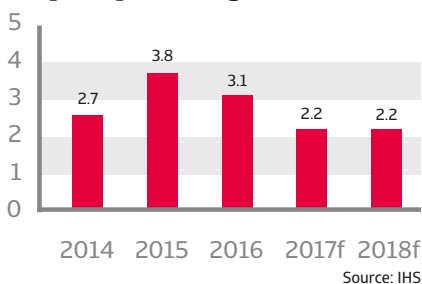


\*forecast

Sources: National Statistics Office, IHS, Atradius Economic Research

## Economic situation

### Real GDP growth (y-on-y, % change)

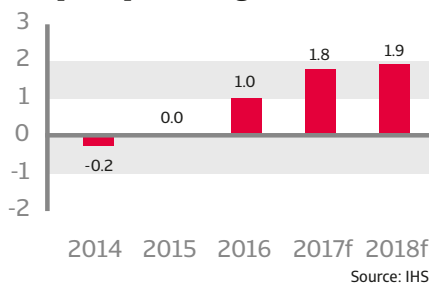


### Growth slows down in 2017, but remains robust

The Swedish economy is forecast to grow 2.2% in 2017 after increasing 3.1% in 2016. Supported by negative interest rates, both household consumption and investment growth are expected to continue, although at a lower rate than in 2016.

In order to combat deflation and to weaken the currency, the Swedish Central Bank has repeatedly lowered the repo rate since July 2014, which has been -0.5% since February 2016. Inflation picked up again in 2016 and is expected to increase 1.8% in 2017. The expansionary monetary policy has driven investments and asset prices.

### Consumer prices (y-on-y, % change)



# Switzerland

## Main import sources (2015, % of total)

Germany:	20.6 %
United Kingdom:	12.8 %
USA:	8.0 %
Italy:	7.7 %
France:	6.6 %

## Main export markets (2015, % of total)

Germany:	14.2 %
USA:	10.6 %
Hong Kong:	8.7 %
Italy:	7.4 %
China:	7.0 %

## Key indicators

	2014	2015	2016	2017*	2018*
Real GDP (y-on-y, % change)	2.0	0.8	1.3	1.5	1.8
Consumer prices (y-on-y, % change)	0.0	-1.1	-0.4	0.6	0.5
Real private consumption (y-on-y, % change)	1.2	1.0	1.2	1.5	1.3
Retail sales (y-on-y, % change)	0.1	-1.9	-2.1	-0.5	0.5
Industrial production (y-on-y, % change)	1.4	-2.6	-0.2	2.5	2.3
Unemployment rate (%)	3.0	3.2	3.3	3.2	3.0
Real fixed investment (y-on-y, % change)	2.8	1.5	2.5	1.0	2.0
Exports of goods and non-factor services (y-on-y, % change)	5.1	2.0	4.6	2.3	2.6
Fiscal balance (% of GDP)	-0.3	1.1	0.9	0.8	0.8
Government debt (% of GDP)	32.0	33.2	32.7	32.6	34.0

\* forecast Source: IHS

## Swiss industries performance forecast

May 2017



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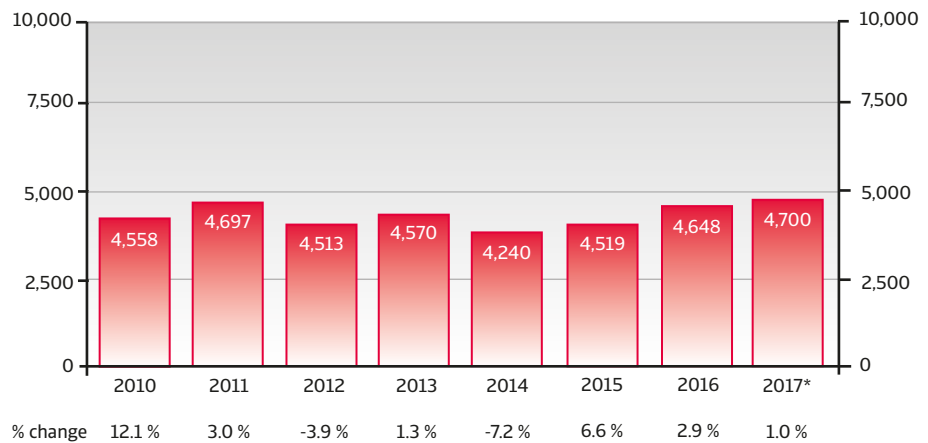
Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction	Construction Materials
Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/ Engineering
Metals	Paper	Services	Steel	Textiles

# The insolvency environment

## Corporate insolvencies expected to increase further in 2017

Since 2015 Swiss business insolvencies have recorded annual increases due to a more difficult economic environment. Despite a rebound of GDP growth, this trend is expected to continue in 2017, with business failures rising 1%, to 4,700 cases of bankrupt and over-indebted businesses.

**Swiss business insolvencies**  
(year-on-year change)

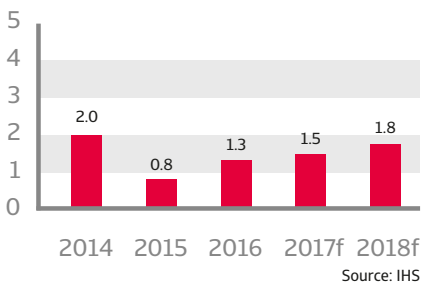


\*forecast

Sources: National Statistics Office, IHS, Atradius Economic Research

# Economic situation

**Real GDP growth**  
(y-on-y, % change)

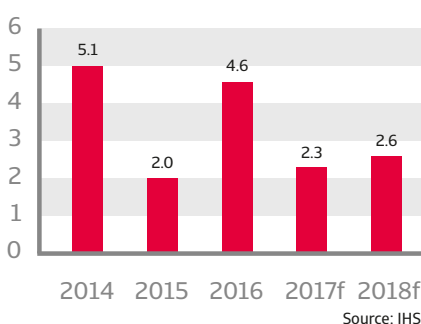


## Growth expected to remain below 2% in 2017

In 2016 the Swiss economy modestly rebounded after the January 2015 decision of the Swiss Central Bank to end the exchange rate cap, which had led to a sharp appreciation of the Swiss franc (especially against the euro), severely affecting exports. Switzerland relies heavily on exports, which account for 70% of GDP. In 2016, export-oriented businesses production costs had risen relative to their export prices, squeezing profit levels.

The 2016 rebound was driven by stabilisation of the exchange rate and increased demand from the eurozone, leading to higher exports. The Central Bank has kept the benchmark interest rate at -0.75%, which has contributed somewhat to the weakening of the Swiss franc exchange rate.

**Exports of goods and non-factor services**  
(y-on-y, % change)



In 2017 the gradual rebound is set to continue, with export growth forecast to continue and private consumption growth expected to pick up slightly. Consumer price inflation is forecast to remain below 1%.



# United Kingdom

Main import sources (2015, % of total)	
Germany:	14.8 %
China:	9.8 %
USA:	9.2 %
The Netherlands:	7.5 %
France:	5.8 %

Main export markets (2015, % of total)	
USA:	14.6 %
Germany:	10.1 %
Switzerland:	7.0 %
China:	6.0 %
France:	5.9 %

Key indicators	2014	2015	2016	2017*	2018*
Real GDP (y-on-y, % change)	3.1	2.2	2.0	1.6	1.2
Consumer prices (y-on-y, % change)	1.5	0.0	0.7	2.7	3.1
Real private consumption (y-on-y, % change)	2.2	2.4	3.0	1.8	1.2
Retail sales (y-on-y, % change)	1.9	1.0	2.6	1.2	0.8
Industrial production (y-on-y, % change)	1.5	1.2	1.2	1.9	1.5
Unemployment rate (%)	6.2	5.4	4.9	5.1	5.5
Real fixed investment (y-on-y, % change)	6.7	3.4	0.5	0.2	0.3
Exports of goods and non-factor services (y-on-y, % change)	1.5	6.1	1.4	4.2	3.0
Fiscal balance (% of GDP)	-5.7	-4.3	-3.4	-2.7	-2.5
Government debt (% of GDP)	80.0	82.5	79.2	79.5	82.5

\* forecast Source: IHS

## British industries performance forecast

May 2017



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Agriculture	Automotive/Transport	Chemicals/Pharma	Construction	Construction Materials
Consumer Durables	Electronics/ICT	Financial Services	Food	Machines/Engineering
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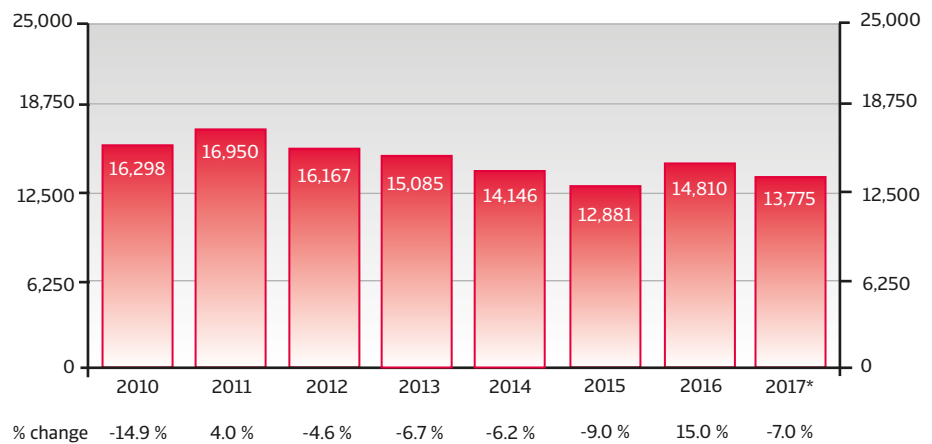
## The insolvency environment

### Insolvency increase in 2016

In 2016 the UK Insolvency Service recorded a 15% year-on-year increase in compulsory liquidations and creditors' voluntary liquidations in England and Wales rose to 14,810 cases. However, this increase was primarily caused by changes to claimable expenses rules, which led to the liquidation of nearly 1,800 personal service companies (PSC) in Q4 of 2016. Excluding those PSCs, the increase was 1% year-on-year. Given the exceptionally high insolvency level in 2016, an 7% decrease is expected in 2017, signalling statistical adjustment, but not economic resilience, as business insolvencies in certain industries are expected to increase due to on-going uncertainty surrounding Brexit.

### British business insolvencies

(year-on-year change)

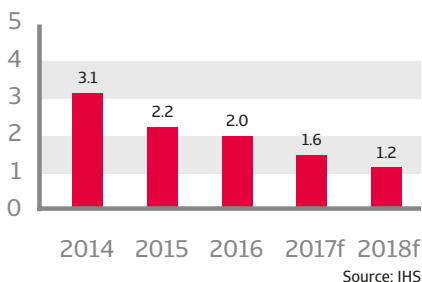


\*forecast

Sources: National Statistics Office, IHS, Atradius Economic Research

## Economic situation

### Real GDP growth (y-on-y, % change)

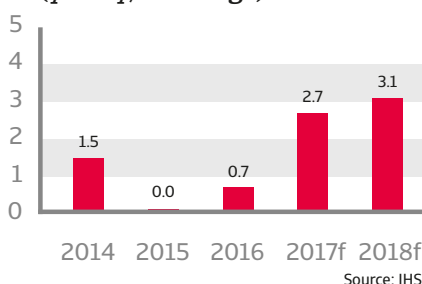


### Growth rate expected to slow down in 2017

In the aftermath of the June 2016 Brexit vote the UK economy remained resilient, recording 2% growth last year. Consumer spending has been the engine of economic expansion, supported by relatively high employment.

The momentum has remained strong thus far in 2017, but higher inflation due to the weak pound and increasing uncertainty surrounding negotiations with the EU will likely weigh on household consumption in 2017. Investment growth will slow down due to increased uncertainty over the course of the EU-UK negotiations (the UK government invoked Article 50 in March 2017, formally beginning the exit negotiation process with the EU). At the same time, exports are expected to pick up in 2017, helped by increased international competitiveness due to the weaker pound. UK GDP growth is expected to slow down to 1.6% in 2017 and 1.2% in 2018. Despite increasing inflation, the Bank of England has kept interest rates at 0.25% for the time being.

### Consumer prices (y-on-y, % change)



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