

Hong Kong/ Vienna, 6 May 2015

## 70% of companies in the Asia-Pacific Region experienced overdue payments in 2014

Coface's annual survey on Asia-Pacific region questioned 2,695 companies in 8 economies. 70% of the companies surveyed experienced overdue in 2014 - the highest level in 3 years. In addition, 37% of the respondents reported that overdue amounts increased in 2014, up by 2% compared with the previous year. Companies in China, India, Hong Kong and Thailand are particularly affected.

### Australia, Japan, Singapore and Taiwan: improved corporate payment experience

Although the region's general overdue situation deteriorated, a marked improvement on all indicators was witnessed in Australia (i.e. occurrence of overdues, length of average overdue and potential liquidity issues related to ultra-long overdues exceeding 180 days). Taiwan and Singapore also experienced improved payments in 2014, in terms of length of average overdue and weight of ultra-long overdues. In Japan, although more overdues and longer overdue periods were reported by companies in 2014, the weight of ultra-long overdues remained the lowest among countries in the region, while insolvencies and business closures also remained at low levels.

	Overdue occurrences			Average overdue periods over 90 days			Ultra-long overdues > 2% of turnover		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
<b>APAC</b>	67%	68%	70%	13%	14%	15%	37%	30%	25%
<b>Australia</b>	83%	85%	74%	9%	10%	7%	43%	23%	17%
<b>China</b>	77%	82%	80%	13%	18%	20%	36%	33%	30%
<b>Hong Kong</b>	57%	53%	55%	19%	12%	18%	49%	35%	33%
<b>India</b>	56%	63%	86%	18%	10%	10%	60%	30%	24%
<b>Japan</b>	42%	36%	43%	7%	6%	10%	14%	8%	7%
<b>Singapore</b>	68%	76%	85%	20%	21%	10%	53%	45%	23%
<b>Taiwan</b>	77%	56%	48%	7%	14%	21%	11%	16%	15%
<b>Thailand<sup>1</sup></b>	N/A	N/A	89%	N/A	N/A	4%	N/A	N/A	19%

Source: Coface

<sup>1</sup> Coface conducted the payment survey in Thailand for the first time in 2014

*“While Australia’s corporate payment experience continues to improve, its economy still faces some headwinds. As Australia’s exports will be hurt by the less dynamic Chinese economy, more support is needed to boost the country’s domestic demand. With its entry into the Asian Infrastructure Investment Bank (AIIB), Australia could see a revival in the demand for natural resources, which would be beneficial to this resource-rich country,”* said Rocky Tung, Coface Economist for the Asia-Pacific Region.

### **China, Hong Kong, India and Thailand: more challenges for companies**

In China, the percentage of companies experiencing overdue payments in 2014 remained high. The Chinese economy’s high leverage, combined with the high cost of financing and low profitability of certain industries, means that the economic outlook for 2015 remains challenging. Coface’s risk policy remains cautious on industries affected by overcapacity issues, such as iron, steel, cement, shipbuilding, aluminium, glass for construction, coal mining, paper and printing.

In Hong Kong, overdues became more common and longer in terms of days. Going forward, the highly expensive property market and the downwards pressure on Hong Kong’s retail market (resulting from less dynamic growth in tourism) may lead to headwinds for the economy.

*“The strength of the Hong Kong dollar makes the city less appealing as a travel destination. The recent anti-parallel trader activities, coupled with the once-per-week limit set by Mainland authorities to restrict visits by Shenzhen residents to Hong Kong, mean that tourism-related industries will be the first to feel the impact, while department store owners and operators will also be negatively affected. Businesses in the city may face the surprise of negative demand in the near-term,”* said Rocky Tung.

In India, overdue situations became more common in 2014. Coface underwriters reported that corporate overdue payments in India deteriorated in 2014, with huge increases in overdues from companies across all sectors, headlined by companies directly or indirectly related to the construction industry (such as infrastructure). Partnership and proprietary owned companies were the most severely affected.

Thailand’s business environment was weak in 2014, as shown by the number of companies that were dissolved. This means that corporate payment risks are high in Thailand. The trend is mainly led by the economic slowdown which suffered a sharp downturn when protracted domestic political turmoil affected growth momentum in the first half of the year. We noted a marked deterioration in payment experience in 2014, particularly for sectors related to household electric/electronic appliances, chemicals, building materials and steel.

	Company Insolvency	Risky Sectors
<b>Australia</b>	Improved	Agro-food, retail and mining
<b>China</b>	N/A	Iron & steel, cement, shipbuilding, aluminium, glasses for construction, coal mining, paper and printing, clothing, food, household and transportation
<b>Hong Kong</b>	Deteriorated	Retail, tourism & textile
<b>India</b>	N/A	Construction and related, agro-food, chemicals, electronics & IT, metal, textile, wood & paper
<b>Japan</b>	Improved	SMEs in retail sector, chemicals, metal, textile, wood & paper
<b>Singapore</b>	Improved	Chemicals and oil related, agro-food
<b>Taiwan</b>	Stable	Solar related
<b>Thailand</b>	Deteriorated	Household electric/ electronic appliances, chemicals, building materials and steel

Source: Coface

#### MEDIA CONTACTS

Michaela WIMMER – Communications Manager  
T. 01/515 54 540 – michaela.wimmer@coface.com

#### About Coface

The Coface Group, a worldwide leader in credit insurance, offers companies around the globe solutions to protect them against the risk of financial default of their clients, both on the domestic market and for export. In 2014, the Group, supported by its 4,406 staff, posted a consolidated turnover of €1.441 billion. Present directly or indirectly in 98 countries, it secures transactions of 40,000 companies in more than 200 countries. Each quarter, Coface publishes its assessments of country risk for 160 countries, based on its unique knowledge of companies' payment behaviour and on the expertise of its 350 underwriters located close to clients and their debtors.

In France, Coface manages export public guarantees on behalf of the French State.

[www.coface.com](http://www.coface.com)

Coface SA. is listed on Euronext Paris – Compartment A  
ISIN: FR0010667147 / Ticker: COFA

