

Press Release  
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## **ICC Trade Register reflects on the impact of COVID-19 on global trade, while affirming trade finance's decade-long low-risk profile**

- In 2019, global trade flows declined 2% from USD 18.5 trillion to USD 18.1 trillion, underpinning a trade finance revenue pool of USD 46 billion.
- ICC Trade Register data confirms default rates from 2008-2018 are low across all products and regions surveyed.
- The report can be used as a reference point for policymakers when considering how to support trade and trade financing during, and after, the COVID-19 crisis.

The International Chamber of Commerce (ICC) has released its 2019 Trade Register Report, revealing COVID-19's potential to disrupt global trade, while also highlighting the low-risk nature of trade finance.

The report, produced by the ICC Banking Commission, reiterates the importance for all stakeholders to take the low risk nature of trade finance into account to ensure accessibility to all businesses around the world, especially to micro- and small- and medium-sized enterprises (MSMEs).

“The ICC Trade Register is indispensable for global banking, policymakers, and fostering dialogue with regulators on a global scale,” said Olivier Paul, ICC Director for Finance for Development. “It provides an objective and transparent view of the credit risk profile and characteristics of trade, supply chain and export finance”.

The 2019 report captures a full decade of trade finance-related data – containing nearly US\$ 16 trillion of exposures from 32 million transactions across six products and 25 banks worldwide. Results indicate that default rates for trade finance products from 2008-2018 are low across all products and regions, averaging 0.36% for import letters of credit (L/Cs), 0.04% for export L/Cs, 0.73% for loans for import/export, and 0.45% for performance guarantees (all when weighted by obligor).

These results are broadly in line with the decline in risk seen in 2017 into 2018, likely driven by strong GDP growth and the increased use of open account products, mitigated in part by on-going trade tensions and the 2018 defaults of a few large corporates.

The report also features a number of topical contributions and commentary on global trade from leading experts – including a comprehensive analysis of COVID-19's impact on global trade. ICC partnered with Boston Consulting Group (BCG) to model scenarios around the potential impact of COVID-19 on trade. While the ultimate impact of the virus will depend on the scale and duration of the pandemic itself, BCG assesses scenarios in which global trade could fall by anywhere between 11% and 30% in 2020.

“It is important to remember that, relative to other forms of financing, trade finance products remain a low risk form of financing,” said Krishnan Ramadurai, Chair of the ICC Trade Register Project. “COVID-19 behoves us to recognise the unprecedented nature of the health crisis – its impact on economic activity – and acknowledge that while credit risk and defaults will increase in the near term, trade finance will likely continue to perform better than other forms of financing, given its strong historical performance.”

As in previous years, the report was produced with support from Global Credit Data (GCD) and BCG. BCG worked in conjunction with the Trade Register project team to provide a strategic perspective to the paper, while GCD's experience was leveraged to advance the report's scope and methodology. The project now uses automatic data validation at point-of-entry – adding to the reliability of data and simplifying the data collection process for member banks.

Looking ahead, in order to serve its member banks that invest a significant amount of time and resources to support the project, the ICC Trade Register will review the value proposition of the report to extend its

scope and usability and focus on expanding the number of banks providing data. For the next edition of the report, ICC is also exploring the possibility of providing the market with an updated view of the impact of COVID-19 on the risk profile of trade finance as an asset class.

To read the full 2019 ICC Trade Register Report, please click [here](#).

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**Media contacts**

Timothy CONLEY

ICC

Tel: +33 (0) 1 49 53 28 49

[timothy.conley@iccwbo.org](mailto:timothy.conley@iccwbo.org)

Rachel PERRY

Moorgate-Finn Partners

Tel: +44 (0)207 377 4999

[rachel.perry@finnpartners.com](mailto:rachel.perry@finnpartners.com)

**About the International Chamber of Commerce**

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