Specialist market expecting big 2016

by John Maguire | 17 Dec 2015

Trade credit insurance could be in line for a big 2016 thanks to a number of international issues that make the cover more attractive to clients, according to one business leader.

Mark Hoppe, managing director of Atradius, Australia and New Zealand, said that the downtrend of the Chinese economy, a fluctuating Australian dollar and a series of new international trade agreements could see the cover boosted throughout 2016.

"The latter half of 2015 has seen the economy of Australia's largest trading partner, China, drop to its lowest level in years," Hoppe said.

"Meanwhile, the Australian dollar has been undergoing a slow but steady downward trend after hitting parity with the US dollar a few years ago. This also has knock-on effects for how Australian businesses trade with their international counterparts."

With the Trans-Pacific Partnership having the potential to change the landscape of Australian trade, alongside smaller deals with China, Japan and Korea, trade credit cover could become one of the hottest insurance items in 2016.

Hoppe noted that businesses and brokers are already preparing for the 2016 blitz as the latter part of 2015 has shown market awareness for the product increase.

"In the past six months we've seen a big upswing in the number of people looking to take up trade credit," Hoppe said.

"Changing economies, both at home and abroad, make trade credit a more attractive cover for a variety of businesses."

Hoppe noted that 2016 has the potential to be an "interesting" year of business for Australian and international companies across a wide range of industries.

"Between the economic shifts affecting Australia, the new trade deals, and fluctuating interest rates in Australia, 2016 will be an interesting year for most companies," Hoppe continued.

"Businesses are going to have to watch developments closely amid the

uncertainty that is likely to be a hallmark of the coming year, and take measures to protect themselves."