

## Corporate bankruptcies – France • September 2021

### Corporate bankruptcies still at their lowest level in September

- In September 2021, the number of corporate bankruptcies over one year was 27,359, a decrease of 25.1% compared to the same period a year earlier (see Tables A and B, and Chart 2).
- The fall can be observed for most sizes of companies and in most sectors of activity, including those most affected by restrictive measures related to the health situation, including accommodation and food service activities (-44.2% over one year) and wholesale and retail trade (-28.1% over one year). Compared to the number of bankruptcies recorded over one year at the end of September 2019, a period entirely prior to the health crisis, the decrease in the number of bankruptcies registered at the end of September 2021 was -47.9%.
- The number of corporate bankruptcies remains at a historically low level (Chart 1) : this can be explained firstly, by the temporary impact of the regulatory changes that temporarily modified the dates for characterizing and declaring a firm as insolvent and secondly, by all support measures that provide cash-flow assistance or have enabled firms to reduce or delay the payment of certain charges, and thus the risk of defaulting on these payments (partial activity scheme, state-guaranteed loans, solidarity fund, moratoria, etc.). Some of these measures are extended in the crisis exit plan. Wave of bankruptcies is therefore not expected.
- The decrease in September was slightly less marked than at the end of August (-26.2%) due to a "base effect". Indeed, at the end of September 2021, the basis for calculating changes (October 2019 - September 2020) includes the month of September 2020, the seventh month of the Covid-19 crisis, which led, from the lockdown, to a reduction in the number of corporate bankruptcies: with a lower base in terms of number of bankruptcies, the decreases seem less significant without the current number of bankruptcies being necessarily higher. This base effect phenomenon should become more pronounced with the gradual inclusion, in the calculation basis for variations, of the following months of 2020.

To find out more: data on business start-ups are reported by the French National Institute of Statistics and Economic Studies (INSEE): [Business start-ups on the INSEE's website](#)

### A – Corporate bankruptcies by sector

Bankruptcies in number of legal units, year on year change (%)

Business sector	Aggregate over the last 12 months <sup>a</sup> (gross data)						Sep. 21 prov.	Sep. 21/Sep. 20	Sep. 21 /Sep. 19
	Aug. 19	Aug. 20	Aug. 21	Aug. 21/Aug. 20	Aug. 21/Aug. 19				
Agriculture, forestry and fishing (AZ)	1,414	1,060	1,082	2.1 %	-23.5 %	1,049	0.1 %	-24.0 %	
Industry (BE)	3,732	2,533	1,857	-26.7 %	-50.2 %	1,805	-26.6 %	-51.1 %	
Construction (FZ)	11,563	7,899	5,809	-26.5 %	-49.8 %	5,804	-22.4 %	-49.1 %	
Wholesale and retail trade; repair of motor vehicles and motorcycles (G)	11,307	8,466	5,944	-29.8 %	-47.4 %	5,815	-28.1 %	-48.3 %	
Transportation and storage (H)	2,075	1,552	1,147	-26.1 %	-44.7 %	1,140	-22.9 %	-45.0 %	
Accommodation and food service activities (I)	7,194	5,186	3,010	-42.0 %	-58.2 %	2,792	-44.2 %	-60.5 %	
Information and communication (JZ)	1,268	1,029	843	-18.1 %	-33.5 %	854	-12.9 %	-34.2 %	
Financial and insurance activities (KZ)	1,104	845	655	-22.5 %	-40.7 %	642	-20.2 %	-42.6 %	
Real estate activities (LZ)	1,653	1,219	1,289	5.7 %	-22.0 %	1,242	1.6 %	-24.5 %	
Advisory & Business support activities (MN)	5,959	4,353	3,690	-15.2 %	-38.1 %	3,565	-16.4 %	-40.5 %	
Education, human health and social work services, Arts, entertainment and recreation, Other service activities (P to S)	5,391	3,737	2,670	-28.6 %	-50.5 %	2,578	-28.2 %	-51.7 %	
<b>All firms<sup>b</sup></b>	<b>52,879</b>	<b>38,020</b>	<b>28,073</b>	<b>-26.2 %</b>	<b>-46.9 %</b>	<b>27,359</b>	<b>-25.1 %</b>	<b>-47.9 %</b>	

Source: Banque de France – database: Fiben. Data available in early October 2021: final for August, provisional for September.

Calculation : Banque de France – Companies Directorate – Companies Observatory

<sup>a</sup> Aggregate number of corporate bankruptcies over the past 12 months compared to the same aggregate one year and two years ago

<sup>b</sup> The line « All firms » includes legal units whose business sector is not known

## B – Corporate bankruptcies by firm size

Bankruptcies in number of legal units, year on year change (%)

Aggregate over the last 12 months<sup>a</sup> (gross data)

Size	Aug. 19	Aug. 20	Aug. 21	Aug. 21/Aug. 20	Aug. 21/Aug. 19	Sep. 21 prov.	Sep. 21/Sep. 20	Sep. 21/Sep. 19
SME, among them	52,855	37,982	28,036	-26.2 %	-47.0 %	27,328	-25.1 %	-47.9 %
Micro-enterprises and unknown firm's size	50,364	35,957	26,523	-26.2 %	-47.3 %	25,834	-25.2 %	-48.3 %
Very small firms	1,545	1,218	921	-24.4 %	-40.4 %	925	-20.1 %	-40.0 %
Small firms	695	577	431	-25.3 %	-38.0 %	410	-29.3 %	-40.4 %
Medium-sized firms	251	230	161	-30.0 %	-35.9 %	159	-26.4 %	-38.8 %
ISE – Large Firms	24	38	37	-2.6 %	54.2 %	31	-27.9 %	14.8 %
<b>All firms</b>	<b>52,879</b>	<b>38,020</b>	<b>28,073</b>	<b>-26.2 %</b>	<b>-46.9 %</b>	<b>27,359</b>	<b>-25.1 %</b>	<b>-47.9 %</b>

Source: Banque de France – database: Fiben. Data available in early October 2021: final for August, provisional for September.

Calculation : Banque de France – Companies Directorate – Companies Observatory

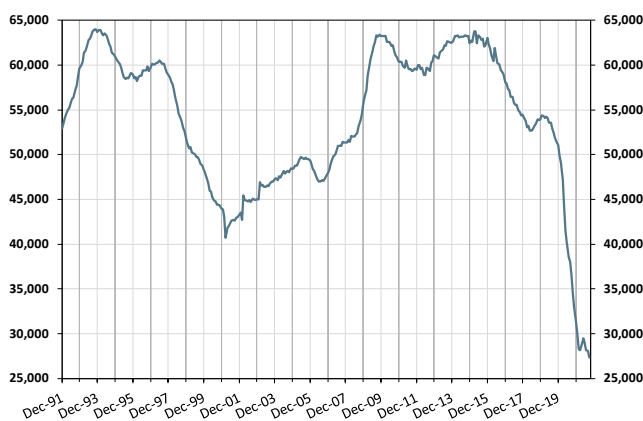
<sup>a</sup> Aggregate number of corporate bankruptcies over the past 12 months compared to the same aggregate one year and two years ago

## C – Changes in corporate bankruptcies

### 1 – Number of bankruptcies

Aggregate number of bankruptcies over the past 12 months

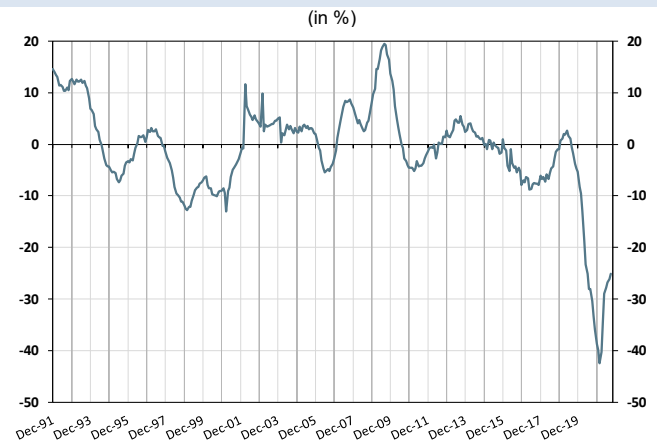
From Dec. 1991 to August 2021 (+ September 2021 provisional)



### 2 – Change in bankruptcies

Year-on-year change in the 12-month aggregate

From Dec. 1991 to August 2021 (+ September 2021 provisional)



### 3 – Loan amounts of bankrupt non-financial firms over loan amount of all firms

Aggregate over the past 12 months

From Dec. 2006 to August 2021 (+ September 2021 provisional)

(in %)

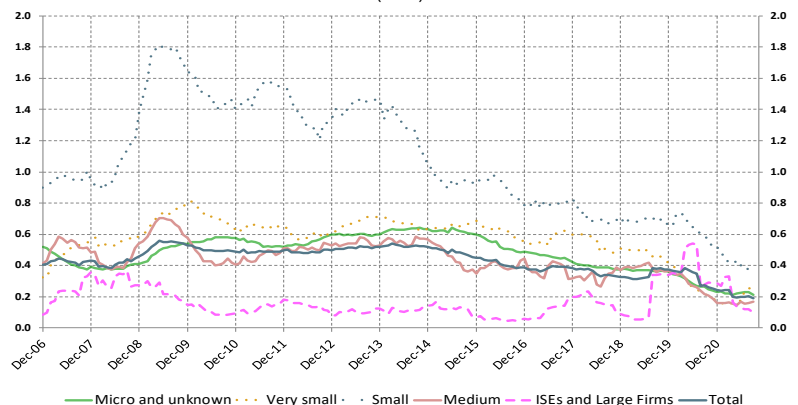


### 4 – Loan amounts of bankrupt non-financial firms over loan amount of all firms – broken down by firm size

Aggregate over the past 12 months

From Dec. 2006 to August 2021 (+ sept. 2021 provisional)

(in %)

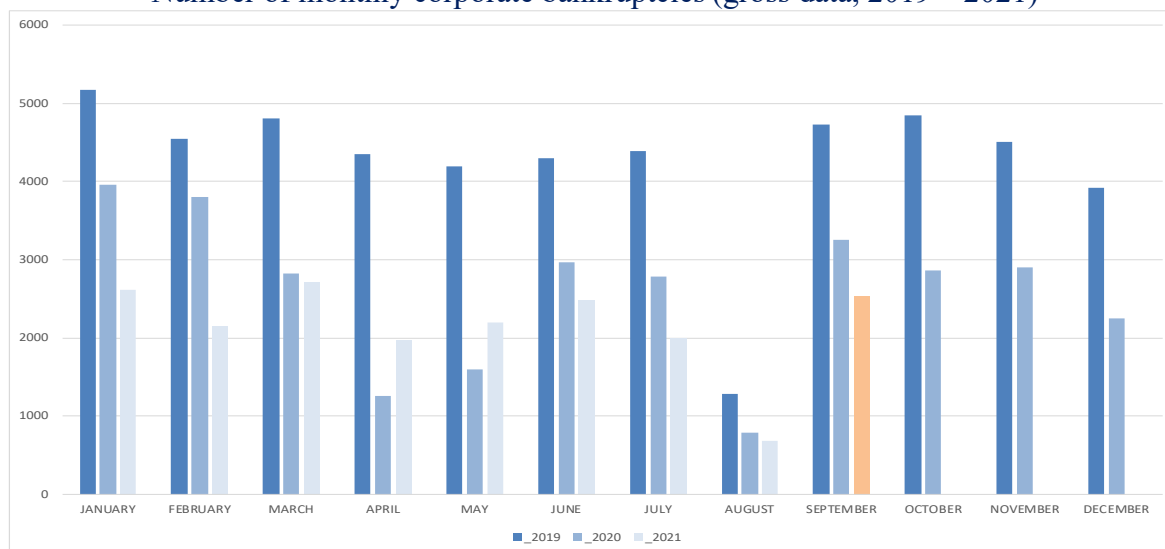


Source: Banque de France, Companies Directorate. Data available in early October 2021: final for August, provisional for September.

## Impact on corporate bankruptcies statistics of the government measures adopted in response to the Covid-19 crisis

In the context of the Covid-19 health crisis, at a time when economic activity slowed down sharply, putting a large number of companies in difficulty, the number of corporate bankruptcies paradoxically posted a marked decline. This can be explained firstly both by the lockdown which affected the functioning of commercial courts, and the adaptation of regulations which temporarily granted additional time both to assess the state of insolvency and to report it, and secondly, by all support measures that enable firms to reduce or delay the payment of certain charges, and thus the risk of defaulting on these payments.

Number of monthly corporate bankruptcies (gross data, 2019 – 2021)



Source: Banque de France, Companies Directorate. Data available in early October 2021.

Note for the reader: Final data up to August 2021, provisional for September 2021.

The closure from 16 March 2020 of all courts (with the exception of courts that have to judge "essential disputes", which do not include the commercial courts) sharply reduced the activity of commercial courts, which was essentially dematerialized during the lockdown which lasted until 11 May 2020. As a result, the opening or conversion of a large number of proceedings was postponed.

At the same time, Order 2020-306 of 25 March 2020 provides that the requests for the initiation of collective proceedings, for any company considered insolvent, due to be made between 12 March 2020 and 24 June 2020, be deemed to have been made within the legal timeframe, if they are made within the legal timeframe as from 24 June 2020 (i.e. 45 days, see Article L631-4 of the French Commercial Code).

The Order 2020-341 of 27 March 2020 adapting the rules regarding companies and agricultural holdings in difficulty to the health emergency and amending certain provisions of criminal proceedings, also introduced changes likely to postpone the examination of situations of insolvency for companies whose situation worsened during the period of economic slowdown beyond 24 August 2020.

These temporary provisions have potentially produced their effects until 10 October 2020. Since that date, the relatively low number of corporate bankruptcies is due to government measures to support companies in difficulty: solidarity fund, recourse to partial activity scheme, exemptions and deferrals of social charges, measures facilitating the establishment of debt and rent payment moratoria, state guaranteed loans, direct loans from the State to companies and emergency measures for sectors in prolonged under-activity. These schemes will be gradually phased out until the end of September 2021 and replaced by more targeted aid to the sectors most affected by the crisis.