

## Corporate bankruptcies – France • April 2020

### Period under review: March 2020

In March 2020, the number of corporate bankruptcies decreased by 13.5% year-on-year

- This decrease does not reflect a reduction in the number of distressed firms, but rather the impact of the lockdown on the operation of commercial jurisdictions and regulatory changes that temporarily modify the dates for characterising and declaring a firm as insolvent.
- It can be observed in all sectors of activity and for all sizes of companies, without it being possible to analyse it from an economic point of view.

**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)					Quarter to Quarter sa / wda <sup>bc</sup>	Monthly data sa / wda <sup>c</sup>		
	Mar. 19	Mar. 20	Mar. 20/Mar. 19	Apr. 20 prov.	Apr. 20/Apr. 19	Mar. 20	Jan. 20	Feb. 20	Mar. 20
Agriculture, forestry and fishing (AZ)	1,432	1,198	-16.3 %	1,102	-22.2 %	-53.2 %	72	53	40
Industry (BE)	3,839	3,169	-17.5 %	2,983	-22.5 %	-22.1 %	239	222	170
Construction (FZ)	11,755	10,210	-13.1 %	9,418	-20.2 %	-28.8 %	765	676	484
Wholesale and retail trade; repair of motor vehicles and motorcycles (G)	11,536	10,360	-10.2 %	9,666	-16.4 %	-24.4 %	746	842	510
Transportation and storage (H)	2,095	1,967	-6.1 %	1,820	-14.2 %	-27.9 %	156	154	90
Accommodation and food service activities (I)	7,312	6,238	-14.7 %	5,806	-21.0 %	-19.7 %	438	515	314
Information and communication (JZ)	1,280	1,248	-2.5 %	1,183	-7.7 %	-11.3 %	100	123	55
Financial and insurance activities (KZ)	1,125	1,003	-10.8 %	972	-12.1 %	-25.5 %	56	80	58
Real estate activities (LZ)	1,645	1,437	-12.6 %	1,340	-18.5 %	-42.3 %	85	78	57
Advisory & Business support activities (MN)	6,263	5,348	-14.6 %	4,964	-21.5 %	-19.2 %	386	425	286
Education, human health and social work services, Arts, entertainment and recreation, Other service activities (P to S)	5,473	4,362	-20.3 %	4,082	-24.9 %	-40.6 %	270	230	173
<b>All firms<sup>d</sup></b>	<b>54,146</b>	<b>46,827</b>	<b>-13.5 %</b>	<b>43,605</b>	<b>-19.7 %</b>	<b>-26.1 %</b>	<b>3,379</b>	<b>3,456</b>	<b>2,246</b>

Source: Banque de France – database: Fiben. Data available at end-May 2020: final for March, provisional for April.

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 ago

<sup>b</sup> Aggregate number of corporate bankruptcies over the past 3 months compared to the same aggregate three months ago

<sup>c</sup> sa : seasonally adjusted – wda : working day adjusted

<sup>d</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 (%)

Size	Aggregate over the last 12 months <sup>a</sup> (gross data)					Quarter to quarter sa / wda <sup>b,c</sup>		Monthly data sa / wda <sup>c</sup>	
	Mar. 19	Mar. 20	Mar. 20/Mar. 19	Apr. 20 prov.	Apr. 20/Apr. 19	Mar. 20	Jan. 20	Feb. 20	Mar. 20
<b>All firms</b>	<b>54,146</b>	<b>46,827</b>	<b>-13.5 %</b>	<b>43,605</b>	<b>-19.7 %</b>	<b>-26.1 %</b>	<b>3,379</b>	<b>3,456</b>	<b>2,246</b>
SME, among them	54,110	46,792	-13.5 %	43,567	-19.7 %	-26.1 %	3,377	3,457	2,241
Micro-enterprises and unknown firm's size	51,179	44,147	-13.7 %	41,051	-20.0 %	-26.8 %	3,178	3,238	2,083
Very small firms	1,764	1,559	-11.6 %	1,476	-16.8 %	-15.1 %	123	121	101
Small firms	849	756	-11.0 %	730	-13.1 %	-6.0 %	58	74	40
Medium-sized firms	318	330	3.8 %	310	-5.2 %	-18.5 %	23	22	18
ISE – Large Firms	36	35	-2.8 %	38	8.6 %				

Source: Banque de France – database: Fiben. Data available at end-May 2020: final for March, provisional for April.

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 ago

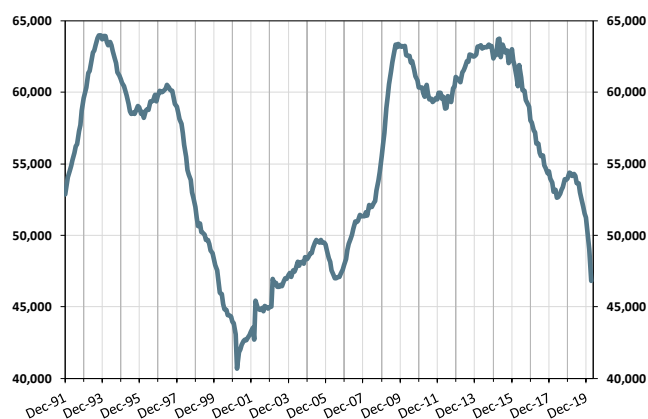
<sup>b</sup> Aggregate number of corporate bankruptcies over the past 3 months compared to the same aggregate three months ago

<sup>c</sup> sa : seasonally adjusted – wda : working day adjusted

## C – Changes in corporate bankruptcies

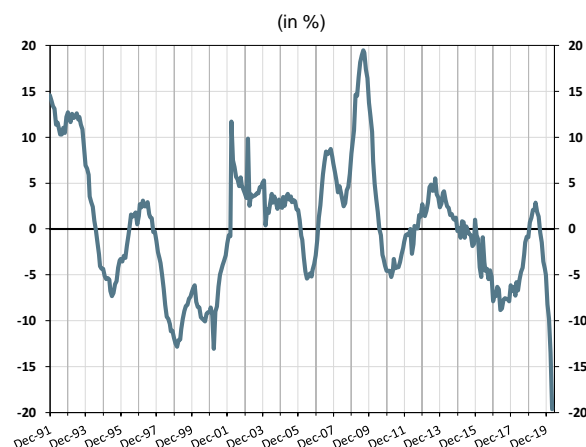
### 1 – Number of bankruptcies

Aggregate number of bankruptcies over the past 12 months  
From Dec. 1991 to March 2020



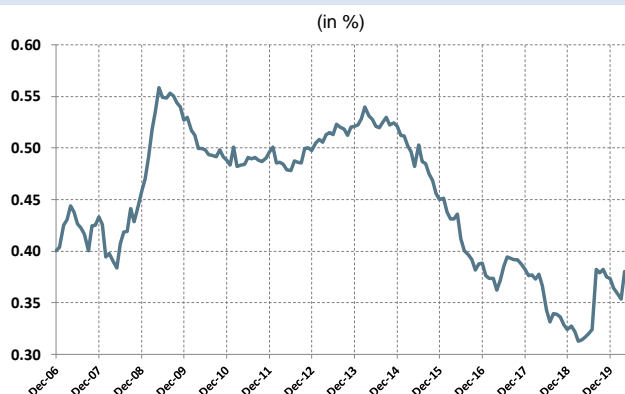
### 2 – Change in bankruptcies

Year-on-year change in the 12-month aggregate  
From Dec. 1991 to March 2020 (+April 2020 provisional)



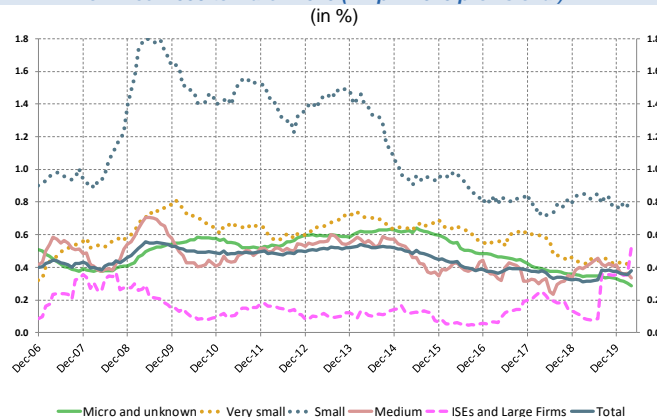
### 3 – Loan amounts of bankrupt non-financial firms over loan amount of all firms

Aggregate over the past 12 months  
From Dec. 2006 to March 2020 (+ April 2020 provisional)



### 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 March 2020 (+ April 2020 provisional)

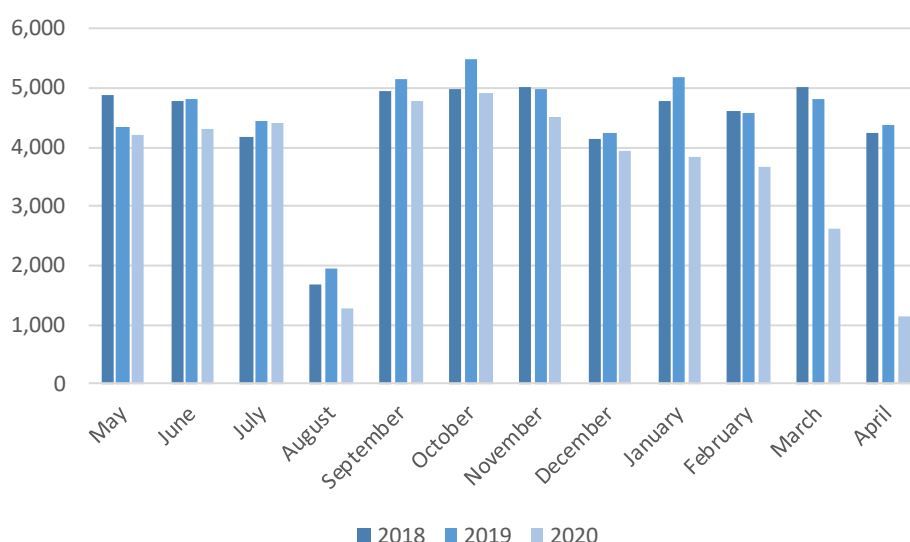


Source: Banque de France, Companies Directorate, Data available at end-May 2020: final for March, provisional for April.

## Impact of the lockdown and of the adaptation of the regulations concerning companies in difficulty on corporate bankruptcies statistics

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 both by the lockdown which affected the functioning of commercial courts, and by the adaptation of regulations which temporarily granted additional time both to assess the state of insolvency and to report it.

Number of monthly corporate bankruptcies (gross data, 2018 – 2020)



Source: Banque de France, Companies Directorate, Data available at end-May 2020: final data up to March 2020, provisional for April 2020.

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 dematerialised during the lockdown. As a result, the opening or conversion of a large number of proceedings was postponed.

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. In particular, it provides that until 24 August 2020:

- the assessment of the situation of insolvency be frozen at 12 March 2020 (Article 1, I, 1°) ;
- conciliation periods be automatically extended (Article 1, II);
- safeguard plans be extended by decision (Article 1, III).

Thus, for the period from 12 March to 24 August 2020, a company that would have been considered as being insolvent under the previous regulations will not be considered as such since its situation will be assessed at 12 March 2020, the date on which it was not insolvent.

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). Thus, declarations that would otherwise have been made earlier will be carried forward after this date.