

12 May 2021

Corporate bankruptcies – France • April 2021

In April 2021, the aggregate number of corporate bankruptcies over the last 12 months was 28,515

- With this figure, the number of corporate bankruptcies over one year at the end of April 2021 decreased by 35.3% (see Tables A and B, and Chart 2).
- This decrease is less marked than at the end of March (- 40.4%), but this development is due to a "base effect". At the end of April 2021, the basis for calculating changes (May 2019 - April 2020) includes the month of April 2020, the second month in which lockdown was put in place, which led to a reduction in the number of corporate bankruptcies: with a lower base in terms of number of bankruptcies, the variations seem less significant without the current number of bankruptcies being significantly higher. This base effect phenomenon should become more pronounced in the coming months with the gradual inclusion of the lockdown months of 2020 in the calculation basis for variations.
- The fall in the number of corporate bankruptcies over one year does not reflect a reduction in the number of distressed firms as it results: firstly, from the temporary impact of the lockdown on the operation of commercial jurisdictions and regulatory changes that temporarily modified the dates for characterizing and declaring a firm as insolvent; secondly, from all support measures that provide cash-flow assistance or enable 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.).
- It can be observed in all sectors of activity and for most sizes of companies, without it being possible to analyze 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 ^a (gross data)				Quarter to Quarter sa / wda ^{bc}		Monthly data sa / wda ^c		
	Mar. 20	Mar. 21	Mar. 21/Mar. 20	Apr. 21 prov.	Apr. 21/Apr. 20	Mar. 21	Jan. 21	Feb. 21	Mar. 21
Agriculture, forestry and fishing (AZ)	1,265	953	-24.7 %	947	-21.1 %	12.1 %	111	76	76
Industry (BE)	3,183	1,825	-42.7 %	1,842	-38.7 %	-11.3 %	154	80	142
Construction (FZ)	10,244	5,462	-46.7 %	5,645	-40.4 %	10.7 %	465	424	497
Wholesale and retail trade; repair of motor vehicles and motorcycles (G)	10,397	6,007	-42.2 %	6,134	-36.8 %	-4.9 %	460	448	463
Transportation and storage (H)	1,969	1,093	-44.5 %	1,108	-39.3 %	-2.9 %	86	76	110
Accommodation and food service activities (I)	6,276	3,525	-43.8 %	3,509	-40.0 %	-22.7 %	227	176	207
Information and communication (JZ)	1,253	830	-33.8 %	842	-29.4 %	-2.0 %	64	76	75
Financial and insurance activities (KZ)	1,002	678	-32.3 %	672	-31.0 %	-15.9 %	55	49	45
Real estate activities (LZ)	1,477	1,181	-20.0 %	1,204	-13.2 %	14.5 %	116	107	99
Advisory & Business support activities (MN)	5,389	3,591	-33.4 %	3,659	-27.0 %	0.5 %	307	293	306
Education, human health and social work services, Arts, entertainment and recreation, Other service activities (P to S)	4,489	2,881	-35.8 %	2,867	-32.5 %	-5.8 %	270	138	199
All firms^d	47,138	28,110	-40.4 %	28,515	-35.3 %	0.0 %	2,324	2,023	2,239

Source: Banque de France – database: Fiben. Data available in early May 2021: final for March, provisional for April.

Calculation : Banque de France – Companies Directorate – Companies Observatory

^a Aggregate number of corporate bankruptcies over the past 12 months compared to the same aggregate one year ago

^b Aggregate number of corporate bankruptcies over the past 3 months compared to the same aggregate three months ago

^c sa : seasonally adjusted – wda : working day adjusted

^d 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 ^a (gross data)				Quarter to quarter sa / wda ^{bc}		Monthly data sa / wda ^c		
	Mar. 20	Mar. 21	Mar. 21/Mar. 20	Apr. 21 prov.	Apr. 21/Apr. 20	Mar. 21	Jan. 21	Feb. 21	Mar. 21
SME, among them	47,106	28,058	-40.4 %	28,466	-35.3 %	0.0 %	2,321	2,019	2,235
Micro-enterprises and unknown firm's size	44,543	26,444	-40.6 %	26,865	-35.4 %	-0.2 %	2,185	1,898	2,104
Very small firms	1,512	930	-38.5 %	928	-34.5 %	-1.6 %	74	60	82
Small firms	730	464	-36.4 %	462	-34.9 %	-6.9 %	37	38	29
Medium-sized firms	321	220	-31.5 %	211	-30.6 %	25.1 %	21	27	12
ISE – Large Firms	32	52	62.5 %	49	40.0 %				
All firms	47,138	28,110	-40.4 %	28,515	-35.3 %	0.0 %	2,324	2,023	2,239

Source: Banque de France – database: Fiben. Data available in early May 2021: final for March, provisional for April.

Calculation : Banque de France – Companies Directorate – Companies Observatory

^a Aggregate number of corporate bankruptcies over the past 12 months compared to the same aggregate one year ago

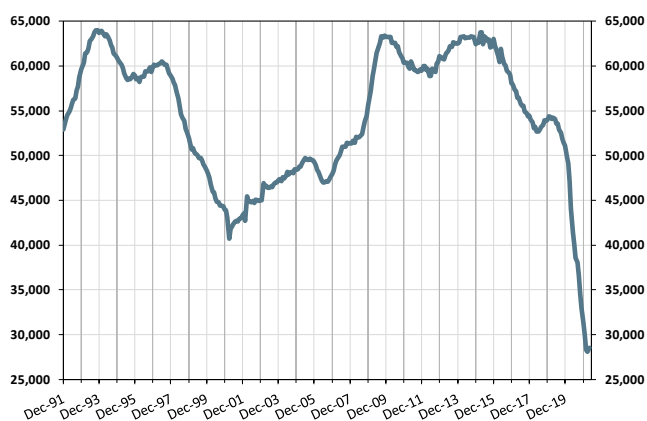
^b Aggregate number of corporate bankruptcies over the past 3 months compared to the same aggregate three months ago

^c sa : seasonally adjusted – wda : working day adjusted

C – Changes in corporate bankruptcies

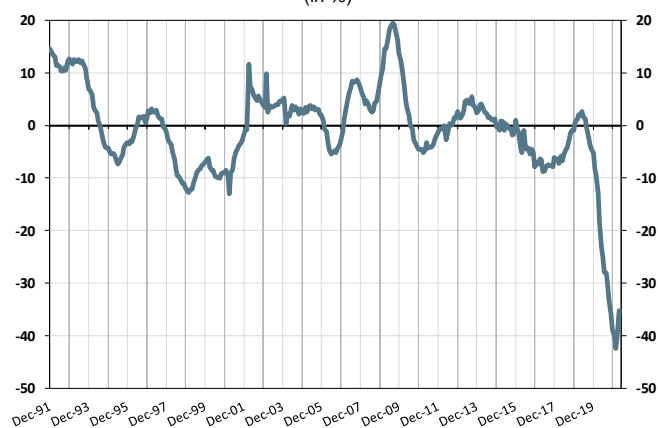
1 – Number of bankruptcies

Aggregate number of bankruptcies over the past 12 months
From Dec. 1991 to March 2021 (+ April 2021 provisional)



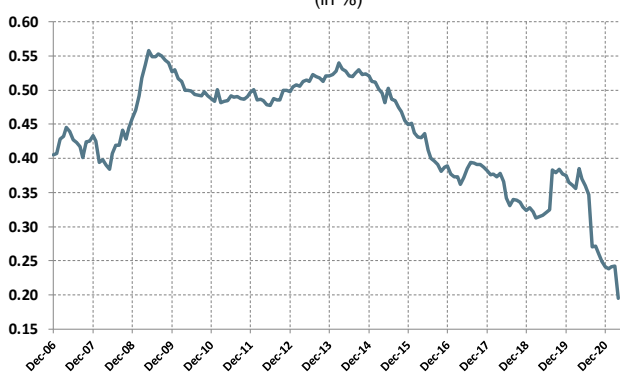
2 – Change in bankruptcies

Year-on-year change in the 12-month aggregate
From Dec. 1991 to March 2021 (+ April 2021 provisional)
(in %)



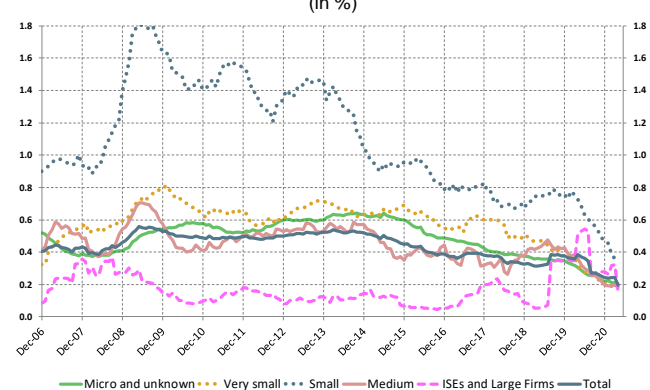
3 – Loan amounts of bankrupt non-financial firms over loan amount of all firms

Aggregate over the past 12 months
From Dec. 2006 to March 2021 (+ April 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 March 2021 (+ April 2021 provisional)
(in %)

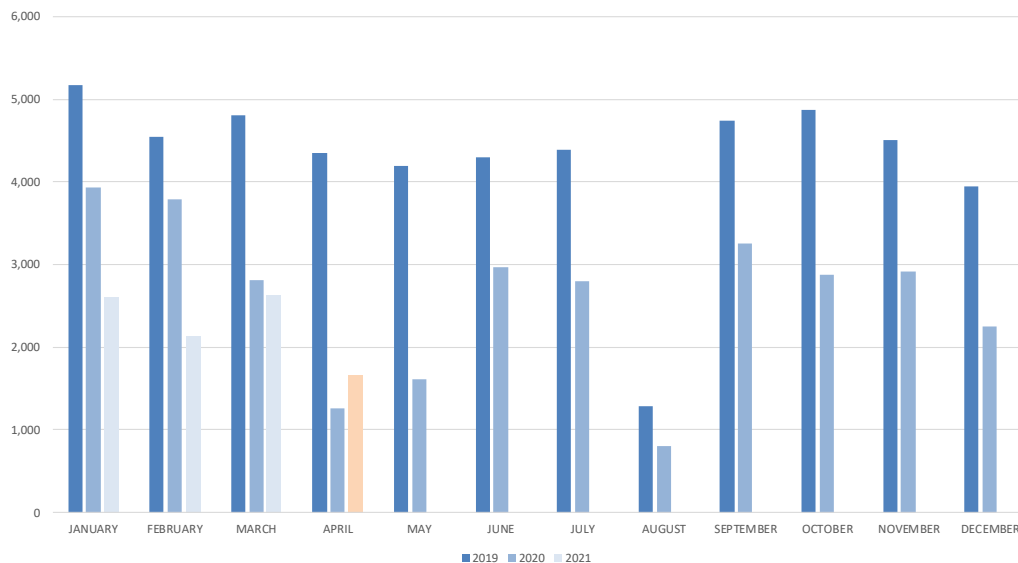


Source: Banque de France, Companies Directorate. Data available in early May 2021: final for March, provisional for April

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 May 2021.

Note for the reader: Final data up to March 2021, provisional for April 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 dematerialised 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.