

## Corporate bankruptcies – France • June 2021

In June 2021, the aggregate number of corporate bankruptcies over the last 12 months was 28,655

- With this figure, the number of corporate bankruptcies over one year at the end of June 2021 decreased by 28.6% (see Tables A and B, and Chart 2). Compared with the number of corporate bankruptcies over one year at the end of June 2019, the decrease in the aggregate number of corporate bankruptcies over the last 12 months was 46.5%.
- Despite the fact that the number of corporate bankruptcies over one year at the end of June 2021 was lower than at the end of May 2021, the decrease in June was less marked than at the end of May (-29.1%) due to a "base effect". Indeed, at the end of June 2021, the basis for calculating changes (July 2019 - June 2020) includes the month of June 2020, the fourth 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 variations seem less significant without the current number of bankruptcies being necessarily higher. This base effect phenomenon should become more pronounced in the coming months with the gradual inclusion, in the calculation basis for variations, of the following months of 2020.
- 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 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 <sup>a</sup> (gross data)						Quarter to Quarter sa / wda <sup>bc</sup>		
	May 19	May 20	May 21	May 21/May 20	May 21/May 19	June 21 prov.	June 21/June 20	June 21 / June 19	May 21
Agriculture, forestry and fishing (AZ)	1,425	1,098	1,068	-2.7 %	-25.1 %	1,037	-2.9 %	-27.2 %	-0.9 %
Industry (BE)	3,833	2,836	1,908	-32.7 %	-50.2 %	1,853	-32.2 %	-50.9 %	33.7 %
Construction (FZ)	11,721	8,843	5,919	-33.1 %	-49.5 %	5,850	-30.9 %	-49.6 %	15.8 %
Wholesale and retail trade; repair of motor vehicles and motorcycles (G)	11,505	9,190	6,230	-32.2 %	-45.8 %	6,132	-31.1 %	-46.3 %	-0.8 %
Transportation and storage (H)	2,149	1,702	1,145	-32.7 %	-46.7 %	1,144	-29.7 %	-46.5 %	11.7 %
Accommodation and food service activities (I)	7,309	5,541	3,521	-36.5 %	-51.8 %	3,269	-39.6 %	-54.9 %	0.8 %
Information and communication (JZ)	1,270	1,125	855	-24.0 %	-32.7 %	853	-22.0 %	-32.2 %	-8.0 %
Financial and insurance activities (KZ)	1,109	932	677	-27.4 %	-39.0 %	677	-25.4 %	-38.3 %	1.8 %
Real estate activities (LZ)	1,625	1,320	1,287	-2.5 %	-20.8 %	1,282	1.9 %	-22.2 %	4.4 %
Advisory & Business support activities (MN)	6,371	4,709	3,792	-19.5 %	-40.5 %	3,739	-18.5 %	-41.0 %	0.0 %
Education, human health and social work services, Arts, entertainment and recreation, Other service activities (P to S)	5,495	4,013	2,923	-27.2 %	-46.8 %	2,739	-30.2 %	-49.2 %	8.2 %
<b>All firms<sup>d</sup></b>	<b>54,064</b>	<b>41,470</b>	<b>29,412</b>	<b>-29.1 %</b>	<b>-45.6 %</b>	<b>28,655</b>	<b>-28.6 %</b>	<b>-46.5 %</b>	<b>5.2 %</b>

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

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> 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>bc</sup>		
	May 19	May 20	May 21	May 21/May 20	May 21/May 19	June 21 prov.	June 21/June 20	June 21 /June 19	May 21
SME, among them	54,037	41,431	29,369	-29.1 %	-45.7 %	28,616	-28.6 %	-46.6 %	5.3 %
Micro-enterprises and unknown firm's size	51,305	39,106	27,756	-29.0 %	-45.9 %	27,049	-28.5 %	-46.8 %	6.1 %
Very small firms	1,671	1,362	948	-30.4 %	-43.3 %	922	-30.5 %	-44.5 %	16.0 %
Small firms	777	670	467	-30.3 %	-39.9 %	452	-30.5 %	-42.4 %	-18.8 %
Medium-sized firms	284	293	198	-32.4 %	-30.3 %	193	-33.7 %	-33.4 %	-46.2 %
ISE – Large Firms	27	39	43	10.3 %	59.3 %	39	-11.4 %	44.4 %	
All firms	54,064	41,470	29,412	-29.1 %	-45.6 %	28,655	-28.6 %	-46.5 %	5.2 %

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

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

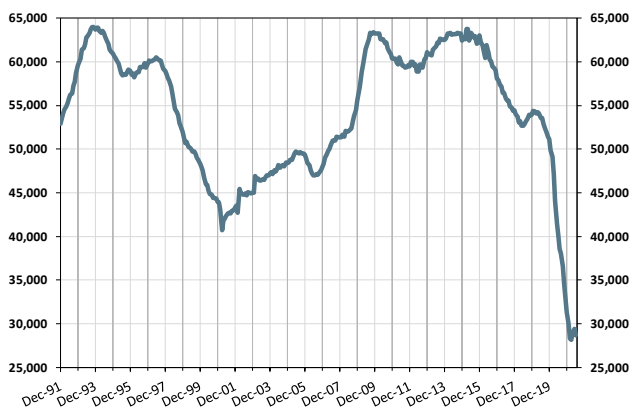
<sup>c</sup> sa : seasonally adjusted – wda : working day adjusted

## C – Changes in corporate bankruptcies

### 1 – Number of bankruptcies

Aggregate number of bankruptcies over the past 12 months

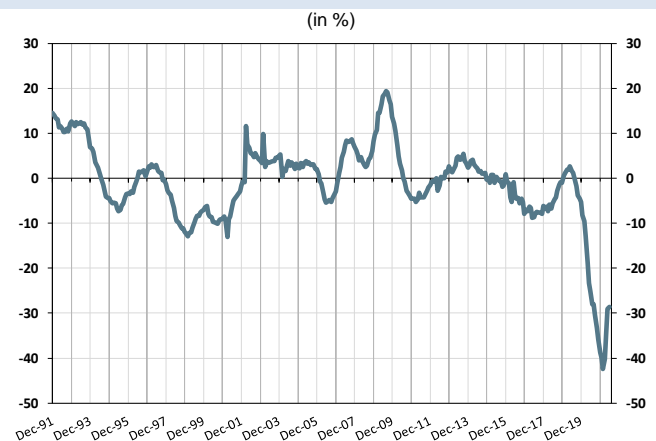
From Dec. 1991 to May 2021 (+ June 2021 provisional)



### 2 – Change in bankruptcies

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

From Dec. 1991 to May 2021 (+ June 2021 provisional)



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

Aggregate over the past 12 months

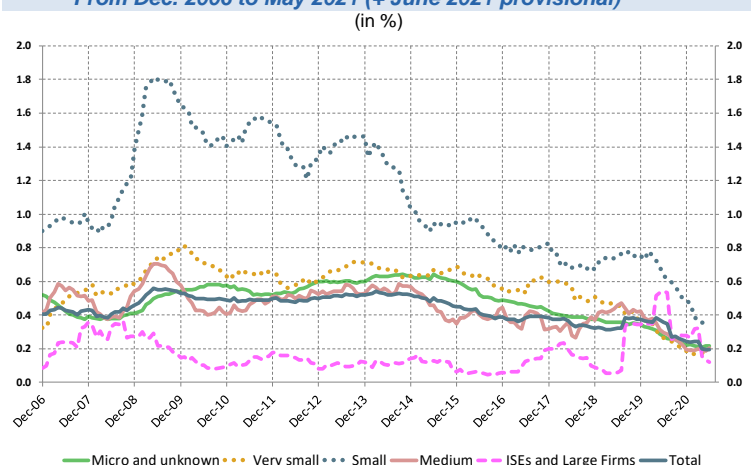
From Dec. 2006 to May 2021 (+ June 2021 provisional)



### 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 May 2021 (+ June 2021 provisional)

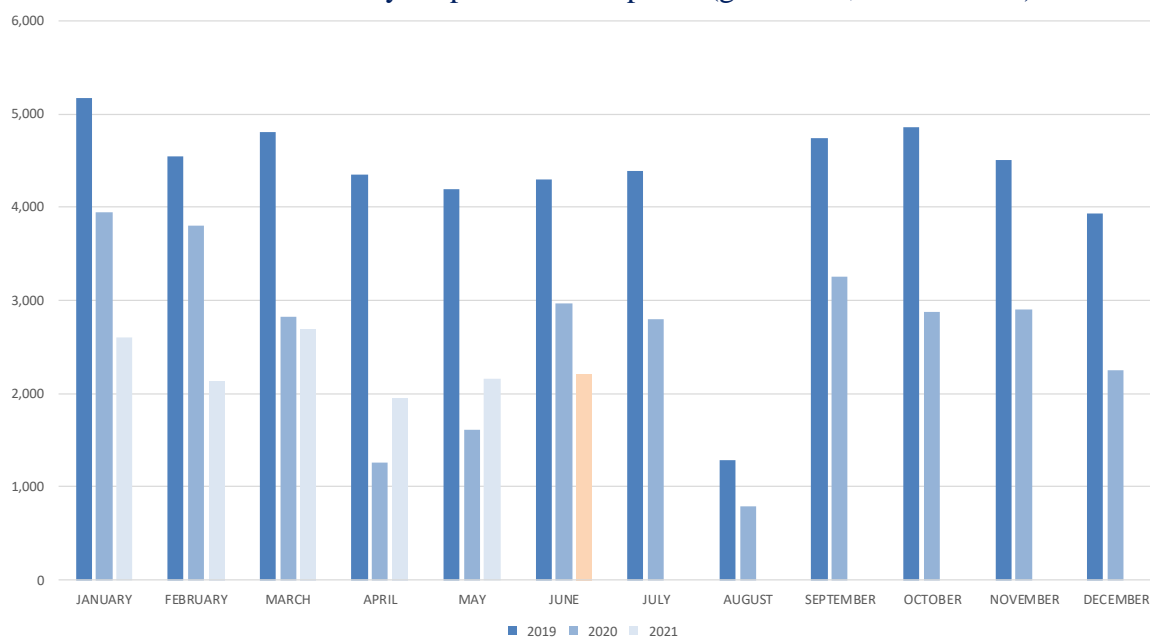


Source: Banque de France, Companies Directorate. Data available in early July 2021: final for May, provisional for June.

## 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 July 2021.

Note for the reader: Final data up to May 2021, provisional for June 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.