

Corporate bankruptcies – France • August 2021

Corporate bankruptcies still at their lowest level in August

- In August 2021, the number of corporate bankruptcies over one year was 28,018, a decrease of 26.3% 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 (-42.1% over one year) and wholesale and retail trade (-29.9% over one year). Compared to the number of bankruptcies recorded over one year at the end of August 2019, a period entirely prior to the health crisis, the decrease in the number of bankruptcies registered at the end of August 2021 was -47.0%.
- 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.
- The decrease in August was slightly less marked than at the end of July (-26.9%) due to a "base effect". Indeed, at the end of August 2021, the basis for calculating changes (September 2019 - August 2020) includes the month of August 2020, the sixth 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 ^a (gross data)					Quarter to Quarter sa / wda ^{bc}			
	July 19	July 20	July 21	July 21/July 20	July 21 / July 19	Aug. 21 prov.	Aug. 21/Aug. 20	Aug. 21 / Aug. 19	July 21
Agriculture, forestry and fishing (AZ)	1,430	1,064	1,069	0.5 %	-25.2 %	1,067	1.1 %	-24.5 %	-2.7 %
Industry (BE)	3,728	2,592	1,851	-28.6 %	-50.3 %	1,853	-26.9 %	-50.3 %	18.2 %
Construction (FZ)	11,610	8,057	5,790	-28.1 %	-50.1 %	5,800	-26.6 %	-49.8 %	6.4 %
Wholesale and retail trade; repair of motor vehicles and motorcycles (G)	11,385	8,560	5,989	-30.0 %	-47.4 %	5,939	-29.9 %	-47.5 %	3.5 %
Transportation and storage (H)	2,091	1,573	1,142	-27.4 %	-45.4 %	1,146	-26.2 %	-44.8 %	11.9 %
Accommodation and food service activities (I)	7,261	5,230	3,055	-41.6 %	-57.9 %	3,009	-42.1 %	-58.2 %	-3.4 %
Information and communication (JZ)	1,273	1,041	848	-18.5 %	-33.4 %	844	-18.0 %	-33.4 %	-10.4 %
Financial and insurance activities (KZ)	1,108	861	656	-23.8 %	-40.8 %	654	-22.7 %	-40.8 %	-1.0 %
Real estate activities (LZ)	1,655	1,236	1,286	4.0 %	-22.3 %	1,286	5.5 %	-22.2 %	3.8 %
Advisory & Business support activities (MN)	6,342	4,404	3,701	-16.0 %	-41.6 %	3,686	-15.4 %	-38.1 %	0.1 %
Education, human health and social work services, Arts, entertainment and recreation, Other service activities (P to S)	5,430	3,763	2,693	-28.4 %	-50.4 %	2,656	-28.9 %	-50.7 %	-9.4 %
All firms^d	53,537	38,525	28,160	-26.9 %	-47.4 %	28,018	-26.3 %	-47.0 %	0.5 %

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

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 and two years 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}			
	July 19	July 20	July 21	July 21/July 20	July 21/July 19	Aug. 21 prov.	Aug. 21/Aug. 20	Aug. 21/Aug. 19	July 21
SME, among them	53,511	38,482	28,123	-26.9 %	-47.4 %	27,981	-26.4 %	-47.1 %	1.1 %
Micro-enterprises and unknown firm's size	50,776	36,245	26,558	-26.7 %	-47.7 %	26,411	-26.2 %	-47.3 %	2.6 %
Very small firms	1,641	1,330	944	-29.0 %	-42.5 %	946	-28.1 %	-41.8 %	13.8 %
Small firms	797	642	442	-31.2 %	-44.5 %	444	-30.0 %	-43.8 %	-14.8 %
Medium-sized firms	297	265	179	-32.5 %	-39.7 %	180	-30.0 %	-40.6 %	-36.0 %
ISE – Large Firms	26	43	37	-14.0 %	42.3 %	37	-9.8 %	32.1 %	
All firms	53,537	38,525	28,160	-26.9 %	-47.4 %	28,018	-26.3 %	-47.0 %	0.5 %

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

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 and two years ago

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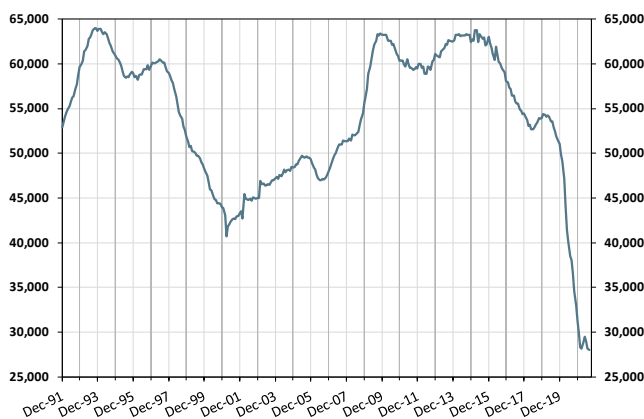
^c sa : seasonally adjusted – wda : working day adjusted

C – Changes in corporate bankruptcies

1 – Number of bankruptcies

Aggregate number of bankruptcies over the past 12 months

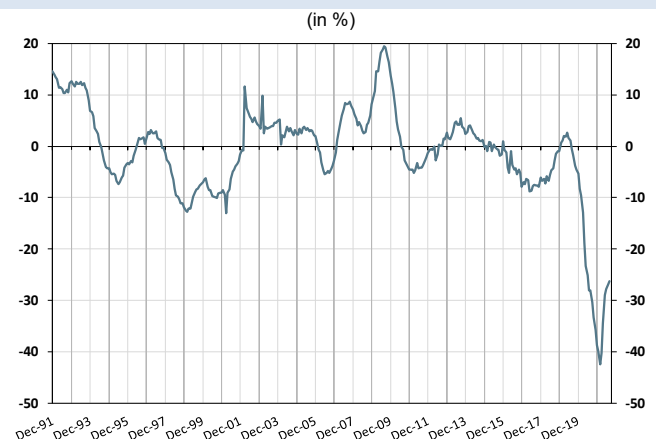
From Dec. 1991 to July 2021 (+ August 2021 provisional)



2 – Change in bankruptcies

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

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



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

Aggregate over the past 12 months

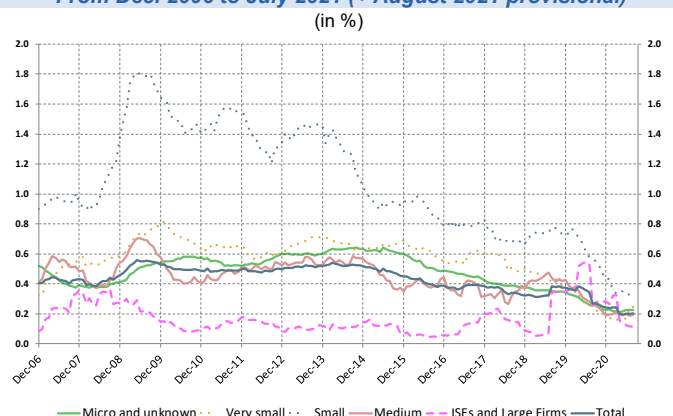
From Dec. 2006 to July 2021 (+ August 2021 provisional)



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 July 2021 (+ August 2021 provisional)

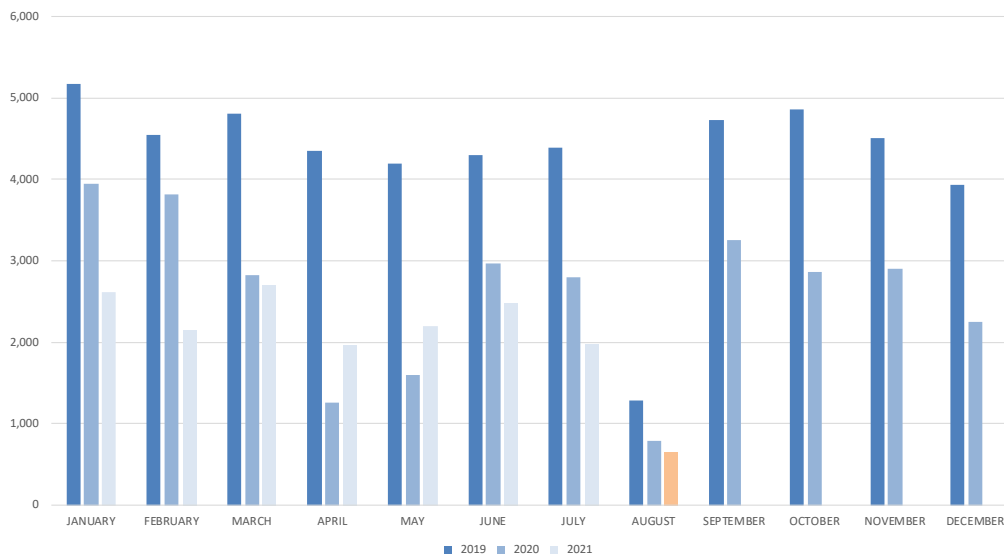


Source: Banque de France, Companies Directorate. Data available in early September 2021: final for July, provisional for August.

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 September 2021.

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