

Corporate bankruptcies – France • December 2020

Period under review: November 2020

In November 2020, the number of corporate bankruptcies decreased by 36.1% year-on-year

- This decrease 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 characterising 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 unemployment scheme, state-guaranteed loans, solidarity fund, moratoriums, etc.).
- Hence, the number of corporate bankruptcies over the last three months under review remains nearly 40% lower than the number observed over the same period in 2018 and 2019 (see chart on page 3).
- It can be observed in all sectors of activity and for most 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 ^a (gross data)				Quarter to Quarter sa / wda ^{bc}		Monthly data sa / wda ^c		
	Nov. 19	Nov. 20	Nov. 20/Nov. 19	Dec. 20 prov.	Dec. 20/Dec. 19	Nov. 20	Sep. 20	Oct. 20	Nov. 20
Agriculture, forestry and fishing (AZ)	1,405	950	-32.4 %	852	-39.7 %	-23.0 %	76	79	71
Industry (BE)	3,513	2,206	-37.2 %	2,101	-38.9 %	-17.9 %	182	158	125
Construction (FZ)	11,172	6,543	-41.4 %	6,118	-44.8 %	-32.3 %	426	421	437
Wholesale and retail trade; repair of motor vehicles and motorcycles (G)	11,149	7,176	-35.6 %	6,804	-39.0 %	-28.9 %	483	472	480
Transportation and storage (H)	2,084	1,313	-37.0 %	1,223	-41.8 %	-12.1 %	92	100	94
Accommodation and food service activities (I)	6,903	4,517	-34.6 %	4,227	-38.3 %	-32.7 %	340	313	245
Information and communication (JZ)	1,282	925	-27.8 %	900	-29.7 %	-8.6 %	68	69	81
Financial and insurance activities (KZ)	1,102	770	-30.1 %	730	-33.2 %	-5.5 %	53	58	65
Real estate activities (LZ)	1,647	1,150	-30.2 %	1,079	-34.6 %	-9.7 %	112	88	91
Advisory & Business support activities (MN)	5,837	3,984	-31.7 %	3,804	-34.7 %	-5.7 %	362	306	302
Education, human health and social work services, Arts, entertainment and recreation, Other service activities (P to S)	5,202	3,224	-38.0 %	3,012	-41.4 %	-32.3 %	225	232	190
All firms^d	51,496	32,884	-36.1 %	30,969	-39.5 %	-26.1 %	2,431	2,300	2,103

Source: Banque de France – database: Fiben. Data available in early January 2021: final for November 2020, provisional for December.

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 ^{b,c}		Monthly data sa / wda ^c		
	Nov. 19	Nov. 20	Nov. 20/Nov. 19	Dec. 20 prov.	Dec. 20/Dec. 19	Nov. 20	Sep. 20	Oct. 20	Nov. 20
SME, among them	51,464	32,834	-36.2 %	30,921	-39.6 %	-26.1 %	2,425	2,293	2,101
Micro-enterprises and unknown firm's size	48,776	30,939	-36.6 %	29,087	-40.0 %	-26.3 %	2,291	2,172	1,989
Very small firms	1,583	1,108	-30.0 %	1,042	-34.5 %	-24.9 %	71	68	72
Small firms	772	540	-30.1 %	550	-27.8 %	-18.3 %	48	33	22
Medium-sized firms	333	247	-25.8 %	242	-26.0 %	-8.3 %	16	21	17
ISE – Large Firms	32	50	56.3 %	48	45.5 %				
All firms	51,496	32,884	-36.1 %	30,969	-39.5 %	-26.1 %	2,431	2,300	2,103

Source: Banque de France – database: Fiben. Data available in early January 2021: final for November 2020, provisional for December.

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

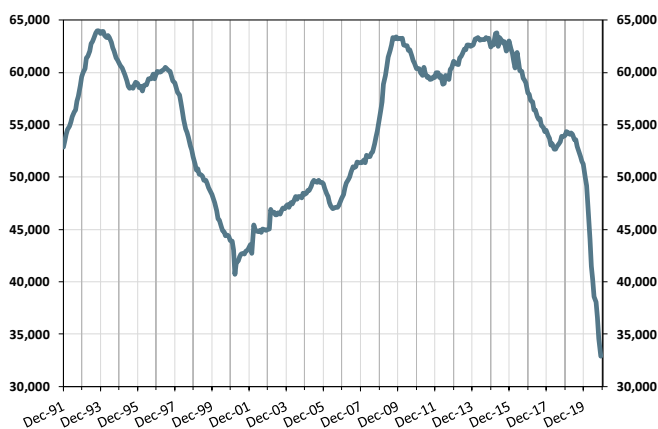
^b Aggregate number of corporate bankruptcies over the past 3 months compared to the same aggregate three months ago

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

C – Changes in corporate bankruptcies

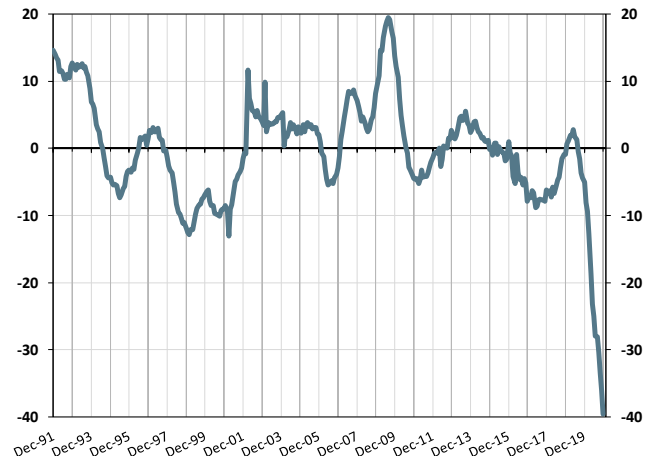
1 – Number of bankruptcies

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



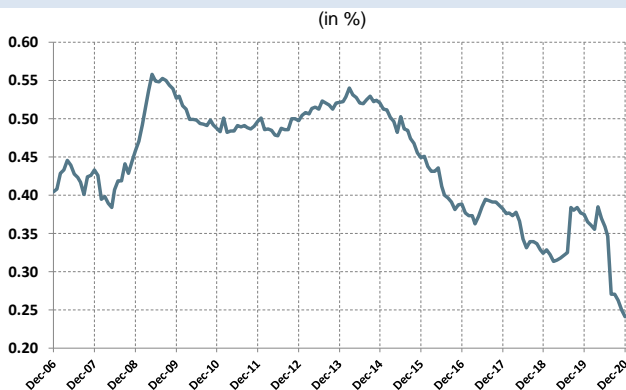
2 – Change in bankruptcies

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



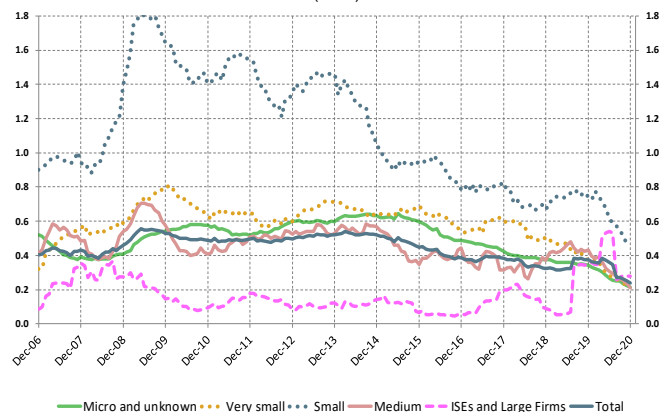
3 – Loan amounts of bankrupt non-financial firms over loan amount of all firms

Aggregate over the past 12 months
From Dec. 2006 to November 2020 (+ December 2020 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 November 2020 (+ December 2020 provisional)
(in %)

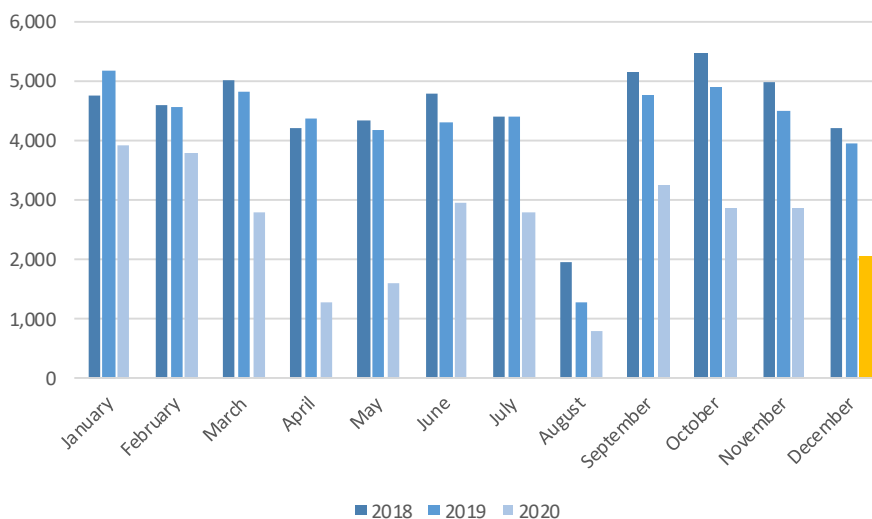


Source: Banque de France, Companies Directorate. Data available in early January 2021: final for November 2020, provisional for December.

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 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, 2018 – 2020)



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

Note for the reader: Final data up to November 2020, provisional for December 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.

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.

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.

These temporary provisions have potentially produced their effects until 10 October 2020 given the 45 days legal deadline for declaring a situation of insolvency (see Article L631-4 of the French Commercial Code). Since then, the relatively low number of corporate bankruptcies has been due to government measures to support distressed firms.