

Corporate bankruptcies – France • March 2021

In March 2021, the number of corporate bankruptcies decreased by 40.9% 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 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.).
- The 12-month change at the end of March 2021 is a decrease of - 40.9%, less marked than at the end of February (- 42.5% see Tables A and B, and Chart 2). This development is due to a "base effect". At the end of March 2021, the basis for calculating changes (April 2019 - March 2020) includes the month of March 2020, the first 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 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.
- 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		
	Feb. 20	Feb. 21	Feb. 21/Feb. 20	Mar. 21 prov.	Mar. 21/Mar. 20	Feb. 21	Dec. 20	Jan. 21	Feb. 21	
Agriculture, forestry and fishing (AZ)	1,311	939	-28.4 %	904	-28.5 %	6.3 %	72	112	73	
Industry (BE)	3,291	1,862	-43.4 %	1,820	-42.8 %	-19.6 %	140	151	80	
Construction (FZ)	10,715	5,444	-49.2 %	5,433	-47.0 %	1.4 %	399	465	419	
Wholesale and retail trade; repair of motor vehicles and motorcycles (G)	10,796	6,066	-43.8 %	5,976	-42.5 %	-4.5 %	479	458	443	
Transportation and storage (H)	2,054	1,073	-47.8 %	1,090	-44.6 %	-13.4 %	85	88	80	
Accommodation and food service activities (I)	6,550	3,638	-44.5 %	3,508	-44.1 %	-29.0 %	232	228	175	
Information and communication (JZ)	1,296	814	-37.2 %	825	-34.2 %	-0.8 %	72	65	76	
Financial and insurance activities (KZ)	1,039	696	-33.0 %	675	-32.6 %	-12.5 %	53	55	48	
Real estate activities (LZ)	1,535	1,159	-24.5 %	1,146	-22.5 %	0.3 %	88	117	107	
Advisory & Business support activities (MN)	5,653	3,557	-37.1 %	3,568	-33.8 %	-9.3 %	284	309	294	
Education, human health and social work services, Arts, entertainment and recreation, Other service activities (P to S)	4,708	2,913	-38.1 %	2,831	-36.9 %	-10.0 %	202	272	127	
All firms^d	49,145	28,250	-42.5 %	27,857	-40.9 %	-7.3 %	2,095	2,320	1,995	

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

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		
	Feb. 20	Feb. 21	Feb. 21/Feb. 20	Mar. 21 prov.	Mar. 21/Mar. 20	Feb. 21	Dec. 20	Jan. 21	Feb. 21	
SME, among them	49,114	28,198	-42.6 %	27,805	-41.0 %	-7.2 %	2,093	2,317	1,990	
Micro-enterprises and unknown firm's size	46,484	26,541	-42.9 %	26,191	-41.2 %	-8.1 %	1,954	2,181	1,867	
Very small firms	1,554	932	-40.0 %	918	-39.2 %	-1.9 %	70	76	60	
Small firms	761	489	-35.7 %	471	-35.7 %	34.4 %	63	35	38	
Medium-sized firms	315	236	-25.1 %	225	-30.6 %	18.2 %	15	22	27	
ISE – Large Firms	31	52	67.7 %	52	62.5 %					
All firms	49,145	28,250	-42.5 %	27,857	-40.9 %	-7.3 %	2,095	2,320	1,995	

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

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

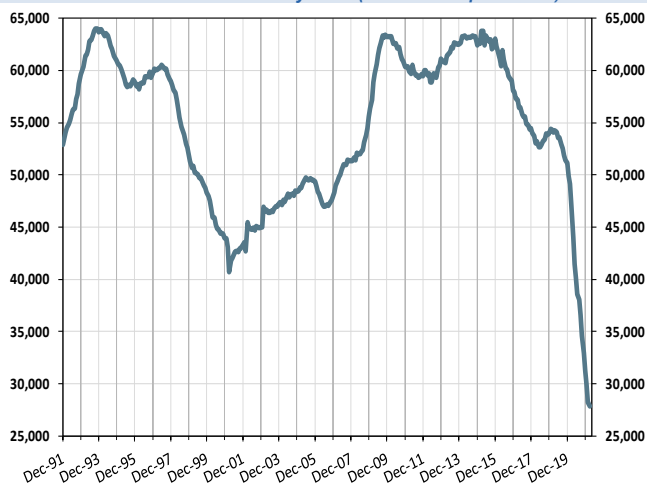
^b Aggregate number of corporate bankruptcies over the past 3 months compared to the same aggregate three months ago

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

C – Changes in corporate bankruptcies

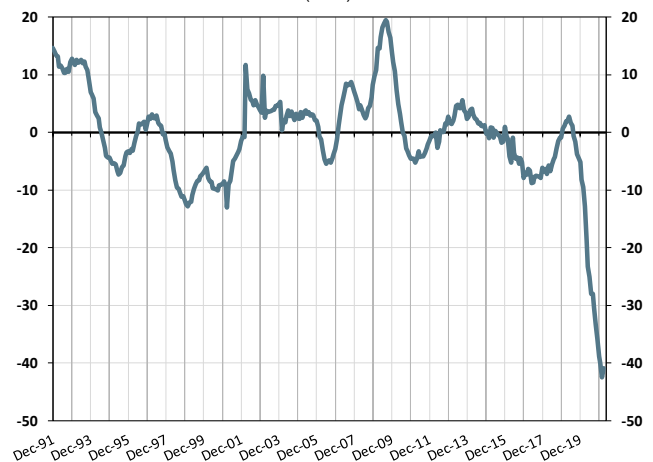
1 – Number of bankruptcies

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



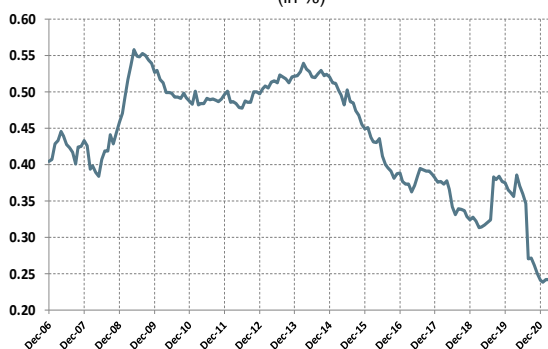
2 – Change in bankruptcies

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



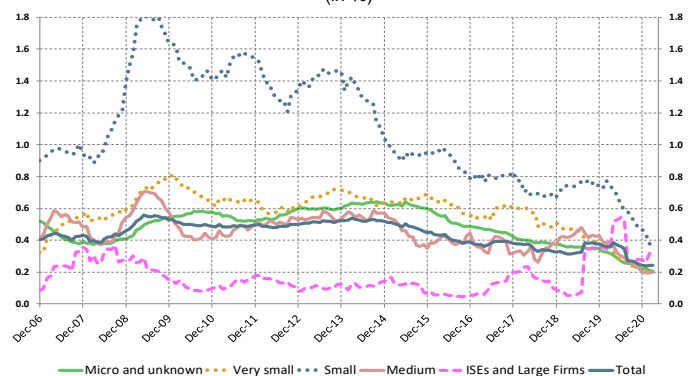
3 – Loan amounts of bankrupt non-financial firms over loan amount of all firms

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

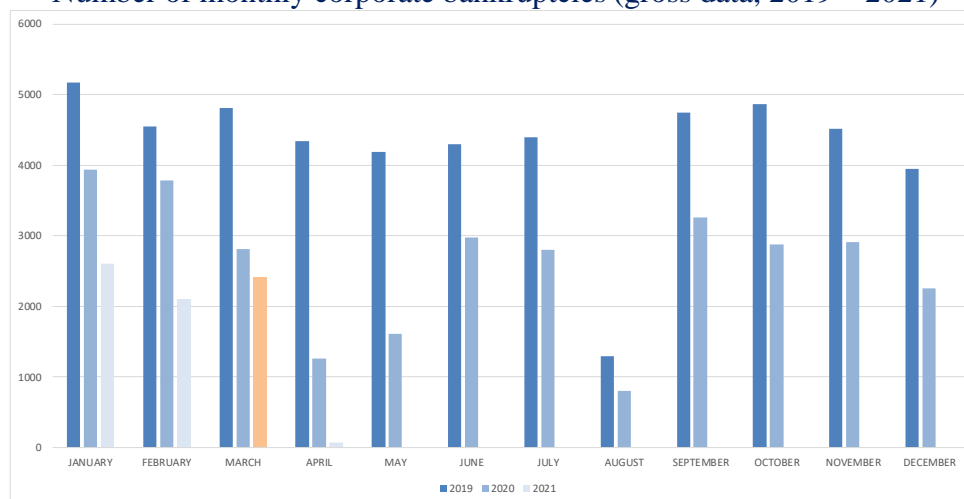


Source: Banque de France, Companies Directorate. Data available in early April 2021: final for February, provisional for March

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 April 2021.

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