

**2**  
Companies' situations returning to normal

**5**  
Construction still under pressure

**7**  
Ile-de-France lagging behind

**8**  
Set for a third year of insolvency declines in 2016

# PANORAMA

February 2016

## Company insolvencies in France: Heading towards a third consecutive year of decline

COFACE ECONOMIC PUBLICATIONS

By Coface Group Economists



In France, the number of company insolvencies fell for the second consecutive year in 2015, to 60,800 (-2.1%), above its pre-crisis level of 50,300 insolvencies in 2007. Because the stock of enterprises has significantly increased, the insolvency rate (the ratio of insolvencies to the stock of enterprises), has returned to its 2008 levels and 1 company in 77 has been affected. During the same year, nearly 21,000 jobs were saved, while the average turnover of an insolvent company was €575,000, compared to €614,000 a year earlier. It is important to note that companies of all sizes of turnover are seeing their situation improve.

Nevertheless, the scenario is far from idyllic, as insolvencies are still rising in 2 of the 11 sectors tracked by Coface (personal services: +4.2% and textiles: +4.3%). Furthermore, there is no sign of improvement in 3 of the 13 new regions, particularly in the Ile-de-France (+5.7%), a region which accounts for 21% of all of France's insolvencies. This is due to the over-representation of companies in the construction sector, where the insolvency rate remains the highest (at 2.1% versus 2.0% in 2006). The last negative finding is that the rate of the decline in insolvencies seen in France in 2015 is lower than in neighbouring countries.

Despite these negative points, Coface forecasts a third consecutive year of decline in company insolvencies in 2016. These are expected to reach 58,700, down by 3.5% from 2015 thanks to the economic climate. According to Coface, the French economy will continue its gradual recovery, with GDP growth of 1.4%, versus 1.1% in 2015,. The gradual easing of bank credit conditions, the low level of the euro, the fall in the price of oil and stronger household spending are all expected to help companies and to support Coface's forecast - although risk factors will remain in play, such as the difficult ongoing situation in the construction sector.

ALL OTHER GROUP PANORAMAS ARE AVAILABLE ON  
<http://www.coface.com/News-Publications/Publications>

**coface**  
FOR SAFER TRADE