

# Country Reports

Spring 2018

Updates from France, Turkey, Italy, Latvia



CATHERINE OTTAWAY  
Partner, and Marine-Océane  
Perrin-Terrin (HOCHTAVOCATS)



**ONLY COMPANIES  
ACTIVE IN  
AGRICULTURE  
AND  
TRANSPORT/  
WAREHOUSING  
CONTINUE TO  
SHOW AN  
INCREASE IN  
THEIR  
DIFFICULTIES**



## France: Decline in the number of French collective proceedings opened by the courts confirmed

**While in 2016 France showed a slight recovery in its economic activity and a certain decline in the opening of collective proceedings, 2017 marked a significant revival, with figures approaching those prior to the 2011 crisis. Moreover, INSEE announced on January 30th, 2018, a 1.9% GDP growth for the year 2017. Applauded by all, some economists and the media have even called this year ‘the year of take-off’<sup>1</sup>.**

### The figures

Collective proceedings clearly reflect this phenomenon. France shows a total decrease of 5.8%<sup>2</sup> in the opening of all collective proceedings (safeguarding, administration and liquidation) over the twelve months of 2017 compared to 2016. Representing a total of 54,572 cases opened in 2017 compared to 57,947 in 2016.

While the decrease in winding-up and adjustment procedures reached 7% in 2017, it was in the safeguard procedures that the largest setback occurred. Figures show a decrease of 10.5% in pronouncements by French

courts to initiate safeguard proceedings.

### The sectors

This change in the economic conditions is obvious in all sectors. Only companies active in agriculture and transport/warehousing continue to show an increase in their difficulties. Small and medium-sized companies are also less and less prone to collective proceedings (-6%). All young companies (less than three years old) seem to be the most favored (-10%); only hotels and restaurants still show difficulties in maintaining themselves.

### The benefits

As a result, there has been a sharp decline in wage problems.

On the one hand, with a reduction in the number of jobs at risk: this phenomenon is illustrated by the drop in the triggering of wage guarantee procedures and the activities of the ‘AGS’ (*Association for the management of the scheme to guarantee employees’ claims*, an employers’ organisation based on the inter-professional solidarity of employers and financed by their contributions), which fell by 9.2%, that is to its lowest level in 15 years.<sup>3</sup>

On the other hand, by reducing the number of redundancies: many employment contracts were maintained after the opening judgment. This shows that companies are less

likely to lay off workers in order to survive.

Finally, since alternative procedures show no sign of development, growth is the only reason for this development. France seems to be returning to figures close to those known before the last stock market crash in 2011. ■

### Footnotes:

- 1 (i) Mathieu Plane, economist at the “Observatoire français de la conjoncture économique”. (ii) Europe 1 – “L’économie” – January 30th, 2018
- 2 Data published by the “Banque de France” on March 16, 2018.
- 3 Stat-ag – n°19 – January 2018

