

National Insolvency Statistics Update: Portugal

On the 31st of July 2023, DGPJ (*Direção-Geral da Política de Justiça*) published its insolvency statistics for the first trimester of 2023, regarding corporate and individual insolvencies proceedings. Francisco Patricio & Francisco Esteves de Almeida of Abreu Advogados (Lisbon, Portugal), present a summary of the statistics.



The number of insolvencies proceedings filed before the Portuguese Courts in the first trimester reached its peak in 2012, on the aftermath of the *sub-prime* crisis, and during the intervention of the International Monetary Fund in Portugal.

The number of proceedings filed before the Courts gradually decreased until 2021 (in 2021 the decrease amounted to 57,78%, comparing to 2012).

With the end of the pandemic legislative measures, and with the increase of interest rates, in the first trimester of 2022, although registering a low number of filed proceedings (2412 filed proceedings), there was an increase of 4,37% comparing to the previous year. This upward trend is now confirmed by the DGPJ for the first trimester of 2023, in which 2809 new proceedings were filed, amounting to an increase of 21,55% compared to 2021, and of 16,46% compared to last year.

In what concerns declared insolvencies by the Courts, such number, in the first trimester period, was at its highest in 2014, with 4260 declared insolvencies, gradually decreasing until 2022, when only 2082 proceedings concluded in declared insolvency (a decrease of 51,13%). By the first trimester of 2023, there were already declared 2490 insolvencies, with only 20,2% relating to companies.

A relevant statistic to point out is the one regarding the credit recovery rate. The credit recovery rate, i.e, the proportion of the amount of credits which were paid compared to amount of recognized credit, stands at only 8.5%. This means that 91.5% of the amount of credit which is recognized by Courts were not matched by an effective payment of said credit. Furthermore, it is important to note that the proportion of cases with some kind of payment of credits is 48.5% compared to 51.5% with no payment at all.

DGPC also published, in August 10, the number of declared insolvencies for the second trimester of 2023, which amounts to 2219 declared insolvencies, a decrease of 3,86% comparing to the second semester of 2022, when 2308 insolvencies were declared. In the second semester, the number of declared insolvencies reached its peak in 2013 (4438 declared insolvencies) having gradually decreased until the second trimester of 2020 – in 2021 and 2022 the number of declared insolvencies in the second trimester started to increase once again, mainly due to the adverse economic effects of the Covid pandemic and of the increasing rates, on smaller businesses.

The first two trimesters of 2023 confirmed the trend that in Portuguese courts, the number of declared insolvencies in the first semester is higher than in the second semester.

Current market expectations are that numbers will start to increase now and that the year of 2024 will be a very busy year for restructuring and insolvency practice areas.

Further statistics from Portugal and other jurisdictions can be found on our website [here](#).