

A closer look at... Quarterly statistics on bankruptcy declarations at the European Union level

Emmanuelle Inacio reports on the latest Eurostat figures from the EU¹



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Eurostat² is the statistical office of the European Union and monitors *inter alia* declarations of bankruptcies on a quarterly basis³ in the European Union and euro area as it is useful to provide more up-to-date and frequent information on the economic environment for businesses than the traditional annual business demography statistics.

Quarterly data was very helpful to track better the effects of the COVID-19 pandemic in 2020 and 2021, and the impact of Russia’s invasion of Ukraine on European businesses. This has been particularly important for policy makers when policy responses are needed due to business cycle developments in the current context.

Since the first quarter of 2021, the data on the absolute numbers of bankruptcy declarations have been provided

by the national statistical institutes of the EU Member States, on a mandatory basis in accordance with the provisions of Regulation (EU) No 2019/2152 on European business statistics. Bankruptcies are defined as the number of legal units that have started the procedure of being declared bankrupt, by issuing a court declaration, at any time during the considered quarter. The bankruptcy declaration is often provisional and does not always mean cessation of an activity.

Quarterly comparison in the EU/euro area

Regarding the number of declarations of bankruptcies (*see Chart 1 below*), there has been a downward trend between the first quarter of 2015 and the first quarter of 2017, then turning mainly upwards until the third quarter of 2019. There were considerable decreases in the first

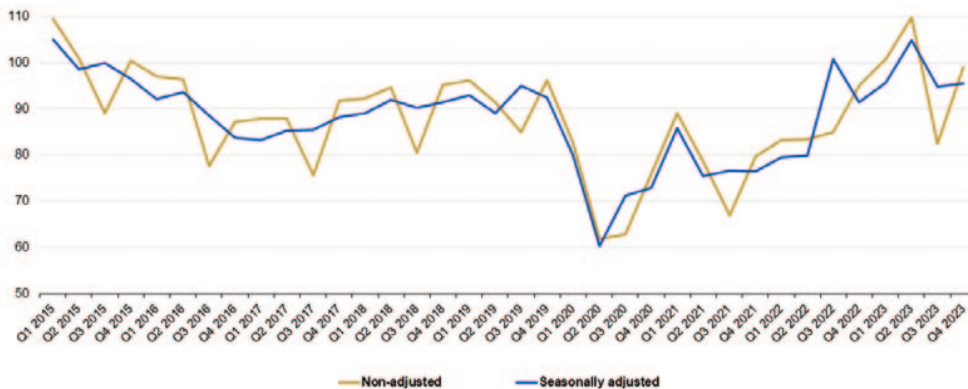
and second quarters of 2020. The decrease in bankruptcies, observed in many Member States in the first two quarters of 2020, can be explained by the government measures supporting businesses during the beginning of the COVID-19 crisis which allowed the businesses to avoid declaring bankruptcy.

After that, the number of bankruptcy declarations increased for three consecutive quarters, from the third quarter of 2020 until the first quarter of 2021, while still remaining below the pre-pandemic levels (i.e. between Q1 2018 and Q4 2019). Then the bankruptcy declarations reached a peak in the third quarter of 2022, which was the highest level recorded since the second quarter of 2015. In the second quarter of 2023, the number of bankruptcy declarations rose even higher than the previous peak (from the third quarter of 2022) and at levels just slightly below the highest level observed in the first quarter of 2015. Then the bankruptcy declarations decreased in the third quarter of 2023, which was followed by a slight increase in the fourth quarter of 2023, while still being above the pre-pandemic levels (between Q1 2016 and Q4 2019).

In the fourth quarter of 2023, the seasonally adjusted number of declarations of bankruptcies increased by 0.6% in the EU and by 2.7% in the euro area, compared with the third quarter of 2023. In the third quarter of 2023, declarations of bankruptcies decreased by 9.4%

Chart 1

EU (available countries), declarations of bankruptcies of businesses, Q1 2015 to Q4 2023 (2015=100)



in the EU and by 10.9% in the euro area, when compared with the second quarter of 2023 (see Chart 2 right).

Quarterly comparison by Member State

Comparing the fourth quarter of 2023 with the third quarter of 2023, among Member States for which data are available, the highest increases in bankruptcy declarations were observed in Croatia (+18.5%), Slovakia (+16.8%) and Luxembourg (+15.7%). The largest decreases in the number of declarations of bankruptcies were recorded in Latvia (-26.8%), Hungary (-25.6%) and Romania (-23.4%) (see Chart 3 right).

Quarterly comparison by activity

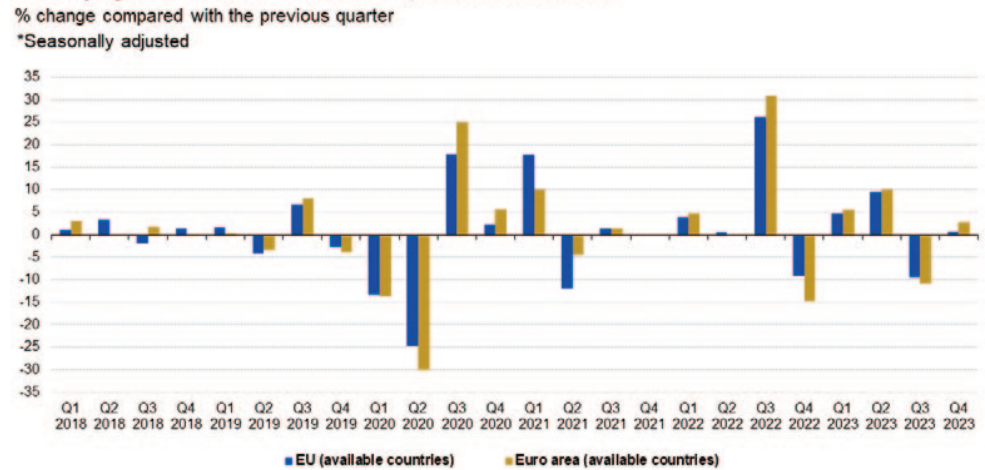
For the whole of the economy (industry, construction, market services), the number of declarations of bankruptcies showed mainly a downward trend in 2015 and 2016, and were then mostly on a slight upward trend from the first quarter of 2017 until the third quarter of 2019 (see Chart 4 right).

In all sectors of the economy, there was a significant cumulative decrease in bankruptcy declarations in the first two quarters of 2020 (linked to the extraordinary financial support provided by governments in the first months of the pandemic).

Then, during the following three quarters (from the third quarter of 2020 to the first quarter of 2021), the bankruptcy declarations were essentially on an upward trend in all sectors of the economy. In the third quarter of 2023, the number of bankruptcy declarations decreased in most sectors, with the notable exception of the information and communication sector, and also industry, and construction which recorded increases. Then, in the fourth quarter of 2023, the number of bankruptcies declarations rose in four sectors and decreases in another four sectors. The more articulated changes, compared with the

Bankruptcy declarations of businesses*, Q1 2018 to Q4 2023

Chart 2



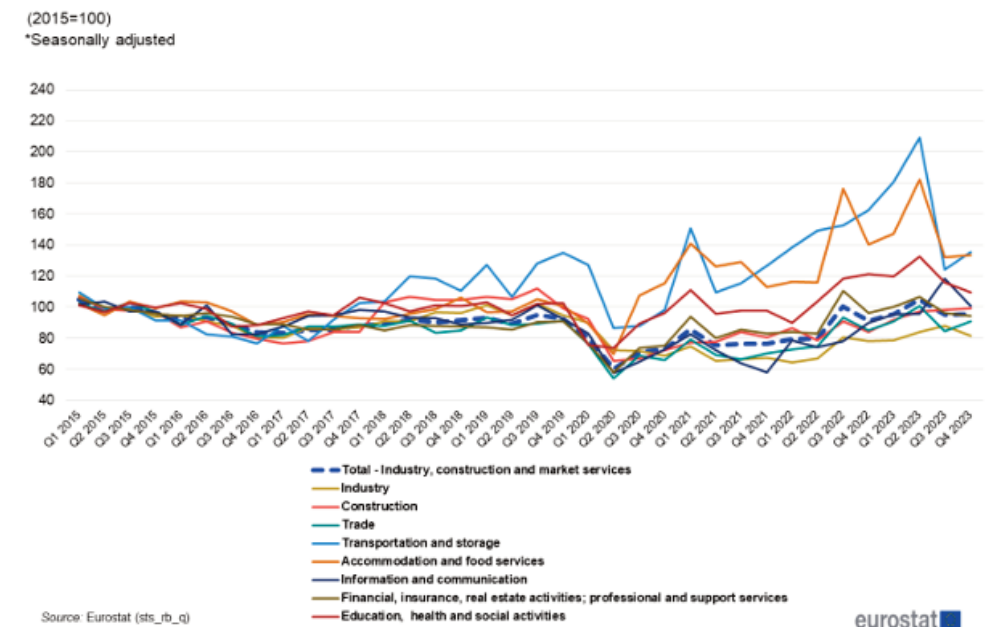
Bankruptcy declarations of businesses by country*, Q1 2018 to Q4 2023

Chart 3

Country	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
EU (available countries)	3.0	-0.1	1.7	-0.1	0.3	-0.4	0.0	-0.6	-10.0	-30.1	25.0	1.7	3.9	-4.4	1.5	0.0	4.7	0.0	-20.0	-14.6	1.4	10.0	10.9	2.0
Euro area (available countries)	-4.0	-10.0	17.7	7.0	-6.7	3.0	0.4	-0.9	-20.0	-32.2	16.7	-10.7	-6.0	2.7	12.0	10.0	10.0	10.0	-11.2	3.0	2.2	9.0	4.0	0.4
Austria	-14.0	17.0	-10.0	12.0	4.2	17.4	0.0	0.2	-14.0	-17.0	20.0	-0.6	-4.4	10.0	-0.4	0.0	12.1	3.4	-10.0	-3.7	0.0	-14.4	-12.7	13.0
Croatia	-0.7	0.7	-0.4	4.0	10.4	-16.0	4.0	-1.6	-30.1	13.7	3.4	34.2	100.0	-0.1	-1.0	37.2	-1.0	16.6	-17.7	4.0	-0.0	-14.0	20.0	0.0
Denmark	-2.2	-2.2	-0.9	0.9	2.1	-1.1	1.0	-4.6	3.0	-8.6	-19.2	0.0	0.0	-0.7	-10.4	0.0	1.4	3.6	-2.7	17.4	0.0	7.3	0.7	0.7
Germany	0.1	-1.7	14.0	-0.6	0.4	1.1	-27.3	111.7	-40.0	31.2	16.0	-12.4	-10.4	19.0	-29.0	-12.9	40.0	-19.3	-20.0	16.0	0.0	34.6	-14.0	-0.3
Italy	2.3	0.6	-12.2	0.0	0.0	-7.0	10.0	0.0	-22.2	27.0	0.0	4.0	0.0	0.0	0.0	0.0	17.0	-4.0	0.0	0.0	0.0	10.0	10.0	0.0
France	-0.0	-4.0	4.0	1.3	-0.4	0.0	-1.1	1.0	-27.0	27.0	42.0	-7.0	17.1	2.7	0.7	10.0	11.0	10.0	14.4	3.1	3.0	0.4	4.0	4.0
Greece	-10.0	-4.4	10.7	20.0	20.0	0.0	20.0	-2.0	-20.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Spain	-1.0	2.2	-0.3	2.0	-0.1	2.7	0.4	-0.6	-22.0	-0.0	10.0	34.0	-0.0	-0.7	-1.2	-0.2	-10.0	-0.0	7.0	-0.7	-0.1	0.7	0.0	4.0
Portugal	-0.1	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4
Poland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lithuania	-10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Luxembourg	27.7	0.1	-10.0	0.1	11.0	-10.0	42.0	-10.0	-10.0	-10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hungary	-33.0	-0.1	100.0	0.0	200.0	-0.0	400.0	-20.0	-20.0	-20.0	-20.0	-20.0	-20.0	-20.0	-20.0	-20.0	-20.0	-20.0	-20.0	-20.0	-20.0	-20.0	-20.0	-20.0
Malta	4.0	0.0	0.0	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Netherlands	-4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Austria	-4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Poland	-11.4	-1.1	0.4	-0.0	-10.0	10.0	3.1	-0.0	-0.3	0.0	12.0	-22.0	4.3	-10.4	7.7	-0.0	-10.4	10.4	-2.0	2.4	11.0	-1.0	10.4	-0.0
Romania	3.0	34.0	-10.0	-0.0	30.0	-0.2	21.0	0.0	10.7	15.1	-1.4	17.7	104.4	-71.2	40.0	-44.2	-3.4	-4.0	-20.0	0.0	-4.4	-1.0	0.0	0.0
Slovenia	10.7	-12.2	0.0	-0.7	0.0	-0.0	0.0	10.0	0.0	-20.0	20.0	-1.0	-2.1	-1.0	-22.2	10.0	-4.0	-1.0	-10.0	20.0	-0.7	-0.1	10.0	0.0
Slovakia	0.0	0.0	14.7	-0.7	13.0	-11.4	23.0	-10.0	3.0	-30.1	-24.4	24.0	24.0	24.0	14.3	7.4	-13.2	-10.2	-10.4	7.0	31.0	-12.2	4.0	10.0
Finland	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Iceland	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Norway	1.7	10.0	0.0	0.0	-0.0	-0.1	12.4	-0.0	-0.0	-10.2	0.0	1.0	1.0	0.0	0.0	10.0	10.0	0.0	-1.1	0.0	10.0	0.0	10.0	0.0

EU (available countries), declarations of bankruptcies by activity*, Q1 2015 to Q4 2023

Chart 4



previous period, were the decrease of bankruptcies in information and communication, and on the other hand the increase of bankruptcies in transport. ■

Footnotes:

- 1 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Quarterly_registrations_of_new_businesses_and_declarations_of_bankruptcies_-_statistics&oldid=504228 and <https://www.insol.eu.org/technical-content/national-insolvency-statistics>
- 2 <https://ec.europa.eu/eurostat/web/main/home>
- 3 <https://ec.europa.eu/eurostat/web/business-demography/publications>

Source: Eurostat