Employment and insolvency statistics in France

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Insolvency proceedings were opened against 55,096 companies in 2023 compared with 41,483 in 2022, an increase of +32.8% marking the end of the slowdown in the number of procedures during the health crisis period. This evolution occurs within a context of modest growth, geopolitical uncertainty, an increase in the cost of raw materials, and a deterioration of business across all sectors.

The most affected sectors remain trade and construction, as well as those of catering and accommodation.

In terms of employment, more than 210,000 jobs have been affected by the opening of insolvency proceedings in 2023. In particular, among SMEs, 14,449 jobs have been affected.

Indeed, SME insolvencies rose sharply in 2023. Summer 2023 was the worst since 2014. 91.7% of companies concerned by insolvency proceedings have fewer than 10 employees. However, 19 insolvency proceedings were opened for companies with sales in excess of €100 million. This ratio can be explained by the fact that SMEs are less able to turn around than larger companies.

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The use of **preventive procedures** is slightly up in 2023 (+4.5%). This increase is in line with previous years: +29% in 2022 and +12% in 2021.

59.6% of companies using preventive procedures are companies with no employees. Only 6.2% of conciliation procedures are opened for companies with between 51 and 200 employees.

Safeguard procedures account for only 2% of all procedures, with a total of 1,572 procedures in 2023. However, they are not that much representative compared to other procedures. Most of insolvency proceedings opened in 2023 were **winding-up** procedures which account for 69% of all proceedings.

Judicial restructuring accounts for 28% of all proceedings, with an increase of +44,3% in 2023. This last procedure enables the company to present a recovery plan, which is a court-approved program to organize the company's continuation or sale.

Despite this data, the French GDP is steady in the fourth quarter of 2023. On average in 2023, it will rise by 0.9%. This annual growth is mainly due to the sharp rise in the second quarter of 2023. Average wage has increased but household consumption slowed down (+0.7% only) due to a further decline in food sales (-4.7%).

2024 is likely to be a year of declining inflation, but growth will remain modest due to the impact of increases in benchmark interest rates. ■