The corporate battlefield : Global insolvencies in times of war economics

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Allianz Research

Content

Executive summary

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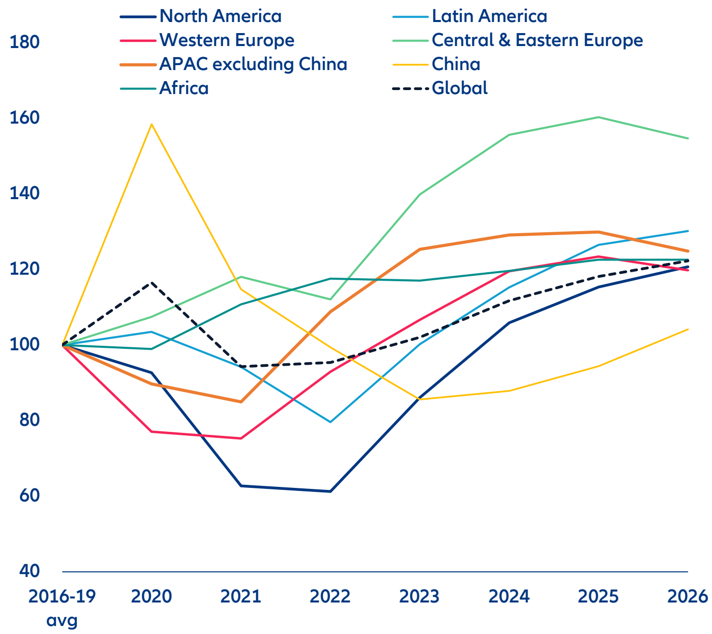
- **After surging by +10% in 2024, our Global Insolvency index is set to rise by +6% in 2025 and +3% in 2026 as the delayed easing of interest rates and increased uncertainties keep companies under pressure.** The number of business insolvencies rebounded in four out of five countries in 2024. The US stood out with a major rise (+22%) and the Eurozone also posted a noticeable acceleration (+19%), particularly in France (+17%), Germany (+23%) and Italy (+45%). The UK saw a reduced number of cases (-5%) and China recorded an upside trend reversal of +3%. In Western Europe, nearly half of sectors have surpassed their pre-pandemic levels of business insolvencies, with the biggest increases in 2024 seen in transportation, construction and B2B services. Looking ahead, the delayed easing of interest rates and increased uncertainty will leave companies in wait-and-see mode, reducing activity and threatening already fragile firms. North America and Asia are expected to drive the rise in business insolvencies (US: +11% to 25,580 cases in 2025). Western Europe will also face another rise in 2025 (+3%) for the fourth consecutive year, before seeing a modest improvement in 2026 (-3%), a trend mirrored by Central and Eastern Europe. In Germany and Italy, business insolvencies would continue to increase in 2025 (+10% and 17% respectively, to 24,300 and 14,000 cases) and 2026 (+2% and +2%), but the fiscal stimulus announced in Germany could limit this outlook. In France, insolvencies would reach a new historical high in 2025 with 67,500 cases (+2%), before falling by -4% in 2026. In the UK, where insolvencies reached a 10-year high in 2023, the number of insolvencies will decrease moderately again in 2025 (-3%), before a larger improvement in 2026 (-7%).
- **Rising insolvencies will put 2.3mn jobs directly at risk globally in 2025 (+120k compared to 2024), followed by a marginal rise in 2026 (+20k).** We calculate this based on the average number of employees per firm, the share of companies that go into a liquidation phase immediately (72% on average) and the share of people laid off in a restructuring phase (32% on average). Western Europe (1.1mn) would lead this global count, ahead of North America (~450k), with both regions recording a 10-year high, and followed by Central and Eastern Europe (~370k) and Asia (~320k), which have both been recording a moderately increasing annual number since 2022. Globally, the main sectors at risk are construction, retail and services.
- **If interest rates remain high for longer, the lower availability of credit could lead to even more insolvencies.** Access to credit allows firms to refinance liabilities, bridge revenue shortfalls and avoid bankruptcies, particularly during economic downturns. Although we expect interest rates to decline both in Europe and the US, inflationary risks, especially in the US, could slow down the pace of rate cuts. If borrowing costs rise and make credit less accessible, this could lead to a slowdown in credit growth, tightening financial conditions and increasing default risks for highly leveraged firms. Our estimates suggest that a 1% decrease in credit increases insolvencies by about +3% in the US, +0.4% in Germany, +1% in the UK and 2% in France in the next three months.

- **A full-fledged trade war could also push global insolvencies up by about +8% in 2025 and 2026.** Our insolvency outlook could deteriorate should the European economy perform weaker than expected, with a stronger lack of momentum, or if there is weaker resilience in APAC and larger headwinds from China, as well as if the outlook for the US deteriorates further. Geopolitics could also be a major factor of turbulence, with the ongoing conflicts in Russia-Ukraine and the Middle East, tensions in the South-China-Sea and political uncertainties in Taiwan. Trade uncertainty and potential tariffs have already contributed to increase our global forecasts by +1.4pp for both 2025 and 2026. Yet, a full-fledged trade war would lead to an additional +2.1pp and +4.8pps increase to +7.8% and +8.3% globally in 2025 and 2026. For 2025-2026, this would mean +6,800 additional cases in the US and +9,100 in Western Europe.

- **Europe could benefit from increasing defense spending, though the positive impact could be limited to a small number of sectors.** The surge in European defense spending presents both an opportunity and a challenge. If funds are directed toward domestic production, technological development and supply-chain expansion, the economic benefits could be substantial. However, capacity constraints in European defense industries mean that a significant portion of spending is currently flowing to foreign suppliers, limiting to some extent the immediate fiscal multiplier effect. Historically, sustained defense investment has driven industrial growth, as seen in France and Germany during the Cold War. Today, increased domestic procurement could revitalize aerospace, heavy machinery, metals and electronics. The metals and chemicals sectors will also see higher demand for steel, aluminum and composites, while advanced technology firms in avionics, semiconductors and cybersecurity could also gain from defense-related tech and R&D spending. Construction would benefit from infrastructure projects such as base expansions, airfield upgrades and naval port modernizations, while transport and logistics services may see moderate gains due to increased military mobility and deployment activities. In contrast, consumer-driven sectors will experience minimal direct impact, while healthcare could face budgetary trade-offs if defense spending leads to fiscal reallocation. Overall, the positive boost for demand in the sectors mentioned above and its spillovers could reduce insolvencies by -0.4pp and -1.0pp in Europe, sparing around 3,700 firms provided that domestic demand for other sectors holds up and governments adopt good payment discipline.

- **Meanwhile, regulatory changes could also shape long-term insolvency trends in Europe.** In an unusually bold move, the European Commission announced a new 28th legal regime, which would exist alongside the national legal systems of the 27 EU member states. The idea behind this concept is to create an optional legal framework that businesses and individuals across the EU could choose to operate under, simplifying cross-border transactions and reducing legal fragmentation. The proposal is likely to focus on putting forward a unique digital identity recognized across all EU member states, and a harmonized legal framework for corporate law, insolvency, labor laws, and possibly taxation. While this will not have a strong impact on insolvencies in the short term, a 28th regime should intensify competition within the internal market in the longer term and structurally increase insolvencies in less competitive regions. Additionally, far reaching changes in the regulatory framework on insolvencies should be announced in the Commission's upcoming communication on completing the "Saving and Investment Union" and could lead to higher insolvencies in less stringent jurisdictions, who will be pressured to comply with the new EU rules. Meanwhile, limiting payment terms to 30 days remains under discussion in Brussels. Movement on this front could accentuate insolvencies in an already fragile region through an increase in the liquidity gap.

Figure 01: Global and regional insolvency indices, yearly level, basis 100: 2016-2019 averagee



Source: Allianz Research

Figure 02: Insolvency heat map 2024 (left) and 2025 (right)

2024 expected change (y/y)	Very low level (more than -15%)	Low level (-15% to 0%)	High level (0% to +15%)	Very high level (+15% and more)
Strongly increasing (+20% and more)	Türkiye	Italy	Germany Ireland Luxembourg U.S.	Australia Austria Brazil Canada New Zealand Hong-Kong Singapore Sweden
Noticeably increasing (+10% to +20%)	Latvia Russia		Netherlands Estonia	Colombia France Japan South Korea Switzerland
Increasing (0% to +10%)	Czechia Lithuania Portugal	China Norway Romania	Belgium	Finland Morocco Poland Spain
Decreasing	Chile India South Africa Taiwan		Bulgaria Denmark	Hungary UK Slovakia
	2024 expected level compared to 2016-19			

2025 expected change (y/y)	Very low level (more than -15%)	Low level (-15% to 0%)	High level (0% to +15%)	Very high level (+15% and more)
Noticeably increasing (>10%)	Russia Türkiye		Italy US	Brazil Germany
Increasing (+5% to +10%)	Chile Taiwan	China Luxembourg		Switzerland New Zealand Morocco
Increasing (+0% to +5%)	Czechia Latvia Lithuania Portugal	India Romania	Bulgaria Ireland Netherlands Norway	Austria Estonia France Hong-Kong Slovakia South Korea Spain
Decreasing	South Africa	Denmark	Belgium	Australia Canada Colombia Finland Hungary Japan Poland Singapore Sweden UK
	2025 expected level compared to 2016-19			

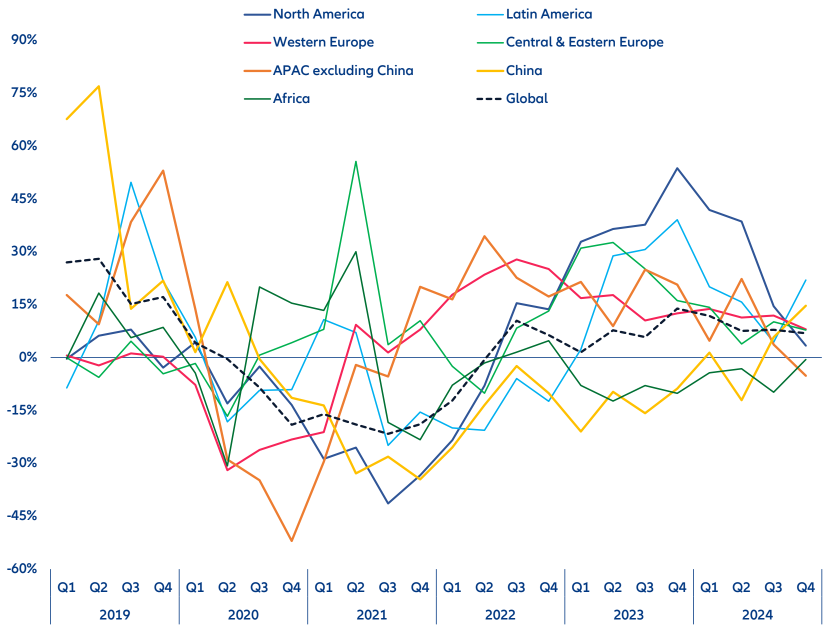
Source: Allianz Research

In 2024, business insolvencies increased by double digits in one out of two countries

As expected[1], 2024 recorded another high-speed and broad-based increase in business insolvencies. The number of business insolvencies rebounded in four out of five countries in 2024, with most recording a double-digit increase for the full year. Interestingly, the upside trend remained well on track every quarter, with a still noticeable increase in Q4 (+7% y/y) despite the basis effect from the previous year (+14% y/y). Overall, our Global Insolvency Index surged by +10% y/y for the full year 2024, from +7% in 2023, ending the year 12% above its 2016-2019 average (but 12% below its level during the Great Financial Crisis). This outcome is close to our previous expectations (+1pp compared to December and -1pp compared to September) as the end-of-year dynamic has led to more cases than anticipated, notably in Turkey, Italy, Switzerland and the US, which have been roughly compensated by less cases than anticipated for India, Russia and Canada. Regionally, these trends translated into increases across all regions. North America (+23% y/y) and Latin America (+15%) both boosted the global rebound, with the US recording a major rise (+22%). In Asia (+3%), the upside trend reversal in China (+3%) reinforced the increase observed in most other Asian countries, notably Japan (+15%) and Australia (+41%). In parallel, Western Europe remained a key contributor to the global rise despite a slower rebound (+12% y/y), the softer pace resulting mainly from the reduced number of cases in the UK (-5%) while the Eurozone posted a noticeable acceleration (+19%), particularly in France (+17%), Germany (+23%) and Italy (+45%). More precisely, four out of five countries, together accounting for 75% of global GDP, posted a rise in business insolvencies in 2024 (+20% y/y on average, following +30% in 2023), with two-thirds of them experiencing an increase of more than +10%. The

1 See our previous insolvency report –Global Insolvency Outlook: The ebb and flow of the insolvency wave

Figure 03: Global and regional indices, quarterly



Source: Allianz Research

largest increases occurred in Singapore, Türkiye, Italy, Australia and New Zealand, in relative terms (+46% y/y, +45%, +45%, 41% and +40%, respectively), and in France, Germany and the US and Germany in absolute terms (+9,401 cases, +4,186 and +4,178, respectively). The few exceptions were Chile, Hungary, India, Taiwan, Denmark, Slovakia, South Africa, Bulgaria and the UK. In these countries, the decrease in annual business insolvencies ranged from -4% y/y (Bulgaria) to -37% y/y (Chile), with an average decline of -16% y/y. However, they account for a limited share of global GDP (9%) and thus of our Global Insolvency Index (11%), moderately contributing to lower the annual increase of our headline indicator.

A broad-based rise across sectors, with few escaping the (upward) national trend. While not an absolute rule, the country-wide situation often sets the trend for most sectors, with differences in intensity and timing. As a result, in the current catching-up phase, most sectors are seeing rising insolvencies. Europe is emblematic of this trend. Looking at the eight main economic sectors of our sample of 27 countries, we observe the broad-based rise in insolvencies across European sectors, with 66% (i.e. 143 out of the 216 sectors) recording an increase over the full year 2024 compared to 2023 – and more than 110 of them still on the rise in the last quarter of 2024. Overall, hospitality, trade, construction, B2C services and industry posted a rise in half of the European countries, while information & communication, transportation & storage and B2B services posted a rise in 80% of them.

Transportation & storage stands out with a strong catch-up above pre-pandemic levels (2016-2019 average) in several countries (15), along with construction (11) and accommodation (11). Western European countries recorded the largest numbers of sectors already above pre-pandemic levels of business insolvencies, notably the UK, France, Spain, Sweden, Belgium and Austria. In the Americas, Canada, for example, also saw major sectors posting double-digit increases in bankruptcies of over +30%, such as real estate, B2B services, wholesale, transport and storage, while services posted double-digit increases in Brazil. In Asia, this was the case in Japan, where several non-financial sectors recorded increases of between +15% (manufacturing, retail, information and communication) and over +25% (wholesale).

Large firms have not been immune, setting a 10-year high record in the number of major insolvencies, driven by cases in services, retail and construction Globally, the number of major insolvencies[2] kept on increasing quarter after quarter in 2024, with Q4 largely surpassing the pre-pandemic average level and marking the second-largest quarterly total since the start of our monitoring in 2015. For the entire year, major insolvencies rose by +30% y/y, totaling 474 cases globally. This represents a new annual record since 2015, with more than one case every 19 hours. Meanwhile, the combined turnover of insolvent major companies reached EUR187bn from EUR175bn in 2023 (+7% y/y), with the average turnover totaling slightly below EUR400mn, compared to EUR463mn for the 2015-2019 average[3], fueling the risk of domino effects on suppliers and subcontractors. Western Europe played a key role in this global count, with 305 out of the 474 cases reported over the year (93 in Germany, 62 in Italy, 56 in the UK and 47 in France), followed by North America (139, mostly in the US) and Asia-Pacific (70). Notably, the US remained at the forefront with the highest number of major insolvencies, with 11 out of the top 20 insolvencies of the year, ahead of China (4) and Western Europe (4). Most importantly, the top three sectors contributing to the global count were in Western Europe: services (54 cases), retail (41) and construction (40). Asia had a significant number of cases in construction (19) and services (10) while the US continued to record large insolvencies in services (19) and retail (12). Globally, paper stood out with the largest severity in terms of turnover (EUR629mn on average), followed by electronics (EUR612mn) and retail (EUR596mn).

Figure 04: 2024 number of insolvencies, y/y change in % and comparison with 2016-19 average level, selected European countries

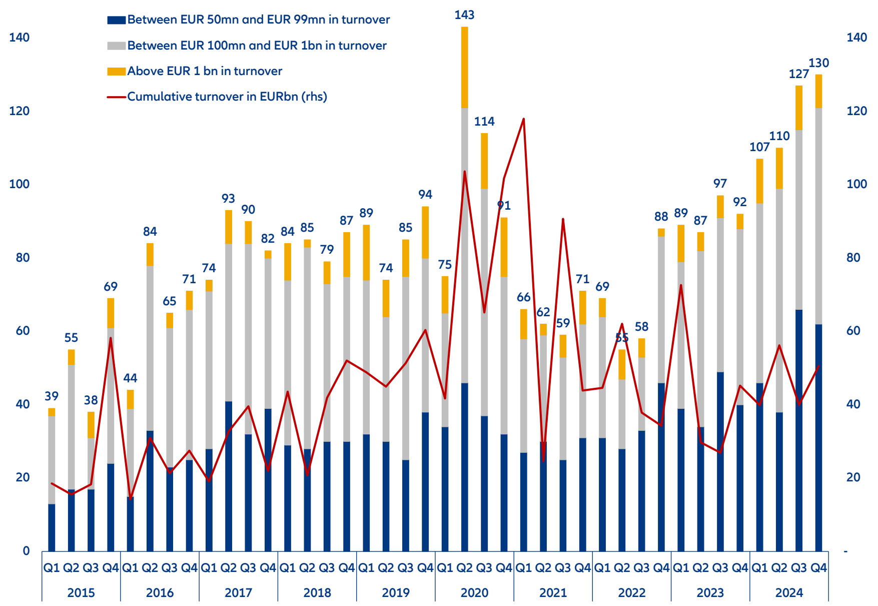
	Industry	Construction	Trade	Transport & storage	Accommod. & food service activities	Information & communic.	Finance, insurance, real estate, B2B activities	Education, human health & social work activities	ALL SECTORS
Belgium	4	17	12	12	-2	19	6	-2	8
Bulgaria	-3	-33	10	17	-46	-25	-29	-7	3
Czechia	12	11	1	41	-4	36	19	28	13
Denmark	-26	-15	-27	-13	-7	-23	-23	-12	-19
Germany	24	17	18	14	20	15	30	8	20
Spain	-1	13	10	20	12	56	17	3	12
France	8	25	14	31	10	16	24	9	17
Italy	17	31	20	18	20	19	10	2	19
Luxembourg	30	26	-3	-25	9	50	24	65	16
Netherlands	38	29	19	27	41	36	37	22	30
Austria	33	16	18	18	21	22	31	28	23
Portugal	22	-3	-4	1	3	76	6	11	7
Romania	3	19	0	13	22	8	15	6	9
Finland	10	-4	0	2	3	1	11	16	4
Sweden	16	18	9	16	23	23	35	26	21
Norway	2	6	6	5	-14	22	19	-20	4
UK	-2	-8	-9	-1	-6	8	0	-12	-5

(*) non-seasonally adjusted numbers; colored cells indicate a higher level compared to 2016-2019 average

Sources: Destatis, ONS, SCB, Eurostat, Allianz Research

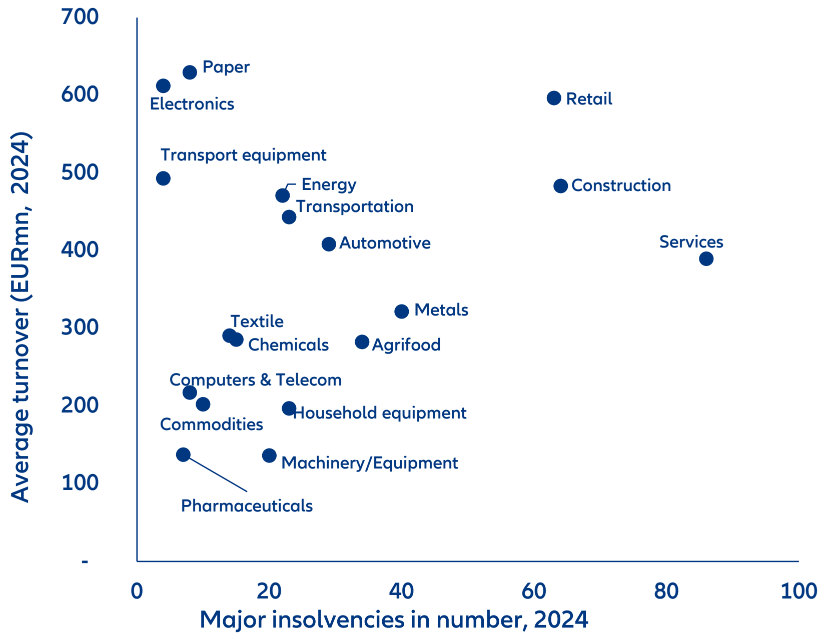
2 Firms with an annual turnover exceeding EUR50mn, based on the reporting of Allianz Trade business units
3 The 2020-2021 figures were boosted by a few significant cases such as HNA and Evergrande in China. The 2015-2023 average stands at EUR585mn

Figure 05: Major insolvencies, half yearly number, by size of turnover



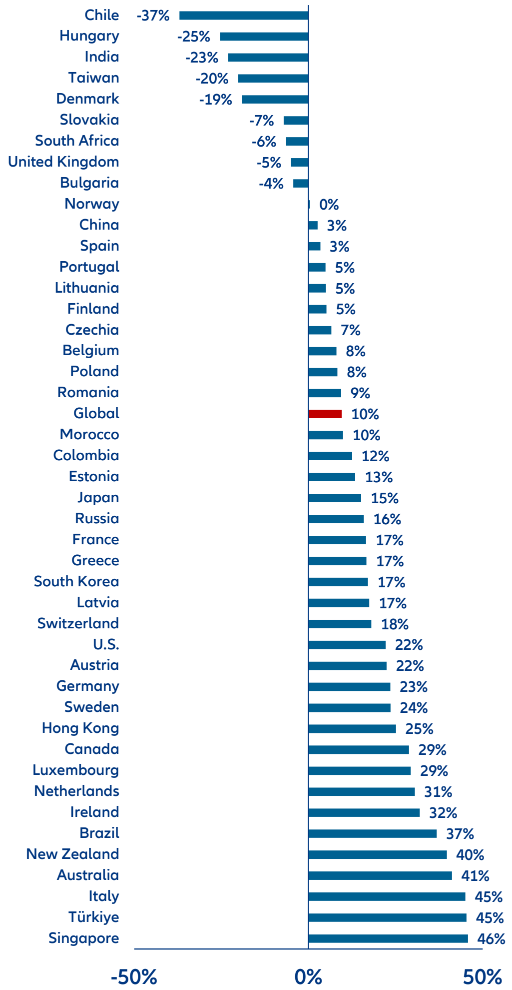
Source: Allianz Research

Figure 06: Major insolvencies by sector, number of cases (x axis) and average turnover (y axis, EURmn), FY 2024



Source: Allianz Research

Figure 07: 2024 business insolvencies, annual changes in %

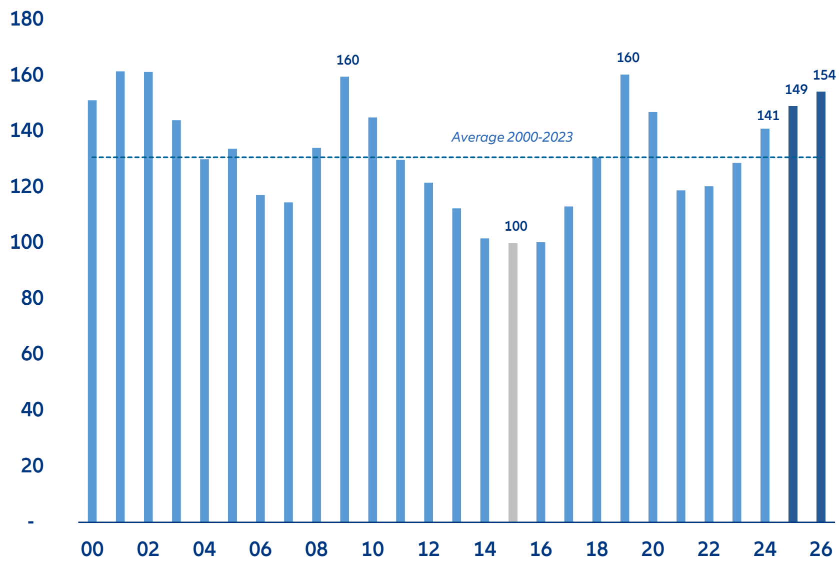


Source: Allianz Research

2025-2026 : The rise in global business insolvencies is not over

Looking ahead, we expect an extended rise in business insolvencies globally in 2025 and 2026 (+6% and +3% respectively), resulting in five successive years of increasing insolvencies. This global rise in insolvencies would be driven by primarily by North America (+9% and +5%, respectively), boosted by the US (+11% and +6%), and Asia (+5% and +6%), notably in China where business insolvencies should keep on increasing from the low levels reached in 2023. Western Europe is expected to experience another rise in 2025 (+3%) for the fourth consecutive year, before seeing a modest improvement in 2026 (-3%), a trend mirrored by Central and Eastern Europe (-3% and -4%, respectively). In 2025, the upward momentum would remain broad-based. Two-thirds of countries, together accounting for 69% of global GDP, will still post a rise in business insolvencies in 2025 (+7% y/y in simple average for the countries concerned, following +20% in 2024), with half of them experiencing an increase of less than +10%. The largest increases would occur in Russia, Türkiye, Italy, Brazil, the US and Germany in relative terms (+24% y/y, +20%, +17%, 13%, 11% and+10%, respectively), while decreases would remain limited, moderate (-5% in average) and mostly concentrated in countries that already recorded top levels in 2024, such as Canada, the Nordics, the UK, Japan and Australia. Our forecasts for 2026 indicate a more widespread downside trend, albeit a limited one (-7% y/y in simple average). We expect a majority of countries to post a decrease in business insolvencies, and several countries to see a stable number of insolvencies (Switzerland, Portugal, Greece, Lithuania, Latvia, South Africa and Morocco). Exceptions would be limited, with twice fewer economies on the upside in 2026 (13) compared to 2025 (30). However, the watch list for markets at risk of seeing an increase in insolvencies notably includes the US (+6% y/y), China (+10%), Germany (+2%), Russia (+16%), Italy (+2%) and Brazil (+5%). This watch list of large and smaller economies is accounting not only for a significant share of global GDP (60%), and thus of our headline indicator (69%), but also for major share of each regional GDP, leading Western Europe and Central & Eastern Europe to be the only two regions to post a downside trend reversal.

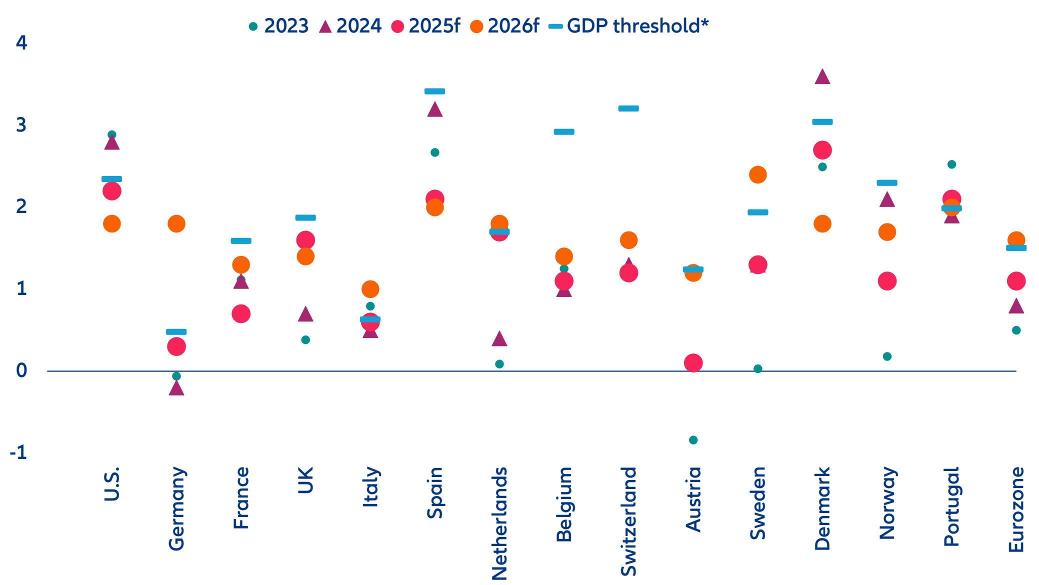
Figure 08: Global insolvency index, yearly level, basis 100: 2015



Source: Allianz Research

The persistent lack of economic momentum, which is sustaining price competition and putting pressure on profitability, is fueling the risk of insolvency for the most fragile firms. In several countries, the level of activity anticipated for the quarters ahead is unlikely to reach the minimum that has historically been required to at least stabilize the number of insolvencies, with still-subdued GDP growth in particular in the US (+2.2% in 2025), the Eurozone (+1.1%) and emerging markets, including China (+4.6%). Based on long-term sensitivities (see Figure 09), the US would need +0.1pp and +0.5pp in additional GDP growth in 2025 and 2026, respectively, to stabilize its number of insolvencies. For the Eurozone, it would be +0.4pp in 2025 in average, from +0.7pp in 2024, with most countries only gradually reducing the GDP gap compared to 2024, but France and Spain still enlarging the gap. This lack of economic momentum is likely to sustain competition and limit pricing power, softening revenue growth and only moderately weakening pressure on profitability – in other words, keeping insolvencies at high levels for several quarters.

Figure 09: Level of GDP stabilizing insolvencies vs 2025-26 GDP forecasts, US, Canada and selected European countries

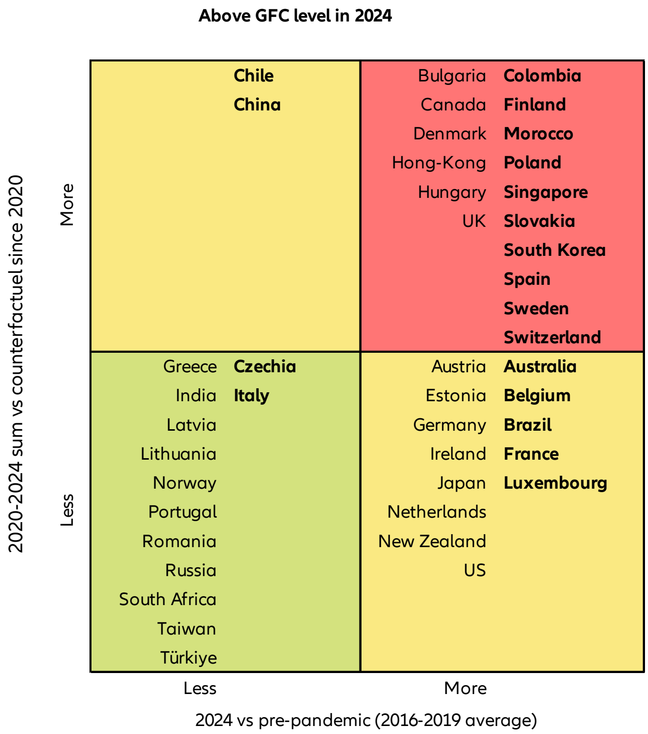


(*) GDP threshold: GDP growth momentum required to stabilize the number of insolvencies prior to the pandemic

Source: Allianz Research

The clearance of the post-Covid backlog of insolvencies also remains a potentially upward factor in several advanced economies. Several figures suggest that more countries are potentially done or closer to the end of the catch-up[4] that was expected on top of the 'back-to-normal' number of cases. First, almost one out of two countries posted more insolvencies in 2024 than observed during the Great Financial Crisis (2008-2010 average), the last period of severe economic turbulence, notably Switzerland, Sweden, Luxembourg, Belgium, Italy, France and Finland in Western Europe – even if at a global level our insolvency index ended 2024 below its GFC level by 12%. Secondly, the number of countries registering more insolvencies in annual terms than observed prior to the pandemic (2016-2019 average) now stands at two out of three at the start of 2025, compared to one out of two countries at the start of 2024. For half of these countries, this surplus largely exceeds 10%, notably the advanced economies of Western Europe, with Sweden leading the way (+62% above the 2016-2019 average), followed by Switzerland (+60%), Finland (+39%), the UK (+30%), Austria (+30%) – and to a lesser extent several others, including France, Spain, Belgium and Germany – as well as in Japan (+20%), Australia (+56%), Canada (+73%) and South Korea (+144%). At a global level, our headline index stood 12% above its 2016-2019 average at the end of 2024, reinforcing the idea that several countries could be closer to their peak. Yet, a quick comparison with 2016-2019 levels shows that, between 2020 and 2022, support measures for firms spared the equivalent of three-quarters of insolvencies in countries such as the US, Germany, Austria, Norway, Portugal and New Zealand, and the equivalent of one year of insolvencies usually reported in Australia, the Netherlands, France, Ireland and Italy. In other words, this means that only half of the countries have more than compensated for the 'missing' insolvencies of the overall Covid-19 period and the shockwaves from the war in Ukraine. This is the case notably for the UK, Spain, Denmark and Canada, but not yet in particular for the US, Germany, France, Italy and many other European countries.

Figure 10: 2024 level of insolvencies vs pre-pandemic average (x-axis), post-covid clearance of the backlog (y-axis) and GFC level (*)

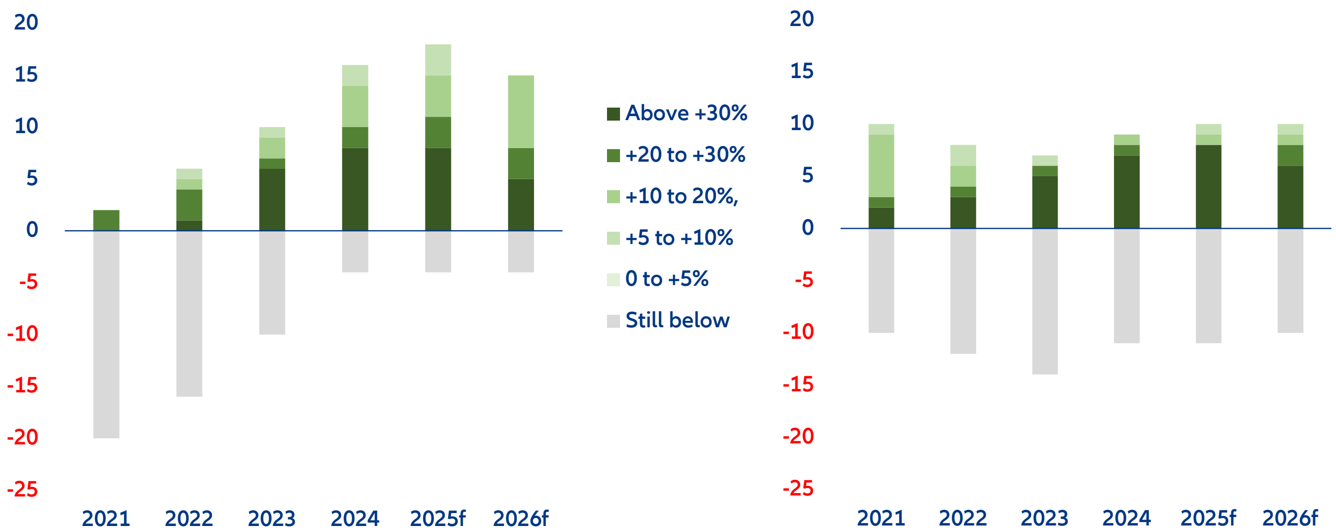


(*) Countries in bold are above GFC level of insolvencies in 2024

Source: Allianz Research

4 As a reminder, the 'normalization' was largely anticipated for 2023 and 2024 since the numbers of insolvencies observed in 2020 and 2022 were artificially lowered by the massive state support offered to firms, first during the Covid-19 crisis and then following the shockwaves from the war in Ukraine, in particular on energy prices in Europe. This state support allowed firms to avoid declaring bankruptcy but by doing so it created a backlog of potential future insolvencies among some of the non-viable firms that benefited from the support, mainly small and medium enterprises (SMEs)

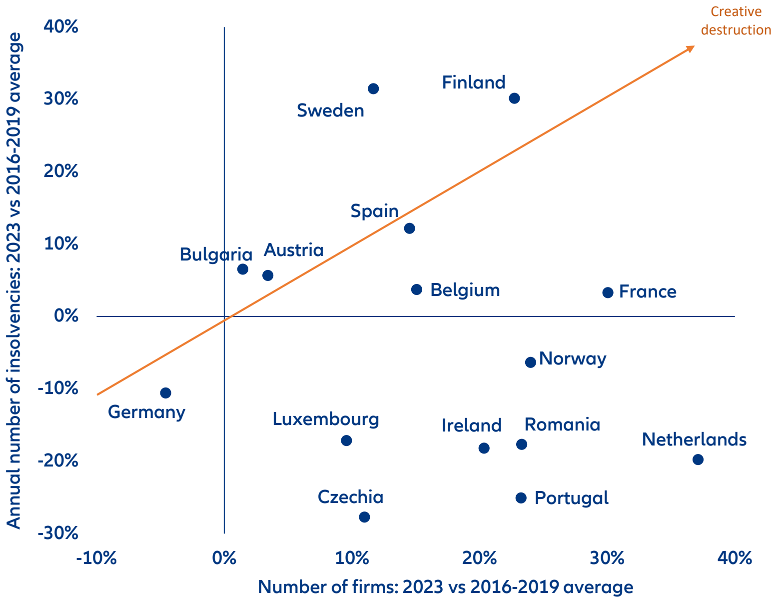
Figure 11: Gap with 2016-2019 average level in business insolvencies in %, by year, in number of advanced economies (left) and number of emerging markets (right)



Source: Allianz Research

In addition, the dynamism of business creation has also mechanically increased the potential for more insolvencies. Business creation has accelerated since the pandemic in most countries, thanks to various factors such as the rise of remote work and e-commerce (fueling transportation and tech-driven businesses), the push for sustainability (supporting green tech and energy sectors) and specific national programs dedicated to re-boost startups and SME creation. In Europe, for example, new business registrations proved to be +9% higher in 2021-2024, compared to 2016-2019, with the Eurozone in a good position (+11%) thanks notably to France (+49%), the Netherlands (+28%), Belgium (+17%), Portugal (+13%) and Spain (+12%). Four sectors clearly led the dynamic, namely information/communication (+28%), transportation/ storage (+26%), real estate/B2B services (+16%) and education/human health/social work activities (+12%). Dynamic business creation will push up the 'natural' rise in business insolvencies as (i) startups and younger firms are often at higher risk of facing financial difficulties and insolvency compared to their more established counterparts, which can withstand weak economic cycles better, and as (ii) a higher number of firms often lead to more fragile firms when the economic and financial cycle is weakening, i.e. a higher risk of 'zombie companies', and thereby capital misallocation and reduced overall productivity. More concretely, there are four types of countries in Europe: (i) those where the stock of businesses is shrinking, such as Germany; (ii) those where the stock of businesses is growing much more slowly than business bankruptcies, such as Sweden and Finland; (iii) those where the dynamics of bankruptcies and the evolution of the stock of businesses are close in intensity, such as Spain and Austria and (iv) finally, those where the stock of businesses is growing faster than business bankruptcies, such as the Netherlands, Portugal and, to a lesser extent, France and Belgium. It is in these last two categories that the potential for bankruptcies has increased, all other things being equal.

Figure 12: Business demographic dynamic vs business insolvencies dynamic (*), selected European countries

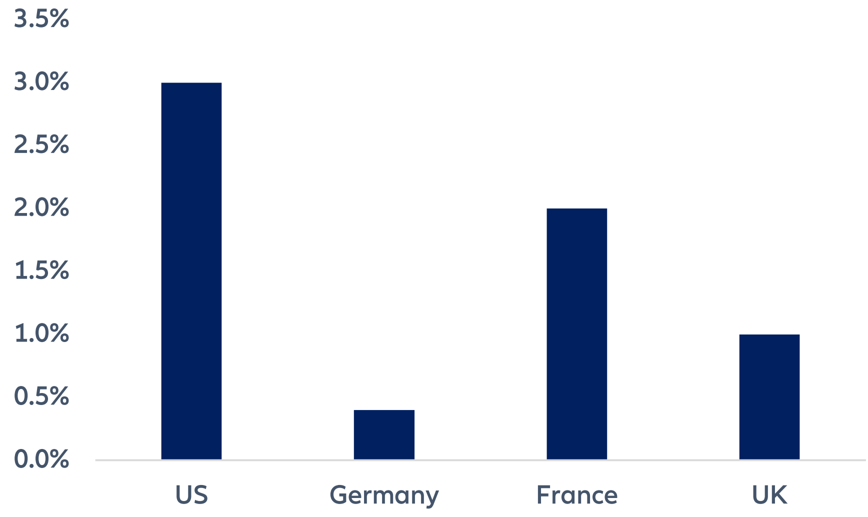


(*) For industry, construction and market services (except public administration and defense; compulsory social security; activities of membership organizations)

Sources: Eurostat, Allianz Research

Interest rates remaining high, with lower availability of credit, could worsen the outlook. When credit tightens, companies face higher borrowing costs, diminished cash flow and greater insolvency risks. This is particularly dangerous for small enterprises and heavily indebted corporations that rely on credit for operational stability. Accordingly, the shift away from ultra-loose monetary policy in recent years has contributed to the strong rise in insolvencies. Given the current interest rate environment and inflationary risks, central banks and policymakers face difficult trade-offs. Although we do expect the easing cycle to continue on both sides of the Atlantic, higher inflation could slow the pace, keeping the outlook for credit supply and corporate solvency uncertain. If borrowing costs rise and/or credit becomes less accessible, this could lead to a slowdown in credit growth, tightening financial conditions and increasing default risks for highly leveraged firms. Our estimates suggest that a 1% decrease in credit increases insolvencies by about +3% in the US, +0.4% in Germany, +1% in the UK and 2% in France after three months (see Figure 13).

Figure 13: Impact of a 1% decrease in credit on insolvencies (pps)



Sources: LSGE Datastream, Allianz Research

And a full-fledged trade war could push global insolvencies above +7% in 2025 and 2026. Our insolvency outlook could deteriorate should the European economy perform weaker than expected, with a stronger lack of momentum, or if there is weaker resilience in APAC and larger headwinds from China, as well as if the outlook for the US deteriorates further. Geopolitics could also be a major factor of turbulence, with the ongoing conflicts in Russia-Ukraine and the Middle East, tensions in the South-China-Sea and political uncertainties over Taiwan. On the trade side, current frictions on tariffs have already increased our forecasts by +1.4pp for both 2025 and 2026. Yet, a full-fledged trade war, i.e. with the US effective tariff exceeding 25%, up from 9% as of early March and 2.5% prior to Trump's re-election, would increase our forecasts by an additional +2.1pps and +4.8pps to +7.8% and +8.3% globally in 2025 and 2026, respectively[5] . For 2025-2026, this would mean +6,800 additional cases in the US and +9,100 in Western Europe, with a significant contribution from France (3,100), Germany (1,000), Italy (1,000), the UK (900) and the Netherlands (700).

Rising defense spending is one bright spot for companies, although the positive impact could be limited to certain sectors. The much-anticipated surge in European defense spending presents both an opportunity and a challenge. On the one hand, it could revitalize key industrial sectors and enhance technological capabilities. On the other hand, capacity constraints and supply bottlenecks could shift much of the economic gain abroad, limiting the benefits. If European governments commit to long-term procurement plans and investment in domestic production capacity, the economic benefits could expand significantly. Investments in new production lines, advanced materials and research and development could drive innovation and spill over into civilian industries. The sectors most directly affected by increased defense spending are aerospace, heavy machinery, metals, electronics and construction (see Figure14). In contrast, consumer-driven sectors such as retail, agrifood and leisure will see little direct impact from defense spending. Overall, the positive boost to demand in selected sectors and its spillover effects could reduce insolvencies by -0.4pp and -1.0pp compared to our baseline forecasts for 2025 and 2026, sparing around 3,700 firms in Europe provided that domestic demand for other sectors holds up and governments adopt good payment discipline.

5 Based on the impact on economic growth (real GDP) and historical sensitivities between economic dynamics and business insolvencies trend

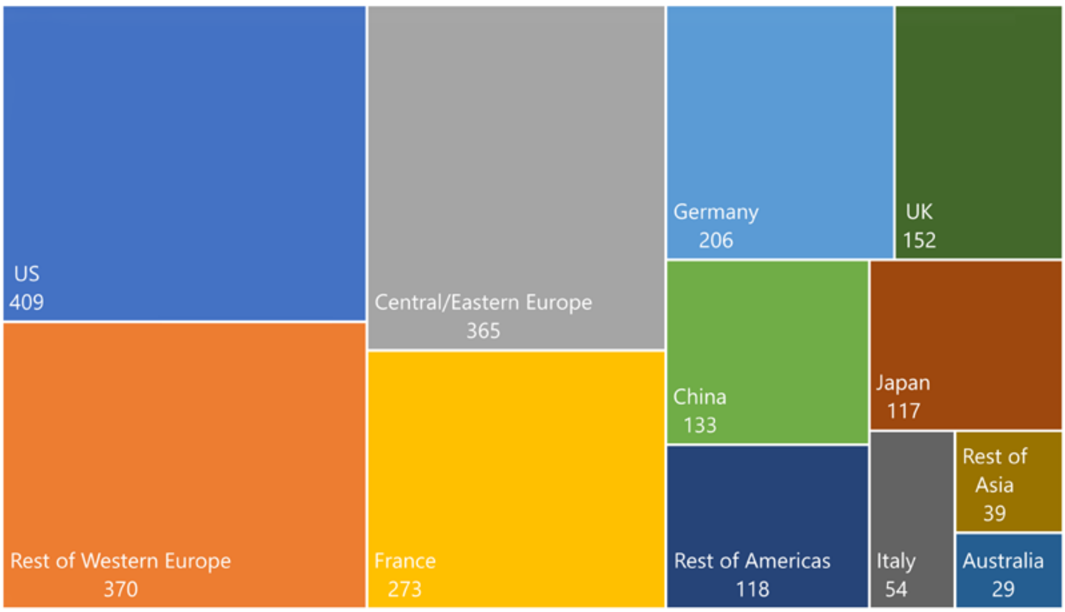
Figure 14: Sector impact of increased defense spending.

Sector	Demand impact	Transmission channel
Defense & Transport Equipment	**Strongly Positive**	**Direct procurement orders** for military aircraft, tanks, ships etc., lead to higher production. Large defense contracts boost output for prime contractors (Airbus, Dassault, KMW etc.) and their supply chains. Also drives R&D in advanced manufacturing, with potential tech spillovers.
Metals & Chemicals	**Positive**	**Intermediate demand** rises for raw materials and components. Military vehicles, weapons and infrastructure require steel and metals (for armor, chassis, munitions), boosting mining, steel mills and metal fabrication. Defense needs for high-performance materials spur innovation in metallurgy and chemical propellants.
Electronics & ICT	**Positive**	**Technology procurement and R&D** funding increase. Modern weapons rely on electronics (radar, avionics, semiconductors) and secure IT systems. Defense contracts for tech firms (e.g. radar systems, cybersecurity) drive revenue. Government-funded military R&D (e.g. in AI, encryption, avionics) creates innovation that can transfer to the civilian tech sector.
Construction & Infrastructure	**Positive**	**Infrastructure investment** for defense facilities. Expansion or upgrade of bases, barracks, ports, airfields and logistic hubs to support a larger military. Construction firms gain projects building or refurbishing military infrastructure (similar to public works spending, but defense-related). Also includes fortifications or cyber infrastructure (data centers) construction.
Transport & Logistics Services	**Positive**	**Operational spending** increases for moving troops and equipment. More military exercises and deployments mean greater use of transportation services (charter flights, rail and trucking for equipment, shipping). Logistics companies may get contracts for supply-chain management and delivery of defense material. Maintenance services for new equipment also create business for technical service providers.
Consumer Goods & Retail	**Neutral**	**Little direct link** to defense spending. No direct government spending in this sector; any effect is indirect via higher employment/income in other sectors. Defense sector wage gains might slightly boost local consumption, but overall consumer demand would be unchanged compared to the baseline.
Healthcare	**Neutral to Slight Negative**	**Potential budget reallocation could decrease revenues**. If defense increases are funded by debt or extra revenue, these sectors stay neutral. But if funds are diverted, public services could face budget constraints. Fewer resources for hospitals or social security would be a negative impact.
Other Manufacturing (Non-defense capital goods)	**Neutral to Slight Negative**	**Crowding-out of capacity**. Sectors like machinery, automotive (for civilian use), or renewable energy equipment see no direct defense orders. They could face tighter labor and input markets if defense projects absorb engineers and materials (e.g. steel, electronics), potentially raising costs.
Real Estate & Construction (civilian projects)	**Neutral to Slight Negative**	**Macroeconomic side-effects**. A defense-driven deficit increase could put upward pressure on interest rates, increasing financing costs for real estate development and non-defense construction. If inflation rises due to heavy defense demand in a full-capacity economy, central banks may hike rates, cooling the housing market. However, these effects are uncertain and in absence of overheating, the impact remains neutral.

Source: Allianz Research

In 2025, the extended rise in business insolvencies will put 2.3mn jobs directly at risk globally (+120k compared to 2024), followed by a marginal rise in 2026 (+20k). We calculate this based on the average number of employees per firm, the share of companies that go into a liquidation phase immediately (72% on average) and the share of people laid off in a restructuring phase (32% on average). Western Europe (1.1mn) would lead this global count ahead of North America (~450k), both recording a 10-year high, with the largest numbers seen in France (270k), Germany (210k), Switzerland (180k) and the UK (152k). Central and Eastern Europe (~370k) – boosted by Russia (200k) – and Asia (~320k) – boosted by Japan (120k) and China (130k) – would follow, both at a moderately increasing annual number since 2022 (+10% and +12%, respectively, compared to +18% and +34% for the Western Europe and North America). Globally, the main sectors at risk are construction, retail and services.

Figure 15: Jobs at risk due business insolvencies in 2025, in thousands



Sources: OECD, SBS (Eurostat), ONS, US Census, StaCan, Allianz Research

A changing regulatory landscape in Europe

Regulatory changes are accompanying insolvency trends in Europe. Several proposals aimed at changing the regulatory framework around payments processing, invoicing and insolvencies are under discussion, which could fundamentally change the way businesses operate in Europe. Insolvency law, which has long been governed by national legislation in the EU, reflects distinct legal traditions and economic priorities in each member state. Despite several attempts to harmonize insolvency rules throughout the EU, with the EU Insolvency Regulation (EIR) and the subsequent Directive on Preventive Restructuring Frameworks and Second Chance in 2019, insolvency laws remain far from fully harmonized, especially in critical areas like insolvency triggers, the ranking of creditors and the treatment of secured creditors.

In an unusually bold move, the European Commission announced in February that it will put forward a 28th legal regime, which would exist alongside the national legal systems of the 27 EU member states, rather than replacing or harmonizing them. The idea behind this concept is to create an optional, uniform legal framework that businesses and individuals across the EU could choose to operate under, simplifying cross-border transactions and reducing legal fragmentation. The proposal is likely to focus on putting forward a unique digital identity recognized across all EU member states, and a harmonized legal framework for corporate law, insolvency, labor laws and possibly taxation. Unlike the existing European Company (SE) status, which is complex and suited for large firms, this new framework would be tailored for startups and SMEs, enabling them to scale easily across borders without needing separate national incorporations. Challenges and political hurdles remain as an optional framework requires consensus among EU states, which may be difficult given diverse legal traditions and economic interests. However, if successful, this could be a major step in the harmonization of insolvency laws in Europe. While this will not have a strong impact on insolvencies in the short term, a 28th regime should intensify competition within the internal market in the longer term and structurally increase insolvencies in less competitive regions. Additionally, far-reaching changes in the regulatory framework on insolvencies should be announced in the Commission's upcoming communication on completing the "Saving and Investment Union" scheduled for 19 March and should tackle critical areas such as insolvency triggers and the ranking of creditors. This could also lead to higher insolvencies in less stringent jurisdictions that will be pressured to comply with the new EU rules.

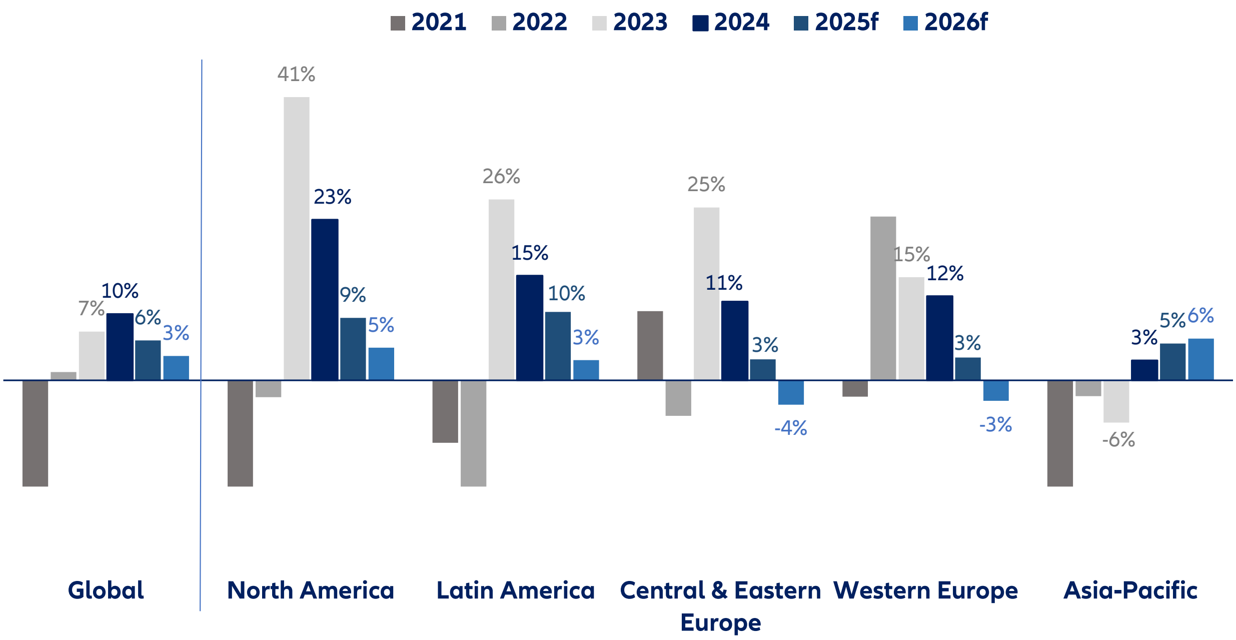
Payment terms remain an important source of working capital financing for companies and have been at the forefront of policy debates in Brussels[6][7]. In a move to reduce them, the European Commission introduced in September 2023 a proposal on combating late payments, which capped payment terms from 60 to 30 days across Europe and introduced strict caps and restrictions on the ability of businesses to negotiate terms. However, this proposal was criticized by different sectors for failing to maintain contractual freedom and a necessary flexibility for businesses of all sizes to negotiate in their best interest. It was also noted that different working capital requirements, production cycles and market dynamics could be disrupted by such a change in payment terms and potentially increase insolvencies in markets that rely on larger payment terms for working capital financing. Indeed, companies used to long payment terms would need to seek working capital financing, which would entail a risky adjustment process of obtaining a bank credit loan. The European co-legislators (European Commission, European Parliament and European Council) failed to come to an agreement after a group of member states led by Germany and Austria wrote to the European Commission and called for the withdrawal of the proposed regulation. These member states also recommended that the Commission conduct a larger impact assessment, which "analyses all the relevant issues in-depth and justifies all policy choices made in a transparent manner". Payment terms remain a much debated topic and further regulatory work is to be expected on the matter, with a clear risk that lowering payment terms through regulation could increase insolvencies in the short term.

E-invoicing will also affect insolvencies. McKinsey estimates that a wide adoption of e-invoicing should reduce payment terms by 20%, while also reducing administrative costs from processing invoices by 30%. Electronic invoicing (e-invoicing) refers to creating, exchanging and storing invoices digitally for business transactions. Unlike simple digitization (scanning paper invoices), e-invoicing requires a standardized format and submission through a centralized system to ensure transparency and efficiency in B2B transactions. It is also often a way for governments to impose reporting requirements in order to fight VAT fraud. The EU continues to work on further harmonizing e-invoicing practices across member states, and European co-legislators just approved the VAT in the Digital Age proposal (ViDA, proposed in 2022) on 12 February. This proposal is a game-changer for e-invoicing across Europe as the text introduces several key requirements, with the main one being a Single European VAT One-Stop-Shop (OSS) for the registration of a company from July 2028, and, from 1 January 2030, an EU-wide standardization of national e-invoicing systems from structured electronic invoices will be the default system for issuing invoices. Electronic invoicing will become mandatory for intra-Community transactions and member states will have greater flexibility to implement a national electronic invoicing system. Overall, these regulations are expected to improve transparency and efficiency in commercial transactions, benefiting sound businesses while shining a light on struggling ones.

6 See our previous report: Global Insolvency Outlook: The ebb and flow of the insolvency wave
7 See our previous report: Allianz | The cost of pay me later

Regional outlooks

Figure 16: Global and regional insolvency indices, yearly change in %



Source: Allianz Research

North America will lead the global rebound in business insolvencies in 2025 and 2026, with the US to prolong its rebound (+11% in 2025 and +6% in 2026, from +11% in 2024) and Canada to see a moderate decrease from the major upside trend posted since 2022 (-5% and -8% respectively, from +35% on average over 2022-2024).

For the **US**, we expect the slowing of the economy and the lagging effects of the sharp tightening of financing conditions of 2022-2023 to lead to another significant rise in business insolvencies. Firms have gradually used the buffers accumulated since the strong post-Covid recovery, notably SMEs. Now, they have to face multiple new challenges, including trade policy uncertainty, tariff hikes, DOGE spending cuts, federal layoffs and curbs on immigration. At the same time, they will not get much more relief from the policy-rate cycle before 2026 and still have to adapt their business models to protect market share in a highly competitive domestic market. Tax cuts and a solid labor market would only limit the downside. This would mean a return to 27,100+ insolvencies by 2026, i.e. +18% above the 2016-2019 average (23,000) though this is still a low level from a historical perspective (34,000 for the 2000-2020 average, 41,000 for the 1990-2020 average).

In **Canada**, business insolvencies marked a 15-year record high at almost 4,800 cases in 2024, i.e. significantly above (+73%) the 2016-2019 average (2,750 cases), with another large set of cases in hospitality, manufacturing and retail – together accounting for four out 10 insolvencies – and an impressive surge in transport and storage (+67%). This overall rise comes with the expiry of federal and provincial government financial support provided during the pandemic, which has added to the burdens on many firms, from rising production costs to higher financing costs in a context of weakening demand. We expect a prolonged high number of insolvencies in 2025, notably with the additional trade tensions with the US. However, the year may end on a downside due to the noticeable basis effect created by the massive surge of insolvencies posted in Q1 2024. The recovery in demand will support a larger reduction in the number of business insolvencies in 2026 to slightly less than 4,200 cases (-8%).

In **Latin America, Brazil** reported a substantial jump in business insolvencies in 2024 (+37% y/y), prolonging the rebound that started in 2023 (+39%), and with all sectors contributing to the trend (+30% for services, +40% for trade and +41% for manufacturing). Increasing inflation and high interest rates pushed more firms into financial distress despite the strong economic expansion. Looking ahead, we expect activity to soften and monetary policy to maintain the pressure on firms' financials. Business insolvencies should continue reaching new 20-year levels in the coming quarters, with more than 4,000 and 4,200 cases in 2025 and 2026, respectively.

Asia ended 2024 with higher-than-expected increases in most countries and major rises notably in **Singapore** (+46%), **Australia** (+41%), **New Zealand** (+40%), **Hong Kong** (+25%), **South-Korea** (+17%) and **Japan** (+15%) – where the rise in insolvencies remained strong in absolute terms in particular in construction (+231 insolvencies to 1,924 cases), wholesale (+254 to 1,214) and services (+389 to 3,329). India and Taiwan were exceptions for the second consecutive year. We expect 2025 to bring a moderate downside trend reversal in three countries that hit highs in 2024, namely Australia (historical high), Singapore (24-year record) and Japan (11-year record). Other countries are set to see a more (Taiwan, New Zealand) or less (India, Korea, Hong Kong) significant rise, given weaker external demand and the lagging effects of prolonged high interest rates. In this context, Hong Kong should register its largest number of business insolvencies since 2010 in 2025 (450 cases) and South Korea the largest since 2000 (2,000 cases). At the regional level, this would translate into a +5% y/y increase in 2025 (+1% without China), from +3% in 2024 (+3% without China), followed by +6% in 2026 (-4% without China), with **China** mechanically playing a key role since it accounts for 61% of our regional index. We expect China to confirm in 2025-2026 the upside trend reversal which started in 2024, with a +3% rebound to 7,150 cases, still a low level compared to the record levels of 2019-2020 (11,900 cases in average), but close to its pre-pandemic number (7,430 on average for 2017-2018). Despite the additional fiscal stimulus of RMB2.9trn announced for 2025, we expect the economic slowdown to support a gradual increase in business insolvencies (+7% and +10% in 2025 and 2026, respectively), pushing them closer to 8,000 cases by 2026. Importantly, construction is likely to remain in the doldrums in 2025 despite first signs of a potential bottoming out in real estate demand, while worries are likely to expand to more export-oriented firms as the latter will continue to face headwinds from global trade due China's position in global supply chains.

Western Europe remained a key contributor to the global rise in insolvencies in 2024 despite a slower rebound (+12% y/y), mainly due to the reduced number of cases in the UK (-5%). The Eurozone posted a noticeable acceleration (+19%), particularly in France (+17%), Germany (+23%) and Italy (+45%). We expect another moderate increase at the regional level, albeit more moderate (+3%), and for the Eurozone (+6%) for the fourth consecutive year. This would push the region noticeably above its pre-pandemic number of cases (by +23% compared to 2016-2019 average, from +20% in 2024), but the fiscal stimulus announced in Germany has the potential to limit this outlook, while the change in insolvency framework in Switzerland could increase it. Most other countries would record a softer rise compared to 2024, in particular the core markets of France (+2%), Spain (+3%) and the Netherlands (+4%). But five countries would stand out with a downside trend reversal (the UK, Belgium, Sweden, Denmark and Finland). 2026 should see a more broad-based decrease in insolvencies across countries, with Germany, Italy and Ireland as main exceptions. This will mean that most countries would still post more insolvencies than in 2016-19, notably Switzerland (76% above), Sweden (35%), Austria (27%), Germany (25%), France (18%) and the UK (17%).

In **Germany,** the upside trend in business insolvencies started with a lag compared to most European peers. But it saw a noticeable acceleration in 2024 (+22% from +4% in 2023), with a broad-based spike across sectors. In relative terms, the largest increases were recorded in information-communication (+46%), real estate (+52%) and health-social works (+87%). But in absolute terms the sectors that stood out remained construction (17% of the total) and trade (16%), followed by B2B services, hospitality and manufacturing – the latter seeing a batch of insolvencies of large/well-known firms. At this stage, we are forecasting a +10% increase to 24,300 cases for 2025, and a prolonged rise in 2026 (+2% to 24,900 cases), based on the likely weak exit from recession amid major structural challenges (competitivity, green transformation) and uncertainties in trade tariffs are threatening several key export-driven industries. In our full trade war scenario, however, we would increase our forecasts by 1,000 cases for 2025-2026, all else being equal. On the other hand, the new fiscal package of the Union and SPD could play a decisive role: With a EUR500bn infrastructure fund and the easing of the debt brake, the package offers the opportunity to create financial leeway and give new impetus to the German economy, ultimately reducing insolvency forecasts depending on the magnitude of the package that will be approved and the timing of its implementation.

In **France**, business insolvencies are likely to reach a new historical high. In 2024, despite a slowdown in the upward trend (to +17% after +35% in 2023), the year ended with a total of over 66,100 cases, well above pre-crisis levels (20% above 2016-2019 average) and de facto an all-time record. All sectors contributed to this rise, mostly with at a double-digit pace, notably construction (+25%), retail (+11%) and hospitality (+10%) – together accounting for half of the total count. These figures prove that several major factors are at play, from the catch-up effect/post-Covid normalization to the weak economic cycle, as well as specific sectorial challenges, the limited loosening of credit conditions and some difficulties in repaying state-guaranteed loans – besides the high level of business creation since the pandemic. The prolonged weakness of economic growth forecasted for 2025, with limited relief from the monetary policy, is pushing our forecast up to 67,500 cases (+2%), with a limited improvement in sight for 2026 (-4% to 64,900 cases).

In the **UK,** business insolvencies ended 2024 with more evidence of a downside trend reversal. The country registered 26,708 cases, pointing to a first slight decrease (-5%) after three consecutive strong annual rises that pushed insolvencies to a 10-year record in 2023. Firms have been facing a succession of shocks and challenges, from Brexit-related issues and the Covid-19 shock to strong monetary tightening, sticky inflation and weak economic momentum. Interestingly, most sectors experienced this faster-than-expected trend reversal, notably the largest contributors to the global count such as construction (-8%), trade (-9%), hospitality (-6%) and manufacturing (-3%), while exceptions remained, notably utilities, information and communication, finance and insurance and administrative services. As the UK's growth momentum is not likely to recover significantly before 2026, we expect the various challenges on the business front, notably regarding costs, wages and tariff threats, to maintain insolvencies high in 2025, with a limited decrease (-3%), before a larger relief for firms in 2026 (-7%), that would translate to around 25,900 and 24,000 cases in 2025 and 2026, respectively.

In **Italy,** the rebound in business insolvencies significantly accelerated in the second half of 2024, resulting in one of the largest increases globally for the full year (to +45%, from +9% in 2023). Interestingly, this acceleration results from a broad-based surge across sectors, with most of them registering double-digit rises. The largest contributors to the total were construction (+62%), manufacturing (+58%), trade (+50%) and hospitality (+39%), which stands out as the only sector to massively exceed the number of insolvencies recorded over 2012-2019. We expect this catching up to continue in Italy where business insolvencies are still below their pre-pandemic number (by -8% end of 2024), in contrast to most European countries. The prolonged weakness of economic growth forecasted for 2025 and 2026, with limited additional relief from monetary policy, is supporting a continuous upside trend at this horizon, pushing our expectations to 14,000 cases for 2025 (+17%) and 14,300 for 2026 (+2%).

We expect **Spain** to remain one of the few outliers compared to regional peers, with a prolonged 'similar' number of insolvencies throughout the 2024-2026 period. Previously Spain used to see opposite trend in 2020 (with a tiny decrease), 2021 (a massive surge) and 2023 (a noticeable drop). In 2024, the resilience of the economy, partly thanks to a record season for tourism activities, was key for maintaining a rather stable number of insolvencies (+3% from -27% in 2023, with 4,671 cases). While all major sectors are already exceeding their 2016-2019 average number of insolvencies, we expect the moderation in economic momentum to support a prolonged high level of cases with moderated changes both in 2025 (+3% to 4,800 cases) and 2026 (-2% to 4,700 cases).

For **Portugal**, the outlook for bankruptcies is fairly similar to that of its Spanish neighbor, with a more moderate growth in cases in 2025 (+4%) and 2026 (+0%) than in 2024 (+5%), when the rise in bankruptcies was almost general in all the 'distrito' – notably Porto (+14%) – but not in all sectors. For example, for the six sectors with the most cases, there was an increase in services (+7%), textiles (+24%) and agrifood (+4%), but a decrease in construction (-9%), retail (-1%) and transport (-3%). All in all, we expect just under 2,400 bankruptcies in 2025, which would still correspond to a slightly lower level than observed prior to the pandemic.

In **Benelux**, the great divide is not over between the Netherlands and Belgium. In **Belgium** the number of business insolvencies already reached a 10-year record in 2024 with slightly more than 11,000 cases (+8%), i.e. close to the historical record of 2013 (11,740), after another noticeable boost from construction (+17%), trade (+12%) and transport/logistics (+12%) – but also signs of plateauing for real estate, B2C services and hospitality. Looking ahead, we expect the gradual improvement on the economic momentum and financing conditions to remain too moderate in 2025 to support a significant trend reversal in business insolvencies before 2026. We foresee a gradual return to the 2016-19 average by end of 2026, after 10,560 cases in 2025 and less than 10,000 cases in 2026. In the **Netherlands**, business insolvencies remain well below the past records of 2013 (-55%) and 2009 (-45%). Yet, they stood out again in 2024 with another substantial jump (+31%, following +52% in 2023) explained by a later start in the post-Covid catch-up. Insolvencies in professional services (+45%), construction (+29%), hospitality (+41%) and wholesale (+33%) boosted the final count to 4,270 cases, an eight-year high at 5% above the pre pandemic level. For 2025, we expect the recovery in domestic demand to be too moderate to translate into fewer insolvencies before 2026, and multiple Dutch firms are highly exposed to the challenging global trade context. Business insolvencies are likely to exceed 4,400 cases in 2025 (+4%) before reducing to 4,100 cases in 2026 (-8%).

In 2024, **Austria** already posted a record high number of insolvencies since 2009, with almost 6,600 cases resulting from a noticeable rise (+22%) for the third consecutive year (+57% and +13% in 2022 and 2023, respectively). All sectors recorded double-digit rises, notably B2B/finance services (+31%), construction (+16%), trade (+18%) and hospitality (+21%). We expect the weak exit from recession combined with the weakness of the German economy – Austria's most important trading partner – and the financing conditions outlook to allow for a downside trend reversal in business insolvencies in 2025. Austria is likely to end 2025 with another high of around 6,700 cases (+2%) before a limited decrease below 6,500 cases in 2026 (-4%).

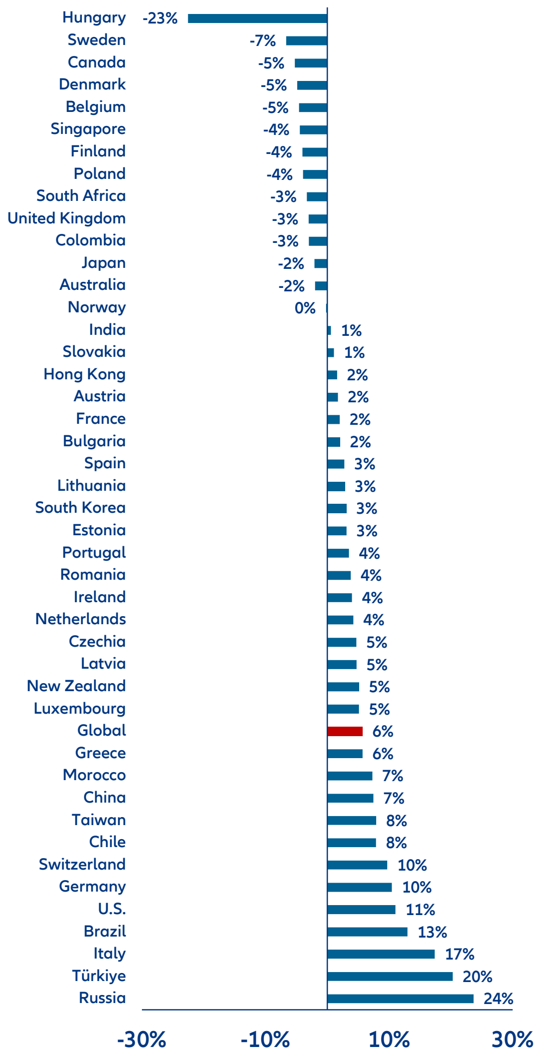
Switzerland looks set to post a new record in business insolvencies in 2025, despite the 8,659 cases already registered in 2024 after a fourth consecutive year of increases (to +18% in 2024 from +8% in 2023) – with construction, trade, B2B services and hospitality as top contributors to the global count (with 22%, 18%, 18% and 11% of the total, respectively). The first reason relies on the economic and financial fundamentals, due to the moderate outlook in economic growth and the prolonged strength of the Swiss franc on export-oriented firms. A second reason is the change in the insolvency framework in place since January 1st, under which unpaid invoices under public law – such as VAT, social security contributions, taxes- are now pursued through bankruptcy proceeding. At this stage, we anticipate the increase in insolvencies to reach at least +10% to 9,500 cases in 2025, with a high probability to review this outlook with more insights on the impact of this change.

In the **Nordics**, Sweden and Finland both experienced significant rises in insolvency cases in 2024, reaching 27-year record levels. Sweden saw a +24% increase, while Finland had a +5% rise, marking consecutive years of escalating insolvencies. Both countries are projected to see a moderate decline in 2025, with Sweden's cases decreasing by -7% and Finland's by -4%, followed by a more substantial improvement in 2026, with reductions of -11% and -13%, respectively. However, the annual number of cases will remain historically high at 10,200 and 3,800 in 2025 in Sweden and Finland, respectively. In contrast, Denmark experienced a noticeable decline in insolvency cases in 2024, dropping by -19% from the previous year's high. We expect a continued moderate decrease through 2025-2026 below 2,400 cases – excluding the non-active firms- for Denmark, aligning slightly above the average levels seen in the 2000s and pre-pandemic years.

Our regional index for **Central and Eastern Europe** recorded a noticeable increase for 2024 (+11%), confirming the trend posted in 2023 (+25%) which already pushed insolvencies well above pre-pandemic levels. For most countries, business insolvencies were on the rise, notably the two large markets of Türkiye and Russia. In **Türkiye**, more than 1,350 firms (+45%) officially went bankrupt or announced composition agreements in a context of high financing costs and economic slowdown which saw insolvencies rising each quarter since the exceptionally low of 2023. In **Russia**, as expected, business insolvencies rebounded with the reducing (political) willingness and (financial) ability of the government to support businesses. The combination of the latter and the challenging context of high inflation and higher interest rate pushed business insolvencies close to 8,600 cases (+16%). Regional exceptions on the downside were only **Bulgaria** (-4% to 485 cases), **Slovakia** (-7% to 1,880 cases) – where insolvencies of individuals are offsetting the rise of corporate insolvencies – and **Hungary** (-25%), with the gradual ending of the temporarily boost from proceedings relating to firms with nil/limited turnover and dormant companies. We expect three out of four countries to see a continued rise in insolvencies in 2025, notably Russia (+24%) and Türkiye (+20%), before a broader downside trend reversal in 2026 that will benefit three out of four countries. This would push the regional index on the downside for Central and Eastern Europe to -4% in 2026, from +3% in 2025, still a high level from a historical perspective.

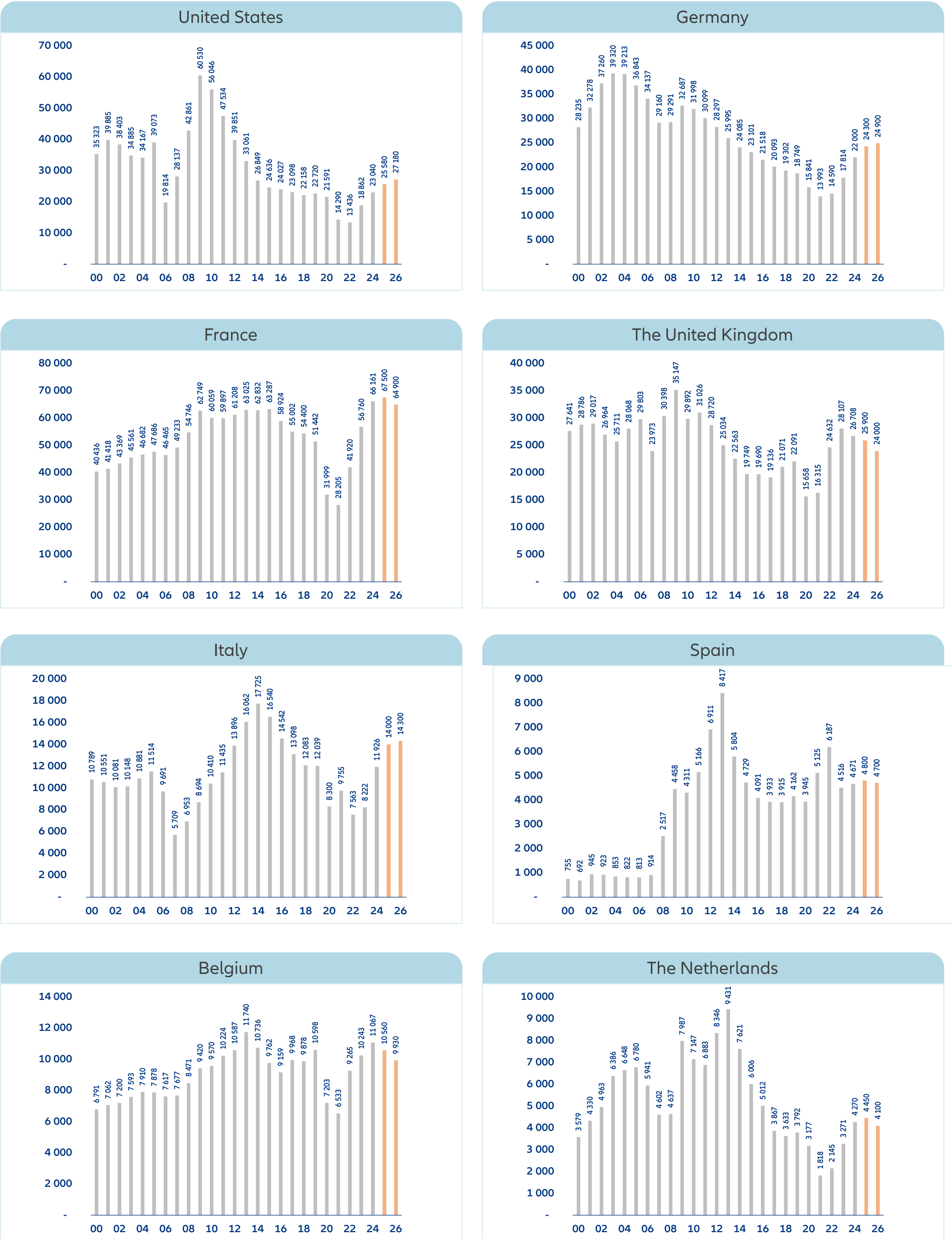
In Africa, **Morocco** continues to anticipate a high level in corporate insolvencies. While a reduction in 'administrative' cases – i.e. those of inactive companies leveraging legal frameworks to formally dissolve – may occur in the near term, local businesses are likely to face persistent challenges, notably payment delay issues, preventing a downside trend in insolvencies before 2026. On the other hand, we expect the continuous decrease in business insolvencies has been the trend in **South Africa** since 2020 to soften by 2026, with the lagging effects of the sharp tightening in interest rates since 2022 and the moderate economic momentum – note that insolvencies reached a 35-year low in 2024.

Figure 17: 2025 expected number of insolvencies, annual changes in %



Source: Allianz Research

Figure 18: 2025-26 expected number of insolvencies, selected advanced economies



Source: Allianz Research

Statistical appendix

	% of Global Index	Business insolvencies level				Business insolvencies growth				Comparison with 2016-2019 average			
		2023	2024	2025f	2026f	2023	2024	2025f	2026f	2023	2024	2025f	2026f
GLOBAL INDEX *	100	129	141	149	154	7%	10%	6%	3%	2%	12%	18%	22%
North America Index *	31.0	80	99	107	112	41%	23%	9%	5%	-14%	6%	15%	21%
U.S.	28.6	18 862	23 040	25 580	27 180	40%	22%	11%	6%	-18%	0%	11%	18%
Canada	2.5	3 702	4 771	4 520	4 160	41%	29%	-5%	-8%	35%	73%	64%	51%
Latin America Index *	3.0	149	172	189	194	26%	15%	10%	3%	0%	15%	27%	30%
Brazil	2.2	2 588	3 541	4 000	4 200	39%	37%	13%	5%	-7%	28%	44%	52%
Chile	0.4	1 148	723	780	810	6%	-37%	8%	4%	-6%	-41%	-36%	-34%
Colombia	0.4	1 411	1 587	1 540	1 400	16%	12%	-3%	-9%	37%	54%	50%	36%
Europe Index *	26.9	88	101	106	103	17%	15%	4%	-2%	10%	26%	32%	29%
EU27+UK+Norway Index *	22.6	113	125	126	120	24%	10%	1%	-5%	25%	38%	39%	32%
EU27 Index *	18.3	107	123	126	120	26%	15%	2%	-4%	23%	40%	43%	37%
Euro zone Index *	15.3	79	94	100	98	14%	19%	6%	-1%	-7%	11%	17%	16%
Western Europe Index *	21.4	96	108	111	108	15%	12%	3%	-3%	7%	20%	23%	20%
Germany	4.6	17 814	22 000	24 300	24 900	22%	23%	10%	2%	-11%	10%	22%	25%
United Kingdom	3.6	28 107	26 708	25 900	24 000	14%	-5%	-3%	-7%	37%	30%	26%	17%
France	3.2	56 760	66 161	67 500	64 900	35%	17%	2%	-4%	3%	20%	23%	18%
Italy	2.3	8 222	11 926	14 000	14 300	9%	45%	17%	2%	-36%	-8%	8%	11%
Spain	1.6	4 516	4 671	4 800	4 700	-27%	3%	3%	-2%	12%	16%	19%	17%
Netherlands	1.1	3 271	4 270	4 450	4 100	52%	31%	4%	-8%	-20%	5%	9%	1%
Switzerland	0.9	7 335	8 659	9 500	9 500	8%	18%	10%	0%	36%	60%	76%	76%
Sweden	0.7	8 842	10 924	10 200	9 100	30%	24%	-7%	-11%	32%	62%	52%	35%
Belgium	0.7	10 243	11 067	10 560	9 930	11%	8%	-5%	-6%	3%	12%	7%	0%
Ireland	0.6	663	875	910	920	25%	32%	4%	1%	-18%	8%	12%	14%
Norway	0.6	4 490	4 509	4 500	4 450	22%	0%	0%	-1%	-6%	-6%	-6%	-7%
Austria	0.5	5 380	6 587	6 700	6 450	13%	22%	2%	-4%	6%	30%	32%	27%
Denmark	0.4	3 078	2 491	2 370	2 300	9%	-19%	-5%	-3%	27%	3%	-2%	-5%
Finland	0.3	3 763	3 959	3 800	3 300	26%	5%	-4%	-13%	32%	39%	33%	16%
Portugal	0.3	2 191	2 299	2 380	2 380	14%	5%	4%	0%	-25%	-21%	-19%	-19%
Greece	0.3	30	35	37	37	30%	17%	6%	0%	-68%	-62%	-60%	-60%
Luxembourg	0.1	919	1 189	1 250	1 150	-9%	29%	5%	-8%	-17%	7%	13%	4%
Central & Eastern Europe Index *	5.5	153	171	176	170	25%	11%	3%	-4%	40%	56%	60%	55%
Russia	2.4	7 396	8 570	10 600	12 300	-18%	16%	24%	16%	-43%	-34%	-18%	-5%
Türkiye	1.0	932	1 355	1 630	1 700	-41%	45%	20%	4%	-55%	-35%	-22%	-18%
Poland	0.8	4 467	4 839	4 650	4 100	70%	8%	-4%	-12%	387%	427%	407%	347%
Romania	0.3	6 650	7 274	7 550	7 350	0%	9%	4%	-3%	-18%	-10%	-7%	-9%
Czechia	0.3	5 644	6 017	6 300	6 500	-4%	7%	5%	3%	-25%	-20%	-16%	-13%
Hungary	0.2	20 751	15 488	12 000	9 900	146%	-25%	-23%	-18%	225%	143%	88%	55%
Slovakia	0.1	2 023	1 880	1 900	1 850	12%	-7%	1%	-3%	40%	30%	32%	28%
Bulgaria	0.1	507	485	495	505	-7%	-4%	2%	2%	9%	5%	7%	9%
Lithuania	0.1	1 037	1 089	1 120	1 120	0%	5%	3%	0%	-56%	-54%	-52%	-52%
Latvia	0.0	252	296	310	310	-18%	17%	5%	0%	-59%	-52%	-50%	-50%
Estonia	0.0	141	160	165	160	41%	13%	3%	-3%	-1%	13%	16%	13%
Africa Index *	0.6	125	128	131	131	0%	2%	2%	0%	17%	20%	23%	23%
South Africa	0.5	1 657	1 551	1 500	1 500	-13%	-6%	-3%	0%	-14%	-19%	-22%	-22%
Morocco	0.2	14 245	15 658	16 800	16 800	15%	10%	7%	0%	77%	95%	109%	109%
Asia-Pacific Index *	38.5	181	186	196	208	-6%	3%	5%	6%	1%	4%	9%	15%
China	23.1	6 481	6 653	7 150	7 890	-14%	3%	7%	10%	-14%	-12%	-6%	4%
Japan	4.9	8 690	10 006	9 800	9 400	35%	15%	-2%	-4%	4%	20%	17%	12%
India	4.0	1 098	845	850	880	-11%	-23%	1%	4%	-4%	-26%	-26%	-23%
South Korea	2.0	1 657	1 940	2 000	1 800	65%	17%	3%	-10%	109%	144%	152%	127%
Australia	2.0	7 008	9 895	9 700	8 800	42%	41%	-2%	-9%	10%	56%	53%	39%
Taiwan	0.9	174	139	150	155	-18%	-20%	8%	3%	-18%	-35%	-30%	-27%
Singapore	0.5	201	293	280	270	-7%	46%	-4%	-4%	-5%	38%	32%	27%
Hong Kong	0.4	354	443	450	425	17%	25%	2%	-6%	26%	58%	61%	52%
New Zealand	0.3	1 974	2 758	2 900	2 700	20%	40%	5%	-7%	-6%	32%	39%	29%

(*) Index 100: 2015

(**) GDP 2023 weighing at current exchange rates

(***) weighing at 2015 number of active firms per country (OECD and national source figures)

Sources: national figures, Allianz Research (f:forecasts)

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