

National insolvency statistics in Portugal



On 31 July 2023, the DGPJ (Direção-Geral da Política de Justiça) published its insolvency statistics for the first trimester of 2023, regarding corporate and individual insolvency proceedings.

The number of insolvency proceedings filed before the Portuguese Courts in the first trimester reached a peak in 2012, in the aftermath of the *sub-prime* crisis and consequent IMF intervention in Portugal. The number of proceedings filed before the Courts gradually decreased until 2021, when the decrease amounted to 57.78%, compared to 2012.

With the end of pandemic legislative measures and with the increase in interest rates, the first trimester of 2022 registered a low number of proceedings filed (2412 in number), albeit an increase of 4.37%, compared to the previous year. This upward trend has now been 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.

Concerning insolvencies declared by the Courts, in the first trimester period, this number was at its highest in 2014, with 4260 declared insolvencies, gradually decreasing until 2022, when only 2082 proceedings concluded in a declared insolvency (a decrease of 51.13%). By the first trimester of 2023, there have already been 2490 insolvencies declared, albeit only 20.2% relating to companies.

A relevant statistic to point out is that regarding the debt recovery rate. The debt recovery rate, i.e. the proportion of the amount of debt which was paid, compared to the amount of recognized debt, stands at only 8.5%. This means that 91.5% of

the amount of debt recognized by the Courts was not matched by an effective payment of said debt. Furthermore, it is important to note that the proportion of cases with some kind of payment of debt is 48.5% compared to 51.5% with no payment at all.

On 10 August 2023, DGPC also published the number of insolvencies declared for the second trimester of 2023, which amounts to 2219 declared insolvencies, a decrease of 3.86%, compared 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 insolvencies declared) and 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-19 pandemic and of the increasing rates on smaller businesses.

The first two trimesters of 2023 have confirmed the trend that, in Portuguese courts, the number of insolvencies declared 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. ■



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