

Trade tensions trigger higher insolvencies

Global insolvencies are projected to increase by 5% in 2025 before declining by 3% in 2026, marking an upward revision from the April 2025 Outlook.

Our insolvency forecast has deteriorated due to the persistence of adverse conditions that triggered a surge in insolvencies in 2024, as well as new sources of distress in the global economy—particularly rising tariffs and heightened uncertainty.

Looking at 2026, there are also silver linings. Inflation appears to have stabilized at lower levels, and central banks around the world have begun to cut interest rates. These developments are expected to gradually improve financing conditions for companies in the near term.

Global insolvencies are forecast to rise by 5% in 2025, followed by a 3% year-on-year decline in 2026.

In 2025, we anticipate an increase in insolvencies across 18 of the 29 markets covered in this report. This follows a year already marked by a significant surge in insolvencies, with a 19% year-on-year increase across all markets in 2024. That rise was driven by particularly challenging economic conditions, including elevated input costs, high interest rates, and the withdrawal of pandemic-era government support measures. Data from the first three quarters of 2025 indicate that insolvency levels are exceeding our April Outlook projections, suggesting that these adverse conditions are proving more persistent than previously expected. Furthermore, the global economy is beginning to show additional signs of strain, with much higher tariffs and unprecedented policy uncertainty contributing to weaker-than-anticipated economic growth.

Looking ahead to 2026, we expect that companies will adapt to the new economic environment. We also anticipate that, except for the United States, the impact of tariffs on inflation will be limited. Financing conditions are expected to improve in the United States as the Federal Reserve is likely to implement several more interest rate cuts in 2025 and 2026. In the eurozone, financing conditions are projected to remain broadly stable as no additional rate cuts are expected for the remainder of 2025 and in 2026.



Trade tariffs and uncertainty continue to drag on growth

Global growth is projected at 2.7% in 2025 and 2.5% in 2026. This brings a downward revision for 2026 of 0.3 percentage points compared to our previous April Insolvency Outlook. The global economy this year proved resilient in the face of higher policy uncertainty and trade tariffs. This is largely a result of significant front-loading of trade and activity by firms and households in anticipation of higher tariffs. On top of higher inventories, firms have so far been accepting lower profits instead of passing through higher costs to consumers. In 2026, we expect that the negative impact of rising tariffs will be felt more clearly, particularly in the United States.

The US's effective tariff rate on all imports is now above 18%, the highest level since the Smoot-Hawley Tariff Act of 1930 and up from less than 2% in 2024. The tariffs deferred since early April have been imposed in early August. The EU, Japan and the UK managed to secure a deal to avoid higher tariffs (15%, 15% and 10% respectively), while India (50%), Brazil (50%), or Canada (35% on non-USMCA compliant goods) did not. Negotiations with Mexico remain underway and the trade truce with 30% tariffs on China has been extended another 90 days to 10 November. While the 'new normal' tariff regime is taking shape, uncertainties as to how the trade war might evolve persist.

For the US economy, we predict a 1.9% growth in 2025 and 2.0% in 2026. Due to tariffs and policy uncertainty growth was revised down by a cumulative 0.6 percentage points in both years compared to the previous Insolvency Outlook. Consumer spending continued to grow in the first half of 2025, but at a much slower rate than the average over 2024. There was a clear downturn in investment, especially in Q2 of 2025 as the tariff war unfolded.

The eurozone is expected to experience modest 1.2% growth in 2025 and 0.8% in 2026, as the negative effects of tariffs become more pronounced. Germany shows the weakest growth of all the major eurozone countries in 2025. The short-term outlook for Germany's large industrial sector remains daunting as tariffs and prevailing uncertainty weigh on foreign demand. By comparison, countries in southern Europe are demonstrating relatively strong GDP figures, driven by a growing tourism sector, labour market recovery and fiscal spending. Growth in the Netherlands remains broadly the same as in our previous Outlook. Despite a stronger-than-expected Q1 growth due to the front-running of exports to the US ahead of the April tariffs, growth in the rest of the year is likely to remain weak.

The major central banks have responded to the decrease in inflation and embarked on a path of loosening their monetary policies. The European Central Bank (ECB) has implemented a series of rate cuts since mid-2024. We expect that the ECB will wait to see clear signs of further decline of inflation before implementing additional rate cuts. In our baseline scenario, we don't expect further rate cuts in the eurozone in 2025 and 2026. The Federal Reserve (Fed) implemented a 25 bps rate cut in September 2025, following a nine-month period of stable policy rates. While recent US inflation data is showing some bite from the tariffs, the jobs data is weaker than expected. Given the Fed's dual mandate of promoting high employment alongside price stability, it attaches more weight to labour market data than the ECB. We expect one more 25 bps rate cut in 2025 and several more in 2026.

In the short-term, companies may be impacted by a more restrictive access to credit due to the ongoing economic uncertainty. Overall, credit standards for loans to companies in the eurozone remained broadly unchanged in Q2 of 2025. Perceived risks related to the economic outlook continued to contribute to a tightening of credit standards. In contrast, competitive pressures among banks exerted an easing effect. In the US, banks reported tighter lending standards for commercial and industrial loans to firms of all sizes. At the same time, the lagged positive effects of monetary easing that already occurred in 2024 will provide some breathing space for companies. Overall, we expect companies to benefit from more favourable financing conditions in the rest of 2025, though important downside risks remain due to the policy uncertainty.

Insolvencies continued to rise in the first three quarters of 2025 across most markets

Globally insolvencies increased significantly in 2024 (19% year-on-year). The latest data indicates that insolvencies continued to rise across most markets during the first three quarters of 2025. Figure 1 illustrates year-to-date growth rates compared to the same period last year. Of the 29 markets we monitor, 18 recorded an increase in insolvencies.

Several of these increases were driven by spikes not anticipated in our April Outlook, often reflecting country-specific developments. In Switzerland, the increase in insolvencies appears to be linked to significant changes to its bankruptcy legislation that came in effect on 1 January 2025. The amended legislation allows public institutions to initiate bankruptcy proceedings against companies for unpaid debts, placing them on an equal footing with private creditors. In Finland, the continuing slowdown, combined with the 2024 VAT increase -

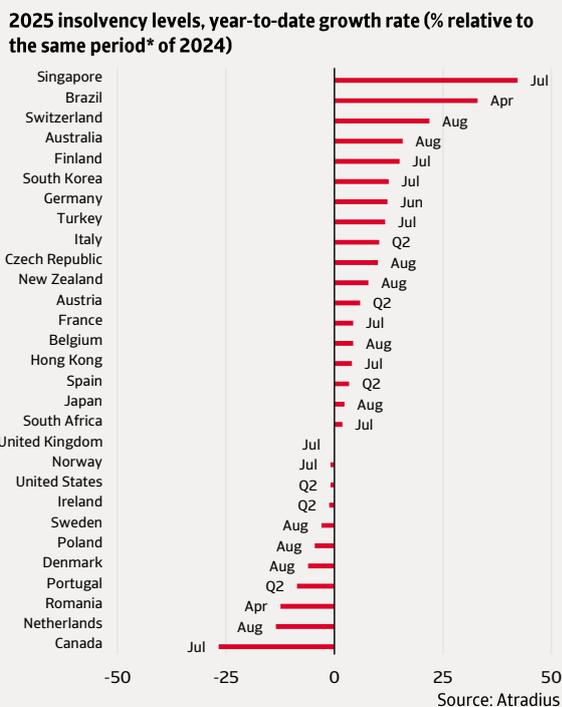


which has been particularly burdensome for small businesses unable to pass on higher costs to consumers - is adding pressure. South Korea is facing elevated defaults on commercial paper and corporate loans, signalling worsening financial conditions amid the economic slowdown. In Germany, companies are struggling with particularly weak demand, rising costs and persistent policy uncertainty. The result is that the level of insolvencies in the first half of 2025 rose to its highest level in ten years. While we had anticipated a stabilisation of economic conditions in the German economy, the deterioration has persisted longer than expected.

supported by the Reserve Bank of Australia's ongoing policy of rate reductions.

Italy and Singapore present a different picture, with increases largely reflecting a normalization from unusually low pandemic-era levels. Italy's trend has been gradual, moving toward pre-pandemic levels, whereas Singapore experienced a sharp jump, overshooting the pre-pandemic benchmark. In Singapore, a combination of sustained high operating costs, uncertain customer demand, and tightening cash flow is creating challenging conditions for businesses.

Figure 1 Insolvencies continued to rise in most markets in the first three quarters of 2025



* Data labels indicate the latest available month or quarter for that market
Source: Atradius

In France and Austria, insolvencies also rose in the first three quarters of 2025. The rise was relatively moderate, broadly aligning with the trajectory we projected in April. Despite low economic growth, it seems that the most vulnerable firms have already exited the market. This is likely to pave the way for a gradual return to more stable insolvency levels.

In Australia, we continue to observe a relatively high year-on-year increase in insolvencies, mainly due to elevated levels at the beginning of 2025. However, insolvencies have started to decline on a quarterly basis. This indicates that the period of heightened difficulties may have already passed its peak,

A minority of markets, however, show little change or declines, highlighting resilience despite global headwinds. In the United States, the number of insolvencies remained virtually unchanged, despite pressure from rising tariffs. The negative impact of the tariffs was absorbed in the short term by companies increasing their inventories in anticipation of the tariffs' implementation. In the United Kingdom, insolvencies also stayed stable, but at levels above pre-pandemic, reflecting a more difficult environment for businesses after Brexit.

In Poland and Portugal, insolvencies remain below pre-pandemic levels, supported by robust growth. In Denmark and the Netherlands, despite recent fluctuations, insolvencies remain below their post-pandemic peak. Meanwhile, Canada is seeing a normalization from the high levels recorded in 2024, even as trade tensions with the United States persist.

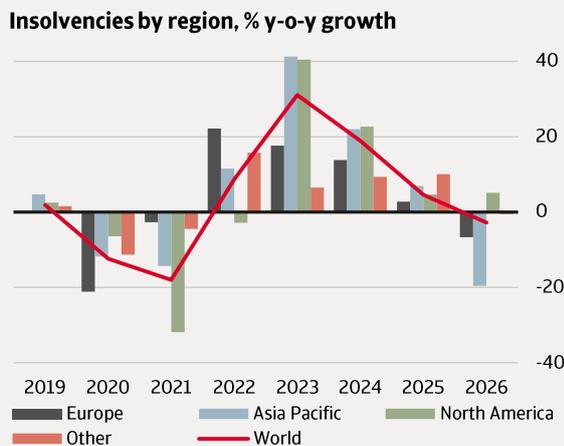
Insolvencies are staying high in 2025 and expected to slightly decline in 2026

The previous section discussed the insolvency development in the first three quarters of 2025. We now look at our insolvency forecast for the full years 2025 and 2026, which is shown in year-on-year percentage changes (e.g., total for 2025 compared with total for 2024).

Global insolvencies are projected to rise by 5% in 2025, a worse outcome than anticipated in our April 2025 baseline scenario, though still better than our worst-case projection. In 2026, insolvencies are expected to decline by 3%. While we previously anticipated a gradual reduction from the recent record highs across most markets, this correction has been slightly delayed. The combined impact of trade tariffs and heightened uncertainty has kept insolvency levels elevated in the near term, interrupting the downward trend that had begun earlier. As some of the uncertainty surrounding trade tariffs has been removed by recent trade deals, and financing conditions are relatively favourable, we anticipate a decline in bankruptcies in 2026.



Figure 2 Insolvency increases easing across regions



Source: Atradius

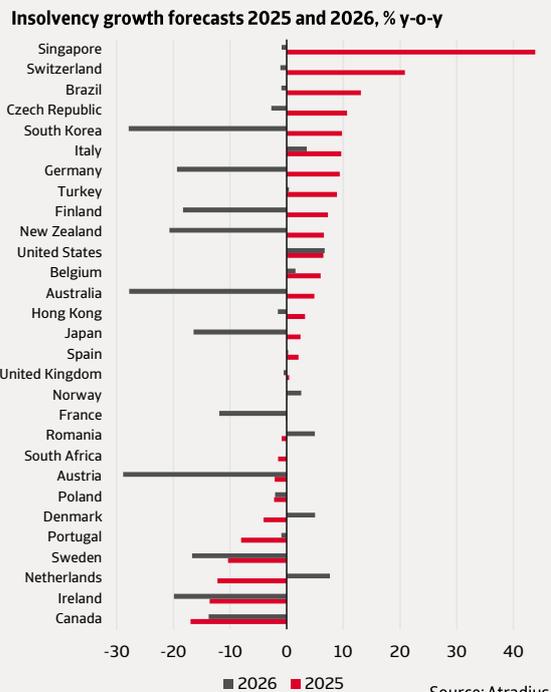
Figure 2 shows our global and regional forecasts. Compared with the April 2025 Outlook, projections have been revised upward in all regions. For North America, we expect a steady 5% increase in both 2025 and 2026, as tariffs weigh on the US and Canadian economies. In Europe, where the impact of tariffs has been less severe, insolvencies are forecast to rise by 3% in 2025 before falling by 7% in 2026. In Asia-Pacific, we now anticipate a 7% increase in 2025 reflecting lingering effects of weak financial conditions and accumulated Covid-19 debts. We expect this to be followed by a sharp 20% decline in 2026 as insolvencies adjust down from historically high levels.

The following subsections detail key developments in each region, with annual growth rates for 2025 and 2026 shown in **Figure 3** for all monitored markets.

North America

In the United States, insolvencies are projected to rise by 6% in 2025 and 7% in 2026. This forecast represents a larger increase in insolvencies than we expected in our April 2025 outlook. Early data for July and August point to a sharp increase during these months. We attribute this ongoing increase in insolvencies mainly to worsening corporate liquidity, reflecting elevated debt burdens and still-high interest rates. At the same time, companies face mounting headwinds from weakening household consumption, inflation that is still relatively high, and uncertainty caused by tariffs. We expect another increase in insolvencies in 2026 as the lagged effects of tariff increases are still feeding through supply chains, raising costs and discouraging new capital spending.

Figure 3 Insolvencies increase expected in 2025, followed by a decline in 2026



Source: Atradius

Canada presents a different picture. In 2024, bankruptcies peaked, driven by high interest rates and the repayment of Covid-related debts. Since then, insolvencies have partially normalised (downwards). However, recently, this adjustment appears to have stalled as rising tariffs and heightened uncertainty weigh on the Canadian economy. We expect insolvencies to remain broadly stable for the rest of 2025, which still implies a high level compared to the pre-Covid period. Due to the exceptionally high level of insolvencies in 2024, our forecast indicates a 17% year-on-year decline for 2025. In 2026, as the economy adapts to the new tariff environment. The normalisation process is then expected to resume, leading to a further 14% decrease in insolvencies.

Europe

We classify European countries into two main groups based on recent insolvency trends. The first group includes Austria, Finland, France, Germany, Ireland, and Sweden, where insolvencies have been rising since 2022 and peaking in 2024 or early 2025. This surge was driven by a combination of higher interest rates, Covid-19 debt repayments, increased input costs, and elevated uncertainty, pushing insolvency levels well above pre-pandemic norms. As interest rates ease and financing conditions improve, and with the weakest firms already exiting the market, we expect insolvencies to begin declining during the remainder of 2025 and continue throughout 2026.



In Ireland and Sweden, where the latest data already show a downward trend, we anticipate substantial declines in 2025—by 14% and 10%, respectively. As the normalization process continues into 2026, further decreases of 20% in Ireland and 17% in Sweden are expected.

In Germany, where insolvencies have reached their highest level since 2015, the adjustment is likely to begin later. We expect a continued increase of 9% in 2025, followed by a sharp decline of 19% in 2026. This projected decline in 2026 reflects the completion of the shakeout of companies that struggled to remain competitive after the pandemic years.

The situation in France mirrors that of Germany, with insolvencies rising steadily since 2022. However, recent data suggest a slight moderation, which we interpret as the beginning of a gradual adjustment toward pre-Covid levels starting in the second half of 2025. Overall, we forecast insolvencies in France to remain broadly unchanged in 2025, followed by a 12% decline in 2026.

The second group comprises countries that have shown greater resilience to the recent economic headwinds. This includes Denmark, the Netherlands, Poland, Portugal, Italy and Norway.

In the Netherlands and Denmark, insolvencies appear to have already peaked, correcting from the artificially low levels seen during the Covid period. We expect them to remain relatively stable. For 2025, we project declines of 12% in the Netherlands and 4% in Denmark, largely reflecting base effects relative to the elevated levels recorded in 2024. However, due to subdued economic growth, a slight deterioration is anticipated in 2026, with insolvencies rising by 8% in the Netherlands and 5% in Denmark.

In Portugal and Poland, the post-Covid adjustment also seems to have largely played out. For 2025, we forecast declines of 8% in Portugal and 2% in Poland. Continued strong economic activity in 2026 should support further modest decreases—2% in Poland and 1% in Portugal.

In Italy, we expect a 10% increase in insolvencies in 2025, largely reflecting a normalization from artificially low Covid-era levels. This upward trend is likely to continue in 2026, albeit at a slower pace, with a projected increase of 4%. The insolvencies level in Norway stabilized at the pre-pandemic level and is expected to stay virtually unchanged in the remainder of 2025. For 2026, we expect a slight increase of insolvencies due to an economic growth slowdown.

Finally, Spain, the UK and Switzerland do not fit neatly into either group. In Spain, insolvencies have been rising gradually since 2015. This structural trend is expected to persist, with a forecasted 2% increase in 2025 and stability in 2026. In the United Kingdom, insolvencies have surged in the post-Brexit period and are expected to remain elevated but stable over

2025 and 2026. In Switzerland, the increase in insolvencies was caused by an amendment of the insolvency law requiring more consistent debt collection by public institutions. We expect a 21% increase in insolvencies in 2025 followed by a small 1% decrease in 2026.

Asia-Pacific

All monitored markets in the Asia-Pacific region are expected to see increases in insolvencies in 2025.

In Singapore, insolvencies spiked sharply in the first half of the year, surpassing pre-Covid levels. For the full year, we forecast a 44% increase—the highest among all markets—and we expect insolvency levels to remain elevated in 2026. South Korea also experienced a notable rise in insolvencies, driven by ongoing economic slowdown, rising costs, tighter credit conditions, and weak consumer demand. We project a 10% increase in 2025, with a decline likely postponed until 2026.

In Japan, insolvencies are expected to stagnate at high levels in 2025, with a modest 2% increase. A more meaningful correction is anticipated in 2026, resulting in a 16% decline. Australia stands out as the only market in the region that appears to have moved past the peak in insolvencies. As interest rates ease and price pressures stabilize, we expect a gradual decline over the remainder of 2025. However, due to elevated levels earlier in the year, the annual figure is still projected to rise by 5%. A more pronounced improvement is expected in 2026, with a forecasted 28% decrease.

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Appendix

Table A1 Total insolvencies - annual percentage change

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025f	2026f
Australia	1	2	-19	16	-16	-8	3	3	-41	-9	43	43	46	5	-28
Austria	3	-10	-1	-5	1	-3	-2	1	-40	0	57	13	22	-2	-29
Belgium	4	11	-9	-9	-6	9	-1	7	-32	-9	42	11	8	6	2
Brazil	7	8	-1	12	-13	29	0	-1	-25	-10	8	9	7	13	-1
Canada	-11	-2	-2	-1	-7	-6	-1	3	-23	-8	35	41	29	-17	-14
Czech Republic	-	-	-	317	-10	-15	-16	4	-10	21	-6	-6	4	11	-3
Denmark	4	-15	-21	15	18	-4	7	6	-14	-2	30	9	-19	-4	5
Finland	1	5	-5	-14	-6	-10	17	3	-19	16	7	25	5	7	-18
France	3	3	0	0	-8	-6	-1	-5	-40	-11	50	37	17	0	-12
Germany	-6	-8	-7	-4	-7	-7	-4	-3	-16	-12	4	22	22	9	-19
Hong Kong	2	15	3	1	-9	-14	-6	9	-14	6	-25	38	16	3	-2
Ireland	3	-19	-15	-10	-2	-15	-13	-25	1	-30	25	33	32	-14	-20
Italy	-1	22	12	-5	-9	-11	-6	0	-32	18	-20	7	19	10	4
Japan	-5	-10	-10	-9	-4	0	-2	2	-7	-22	7	35	15	2	-16
Netherlands	21	13	-19	-21	-17	-23	-6	4	-16	-43	18	52	31	-12	8
New Zealand	-4	-5	-2	-10	-6	-9	3	-10	-17	-7	12	20	40	7	-21
Norway	-13	18	6	-3	-1	4	12	3	-11	-24	13	23	5	0	3
Poland	-	-	-9	-7	-19	-2	4	-5	0	-30	-13	13	6	-2	-2
Portugal	32	-6	-19	-4	-24	-18	-12	-8	2	-12	-17	18	7	-8	-1
Romania	36	10	-30	-50	-18	9	-9	-21	-13	8	8	0	9	-1	5
Singapore	14	14	-12	1	1	-9	1	-1	-41	4	-4	14	12	44	-1
South Africa	-24	-13	-13	-5	-1	-3	-1	11	0	-5	-1	-13	-6	-2	0
South Korea	-	-	17	9	26	-6	15	16	15	-11	5	65	17	10	-28
Spain	37	14	-28	-23	-17	-2	-1	10	-13	30	24	-20	15	2	0
Sweden	7	3	-7	-10	-6	6	13	2	-1	-11	6	29	21	-10	-17
Switzerland	3	-5	-10	4	7	3	22	-2	-15	8	37	-1	15	21	-1
Turkey	7	8	-9	-13	-10	19	-8	3	14	8	41	11	21	9	0
United Kingdom	-4	-9	-8	-10	1	-1	10	7	-26	11	57	14	-5	0	-1
United States	-16	-17	-19	-8	-2	-4	-4	3	-5	-34	-6	40	22	6	7

Sources: Atradius, Macrobond, national sources

Table A2 Total insolvencies - index, 2019 = 100

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025f	2026f
Australia	128	130	106	122	102	94	97	100	59	54	77	111	162	169	122
Austria	120	109	108	103	104	101	99	100	60	60	95	107	131	128	91
Belgium	100	111	101	92	87	94	93	100	68	62	87	97	104	111	112
Brazil	75	81	81	90	78	101	101	100	75	68	73	79	85	96	95
Canada	118	116	113	112	105	98	97	100	77	71	95	135	174	144	124
Czech Republic	-	-	35	148	134	114	96	100	90	109	103	97	102	112	109
Denmark	101	86	68	78	91	88	94	100	86	84	109	119	96	92	97
Finland	114	119	114	98	92	83	97	100	81	94	101	126	133	143	117
France	119	122	122	122	113	106	105	100	60	53	80	110	129	129	114
Germany	151	139	128	123	115	107	103	100	84	75	78	95	116	127	103
Hong Kong	105	121	125	126	115	98	92	100	86	92	68	95	110	114	112
Ireland	296	240	205	185	182	154	133	100	101	71	88	117	154	133	107
Italy	102	125	139	133	121	107	100	100	68	81	64	69	82	90	93
Japan	145	129	116	105	101	100	98	100	93	72	77	104	119	122	102
Netherlands	220	249	201	158	132	102	96	100	84	48	57	86	113	99	106
New Zealand	153	145	141	127	119	108	111	100	83	77	86	103	145	154	122
Norway	69	81	86	83	83	86	97	100	89	67	76	94	98	98	101
Poland	-	152	138	128	103	101	105	100	100	70	61	70	74	72	71
Portugal	271	254	206	198	150	123	108	100	102	89	74	88	94	86	85
Romania	411	454	317	157	128	140	127	100	87	94	102	102	111	111	116
Singapore	106	121	107	108	109	100	101	100	59	61	58	67	75	108	107
South Africa	133	116	101	96	95	91	90	100	100	95	93	81	76	75	75
South Korea	-	50	58	63	79	75	87	100	115	103	108	178	208	229	165
Spain	180	206	148	114	94	92	91	100	87	113	141	112	129	132	132
Sweden	102	105	97	87	82	87	98	100	99	88	93	121	146	131	109
Switzerland	85	81	73	76	81	83	102	100	85	92	126	125	144	174	172
Turkey	114	124	113	98	88	105	97	100	114	122	173	192	232	253	254
United Kingdom	113	103	95	85	85	85	93	100	74	82	129	147	139	140	139
United States	175	146	118	108	106	102	98	100	95	63	59	83	101	108	115

Sources: Atradius, Macrobond, national sources



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