

# Pandemic and post-pandemic zombie growth developments and potential factors



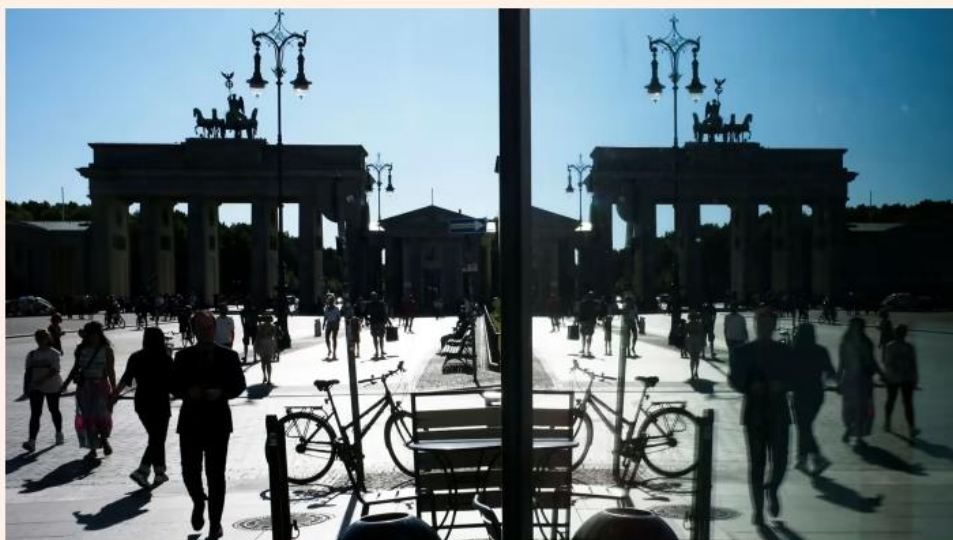
Tibor Lalinsky



CompNet TSI Conference, Berlin  
17 March 2025

## Germany haunted by spectre of zombie companies

Economists say insolvency waiver introduced during pandemic should not be extended, but politicians are divided



Illusion of stability: 'Companies would constantly be expecting that their counterparty is actually insolvent,' said FDP MP Stephan Thomae. © Markus Schreiber/AP

Guy Chazan in Berlin and Martin Arnold in Frankfurt AUGUST 20 2020



Concern is growing in Germany that a rule introduced as a part of the country's emergency response to [coronavirus](#) is fuelling the creation of thousands of so-called zombie firms that could end up sapping the economy for years to come.

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### Opinion

John Authers,  
Columnist

## Zombies Are on the March in Post-Covid Markets

Bankruptcies have tumbled as central banks' crisis response keeps weak companies alive. It's a debased form of capitalism that saps vitality.

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### Markets

## Zombies Are Back! Here's Why That's Economic Trouble

By [Sam Kim \(News\)](#)

1 April 2023 at 6:00 CET



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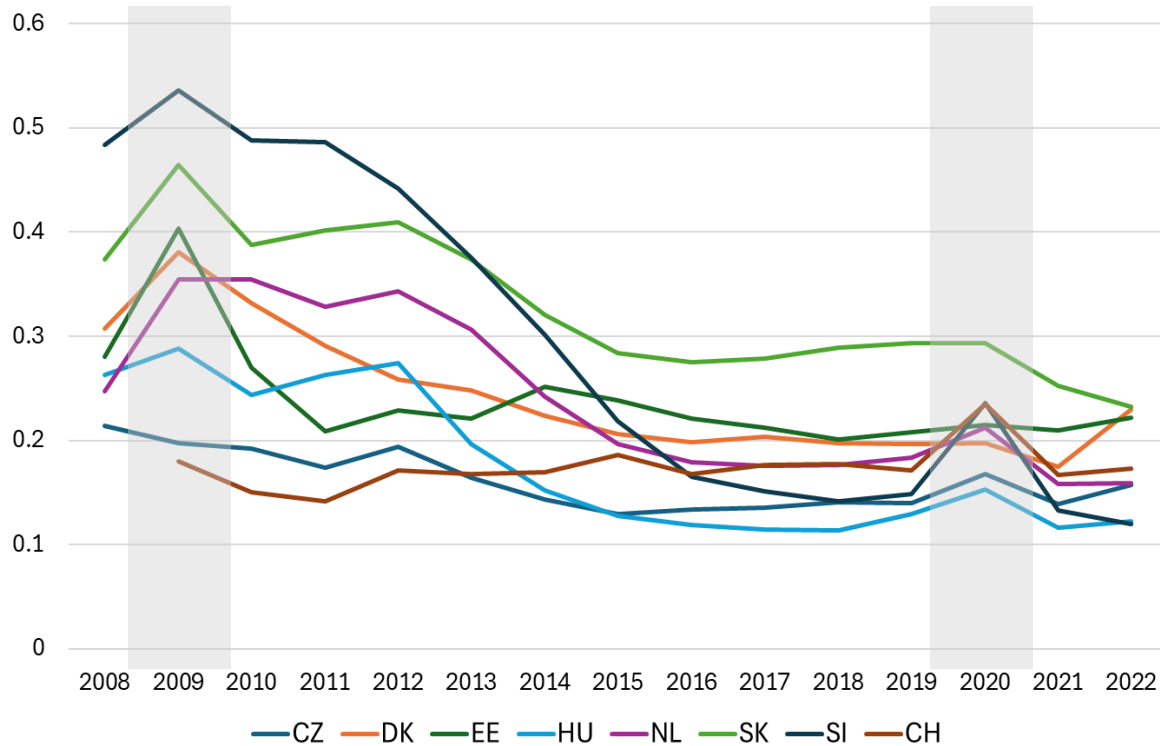
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We've seen this movie before: Zombies stalk the land, threatening to infect those around them and ... impairing economic growth. Maybe that doesn't seem as scary as *The Walking Dead*, but the threat of zombies – companies that struggle to service their debt or banks that are technically insolvent but avoid collapse – is real. Their rise

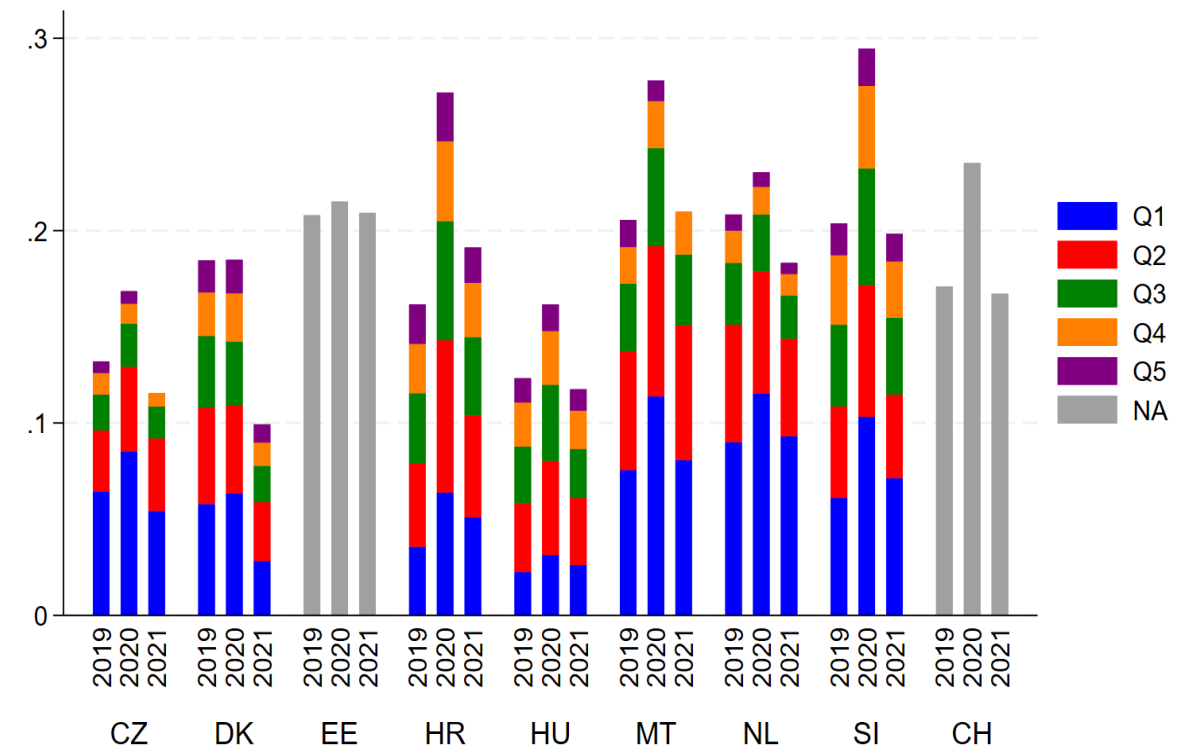
# Surge in financially constrained firms amid the pandemic

## Share of financially constrained firms across countries



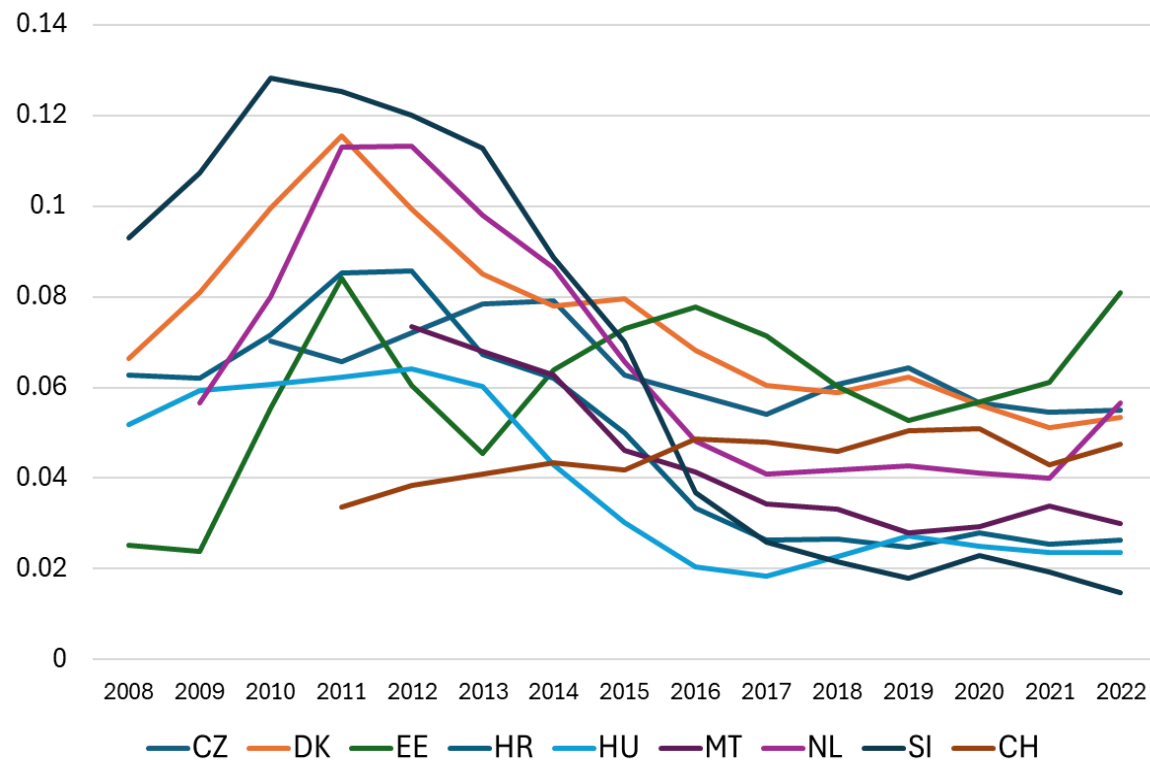
Note: Firms with an interest coverage ratio (ICR) of less than 1.  
Source: 10th CompNet data collection.

## Share of financially constrained firms by productivity quintiles



Note: Firms with an interest coverage ratio (ICR) of less than 1.  
Productivity breakdown not available for Estonia and Switzerland.  
Source: 10th CompNet data collection.

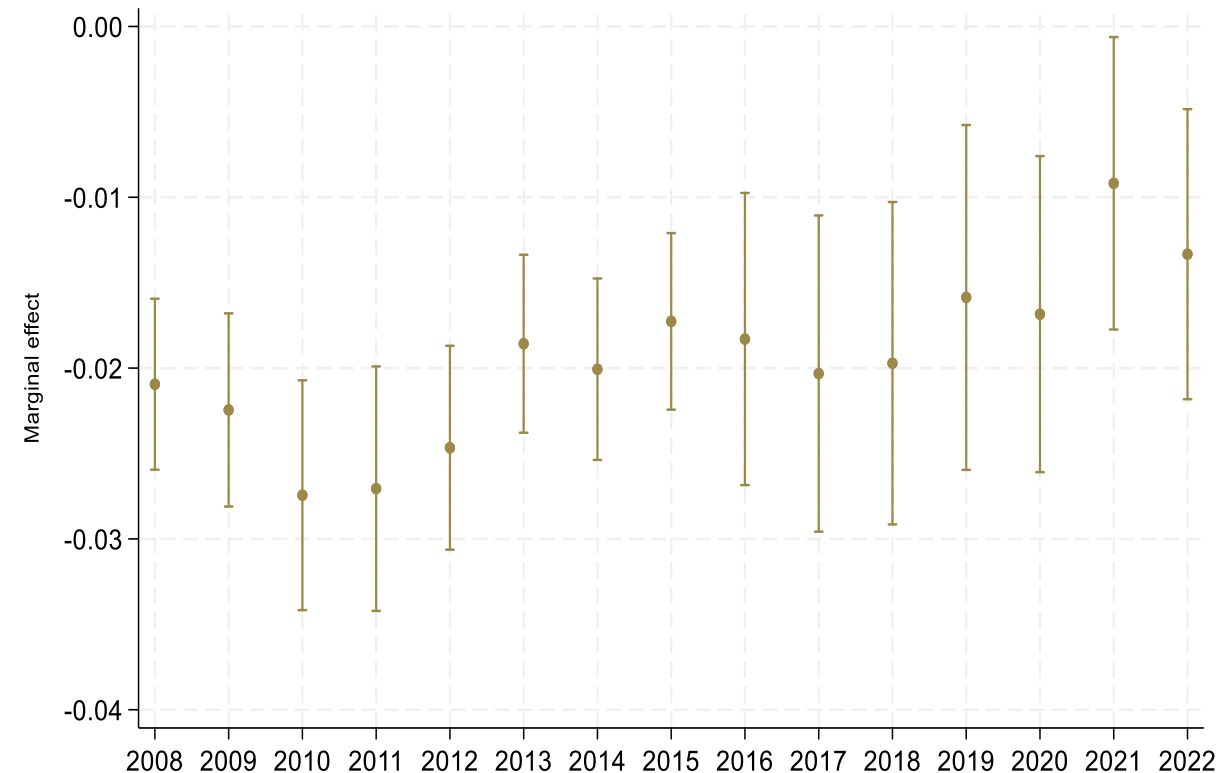
## Share of zombie firms across countries



Note: Firms with an interest coverage ratio (ICR) of less than 1 for 3 consecutive years.

Source: 10th CompNet data collection.

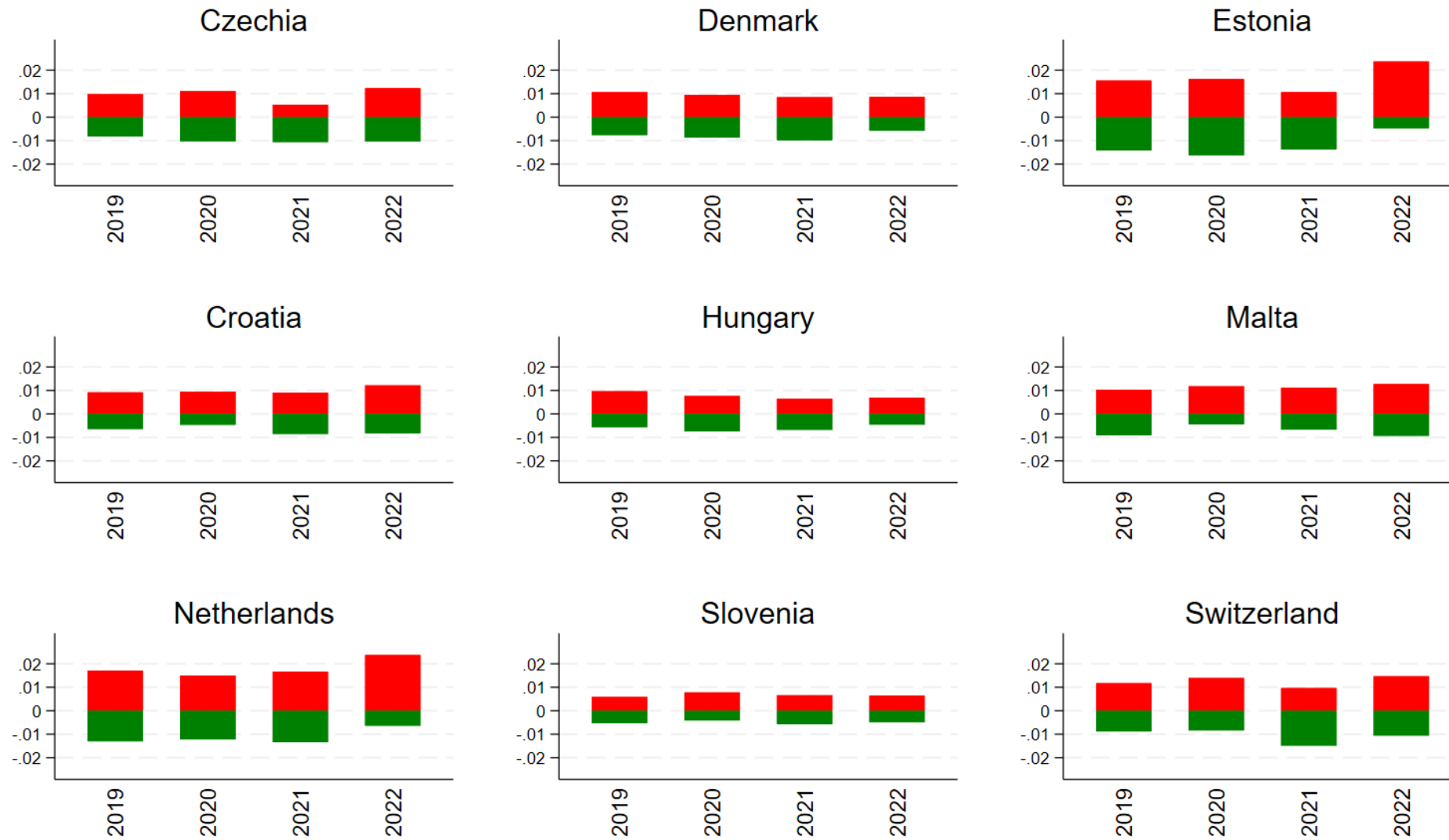
## Zombie status and firm productivity



Note: Marginal effects of lagged productivity on zombie status. Mean values for countries with sufficiently long time span (EE, DK, HR, HU and SI).

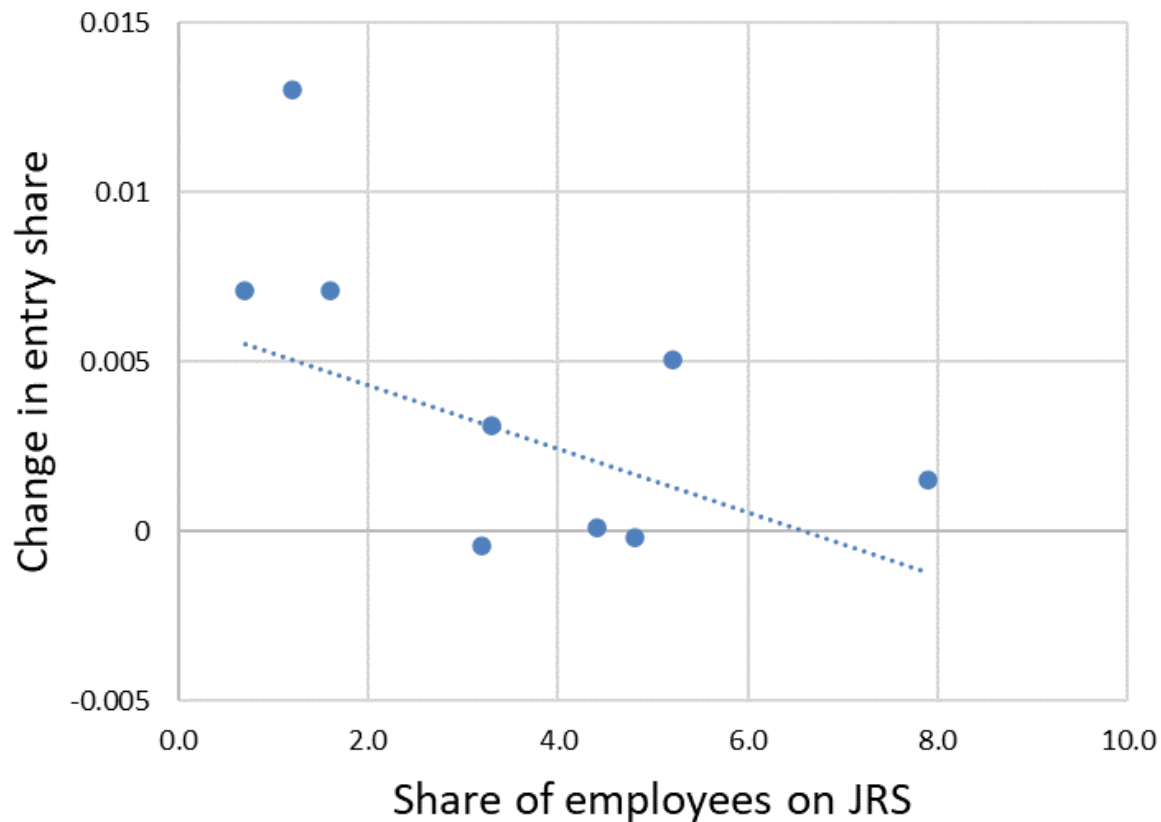
Source: 10th CompNet data collection.

# Delayed adjustments in zombie status entries and exits?



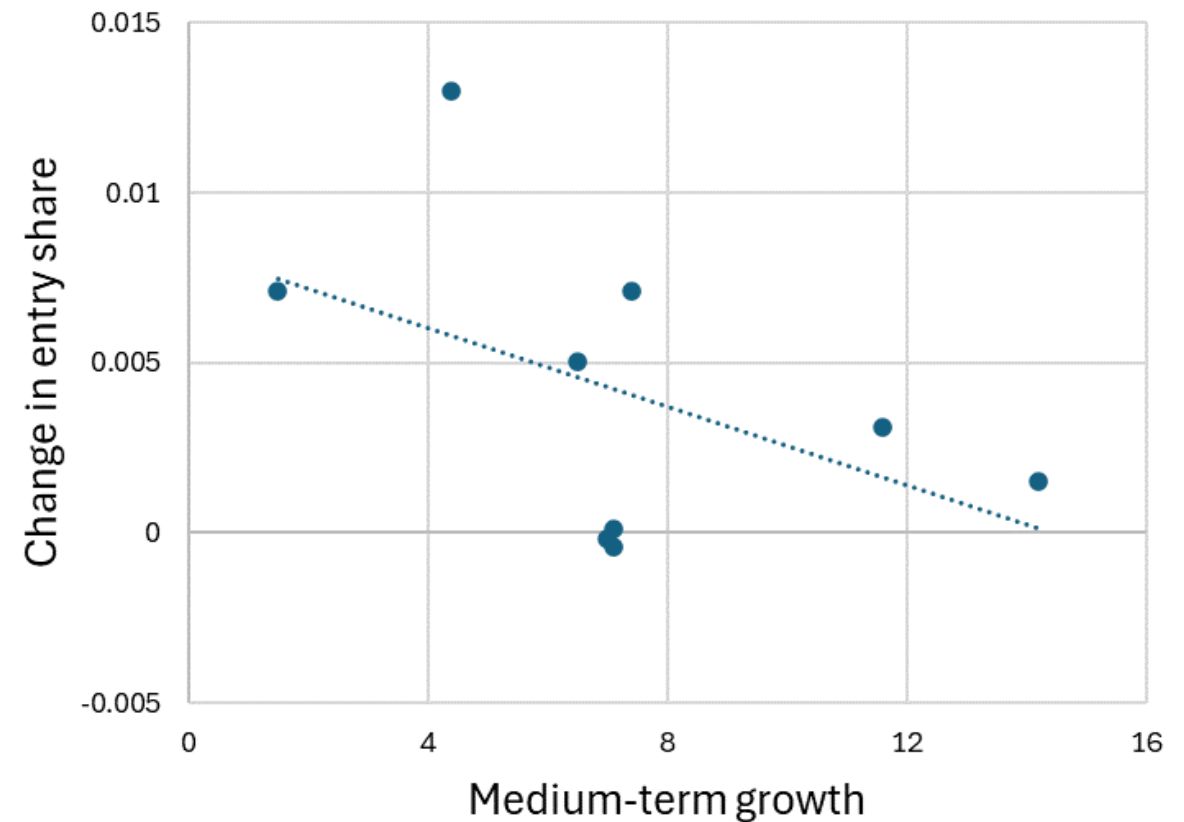
# The role of policy support and growth

The scale of job retention schemes and changes in zombie status entries



Source: Corti et al. 2023 and 10th CompNet data collection.

Post-pandemic growth and changes in zombie status entries



Source: Eurostat and 10th CompNet data collection.

# Thank you!