



COVID-19 Weekly Summary | Apr 2, 2020

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ALBANIA

- **Cabinet extends lockdown to indefinite period, announces plans for Eurobond issue in May**
- **Finance ministry expects public debt to increase to 68.8% of GDP, expects further revisions of macroeconomic indicators**

Albania's government has extended the national lockdown due to the COVID-19 outbreak for an indefinite time in Apr 1, arguing that the restrictive measures will be lifted once the epidemic is over. The cabinet remains committed to curbing the epidemic by very strict measures and curfew, as the coronavirus confirmed cases continued to increase gradually to 277 and 16 victims have been registered so far. Accordingly, health minister Ogerta Manastirliu said that schools, cafes, restaurants and all kind of other public venues will remain closed. In addition, the government announced on Mar 30 that only one person per household was now permitted to go out for one hour to buy food and medicines after submitting an app or phone text message. Still, some online shops and services could continue their delivery services to homes. PM Rama announced that easing bans on movement could be considered next week, but such a decision would depend on the number of the confirmed cases.

In the meantime, PM Rama confirmed that the government will issue EUR 600mn of Eurobond in May, in line with its initial plans. The Eurobond will cover the government's financing needs. The finance ministry published an assessment that it will increase the budget deficit target from the initially expected 2.2% of GDP to 3.9% of GDP, or ALL 68.7bn due to the coronavirus crisis. The public debt will increase to 68.8% of GDP, as well. The ministry noted that forecasts for the coronavirus' effect on the economy remain unclear in Albania. It assessed that the real GDP will rise by 2% in 2020, but it noted that further revisions on the macroeconomic indicators' forecasts will be upcoming.

Measures against COVID-19

MEASURES TO CONTAIN THE SPREAD

INTERNATIONAL TRAVEL

All borders, land, air and maritime, were closed for entry of foreigners. Borders remain open only for transportation of goods.

DOMESTIC LOCKDOWN

The government declared the spreading of COVID-19 a national emergency under the Civil Emergencies Act on Mar 25. The announcement empowered the cabinet to take extraordinary measures such as imposing limitation on people's movement, isolation or quarantine on individuals or entire population, house searches by civil emergency personnel. We note that the country has been put under a national lockdown as of Mar 16 and the government extended it for an indefinite period of time on Apr 1. People can go outside only between 6:00 and 10:00, as well as between 16:00 and 18:00. Outside curfew hours, people are allowed to go out only to shop food and medicines. At present only one person per household has the right to go out and he should first ask for a permission via an app or phone text message. All public and private transportation means were banned. Traffic between different cities was forbidden, as well. Albania closed bars, restaurants, gyms, schools, kindergartens, universities, textile manufacturing industry, call centres. However, it allowed book stores and office services stores to re-open after the launch of online education for students. Employees in state offices in Tirana and Durres no longer work on Fridays. All commercial units in shopping malls, which are not related to bakeries, groceries or pharmaceutical sales, were also closed. The government has suspended all planned procurement procedures until further notice, excluding the tenders in particular related to the COVID-19 epidemic crisis.

MEASURES TO REDUCE LOSSES

SECTORAL SUPPORT

Companies were allowed to apply for extension of their due loan payments until May 31. The deadline for payment of profit tax by the businesses with annual turnover of USD 20,000 to USD 140,000 will be postponed to H2/2020. Payments of personal income tax will be also postponed. PM Edi Rama decided to double the budget for payment of salaries to self-employed people, to people with unemployment benefits and to the people receiving economic aid from the state. The state register lists ALL 731mn per month as the

amount of salaries for the self-employed in small businesses. Accordingly, the total sum will be raised twice to ALL 1.6bn to compensate all employees or self-employed in small companies although most of the people are registered as unpaid employees. The measure is expected to aid an additional 60,440 people in Albania.

FISCAL RESPONSE

Government announced upcoming EUR 600mn Eurobond issue in May. Finance ministry announced some preliminary estimates based on assumption for a 2% real GDP growth in 2020. It also raised the budget deficit target to 3.9% of GDP, or ALL 68.7bn. The public debt is expected to rise to 68.8% of GDP. The ministry added that these are only preliminary assessments and further revisions are upcoming. The government adopted a USD 370mn relief package last week to boost healthcare expenditures, support the business and help people in need. Large enterprises will benefit from a USD 100mn aid package, while a USD 65mn package will be designated for small- and medium-sized enterprises. It remained unclear how many companies will benefit from the state aid for wages and whether the coverage of the salaries will be full or at some percentage. Regarding the families receiving economic assistance, PM Rama clarified that they amount to 71,000 that receive ALL 340mn in total as salaries per month. The government will increase the allocated sum for these salaries to ALL 680mn. Some 211,024 people will benefit from a permanent deletion of their energy bills. PM Rama announced 50% reduction in the salaries of ministers and MPs until the end of the coronavirus crisis. The Albanian government also decided to suspend four public-private partnership (PPP) contracts for 2020 alone to save funding taking into account the coronavirus crisis.

MONETARY RESPONSE

Bank of Albania (BoA) suspended due loan payments for both businesses and households for three months. BoA's Supervisory Council decided to lower the main policy interest rate from 1.0% to 0.5% on Mar 25. The further easing of the monetary policy is necessary to reduce the cost of new borrowing and that of servicing existing debt, as well as to boost the flow of liquidity to local companies and households. BoA also decided in favour of the unlimited liquidity injection strategy regarding the banking sector, to guarantee sufficient liquidity.

Source: CEEMarketWatch collected data

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Recent developments:

- [Government announces economic measures, BoA eases further monetary policy, Mar 26, 13:08](#)
- [Government imposes harsh measures to contain COVID-19, no fiscal stimuli yet, Mar 19, 13:30](#)

ARMENIA

Government pushes for more surveillance in efforts to contain COVID-19 spread

Armenia | Apr 02, 13:58

- **Authorities want to counter non-compliance with lockdown**
- **Number of confirmed coronavirus infections rises to 663, five fatalities are reported**

The government pushed for legislative changes to the laws on the state of emergency and electronic communication this week, as it sought more control over people's movement, in order to improve measures of COVID-19 containment. The proposals were met with solid opposition in parliament but were approved nonetheless, after some revisions. Authorities argued that non-compliance with the lockdown and quarantine rules hinder the containment efforts and need to be addressed sternly. At the same time, the government gradually reveals specific support measures for some sectors, reassuring that it will try to help the real sector in this crisis. A total of 663 confirmed coronavirus infection cases were reported as of Apr 2, while 33 people recovered from the illness. Five COVID-19 related deaths were also reported.

Anti-COVID-19 measures

Measures to contain spread:

International travel Borders are still closed but Armenians travelling via Georgia can return home. Cargo transport is possible but with restrictions and is slow.

Domestic lockdown People are urged to remain at home. Schools, restaurants, bars are closed. Most light industry production is halted. Businesses to remain closed at least until Apr 12.

Measures to reduce losses:

Sectoral support Government is endorsing AMD 150bn support package. Banks to restructure some loans, freeze payments of credit for some branches

Fiscal response Tax breaks to be given to agriculture firms, subsidies for credit payments, vulnerable families to get extra allowances.

Monetary response The CBA has not commented on any plans for QE. The CBA revised down its 2020 growth forecast to 0.7% from 5.3%, estimated in late 2019.

Source: CEEMarketWatch collected data

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Recent developments:

- [Government declares state of emergency, pledges support for most vulnerable, Mar 26, 14:03](#)

AZERBAIJAN

Authorities tighten COVID-19 containment measures further over past week

Azerbaijan | Apr 02, 13:32

- **Domestic inter-city travel is banned**
- **Border closure with Iran, Georgia extended**

Azerbaijani authorities tightened the COVID-19 containment measures further over the past week, expanding the non-work period after the Novruz celebrations. Many public servants were sent on paid leave, while the monitoring over quarantined people was stepped up. More restrictions in terms of movement are also being discussed, as authorities want to limit the cases of non-compliance with the rules and work toward a downward path in the new infection cases possibly in the next two to three weeks. Health authorities and the army also increased the number of temporary hospitals at the borders. Meanwhile, the government announced AZN 2.5bn (about USD 1.5bn) support package for the economy, to be gradually implemented and focus on nine key areas. As of Apr 2, 400 confirmed coronavirus cases were reported, as well as four fatalities.

Anti-COVID-19 measures

Measures to contain spread:

International travel	Borders are closed but national carrier still brings Azerbaijani nationals home via charter flights. Cargo transport is still possible. Border closure extension with Georgia, Iran extended until Apr 20. People movement over Russian border possible only once a week.
Domestic lockdown	Inter-city travel stopped. Elderly urged to stay at home until Apr 20. All trade is closed except for essential businesses. Some public workers sent on paid leave.
Measures to reduce losses:	
Sectoral support	Government announces AZN 2.5bn anti-crisis package, focus is on nine key areas. Details expected on Apr 3
Fiscal response	Finance, economy, labour ministries contribute to the overall support package but many measures not known yet. A budget revision is still likely.
Monetary response	Central bank, SOFAZ still ready to keep providing FX but demand is on the decline. Details on central bank strategy for macro and financial stability expected by mid-May at the latest.

Source: CEEMarketWatch collected data

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Recent developments:

- [Authorities work on AZN 1bn package for real sector to counter COVID-19 impact, Mar 26, 12:36](#)
- [COVID-19 response, Mar 19, 15:00](#)

BELARUS

Authorities continue to downplay coronavirus epidemic

Belarus | Apr 02, 13:01

- **Belarus invites international health experts, but abstains from quarantine**

Authoritarian President Aleksandr Lukashenko has continued to downplay the COVID-19 emergency. Unlike its neighbours, Belarus has abstained from strict quarantine measures to contain the spread of the coronavirus. Borders stayed open, there have been almost no travel restrictions in place; shops, restaurants and factories kept working; and even the national football championship continued.

The problem has not been altogether ignored. Belarus invited experts from the World Health Organisation to arrive for an assessment mission, and Lukashenko reportedly asked Russia and other CIS states for assistance with medical supplies. On Mar 25, the government adopted a set of measures to prevent the coronavirus spread, such as self-isolation for people arriving from countries where COVID-19 cases were registered, except transit passengers and diplomats and their families; and restrictions for truck drivers crossing borders. Earlier, Belarus banned the export of masks, medical clothes and equipment.

The government has not yet come up with any sectoral emergency support measures. FinMin Maksim Yermolovich announced on Mar 25 that Belarus would pay debt as scheduled, and that it negotiated assistance with the World Bank, the EIB and the IMF. Belarus could get up to USD 900mn in emergency assistance from the IMF, according

to Yermolovich. The central bank came up with measures to support lenders. These included loosening regulatory provisions, easing reserve requirements and giving banks more leeway to support borrowers.

A total of 163 COVID-19 cases and two deaths have been registered in Belarus by today.

COVID-19 Emergency Response

Confinement measures	Export of medical equipment banned. Self-isolation for 14 days for people coming from countries with COVID-19. Exceptions include diplomats, employees of international organisation and their families, transit passengers and truck drivers.
Monetary measures	Central bank adopts measures to support lenders, loosening regulatory provisions, easing reserve requirements and giving banks more leeway to support borrowers.
Fiscal measures	Government negotiates assistance from IBRD, EIB and up to USD 900mn from IMF.

Source: Government and other public sources. Data collected by CEEMarketWatch

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Recent developments:

- [Government approves first set of containment measures, Mar 26, 13:32](#)
- [President plays down coronavirus danger, Mar 19, 10:46](#)

BOSNIA-HERZEGOVINA

BiH counts on IFIs to alleviate economic impact of coronavirus pandemic

Bosnia-Herzegovina | Apr 02, 10:52

- **IMF expected to disburse EUR 165mn under RFI in second half of April**
- **EU to allocate EUR 80.5mn**
- **RS declares state of emergency that handles legislative powers to President**

FBiH is working on a budget revision, while RS has decided to step up domestic borrowing in an effort to raise funds to help the economy amid the coronavirus pandemic. Amid falling budget revenues and higher expenditures on health systems, the entities count on at least EUR 165mn from the IMF under the Rapid Financing Instrument (RFI), which could come in the second half of April provided that the currency board arrangement is not compromised. There have been calls to use CBBH's fx reserves for fiscal purposes, but IMF Resident Representative Andrew Jewell warned against such attempts. In the meantime, the EU said it will allocate EUR 80.5mn to help BiH cope with coronavirus pandemic - EUR 7mn to support health sector and another EUR 73.5mn - to support socio-economic recovery.

As for the new containment measures, RS parliament declared on Mar 28 a state of emergency that handles legislative powers to President. The entity also decided to extend the duration of measures imposed during the emergency situation until Apr 13 with some corrections. It softened restrictions related to the movement of people over the age of 65, allowing them to leave home twice a week - on Tuesdays and Fridays from 7:00 AM to 10:00 AM. RS also repealed a regulation freezing prices of basic foodstuffs, enforcing instead a regulation limiting the pricing margin at Mar 5 level and expanding the list of products covered by the measure.

At BiH level, a bill amending the law on VAT that foresees moving the VAT filing deadline from the 10th of the month to the last day has been submitted to the parliament but BiH FinMin Bevanda disagreed with it arguing such a measure would have an immediate effect in terms of lack of liquidity on all levels of government and would not help the economy.

Then number of confirmed COVID-19 cases in BiH rose to 513 with 15 deaths as of Apr 2.

COVID-19 measures

Measures to contain spread:

International travel

Ban on entry of foreign citizens with few exceptions as of Mar 25. Airports for passenger traffic to be closed until Apr 30

Domestic lockdown

On Mar 17 Council of Ministers of BiH declared a state of natural or other disaster, entities declared earlier emergency situations. Curfew imposed in entities on Mar 21-22. RS parliament declared on Mar 28 a state of emergency that handles legislative powers to President, extends coronavirus measures until Apr 13

Measures to reduce losses:

Sectoral support

RS limits pricing margin at Mar 5 level and expands list of products covered by the measure

Fiscal response

Entities to establish special funds to support economy that will mobilize funds from domestic borrowing, IFIs. RS defers payment of corporate income tax until end-June; RS Investment Development bank to defer loan repayment for April, May and June until end-June; RS ministers to give up 50% of March wages to replenish Solidarity Fund

Monetary response

Banking Agencies of entities recommend moratorium on loan repayment until end of emergency situation; grace period for repayment of principal of credit obligations for a maximum period of 6 months

Source: Government and other public sources. Data collected by CEEMarketWatch

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Recent developments:

- [BiH steps up movement restrictions to curb coronavirus spread, Mar 26, 10:55](#)
- [BiH is focused on containment of coronavirus spread, Mar 19, 12:19](#)

BULGARIA

Government revises budget, raises new debt limit to BGN 10bn due to coronavirus

Bulgaria | Apr 02, 13:48

- **Government to seek BGN 4.2bn from foreign markets at first**
- **BNB expected to announce decision on joint package of rules on imposing moratoriums on due loan payments**
- **Government proposes extension of state of emergency by one month, until May 13**

The government focused more on its economic estimates and support measures against the negative effects from the coronavirus crisis in the past few days. The finance ministry released its budget revision, based on assumptions of a 3.0% GDP contraction in 2020, and set the new budget balance target at a deficit of BGN 3.5bn or 2.9% of GDP. The government also raised the ceiling on the new issued debt for the year from previously set BGN 2.2bn to BGN 10bn. Finance minister Goranov clarified that at present Bulgaria will seek to borrow BGN 4.2bn from the markets to cover its immediate needs - the expected budget deficit plus the BGN 700mn capital increase of the Bulgarian National Bank. Goranov stressed that the cabinet may not borrow the entire BGN 10bn for 2020 unless the scenario deteriorates further. Goranov admitted that the calculations were based on projections for a three-month period of social distancing measures. Provided that the coronavirus crisis and the state of emergency continue longer, then the budget deficit could even reach 6% to 7%, he said.

In the meantime, the government also launched the programme for the state's coverage of 60% of wages in companies which had to close their activity or saw their sales' revenues in March fall by at least 20%. It estimated that the programme will cover 75% of the workers in risk of unemployment due to the epidemic, but local employers' organisations claimed that only 8% of the companies will actually apply for it. Companies remained dissatisfied that the percentage of the wages paid by the state will not be higher and were disappointed with the government's rejection to cover the due workers' social and health insurance payments.

The Bulgarian National Bank (BNB) is expected to announce later on Apr 2 or Apr 3 its decision for the implementation of the European Banking Authority's expected projects for the temporary moratorium on bank loan instalment payments. The BNB will require the local commercial bank to agree to a common package of rules on the private moratorium on loan payments due to the COVID-19 situation.

In terms of containment measures, the government proposed the extension of the current state of emergency, which was supposed to end on Apr 13, until May 13. The parliament has not voted the proposal yet, but we believe the extension will be approved. No further tightening of the measures imposed on people's movement across cities or within the city has been imposed, although the authorities have several times warned that if people continue to infringe the bans on purposeless walking and in visiting parks, they will consider the introduction of declarations filling for people going out of their homes.

The confirmed coronavirus patients in Bulgaria reached 449, 10 of the patients died.

Measures against COVID-19 in Bulgaria

MEASURES TO CONTAIN THE SPREAD

INTERNATIONAL TRAVEL

Bulgaria closed entries of foreigners coming from Spain, Italy, France, Germany, the Netherlands, Great Britain, North Ireland, as well as banned all non-EU citizens from entry in Bulgaria. Exception is made for people with permanent or long-term residency in Bulgaria, who are allowed to enter Bulgaria but have to stay under mandatory two-week quarantine. The Bulgarian railway company BDZ cancelled international trains.

DOMESTIC LOCKDOWN

State of emergency was announced on Mar 13 and the government proposed to extend it until May 13. Parliament decided not to hold plenary sessions during the state of emergency except for approving budget revision. All bars, night clubs, cafes and restaurants remain closed, but restaurants continue food deliveries to houses. Commercial units in large commercial centres such as malls also closed, with the exception of

bank and insurance offices, food shops and pharmacies there. The other commercial units continue functioning but are obliged to keep strict hygiene requirements. Gatherings of more than two adult people at once in public spaces were forbidden. People are required to wait in queues outside supermarkets and pharmacies to ensure a minimum 2-metre distance between everyone inside closed and public spaces. Walking in parks was banned unless for the purpose of taking out pets. People aged above 65 were asked to go shopping between 08:00 and 10:30 in the mornings. People were asked not to go outside except for work and food or medical goods' purchases. Employers had to ensure options for home office work for their employees, if this was not possible, they were expected to have strengthened hygiene measures in their offices and the possibility for employees working at 2-metre distance from each other. Companies received the right to send their employees only in paid leave for an indefinite period. All public events were banned, including sports, cultural, entertainment events (including cinema, theatres, concerts, museums, conferences, fitness and SPA centres). Schools and kindergartens stay closed in entire country, education is going on online. All planned children and female medical examinations, prevention medical consultations, scheduled surgeries remain cancelled. Travelling between cities in Bulgaria was banned unless people travel to their work or for other important reasons indicated in special declarations. Personal private travels abroad are allowed but people are required to make a second mandatory insurance for that purpose. Ski resort of Bansko was put under full two-week quarantine. All administrative, arbitration and civil executive proceedings were postponed but criminal proceedings were not.

MEASURES TO REDUCE LOSSES

SECTORAL SUPPORT

Government decided to cover 60% of negatively affected companies' labour costs for a period of three months to prevent lay-offs. The measure will apply for all companies which had to close immediately due to the state of emergency, as well as to companies from all sectors which prove a 20% decrease in their sales revenues for March. Government also increased state-owned Bulgarian Development Bank's capital by BGN 700mn. The larger part, BGN 500mn will be used to ensure liquidity support for companies hit by coronavirus crisis. The bank will use the funds to issue portfolio guarantees to commercial banks which will enable them to be more flexible with companies that have difficulty to pay their loan instalments. The other BGN 200mn will be provided to commercial banks with the purpose of granting interest-free credits of up to BGN 1,500 per person for people in unpaid leave. The Bulgarian Development Bank will also be able to buy temporary stakes in companies in need of capital support, with a buyback option. Once the financial situation of the companies improves, they will be able to buy back their shares via the mediation of their banks. The government also confirmed that companies may postpone the payment of their corporate taxes by three months, until the end of June. The measure is assessed to cost some BGN 600mn.

FISCAL RESPONSE

The government came up with a budget revision based on the assumptions of a 3.0% GDP contraction for the year. The revision updated the budget balance target to a 2.9% of GDP deficit for 2020, or BGN 3.5bn. It also raised the ceiling on new debt to be issued in 2020 to BGN 10bn, up from previous BGN 2.2bn. The finance minister explained that the government will seek at first BGN 4.2bn from the markets and only if the situation deteriorates or the crisis extends to over three months, it will resort to borrowing more to reach the debt ceiling. PM Borissov announced BGN 50mn will be spent for Easter bonuses to the pensions for the poorest retired people. Another BGN 500mn were allocated to the health, defence and interior ministries, to cover bonuses for medical personnel and policemen on the first line dealing with coronavirus patients and measures.

MONETARY RESPONSE

The Bulgarian National Bank (BNB) announced a package of measures worth BGN 9.3bn in total to counter the COVID 19 crisis and its consequences. The main measures include the capitalisation of the banking system's full profit amounting to BGN 1.6bn, as well as the increase of the liquidity by BGN 7bn via the reduction of commercial banks' foreign exposures. The central bank also decided to annul the scheduled increases of the countercyclical capital buffer for banks, the effect of which is estimated at some BGN 0.7bn. BNB also announced that it will make a decision on the local banks' unified approach regarding potential moratoriums on credit instalments on Apr 2 or Apr 3, after the European Banking Authority publishes its package for common treatment of loan instalments moratorium. Local FiBank already allowed its customers an option to defer their credit payments if they or their businesses have been hit by the state of emergency measures.

Source: Government and other public sources. Data collected by CEEMarketWatch

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Recent developments:

- [Unemployment rises, cabinet's pro-economic measures remain limited, Mar 26, 12:19](#)
- [Government reluctant to adopt fiscal stimuli over COVID-19, budget is in deficit, Mar 19, 12:00](#)

Government steps up economic support measures to satisfaction of social partners

Croatia | Apr 02, 12:59

- **Altogether 963 positive coronavirus cases have been so far confirmed in Croatia, up from 481 a week ago**
- **Government reportedly to inject additional HRK 45bn in economy to limit impact on outbreak, allegedly seeking for more funding from domestic, international markets, EU, WB**
- **So far no talk of budget revision**
- **Central bank remains active in securing EUR- and HRK liquidity**
- **Fitch revises outlook on BBB- sovereign rating on bleak economic prospects, projected deterioration in fiscal and external positions, delay in euro adoption plans**

Altogether 963 positive coronavirus cases have been so far confirmed in Croatia, double a week ago when 481 infected people were reported.

The latest measures to contain the virus spread that the government approved are temporary closure of 20 of the mutual border crossings between Croatia and BiH as well as closure of permanent border crossings for maritime international passenger transport, and postponement of the opening of maritime borders.

With regard to the implementation of the [first package of economic support measures](#), approved by the government on Mar 17 and worth some HRK 30bn, some 52,000 applications for tax deferral have been so far submitted, while 65,291 employers had applied for the payment of the minimum wage, covering about 400,000 workers. The employers' associations have described the first set of government measures as insufficient, calling for a write-off, rather than deferral of taxes and contributions, and for exemption from various fees and parafiscal levies.

Responding to employers' and unions' calls, the government announced a [new set of measures](#) to support companies' liquidity and jobs - the government today approved the respective legislative amendments and sent them to the parliament for adoption in a fast-track procedure. Among others, the measures include increasing the net minimum wage to HRK 4,000 and partly or fully exempting some businesses from taxes for April, May and June. While there are sufficient funds for the payment of the wages and pensions in April, the government, which has pledged to execute only the necessary expenditures, would seek an agreement with trade unions on public sector and civil servants wages that were to be raised as of May. We expect that the indexation may be postponed without cutting the wages as the latter may appear counter-productive and further constrain demand. Moreover, at least 3-month moratorium on the repayment of loans on part of entrepreneurs and citizens is likely to be provided by banks, while the conditions for liquidity loans and working capital loans for entrepreneurs are yet to be detailed. While expressing satisfaction with their proposals being taken on board, the employer insisted that para-fiscal levies be abolished or reduced as soon as possible.

PM Andrej Plenkovic informed that sources of financing of the measures were being sought in coordination with the central bank HNB in order to ensure the functioning of the state and all its segments. According to some media, Plenkovic and FinMin Zdravko Maric have announced that a new government borrowing of HRK 45bn on the domestic and foreign markets, as well as from the EU and the WB, was planned. However, it not clear whether this borrowing is to cover both the March and April packages of measures, or only the second one. There has been no

talk of revision of the budget and fiscal targets for this year, possibly because the authorities cannot estimate the exact impact of the outbreak on the economy in view of the uncertainty related to its duration.

The central bank HNB continued to be active in securing sufficient room for minimising the effects of the coronavirus outbreak on the economy. To stabilise the exchange rate of the kuna at around EUR/HRK 7.57 and to ensure foreign currency liquidity, HNB has sold to commercial banks EUR 2.24bn since Mar 9, whereas EUR 618.15mn at the last intervention on Mar 31. At the same time, after carrying out structural operation providing commercial banks HRK 3.8bn in long-term liquidity at 0.25% repo rate on Mar 16, the HNB resorted only to providing short-term liquidity via the regular weekly repo operations. Recall that on Mar 16 it provided HRK 750mn in short-term liquidity at 0.30% rate, on Mar 23 - further HRK 750mn at 0.05% rate and on Mar 30 - further HRK 350mn at 0.05% rate. Meanwhile, after intervening on the debt market on Mar 13 and Mar 18 by purchasing more than HRK 4.2bn worth of government bonds in order to stabilise it, the central bank has not intervened since then.

The outbreak and the impact it is having on the economy made [Fitch Ratings revise its outlook on Croatia's BBB-sovereign rating to stable from positive on Wednesday](#). Fitch now projects economic slump of 5.5% this year due to COVID-19 pandemic impact, CA to turn to 3.2% of GDP deficit due to lower exports of goods and services, budget deficit to increase to over 5% of GDP, public debt - to 77.7% of GDP. NPLs are also expected to increase, profitability of banks to be hurt. The agency also said that the outbreak risks delaying ERM II entry, respectively euro adoption beyond 2024. Yet, the agency noted that a positive rating action could be triggered by government debt/GDP returning to firm downward path in MT, progress in euro area entry, strengthening of growth prospects and competitiveness, including via implementation of structural reforms, while a downgrade or other negative action could be triggered by persistent increase in government debt, sharp worsening of the external position, deterioration in MT growth prospects. Yet, these forecasts are based only on the first package of economic support measures, which means that the new set of measures may be credit positive, in our view.

COVID-19 measures

Measures to contain spread

International travel

All foreign citizens entering Croatia from the countries worst hit by the coronavirus - China, South Korea, the Italian regions of Veneto, Piedmont, Emilia Romagna, South Tyrol and Marche, Hong Kong, Japan and Singapore, will be under mandatory quarantine for 14 days.

Temporarily closure of 20 border crossings with BiH; closure of permanent border crossings for maritime international passenger transport, and postponement of the opening of maritime borders

All gatherings of more than 100 people will be postponed.

All classes in elementary and secondary schools and at universities will be suspended for two weeks as of Mar 16. Online classes via public broadcaster HRT are introduced.

Domestic lockdown

Suspension of the work of shopping malls and bars and restaurants, cinemas, theatres, libraries and some other services businesses for 30 days.

Farm produce markets are closed, ban on leaving one's place of residence is introduced; all inter-city travel is banned; ban on travelling from town to town

Staying in streets, squares and other public spaces is prohibited; All public transportation services, including transport by tram, are suspended for the next 30 days; All railway and bus stations are closed

Support measures

Tourism - postponement of payment of tourist membership fees for businesses and private renters as well as payment of a tourist levy for private renters (flat rate). There are also grants for programmes for financing working capital and improving the liquidity of vulnerable tourism businessmen, as well as deferring the payment of the concession fee on tourist land in camps.

Sectoral support	Transport - temporary deferment of the payment for permits for extraordinary transport and the extension of the so-called winter discounts to Jun 1;
	Agriculture - measures for agriculture, fisheries and forestry HRK 400mn
	Consumers - Government to control the prices of certain products, including basic food products, hygienic items, protective clothes, medicinal supplies - flour, milk, powdered milk, eggs, sugar, edible oil, rice, pasta, raw meat, fish, vegetables and fruits, canned meat, baby food as well as detergents, soaps, etc., at their level on Jan 30, 2020, when the World Health Organisation declared the 2019-nCoV outbreak a Public Health Emergency of International Concern.
	Deferment of public contributions, specifically deferment of paying income and profit tax and contributions on wages for a period of three months and possibly an extra three months of grace period if necessary and after that these payments can be made in instalments of up to 24 months. (HRK 4bn per month)
	Payment of a minimum wage of HRK 3,250 to employers for three months (HRK 5bn per month)
	Extending duration of EU funded projects by 3 months - HRK 1.8bn
	Loans to entrepreneurs for liquidity and working capital (worth more than HRK 1bn)
	Interest-free loans for municipalities, cities and counties, the Croatian Health Insurance Fund HZZO and the Croatian Pension Insurance Fund HZMO, equal to the amount of income taxes, surtax and contributions that have been deferred and/or for which instalment payments have been approved.
Fiscal response	Increasing the amount of the net minimum wage per employee to HRK 4,000 from HRK 3,250 in April and May; the state will also cover contributions, which amounts to around HRK 1,460 for a net wage of HRK 4,000. In total, the state will pay HRK 5,460 per employee, which makes some HRK 8.5bn per month for jobs preservation. Employers are only eligible to apply if they keep their employees.
	Companies that either cannot do business, or it is very difficult for them to do business will be partially or completely exempt from their tax liabilities for April, May, and June, namely from paying profit tax, income tax and contributions
	Deferral of VAT payments until the billing of invoices issued, as is now the case with small businesses.
	Deadline for the submission of financial statements for 2019 is extended until Jun 30 and businesses are exempt from paying the Financial Agency a fee for the publication of financial statements
	Government to save as much as possible, execute only necessary expenditures.
	In the agriculture sector, public procurement procedures will benefit domestic producers, the plan being that at least 60% of agricultural and food products are produced in Croatia. Emergency aid will also be extended to small dairies through purchases of all of their surpluses
	Talks with the social partners, notably the trade unions, to see how to make further savings and discuss wages and pensions for April, which are paid in May, possibly even postponing the approved wage hike from May onwards
Monetary response	To stabilise the exchange rate of the kuna and to ensure foreign currency liquidity, HNB carries out forex interventions – it has sold to commercial banks EUR 2.24bn since Mar 9 so as to stabilise the EUR/HRK exchange rate at around 7.57
	Providing HRK liquidity – it carried out structural operation providing commercial banks HRK 3.8bn in long-term liquidity at 0.25% repo rate and weekly repo operations providing HRK 1.85bn in short-term liquidity (first repo of HRK 750mn was at 0.30% rate, the next two - at 0.05%)
	Stabilise the state securities marked via purchase of government bonds – it purchased HRK 212.88mn worth of government bonds on Mar 13 and further more than HRK 4bn on Mar 18. HNB Council expanded the possibility to purchasing government bonds to pension funds and insurance companies
	In the next three months the commercial lenders will not enforce the collection of debts and that they will consider and approve requests for the rescheduling of loans
	Minimum reserve requirement lowered to 9% from 12%
	HBOR offers moratorium on and rescheduling of existing loans, granting new, more favourable loans to ensure liquidity
	Banks suspend fees charged for ATM transactions by natural persons; HNB orders banks to raise contactless cash withdrawal sum to HRK 250; HNB recommends banks not to pay dividends on 2019 profits

Source: Government, central bank, HUB, media

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Recent developments:

- [Economic support measures already enacted, domestic lockdown tightened, Mar 26, 13:26](#)
- [Govt employs timely, adequate measures to limit spread, impact of coronavirus, Mar 19, 12:35](#)

CZECH REPUBLIC

National lockdown to be extended, new anti-crisis measures announced

Czech Republic | Apr 02, 10:30

- **National quarantine extended to Apr 11**
- **Measures for labour support and self-employed updated**
- **Government approves 6-month moratorium on loan repayment**
- **CNB eases recommendations on new mortgage loans**

The government extended national quarantine until Apr 11 and requested an extension of the state of emergency by a month, until May 11. Parliament is yet to give approval to the state of emergency extension at the time this report was being written. The government is about to launch wider testing and a so-called "smart quarantine", i.e. better tracking of confirmed cases and their contacts and more flexible monitoring of people under quarantine.

Meanwhile, the government updated measures for direct labour support and for self-employed. Planned subsidies to self-employed were trimmed from CZK 15,000 a month to a lump sum of CZK 25,000 and certain criteria, like at least a 10% drop in revenue and minimum activity in 2019. Some discontent has appeared against these measures, so FinMin Alena Schillerova said they could be revisited. Direct labour support was updated so that state financial assistance is calculated on total labour cost (so including employer-paid contributions) but there was added a lump-sum ceiling, which will effectively limit payments. The labour ministry estimates labour support measures may cost CZK 10.6bn for the second half of March; their payment may start next week. The state development bank will be able to start a third credit line and guarantee programme, for CZK 10bn, after it has programmes for CZK 14bn already running.

The finance ministry initiated up to a 6-month moratorium on repayment of bank loans. Operational corporate loans and short-term consumer loans (i.e. credit cards, overdraft) will not be eligible. Interest will still be accrued and loan duration will be extended. Borrowers won't have to prove economic difficulty due to the crisis to creditors but will need to apply for a postponement. Banks won't have to reclassify loans with postponement and will automatically extend loan duration for the period when no payments are made.

Skoda and TPCA will remain closed for business one week longer and will reopen only on Apr 20. Hyundai intends to reopen on Apr 14, but it will work at two thirds capacity.

The CNB eased recommendations on new mortgage loans, as it considers lending conditions already excessively tight. The maximum LTV ratio was raised from 80% to 90% (but not for purchases with investment purpose), the DSTI ratio was raised from 45% to 50%, while the DTI ratio was abandoned (previously at 9).

Covid-19 measures, Czech Republic

MEASURES TO CONTAIN SPREAD:

INTERNATIONAL TRAVEL Only citizens and permanent residents allowed, except special cases (eg. cargo transit, medical work); bus, railway stations, airports closed

DOMESTIC LOCKDOWN State of emergency; freedom of movement limited to commuting, shopping, seeking medical assistance; limited retail stores open

MEASURES TO REDUCE LOSSES:

SECTOR SUPPORT CZK 24bn credit and guarantee lines to affected businesses (cumulative sum); direct support to labour costs of businesses affected by govt measures, lack of demand or staff in quarantine

FISCAL RESPONSE CZK 100bn pledge of direct fiscal support; 2020 budget deficit revised from CZK 40bn to CZK 200bn; self-employed forgiven advance payments on social and health insurance contributions, to get a CZK 25,000 lump sum

MONETARY RESPONSE 125bp cumulative policy rate cut; repo operation frequency increased from once to three times a week; 6-month moratorium on loan repayment imposed

Source: Government and other public sources. Data collected by CEEMarketWatch

For more details on emerging markets' response to Covid-19, you can check out CEEMarketWatch's policy response tracker here:

<http://www.ceemarketwatch.com/browser/downloadfile/covidmeasures.xlsx>

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Recent developments:

- [Government locks down country, revises 2020 budget, Mar 26, 13:09](#)
- [Government locks down country, announces first fiscal measures, Mar 19, 12:48](#)

GEORGIA

Government offers some fiscal support for real sector; budget is strained

Georgia | Mar 26, 13:04

- **Depreciating currency, calls for more support prompt government to seek international help**
- **Authorities declare state of emergency**

Seventy-seven COVID-19 cases have been confirmed in Georgia by Mar 26. Authorities declared a state of emergency on Mar 21, substantially limiting people movement and inter-city traffic. Two municipalities were put in full lockdown, believed to be the hot spots of the coronavirus spread. The government pledged tax incentives for some sectors, including omission of income tax payments until November and doubling VAT returns. Banks have also committed to ease the credit burden on the worst-impacted borrowers. Still, most sectors are requesting more fiscal support. The government is apparently not well positioned to provide much more than initially pledged and has requested IMF support and financing from other IFIs. The Georgian lari has been sliding against key currencies, boosting inflationary pressures and reinforcing external imbalances, which makes external support for Georgia more pressing at this point.

Anti-coronavirus measures

Measures to contain spread:	
International travel	Borders are closed, except for Georgian citizens, flown in from abroad. Cargo transport is continuing. Two border crossings, with Azerbaijan and Armenia, remain open in order to facilitate return home for Georgians and neighbours.
Domestic lockdown	State of emergency limits people movement and inter-city traffic. Full lockdown is in place in two hotbeds of the coronavirus. Schools, cinemas, restaurants are closed.

Measures to reduce losses:	
Sectoral support	Banks pledge three-month debt repayment moratorium for companies in tourism, HoReCa, transport. Government opts to up spending on infrastructure.
Fiscal response	Cabinet waives income, property tax payments until November. VAT returns to be doubled to GEL 1.2bn. Authorities ask IMF for assistance to counter external imbalances due to crisis.
Monetary response	NBG provides some FX to market. Probable financing from IFIs in coming months likely to be used in banking system, real sector liquidity.

Source: CEEarketWatch collected data

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HUNGARY

Central bank continues with monetary stimuli, curfew restrictions imposed

Hungary | Apr 02, 14:00

- **Curfew restriction in place**
- **NBH continues with easing steps**

The government imposed a new curfew restriction as of Mar 127 for a period of two weeks. Going outside homes will be allowed only for a number of reasons strictly specified in the government decree. The containment level was also supported through the parliament adopting the law for the state of emergency as the initial state of emergency expired on Mar 26. The adoption of the law is for an indefinite period and allows the government to rule by decree, which should enable it to maintain the containment measures.

The government has still not completed its large economic stimuli package. Such a package is expected on Apr 6-7, according to an announcement by PM Viktor Orban. Meanwhile, the central bank has continued with its measures for supporting the financial system, keeping the counter-cyclical buffer unchanged and temporarily waiving the additional capital buffer for eight systemically important banks. It also provided domestic open-ended investment funds with access to the new collateralised loan instrument. Most recently, the NBH decided to transfer a significant HUF 250bn dividend to the state for the purpose of supporting government expenditures.

Covid-19 measures, Hungary (as of Apr 2)

Measures to contain spread:	
International travel	All borders are closed for non-residents, apart from one-off transiting other EU country citizens returning home and apart from freight traffic, Cross-border commuting allowed as of Mar 19 (up to within 30km of border)

Domestic lockdown	State of emergency declared as of Mar 11
	Schools and universities are closed
	Ban on visits in hospitals and retirement homes
	Full restriction on indoor and outdoor events, sport events could be held only behind closed doors
	Working times of shops and restaurants restricted to 3pm except for food stores, drugstores and pharmacies
	Curfew restrictions announced, going outside only for specified reasons
Measures to reduce losses:	
Sectoral support	Allocation of additional HUF 25bn of funds for healthcare
	Freezing of rents for tourism, catering, entertainment, gambling and sport sectors
	Waiving pension contributions and reducing health insurance contributions for these sectors till end-June
	Exemption from small business tax of taxpayers involved in passenger transportation (taxi drivers)
	Tax exemption for SMEs in affected sectors, deferral of small corporate tax for SMEs in other sectors
	Tax relief for media companies for advertising revenue losses
Fiscal response	Waiving tourist development tax till end-June
	Tax authority to provide tax relief in terms of deferred payments, payment in instalments, reduction in advance tax instalments for affected companies
	Extending of eligibility for children benefits
	Suspending evictions, seizure of property, forced tax collection
Monetary response	NBH loosens eligible collateral for banks
	Expansion of liquidity provided through regular weekly forint swaps tender
	Introduction of daily forint swaps tenders with one-week maturity
	Commitment to provide sufficient liquidity to banks if necessary
	Moratorium on loan servicing payments for retail and corporate debtors till end-2020
	Cap on effective interest rate on personal loans at base rate plus 5pps
	Reduces administrative burden on banks from supervisory inspections
	Waives some prudential capital requirements
	Calls on banks to abstain from paying out dividends, tightens some rules on balance sheet currency mismatches
	Rolls out new collateralised loan facility at several maturities up to five years with unlimited amount
	Waives sanctions for non-compliance with reserve requirement
NBH keeps counter-cyclical buffer unchanged, temporarily eliminates capital buffer requirement for eight systemically-important banks	

Source: CEEMW

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Recent developments:

- [Government keeps containment level, continues with economic support measures, Mar 26, 12:15](#)
- [Government unveils first steps to support economy, Mar 19, 13:38](#)

Lockdown is extended to all regions, govt announces second stimulus package

Kazakhstan | Apr 02, 12:28

- **Self-isolation applies universally except for essential needs, stricter legal punishments reduce regime violations**
- **New stimulus package entails KZT 200bn increase of social payments and monthly emergency payments available to more people**
- **SMEs receive additional tax relief, banks urged to work out restructuring of corporate loans**
- **Government to increase sovereign fund transfer by KZT 2tn to finance measures, USD 3bn will be borrowed abroad**

After President Tokayev called for tighter quarantine restrictions in his Mar 23 address, all of Kazakhstan's regions have now effectively introduced full or partial lockdowns. Their severity varies, mainly in terms of transport restrictions, though self-isolation applies universally except for essential purchases and going to work. Access to public areas is restricted and public gatherings have been banned. The introduction of stricter legal punishments, including potential prison sentences, has now significantly reduced regime violations, according to the justice ministry. The number of COVID-19 patients reached 402 as the first 3 lethal cases were also registered.

On Tuesday the president announced a second fiscal support package, which will bring overall costs to KZT 5.9tn after earlier measures for KZT 4.4tn. It entails an increase of social payments by KZT 200bn, further extension of monthly emergency payments (KZT 42,500) to the self-employed and those working unofficially, as well as free food supplies for economically weak individuals. KZT 20bn will be provided to guarantee free healthcare between Apr 1- Jul 1 for people lacking medical insurance, whereas medical personnel dealing with COVID-19 patients will receive monthly benefits.

Additional support for businesses includes increased tax relief for SMEs as they will be exempt from payroll tax for 6 months. Previous deferments may also be replaced by actual exemption if conditions deteriorate. The VAT rate on supply and imports of food staples was reduced to 8% (from 12%), fuel exporters are now exempt from tariffs, and property tax coefficients in the tourism and hospitality segments will not be applied. Tokayev urged banks to show 'responsibility' as far as corporate loan restructuring is concerned, pledging concrete directives in case of non-compliance.

Special measures for agricultural producers provide up to KZT 100bn in soft loans, cheaper fuel (at 15% below market price), and potential removal of tariffs on essential food imports in the short term. Regional authorities will also guarantee purchases of domestic production alongside government price control of food staples and other essentials. In order to finance the extensive fiscal stimuli, EconMin has now proposed increasing the guaranteed sovereign fund budget transfer by KZT 2tn. FinMin already raised KZT 250bn in an unscheduled bond issuance domestically, pledging to also borrow USD 3bn abroad. Regional authorities have similarly begun issuing infrastructure bonds. As part of a planned revision, the budget deficit was upped to 3.5% of GDP (from 2.4%). In 2020 GDP is thus forecast to contract by 0.9%, totalling KZT 69.7tn, as the assumed oil price was slashed to USD 20 per barrel.

COVID-19 Measures

Measures to contain spread:

International travel	Travel still suspended, strict isolation measures for returning citizens.
Domestic lockdown	Lockdowns introduced in each region. Self-isolation applies universally except for essential purchases and going to work. Legal punishments for regime violations were tightened.

Measures to reduce losses:

Sectoral support	Additional tax relief introduced for SMEs, previous deferments may be replaced by exemption. Agricultural producers benefit from soft loans for KZT 100bn, cheaper fuel, and guaranteed purchases.
Fiscal response	Social payments increased by KZT 200bn, scope of monthly emergency payments extended. Free food supplies for economically weak individuals, free healthcare guaranteed Apr 1- Jul 1. Govt to increase sovereign fund transfer by KZT 2tn. FinMin raised KZT 250bn in unscheduled bond issuance and pledged to borrow USD 3bn abroad. Regional infrastructure bonds also to follow.
Monetary response	Government implements price control of food staples and other essentials. Tokayev urged banks to work out restructuring of corporate loans.

Source: Government

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Recent developments:

- [Govt contemplates tighter restrictions, announces KZT 4.4tn stimulus package, Mar 26, 12:28](#)
- [Kazakhstan aims to limit COVID-19 spread in state of emergency, Mar 19, 13:30](#)

NORTH MACEDONIA

New economic measures taken as Kumanovo becomes coronavirus hotspot

North Macedonia | Apr 02, 12:44

- **Number of coronavirus cases increases to 345, 11 people have succumbed to disease**
- **Some 3,775 tests were conducted, peak of pandemic expected towards end of April**
- **Govt to subsidize part of workers' wages, provide compensation payments to those who lost jobs**
- **Pay of state officials reduced to minimum wage, public sector hiring prohibited**
- **Additional EUR 8mn in interest-free loans, EUR 50mn in soft loans to be extended to SMEs**

The North Macedonian government unveiled a new set of measures to mitigate the crippling impact of the coronavirus (COVID-19) pandemic on the country's economy as the Kumanovo municipality in the country's north became the new coronavirus hotspot in North Macedonia. The latest data from Apr 1 showed that the number of coronavirus cases in the country increased to 354 with most cases (183) being reported in the capital Skopje. However, the number of infections in Kumanovo has risen rapidly to 54 as of Apr 1 and out of 25 new reported cases on Wednesday, seven were in Skopje and seven in Kumanovo. We note that the number of coronavirus cases in Kumanovo is already above those in the quarantined Debar municipality in the west of the country, where 47 cases were reported.

Some 11 people have succumbed to the disease as of Apr 1 and 17 patients have recovered. Health Minister Venko Filipce said on Apr 1 that the total number of coronavirus tests conducted up to that date were 3,775. Filipce

expects the peak of the outbreak in North Macedonia to be reached towards the end of April. He has assured that the country's healthcare system will be able to handle an increasing number of coronavirus patients as the peak approaches.

To deal with the negative effects from the pandemic, the government took additional economic relief measures, mainly aimed at supporting affected workers and cutting unproductive budget spending. It decided to support private companies suffering from the impact of the outbreak in the country by paying wages up to MKD 14,500 (the country's minimum wage) to workers in such companies for April and May. The government also decided to pay the minimum wage to artisans, independent artists and athletes engaged in sports clubs and associations for those two months. Additionally, the government approved compensation payments for workers, who have lost their jobs, worth 50% of their net average wage in past 24 months.

To save some funds from the state budget, the government decided to reduce the wages of senior state officials, including the country's leadership, ministers, MPs, mayors, directors of state-owned companies and municipality heads, to the minimum level of MKD 14,500. Finance Minister Nina Angelovska said that the measure will help save MKD 250mn (EUR 4.1mn) from the state budget. The cabinet has suspended payments to government-appointed members of supervisory and management boards, which is expected to bring savings worth EUR 250,000-300,000. It has also imposed a moratorium on public sector hiring and has banned the procurement of vehicles, furniture, equipment for the sector. Public enterprises and state-owned joint stock companies were urged to cut their spending by 15%.

Still, the economic prospects for the country are bleak. Finance Minister Nina Angelovska has said that the budget deficit this year will turn out by EUR 700mn higher than planned in the best case scenario and by EUR 1.3bn above plan in the worst-case scenario. She expects tax revenues to drop by around 40-65% y/y in Q2 due to the coronavirus-related lockdown. To mitigate some of the effects on the troubled companies, the government passed a decision, allowing the deferral of loan repayments from three to six months and the deferral of payment of rents for community housing. It has also announced the extension of additional EUR 8mn in interest-free loans to SMEs through the Development Bank of North Macedonia. The loans will come with a one-year grace period and three-year repayment period. The bank will also extend EUR 50mn worth of soft loans with an interest rate of 1.5% through commercial banks to provide fresh capital and bolster the liquidity of SMEs.

Coronavirus-related measures

Measures to contain spread	
International travel	Closure of land border crossings except for movement of goods, diplomats, people of special permission
	Closure of Skopje airport except for military, government, cargo, medical flights; closure of Ohrid airport
	Immediate 14-day quarantine of North Macedonian citizens returning from foreign countries
	Government to require people wishing to leave country to sign declaration that they will not seek to return in three months
Domestic lockdown	Closure of schools, kindergartens, restaurants, cafes, cinemas, theatres and other venues, where mass gatherings take place
	Postponement of Apr 12 snap parliamentary election, extension of PM Spasovski's transitional government's tenure
	Declaration of state of emergency in entire country, quarantine in Debar, Centar Zupa municipalities
	Ban on gatherings of more than five people in public spaces, such as parks, closure of Vodno park near Skopje from 6PM until 6AM the next day

Food stores, pharmacies, banks required to control number of clients entering their premises, ensure minimum distance of two metres on waiting lines

Driving lessons and examinations are suspended for 14-day period

Introduction of nationwide curfew from 9PM to 5AM the next day, movement of people above 67 years of age, below 18 years of age and on weekends limited

Government prohibits intercity buses, trains from entering Kumanovo municipality, bans transport within municipality

Measures to support economy

Sectoral support

Cabinet to offer EUR 19.7mn worth of interest-free loans through Development Bank of North Macedonia to SMEs

Government to subsidize contributions of employees in affected sectors, subsidies to amount to 50% of country's average wage

Government plans to establish MKD 74mn fund to support tourism, hospitality sectors

Government mulls extending deadlines for repayment of loans by 90 days

Government to pay wages of workers in crisis-hit companies for April, May up to minimum wage level of MKD 14,500

Cabinet to provide minimum wage payments to artisans, independent artists, athletes for April, May

Compensation payments for workers, who have lost their jobs, worth 50% of their net average wage in past 24 months

Development Bank of North Macedonia to extend EUR 50mn in soft loans through commercial banks with 1.5% interest rate

Fiscal response

Government to exempt companies from corporate tax advances in next three months

Freezing of prices of all basic food commodities, such as salt, bread, eggs, dairy products, flour, olive oil, meat and pasta

Cabinet exempts producers of flour, sugar, soaps, apparel, paper and plastic masks, surgical equipment and disinfectants from customs duties.

Government abolishes the customs duties for 13 medical and hygienic items

Government freezes prices of medical equipment and appliances to their level from Mar 11

Senior government officials (ministers, MPs, state leadership, mayors) to receive only minimum wage in April, May

Suspension of payments to government-appointed members of supervisory and management boards

Government prohibits public sector hiring, procurement of vehicles, furniture, equipment

Public enterprises, state-owned joint stock companies urged to cut their spending by 15%

Monetary response

Central bank lowered benchmark interest rate by 25bps to 1.75% to lower financing costs through bank loans

Central bank is preparing measures to ease loan restructuring for companies in affected sectors

Central bank also considers stimulating local lenders to support most troubled sectors

Default interest rate halved to 5% for corporates, 4% for private persons

Central bank allows reduction of the base for the lenders' local currency reserve requirement for new and restructured loans to firms

Central bank abolishes fees charged for withdrawing or returning cash to its central vault

Central bank extended deadline for lenders to submit their first liquidity assessment report by four months to Sep 30 from May 31

Government passes decision, allowing deferral of loan repayments from three to six months; deferral of payment

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Recent developments:

- [Government imposes stricter containment measures as coronavirus spreads, Mar 26, 11:49](#)
- [Country in state of emergency in attempt to contain coronavirus outbreak, Mar 19, 13:44](#)

MONTENEGRO

Government imposes curfews in attempt to curb coronavirus spread

Montenegro | Apr 02, 12:57

- **Number of coronavirus cases increases to 140, two people have succumbed to disease**
- **People banned from leaving homes from 7PM to 5AM on workdays, most of the time on weekends**
- **Central bank prohibits lenders from paying dividends to shareholders**
- **It also allows banks to raise exposure to single entity beyond limit of 25% of bank's own funds**

The Montenegrin government has tightened containment measures and imposed curfews in a bid to curb the coronavirus (COVID-19) outbreak in the country. The government has barred residents from leaving their homes from 7PM until 5AM the next day on workdays and from 1PM on Saturdays until 5AM on Monday to contain the spread of the disease. Deputy PM Milutin Simovic complained that citizens did not follow the previously imposed containment measures to full extent, which has prompted the government to seek stricter measures to force social distancing. The government also banned children below the age of 12 from being in open public spaces, unless accompanied by parents, foster parents or adult members of their families. It has also banned the organization of sport and recreational activities in public areas, as well as gatherings of people in residential units who are not part of the household.

The government also extended its previous measures to contain the coronavirus (COVID-19) until Apr 15 as the number of coronavirus cases continued to increase. The number of coronavirus cases in the country stood at 140 as of Thursday (Apr 2) morning and two people have succumbed to the disease. Most of the cases were reported in the capital Podgorica (61), followed by the quarantined Tuzi municipality east of the capital (34). Some 6,375 citizens remain under sanitary supervision. As of Mar 31, some 1,007 people were tested for coronavirus in the country, which translates into 1,618 tests per 1mn inhabitants.

On the economic front, the central bank (CBCG) temporarily prohibited commercial banks from paying dividends to shareholders, except in the form of bank shares, to bolster the capitalization of the banking system and make it better prepared for future challenges related to the crisis induced by the virus. It has also allowed commercial lenders to raise their exposure to a single entity or a group of related entities beyond the current exposure limit of 25% of the bank's own funds with CBCG approval. The central bank said that the decision aims to help companies acquire additional resources to mitigate the negative effects from the outbreak and encourage them to continue their business. Entrepreneurs, trade unions and civic organizations have called for additional economic measures,

such as VAT reduction, postponement of tax payments and reductions in electricity, water and telecoms bills.

Coronavirus-related measures

Measures to contain spread	
International travel	Foreigners barred from entering country, except those with permanent or temporary residence
	Government banned all yachts, cruise ships from entering country's Adriatic ports until Apr 2
	Flights of flag carrier Montenegro Airlines suspended until at least Apr 1
	Air traffic, international bus lines, international railway lines are suspended
Domestic lockdown	Closure of schools, kindergartens, restaurants, cafes, gymnasiums, shopping malls, casinos throughout country
	Ban on public gatherings, closure of sports and entertainment venues throughout country
	Suspension of public transportation, including city buses, intercity buses, domestic railway lines, and taxi transportation
	Commercial establishments (except for stores which sell food, medicines, hygienic items, motor fuels, maintenance products and animal food) prohibited from working
	Ban on transportation of more than two adults in single car, restaurants/cafes forced to remove all outdoor equipment, such as umbrellas
	Health inspectorate, police ordered to intensify surveillance on activities of quarantined people, their family members and people who have travelled with them
	Wedding ceremonies are banned, religious rituals to be performed without presence of citizens at religious sites
	Government quarantines Tuzi municipality near Podgorica, limiting access to it and movements within municipality
	Government imposes ten-hour curfew from 7PM until 5AM the next day on workdays and from 1PM on Saturday until 5AM on Monday
	Children below the age of 12 not allowed in open public spaces, unless accompanied by parents, foster parents or adult members
Measures to support economy	
Sectoral support	Government reportedly plans to exempt certain companies from taxes, contributions
	Country to open its Adriatic ports for import of goods to Western Balkan countries
	Government to extend of deadlines for repayment of loans of businesses and citizens by 90 days
	State-run Investment-Development Fund (IRF) opens new credit line to help affected companies with soft loans up to EUR 5mn
	Extension of deadlines for payment of rents for state-owned properties by 90 days
Fiscal response	Deferral of tax payments, payments of contribution on wages, payments of obligations under law on rescheduling
	Government earmarks EUR 1mn for most vulnerable citizens, including pensioners on minimum pension
Monetary response	Central bank plans to facilitate the restructuring of loans by commercial banks
	Fees for using electronic payment system are suspended, ATMs to be regularly supplied with cash
	Central bank temporarily prohibits commercial banks from paying dividends to shareholders, except in the form of bank shares
	Central bank also allows banks to raise exposure to single entity beyond limit of 25% of bank's own funds under certain conditions

Note: Data collected by CEEMarketWatch

Source: Government, media

Recent developments:

- [Government focuses on mitigating economic impact from coronavirus outbreak, Mar 26, 13:41](#)
- [Cabinet focuses on containment measures to curb spread of coronavirus, Mar 19, 13:09](#)

POLAND

Govt tightens restrictions further, puts in place rescue package to ease impact

Poland | Apr 02, 13:11

- **Govt tightens restrictions on society from Apr 1 in order to push down COVID-19 spread rate**
- **But govt gets Anti-Crisis Shield into effect from Apr 1 as well, though questions arise about whether it is enough**

The Law and Justice (PiS)-led government worked in the past week to try to slow the spread of the coronavirus in society, on the one hand, and, on the other, to try to mitigate the economic impact. On Mar 31, the government dealt with the spread, saying that further restrictions were needed. It thus limited the number of people that could be in a store to 3x the number of registers, banned those under 18 from leaving without an adult, closed parks, beaches, and the like, and shut down personal service-oriented firms like hair salons and tattoo parlours. It can also fine people up to PLN 30,000 for breaking mandatory quarantine, which those returning from abroad need to go into, among others. It is important to note not all business is closed, though, so there is no complete lockdown a la Italy and construction for instance is being done.

But some 30% of companies are now said to be paralyzed and some 60-70% are planning layoffs in the coming months. To deal with the economic impact of the crisis, the government prepared the so-called Anti-Crisis Shield, which it now says is worth PLN 220bn, or some 10% of GDP. The package helps employees and companies via social security breaks, tax delays, some cheques, and wage support, but also via credit guarantees, liquidity support for companies and banks, and liquidity for markets. Some have criticised it for being legally poorly done, with, to note, some benefit levels tied to indicators not to be given by the stats office until May, meaning the payments could be delayed for too long. Companies, especially mid-sized and bigger ones, have hit out at the plan for not doing enough for them. Government officials pledge to now turn to helping companies that were not helped as much in the first package, suggesting the fiscal cost will rise.

The cost is now likely to push the general government deficit from 0.7% of GDP in 2019 to at least 5-6% of GDP in 2020 and probably higher. There is a question over how much the economy will fall in 2020, with a roughly zero percent rate seen as optimistic, a 1-3% decline seen as likely, and a 5% or more decline put as pessimistic. The longer the restrictions need to last, the bigger the economic pain.

Basically all questions can in part be answered by looking at how fast the coronavirus is spreading. The latest data on Thurs. morning show 2,633 cases all told. The latest daily growth rate from Wed., Apr 1 is 10.5%, which is the lowest since the crisis broke out in early March. The four-day moving average was 11.8% d/d after Wed., also the low since the outbreak hit Poland. This gives hope that the spread is slowing and the greater the restrictions should slow it even more.

There has been criticism over testing, which is hard to judge from afar. By the numbers, some 61,178 tests have been done as of Apr 2, with that rising 5,377 d/d, the biggest jump since the crisis started. Of course, for any return to normalisation, the best course would be for vast testing capacity, so any new outbreaks can be stamped down fast.

COVID-19 measures, Poland

Measures to contain spread:

International travel	International travel ban has been extended to Apr 13, Polish citizens or foreigners with residency returning by road must undergo 14-day quarantines
Domestic lockdown	Govt declared state of epidemia, gatherings of more than 2 banned until Apr 11, rules tightened on Apr 1 to keep people indoors

Measures to reduce losses:

Sector support	Govt's Anti-Crisis Shield worth PLN 220bn went into place on Apr 1, govt to work on new programs
Fiscal support	See above.
Monetary response	50-bp rate cut, 300bps in RRR cut for banks, repo ops to up bank liquidity, govt bond buys on 2dary markets, discount credit for banks (TLTRO-like)

Source: Govt, media

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Recent developments:

- [Poland continues to keep society on lockdown, work on rescue package, Mar 26, 11:51](#)

ROMANIA

Lockdown continues, authorities start focusing more on hospitals

Romania | Apr 02, 13:10

- **Community spread is probably already happening, first outbreak peak is estimated at mid-April**
- **More severe fines and prison penalty for breaching quarantine and home isolation**
- **One city in northern Romania is in quarantine after its hospital infected medical staff and patients due to poor management of epidemic**
- **Doctors complain about shortage of staff, equipment, tests and protective suits**
- **Govt delays loan repayments by 9 months; NBR cuts policy rate commits to secure market liquidity with QE measures, eyes cutting reserve requirements, other policy rate cut is possible**

[Measures to contain the spread](#) were introduced gradually in Romania, so the situation remained under control at the beginning, without causing panic. Yet, as people proved rather unwilling to comply, authorities eventually decided on lockdown, hiked fines and introduced prison penalties for breaching rules during the state of

emergency. Authorities introduced stricter movement restrictions as of Mar 25 after the daily reported cases with COVID-19 infections started to speed up worryingly in the past weeks. Moreover, infected patients outside the epidemiological investigations were recorded, which means that community spread is probably already happening. On top of that, authorities continue to bring home Romanians from infected regions and even if they are placed in quarantine, some of them breach rules. Healthcare specialists warn that a severe outbreak is very likely at mid-April and a second one probably after the Orthodox Easter. The number of daily tests remains low, recently increasing to about 2,500 from about 1,000. Thus, the number of confirmed cases is still low, at 200-300 daily.

Apart from not testing enough, other serious issues are the poorly equipped healthcare system and poor hospitals management which are already causing severe problems. Several hospitals in smaller towns in Romania are in quarantine and numerous healthcare staff infected with the virus, after badly managing patients suspected of COVID-19 infection that proved positive. An entire city in northern Romania is in quarantine because its regional hospital became a source of infection, causing about half of the total infected medical staff and about one third of deaths from COVID-19 infection.

Doctors in numerous hospitals complain about not having protective equipment and staff shortage, which could become a more serious problem if more healthcare personnel are exposed to the virus. Authorities continuously try to purchase tests, equipment and medicines for COVID-19 treatment, but low supply hampers the process. The healthcare ministry approved a treatment protocol and demanded hospital managers to take all necessary measures to prepare for a real outbreak. All hospitals must be ready to receive patients infected with coronavirus and reduce hospitalisations only to emergencies.

On the economic front, the government approved a package of measures to help local firms and employees deal with the situation. Most of measures aim at securing firms' working capital and financing for investment and protecting jobs. Finance Minister Florin Citu said that all allotments in the package amount to about 3% of projected GDP for this year and companies seem to be generally satisfied with some measures, but warn more are needed. The government also approved loans payment deferral for 9 months after the NBR cleared path for banks to keep their balance sheet clean in such situation. The central bank also entered crisis mode after cutting policy rate by 50bps and announcing it was ready to react to secure market and banks liquidity with several QE measures. The monetary authority said it might reduce reserve requirements if necessary, but we think a new rate cut might also be possible, depending on how bad the outbreak would get.

Covid-19 measures, Romania

MEASURES TO CONTAIN SPRED:

INTERNATIONAL TRAVEL	<p>Tighter boarder controls, people arriving from infected areas enter quarantine</p> <p>Numerous low-traffic board points are closed as of Mar 12</p>
DOMESTIC LOCKDOWN	<p>Flights, railway and road public transport to and towards Italy are suspended as of Mar 11; flights to and towards Spain as of Mar 18</p> <p>State of emergency as of Mar 16</p> <p>Schools are closed as of Mar 11; public gathering is banned</p> <p>People arriving from high-risk infection countries are tested and placed in quarantine for 14 days; those coming from countries with more than 50 COVID infections must stay in home isolation for min 14 days</p> <p>Pubs, restaurants and shops - except farmacies and food sellers - are closed as of Mar 18-19</p> <p>Movement restrictions: leaving houses is banned unless going to work, for buying necessary goods, helping elderly or disabled</p>

MEASURES TO REDUCE LOSSES:

SECTOR SUPPORT	Companies adjusting production to current needs benefit from state guarantees on investment loans
	Deferred loan repayments for 9 months
FISCAL RESPONSE	Paid leave for parents who cannot work remotely but have to stay home with kids younger than 12 years (75% of wage but no more than 75% of average wage in economy)
	Paid leave for all employees that lose jobs due to coronavirus outbreak
	RON 10-15bn guarantees for working capital and investment loans contracted by SMEs
	Up to RON 9bn VAT reimbursement guarantee
MONETARY RESPONSE	FinMin Florin Citu says support measures to amount to 3% of projected GDP
MONETARY RESPONSE	NBR cuts policy rate by 50bps; announces QE measures; might reduce reserve requirements or even cut rate again

Source: Government and other public sources. Data collected by CEEMarketWatch

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Recent developments:

- [Romania is in lockdown, severe outbreak seems inevitable in about two weeks, Mar 26, 11:24](#)
- [Romania is in state of emergency, tries to delay outbreak, reduce economic harm, Mar 19, 13:31](#)

RUSSIA

Harsher measures are likely as coronavirus outbreak picks up speed

Russia | Apr 02, 13:18

- **Rate of COVID-19 spread has accelerated and it is now among the highest in Europe**
- **Restrictions are to be extended, but current across-the-board paid-leave format likely to be changed**
- **Lockdown measures differ significantly across regions, but are gradually tightened**
- **Government allocates 1.2% of GDP for support to affected sectors, households**

The spread of COVID-19 has picked up speed during the last week as Russia registered 771 confirmed new cases on April 2, bringing the total to 3,548. The daily increase of cases has been around 25-30% in the last several days, which is among the highest in Europe at the moment. The rate is the same as that of Italy when it was with this number of official cases on March 5. Arguably, this is a result of the mild measures prior to this week, compared to CEE countries which took harsher preventive measures at an earlier stage of the epidemic. Wider testing is also part of the explanation, however, as Russia still has 30 total deaths, compared to 148 in Italy on March 5.

This week was declared non-working by President Putin and we expect that the restrictions will be extended further, but the exact format may be changed. At the moment employees receive their full salaries, which can put too much pressure on employers if it continues for longer. Containment measures continue to differ across regions in the absence of a centrally imposed quarantine or state of emergency, but they are gradually tightened. Sixteen regions joined Moscow in announcing harsher measures, while the capital city is mulling further tightening of the

movement of people. Yet, measures are much milder in some regions where cafes and restaurants remain open. This week the parliament approved swiftly legislative changes that allow the government to impose state of emergency over the epidemic and we will not be surprised to see this happen.

The authorities continue to build the package of support measures after the initial address of President Putin on Mar 25. Fiscal measures are now projected at RUB 1.4tn or 1.2% of the GDP. Most of this is short-term liquidity support to SMEs in sectors affected directly by the crisis. There are few systemic measures to support overall demand as the government continues to believe that a large stimulus package is not necessary. There is no special support for large businesses, which will bear additional costs due to the paid leave this week. The CBR has also joined efforts by introducing regulatory forbearance for banks lending to companies in the affected sectors, which will allow loan restructuring. The government still officially believes that GDP growth this year will remain positive, although independent forecasts are now for a decline that can reach up to 5-7%.

Current measures against COVID-19

Measures to contain spread:

INTERNATIONAL TRAVEL

All land borders are closed except for special cases

All international flight are stopped with the exception of flights especially organized to bring back Russian citizens

DOMESTIC LOCKDOWN

No state of emergency or national quarantine, no restrictions on domestic travel. Severity of lockdown differs accross regions. 16 regions have adopted the harsher measures applied in Moscow

Week of Mar 29 - Apr 5 was declared non-working, fully paid by employers. Businesses that normally work on holidays continue to operate, as well as state institutions and financial markets

City of Moscow applies harshest measures. Non-essential shops, restaurants, bars and parks are closed. People can go out only for a limited number of reasons.

Measures to reduce losses:

SECTORAL SUPPORT

The government has announced RUB 1.4tn package to mitigate losses. These include primarily short-term liquidity support to affected SMEs and little direct payments. There is no state support for large businesses so far

CBR adopted measures that allow banks to restructure existing loans or extend new loans to affected companies without an effect on their own credit risk metrics.

FISCAL RESPONCE

Government sees no need for general fiscal stimulus as it could weaken the currency and undermine macro stability. No budget revision is planned, previously approved fiscal expansion measures will remain in place. The announced support measures are only 1.2% of GDP

MONETARY RESPONCE

The CBR kept its key rate on hold on March 20, balancing between inflation risks and the coronavirus shock. We expect that the next move will be a rate cut, mitigating the shock, but this will require stabilization of markets and oil prices.

Source: Government and other public sources. Data collected by CEEMarketWatch

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Recent developments:

- [Russia takes one-week paid leave, announces package of measures - covid wrapup, Mar 26, 12:26](#)
- [Measures against coronavirus spread lag behind European countries, Mar 19, 13:14](#)

Government launches EUR 5.1bn programme to tackle coronavirus pandemic

Serbia | Apr 02, 10:13

- **NBS starts regular FX swap auctions (three-month and two-week maturity) at fixed swap points**
- **Fitch Ratings affirmed Serbia's rating at BB+ with stable outlook**
- **24-hour curfew might be imposed if restrictions are not respected**

The government unveiled on Mar 31 details of a programme of economic measures worth RSD 608.3bn (EUR 5.1bn) to alleviate the negative impact of the coronavirus pandemic. The measures that are oriented towards the private sector include deferred payment of tax arrears; direct support to companies; a EUR 200mn credit line from the state Development Fund and EUR 2bn state guarantees on bank loans; moratorium on dividend payment until the year-end and one-off assistance to every adult of EUR 100. The programme will be funded through the budget and borrowing in domestic and international financial markets. The government confirmed that there will be no cuts in public sector wages and pensions and there will be no layoffs. The business community welcomed the measures. As promised, the government hiked wages of health workers by 10% as of Apr 1.

As for the monetary response to the coronavirus crisis, the NBS decided to start organising regular FX swap auctions (three-month and two-week maturity) at fixed swap points as of Mar 31, to provide continuous support to the liquidity of the domestic financial system and economy. The central bank noted that the volumes of swap purchase and swap sale will no longer have to be identical. Thus, the role of the NBS in FX swap auctions in the future will not be exclusively that of an intermediary, but also of a supplier of sufficient dinar, as well as FX liquidity, to banks at favourable interest rates.

Amid the coronavirus pandemic, Fitch Ratings affirmed on Mar 27 Serbia's sovereign rating at BB+ and kept the stable outlook. The agency assessed that the resilience of the rating to the coronavirus shock reflects the country's minimal exposure to tourism, the positive impact of lower energy prices, increased foreign exchange reserves and moderate non-resident holdings of government debt.

As for the containment measures, President Aleksandar Vucic has warned with 24-hour curfew if people do not respect restrictions. So far there is no official decision to enforce such a hard measure, which will inevitably trigger public discontent. The number of confirmed COVID-19 cases in Serbia rose to 1,060 as of 15:00 on Apr 1 with 28 deaths. The number will likely increase with the mass testing announced by the authorities. Serbia is in a [state of emergency](#) from Mar 15.

COVID-19 measures

MEASURES TO CONTAIN SPREAD:

INTERNATIONAL TRAVEL

All border crossings (air, land or river) are closed as of Mar 20, except for cargo and diplomatic travel

DOMESTIC LOCKDOWN

State of emergency as of Mar 15. Ban on movement of older people, night curfew hours extended from 17:00 to 5:00, movement on weekends banned from 15:00 to 5:00. Older people can leave their homes only on Sundays between 3:00 and 8:00. Public transportation is suspended.

Spending time in parks and public spaces intended for recreation and sport is prohibited. Government closes beauty salons, gyms; bookmakers, casinos and slot machines ordered to do their business online. Serbia to start mass testing for coronavirus.

MEASURES TO REDUCE LOSSES:

SECTOR SUPPORT	Distribution of 160,000 holiday vouchers in Serbia to offset lack of foreign tourists
FISCAL RESPONSE	Public investment to be boosted by RSD 24bn. One-off aid for pensioners of RSD 4,000 and 10% hike of wage of healthcare workers as of April; deferral of utilities bills for of pensioners for February, March and April. EUR 5.1bn fiscal measures - deferred payment of tax arrears; direct support to companies; state guarantees on bank loans; moratorium on dividend payment until year-end and one-off assistance to every adult
MONETARY RESPONSE	50bp policy rate cut to 1.75%; narrower interest rate corridor from ± 1.25 pps to ± 1.0 pp. Regular FX swap auctions (three-month and two-week maturity)

Source: Government and other public sources. Data collected by CEEMarketWatch

For more details on emerging markets' response to Covid-19, you can check out CEEMarketWatch's policy response tracker here:

<http://www.ceemarketwatch.com/browser/downloadfile/covidmeasures.xlsx>

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Recent developments:

- [Serbia tightens movement restrictions amid rising coronavirus cases, Mar 26, 09:41](#)
- [Serbia tries to curb coronavirus spread in state of emergency, Mar 19, 10:35](#)

TURKEY

Covid-19 cases jump in one week, government resists pressure to enforce lockdown

Turkey | Apr 02, 13:46

- **Government fulfils earlier target of 15,000 daily tests, new target set at 25,000**
- **Government likely sees complete curfew only as last resort to avoid deeper economic impact**
- **Fundraising campaigns raise tensions between government and opposition**

The total number of confirmed coronavirus cases has risen to 15,679 on Apr 1, representing more than five-fold increase from the level a week ago. The death toll reached 277 and the number of recoveries - 333. Some 80% of the lost patients were aged above 60. The death toll is likely to rise, given that almost 1,000 of the Covid-19 patients were under intensive care as of Apr 1. The sharp increase in the number of confirmed cases was partly the result of strong improvements in testing rates. The total number of tests rose to approximately 106,700 on Apr 1 from around 33,000 a week ago. The government has reached its earlier set target of doing 10,000-15,000 tests per day in recent days with the help of opening of new test centres. It now targets to raise the daily number of tests to 20,000-25,000 levels.

The rapid increase in the Covid-19 cases over the past week also signals that citizens have not strictly abided by the government's repeated calls to stay at home as much as possible. The government had imposed a curfew on citizens aged above 65 on Mar 22 but it has not enforced a complete curfew yet apparently because of concerns of deeper concerns on the economy, based on recent communication by President Recep Tayyip Erdogan. Public pressure on the government for a complete lockdown has increased especially as regards to the most populous

city Istanbul. Istanbul accounted for 56% of the total confirmed Covid-19 cases of Turkey and 42% of total deaths. Istanbul Mayor Ekrem Imamoglu of the main opposition party CHP has repeatedly called on the government to impose curfew on the city.

Although the government resists to calls for a complete lockdown, it has restricted domestic intercity travel in addition to banning all international flights. The intercity travel restrictions seemingly aimed to prevent the spread of the virus from large metropolitan cities to other settlements. The security forces have begun to control entrance to and exit from provinces with a focus on Istanbul.

The Covid-19 raised tensions between the government and the opposition recently not also because of the curfew debate but also in relation to aid campaigns. The government launched a nationwide fundraising campaign on Mar 30 to help low-income citizens against the Covid-19 impact, while the interior ministry blocked earlier launched campaigns of the CHP-held municipalities of Istanbul and Ankara, arguing that they contradicted law. Donations to the government campaign reached TRY 553mn on Apr 1 thanks to large contributions by public banks, business associations, and certain large firms and holdings.

Covid-19 measures in Turkey, as of Apr 2

Measures to contain spread	
International travel	All international flights suspended as of Mar 28 with bans imposed gradually since Feb 3 starting with China. All land border gates temporarily closed to passenger traffic as of Mar 18 in gradual steps.
Domestic lockdown	Schools are closed nationwide from Mar 16 to Apr 30, while universities will remain closed for the rest of spring term. Curfew is imposed on citizens aged above 65 as of Mar 22. All social gathering spaces like gyms, cafes, bars, cinemas, etc. except restaurants and shopping malls are closed from Mar 17 until further notice. Restaurants are shut down to customers except for take-outs and deliveries as of Mar 22. Mass prayers in mosques are suspended from Mar 17 until further notice. All sports leagues are called off indefinitely from Mar 19 and president makes official request on Mar 20 to postpone all scientific, cultural, artistic events till Apr 30. Barber shops, hairdressers, beauty salons are closed on Mar 21 until further notice. All judicial processes are suspended on Mar 24 till Apr 30. Inter-city travel is restricted as of Mar 28. Number of quarantined small settlements reaches 51 on Apr 1.
Measures to support economy	
Fiscal response	Government unveils economic stimulus package worth total TRY 100bn on Mar 18. Related public authorities including the parliament materialise most of the measures in the package since then: Tax payments and declarations, including the VAT, for the Apr-Jun period are delayed for six months for some 1.9mn self-employed and firms in the selected sectors of retail trade, food and accommodation, transport and logistics, box office, event organisation and healthcare sectors as well as the automotive, iron-steel and textiles-clothing industries. Tax payments and declarations of citizens aged above 65 are delayed till the end of the curfew on them. Eligibility conditions are eased for the short-term work allowance, meaning temporary and partial state provision of income support to employees in closed work places, with the government beginning to collect applications for the short-term work allowance on Mar 24. State subsidy to employers per minimum-waged worker is approved at TRY 75 per month for 2020. Lowest retirement pension is hiked to TRY 1,500. Labour Ministry is given additional TRY 2bn budget for cash aid to families in need. Health Ministry announces 32,000 new medical personnel to be recruited. On top of this, the government decides to recruit around 6,200 people in public sector in addition to initial budget plan for 60,000 recruitments.
Sectoral support	Introduction of the accommodation tax on hotel services is delayed to Jan 2021 from Apr 2020. Payments of tourism facilities and farmers for use of Treasury land for the Apr-Jun period are delayed for six months. VAT rate on domestic air transportation services is reduced to 1% from 18% for three months. Bank watchdog BDDK loosens minimum payment condition on retail credit cards to 20% of monthly balance from 30%. Government vows to provide inventory financing to exporters. CBT loosens maturity conditions of forex rediscount credits for exporters, enables up to 90-days delay in repayments of these credits due from Mar 18 to Jun 30. CBT introduces new lira-based rediscount export credit line towards exporters worth up to TRY 60bn.

Support by public and private banks

Several public and private banks offer delays in loan repayments by corporate and retail clients as well as loan restructurings. Banks also launch loan campaigns towards both retail and corporate clients under guarantees by Credit Guarantee Fund (KGF) after parliament doubles guarantee limit of KGF to TRY 500bn and doubles ceiling on Treasury support to KGF to TRY 50bn. Repayments of state-run Halkbank's subsidised loans to tradespeople in the Apr-Jun period are delayed for three months. Halkbank also introduces new subsidised loan campaign and cash support towards tradespeople.

Monetary response

MPC reduces the policy rate by 100bps to 9.75% on Mar 17. RRRs on forex deposits are cut by 500bps for all maturities for banks meeting real loan growth conditions. CBT expands cheaper liquidity facility for primary dealers and currency swap auctions. CBT introduces new liquidity facilities at cheaper cost: Three-month repo transactions with interest rate 150bps lower than policy rate, one-year lira swaps with rate 100bps lower than policy rate. The maximum amount of funds that an eligible bank may receive from the new liquidity facilities linked to the bank's corporate loan portfolio. CBT says on Mar 31 it will employ quantitative easing in a front-loaded manner within its pre-set OMO portfolio limit for 2020, adds limit may be raised if necessary. CBT takes additional measures to support bank liquidity, including ease of collateral conditions for banks under lira and forex operations conducted at CBT, introduces lira currency swaps with six-month maturity.

Other support

Government launches fundraising campaign on Mar 30 to support low-income earners affected by Covid-19. Donations to campaign reach TRY 553mn on Apr 1.

Source: CEEMW

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Recent developments:

- [Most of measures in economic support package delivered as virus spreads rapidly, Mar 26, 13:21](#)
- [Cabinet ramps up measures to contain virus, fiscal and monetary policies step in, Mar 19, 13:01](#)

UKRAINE

Authorities introduce more epidemic-related confinement and support measures

Ukraine | Apr 02, 10:31

- **State of emergency in force at least until Apr 24**
- **Ukraine has yet to amend budget, qualify for IMF assistance**

The Ukrainian cabinet yesterday stepped up confinement measures under the state of emergency over COVID-19, in force at least until Apr 24. It will now be forbidden to appear in public in groups of more than two people, appear in public without masks, for children to venture outside without accompanying adults, for all to venture into parks if not to walk domestic animals, and organise mass events for more than 10 people. The interior ministry, which initiated the new restrictions, expects a peak of the epidemic on Apr 15-25 and believes that the quarantine will be extended till at least May 15. Ukraine introduced quarantine restrictions earlier than most of its neighbours. Nevertheless, the coronavirus has spread to 771 registered cases by this morning, including 20 deaths.

The government has been relatively slow in introducing economic support measures for the strata affected by the restrictions. On Mar 30, parliament passed additional measures to support the economy, and President Volodymyr Zelensky signed them into law on Apr 1. It provides for 300% premiums for medical workers involved with COVID-19, 100% premiums for social assistance workers helping people at home, unemployment benefits and higher earning limits for SMEs, social guarantees for those who choose distance work, the possibility of capping prices on medical essentials and staple foods, zero VAT on the import of drugs and equipment for COVID-19 treatment, and zero excise tax on alcohol for disinfectants. Also, banks are forbidden from increasing credit

rates, and temporarily there will be no fines for those who took consumer loans before 2017.

At the same time, parliament on Mar 30 rejected the draft amendments to the state 2020 budget law, which were prepared by the government in order to address the emergency. The amendments provided for cutting revenue and increasing expenditure. The cabinet hopes that parliament will eventually pass the amendments in April. In the meantime, parliament also has to pass a bill on bank resolutions in order to qualify for some USD 10bn in assistance from IFIs, including emergency coronavirus assistance from the IMF. On Mar 30, parliament passed an important bill also required by the IMF, which legalizes farmland sales from next year. The NBU on Apr 1 transferred UAH 43bn of its profit from last year to the state budget, which has been running an unusually large deficit, with revenues short of the target in Q1 2020.

COVID-19 Emergency Response

International travel	All borders are closed to passenger traffic without exception
Domestic lockdown	National state of emergency in place. No domestic travel except in private vehicles, taxis, and travel in public transport in cities restricted to special categories. Metros closed. Schools, entertainment centres, cafes and restaurants, fitness centres, hairdressers' closed. Masks imposed in public places. Children not allowed outside without adults. Nobody allowed to walk in parks if not accompanied by domestic animals. Gathering of more than two people outside forbidden
<i>Measures to support economy</i>	
Sectoral support	Tax breaks and partial tax holidays for SMEs and individual entrepreneurs
Fiscal response	Pensions, wages in healthcare increased; utility bill settlement rules softened. Tax regulations amended to facilitate imports and production of medical products. Government drafts amendments to budget in order to increase spending.
Monetary response	Another rate hike by central bank likely in April. Central bank recommends re-scheduling of loans, deferrals on monthly loan payments. Central bank introduces long-term refinancing for lenders, softens short-term refinancing rules and capital buffers, stops checks of lenders, launches auctions to provide large banks with cash euros and dollars. Law forbids hiking credit rates. Law allows capping prices on medical essentials and staple foods

Source: Government and other public sources. Data collected by CEEMarketWatch

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Recent developments:

- [Government to increase budget deficit to address COVID-19 emergency, Mar 26, 13:00](#)
- [Govt imposes quarantine, promises economic support over COVID-19 - roundup, Mar 19, 13:27](#)

ANGOLA

Govt projects fifth year of recession due to Covid

Angola | Apr 02, 13:05

- **Number of cases still low but country braces for serious economic impact**
- **Initial fiscal and monetary support measures announced**
- **Govt to spend USD 1.5bn from sovereign wealth fund on cushioning economy from crisis**

The week 27 March - 2 April was marked by the authorities' announcements of initial fiscal and monetary support

measures. The number of the cases remained low (8 cases, 2 deaths) while some 1,100 people are said to be under compulsory quarantine. Despite the slow progress of the disease, the country is bracing for the serious impact the pandemic will have on its fragile oil-dependent economy. Positive projections for 2020, hoped to become the first year of growth after a 4-year recession, are no longer valid. The finance ministry projected GDP will instead contract by 1.2%.

With oil accounting for 95% of exports earnings, 60% of fiscal revenue and half of GDP, the sharp drop in oil prices will weigh down significantly on the country's fiscal and external balances, which saw rating agencies Fitch and S&P downgrade its ratings. Similar action will likely follow by Moody's, which this week put the country on a review for downgrade.

The announced support measures (table below) include spending of USD 1.5bn from the country's sovereign wealth fund to cushion the population from the crisis. The finance ministry also confirmed it is already working on a budget revision, which should be presented to Parliament by mid-May, and will be based on a benchmark oil price of USD 35 per barrel, down from USD 55 in the budget. The MPC, which held a regular meeting on 27 March, fell short of a rate cut due to concerns over the expected currency depreciation (valid from before the crisis but now expected to be steeper). It however proposed measures to support liquidity as well as extension of credit towards local production of essential goods. It also ordered banks to give customers 60-day moratorium on loan repayments and to refrain from initiating proceedings against defaulters affected by the crisis.

Covid-19 measures

Measures to contain spread:	
International travel	All borders were closed for passengers on 20 March for 2 weeks, renewable for additional 2 weeks, depending on Covid spread
Domestic lockdown	Emergency state since 27 March. All public events are banned. Learning institutions are closed. Open markets are limited to sale of foods, essential goods. Public transport reduced, vehicles only allowed to use half of capacity
Measures to reduce losses:	
Sectoral support	Banks may use reserves to extend credit to local producers of essential goods (govt's product support list). Importers of some foods, medicines and biosafety goods exempted from forex settlement limits for 90 days. Banks ordered to give customers 60-day moratorium on loan repayments at no extra costs, not to initiate proceedings against crisis-related defaults
Fiscal response	Govt readies for speedy launch of social transfers (programme covering 1.6mn people had been planned from before crisis). Govt to spend USD 1.5bn from Sovereign Wealth Fund on Covid-related measures. Fuel subsidy removal planned for H2 2020 to be delayed.
Monetary response	MPC reduces rate on 7-day standing deposit facility to 7% from 10%. AOA 100bn liquidity line introduced for the purchase of govt securities held by non-financial corporations.

Source: Official announcements, media reports

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Recent developments:

- [Country reports first cases, declares state of emergency, Mar 26, 13:46](#)

IVORY COAST

Government announces social and economic support plan worth 5% of GDP

Ivory Coast | Apr 02, 13:53

- **Country remains in state of emergency**
- **Government announces support measures including deferment of some tax payments, setting up support funds for different sectors**

The government has not introduced any new containment measures over the past week. The country remains in a state of emergency announced on March 22. Bars and restaurants are closed, and unauthorised movement of people to and from Abidjan is banned. Borders remain closed for human traffic and schools closed. The number of coronavirus cases has doubled to 190.

The government announced that GDP growth is seen to decline to 3.6% from previously projected 7.2% due to the coronavirus. The forecast is conditioned on the pandemic getting under control by end-June. The newly announced measures are part of the Economic, Social and Humanitarian Support Plan which was estimated to cost XOF 1,700bn (USD 2.8bn) or about 5% of GDP. The plan is divided into three parts: measures to support businesses, the economy; and the population.

The measures to support the businesses in the short term include deferment of payment of flat-rate taxes for small trade businesses by three months; deferment of payment of taxes, levies and social charges by three months; and reduction of the transport licence fee by 25. In addition, a XOF 250bn support fund for the private sector will be set up; a XOF 100bn guarantee fund to improve access to credit; a XOF 100bn support fund for businesses in the informal sector affected by the crisis; XOF 250bn support for key sectors such as cashew, cotton, rubber, palm oil, cocoa and coffee; and XOF 50bn support for the food, vegetable and fruit sectors.

COVID-19 measures

Measures to contain spread:

International travel	Borders closed for human traffic as of Mar 22
Domestic lockdown	State of emergency declared as of Mar 24, curfew imposed from 21:30 to 5:00. Schools closed until Apr 16. Ban on public gatherings of over 50 people. Bars and restaurants are closed, movement between Abidjan and rest of country restricted.

Measures to reduce losses:

Sectoral support	Government to provide XOF 250bn to support key sectors such as cashew, cotton, rubber, palm oil, cocoa and coffee; and XOF 50bn support for the food, vegetable and fruit sectors.
Fiscal response	Government plans suspension of tax audits for three months; deferment of payment of flat-rate taxes for small trade businesses and craftsmen by 3 months; deferment of payment of taxes, levies and social charges by 3 months; reduction of the transport licence fee by 25%; deferment of payment of capital income tax for tourism and hotel businesses by 3 months; exemption from import duties for health equipment and materials used in coronavirus fight; reimbursement of VAT credits within 2 weeks.

Government to set up a XOF 250bn support fund for the private sector, including at least XOF 100bn for SMEs, a guarantee funds to improve access to credit; a XOF 100bn support fund for businesses in the informal sector affected by the crisis.

Monetary response

Regional bank BCEAO started liquidity auctions at a fixed rate of 2.5%, its lowest intervention rate on Mar 27. It increased resources made available to banks by XOF 340bn to XOF 4,750bn weekly to help them increase the credit to the economy. Banks are expected to lower lending rates particularly for companies experiencing difficulties in servicing their debts.

Source: Government

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Recent developments:

- [President declares state of emergency and imposes curfew, Mar 26, 12:26](#)
- [Govt closes borders for high-risk countries to curb coronavirus spread, Mar 19, 12:32](#)

ETHIOPIA

Landmark election postponed amidst Covid crisis

Ethiopia | Apr 02, 13:23

- **PM Abiy had previously maintained poll should go on despite security and logistics challenges**
- **PM remains cautious with containment measures due to precarious political situation Flag carrier cancels intl flights to 80 destinations, to focus on cargo**
- **Govt announces initial support measures**

The postponement of the landmark election scheduled to take place on 29 August is perhaps the most important development in the past week linked to the Covid pandemic. The organization of the poll, hoped to be the country's first free and fair one, had been among top pledges of reformist PM Abiy. Despite a wide range of security and logistic-related challenges apparent before the crisis, the PM had before maintained that a potential delay would be worse.

Given the precarious political situation in the country the PM is still refraining from imposing stricter measures to control the spread of the disease, with compulsory measures so far limited to the closure of learning institutions and land borders. The country's flag carrier, Ethiopian Airlines, announced cancellation of flights to some 80 international destinations and said it would be focusing on cargo flights. On a positive note, the authorities pledged to restore phone and internet services in parts of Oromia region, which had remained partially or fully shut down for several weeks following violence outbreaks in the area.

During the review week the govt also announced an initial package of measures aimed at protecting vulnerable population and supporting the economy during the crisis. Notably, the National Bank of Ethiopia will avail ETB 15bn (USD 460mn) to commercial banks enabling them to provide debt relief and/or additional loans. Commercial Bank of Ethiopia was ordered to increase the thresholds for mobile transfers and all banks - to ensure forex funds as needed for the importation of goods necessary in the fight against Covid with the latter also exempted from taxes. The govt further pledged to speed up VAT refunds, removed the minimum price for flower exports and said it would improve control against speculative activities and shortages of consumer goods.

Covid-19 measures

Measures to contain spread:

International travel

Flag carrier has stopped flights to 80 international destinations. All land borders are closed except for transport of essential goods.

Domestic lockdown

No emergency state but army and security forces are deployed to help in Covid containment efforts. Large public gatherings are banned. Learning institutions are closed. Public transport vehicles must be loaded at half capacity. General election planned for 29 August has been delayed.

Measures to reduce losses:

Sectoral support

Minimum price for flower exports removed. Central Bank avails ETB 15bn (USD 450mn) to commercial banks to provide debt relief and/or additional loans. Banks ordered to ensure forex for imports of goods necessary in the fight against Covid, these goods also exempted from taxes. Govt pledges to speed VAT refunds.

Source: Official announcements, media reports

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Recent developments:

- [Govt closes country's land borders, deploys army to help virus spread, Mar 26, 13:59](#)

GABON

Regional central bank cuts rates, announces measures to increase liquidity

Gabon | Apr 02, 14:00

- **No new containment measures announced, country remains under curfew**
- **Regional bank announces measures to increase weekly liquidity by XAF 260bn**
- **It makes available XAF 90bn fund to member states for public investments**

The government has not introduced new containment measures over the past week. The country remains under curfew, land borders are closed for human traffic, while international traffic is reduced to one flight per airline per week. Public gatherings of over 30 people are banned, while bars and restaurants are allowed to operate only as takeout services. Cultural and sporting events have also been suspended until further notice. The country remains among the least affected with just 18 coronavirus cases.

The regional central bank BEAC cut its two key rates, the auctions rate by 25bps to 3.25% and the marginal loan rate by 100bps to 5.00%. It also increased the weekly liquidity injections to XAF 500bn from XAF 240bn, and expanded the range of commercial bills accepted as collateral for monetary policy operations. It also lowered the discounts applicable for government securities and commercial bills accepted as collateral for refinancing operations at the BEAC. The bank also said it would ease the conditions for issuing treasuries, and propose to the

relevant authorities to postpone by one year the principal repayments on the consolidated credits of member states to the BEAC. The BEAC has also made available a XAF 90bn (USD 150mn) credit line to the Development Bank of Central African States (BDEAC) to help finance public investment projects.

COVID-19 measures

Measures to contain spread:

International travel	Land borders are closed for human traffic, suspension of visas for US, EU, Chinese and South Korean citizens, international flights reduced to one per week per airline
Domestic lockdown	No state of emergency or national quarantine, curfew from 19:30 to 6:00 as of Mar 22. Schools closed until Mar 30. Ban on public gatherings of over 30 people. Nightclubs, bars and restaurants are closed except for takeout services, cultural and sporting events, and court hearings suspended.

Measures to reduce losses:

Monetary response	Regional central bank BEAC cut auctions rate by 25bps to 3.25%, and marginal loan rate by 100bps to 5.00%. Weekly liquidity injections are increased to XAF 500bn from XAF 240bn. The range of commercial bills accepted as collateral for monetary policy operations is expanded. BEAC also plans to ease rules for issuing treasuries; to propose one-year deferral of principal repayments on consolidated credits of member states to the BEAC. BEAC has made available a XAF 90bn (USD 150mn) credit line to the BDEAC to help fund public investment projects.
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Source: Government

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Recent developments:

- [Government declares curfew to counter coronavirus, Mar 26, 12:43](#)
- [Government closes schools, land borders to prevent coronavirus spread, Mar 19, 12:44](#)

GHANA

Government orders lockdown in two major cities, announces support measures

Ghana | Apr 02, 13:26

- Lockdown in Accra and Kumasi regions to last for two weeks**
- Government plans measures to support economy which is seen to grow by just 1.5% or less this year**
- Total fiscal impact of coronavirus pandemic estimated at 2.5% of revised GDP**

The government ordered two-week lockdown in the two biggest regions in the country, Greater Accra and Greater Kumasi, as of Mar 30. It banned inter-city movement of vehicles and aircraft for private or commercial purposes except for vehicles and aircraft providing essential services and those carrying cargo. Movement of vehicles within the two cities will be allowed but with limited number of passengers and people will only be allowed to go out to buy food, medicines, make banking transactions or use public toilets. Exception will be made for those engaged in the food sector, the staff of the Volta Aluminum Company (VALCO), road and railway construction and mining workers, and staff of electricity, water, telecom, e-commerce and fuel stations.

The government also announced more specific measures to support the economy including a six-month

moratorium by banks on principal loan repayment for companies in the airline and hospitality industries, and a 2% reduction of interest rates by banks as of Apr 1. The deadline for tax filing was also said to be moved from April to June. The finance minister later said the coronavirus pandemic might cut GDP growth to 1.5% this year, possibly even further. The total fiscal impact of the crisis was put at GHS 9,505mn (including the shortfall in revenues and the cost of the response plan and the alleviation programme) which is about 2.5% of the revised GDP.

To finance it, the government plans to borrow GHS 4.9bn from IMF and WB, draw GHS 1.25bn from the Ghana Stabilisation Fund (GSF), arrange with Bank of Ghana to defer interest payments on non-marketable instruments estimated at GHS 1.2bn to 2022 and beyond, cut spending on goods and services and capital expenditures by GHS 1.2bn, reduce the share of Net Carried and Participating Interest payable to GNPC from 30% to 15%. The government also intends to amend the law to allow a withdrawal from the USD 600mn Ghana Heritage Fund to cover urgent coronavirus-related expenditures.

COVID-19 measures

Measures to contain spread:

International travel	Borders closed for all human traffic until Apr 5
Domestic lockdown	Two-week partial lockdown in two main regions, Greater Accra and Greater Kumasi, as of Mar 30. Domestic travel is prohibited except for essential services. Schools closed from Mar 16 until further notice. Ban on political and sporting events until Apr 13. Trade outlets remain open but should observe enhanced safety standards.

Measures to reduce losses:

Sectoral support	Government to discuss with banks a 6-month moratorium on principal loan repayment for airline and hospitality sectors, and a 2% reduction of interest rates by banks as of Apr 1.
	Tax filing day to be moved from April to June.
	Finance ministry prepares a GHS 1bn Coronavirus Alleviation Programme to address the disruption of economic activities and support the industries.
Fiscal response	Full fiscal impact of coronavirus is estimated at GHS 9.5bn or 2.5% of GDP, of which GHS 1.6bn on response programmes.
	Government to borrow GHS 4.9bn from IMF/WB, draw GHS 1.25bn from Ghana Stabilisation Fund.
	Government to agree with BoG to defer GHS 1.2bn interest payment on non-marketable instruments to 2022 and beyond.
	Spending on goods and services and capital spending to be cut by GHS 1.2bn.
	Share payable to GNPC from participating interest payable to be halved to 15%.
	Law to be changed to be able to draw from Heritage Fund which holds almost USD 600mn.
Monetary response	Central bank cut policy rate by 150bps on Mar 18.
	It also lowered the primary reserve requirement, the capital conservation buffer, and the loan provisioning for other loans category.
	Microfinance institutions were allowed to consider loan repayments that are past due for up to 30 days as current. Central bank agreed with banks and mobile network operators to make digital payments more affordable.

Source: Government

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Recent developments:

- [Government closes borders for human traffic as part of coronavirus measures, Mar 26, 12:07](#)
- [Central bank announces measures to mitigate coronavirus impact, Mar 19, 11:45](#)

KENYA

Police resorts to brutality while seeking to impose curfew

Kenya | Apr 02, 14:00

- **President Kenyatta apologizes over "some excesses"**
- **Flag carrier asks govt for undisclosed amount of bailout funds**

The past week was marred by police brutality as the security forces sought to ensure compliance with a nationwide 7PM-5AM. The police used tear gas, baton charges and allegedly even live rounds with a 13-year old boy said to have been shot dead in the capital Nairobi. Occasional clashes were also reported in other cities, including the port city of Mombasa. President Kenyatta has since apologized over the use of excessive force but urged Kenyans to work with authorities towards the containment of the disease. The number of cases in the country rose to 81 and more counties were affected. On a positive note, the country reported two people had successfully recovered from the disease.

We recall last week the authorities announced a package of fiscal and monetary support measures (table below). The crisis is expected to significantly affect the economy with horticulture, travel and tourism taking the first hit. Flag carrier Kenya Airways has asked the govt for an undisclosed amount of bailout funds. Smaller airlines later said they also need govt support to the tune of KES 3bn.

Covid-19 measures

Measures to contain spread:	
International travel	international passenger flights stopped from mid-March
Domestic lockdown	All public events are banned. Learning institutions are closed. Nationwide 7PM-5AM curfew imposed
Measures to reduce losses:	
Sectoral support	
Fiscal response	Govt lowers tax rates: VAT rate cut to 14% from 16%; 100% tax relief for lowest income bracket (< KES 24,000); corporate & PAYE (income) tax rate reduced to 25% from 30%; MSMEs turnover tax reduced to 1% from 3%. KES 10bn allocated to vulnerable population; pledges speedy payment of KES 13bn of verified pending bills to local suppliers, KES 10bn of VAT refund claims
Monetary response	On 23 March CBK cut by 1pp benchmark rate and cash reserve ratio, saying KES 34bn freed to be released to banks willing to onlend to troubled borrowers. CBK extended maximum tenor of repurchase agreements to 91 days from 28 days; allowed flexibility with requirements for provisioning, classification of loans with regards to loans restructured due to Covid

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Recent developments:

- [Fiscal, monetary measures adopted as growth forecast halved, Mar 26, 12:51](#)
- [Govt opts for drastic measures to contain Covid outbreak, Mar 19, 13:40](#)

NIGERIA

Major cities come under lockdown as confirmed COVID-19 cases continue to rise

Nigeria | Apr 02, 13:12

- **Coronavirus outbreak puts additional stress on already strained health sector**
- **Limited number of COVID-19 tests hides real extent of outbreak**
- **Nigeria's top decision body has been under quarantine as top official tests positive**

As of Apr 1, there are a total of 174 confirmed cases of COVID-19 in the country, according to the Nigerian disease control centre (NCDC). The lack of capacity and manpower has however hindered NCDC's ability to roll out large-scale tests, so the NCDC limited tests to only people already showing symptoms. This has allowed the president's chief of staff to attend several high-level government meetings after rerunning from Germany. Soon after that, the chief of staff tested positive, so members of the cabinet were put under quarantine. Two state governors also tested positive over the weekend, suggesting NCDC's limited capacity for tests hides the real extent of the outbreak.

Nigeria has confirmed its first case late February, but the government has been slow to employ more pre-emptive measures and it was only on Mar 24, when the government grounded international flights. One week later, the federal government put two of its most populated cities - Lagos and Abuja - under lockdown as coronavirus cases kept rising. Overall, Nigeria's healthcare resources are extremely thin and an outbreak would put enormous stress on the already strained sector. There are a limited number of hospital beds and ventilators. The NCDC claims it has boosted the national laboratory testing capacity to 1,500 a day and has expanded the laboratory network for COVID-19 across the 6 geopolitical zones with 7 laboratories activated.

Government's ability to provide financial support is very limited, especially given the slump in oil prices, which have triggered credit rating downgrade. Furthermore, Nigeria faces a real threat of slipping back into recession in 2020. On Mar 16, the central bank (CBN) announced NGN 150bn (USD 375mn) sectoral intervention for SMEs and households as well as health companies and drug manufacturers. Two days after the central bank (CBN) unveiled a six-point plan to counter the effects of the COVID-19 outbreak, the CBN said it would hike its intervention in order to boost local manufacturing and import substitution by another NGN 1tn. On Mar 24, the House of Reps fast-tracked the Emergency Economic Stimulus Bill, aimed at providing temporary relief to private sector and reduce regulatory bottlenecks on medical imports.

COVID-19 measures

MEASURES TO CONTAIN THE SPREAD

INTERNATIONAL TRAVEL

Government closes all land borders, shuts down international flights

DOMESTIC LOCKDOWN

Lagos, FCT Abuja and Ogun State are under two-week lockdown. Only food markets and pharmacies are allowed to work. Movement from and to these states is forbidden. Nationwide, schools and universities are shut down, public events are banned.

MEASURES TO REDUCE LOSSES

SECTORAL SUPPORT

Central bank has established NGN 150bn (USD 375mn) facility for households and SMEs, including hoteliers, airline service providers, healthcare providers. CBN has reduced interest rates on its intervention facilities and has announced NGN 1.0tn intervention as a measure to boost local manufacturing and import substitution.

FISCAL RESPONSE

Government's ability to provide financial support is very limited, especially given the slump in oil prices, which have triggered a rating downgrade. The government is yet to announce if sovereign guarantees would be issued.

MONETARY RESPONSE

Facing continuously falling FX reserves and oil price slump, the CBN was forced to devalue the naira, but held the interest rates on hold as economy is likely to slip into recession. The CBN has listed six measures to blunt the economic impact of the outbreak, including one-year moratorium and interest rate cuts on CBN intervention facilities and targeted credit facilities.

Source: CEEMarketwatch

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Recent developments:

- [Limited number of COVID-19 tests hides real extent of outbreak, Mar 26, 12:23](#)
- [Economy faces double threat from COVID-19 and oil price slump, Mar 19, 13:11](#)

SENEGAL

IMF board to consider USD 221mn emergency support for Covid by mid-April

Senegal | Apr 02, 13:58

- **Pandemic and response measures will result in urgent balance of payments need**

The IMF board will by mid-April consider authorities request for USD 221mn emergency support for the country. The Fund noted the Covid pandemic and the containment measures imposed by the govt have weakened external demand, reduced remittances and resulted in a sudden stop of travel and tourism. Consequently, the country's growth outlook deteriorated significantly and it needs urgent balance of payment support. The funds should help preserve fiscal space for health related expenditure while catalyzing donor support.

The country announced emergency state on 23 March, allowing authorities to regulate or ban the movement of people, vehicles or goods on the territory of the country, as well as ban both public and private gatherings and close public and private venues. An 8PM - 6 AM curfew is imposed on the whole territory of the country. Learning institutions remain closed.

Recent developments:

- [President declares state of emergency, Mar 26, 13:25](#)

SOUTH AFRICA

COVID-19 containment gets fine-tuned, adequate SARB response supports market

South Africa | Apr 02, 13:54

- **Testing capacity to be raised significantly, targeting communities and not only symptomatic cases**
- **SARB is commended for the adequate measures instituted to support banks and the credit market**

South Africa entered a 21-day lockdown as of Mar 27. The type of containment measures adopted by the government are some of the most severe with only essential goods and services being allowed and army deployed to help police enforcement. As of Apr 2, the number of officially reported COVID-19 cases stands at 1,380, out of which 5 deaths and 31 recoveries. Health authorities have conducted a total of 44,292 tests so far and the major effort is to raise testing considerably beyond those reporting symptoms and in areas where the population may be slow to seek medical attention. According to health officials the rise in new cases is relatively slow (first case reported on Mar 5) despite the increased testing efforts. The current testing capacity is 5,000 tests per 24 hours and the target is 30,000 tests.

Some tweaks of lockdown measures are being implemented and the government is just releasing new details. However, there is no major change in the general lockdown which affects industry, mines, many services and retail, transport is severely restricted. The effect of the lockdown measures is expected to be profound with estimates for the economic contraction varying from 2.0% (SARB) to 4.0% (BNP Paribas).

The most significant developments over the past week concern the fiscal and monetary response adopted by the government and the central bank. The fiscal package [proposed](#) by the finance ministry is, not surprisingly, limited due to the already constrained fiscal space for the government. The Unemployment Insurance Fund has earmarked ZAR 30bn to fight the effect of COVID-19 lockdown on the workforce. This is the main measure that will be deployed to the new jobless, additional private donations and funds have been put up as well, while the banks announced case-specific assistance for their customers.

The most important development is the monetary response to the crisis coming from the central bank. After announcing a larger than anticipated 100bps rate cut on Mar 19, the SARB announced additional refinancing instruments with longer tenure and reduced cost on Mar 20. Significantly, the SARB [launched](#) a government bond-buying programme. Buying bonds on the secondary market has been key in stabilizing the market which has experienced constraints due to the lack of liquidity and the shortage of buyers as severe risk aversion gripped investors. The SARB did not indicate the size of the planned interventions and stressed it was not engaging in quantitative easing but only smoothing the extreme volatility during this critical time. On Mar 28, the SARB [announced](#) new measures for banks aimed at freeing some ZAR 320bn in liquidity and relaxing prudential regulations.

Covid-19 measures

Measures to contain spread:

International travel	All borders are closed with the exception of the passage of essential goods, international travellers from high-risk countries are turned back, local residents returning from abroad are subject to 14-day quarantine
Domestic lockdown	National state of disaster as of Mar 16. Complete lockdown enters in force at mid-night on Mar 26. All businesses are closed with the exception of essential goods and services. All shops and businesses will be closed, except for pharmacies, laboratories, banks, essential financial and payment services, including the JSE, supermarkets, petrol stations and health care providers.

Measures to reduce losses:

Sectoral support	Businesses in distress are exempt from social security payments, Unemployment Insurance Fund could be tapped for short-term layoffs due to Covid-19. Funds for industry and tourism in the amount of ZAR 500mn from the department of small business, ZAR 3bn from IDC, ZAR 200mn from department of tourism
Fiscal response	Small monthly grants for some of the most vulnerable, some tax deferrals will be made available.
Monetary response	MPC cut the base rate by 100bps to 5.25% on Mar 19. SARB launched an additional daily auction to provide intraday liquidity and reduced by 100bps the rates at which it borrows and lends money to banks (Mar 20). SARB announced a new 3-month refinancing operation with potential to add longer maturities up to 12 months if needed. SARB also started unsterilised government bond purchases for undisclosed amounts (Mar 25). SARB relaxes prudential regulations, frees up some ZAR 320bn in liquidity at banks.

Source: SARB, FinMin, Media, compiled by CEEMarketWatch,

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Recent developments:

- [Fiscal and monetary response stepped up as country readies for full lockdown, Mar 26, 14:01](#)
- [Government takes Covid-19 contagion measures, economic response plan coming up, Mar 19, 13:13](#)

ZAMBIA

Government announces first measures to support economy

Zambia | Apr 02, 13:38

- No new containment measures have been announced over past week**
- Government finally announces some measures to mitigate economic impact**
- These include lifting import duty on concentrates, allowing VAT on spare parts of be claimed**

The government did not make any changes with regards to the measures to contain the coronavirus spread over the past week. Bars, nightclubs, cinemas, gyms and casinos are closed for two weeks as of Mar 26, and international flights at all airports except for the Lusaka airport banned. Restaurants remain open but operate only as takeaways and public gatherings of more than 50 people are banned, also for the same two-week period. Schools remain closed until further notice.

The government, however, finally released a plan of support measures as it estimated that this year's GDP growth will be lowered to 2%. We think this projection is optimistic given the preexisting problems that faced the economy such as the energy shortages, high debt and fiscal challenges. The announced measures include suspension of excise duty on imported ethanol for use in sanitizers and other medicine-related products, allowing VAT on

imported spare parts, lubricants and stationary to be claimed by companies and lifting the import duty on ore concentrates and the export duty on precious metals and crocodile skin.

The government has applied for support from IMF and WB but has not said what amount it plans to borrow. The plans are to release ZMW 2.5bn to settle domestic arrears to suppliers and reduce outstanding arrears to pensioners, as well as outstanding third-party arrears and employee-related commitments. In addition, ZMW 140mn are planned to be released to pay local contractors. The funds together account for about 0.8% of the old 2020 GDP estimate and probably over 1.2% of the revised GDP estimate.

COVID-19 measures

Measures to contain spread:

International travel	Mandatory 14-day quarantine for citizens from high-risk countries.
Domestic lockdown	No state of emergency or national quarantine, no restrictions on domestic travel. Bars, nightclubs, cinemas, gyms and casinos are closed; international flights allowed only at Lusaka airport; restaurants are allowed to operate only as takeaways; public gatherings are restricted to 50 people; measures are effective from Mar 26 until Apr 9. Schools are closed from Mar 20. Central bank agrees with banks and mobile operators to increase usage of mobile money.

Measures to reduce losses:

Sectoral support	Government plans to excise duty on imported ethanol for use in sanitizers and other medicine-related products, and allow for VAT on imported spare parts, lubricants and stationary to be claimed by companies. The import duty on ore concentrates and the export duty on precious metals and crocodile skin to be lifted.
Fiscal response	Government to borrow from IMF and WB. The planned spending include ZMW 2.5bn to settle domestic arrears to suppliers and reduce outstanding arrears to pensioners, as well as outstanding third-party arrears and employee-related commitments, and ZMW 140mn to pay local contractors.

Source: Government

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Recent developments:

- [Government steps up anti-coronavirus measures, Mar 26, 12:16](#)
- [Country has only introduced limited anti-coronavirus measures, Mar 19, 11:58](#)

ARGENTINA

Lockdown compliance strong in second week, govt starts working on exit plan

Argentina | Apr 02, 13:50

- **Nationwide lockdown completes second week, has two more left**
- **Coronavirus case growth slows as testing rises, opening door to gradual lifting of lockdown**
- **Implementation of fiscal package slowly advances but policies remain small in scope**

The nationwide lockdown implemented Mar 20 and now supposed to run until Apr 12 is completing its second week with a strong degree of compliance, though worries about the economic impact are starting to grow. The

lockdown seems to have been effective in slowing the spread of the coronavirus as the growth rate of new cases is now at a pace that implies the number of patients doubles every four days. The growth rate of new cases slowed even as testing increased, which is a very good sign. But the low number of tests done per day and high mortality rate are indicators suggesting the situation may be much worse than what the official number of patients implies.

Health Minister Gines Garcia said the number of tests per day will soon ramp up to 3,500 to 4,000 per day from the current 500-600. Garcia said PCR tests will remain the only ones used for diagnostics, which is the main reason why Argentina tests so little. However, Garcia confirmed the country is importing kits for rapid tests to be used in epidemiological investigations. With stronger testing abilities, the government will reportedly consider gradually phasing out the lockdown starting Apr 12. The idea would be to slowly increase the number of industries allowed to work under lockdown, while still restricting social gatherings and keeping school suspended.

Pressure to lift the lockdown is expected to be much higher by Apr 12, as most businesses and informal workers will have been several weeks without income. The government is finally implementing the chief measures of its fiscal package, but the scope remains very small. The government is offering businesses very modest tax benefits and help to cover wages, giving one-off transfers to low-income independent and informal workers, and providing flexibility to delay some tax or credit payments. The IMF estimated this package would only cost 1% of GDP. The central bank is offering sweeteners to encourage working capital loans at low interest rates, but banks have been reticent to give them out. The strict lockdown combined with a very modest help package means the economic fallout will be very big, which puts pressure on the government to lift the lockdown.

COVID19 measures, Argentina

Measures to contain spread:

International travel	International travel has been banned; Government is barely allowing some national residents to return
Domestic lockdown	Full domestic lockdown with only healthcare workers and people needed to provide food and medicines excepted

Measures to reduce losses:

Sector support	Social security tax exemption for one month, modest help to pay wages, but layoffs banned by law. Central bank pushing banks to give low-interest working capital loans.
Fiscal response	Modest one-off transfers to retirees earning the minimum, childcare recipients, and the unemployed. Also a one-off bonus for low-income independent and informal workers who can't work under lockdown. Budget for public works hiked 40%.
Monetary response	Central bank encouraging banks to give negative-rate loans to finance working capital in exchange of laxer reserve requirements

Source: Govt, media

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Recent developments:

- [Govt publishes policies to help businesses affected by coronavirus crisis, Apr 02, 13:14](#)
- [Full lockdown in effect, govt aims to limit economic fallout with few resources, Mar 26, 15:51](#)
- [Govt to pay independent and informal workers one-off bonus, cost is ARS 36bn, Mar 24, 22:11](#)

- [Argentina quickly moving towards full shutdown, uncertain of real COVID19 spread, Mar 19, 14:20](#)

BRAZIL

Bolsonaro downplays COVID-19, opposition calls for his resignation

Brazil | Apr 01, 21:13

- **Most governors continue to pursue WHO-recommended policy of lockdowns**
- **Brazil has banned land air entry of all foreigners for 30 days**

President Jair Bolsonaro has tended to insist there is no need to panic because of the coronavirus outbreak and that normal life should be returned in order to safeguard the economy. On Sun., he even visited street markets in low-income areas in Brazil, carrying on as if there were no virus. But on Tues. evening, he softened slightly, saying in a televised address that efforts must be made to save lives, though it was likewise important to save jobs. Although the speech was more balanced than the previous address, Brazilians and politicians continue to consider that Bolsonaro is putting the economy above public health. Many continue to protest every night in big urban cities at 8:00 pm local time, banging pots and pans. In addition, the opposition, including former presidential candidates, party leaders, and ex-governors, released Mon. a manifesto calling for Bolsonaro's resignation to prevent the coronavirus crisis from worsening. Bolsonaro needs to resign and be restrained and answer for the crimes he is committing against Brazilians, they said. Most governors continue to pursue the WHO-recommended policy of lockdowns, as Brazil's Health Ministry does.

BCB Governor Roberto Campos Neto announced Fri. more economic measures to fight the coronavirus crisis, opening a BRL 40bn emergency line to finance two months of payroll for companies with revenues from BRL 360,000 to BRL 10mn per year. The resources per worker are up to two minimum wages and the money will go directly to the workers' account. Companies that tap the line are obliged to keep workforce levels for two months. The BCB said some 12.2mn and 1.4mn will be benefited. Finally, it said the grace period will be six months. Economy Minister Paulo Guedes said late Tues. some 2.6% of GDP had already been spent to fight the impact of the virus.

In terms of containment, the federal government banned Mon. the land and air entry of all foreigners into Brazil for 30 days. This does not restrict the entry of Brazilians who are on a list of acceptable countries or foreigners with fixed residence in Brazil. It also permits the entry of people hired by international organizations and accredited diplomats and select others. In addition, Justice Minister Sergio Moro authorized Tues. the National Public Security Force to assist the Health Ministry for 60 days in the fight against the coronavirus. These actions are to include strengthening security to guarantee the functioning of health centers; distributing and storing medical products and guaranteeing security and assistance in the distribution and storage of food and sanitary controls carried out in ports, airports, highways, and urban centers. Security personnel will also patrol to prevent looting and vandalism and apply coercive measures.

The coronavirus impact is leading to sharply lower GDP growth forecasts. The BCB slashed on Mar 26 its GDP growth projection to 0.0% for 2020 from the 2.2% given in December. The central bank said the new forecast is associated with the "significant" economic impacts to result from the coronavirus outbreak. Lower-than-expected results in economic indicators at end-2019 and in early 2020 also hurt the expectation for activity in Q1, it added. In terms of trajectory, the projection considers a sharp decline will occur in Q2, followed by a relevant rebound in Q3 and Q4. Analysts polled this past week by the BCB say GDP will fall 0.48% in 2020, meaning their new projection

is more pessimistic.

COVID19 measures, Brazil

Measures to contain spread

International travel The federal government banned the land air entry of all foreigners into Brazil for 30 days

Domestic lockdown Justice Minister Sergio Moro authorized the National Public Security Force to assist the Health Ministry for 60 days. For interstate travel, the ANTT asked companies and passengers to adopt preventive measures and to avoid traveling if they feel sick. Major Brazilian airlines decided to reduce domestic daily flights to just two flights per day

Measures to reduce losses

Sector support BCB Governor Roberto Campos Neto announces the opening of a BRL 40bn emergency line to finance two months of payroll for companies with revenues from BRL 360,000 to BRL 10mn per year

Fiscal response The Senate passed unanimously a motion to place Brazil in a state of emergency in the first remote voting session. On Wed., the lower house approved the motion

Monetary response The Compom cut by 50bps its Selic rate, sees new rate as appropriate pending new COVID19 evidence. We expect a 50-bp cut on May 6. Any decision will depend on the coming data

Source: Govt, media

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Recent developments:

- [State of emergency is approved, Bolsonaro backs loose approach to COVID19, Mar 26, 02:42](#)
- [Brazil's govt announces first measures to combat coronavirus, Mar 19, 15:06](#)

CHILE

Govt works on approving stimulus, no plans for full lockdowns yet as cases soar

Chile | Mar 25, 17:47

- **Total cases doubling every three days**
- **Govt believes restrictions on large gatherings plus night curfews could flatten the curve enough for medical system to survive**
- **Fiscal stimulus for USD 11.7bn announced last week, half are temporary tax relief for businesses**

The government is slowly tightening measures to contain the coronavirus spread as new patients keep rising at a pace that entails the doubling of total cases every three days, but for now authorities vehemently reject the idea of nation-wide lockdowns. Last weekend, President Sebastian Pinera announced the start of night curfews from 22:00 to 5:00, and the government is also deploying armed forces to control transit in cities with clusters of infected citizens, including three Santiago communes. Chile now has 1,142 coronavirus patients, and over the last few days the number has been rising by 23%-24% d/d. The government bets that early decisions to suspend massive events, close social gathering places, encourage work from home and increased testing will allow to flatten the curve of cases by enough for the medical system to hold up without the need of nation-wide lockdowns. The number of hospitalizations in critical care remains low (40 to 50 cases).

To support the economy the Finance Ministry unveiled a stimulus package that seeks to inject some USD 11.7bn

to the economy, at a fiscal cost of some USD 6.0bn. The package includes the postponement of VAT and income tax payments for a few months, a USD 2.0bn injection to the unemployment insurance fund to help cover the wages of people who can't go to work or telework during the crisis, a one-off payment to the unemployed and informal workers, a budget hike for the Health Ministry, and the reduction of floating debt. These measures are being treated in Congress and approval should be a matter of days for most of the package.

Complementing the fiscal stimulus, the central bank took action to ensure businesses have no problems refinancing loans or getting new ones to avoid a liquidity crunch. The bank cut its benchmark rate by 75bps to 1.00% and launched a lending facility that can grow proportionally to how banks increase their loan portfolio. The central bank is also buying bank bonds for up to USD 4.0bn to improve liquidity.

COVID19 measures, Chile

Measures to contain spread:

International travel	International travel has been banned; all Chilean citizens or foreigners with residency must undergo 14-day quarantines
Domestic lockdown	Large gatherings, parks, shopping centers and gyms banned. Night curfews in place. Cities with clusters of cases get more strict controls.

Measures to reduce losses:

Sector support	Temporary tax relief for all businesses, but SMEs get extra benefits. Govt expects to give USD 5.5bn in tax relief, at least half would be recouped in July
Fiscal response	Package to increase liquidity for USD 11.7bn over next three months, including temporary tax relief mentioned above.
Monetary response	Central bank cut policy rate 75bps to 1.00%. Launched USD 4bn bond buyback program and a lending facility program among other measures to facilitate liquidity

Source: Govt, media

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Recent developments:

- [Govt declares state of emergency as covid spread grows, no domestic lockdown yet, Mar 19, 14:14](#)

COLOMBIA

Country remains in govt-mandated quarantine

Colombia | Apr 02, 04:14

- **Government maintains aggressive containment strategies**
- **Government announces direct transfers to households and grants for firms to lessen the economic impact**
- **Moody's says measures won't increase the debt burden by themselves, Fitch downgraded the sovereign credit rate**

The country remains in a [government-mandated quarantine](#) implemented since March 24, adding to the

government's decision to close its borders to all international travelers. Early reports by the administration claimed most Colombians respected the quarantine; however, several accuse the quarantine is not strict enough, with too many still taking it to the streets. The country has more than a thousand recorded cases and 17 dead, per the latest report.

We remind the administration declared a state of emergency and listed several measures to lessen the crisis's economic impact. FinMin Alberto Carrasquilla announced the government will invest COP 14.8tn to finance the measures. The priority, Carrasquilla said, will be to strengthen the health system, followed by the social programs announced and, in third place, the strengthening of firms to avoid layoffs. Among the key efforts, the government will begin in April the return of VAT for 100 thousand households, starting a program scheduled for 2021, and will give grants to prevent firms from failing to meet their financial commitments, preventing layoffs. The minister claims these efforts won't require the acquisition of debt, as the administration will use COP 12.1tn from the Fund of Savings and Oil Stabilization.

[Credit rater Moody's says these measures will help contain the outbreak's economic impact](#), without increasing the debt burden by themselves. However, they see the fiscal rule committee raising the fiscal deficit ceiling target for 2020 and moving forward; we agree with this assessment. Fitch Ratings, on the other hand, [downgraded the sovereign's credit rate from BBB to BBB- for long-term foreign currency credit](#), warning the country's fiscal metrics are likely to deteriorate amid the current economic setback.

On the monetary side, BanRep has taken steps to assure liquidity in the FX market, in the context of sharp depreciation. Despite CPI inflation is already above the target and despite the currency's 24% depreciation since 2019-end, the bank cut its policy rate last week by 50bps, in a dovish move that shows BanRep is more concerned about economic growth in the current context than on pressures on prices and on the financial system.

Measures against COVID-19 in Colombia

Measures to contain spread:

International travel	The government has closed all land and water borders; won't receive any international travelers since this weekend
Domestic lockdown	The government decreed a state of emergency; all people 70yrs old or older are to stay in isolation starting this weekend; all schools are closed until April 20, the government mandated a forced quarantine from March 24 and until April 13.

Measures to reduce losses:

Sectorial support	Colombians can defer their next bill of electricity, water and gas
Fiscal response	The government will return the VAT to 100,000 families, beginning a program set to start until 2021; it will give grants to assure firms have access to credit and thus prevent layoffs. Efforts to cost COP 14.8tn, FinMin says.
Monetary response	BanRep has taken measures to assure liquidity in the FX market, cut its policy rate by 50bps

Source: CEEMarketWatch

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Recent developments:

- [Country begins govt-mandated quarantine from March 24 to April 13, Mar 26, 01:58](#)
- [Govt closes borders, announces COP 14.8tn effort to lessen the Covid-19 shock, Mar 19, 15:36](#)

President vows not to support firms amid outbreak

Mexico | Apr 02, 04:04

- **Government declared Health Emergency from March 30 and until April 30**
- **Containment measures toughened significantly but forced quarantine is still partial**
- **Firms must pay workers in full during the month, may boost layoffs**
- **No significant fiscal measures announced, the government has little wiggle room anyways**

President Andrés López insists to assure the administration won't support firms during the coronavirus outbreak, saying the support will only benefit the poor, instead of the elite. In line, he announced a million MXN 25,000 (some USD 1k) credits to the smallest firms while formal firms are required to pay taxes normally and [to pay workers' salaries in full during the month of April](#), even if the firm can't operate because of the lockdown. The latter is probably illegal and came as an unexpected blow to the already feeble corporate outlook. Thus, the decision may boost layoffs earlier than expected.

The lockdown began on Monday evening when [the government declared a Health Emergency](#) from March 30 and until April 30. During the month, non-essential activities must stop, gatherings of more than 50 people are prohibited and everyone 60 or older is required to stay at home, even part of essential activities.

The CB cut its Monetary Policy Rate by 50bps in a surprising and unscheduled meeting. We expect the bank will prioritize the economy's dynamism over the pressure that the currency's depreciation and the ongoing downgrade of the sovereign credit rates may cause on CPI inflation and on the financial system. We expect the bank to maintain this dovish position, cutting its rate in May or in unscheduled meetings. Importantly, the CB continues to assure market liquidity by holding USD auctions; on March 30 the bank said it will activate the Federal Reserve swap mechanism to support its efforts.

As of now, the country has 1,378 confirmed cases, with 37 deaths. 7,073 tests have come out negative.

Measures against COVID-19 in Mexico

Measures to contain spread:

International travel	No local restrictions, US-Mexico border is closed to non-essential travel
Domestic lockdown	The government declared a health emergency from March 30 and until April 30, prohibiting all non-essential activities, gatherings of more than 50 people

Measures to reduce losses:

Sectorial support	Public housing credit institute to cover three months of workers' debts, to defer six more for those let go; the government announced a million MXN 25,000 credits to the smallest firms in the country.
Fiscal response	President López promised there will be no tax breaks in favor of firms
Monetary response	The Central Bank cut its policy rate by 50bps in an unscheduled meeting on March 19, and has held auctions for USD 7.50bn, assigning USD 5.96bn, to grant liquidity in the FX market

Source: CEEMarketWatch

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Recent developments:

- [Govt minimizes the coronavirus outbreak but adds containment measures, Mar 26, 01:04](#)
- [Govt remains unwilling to take steps vs the coronavirus outbreak, Mar 19, 15:12](#)

EGYPT

Government extends containment measures as confirmed COVID cases keep rising

Egypt | Apr 02, 13:35

- **Covid-19 outbreak is serious threat to Egypt's key tourism sector**
- **Egypt is under two-week night time curfew**
- **Policy makers have launched measures to dampen economic impact of virus outbreak**

Since the announcement of the first infection of coronavirus in Egypt mid-February, the number of confirmed cases has risen sharply, especially around popular tourist destinations and the densely populated Cairo. Egypt's economy is particularly vulnerable to external shocks due to its reliance on the tourism sector, remittance inflows and Suez Canal receipts. Before the outbreak, Egypt's tourism industry was flourishing becoming the third largest FX earner in FY 2018/19 after private remittances and non-oil exports. Tourism is also a major provider of jobs and generates about 12% of GDP. The government has taken prevention measures in a somewhat gradual manner and it was only on Mar 14 when the government took more radical measures, such as closing schools and universities. During the last week of March, Egypt and its capital, Cairo were put under two-week night time curfew. The ban on international travellers was extended for two more weeks to mid-April.

On Mar 14, President Sisi called for EGP 100bn (USD 6.4bn) plan to contain the outbreak and to soften the economic impact of the outbreak. The government had cut electricity prices for heavy industry customers and slashed the bourse trading taxes, as the local stock exchange has been battered by the global pandemic. The government said EGP 20bn would be allocated to the stock exchange, but this could not stem the losses and sell off. The central bank moved swiftly and cut the interest rates by 300bps in an emergency meeting on Mar 16, the single largest cut in years. The CBE has launched steps to ease the liquidity challenges faced by many SMEs and non-oil companies. The government revised its GDP growth projections for 2020 and boosted spending on the health sector in the draft budget 2020/21.

COVID-19 outbreak measures

MEASURES TO CONTAIN THE SPREAD

INTERNATIONAL TRAVEL

Ban on all flights in effect from Mar 19 to Apr 14.

DOMESTIC LOCKDOWN

Egypt is under two-week nighttime curfew. Schools, universities, religious and tourist sites are closed, mass public events are banned. Banks and shops other than food sellers and pharmacies, close early and do not open during the weekend.

MEASURES TO REDUCE LOSSES

SECTORAL SUPPORT

President Sisi has announced EGP 100bn (USD 6.4bn) emergency plan to tackle outbreak. Part of the money will be given to the healthcare sector, and we believe there will be interventions in the airways and tourism sectors. Government launched export subsidy program in 2019, which will help ease the pressure in

the export-oriented economy.

FISCAL RESPONSE

Government is committed and willing to provide support. There is not yet clarity on the EGP 100bn emergency fund. Government cut electricity prices for heavy industry, halved tax on company dividends, lowered stamp duties on bourse transactions. Government has increased the funding of the health ministry. Government has revised GDP growth estimates for 2020.

MONETARY RESPONSE

CBE cut the interest rates by 300bps in an emergency meeting. CBE has extended its program for cancelling problem loans owned by individuals in order to shore up domestic demand and has announced other measures aimed at easing the liquidity challenges faced by many SMEs and non-oil companies. The CBE is also pushing forward with its program for waiving problem loans in the manufacturing and industry sectors.

Source: CEEMarketwatch

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Recent developments:

- [Policy makers step up measures to contain outbreak, dampen economic impact, Mar 26, 12:37](#)
- [Policy makers step up measures to contain outbreak, dampen economic impact, Mar 19, 12:28](#)

ISRAEL

Government announces NIS 80bn rescue package, imposes more restrictions

Israel | Apr 02, 14:00

- **Treasury taps foreign market with USD 5bn bond**
- **Workforce at workplaces cut to 15%**

The government announced the much awaited package to support the economy suffocated by the restrictions imposed to curb the spread of the coronavirus in the country. The cost of the package is set at NIS 80bn (some USD 22bn) and the finance ministry already tapped the foreign market with a USD 5bn to secure part of the money needed to finance it. NIS 47.5bn will be allocated in cash from the government funds and the remaining NIS 32.5bn will be in credit. It is expected to raise the budget deficit to 10% of GDP and government debt to 75% of GDP. Outgoing finance minister Moshe Kahlon, who confirmed his retirement from politics once the new government is established, acknowledged that the aid package will not allow to the economy to return where it was before the crisis but pledged the plan to be extended if the crisis is prolonged. He expressed hope though the economy to start partially reopening after Passover (mid-April). Business sector representatives slammed the plan, SME association chairman calling it a 'sad joke' and criticising its delay and the lack of enough support for SMEs and self-employed. Chamber of commerce chairman also called the plan disappointing as far as the business sector is concerned.

Also the government imposed further containment measures, to contain the spread of the disease. All movements are banned except for going to work or purchasing essentials or other important things, short walks within 100m from home. The authorities banned gatherings of more than 2 people and instructed wearing masks in public places. It also restricted going to the workplace to up to 10 or 15% of employees (whichever highest) and no more than 20% of essential public sector employees allowed at office; it imposed restrictions regarding religious rituals. Food stores and pharmacies are still working though.

Coronavirus-related measures

Measures to contain spread:

International travel	All foreigners who do not have residence in Israel can not enter. All Israelis returning from abroad quarantined in hotels, not at home.
Domestic lockdown	State of emergency. Almost complete lockdown. All movements are banned except for going to work or purchasing essentials or other important things, short walks within 100m from home. Gatherings of more than 2 people are banned. Bus transportation reduced to 25% of regular operation, does not work during night and weekends, some lines are stopped, railway transports stopped. Up to 10 or 15% of employees (whichever highest) allowed at workplaces, exceptions apply, new rules for increased social distance at workplace; no more than 20% of essential public sector employees allowed at office; restrictions regarding religious rituals. Digital surveillance to track potentially infected. One highly affected Haredi city isolated. Food stores, pharmacies still working.

Measures to reduce losses:

Sectoral support	NIS 40.7bn for businesses, including NIS 6bn in grants; cancellation of municipal tax in March-May (NIS 2.7bn); tax refunds of income tax advances (NIS 3bn); guarantee loan fund for large businesses with turnover of NIS 400mn-1.2bn (NIS 7bn); expanding the low-interest loan fund for SMEs (NIS 8bn); funds for adjusting to health ministry guidelines (NIS 500mn), deferrals of VAT, social security payments and utility bills (NIS 9bn). Also NIS 7.7bn for pushing up economic growth engines, including NIS 4.8bn for crisis exit program; NIS 1.5bn for the hi-tech industry; NIS 1.1bn for accelerating infrastructure projects; and NIS 300mn for improving digital services for citizens
Fiscal response	NIS 80bn financial rescue package, to finance it treasury tapped foreign market with USD 5bn foreign bond. Healthcare received NIS 11bn to deal with crisis, NIS 1bn for other public services engaged, NIS 1bn for assisting elderly and other at-risk groups. Government allocated NIS 20.6bn to the social security network for employees. It also deferred VAT, social security payments and utility bills
Monetary response	Policy rate is already too low and for now a cut looks unlikely. The Bol launched government bond-buying programme (NIS 50bn), repo operations with government bonds as collateral, 1-week dollar-shekel swap operations (NIS 15bn). It encourages banks not to cut lending, eased regulations applied to credits, cut capital requirements for banks by 1pp, instructed banks to review dividend and share buyback policies and urged them not to raise interest rates more than necessary. Governor pledged to apply more tools to react to the crisis if necessary, did not rule out buying corporate bonds.

Note: Data collected by CEEMarketWatch

Source: Government, media

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Recent developments:

- [Govt focuses on containment measures in past week, business rescue plan advances, Mar 26, 13:47](#)
- [Israel heading towards complete lockdown, fiscal space for response is limited, Mar 19, 13:04](#)

KUWAIT

Kuwait relies on lockdown and stimulus package to stop coronavirus

Kuwait | Apr 02, 14:01

- Central bank to support critical sectors and small and medium enterprises**
- Country to draw from reserves if necessary**

The authorities have introduced a strict lockdown to fight the spread of the coronavirus. Commercial flights to and

from the country are cancelled, schools and universities are closed, and public gatherings are banned. The authorities have imposed a nationwide curfew from 5 p.m. until 4 a.m. the next day. The cabinet has decided to increase the budget of ministries and governmental departments by KWD 500mn (USD 1.6bn) for the 2020/21 fiscal year. The central bank has lowered rates following a similar move by the US Federal Reserve. Similarly, the central bank has reduced liquidity and capital adequacy requirements for banks and also reduced risk weighting for small and medium enterprises (SMEs). Specifically, the central bank reduced capital adequacy requirements by 2.5% and eased the risk weighting for SMEs to 25% from 75%. The central bank also raised the maximum lending limit to 100% from 90% and increased the maximum financing for residential real estate developments to the value of the property or the cost of development. The measures should encourage banks to lend more at a time when economic activity is slowing. The central bank also asked banks to postpone loan repayments for private sector companies affected by the coronavirus pandemic for three months.

Separately, the cabinet approved a set of measures to mitigate the economic effects of the spread of the coronavirus. The measures include maintaining the necessary support to maintain stability in the levels and prices of food and medical commodities; establishing a mechanism to secure the minimum income; supporting the salaries of those working in the affected sectors.

The government's authority to borrow has expired and parliament has not approved a renewal, which means the country will be forced to draw from reserves. Kuwait is in a good position to handle economic difficulties because its net foreign assets are estimated at about 500% of GDP. We think the country will have little difficulty defending its currency peg and handling the economic disruptions caused by cheap oil and the coronavirus.

COVID-19 measures

MEASURES TO CONTAIN THE SPREAD

INTERNATIONAL TRAVEL

Suspension of all commercial flights to and from Kuwait. Mandatory medical checks for all foreigners who came to Kuwait after Feb 27

DOMESTIC LOCKDOWN

Nationwide curfew and ban on public gatherings

MEASURES TO REDUCE LOSSES

SECTORAL SUPPORT

Government gives public sector employees a two-week holiday and is banning gatherings in markets, cafes and health clubs. Banks, schools, and universities are also closed. Nationwide curfew

Cabinet approves measures, such as supporting salaries of workers in affected sectors

FISCAL RESPONSE

Cabinet increases the budget of ministries and governmental departments by KWD 500mn (USD 1.6bn) for the 2020/21 fiscal year

MONETARY RESPONSE

Central bank has lowered rates

Central bank asked banks to postpone loan repayments for private sector companies affected by the coronavirus pandemic for three months

Central bank is ready to take all necessary measures to ensure financial and monetary stability amid the coronavirus outbreak

[Ask the editor](#)[Back to contents](#)**Recent developments:**

- [Kuwait relies on lockdown and reserves to fight coronavirus, Mar 26, 12:10](#)

OMAN**Coronavirus challenges economy as country locks down**

Oman | Apr 02, 13:56

- **Finance ministry tells state-run companies to reduce expenses by 10%**
- **Oman's economy is most vulnerable in GCC**
- **Pressure on currency peg to increase**

The effects of the spread of the coronavirus are challenging for an economy that is already weakened by the low price of oil. The government has banned all travel to and from Oman and has closed everything that is not essential while imposing a strict lockdown. The government's economic measures include reducing by 5% the budget allocated to government agencies for 2020, while the central bank said it will provide OMR 8bn (USD 20.8bn) in extra liquidity to banks. The government will also review the budget every three months. Similarly, the ministry of finance has told all state-run companies to reduce their expenses by 10% in 2020. Meanwhile, Oman's tax agency announced a package of measures that includes waiving of fines and penalties for late disclosures, allowing the paying of taxes in instalments, and the deduction of donations made to combat the coronavirus.

The budget for 2020 calls for a fiscal deficit of OMR 2.5bn (USD 6.5bn), or 8% of GDP, but the actual deficit will be higher. Indeed, Fitch Ratings and Moody's both downgraded Oman's rating earlier in March because of the continued deterioration in Oman's fiscal and external balance sheets. Debt-to-GDP may rise to above 70% by the end of 2020. Moody's subsequently placed Oman's Ba2 rating under review for another downgrade because of the country's increased external vulnerability and government liquidity risks. We think the government will have to take out a loan in 2020.

COVID-19 measures**MEASURES TO CONTAIN THE SPREAD****INTERNATIONAL TRAVEL**

Commercial travel to and from Oman is banned

DOMESTIC LOCKDOWN

Lockdown and nearly everything is closed. Government closes currency exchange bureaus and suspends the printing, distribution and sale of all newspapers, magazines and publications

MEASURES TO REDUCE LOSSES**SECTORAL SUPPORT**

None

FISCAL RESPONSE

Ministry of finance reduced by 5% the budget allocated to government agencies for 2020. Government to

review budget every three months

Finance ministry tells state-run companies to reduce their operational and administrative expenses in 2020 by 10%

Tax Authority announces measures that include the waiving of fines and penalties for late disclosures, allowing the paying of taxes in instalments, and the deduction of donations made to combat the coronavirus

MONETARY RESPONSE

Central bank to provide OMR 8bn (USD 20.8bn) in extra liquidity to banks

Source: CeeMarketWatch

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Recent developments:

- [Coronavirus challenges economy as country locks down, Mar 26, 12:58](#)

QATAR

Government supports economy with USD 20.6n stimulus

Qatar | Apr 02, 13:21

- **Stimulus package is 12% of GDP**
- **Authorities call on citizens and residents to avoid all but essential travel**
- **Schools and universities are closed and public gatherings banned**
- **Lockdown of industrial area in Doha because of large number of cases**

The government's main response thus far to mitigate the effects of the spread of the coronavirus has been to introduce a QAR 75bn (USD 20.6bn) stimulus package to the private sector. That is about 12% of GDP. Specifically, the government is directing the central bank to put in place a mechanism to encourage banks to postpone the private sector's loan repayments for six months. Meanwhile, the state-owned Qatar Development Bank will postpone the instalments for all borrowers for six months. The government is also directing government funds to increase their investments in the Qatar Stock Exchange by QAR 10bn (USD 2.8b), while the central bank will provide additional liquidity to banks operating in the country. The central bank already lowered interest rates, following a similar move by the US Federal Reserve. The government's other measures include removing customs duties on food and medical supplies for six months and utility and rent exemptions for SMEs for six months.

In terms of containing the spread of coronavirus, the response of the authorities has not been as severe as in other countries. The airport in Doha is open but the government has banned the entry of all visitors from some countries. Meanwhile, public gatherings in Qatar are banned, universities, schools, parks and beaches are closed. The authorities have also extended a lockdown of an industrial area in Doha where there were dozens of cases of coronavirus.

COVID-19 measures

MEASURES TO CONTAIN THE SPREAD

INTERNATIONAL TRAVEL

Travel to/from some countries is banned

DOMESTIC LOCKDOWN

Authorities extend a lockdown of an industrial area in Doha where there were dozens of cases of coronavirus. All non-essential establishments are closed and there is a ban on public gatherings

MEASURES TO REDUCE LOSSES

SECTORAL SUPPORT

A QAR 75bn (USD 20.6bn) stimulus package to the private sector

FISCAL RESPONSE

None

MONETARY RESPONSE

Central bank reduces the QCB deposit rate by 50bps to 1.00%, and reduces the lending rate by 100bps to 2.50%, and reduces the QCB repurchase rate (repo) by 50bps to 1.00%

Source: CeeMarketWatch

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Recent developments:

- [Government to support economy with USD 20.6n stimulus, Mar 26, 13:18](#)
- [Government fights effects of coronavirus with USD 20.6bn stimulus package, Mar 19, 13:56](#)

SAUDI ARABIA

Government relies on USD 31.9bn stimulus and strict lockdown

Saudi Arabia | Apr 02, 13:05

- Saudi Arabia's lockdown is strictest among six countries of GCC**
- Finance minister says budget deficit could reach 9% in 2020**
- Authorities ask Muslims to postpone Hajj pilgrimage**

The government has introduced a SAR 120bn (USD 31.9bn) stimulus package to address the economic consequences of the coronavirus and is tightening the existing lockdown to stop the spread of the infection. A stimulus package of SAR 70bn will focus on the private sector, especially small and medium enterprises, and will consist of exemptions and postponement of some government dues. Additionally, the central bank (SAMA) has announced a package of SAR 50bn to support the banking sector and financial institutions. SAMA subsequently announced more measures, including providing funding and support for individual customers who have lost their jobs in the private sector; exempting all customers from fees for conducting operations through electronic channels; reviewing reassessment of interest rates and other fees on credit cards; refunding any foreign exchange transfer fees imposed by banks on customers who wish to cancel them or who have cancelled travel plans.

We remind that Saudi Arabia is living under conditions of near total lockdown. Mosques and public gathering spots are closed and all forms of vehicle transportation are banned. The government also introduced a nationwide curfew that begins at 3 p.m. and goes until 6 a.m. the next day. The government is also banning entry and exit from Riyadh, Mecca, and Medina. Those are three of the four most populous cities in the country. The authorities have also asked Muslims around the world to postpone plans for the Hajj pilgrimage.

Finance minister Mohammed al-Jadaan said the budget deficit in 2020 could reach 9% of GDP because of cheap oil and the spread of the coronavirus. The government has a contingency plan and flexibility through a mixture of spending cuts, borrowing and tapping reserves, the minister added. We remind that the approved budget for 2020 calls for revenues of SAR 833bn and expenditures of SAR 1,020bn, which means the budget deficit for 2020 was projected at SAR 187bn (USD 49.8bn), or 6.4% of GDP. A budget deficit of 9% of GDP translates to a deficit of about SAR 262bn.

Separately, the government has approved the listing of state-owned assets planned for privatisation on the Saudi Stock Exchange (Tadawul) after an IPO. The IPO will either be direct or indirect, by setting up companies that own the government stakes in projects. The privatisation is part of the government's Vision 2030 plan to diversify the economy away from oil and create a greater role for the private sector. Additionally, the government is in need of extra revenue.

COVID-19 measures

MEASURES TO CONTAIN THE SPREAD

INTERNATIONAL TRAVEL

Commercial flights to and from many countries are banned. Authorities ask Muslims to postpone the Hajj pilgrimage

DOMESTIC LOCKDOWN

Nationwide curfew and ban on entry and exit from Riyadh, Mecca, and Medina. Lockdown of the province of Qatif. Public gatherings are banned and all but essential stores closed. Authorities halt entry and exit into Jeddah governorate

MEASURES TO REDUCE LOSSES

SECTORAL SUPPORT

Authorities are requiring that private sector companies grant 14 days sick leave to pregnant women and patients with respiratory, autoimmune and chronic diseases, or tumours. Saudi customs postpones collecting duty fees on importing clients for a period of 30 days, starting from March 24. Central bank to support people who have lost their jobs in the private sector.

FISCAL RESPONSE

Government introduces a SAR 120bn (USD 31.9bn) stimulus package. Government approves a SAR 50bn (USD 13.3bn) reduction of the 2020 budget. That amounts to a 4.9% reduction of expenditures. State agencies to submit proposals for cuts of between 20% and 30% to their budgets

MONETARY RESPONSE

Central bank cuts the repo rate by 75bps from 1.75% to 1.00% and the reverse repo rate by 75bps from 1.25% to 0.50%. Central bank introduces a private sector financing support program with a total value of SAR 50bn (USD 13.3bn).

Source: CEEMarketWatch

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Recent developments:

- [Government introduces USD 31.9bn and severe lockdown, Mar 26, 13:58](#)
- [Coronavirus and cheap oil pose serious threat to economy, Mar 19, 13:34](#)

UNITED ARAB EMIRATES

- **Abu Dhabi, Dubai, and federal government have separate stimulus packages**
- **Central bank has separate USD 27.2bn stimulus package**
- **Banks across country offer relief to corporate and individual clients**
- **Dubai to support Emirates airlines**

The emirates of Abu Dhabi and Dubai, the federal government, and the central bank have introduced three separate stimulus packages worth a total of AED 126.5bn (USD 34.4bn) to battle the consequences of the coronavirus. The measures include a renewable six-month suspension of work permit fees and reduction of labour and other charges to cut the cost of doing business. Separately, banks across the country have introduced relief measures for personal and corporate clients until the end of June. The government of Dubai has promised to support the Emirates airline.

To contain the spread of the virus, the government has suspended all commercial flights to and from the country. Additionally, the ministry of interior has called on the public to stay at home except in cases of absolute necessity and wear masks when outside. Nearly everything except essential places is closed and the authorities extended until April 5 a nightly curfew to sterilise public places.

COVID-19 measures

MEASURES TO CONTAIN THE SPREAD

INTERNATIONAL TRAVEL

Commercial flights to and from country are banned

DOMESTIC LOCKDOWN

Closing of all shopping centres, commercial centres, and open markets, except for places selling food

MEASURES TO REDUCE LOSSES

SECTORAL SUPPORT

Central bank recommends measures such as re-scheduling of loans, granting temporary deferrals on monthly loan payments, and reducing fees and commissions for affected customers.

Banks in Abu Dhabi announce financial incentives for individuals and SMEs.

Dubai announces support for Emirates airlines

FISCAL RESPONSE

Cabinet approves an AED 16bn (USD 4.4bn) federal stimulus package. Central bank announces an AED 100bn (USD 27.2bn) support package. Scheme consists of AED 50bn from central bank funds through collateralised loans at zero cost to all banks and of AED 50bn funds freed up from banks' capital buffers. Dubai launches an AED 1.5bn (USD 408mn) economic stimulus package for the next three months to support companies and the business sector

MONETARY RESPONSE

Central bank lowers rates applied to the issuance of certificates of deposits. Repo rate applicable to borrowing short-term liquidity from central bank against certificates of deposits decreases by 50bps

Source: CEEMarketWatch

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Recent developments:

Total amount of stimulus packages reaches USD 34.4bn, Mar 26, 13:37

- Dubai and central bank launch stimulus programmes as coronavirus spreads, Mar 19, 13:47

ESTONIA

Estonia plans supplementary budget, CB urges quick implementation measures

Estonia | Apr 02, 13:09

- **Hospitality Association urges govt to grant tax moratorium, apply zero VAT sector**
- **Majority of households still consider their financial situation to be good**

Parliament's finance committee is currently examining economic and financial forecasts to take into account while planning Estonia's supplementary budget bill. The finance committee and Central Bank Governor Muller argued that support measures must address the most important in the short-term including people's incomes, ensuring operating capital for businesses and sufficient financing to ensure the capability of healthcare. CB Governor Muller argued in favour of measures that can be implemented quickly and have a quick impact.

The Hotel and Restaurant Association urged the government to grant a tax moratorium to the tourism industry and apply a zero VAT to accommodation and catering services until end-2021 due to the severe hit by the crisis. Meanwhile, a survey conducted last week showed some 64% of Estonians consider the financial situation of their household to be good or very good, despite concerns about the long-term consequences of the emergency situation.

Coronavirus measures

Measures to contain spread:

International travel Reintroduction of border control as of March 17, only Estonian citizens holders of residency permit are allowed to enter. Foreign nationals may transit to home country through Estonia in case of no symptoms. Access is allowed for international cargo. Health controls take place at all border crossings, ports and airports.

Domestic lockdown Declared state of emergency. All public events are cancelled, entertainment and recreational facilities are closed. Educational establishments are closed. Sale of alcohol is forbidden after 10pm while state of emergency lasts. A maximum of two people is allowed in public. People need to keep two-meter distance in public places. Shopping centres close down, restaurants and bars to close at 10pm.

Measures to reduce losses:

Sectoral support Proposed extensive state guarantees, rescheduling of tax arrears, offering longer-term tax incentives for larger job creators in coming years. Proposed temporary suspension of contributions to second pillar pension fund. Unemployment Insurance Fund announces reimbursement of 70% of the wages of employees working in companies experiencing difficulties due to the coronavirus crisis in order to avoid lay-offs.

Fiscal response FinMin raises maximum volume of short-term notes that can be issued by Estonia to EUR 1bn in total. Proposes lowering of excise duties on electricity and fuels. Tax authority stops calculating interest on overdue taxes during the emergency situation. Unemployment Insurance Fund announces reimbursement of 70% of the wages of employees working in companies experiencing difficulties due to the coronavirus crisis in order to avoid lay-offs.

Source: Government and other public sources. Data collected by CEEMarketWatch

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Recent developments:

- [Unemployment Fund undertakes action to avoid lay-offs amid coronavirus crisis, Mar 26, 13:12](#)
- [Govt aims to mitigate coronavirus impact by preserving jobs, business liquidity, Mar 19, 10:30](#)

FRANCE

Government extends lockdown, accelerates VAT returns

France | Apr 02, 10:50

- **Quarantine likely to be lifted gradually**
- **Number of people moved to part-time work reaches 3.6mn**

Facing further rapid increase of COVID-19 infections, mounting death toll and overwhelmed hospitals, the government extended the lockdown until Apr 14, signaling further extension is possible. This was announced at a press conference at which PM Edouard Philippe along with health experts tried to persuade the population of the deep need for significant measures. Subsequently, Philippe said that the quarantine will likely be lifted gradually, possibly differing across regions. Meanwhile, President Emmanuel Macron continued to push for upping domestic medical supply production in addition to facilitating imports of such.

In attempt to alleviate the struggling business sector, the government accelerated VAT payments, while approving more and more workers to benefit from the part-time employment scheme. The number of employees moved to part-time work reached 4mn on Thursday, highlighting the significant economic deterioration resulting from the pandemic.

COVID-19 measures

MEASURES TO CONTAIN THE SPREAD

INTERNATIONAL TRAVEL	Travellers from non-EU countries not allowed to enter country with exception of Swiss, British citizens and people with French resident permits; restriction do not apply to medical workers Airports implemented stricter screening measures
DOMESTIC LOCKDOWN	All citizens are banned from leaving their home, unless necessary - going to grocery shop, drug store, exercising alone, walking their dog (last two activities for up to an hour and maximum distance of 1km from home); going to hospitals allowed only for urgent cases and at invitation of a doctor; all schools, universities, non-food shops, parks, cafes, restaurants and entertainment facilities are closed; second round of local elections postponed for June; no more than 20 people allowed to attend funerals, closing open market places (some exceptions allowed); April religious holidays to go without mass gatherings

MEASURES TO REDUCE LOSSES

SECTORAL SUPPORT	CB reportedly takes precautionary measures for possible mass cash withdrawals Postponement of rents for SMEs Accelerated VAT returns Suspension of utility bills until further notice Boosting health insurance for sick and caregivers
FISCAL	EUR 300bn state guarantees for new bank loans EUR 45bn package including significant expansion scope of partial unemployment scheme; deferral of payments of direct taxes and social contributions; creation of EUR 1bn fund for small businesses; allowing all companies (instead of only those in profit-sharing agreements) to distribute bonuses exempted from taxes and social contributions to workers in H1

Source: CEEMarketWatch

[Ask the editor](#)[Back to contents](#)**Recent developments:**

- [Govt adopts stricter lockdown measures as COVID-19 continues rapid spread, Mar 26, 09:06](#)
- [Lockdown and EUR 45bn economy support package in response to COVID-19, Mar 19, 11:46](#)

GREECE**Greece entering crucial phase of outbreak, more support measures are considered**

Greece | Apr 02, 13:53

- **The govt is cautiously optimistic regarding the success of the lockdown measures so far**
- **More targeted support for tourism, shipping and energy sectors is being drafted**
- **Lockdown remains in place until 11 April, but we think it will likely be extended**

Greece is entering the crucial phase of the pandemic in April, prime minister Mitsotakis told parliament on Thursday, as the ND government is considering more targeted financial support measures, local media reported. PM Mitsotakis said that everything the government has done so far with regards to the Covid-19 outbreak has brought reservedly optimistic results. Government spokesman Stelios Petsas said that Greece is doing better in terms of containing the outbreak than many other European countries.

In the past week the government [expanded](#) the financial support package by about EUR 2.0bn, thus bringing the total sum to EUR 6.8bn, which equates to 3.5% of GDP. The EUR 800 monthly grant was extended to cover 1.7mn workers, which makes up 81% of all private sector workers and the financial support measures for business were extended to cover 76% of all firms in the country. This came after the government introduced a rotational work system for firms affected by the outbreak. The government is now considering targeted support measures for the energy, tourism and shipping sectors, which are being prepared for next week. In addition, an expansion of unemployment benefits is also being considered.

The quarantine measures remain in place until at least 11 April, but we think that the lockdown will likely be extended further, possibly until the end of the month. It has already been announced that churches will remain closed for the Orthodox Easter in 19 April. Most recent data confirms that the Covid-19 outbreak is having a very severe impact on Greek businesses. The Manufacturing PMI [collapsed](#) by a record margin, while another survey [showed](#) that 56.7% of businesses expect a "significant" drop in sales in 2020.

Containment and financial support measures**Containment measures**

International travel

Air traffic with Italy and Spain is suspended.

Borders with North Macedonia and Albania are closed.

Any arriving travelers have to enter 14-day quarantine.

Ferry services to and from Italy are suspended.

Domestic restrictions	All commercial institutions closed except supermarkets, pharmacies, gas stations and banks.
	Citizens are not allowed to leave home except to buy food, medicine, go to the bank, visit a doctor or walk the dog.
	Committee sessions in parliament suspended, parties limited to 1 representative in plenary.
	Gatherings of more than 10 people in public and private spaces are banned.
	Schools and universities are closed.
	All hotels are closed from 23 March to 30 April, except 1 in each regional capital and 3 in Athens and Thessaloniki each.
Financial support measures	
Government support	Tax and social security payments suspended until 31 July for 200,000 businesses.
	Temporarily unemployed workers to receive EUR 800 grant in April, extended to 1.4mn workers.
	The government will cover 60% of the rents of affected businesses and workers.
	EUR 200mn emergency funding is provided for the health system.
	108,000 healthcare workers to receive Easter bonus.
	Govt adds 25% cut in tax and social insurance liabilities for those who pay on time.
	Debt collection operations are suspended.
Private sector support	Banks allow debt payments due in March to be suspended until September.

Source: Government announcements

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Recent developments:

- [FinMin wants banks to expand Covid-19 support efforts, as govt expands its own, Mar 26, 13:37](#)
- [Govt puts country under quarantine, creates EUR 3.8bn financial support package, Mar 19, 12:44](#)

ITALY

Containment measures to remain in place, as infections peaks

Italy | Apr 02, 07:50

- **Government to provide EUR 10bn in additional liquidity support for businesses**
- **Italy should have already reached peak infection levels, a gradual decline is to follow**
- **If positive trends persist, we can see government loosening grip on the industry by end-Apr**

The Italian government is working on an additional EUR 10bn liquidity program to support businesses hit by the coronavirus, the Minister of Economy and Finance Roberto Gualtieri has confirmed. This will add to the EUR 5bn already allocated for this purpose by the so-called "Cure Italy" decree, thus answering calls of further liquidity support measures. The program should be announced as part of the upcoming package of policy measures, which the government is currently discussing with the opposition, and which is expected to surpass the EUR 25bn unleashed by the Mar 17 decree. Additional measures will include the extension of most one-off payments and

some sort of minimum income support for Italians who have fallen through the cracks of the country's safety net. This may or may not also include a temporary extension of the citizenship income program.

Meanwhile, the Italian and the Spanish government have remained at the forefront of what is an unprecedented push by Southern EU countries to impose their understanding of how best to deal with the coronavirus crisis on Germany, the Netherlands and the Northern EU member states. While mutualization of new debt still seems a somewhat distant possibility, support for Italy should be incoming under the EUR 100bn SURE scheme. The approval of the latter will help soften the blow of the ongoing socio-economic blockade on Italian labour markets. Long-term EU-wide solutions, however, are still lacking, which may yet aggravate the socio-economic fallout from the crisis, at least as far as Italy is concerned. Even the most grounded forecasts we've seen point to a GDP decline of at least 5-6% in 2020.

Finally, the government's decision to extend the blockade until Apr 13 came as little surprise at the back of the still-rising number of active cases. The consensus seems to be that Italy has already reached peak infection levels and a gradual decline is to follow, even in some of the most heavily affected regions. Provided recent downward trends persist, we can see the Italian government loosening its grip on economic activity (especially industrial activity, championed by Matteo Renzi), but in general, Italians are expected to remain at home at least until end-April.

COVID-19 measures

MEASURES TO CONTAIN THE SPREAD

INTERNATIONAL TRAVEL

Airports have implemented enhanced screening and quarantine measures, while the government has suspended flights from China and Taiwan. Italy is on the receiving end of a number of travel bans imposed from other countries, including its neighbours. Flights operate with reduced frequency, but foreigners may still depart the country.

DOMESTIC LOCKDOWN

The entire country is placed under quarantine as of Mar 6, after efforts to contain the spread of the virus through a variety of regional measures failed. Italians are only allowed to shop for food, visit pharmacies, hospitals and banks. All sports events have been cancelled, all public and private gatherings have been banned and all educational and cultural activity has been suspended. The March 29 referendum on the cut of MPs has been postponed. Public transport operates with reduced frequency. On Mar 24 the government introduced further limitations on movement in and out of municipalities and increased fines. People who have tested positive and do not observe requirements now face up to 5 years in prison. On Mar 26 the government revised its initial list of "essential economic activities" under pressure from trade unions, while the rest are given until Mar 28 to suspend operations.

MEASURES TO REDUCE LOSSES

SECTORAL SUPPORT

Most of the measures implemented by the Italian government are broad-based and are distributed based on the size of companies and the extent to which they have been affected by the outbreak, rather than their field of economic activity. However, there are also some sector-specific measures.

Additional support for the healthcare system is estimated at EUR 3.5bn, while the National emergency fund capacity was increased by EUR 1.65bn. EUR 50mn were provided for subsidized loans and grants to companies producing medical devices. Italy has also attracted medical specialists from other countries such as China.

Bank of Italy has granted extensions on some reporting obligations, among which the update to the NPL reduction plan by less significant banks. As of Mar 20, less significant banks and non-bank intermediaries are allowed to temporarily operate below the level of the Pillar 2 Guidance (P2G), the capital conservation buffer (CCB) and the liquidity coverage ratio (LCR).

Air transport: Alitalia received EUR 500mn to remain in operation and looks set to be nationalized.

Agriculture: Increase in CAP advances from 50% to 70% and the establishment of a dedicated fund to ensure business continuity, including by covering interest payments on existing loans and mortgages.

FISCAL RESPONSE

The "Cure Italy" fiscal package foresees expenditures of EUR 25bn, which, among others, include:

Unemployment support measures estimates at about EUR 5bn, among which the extension of the coverage

of the redundancy fund to all workers for a period of up to 9 weeks.

EUR 3bn in support (one-off EUR 600 payments) to the self-employed and freelancers with active VAT registration, seasonal workers in agriculture and tourism, etc.

EUR 3bn in direct support for SMEs, as well as a variety of loan guarantees and other liquidity-enhancing measures. The government's ultimate goal is to free up to EUR 350bn in liquidity. Some Italian banks have already launched a variety of dedicated extraordinary measures in support of SMEs (in particular) such as the extension of already approved credit lines and suspension of instalments on existing loans.

Some EUR 900mn in one-off EUR 100 add-ons to the wages of workers earning less than EUR 40,000 annually and continue working during the outbreak.

EUR 300mn fund of last resort for support of other individual cases, not covered.

Support for working parents, including additional paid leave (15 days) or babysitter allowances.

Suspension of mortgage payments on the first home for those in difficulty extended also to the self-employed.

Temporary suspension of taxation for companies in the most affected sectors until May 31.

Tax credit to shopkeepers equalling 60% of their rental fees.

On Mar 26 the PM Giuseppe Conte announced that the upcoming April decree is likely to provide for additional EUR 25bn in fiscal stimulus.

Source: CEEMarketwatch

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Recent developments:

- [Government succumbs to pressure from unions, limits economic activity further, Mar 26, 11:54](#)
- [Italy braces for decisive week in fight against coronavirus, Mar 19, 12:03](#)

LATVIA

Extra aid for large exporters is discussed, number of jobless grows tangibly

Latvia | Apr 02, 12:32

- **Total of 102 companies file requests for guarantees and loans, worth EUR 49mn**
- **Treasury borrows EUR 550mn via Eurobond issue to secure financing for support measures**

Latvia's large exporting companies will be provided with special support in the form of financial instruments in terms of loans and guarantees. A total of 102 requests have been filed with the fiscal effect of those estimated at EUR 49mn. Extra aid for large exporters is currently being discussed. Meanwhile, the number of the unemployed has increased sharply since the beginning of March with redundancies announced a vast array of sectors. The employment agency has been notified of 3,258 employees to be laid-off across 19 companies up until Wednesday, April 1, while the number of vacancies has declined. A clearer picture is expected in mid-April, when detailed unemployment data is published.

The Treasury borrowed EUR 550mn via a Eurobond issue, aimed to secure financing for economic stimulation and support measures. Finance Minister Reirs informed an agreement has been reached with the Nordic Investment Bank on allocating EUR 500mn for business support and that negotiations are ongoing with the Council of Europe's Development Bank for extra financing worth EUR 200mn, while EUR 280-400 worth of EU funding will be reallocated to lending and guarantee programmes.

Coronavirus measures

Measures to contain spread:

International travel Closed borders to passenger traffic as of March 17 - air, rail, coach and ferry travel. Exception are repatriation services bringing Latvian residents home. Prohibition does not apply to carriage of goods.

Declared state of emergency. All schools and universities are closed, education takes place remotely. All public events are banned, irrespective of the number of participants, including demonstrations and religious activities.

Domestic lockdown Customers in all retail outlets have to keep two-meter distance, special shopping hours are introduced for the elderly and those with special needs. Non-compliance with measures to result in administrative or criminal liability. Emergency municipal election in capital Riga is postponed until June. Govt starts working remotely as nine out of 13 ministers enter self-quarantine due to contact with coronavirus-infected MP Kaimins. A maximum of two people can gather at once in outdoor and indoor public spaces (does not apply to those conducting essential work and direct family members). A compulsory two-meter distance is introduced. Residents must observe two-metre distance also in common areas of residential buildings including stairways, courtyards and parking areas.

Measures to reduce losses:

Sectoral support Large exporting enterprises to be offered special support in the form of financial instruments such as guarantees and lonas. EUR 1bn aid through "financial instruments" for businesses via state-owned development bank ALTUM.

Fiscal response Employees of idling companies to be paid 75% of wages from state budget, maximum monthly payment is set at EUR 700. Taxpayers affected by crisis enabled to apply for extension of tax deadlines of up to three years. Cabinet reserves right to allocate extra financing from emergency fund, FinMin could take out loans, increase limit on govt debt.

Source: Government and other public sources. Data collected by CEEMarketWatch

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Recent developments:

- [Government works remotely, endorses support package for businesses, employees, Mar 26, 13:15](#)
- [Govt promises EUR 1bn of support for businesses in form of financial instruments, Mar 19, 11:54](#)

LITHUANIA

Government's attempt to regulate prices blocked by parliament

Lithuania | Apr 02, 12:28

- **Cabinet promises more measures to support SMEs**

The parliament rejected government's proposal to allow it to regulate prices of basic necessities, after it failed to receive the needed support by 71 MPs. Meanwhile, the cabinet promised to present more measures for support of SMEs soon. It decided to allocate EUR 4.5mn for losses of the culture sector.

Earlier this week the authorities limited the entries of passenger planes and ferries and stopped charter flights to repatriate Lithuanians.

COVID-19 measures

MEASURES TO CONTAIN THE SPREAD

INTERNATIONAL TRAVEL	Banning foreigners from entering Lithuania
	Citizens prohibited to leave it
	Limiting entry of passenger planes and ferries into country
DOMESTIC LOCKDOWN	Closure of entertainment facilities, schools, universities, cafes, restaurants, non-food shops; only one person from household allowed to go shopping; mass gatherings banned until Apr 13
MEASURES TO REDUCE LOSSES	
SECTORAL SUPPORT	CB frees countercyclical reserves
	Raising guarantee limit for Agricultural Credit Guarantee Fund and INVEGA
	Government allocates EUR 4.5mn for covering losses of cultural sector
FISCAL RESPONSE	Government announces EUR 500mn plan to support economy. It includes covering 60% of wage payments of companies whose activity was hit by the virus with the state subsidy not exceeding the minimum wage (EUR 607); immediate tax credits; monthly payment of EUR 257 for up to three months to self-employed people who have been paying social contributions, but now cannot perform their activity due to COVID-19; sickness benefits for parents who have to care for children due to closure of schools and kindergartens; possible deferral of personal income tax; deferral or payment in installments of electricity and natural gas bills; state guarantee enabling extension of deferred period from three to six months for mortgage payments excluding interests for people who lost their job

Source: CEEMarketWatch

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Recent developments:

- [Government extends quarantine until Apr 13 as COVID-19 spread continues, Mar 26, 09:14](#)
- [Government steps up COVID-19 containment measures, provides economic support, Mar 19, 12:55](#)

PORTUGAL

State of emergency extended to 17 April, as govt starts revising fiscal plans

Portugal | Apr 02, 13:58

- **Parliament approved the proposed extension after it was supported by president Marcelo**
- **Negative economic impact of Covid-19 has been growing as many firms have taken advantage of the special layoff regime**
- **Govt is starting to revise its fiscal forecasts for the Stability Programme update on 15 April**

The state of emergency has been extended until 17 April by the proposal of the government, which was approved by parliament on Thursday, local media reported. All previously announced lockdown measures will remain in place at least until then. The government is also currently working on amending Budget 2020 to account for the expected fiscal impact of the ongoing Covid-19 crisis. The finance minister has been clear that he expects a deficit in 2020, but has not been more specific. We remind that in response to the crisis and the increased financing needs of the government, the treasury agency [expanded](#) its funding target for 2020 by EUR 250mn for each scheduled treasury auction.

Meanwhile, more and more companies have been taking advantage of the relaxed special layoff regime introduced by the government, which allows flexible temporary layoff of employees by affected firms in the country. The

flagship airline TAP, which has been very hardly hit by the lockdown, [has requested](#) that 90% of its workforce is put in a special layoff. The Mistubishi plant in Tramagal has put 400 of its workers in a special layoff, as it has suspended its production from 23 March to 5 April. The impact of the pandemic on the economy has been growing, as car sales collapsed by 56.7% in March, and consumer outlook on the economy has started to significantly deteriorate.

After announcing a debt payment moratorium and expanding the special credit line for SMEs at the [end of last week](#), the government has not announced any new financial support measures. However, the unions have been pressuring the government to do more in order to maintain jobs. In our view the big issue for the government for the next two weeks will be adjusting its fiscal plans for the year, accounting for the ongoing crisis. The government has indicated that it will present revised fiscal targets and forecasts with its Stability Programme update, which is scheduled for 15 April.

Containment and financial support measures

Containment measures

International travel	Flights to and from most affected areas of Italy are suspended.
	Air and rail traffic with Spain is suspended. Border controls with Spain are reinstated, road traffic is limited, tourism and leisure travel is prohibited.
Domestic restrictions	Classroom activities are suspended until 9 April.
	Some banks limit access to branches, some manufacturing plants temporarily close or reduce output.
	National quarantine for 15 days announced starting 19 March. People are asked to stay at home and encouraged to work from home. All commercial establishments are closed except supermarkets, pharmacies, gas stations and banks.

Financial support measures

Government support	EUR 3.0bn credit line is provided for four various sectors of the economy.
	EUR 200mn credit line is provided for businesses who suffer 40% drop in sales within 3 months.
	Rules regulating the special temporary layoff regime are relaxed.
	Payment of all tax and social security obligations due in Q2 can be delayed until 31 Jul - 31 Aug.
	Workers in companies in crisis will receive 2/3 of their salaries, 70% covered by the government, 30% covered by the employer for a maximum of EUR 1,905 and a maximum period of 6 months.
	Duration of ongoing social benefits is extended.
Private sector support	Several banks temporarily suspended commissions on electronic payments.
	CGD and BPI have opened credit lines for business support.
Central bank	Consumer credit with up to 2 year maturity which are intended to mitigate temporary liquidity shortages for households will not have to comply with the debt service-to-income (DSTI) ratio limit. These types of loans will be excluded from compliance with the central bank's recommendations on regular principal and interest payments.

Source: Govt announcements

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Recent developments:

- [Govt is being pressured to expand fiscal support measures further, Mar 26, 13:58](#)
- [Govt wants to enforce national quarantine after unveiling EUR 3.0bn credit line, Mar 19, 13:58](#)

SLOVAKIA

Government introduces measures to support economy, but they seem insufficient

Slovakia | Apr 02, 13:22

- **Measures come rather late, insufficient to weather out the negative impact of the outbreak on economy**
- **New, unspecified measures being prepared, but again likely to come too late**
- **Government seems more concerned with impact on budget than with saving economy from collapse**
- **Automotive industry remains in a standstill**
- **Therefore, we may expect quite strong negative impact with the worst scenarios likely to materialise**
- **Premier's notion of imposing blackout to restart economy sooner slammed by coalition and opposition parties, economists**

The government finally introduced measures to support the economy amid the coronavirus outbreak and the introduced harsh containment measures, but the measures seem to be coming rather late and be definitely insufficient to minimise as much as possible the negative impact on the economy. The approved [seven measures](#), dubbed 'first aid' package worth EUR 1.5bn per month, address mainly small businesses and only partially people. Some of them are even discriminatory - e.g. the government is ready to compensate firms that have had to suspend operations to the tune of 80% of their staff's pay, while those who stay with their children at home with only 55% of their wage. The measures also fail to envisage support for the different most affected sectors such as retail, tourism, services, as well as to the large companies that may face big redundancies and which are the main clients of smaller firms. Another drawback is that the government still has not proposed measures to alleviate the burden on people who have drawn credits as the talks with the banks are continuing. The government also amended the social insurance law today introducing the possibility for employers and compulsory insured self-employed persons who saw their turnover or income fall by 40% or more will be able to pay the due social security contributions, unemployment and health insurance payments until Jul 31. Although not yet decided, the government may also suspend the approved by the previous government 13th pension for the sake of savings. The government has also not cancelled the special bank levy with the NBS calling it to do so swiftly in order to ensure that banks are able to provide the needed lending to the crisis-stricken real sector.

The government has also indicated that it is preparing new measures, but they may also come too late as meanwhile people may have lost a big part of their income. A poll by Focus carried out on Mar 25-26 on a sample of 1,015 respondents has shown that some 20.5% of Slovaks already have or expect serious financial problems and assume that their income will fall so that they cannot repay their debts, while 9.4% of those polled say they would be broke. Further 25% believe they have sufficient funds, but not for covering extra expenses. Although most people say they are expecting only a slight loss of income (two out of five) or will not be affected at all (17.4%), a significant group of people are afraid of not having money. More than a quarter of people are worried about a significant loss of money, and 16.9% even say they already have such a hole in their wallet. A survey of the American Chamber of Commerce in the Slovak Republic has shown that nearly 40% of companies will not be able to operate for more than three months under current conditions and 67% will survive no longer than six months in the current situation. The polls indicate that the proposed by the government measures do not address the fears of people and businesses, are unlikely to support the most vulnerable parts of the society, thus resulting

into bankruptcy of many investors. Therefore, it is strongly advised, if the government does not want the state to end up with surging unemployment and poor people, as well as investors, to propose further focused measures for different, especially vulnerable groups of the population, as well as for the affected and the main sectors of the economy as soon as possible no matter the cost and their fiscal impact, in our view.

In the meantime, the automotive industry, which accounts for 49.5% of the industrial production and for 46.6% of exports, and employs directly over 177,000 people, while generating 275,000 jobs both directly and indirectly, is in a standstill as the four carmakers have suspended production over the outbreak. Only Kia Motors announced it would resume production on Monday as initially planned, while the rest prolonged the delay, mostly after Easter. In view of the automotive industry's importance for the economy and the government's failure to propose also measures for the large companies, we may expect that the halt of the production at the carmakers to have a big negative effect on the economy.

Note that according to the [NBS's three scenarios for the economic development this year](#), GDP is to slump by 4.5% in 2020 in the central scenario, by 1.4% in best-case scenario and by 9.4% in worst-case scenario with a plunge at the 4.5-9.4% range being more likely (against the previous forecast for 2.2% GDP growth). The central bank warned that some 75,000-130,000 jobs would be put at risk this year, while the public finances are to deteriorate as compared to plans and government debt may grow markedly to third band of debt brake. The [scenarios by the budget responsibility council RRZ](#) quantify the slump at 1.3-10% with the GDP drop to be having the biggest impact on surging fiscal gap to 2%-5.9% of GDP in 2020, depending on scenario. Given the announced package and the fact that so far there are no indications that the outbreak will be brought under control any time soon, we think that the budget deficit this year would be quite high and much higher than the approved 0.49% of GDP. At the same time, as evidenced by the last two weeks auctions, the investor interest in Slovakia's domestic government bonds and T-bills has fallen sharply, which, given the turmoil all over the world, will mean that the government may find hurdles in borrowing abroad, at least unlikely to achieve the favourable conditions it was enjoying until recently, in our view. As long as the pandemic is far from being brought under control while the state budget is in poor conditions, we may expect the government to attempt to raise more funds via syndicated sale than the plan for up to EUR 3bn.

PM Matovic also ventured the idea of a so-called 'blackout', by which he imagines an extraordinary state lasting several weeks, be introduced in Slovakia. According to him, people's mobility would effectively be lowered to a minimum, while 'military discipline' would be observed. He believes that such a temporary state would make it possible to jump start the economy as early as possible, as it's set to suffer long term given the current situation. This proposal resulted in the first, at least via the media, argument in the ruling coalition. While We Are Family said it was rather inclined to agree, but wants first to know the details, SaS and For the People reject the move, claiming, as many economists warned, this would result in the collapse of the economy given its openness.

COVID-19 measures

Containment measures

International travel

All three international airports closed, all the persons coming to Slovakia from abroad are obliged to remain in quarantine for 14 days

International bus and rail travel have been suspended, except for supplies.

People allowed to enter Slovakia only if they have a permanent or temporary residence permit .

National emergency has been announced for the whole health care sector, health care providers must stop providing planned surgeries that are not linked to life- or health-threatening cases

Domestic lockdown	Schools, bars, ski centres and water parks, spa centres, churches are closed; shopping centres (excluding supermarkets selling food and essentials), all small retail shops and service providers with the exception of grocery shops, pharmacies, newsagents, petrol stations, veterinary ambulances, and shops selling animal food, are closed. Taxi services are allowed to work, but only to transport goods and products (like food), not people
	Protective masks or suitable alternatives are mandatory
	Pensioners asked to stay at home, free-of-charge rail transport for students suspended, shops closed on Sundays with elderly to be having priority shopping hours
	Starting in late March, people should have their temperature measured at entrances to hospitals, shops or other places where people gather
Support measures	
Sectoral support (planned, not enacted)	Allowing travel agents' to refund in 45 not 15 days when cancelling a tour
	Recovery of damages caused by the closure of retail establishments on perishable goods, if possible, refund from EU funds
	Radically simplify the conditions for granting a maintenance allowance for small businesses and sole traders
	Finance the costs of supported technologies of electricity production from the state budget for a specified period
Fiscal response (First package - EUR 1.5bn per month)	The state will pay 80% of the employee's salary in those companies whose operations have been or are being closed down. Compensation will also be offered to the self-employed and employees depending on the drop in revenues of the affected businesses. The measure will not concern employees who are on notice and a firm can receive up to EUR 200,000 per month in line with the EU acquis
	Contributions to sole traders and employees in firms that have experienced a decline in sales will depend on how much they have been affected by the decline in sales. If the company's sales have fallen by more than 20% from Mar 13 to Mar 31, the state will contribute EUR 180 per month to the sole trader or employee, if the fall is 40% - EUR 300, 60 - EUR 420 and more than 80% - EUR 540.
	The state will guarantee the provision of bank guarantees of EUR 500mn per month to enable banks to refinance businesses' expenditures under advantageous conditions. The government is yet to discuss the details with the banks. It is assumed that banks will provide simple terms of deferred payment for three months not only to companies but also to people with a mortgage.
	Quarantined employees and parents caring for their children will receive 55% of their gross salary from the first day
	Businesses that have suffered more than 40% drop in revenues will be able to delay payroll deductions for their staff and advance corporate tax payments
	Postponement of corporate income tax advances when sales fell by more than 20% in March, by more than 40% in April
	Possibility of offsetting business losses not yet claimed since 2014 against corporate income tax. Companies will probably be able to do so in their 2019 tax return, which has been postponed to the end of June
Monetary response	Employers and compulsory insured self-employed persons who saw their turnover or income fall by 40% or more will be able to pay the due social security contributions, unemployment and health insurance payments until Jul 31
	Banks may partially meet Pillar 2 Requirements (P2R) using capital instruments that do not qualify as Common Equity Tier 1 (CET1) capital
	Banks may, in duly justified cases, temporarily operate below the level of capital defined by the capital conservation buffer (CCB), which is currently set at 2.5%
	In the area of liquidity, banks may also, where justified, be temporarily exempted from full compliance with the liquidity coverage ratio (LCR)
	Some banks have taken measures, including waiving fees for repayment deferrals of between one and six months where such deferral is warranted by the customer's impaired financial situation. Central bank said that the banks were, however, still required to maintain prudential and appropriate credit standards as well as adequate rules for identifying non-performing exposures
	NBS held countercyclical capital buffer at 2% as of August, but ready to slash it if losses increase
	NBS recommends banks to review plans of paying out dividends for last year
NBS postpones deadlines for submission of reports by insurance companies	

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Recent developments:

- [Govt steps up outbreak control measures, but fails to provide economic support, Mar 26, 13:26](#)
- [Delayed government response may result in economy sliding in recession this year, Mar 19, 12:44](#)

SLOVENIA

Vote on stimulus package is postponed, containment measures are tightened

Slovenia | Apr 02, 13:47

- **Vote was scheduled for Apr 1, but package is too extensive for MPs to review**
- **Slovenians are confined to home municipalities, masks and gloves are mandatory**

Parliament was initially expected to vote on the government's stimulus package on Wednesday, April 1, but the vote was postponed as the package is too extensive for the parliamentary committee to review it and its proposed amendments until then. The package put forward is now worth EUR 3bn, with support extended to pensioners, vulnerable groups, in addition to bonuses for vital staff, support for companies including pay compensation for temporary lay-offs and also tax and loan deferrals, along with temporary basic income for the self-employed and allowances for large families and students.

Meanwhile, Slovenia has been tightening containment measures with Slovenians now confined to their home municipality, except for cases when they need services not offered there. Masks and protective gloves are now mandatory in indoor public spaces, while manager of multi-apartment buildings are required to disinfect at least twice per day frequently touched surfaces such as door knobs, light switches and elevator buttons.

Coronavirus measures

Measures to contain spread:

International travel All air traffic is shut down except for emergency and repatriation flights. Traffic ban does not apply to cargo and mail, humanitarian and health missions. Train traffic between Slovenia and Italy is suspended, but passing the border is possible at 6 entry points based on number of requirements.

Domestic lockdown Declared state of emergency. Educational institutions are closed, in addition to recreational and entertainment facilities. Public transportation is suspended. Gathering of more than 5 people in public are banned. Opening hours of shops are cut from 8am to 8pm, special shopping hours are introduced for the elderly, pregnant and disabled citizens. All shops apart from gas stations and pharmacies to be closed on Sundays. Slovenians to be confined to their home municipality, except for cases when they need to go to work, to do farm work, provide assistance to persons in need of care, and access emergency services, pharmacies, diplomatic missions and judicial authorities in another municipality. Masks (could be ones made at home, or equivalents such as scarves) and protective gloves become mandatory in indoor public spaces. Managers of all multi-apartment buildings are required to disinfect at least twice a day frequently touched surfaces such as door knobs, light switches and elevator buttons.

Measures to reduce losses:

Sectoral support Credit lines to be provided to affected businesses via state owned development bank SID. SMEs to receive EUR 115mn. Companies that need to lay off 30% of workforce to be co-financed. State to provide wage compensation to those under quarantine. Assistance to be offered to the self-employed. Financing of tourism promotion to be enhanced. Companies offered tax deferrals or paying taxes in installments. Higher pay to be introduced to those working in sectors crucial to overcome epidemic.

Amount of mitigation package is amended to EUR 3bn, up from initially proposed EUR 2bn. Package includes support for the self-employed, for pensioners on the lowest pension, bonuses for vital staff and a pay cut for holders of public office, allowances for pensions, large families and students. Support for companies is expanded, state to cover two months of social contributions, corporate income tax payments to be suspended.

Source: Government and other public sources. Data collected by CEEMarketWatch

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Recent developments:

- [Companies face difficulties, government offers another support package, Mar 26, 13:47](#)
- [Government aims to contain spread of coronavirus, reduce economic losses, Mar 19, 12:39](#)

SPAIN

Government feels pressure from opposition parties

Spain | Apr 02, 13:30

- **Casado accuses Sanchez of incompetence, criticizes him for avoiding contact**
- **Government is looking to expanding the "social shield" via a new minimum income program**

The Spanish government has come under increased criticism from opposition parties, due to the perceived sluggishness and inefficiency of its policy response to the coronavirus crisis. The leader of the PP Pablo Casado accused on Thursday the PM Pedro Sanchez of "arrogance" and "incompetence" and asked him for "transparency and humility" in the face of the crisis. Casado revealed that Sanchez had not contacted him for about 10 days, despite the initial support that the largest opposition party provided to the government. Tensions between the central government and the autonomous communities have also been rising, resulting in Catalan President Quim Torra describing health support as non-existent and the government's economic measures as insufficient.

Finally, it became clear that the package of support measures presented on Tuesday will come into force on Thursday and will remain in place until one month after the state of emergency has been lifted. These include a suspension of evictions and the creation of a EUR 700mn fund for rent support, as well as social security deferrals for the self-employed and the extension of the groups covered by the mortgage moratorium, among other measures. Thus the Spanish government is continuously looking into additional ways of expanding the "social shield" introduced with the Mar 17 decree. A minimum income program that is rumoured to affect some 5mn people is also currently being developed.

COVID-19 measures

MEASURES TO CONTAIN THE SPREAD

INTERNATIONAL TRAVEL

Travelling to and from Spain is subject to extraordinary safety measures and has been significantly affected by flight cancellations. Flights from Italy were banned on March 11, but as one of the most affected countries, Spain is itself on the receiving end of a number of travel restrictions. Most border crossings with Portugal have been closed as of March 16.

DOMESTIC LOCKDOWN

On Mar 26 the Spanish Congress voted to extend the blockade of the country until Apr 11. The government has come under criticism for its delayed initial response, as mass demonstrations were still allowed until Mar 8, arguably resulting in a preventable spread of the virus, as nation-wide quarantine was not announced before Mar 15. Spaniards can only go to the food store, visit pharmacies, hospitals and banks. Almost all hotels have to be shut down by Mar 27. Non-essential commercial activities have been suspended, public

transportation services have been limited. Industrial enterprises have begun shutting down on their own, despite limited government measures in this regard. The upcoming April 5 elections in Galicia and the Basque country have been postponed, despite the fact that Spanish law does not provide for such a possibility.

MEASURES TO REDUCE LOSSES

SECTORAL SUPPORT

EUR 2.8bn has been allocated to regional governments with the aim of strengthening the health system and an additional EUR 1.0bn has been allotted to the Contingency Fund. All private health providers and their infrastructure have been temporarily put under public control. The government has also said it will invest EUR 30mn in the research of a vaccine against the coronavirus.

Export companies are able to rely on EUR 2.0bn in public guarantees through the Export Insurance Credit Company.

FISCAL RESPONSE

The EUR 200bn relief package announced by the Spanish government on March 17 consists of EUR 100bn in state guarantees aimed at ensuring liquidity for Spanish companies. Of these EUR 20bn have already been launched. The Spanish state will guarantee 80% of the risk associated with loans to SMEs (up to EUR 10bn), as well as 70% of risk for new loans to other companies and 60% of the risk for refinancing deals. The remaining EUR 80bn in guarantees will be released once the initial package has been allocated.

Appart from the EUR 100bn in loan guarantees, an additional EUR 17bn was allocated to support the most affected individuals and companies and the rest of the EUR 200bn is private-sector participation.

The "social shield" eases the conditions for access to Temporary Employment Adjustment Schemes (ERTEs), while SMEs who continue operating without shedding personnel are exempt from paying social security contributions. It has to be noted that the government's initial plan foresees the enrollment of about 2mn workers under ERTes - a number which is likely to be exceeded by end-March.

EUR 600mn were allocated for the provision of basic social services by regional governments and local authorities

The royal decree also foresees a moratorium on mortgage payments for affected workers and the self-employed and introduces a ban on the suspension of provision of basic utilities such as water, electricity and gas. Evictions are suspended and a temporary moratorium on rent payments is currently being discussed.

Workers who have to take care of dependent relatives are free to reduce their working time by as much as 100%, basically meaning that they will be able to balance their schedule as they see fit and without prior notice.

On Mar 31 the government announced additional measures among which a ban on evictions and a EUR 700mn fund for rent support; mortgage payment moratorium was extended to cover additional cases

Additional support measures for newly unemployed temporary workers and tax deferrals for the self-employed, subject to conditions such as continued activity

Source: CEEMarketwatch

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Recent developments:

- [Spanish government may have to contemplate stricter measures, more stimulus, Mar 26, 10:30](#)
- [Government's delayed response may cost Spain in coronavirus crisis, Mar 19, 12:07](#)

INDIA

RBI steps in to mitigate impact of Covid-19 pandemic

India | Apr 02, 13:17

- **Number of positive cases to exponentially rise after thousands of people at a congregation may have been infected**
- **The RBI announced a series of supportive liquidity and regulatory measures to complement the rate**

cuts

- **Economists forecast India's economic growth to slowdown to 2.5 - 3.6% in FY21**

Although the number of positive coronavirus cases in India is relatively low (in terms of cases per capita); however, it may drastically change after scores of people may have been infected during a religious congregation attended by thousands last month in Delhi. Moreover, in a bid to contain the spread of virus, the central government has asked states to seal their respective borders to stop the large-scale movement of jobless migrant workers, which was triggered by the imposition of 21-day nationwide lockdown.

On the monetary fund, the RBI cut repo rate by 75bps to the lowest level since Mar 2010 to 4.40% at an emergency meeting. It also cut the reverse repo rate by an asymmetrical 90bps to 4.0%, so as to disincentivize banks from parking excess liquidity with the central bank. The RBI also announced a series of supportive liquidity and regulatory measures to complement the rate cuts aimed at reducing stress in the financial markets. Moreover, it introduced relief measures for exporters as well as raised ways and means advances for central and state/Union Territory governments; thus, allowing them to borrow more to manage finances.

The government created a fund after the PM office reportedly received innumerable requests for making donations to support the government in the fight against the pandemic. Economists forecast India's economic growth to slowdown to 2.5 - 3.6% in FY21.

COVID-19 measures

MEASURES TO CONTAIN THE SPREAD

DOMESTIC LOCKDOWN

Central government asked states to seal their respective borders to stop the movement of migrant workers. Nationwide lockdown remains in place till Apr 15th with only essential services allowed to operate

MEASURES TO REDUCE LOSSES

FISCAL RESPONSE

Govt created a fund to receive donation from public. This came after the government announced INR 1.7tn fiscal stimulus package last week

MONETARY RESPONSE

RBI cuts repo rate by 75bps to 4.40%

RBI cuts reverse repo rate by 90bps to 4.0%

RBI to conduct INR 1tn in TLTRO of upto 3-year tenor at policy rate, provided that banks deploy the funds in corporate bonds

RBI reduced the cash reserve ratio (CRR) for one year by 100bps to 3%

Liquidity under the Marginal Standing Facility (MSF) has been raised by 1pps to 3% of deposits

All lending institutions to allow a moratorium of three months on all term loans

Interest payment on working capital loans deferred for the same duration

Deadline for realization and repatriation period of export proceeds extended to 15 months from nine months at present

Ways and means advances (WMA) limit for the central government raised to INR 1.2tn for H1 FY21

WMA limit for all states/UTs increased by 30% from existing threshold

Source: Media reports, RBI

Recent developments:

- [Govt unveils relief package to help poor through nationwide lockdown, Mar 26, 13:35](#)
- [Govt restricts overseas travel, RBI conducts USD sell/buy swap, Mar 19, 13:36](#)

INDONESIA

Govt declares healthcare emergency, approves third fiscal stimulus package

Indonesia | Apr 02, 13:27

- **Police to enforce stricter social distancing rules, but no lockdown yet**
- **IDR 150tn to finance loans to SMEs, IDR 110tn to boost social safety net, IDR 75tn for healthcare and IDR 70.1tn for tax cuts and incentives**

The government declared a healthcare emergency and called for stricter social distancing in a bid to contain the coronavirus outbreak. Police will now enforce the strict social distancing measures, but the government once again refrained from imposing a full lockdown and called on regional governments not to impose lockdowns of their own.

On the fiscal front, the government approved the third fiscal stimulus package, worth IDR 405.1tn which is much bigger than the initial expectations for IDR 60-70tn support. The biggest part of the third package (IDR 150tn) will finance loans and credit restructuring of SMEs, followed by IDR 110tn for the social safety net (free electricity for the poorest households, bigger spending on other social welfare programmes), IDR 75tn for healthcare spending and IDR 70.1tn for tax cuts and incentives (3pp corporate tax cut, tax deferral for certain employees with income below IDR 200mn per year).

Measures against COVID-19

Measures to contain spread

International travel	Travel ban to/from China, Iran, South Korea, Spain, Germany, the UK, Italy and France. Quarantine for all Indonesians returning from abroad.
Domestic lockdown	No lockdown yet. The president declared healthcare emergency and called for social distancing and work from home. Jakarta has partial lockdown - closed schools and entertainment/sport venues. Several regions have also taken restriction measures themselves.

Measures to reduce losses:

Fiscal response	Three fiscal stimulus packages (IDR 10.3tn, IDR 22.9tn and IDR 405.1tn), targeted at tourism, health, manufacturing and low-income households. Govt also to issue recovery bonds to fund troubled SMEs - Bank Indonesia to purchase them from Treasury. The third fiscal stimulus package includes IDR 150tn financing for SMEs, IDR 110tn social safety net (incl. free electricity for the poorest households), IDR 75tn for healthcare system and IDR 70.1tn for tax cuts (incl. a 3pp corporate tax cut).
Monetary response	Bank Indonesia cut the key rate twice (50bps cumulatively), eased FX and rupiah reserve requirements, increased daily interventions to stabilise rupiah (IDR 300tn intervention ytd). Financial watchdog relaxed NPL criteria.

[Ask the editor](#)[Back to contents](#)**Recent developments:**

- [Govt to raise fiscal deficit cap, Jakarta in partial lockdown, Mar 26, 13:57](#)
- [Govt focuses on economic response to COVID-19, containment efforts remain weak, Mar 19, 13:46](#)

SOUTH KOREA**Cash handouts for 14mn households, BOK auctions, school starts online – wrap-up**

South Korea | Apr 02, 13:34

- **Cash handouts to households to cost some KRW 9.1tn**
- **Government imposes 14-day quarantine on all arrivals**
- **School to start new year on Apr 9 with online classes**

The government approved cash handouts to some 14mn households or those within the 70th percentile for income in this week's emergency economic council on Monday (Mar 30). The cash handouts will be financed through a supplementary budget that will be tabled for parliamentary approval after the April 15 election. The emergency relief payments will reach up to KRW 1mn for four-person households and will decrease to KRW 400,000 for single-person households. At the same time, the government pledged to allow low-income families, small-shop owners and the self-employed to pay reduced fees or delay payments for the four social insurance funds and for electricity.

Meanwhile, BOK offered up to USD 12bn liquidity to local banks in 84-day and 7-day facilities from the first batch of the USD 60bn swap deal with the Fed, of which only USD 8.7bn was used by them at an auction on Mar 31. Thus, the USD crunch seems to be abating for local banks. In addition, the BOK purchased KRW 5.2tn of eligible bonds from banks under a new unlimited repo facility on Apr 2.

In terms of containment measures, the government introduced a mandatory 14-day quarantine for all foreign arrivals effective from Apr 1, extending the current entry restrictions that only affected US and EU arrivals. The government also said that the school year will start on Apr 9, but only with online classes. Thus, it is still uncertain when school will resume normal classes and the government said students must prepare for a prolonged outbreak.

Measures against COVID-19 in South Korea

Type	Explanation
Measures to contain spread of disease	
International travel	Entry of visitors from Hubei was banned starting from early February, but all other travellers faced little restrictions until March 22.
	All arrivals are required to undergo 14-day quarantine from Apr 1.
Domestic lockdown	Mayor of Daegu asks citizens not to go out of their homes after a large cluster of infections was found at Shincheonji Church

Public gatherings are not banned, but facilities are required to follow certain guidelines. Churches are required to keep at least 2 meters between attendees and check their temperature.

New school year to start on April 9, but only with online classes. Universities have also shifted to online classes only.

Measures to support the economy

Sectoral support

Government came up with measures to aid carmakers hurt by supply disruptions due to lockdown in Hubei province in early February.

Income tax cuts worth 50 percent given to landlords for rent reduction

Individuals given consumption tax cuts for car purchases.

Government pledged KRW 2.2tn to those directly hit by the outbreak.

Low interest rate loans made available for small enterprises and SMEs.

Vouchers issued to low income income groups.

FX market stability rules eased. FX Liquidity Coverage Ratio for banks reduced to 70% from 80%.

Cash handouts promised to some 14mn households, earning less than 70th income percentile.

Fiscal response

The government has approved a KRW 20tn COVID-19 support package and a KRW 11.7tn supplementary budget.

Additional KRW 9.1tn supplementary budget with emergency relief support to be approved after April 15

Monetary response

The BOK cut the Base Rate by 50bps to a record low of 0.75% on Mar 18.

BOK decided to provide "unlimited liquidity" to banks for a period of 3 months.

Range of securities and counterparties permitted to participate in repo operations expanded.

Fed and BOK signed USD 60bn currency swap deal.

BOK provides USD 8.7bn liquidity to local banks out of USD 12bn available on Mar 31

BOK purchases KRW 5.2tn bonds under a 91-day repo facility in which all bids were met on Apr 2.

Source: CEEMarketWatch

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Recent developments:

- [BOK provides unlimited liquidity through repos, FX market rules eased, Mar 26, 13:19](#)
- [Korea leads efforts to contain virus, but economic response remains lacklustre, Mar 19, 13:16](#)

MALAYSIA

Govt announces MYR 230bn stimulus package, movement controls tightened – wrap-up

Malaysia | Apr 02, 11:47

- **New stimulus package to cost budget some MYR 25bn**
- **FinMin estimates a relatively small deficit increase to 4.0% of GDP**

The government announced a massive MYR 230bn second stimulus package on Mar 27, increasing the total support that will be provided to the economy to MYR 250bn (USD 57.6bn or 16% of GDP) including the MYR 20bn first stimulus package announced by PM Mahathir in early March. The stimulus package will provide MYR 100bn

support to businesses and MYR 128bn for welfare. The measures in the package are mostly one-off, so they won't impact the deficit in the long-term. The government is expected to fund the package with a MYR 25bn contribution from the budget, while everything else should be off-budget. Thus, FinMin Tengku Zafrul estimated that the budget deficit will increase to 4.0% of GDP after the outbreak compared to a 3.2% of GDP targeted prior to the COVID-19 pandemic and 3.4% of GDP after former PM Mahathir presented the first MYR 20bn stimulus package.

In terms of containment measures, the government restricted movement further in the second phase of the movement control order (MCO) which started on Apr 1 and will last until Apr 14 at least. For instance, individuals are not allowed to travel more than 10km from their homes and all travel should be carried out alone, i.e. one person per car. At the same time, the government said that it allowed some 4,000 firms (out of 10,000 requests) to operate under the movement control order even though they are so-called non-essential businesses.

Finally, the number of new COVID-19 cases in Malaysia has started to flatten over the past couple of weeks as they have stayed in the 140-240 range ever since the Mar 18 MCO was implemented. The government also managed to expand the testing capacity to 11,000 a day as of Apr 1 from 3,500 when the COVID-19 outbreak started. The government plans to eventually raise the testing capacity to 16,500/day in laboratories only and augment it with anti-gen rapid testing kits. In addition, the WHO predicted that the peak of the coronavirus infections will be in mid-April and commended Malaysia for the actions it is taking.

Measures against COVID-19 in Malaysia

Type	Explanation
Measures to contain spread of disease	
International travel	Travelling abroad is forbidden except in cases of Malaysians working in Singapore who are allowed to leave, but not return to the country until lockdown is lifted.
	Inbound travellers are required to undergo a 14-day quarantine period.
	Air flights have been significantly reduced in number, but planes still arriving in Kuala Lumpur.
Domestic lockdown	Movement Control Order is in effect from Mar 18 until Apr 14. All public gatherings, religious events are banned. Non-essential businesses and schools are closed.
	Interstate travel is banned with very few exceptions. Individuals allowed to travel only up to 10km from home.
	Military starts helping with enforcement of Movement Control Order from Mar 22.
	Government has announced plans to expand testing capacity significantly to 16,500 tests/day, which can potentially reduce the need for a lockdown. As of Apr 1 testing capacity stood at 11,000/day.
Measures to support the economy	
Sectoral support	BNM orders a six-month moratorium on household and SME loans.
	BNM allows banks to use up their capital buffers in order to cope with the bank loan moratorium.
	Government cuts electricity price by 15% for hotels, travel agencies, airlines and shopping malls until Sep 2020.
	Vouchers worth MYR 500 provided for domestic tourism and tourism promotion.
	Workers receive personal income tax relief of MYR 1,000 for domestic tourism expenditure.
	One-off cash payments given to drivers (MYR 600), pensioners (MYR 600), civil servants (MYR 500), students (MYR 200).
	Special MYR 600 monthly allowance is given to medical workers. Police, armed forces, immigration and front line staff receive MYR 200 per month.
	Workers allowed to withdraw MYR 500/month from EPF accounts to finance current expenditure.
Student loan payments from PTPTN programme deferred for 6 months.	

Electricity prices slashed by 2% to support households, businesses.

Electricity rebates up to 50% given in second stimulus package.

Allowance worth MYR 600 provided to workers taking unpaid leave.

Cash handouts worth MYR 10bn given to lower and middle income households.

Wage subsidies given to companies that have suffered more than 50% drop in revenues due to the coronavirus, affecting 3.3mn workers.

Fiscal response

Former PM Mahathir announced stimulus measures worth MYR 20bn on Feb 27, raising deficit to 3.4% of GDP from 3.2% of GDP.

PM Muhyiddin announced MYR 230bn stimulus package on Mar 27, of which MYR 100bn is aimed at firms and MYR 128bn at households.

Second stimulus package to be funded by MYR 25bn contribution from budget, FinMin says budget deficit to rise to 4.0% of GDP in 2020.

Monetary response

BNM governor says on Feb 12 it has ample room to respond to slowdown.

BNM cuts OPR by 25bps to 2.50% on Mar 3, expresses concerns over coronavirus. In total, there have been two 25bps cuts in 2020.

BNM cuts SRR by 1pp to 2%, allows banks to use government bonds in order to comply with SRR. Measure to release MYR 30bn liquidity into banking system.

Source: CEEMW

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Recent developments:

- [Government extends MCO until Apr 14, BNM orders six-month bank loan moratorium, Mar 26, 11:37](#)
- [Government implements movement control order, BNM continues to ease, Mar 19, 13:50](#)

PAKISTAN

Govt extends restrictions as Covid-19 cases remain highest in South Asia

Pakistan | Apr 02, 13:01

- **Goods transport, certain industries manufacturing basic necessities as well as essential services will continue to operate**
- **PIA has been allowed to resume partial international operations to repatriate Pakistanis stuck abroad**
- **Government seeks moratorium on its foreign debt repayments to multilateral creditors**
- **SBP announced a relief package**

The total number of positive coronavirus cases in Pakistan are the highest in South Asia. The government extended the restrictions imposed to contain the pandemic in the country for two more weeks till Apr 14. Goods transport, certain industries manufacturing basic necessities as well as essential services will continue to operate. However, PM Imran Khan again dismissed the idea of complete nationwide lockdown and urged the provincial governments against it. Moreover, the government also extended the suspension of all types of domestic flights till April 11. However, Pakistan International Airlines has been allowed to resume partial international operations to repatriate Pakistanis stuck in North America and Europe.

Furthermore, as the government's finances is likely to be hit amid the pandemic, it has officially reached out to the IMF for an additional bailout under the Fund's Rapid Financing Instrument (RFI) program, which could amount to USD 1.4bn. The government is also mulling seeking moratorium on its foreign debt repayments to multilateral creditors. On monetary front, the State Bank of Pakistan announced a relief package aimed at helping households and businesses to manage their finances during this phase.

COVID-19 measures

MEASURES TO CONTAIN SPREAD	
INTERNATIONAL TRAVEL	PIA has been allowed to resume partial international operations to repatriate Pakistanis abroad
DOMESTIC LOCKDOWN	Restrictions imposed to contain the pandemic got extended till Apr 14. However, good transport as well as certain industries manufacturing basic necessities will continue to operate. The government also extended the suspension of all types of domestic flights till April 11
MEASURES TO REDUCE LOSSES	
FISCAL RESPONSE	Government reached out to the IMF for an additional bailout under the Fund's RFI program Government also mulls seeking moratorium on its foreign debt repayments to multilateral creditors
MONETARY RESPONSE	Capital Conservation Buffer (CCB) reduced by 1pps to 1.50%, enabling banks to lend an additional amount of around PKR 800bn Regulatory retail limit permanently enhanced to PKR 180bn per SME to incentivize banks to provide additional loans to retail SMEs Debt Burden Ratio (DBR) for consumer loans reduced from 50% to 60% to enable households borrow more from banks SBP allowed lending institutions to defer the payment of principal on loans and advances by one year Relaxed the regulatory criteria for restructuring/rescheduling of loans

Source: Media reports, SBP

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Recent developments:

- [Govt, SBP joint effort to mitigate economic impact of Covid-19 pandemic, Mar 26, 12:54](#)
- [Govt seals borders, IMF relaxes fiscal deficit target, SBP cuts policy rate, Mar 19, 13:05](#)

PHILIPPINES

Govt works on SME stimulus package, raises funds selectively over past week

Philippines | Apr 02, 07:41

- **Govt directs all lenders to provide a 30-day grace period**
- **Wearing any type of face mask becomes mandatory**
- **Govt receives dividends, negotiates ADB funding, but rejects all bids for T-bills over high yields**

The government is working on a stimulus package and rehabilitation plan to support SMEs after the lockdown of Luzon, the BusinessWorld reported on Tuesday. The size of the package has not been decided yet. The [government ordered all lenders to provide a 30-day grace period](#) for all loans with principal and/or interest falling due during the lockdown of Luzon, the department of finance (DOF) said on Wednesday. As of Thursday, wearing any type of face mask became mandatory for individuals who leave their residences.

Several related developments involved efforts by the government to raise funding that is as cheap as possible. On Mar 26, the [BSP remitted PHP 20.0bn \(USD 391.3mn\) as advance partial dividend to the national government](#) to further support its fight against the COVID-19 outbreak. On Mar 27, Asian Development Bank (ADB) President Masatsugu Asakawa said that they would be ready with a big assistance package within weeks to help the Philippine government respond to the COVID-19 pandemic. For the time being, the ADB will extend three quick-disbursing, policy-based loans worth combined USD 1.1bn to support current government programmes, and a USD 500mn disaster resilience finance programme. The ADB also approved an emergency grant of USD 5mn to add to private sector donations for a food distribution programme. On Mar 30, the [department of transportation paid PHP 10.0bn in dividend contributions from three SOEs](#). At the same time, it should be noted that the Treasury rejected all bids at two T-bill auctions, on Mar 30 and Mar 31, due to high yields.

COVID-19 measures in the Philippines

Measures to contain spread:

International travel	Issuance of visas to foreigners stopped without exceptions
Domestic lockdown	Lockdown of the main island of Luzon Wearing any type of face mask became mandatory

Measures to reduce losses:

Fiscal response	Fiscal support package worth PHP 27.1bn
	Deadline for the filing of the 2019 annual income tax returns extended by a month
	Emergency subsidy for 18mn low-income families
	BSP buys PHP 300bn in government securities from Treasury
	Congress gives President Duterte special powers
	BSP remits PHP 20.0bn as advance partial dividend to the national government
	ADB to be ready with a big assistance package within weeks, lends USD 1.6bn for time being
	Department of transportation pays PHP 10.0bn in dividend contributions from three SOEs
Monetary response	Two policy rate cuts by the BSP so far this year – by 25bps on Feb 6 and by 50bps on Mar 19
	BSP cuts reserve requirement ratio for banks by 200bps
	Guidelines by the BSP encourage lenders to provide financial relief to their clients and employees affected by the outbreak
	SB Corp, MFIs grant one-month moratorium on loan payments Govt directs all lenders to provide a 30-day grace period

Source: CEEMarketWatch

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Recent developments:

- [Congress gives Duterte special powers, SB Corp, MFIs grant loan moratorium, Mar 26, 13:31](#)
- [Lockdown of Luzon followed by several other measures to tackle COVID-19, Mar 19, 12:03](#)

THAILAND

Govt imposes COVID-19 containment measures, mulls additional support measures

Thailand | Apr 02, 12:53

- **Govt blocks all travel to Thailand**
- **Govt to impose nationwide curfew starting Apr 3**
- **Govt will launch additional economic stimulus measures in April, deputy PM Somkid says**
- **Govt triples number of cash handout beneficiaries to 9mn**

The government has blocked all travel to Thailand, including by Thais, over the period Apr 2 - Apr 15. The ban does not apply to people who earlier sought permission to enter the country. The government is also expected to announce a nationwide curfew between 22:00 and 4:00 starting Apr 3, Reuters reported. There will be some exceptions to the curfew, such as the transport of medical supplies, movement of people into quarantine and movement of medical personnel. Previously, the Bangkok metropolitan administration had ordered all shops and street vendors to close from midnight until 5:00 in the morning. All public and private parks will also be closed, from Apr 2 to Apr 30, in a bid to prevent large gatherings. On Mar 31, the governor of Samut Prakan province ordered that all people wear face masks until Apr 30. Also on Tuesday, the governor of Sakon Nakhon province prohibited the sale of alcohol until Apr 16. The industry ministry said that the first batch of free washable face masks, 1mn out of 10mn, will be sent via post to households in Bangkok on Apr 8.

On Monday, deputy PM Somkid Jatusripitak announced that the government will launch additional economic stimulus measures in April. Also on Monday, Somkid vowed that the government will not allow the collapse of the ailing flag-carrier Thai Airways International Plc (THAI). The cabinet increased the number of people who would benefit from its cash handout programme to 9mn from 3mn initially planned. At the same time, the budget of this relief measure has not been changed and remains THB 45bn (USD 1.4bn), which means that funding is certain for only the first monthly payment of THB 5,000. For the following two months, the finance ministry will be expected to propose to the cabinet an appropriate source of funding.

COVID-19 measures in Thailand

Measures to contain spread:

International travel

All travel to Thailand blocked over the period Apr 2 – Apr 15

Domestic lockdown

A state of emergency began on Mar 26

The cabinet postponed the Songkran (Thai New Year) holiday

A nationwide curfew between 22:00 and 4:00 starts on Apr 3

All public and private parks in Bangkok will be closed from Apr 2 to Apr 30

The governor of Sakon Nakhon province prohibited the sale of alcohol until Apr 16

Measures to reduce losses:

Sectoral support

Measures for the tourism sector, including tax deductions, soft loans, slashing the excise tax on jet fuel for domestic flights

Fiscal response

The cabinet approved a THB 400bn stimulus package to mitigate the impact of the COVID-19 outbreak. The package includes targeted soft loans, financial relief to be provided by state-owned banks to affected clients, a temporary reduction of the withholding tax, deductions, etc.

The cabinet approved a second package of stimulus measures worth THB 117bn. The above amount includes cash handouts worth THB 45bn for 9mn workers

Filing deadlines for various taxes extended

Monetary response

Two 25bp policy rate cuts by the BOT so far this year – on Feb 5 and on Mar 20

The MinFin, the SEC and the BOT announce measures to stabilize the financial market and improve liquidity

The BOT has determined guidelines for minimum assistance that lenders must offer to debtors to decrease their financial burden effective Apr 1

Source: CEEMarketWatch

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Recent developments:

- [One-month state of emergency, THB 117bn package, other measures tackle COVID-19, Mar 26, 13:12](#)
- [Cabinet closes schools, universities, BOT appeals to banks, intervenes, Mar 19, 13:57](#)

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