

ECO FLASH

15 June 2020

COVID-19: Key measures taken by governments and central banks

Group Economic Research

- Major economic policy responses have been introduced to try to attenuate the impact of the Covid-19 pandemic on the economy.
- This document reviews the key measures taken by central banks and governments in a large number of countries as well as those taken by international organisations.
- It includes measures that were introduced through 15 June. It will be updated regularly.

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Reopening plans



ECONOMIC RESEARCH DEPARTMENT



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Key central banks measures

US Federal Reserve (Fed)

- **Monetary policy measures:**

- Fed funds target rate:
15 March: the Fed funds target rate was cut by 100 basis points (bp), to a range of 0-0.25% (effective 16 March).
- Discount rate:
15 March: the discount rate was cut by 150 bp to 0.25% (effective 16 March), narrowing the spread with the Fed funds target rate by 50bp. Borrowing through the discount window was extended to periods as long as 90 days, prepayable and renewable by the borrower on a daily basis.
- Reserve rates:
15 March: Interest on Reserves (IOR) and Interest on Excess Reserves (IOER) were lowered to 0.1% (effective 16 March).
- Required reserve ratio:
15 March: the required reserve ratio was cut to 0% (effective 26 March).
- Quantitative Easing (QE):
 - 15 March: a new round of quantitative easing with securities purchases of at least USD 700 bn over the months ahead, including USD 500 bn in Treasury securities and USD 200 bn in agency mortgage-backed securities (effective 16 March). All principal payments from the Fed's holdings of Treasuries, agency debt and agency MBS will be fully reinvested in Treasuries and agency mortgage-backed securities.
 - 23 March: The Federal Open Market Committee (FOMC) will purchase Treasury securities and agency mortgage-backed securities (MBS) in the amounts needed to support the smooth functioning of the markets and effective transmission of monetary policy to broader financial and economic conditions. The agency MBS purchasing programme is extended to include agency commercial mortgage-backed securities (CMBS) issued by or guaranteed by one of the national mortgage associations (effective 23 March).
- Repurchase agreements (repo):
 - 15 March: continuation of regular term and overnight repurchase agreement operations. One to two overnight repo operations of at least USD 175 bn will be conducted daily, in addition to those conducted on a weekly basis: two 14-day operations of USD 45 bn each, one 1-month operation of USD 500 bn and one 3-month operation of USD 500 bn. According to the timetable announced so far, the Fed intends to use this mechanism to inject additional central bank liquidity of up to USD 5,855 bn through 9–10 April.
 - 17 March: two overnight operations of USD 500 bn each will be conducted daily, at least through 20 March (in addition to the previously announced term operations).
 - 20 March: extension of measures pertaining to overnight operations at least through 13 April (two overnight operations will be held daily, for USD 500 bn each).
 - 13 April: with the normalisation of repo market conditions, the Fed as decided to reduce the frequency of its operations with primary dealers as of 4 May. Only 1 overnight operation of USD 500 bn will be proposed each day (down from 2 previously). In addition, a 3-month operation of USD 500 bn will be conducted every two weeks (as opposed to once a week previously). The frequency of its 1-month operation was not changed (USD 500 bn, once a week).
- Commercial Paper Funding Facility (CPFF):
 - 17 March: the Commercial Paper Funding Facility will be reactivated at least through 17 March 2021. The Fed created a Special Purpose Vehicle (SPV) that it has supplied with liquidity. The SPV purchases USD-denominated commercial paper from American issuers with the highest credit ratings (at least A-1/P-1/F-1). The maximum amount of a single issuer's commercial paper that the SPV may own at any time will be the greatest amount of commercial paper the issuer had outstanding on any day between 16 March 2019 and 16 March 2020. The price is set at the overnight index swap rate (OIS)+200bp. The SPV would be allowed to conduct a one-time purchase of commercial paper by issuers with a rating of at least A-2/P-2/F-2 at an unspecified price. The Treasury will cover any initial losses of up to USD 10 bn.
 - 23 March: The SPV will be allowed to purchase municipal bonds. Change in pricing: for commercial paper with an A-1/P-1/F-1 rating, the price is set at OIS+110 bp; for A-2/P-2/F-2 ratings, the price is set at OIS+200 bp.
- Primary Dealer Credit Facility (PDCF):
 - 17 March: the Primary Dealer Credit Facility will be reactivated for at least 6 months. Through this facility, the Fed provides guaranteed loans to primary dealers through their clearing bank at the discount rate (0.25% since Monday, 16 March). Loans have a term of up to 90 days and can be prepaid at any time. This facility expands the range of collateral that can be used to obtain central bank liquidity. In addition to collateral eligible for pledge in open market operations (Treasury securities, debt securities and agency MBS), collateral eligible for pledge under the PDCF includes a range of investment grade securities (at least BBB-), including corporate debt securities, international agency securities, commercial paper, municipal securities, mortgage-backed securities and asset-backed securities (only AAA-rated securities are accepted for CMBS, CLO and CDO), plus equity securities (with the exception of rights and

warrants, mutual funds, unit investment trusts and exchange traded funds). Pledged collateral will be valued by the Bank of New York Mellon.

- Money Market Mutual Fund Liquidity Facility (MMLF):
 - 18 March: the Money Market Mutual Fund Liquidity Facility was reactivated until at least 30 September 2020. Under this facility, the Federal Reserve Bank of Boston provides secured lending to banks (all US depository institutions, US bank holding companies, and the US branches and agencies of foreign banks). The maturity date of an advance will equal the maturity date of the eligible collateral pledged to secure the advance (although in no case will the maturity date exceed 12 months). Eligible collateral under the Facility are assets purchased from money market funds: US Treasuries, securities and MBS issued by Government Sponsored Entities (loans at the discount rate; collateral is valued at amortized cost or fair value); ABCP and unsecured commercial paper issued by a US issuer with a short-term rating at the time purchased from the MMF or pledged to the Reserve Bank with a rating no lower than A-1/F-1/P-1 (loans at 100 bp over the discount rate; the collateral valuation will be amortized cost). The Treasury, using the Exchange Stabilization Fund, will provide USD 10 bn as credit protection to the Reserve Bank. Advances are made without recourse: the borrower does not assume the credit risk associated with the collateral.
 - 20 March: the range of collateral eligible as part of the MMLF was expanded to include short-term municipal bonds with a maturity of no more than 12 months and with a good credit rating (advances will be made at the discount rate + 25 bp; the collateral valuation will be amortized cost).
 - 23 March: the range of collateral eligible as part of the MMLF was expanded to include municipal variable rate demand notes (VRDN) and certificates of deposit.
- Primary Market Corporate Credit Facility (PMCCF):
 - 23 March: the Primary Market Corporate Credit Facility will be activated at least through 20 September 2020. The Federal Reserve Bank of New York will commit to lend to a special purpose vehicle (SPV) that will purchase qualifying bonds directly from eligible issuers (i.e. with a good rating) and to provide loans to eligible issuers. The Treasury will make a USD 10 bn equity investment in the SPV. SPV counterparties must have a rating of at least BBB-/Baa3, and the maturity of the bonds or loans granted by the SPV must not exceed 4 years. For each eligible issuer, the maximum amount of outstanding bonds or loans borrowed from the SPV may not exceed the applicable percentage of the issuer's maximum outstanding bonds and loans on any day between 22 March 2019 and 22 March 2020: 140% for companies with an AAA/Aaa rating from a major rating agency, 130% for those with an AA/Aa rating, 120% for those with a A/A rating, and 110% for those with a BBB/Baa rating. Bonds and loans under the SPV will be callable by the eligible issuer at any time.
- Secondary Market Corporate Credit Facility (SMCCF):
 - 23 March: the Secondary Market Corporate Credit Facility will be activated at least through 20 September 2020. The Federal Reserve of New York will lend to a special purpose vehicle (SPV) that will purchase in the secondary market corporate debt issued by eligible American issuers (i.e. those with a good credit rating). The SPV will also purchase eligible investment-grade corporate bond portfolios in the form of exchange traded funds. The Treasury will make an equity investment of USD 10 bn in the SPV. Issuers must have a rating of at least BBB-/Baa3, and the maturity of securities purchased by the SPV must not exceed 5 years. For any eligible issuer, the maximum amount of bonds that the SPV will purchase will be capped at 10% of the issuer's maximum bonds outstanding on any day between 22 March 2019 and 22 March 2020. The SPV may not purchase more than 20% of the assets of any particular ETF (as of 22 March 2020). Eligible bonds will be purchased at fair market value in the secondary market. The SPV will not purchase shares of ETF when they trade at prices that materially exceed the estimated NAV of the underlying portfolio.
- Term Asset-Backed Securities Loan Facility (TALF):
 - 23 March: the Term Asset-Backed Securities Loan Facility will be reactivated at least through 30 September 2020. This facility aims to facilitate the issuance of ABS backed by newly originated consumer and small business loans. The Federal Reserve Bank of New York lends to a special purpose vehicle (SPV), which will make available up to USD 100 billion of loans that will have a term of three years, will be nonrecourse to the borrower, and fully secured by eligible ABS. The Treasury will make an equity investment of USD 10 bn in the SPV. All US companies that maintain an account relationship with a primary dealer are eligible to borrow under the TALF. The not-synthetic ABS used as collateral must have an AAA credit rating, must be issued on or after 23 March 2020 and have an underlying credit exposure to auto loans, student loans, credit card receivables, small business loans guaranteed by the Small Business Administration (SBA) and certain other types of loans. For eligible ABS with underlying credit exposures that do not have a government guarantee, the interest rate will be 100 bp over the 2-year LIBOR swap rate for securities with a weighted average life of less than two years, or 100 bp over the 3-year LIBOR swap rate for securities with a weighted average life of two years or greater. The pricing of other eligible ABS will be set forth at a later



date. The SPV will assess an administrative fee equal to 10 bp of the loan amount. TALF loans will be pre-payable in whole or in part.

- 9 April: The Primary and Secondary Market Corporate Credit Facilities (PMCCF and SMCCF) as well as the Term Asset-Backed Securities Loan Facility (TALF) were expanded. These three programmes will now support up to USD 850 bn in credit (vs USD 300 bn announced on 23 March). The Treasury will provide loan protection of USD 50 bn and USD 25 bn, respectively, on the PMCCF and SMCCF (up from USD 10 bn each initially). The PMCCF and SMCCF purchasing programmes were raised to USD 500 bn and USD 250 bn, respectively, from USD 100 bn each initially. The size of TALF will remain at USD 100 bn.

Under the PMCCF, the SPV can now purchase qualifying bonds as the sole investor in a bond issuance. It can also purchase portions of syndicated loans or bonds of eligible issuers at issuance (up to 25% of any loan syndication or bond issuance) as long as they are issued by an eligible issuer and have a maturity of 4 years or less. The maximum amount of outstanding bonds or loans of an eligible issuer that borrows from the facility may not exceed 130% of the issuer's maximum outstanding bonds and loans on any day between 22 March 2019 and 22 March 2020. Issuers rated at least BBB-/Baa3 at 22 March (before the Facility was set up) and that are subsequently downgraded by no more than 3 notches to speculative grade (BB-/Ba3) will still be eligible for PMCCF.

Under the SMCCF, the SPV will also be able to purchase eligible speculative grade individual corporate bonds as well as eligible corporate bond portfolios in the form of exchange traded funds (ETFs). Issuers rated at least BBB-/Baa3 at 22 March (before the Facility was set up) and that are subsequently downgraded by no more than 3 notches to speculative grade (BB-/Ba3) will still be eligible for SMCCF. The preponderance of ETF holdings will be of ETFs that are mainly exposed to US investment grade corporate bonds, but can also hold EFTs whose primary investment objective is exposure to US high-yield corporate bonds.

For each issuer, the maximum amount of instruments purchased as part of PMCCF and SMCCF combined is capped at 1.5 percent of the combined potential size of the two facilities.

Under TALF, the range of assets that are eligible as collateral is broadened. TALF-eligible collateral will now include asset-backed securities with underlying credit exposures to household and small business loans, leveraged loans, and commercial mortgage (CMBS). ABS must have been issued after 23 March, with the exception of CMBS (the SPV will only accept as collateral CMBS issued prior to 23 March).

- Paycheck Protection Program Liquidity Facility (PPPLF):
 - 9 April: The Paycheck Protection Program Liquidity Facility (PPPLF) was set up at least through 30 September 2020. The PPPLF will supply liquidity to participating banks that

provide loans to small businesses under the Paycheck Protection Program established by the CARES Act. The principal amount and maturity date of extensions of credit under the Facility to banks originating PPP loans will be equal to that of the PPP loan pledged as collateral. The maturity date of the Facility's extension of credit will be accelerated if the underlying PPP loan goes into default and the eligible borrower sells the PPP Loan to the SBA to realize on the SBA guarantee, or in case of loan forgiveness by the SBA. Extensions of credit under the Facility will be made at a rate of 0.35%. The Facility charges no commissions. There are no quantified limits to the Facility, which does not receive any financial contributions from the Treasury, since lending is already guaranteed by the Federal government via the SBA.

- 30 April: the Fed expanded access to the Paycheck Protection Program Liquidity Facility to all financial institutions approved by the Small Business Administration. In addition to banks and credit unions, non-depository institutions specialising in the financing of agriculture or communities in economic distress and some fintech companies will now also be eligible. The range of collateral has also been expanded. The programme will allow eligible institutions to obtain liquidity in exchange for PPP loans (guaranteed by the SBA) that they have originated themselves or purchased from other institutions.

- Main Street Lending Facility (MSLF):

- 9 April: The Main Street Lending Facility (MSLF) was established at least through 30 September 2020. The MSLF will offer 4-year loans to SME. Through a Special Purpose Vehicle (SPV), the Fed will purchase up to USD 600 bn in loans granted by financial institutions to companies employing up to 10,000 workers or with 2019 revenues of less than USD 2.5 bn. The US Treasury will provide USD 75 bn in equity to the facility. The MSLF has two components: the Main Street New Lending Facility (MSNLF), which will cover new loan production (loans granted after 8 April), and the Main Street Enhanced Lending Facility (MSELF), which will enable banks to offload loans issued prior to 8 April. The SPV will purchase a 95% participation (the originating banks will retain a 5% share). The SPV and the eligible bank will share credit risk on a pari passu basis. An SME benefiting from MSNLF will not be able to participate in MSELF or PMCCF. SMEs must demonstrate that they are resorting to the Facility due to exceptional circumstances pertaining to the Covid-19 pandemic and are taking the necessary measures to keep their workers on the payroll.

- 30 April: the Fed relaxed access conditions for its Main Street Lending Program. The scope of eligible businesses was extended to include companies with up to 15,000 employees or up to

USD 5 bn in revenue in 2019 (from 10,000 employees and USD 2.5 bn previously), and to include charities, cooperatives, fiduciary companies and joint ventures with minority foreign shareholders. Lending details have been modified as follows:

- under the MSNLF, the minimum value of loans that can be transferred to the SPV has been halved to USD 500,000, whilst the definition of the ceiling value has not been changed (the lower of USD 25 million and 4 times adjusted EBITDA);
- under the MSELF, the minimum value of loans has been increased to USD 10 million (from USD 1 million previously) whilst the maximum amount has been increased (the lower of USD 200 million, 35% of undrawn credit lines or 6 times adjusted EBITDA);
- a new compartment has been created, dedicated to the most heavily indebted companies (Main Street Priority Loan Facility, or MSPLF). Under MSPLF, the originating bank must retain 15% of the loan, compared to 5% under the other two strands of the programme (MSNLF and MSELF).

Lending rates are now indexed on Libor, with a 300 bp premium. The definition of EBITDA is aligned to that used by banks during previous transactions with the same companies or companies in the same sector. The programme continues to exclude companies with primary or secondary market corporate credit facilities (PMCCF and SMCCF) and those receiving direct support from the federal government under its support measures. However, MSLP loans can be combined with PPP loans. The MSLP programme is likely to be activated in the very near future.

- 8 June: The Fed revised the terms of its Main Street Lending Program (MSLP), the facility that supports lending to businesses. MSLP is comprised of three parts: the Main Street New Loan Facility (MSNLF) purchases new corporate loans through a special purpose vehicle (SPV) with the Federal Reserve Bank of Boston; the Main Street Priority Loan Facility (MSPLF) is reserved for new loans to heavily-indebted companies; and the Main Street Expanded Loan Facility (MSELF) is reserved for the extension of loans granted prior to 24 April.
- The range of loans outstanding (the minimum and maximum loan size) eligible for transfer to the SPV was expanded. For MSNLF and MSPLF, the minimum loan size was lowered from USD 500,000 to USD 250,000. For MSNLF, MSPLF and MSELF, respectively, the maximum loan amount was raised to USD 35 million, USD 50 million, and USD 300 million. Loan terms were increased to 5 years (vs 4 years previously); principal payments were delayed for two years (vs 1 year previously), and loan payment schedules were standardised for the three facilities. Lastly, risk-sharing rules between loan originators and the Fed were harmonised. Like other types of operations, banks off-loading Priority Loans to the SPV will continue to hold 5% of the loan (down from a previous risk retention rate of 15%).
- Municipal Lending Facility (MLF):
 - 9 April: The Municipal Lending Facility was set up at least through 30 September 2020. Through a Special Purpose Vehicle (SPV), the Fed will purchase short-term notes (less than 1 year) directly from US states and the most populated municipalities and counties. The SPV can purchase up to USD 500 bn in muni bonds. The Treasury will make a USD 35 bn capital investment in the SPV. Purchases will be capped at an aggregate amount of 20% of the revenues of each local government. The cost will depend on the borrower's rating. There has been strong demand from Congress for the Fed to take action in the muni bond market.
 - 27 April: the Fed expanded and extended the Municipal Lending Facility. In addition to the 50 states and the District of Columbia, this programme is now available to counties with more than 500,000 inhabitants (from 2 million on 9 April) and cities of more than 250,000 inhabitants (from 1 million on 9 April). This change in the thresholds increased the number of eligible local authorities from 76 to 261. The scope of securities eligible for purchase by the SPV was extended to include bonds issued by multistate issuers. The maturity of eligible debt has been increased from 24 to 36 months. The programme end date has been pushed back by 3 months to 31 December 2020. The facility is available only to issuers who had an investment grade rating prior to 9 April (minimum rating of BBB-).
 - 03/06: 03/06: the Fed has relaxed the qualification criteria for the Municipal Lending Facility (MLF, its programme for purchasing local authority debt on the primary market). At least two local authorities (city/county) will qualify per state, irrespective of the number of inhabitants. The Governors of each state can also designate two issuers whose revenues are generally derived from operating government activities (revenue bond issuers) such as public transit, airports, toll facilities, and utilities. This change will increase the number of issuers eligible for the MLF from 260 to 380.
- US dollar liquidity swap line arrangements:
 - 15 March: the cost of swap arrangements between six central banks (the Fed, ECB, BoE, BoJ, BNS, and BoC) was reduced by 25 bp to OIS+25 bp. USD-denominated loans in each jurisdiction were extended for 84 days (1-week operations were maintained). Decisions are effective the week of 16 March.
 - 19 March: the Fed announced that it was establishing temporary USD liquidity arrangements (swap lines) for at least the next 6 months with an expanded list of central banks for an amount of up to USD 60 bn each for the Reserve Bank of Australia, the Banco Central do Brasil, the Bank of Korea, the Banco de Mexico, the Monetary Authority of Singapore, and the Sveriges Riksbank, and for up to USD 30 bn each for the Danmarks Nationalbank, the



- Norges Bank, and the Reserve Bank of New Zealand.
- 20 March: the Fed, ECB, BoJ, BoE, BoC and BNS made a coordinated decision to increase the frequency of USD financing operations to banks in their jurisdiction: 7-day liquidity could be provided daily from 23 March through at least the end of April (currently on a weekly basis). Weekly 84-day operations (effective since 16 March) were maintained.
- FIMA repo facility:
 - 31 March: the Fed announced that beginning on 6 April and for a period of at least six months it will conduct overnight repurchase agreements to exchange US Treasuries with foreign central banks and international monetary authorities (FIMA) that are FIMA account holders with the Federal Reserve Bank of New York. The transactions will be conducted at IOER (0.1% since 16 March) + 25 bp. The FIMA Repo Facility aims to prevent the risk of massive selling of US Treasuries by foreign central banks (notably by those without access to USD swap lines) in order to provide USD liquidity to banks in their jurisdictions. In January 2020, foreign central banks held more than USD 4,000 bn in US Treasury securities (a quarter of the USD 16,000 bn in Treasuries outstanding).
- **Regulatory measures:**
 - 15 March: equity capital and liquidity requirements were eased. The three bank regulators (Fed, FDIC and OCC) encourage banks to use their capital and liquidity buffers to help finance the economy. In terms of weighted capital requirements, this easing probably concerns the equity capital conservation buffer, and possibly the GSIB capital surcharge (the countercyclical buffer is set at 0% in the United States). So far, no announcements have been made concerning the comprehensive capital and analysis review (CCAR 2020).
 - 19 March: the three bank regulators (Fed, FDIC, OCC) will neutralise the impact of MMLF participation on a bank holding company or depository institution in terms of weighted equity capital requirements and leverage requirements. The following will be excluded from the calculation of prudential ratios: assets serving as collateral for MMLF and assets purchased as of 18 March from an MMF to be used as collateral within the framework of MMLF (once the facility opens).
 - 22 March: the regulators (Fed, FDIC, NCUA, OCC, CFPB, CSBS) encourage banks to be flexible with customers having difficulties honouring their debt. Jointly with the authority in charge of US GAAP (FASB), the regulators specified that modifications in loan conditions (deferred payment, exoneration of fees, and extension of repayment periods) due to the pandemic will not automatically be recognised as troubled debt restructuring (TDR). A deferred payment will not be considered as a late payment. Loans whose conditions have been eased can be used as collateral at the Fed's discount window. This measure eases the accounting and prudential frameworks (provisions and equity capital, respectively).
 - 27 March: the Fed, the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) issued a rule that allows major banks to mitigate the effects the Current Expected Credit Loss (CECL) accounting standard in their regulatory capital for up to two years, in addition to the 3-year transition period already in place. The CARES Act, enacted on the same day, allows banks to delay the implementation of the new accounting methodology for Current Expected Credit Losses (CECL) (section 4014) to the earlier of 31 December 2020 or termination of the COVID-19 national emergency, and lowers the Community Bank Leverage Ratio (CBLR) to 8%, from 9% (section 4012).
 - 27 March: The federal banking regulators also issued a statement authorising the early adoption of the new methodology on how banks measure counterparty risk derivatives contracts for the Q1 reporting period. The Standardised Approach for Measuring Counterparty Credit Risk (SA-CCR), which was finalised in November 2019 with an effective date of 1 April, is considered to be more favourable for calculating risk-weighted assets because it takes into account central clearing and margin requirements.
 - 1 April: the Fed announced a temporary change in the rule for calculating the Supplementary Leverage Ratio (SLR) for all big American banks (the Basel leverage ratio applies to banks with total consolidated assets of more than USD 250 bn). The new calculation method (applicable from 1 April 2020 to 31 March 2021) excludes US Treasury securities and deposits at the Federal Reserve Banks from the ratio's denominator. This easing movement aims to reduce strains in the Treasury market and to preserve the banks' capacity to finance the economy (QE automatically increases bank reserves deposited at the Fed).
 - 6 April: The three bank regulatory agencies (Fed, FDIC and OCC) issued a rule that eases the leverage ratio requirement for community banks (small banks with consolidated assets of no more than USD 10 bn) in compliance with section 4012 of the Cares Act of 27 March. A community bank with a leverage ratio (CBLR = tangible equity capital over average total consolidated assets) of at least 8 percent as of Q2 2020 will continue to be exempt from Basel 3 requirements (in this case, the risk-weighted capital requirements, since community banks are not subject to any liquidity requirements in the United States). A two-quarter grace period was established for community banks whose leverage ratio falls below 8% but no lower than 7%. This temporary relief will remain in effect until 31 December 2020 or the end of the National Emergency, whichever comes first. The CBLR requirement will then be raised to 8.5% in 2021 and 9% in 2022 (the 1 January 2020 level).
 - 9 April: The three bank regulatory agencies (Fed, FDIC, OCC) published a rule to neutralise the impact of a stake in PPPLF in terms of weighted equity capital and leverage ratio requirements (comparable to the neutralisation of stakes in MMLF). Since they benefit from a federal guarantee, PPP loans pledged as collateral to the PPPLF can be excluded from the calculation of regulatory equity capital ratios: total leverage exposure, average total consolidated assets, and advanced and standardized approaches to total risk-weighted assets (section 1102 of the CARES Act specifies that a zero



percent risk weight applies to PPP loans guaranteed by the SBA).

- 5 May: The three bank regulatory agencies (Fed, FDIC and OCC) published a rule that neutralises the effect under the Liquidity Coverage Ratio (LCR) of participating in the Money Market Mutual Fund Liquidity Facility (MMLF) and in the Paycheck Protection Program Liquidity Facility (PPPLF). The non-recourse loans made by a Federal Reserve Bank under these facilities will be excluded from the calculation of theoretical cash outflows, the denominator of the LCR, while any collateral (securities purchased via money market funds as part of the MMLF or PPP loans as part of PPPLF) securing such advances will be excluded from the calculation of theoretical cash inflows. This completes the rules of 19 March and 9 April, which neutralised the effects of participation in the MMLF and the PPPLF, respectively, in terms of risk-weighted capital and leverage requirements.
- 15 May: the three bank regulators (Fed, FDIC and OCC) published an interim final rule relaxing the supplementary leverage ratio (SLR) for all depository institutions with more than USD250 billion of assets or subsidiaries of US GSIBs. The denominator of the leverage ratio will exclude reserves with the Fed and on-balance sheet Treasuries, including those pledged in a repo-style transaction. In comparison with the Fed's 1 April interim final rule, this announcement will expand not only the number of institutions qualifying for the relaxation of the rule but also its scope (Treasuries used as collateral in repo loans can now be excluded from the calculation, rather than unpledged Treasuries only, as previously). This relaxation will end on 31 March 2021. For banks using the relaxed calculation method, dividend payments will be subject to the approval of the competent regulator. Whilst this relaxation specifically targets an easing of balance sheet constraints for primary dealers (to help "absorb" massive issuance of US Treasury stocks, but also to provide dollar liquidity to the main (non-bank) players in the FX swap markets), it will also improve the intermediation capacity of depository institutions, whose balance sheets have swelled since mid-March as a consequence of QE (central bank reserves have increased by a factor of 1.8).
- The interest rate on the deposit facility (credit supply maintained, currently -0.50%),
- The maximum total amount that the banks are entitled to borrow as part of these operations is raised from 30% to 50% of their stock of eligible loans as at 28 February 2019 (loans to non-financial companies and households, excluding home loans). According to our calculations, the maximum amount of TLTRO III loans outstanding is theoretically about EUR 2,900 bn. To enable banks to strengthen their use of ECB liquidity, it is exploring the possibility of easing collateral requirements.
- Private sector securities purchases: in addition to the Asset Purchase Programme (APP, reactivated for net purchases of up to EUR 20 bn as of November 2019, and with outstandings of EUR 2,732 bn at 29 February 2020), an additional EUR 120 bn will be allocated by the end of 2020 for the purchase of securities issued by the eurozone's private sector (i.e. between EUR 12 bn and 13 bn a month depending on the starting date of the additional purchases). The easing of capital and liquidity requirements were announced on 12 March.
- Solvency: the 117 banks placed under direct supervision of the Single Supervisory Mechanism (SSM) can use the capital buffers constituted as part of the Pillar 2 Guidance (P2G, 1.5% of weighted assets, on average, in the 2019 Supervisory Review and Evaluation Process (SREP) published on 28 January 2020) and the capital conservation buffer (2.5% of weighted assets). The banks will also be able to use in part the instruments non-eligible for CET1 (for example, additional Tier 1 instruments, or Tier 2) to create capital buffers in compliance with Pillar 2 Requirements (P2R). At 30 September 2019, the CET1 ratio of the supervised banks averaged 14.37%, which is 3.8 points higher than the average from the application of the Pillar 2 Guidance and Requirements as part of SREP 2019 (10.6%).
- Liquidity: the ECB announced that it is easing its liquidity coverage ratio (LCR) requirements, which is normally at 100%. According to 2013 Basel recommendations, banks that draw on this facility during periods of hardship must inform the supervisor and submit a recovery plan to bring its LCR back to 100%. Banks under SSM supervision had an average LCR of 145.6% in third quarter 2019.

European Central Bank (ECB)

• Monetary policy measures on 12 March:

From 16 March 2020 through 9 June 2020, a new long-term refinancing operation (LTRO) with a fixed rate equal to the deposit rate (-0.50%) will be allocated each week. All 13 of these operations will reach maturity on 24 June 2020, the start-up date of the fourth TLTRO III.

- TLTRO III (3-year maturity): between June 2020 and June 2021, the interest rate on TLTRO III operations outstanding will continue to depend on the dynamics of loan distribution by the borrowing bank, but has been revised downwards. It will be 0.25 bp below the average benchmark rate prevailing over the duration of the operation, namely:
 - The rate on the main refinancing operations (credit supply not maintained but the bank, currently 0%),

• Monetary policy measures on 18 March:

- A new emergency securities purchasing programme was launched for EUR 750 bn, extending the existing securities purchasing programmes;
- Launch of the Pandemic Emergency Purchase Programme (PEPP) covering both public and private sector securities for a total of EUR 750 bn by the end of 2020, and beyond if necessary. The scope of securities eligible for the programme is the same as those eligible for the existing asset purchasing programmes (APP). The allocation key is still based on the member country's share of ECB capital, but greater flexibility was introduced relative to the APP, with the possibility of "fluctuations".



- **Concerning the existing programme:**

- The Corporate Sector Purchase Programme (CSPP) is expanded to include all commercial paper issued by non-financial companies,
- The range of Additional Credit Claims (ACC), a collateral category that does not comply with the Eurosystem's eligibility requirements but which are nonetheless eligible, will be expanded to include corporate debt so that the banks can make full use of the Eurosystem's refinancing operations.

- **Measures on 1 April:**

The European Banking Authority called on regulators to request that companies adopt conservative remuneration policies and urged all European banks to temporarily suspend dividends distribution and share buybacks.

Earlier, Andrea Enria, chair of the ECB's supervisory board, also urged banks to reduce bonus pay outs given the pandemic's impact on the economy (source: Financial Times).

- **Measures on 7 April:**

As announced in its 12 March press release, and to allow banks to resort massively to longer-term refinancing operations (after the ceiling was raised from 30% to 50% of household and NFC loans outstanding in February 2019, which is potentially equivalent to EUR 2,900 bn), the Eurosystem has specified the collateral easing measures. The new temporary regime applies to all refinancing operations and not only to the "new" TLTRO 3. Three temporary easing measures through the expansion of the Additional Credit Claims (ACC) framework, which allows National Central Banks to enlarge the scope of eligible credit claims for counterparties to include those that are non-eligible under the Eurosystem's general framework:

- loans to non-financial companies (NFC) and households with public and para-public guarantees granted as part of the response to the Covid-19 crisis are automatically included in the ACC,
- easing the acceptance of banks' own credit assessments from internal rating-based systems that are approved by supervisors,
- ACC loan level reporting requirements are maintained but they can be met after being admitted to the ACC framework as collateral, which thus accelerates the process.

Three measures to enlarge the scope of eligible collateral:

- elimination of the minimum size threshold for domestic credit claims (previously EUR 25,000), to facilitate the mobilisation as collateral of loans from small corporate entities,
- the maximum share of unsecured debt instruments issued by any single other banking group in a credit institution's collateral pool was increased from 2.5% to 10%,
- the minimum credit quality requirement (BBB- since 15 October 2008, except for ABS) was waived for Greek marketable debt instruments (BB rating).

Collateral valuation haircuts were reduced through a fixed factor of 20%, which means that, all other factors being the same, the value of the collateral taken into account for refinancing is increased. The haircuts applied to non-marketable assets, both in the Eurosystem's general collateral framework and for ACCs, were adjusted by a further 20%, in addition to the haircut reduction mentioned above (point 3).

- **Measures on 16 April:**

The ECB temporarily lowered its equity capital requirements for market risk to maintain market activity and liquidity. The reduction will be reviewed in six months.

- **Measures on 21 & 22 April:**

The ECB has expanded the list of securities eligible as collateral in refinancing operations through September 2021. An appropriate discount will be applied to assets that fall short of the Eurosystem's minimum credit quality threshold requirement.

21 April: the president of the ECB supervisory board stated that banks would be given sufficient time to return to normal capital and liquidity levels after the Covid-19 crisis. Targets will be set on a case-by-case basis.

22 April: faced with potential rating downgrades for certain sovereign debt securities (notably Italian) and corporate bonds, the ECB could expand the list of securities eligible as collateral for its refinancing operations.

- **Measures on 4 May:**

The total amount allocated to the Pandemic Emergency Purchase Programme (PEPP) will be increased by EUR 600 billion to EUR1,350 billion. The time frame for net purchases under PEPP will be extended to end-June 2021. Repaid principal on maturing securities acquired under PEPP will be reinvested until at least the end of 2022.

Bank of England (BoE)

- **Key rate cuts:**

- 12 March: the Bank of England cut its key rate by 50 bp to 0.25%.
- 19 March: the Bank of England cut its key rate by 15 bp to 0.10%.

- **Increase in the asset purchasing programme:**

- Asset purchases increased from GBP 445 bn a year (including GBP 435 bn in Gilts and GBP 10 bn in corporate bonds) to GBP 645 bn. The BoE essentially announced the purchase of government bonds.
- The Term Funding Scheme with additional incentives for SMEs (TFSME) was set up to provide banks with a long-term refinancing programme (4 years) at a reduced rate (slightly higher than or equal to the Bank rate) aimed at the "real" economy. Available amounts will represent at least 5% of the stock of bank loans to households and non-financial companies. The amount can be increased in case of an increase in net loans outstanding to small and mid-sized enterprises. The BoE estimates that funds mobilised by the TFSME could potentially reach GBP 100 bn (although more are announced, details will follow).

- **Reduction in the bank's countercyclical capital buffer:**

- The countercyclical capital buffer of banks was reduced from 1% of total risk weighted assets (RWA) in November 2019 to 0% on 11 March, for a period of 12 months.
- According to BoE, this measure will boost potential net financing of the economy by GBP 190 bn, or 13 times the amount committed in 2019.
- Cancellation of 2020 stress test for the eight major UK banks and building societies. This will allow lenders to focus on meeting the needs of their clients.
- 17 March 2020: HM Treasury and the Bank of England launch a COVID Corporate Financing Facility (CCFF). The CCFF will provide funding to businesses by purchasing commercial paper of up to one-year maturity, issued by firms making a material contribution to the UK economy. The facility will offer financing on terms comparable to those prevailing in markets in the period before the COVID-19 economic shock, and will be open to firms that can demonstrate they were in sound financial health prior to the shock. The facility will look through temporary impacts on firms' balance sheets and cash flows by basing eligibility on firms' credit ratings prior to the COVID-19 shock. Businesses do not need to have previously issued commercial paper in order to participate. The scheme will operate for at least 12 months and for as long as steps are needed to relieve cash flow pressures on firms that make a material contribution to the UK economy.
- 22 May: the BoE will discontinue open market 3-month Contingent Term Repo Facility (CTRF) transactions by the end of May (last transaction expected 28.05.20). It will however continue to offer 1-month CTRF at least until the end of June. Introduced at the end of March, the CTRF was reduced by nearly half in mid-April, taking it to GBP 6,385 million.

Bank of Japan (BoJ)

- **Key rates:**

No change in the key rate (which held at -0.1%).

- **Quantitative easing (QE):**

- The annual JGB securities purchasing programme was held at JPY 80,000 bn (USD 740 bn at an exchange rate of JPY 108);
- The exchange-traded funds (ETF) and J-REITS (investment funds tied to Japanese real estate) securities purchasing programme doubled to an annual capacity of JPY 12,180 bn (USD 113 bn);
- The corporate bond securities purchasing programme was increased to JPY 4,200 bn (USD 39 bn) annually.

- **Dollar swaps:**

- The BoJ will draw on the swap line opened with the Fed at OIS + 25 bp.

Supranational institutions

IMF

The IMF stated that it had USD 1 trillion in funds available, given that USD 200 bn is currently committed (Ukraine, for example, is a candidate, now more than ever, for a new programme). A specific financing facility of USD 50 bn was set up for Africa.

9 April: The IMF decided to double the funds available for coronavirus-related emergency lending to USD 100 bn from USD 50 bn.

EBRD

EBRD promised an additional EUR 1 bn in liquidity lines, cash and export finance for its clients in its 38 countries of operation. Further measures will be announced soon. Note: EBRD investments currently amount to a cumulative total of EUR 10.1 bn.

European Union (EU)

- **European institutions:**

Given that the size and flexibility of the EU's budget is not exactly its strongest point, so far the European Commission has strived mainly to ensure the sufficient provisioning of medical equipment and supplies in the EU, while monitoring any export restrictions that member states might try to set up, co-ordinating decisions on air traffic and borders, and defining how the rules on monitoring government subsidies can be adapted to enable member states to stimulate their economies in an appropriate manner.

This is what we know about European fiscal resources that have been mobilised so far. It is important to keep in mind that the European Commission does not have the power to raise further revenues. At best, it can reallocate funds to different parts of its budget:

The EU budget provided EUR 1 bn in additional guarantees to the EIB to finance about EUR 8 bn in capital for SME to facilitate immediate relief to hard-hit SMEs, the EU budget will deploy its existing instruments in order to support them with liquidity, complementing measures taken at national level.

EUR 1 billion will be made available from the EU budget as a guarantee to the European Investment Fund (EIF) in the coming weeks to support approximately EUR 8 bn of working capital financing and help at least 100,000 European SMEs and small mid-caps:

- The support will be channelled through the existing instruments of the EIF Programmes that support investment. Lending will be refocused to working capital loans with a maturity of 12 months or more. In particular, the loan guarantees the EU programme for the Competitiveness of Small and Medium-Sized Enterprises – will be boosted, together with the InnovFin SME Guarantees under the Horizon 2020 programme, so that banks offer access to bridge financing to micro enterprises, SMEs and small mid-caps.

- These instruments will be reinforced with EUR 750 million through the European Fund for Strategic Investments (EFSI) in the coming weeks. In addition, as a further dedicated measure, EFSI will provide to the EIF another EUR 250 million to quickly roll-out support to SMEs in a concerted effort with EU National Promotional Banks and Institutions.
- The European Commission supports all national measures that aim to limit the pandemic's impact on employment, but it does not have the capacity to act. The Commission did declare that it would accelerate preparations for a future legislative proposal: the European Unemployment Reinsurance Scheme. This is such a vast subject, however, that it is hard to imagine that it will lead to anything concrete in the short term.
- The "Coronavirus Response Investment Initiative" should enable member states to redirect EUR 37 bn in structural funds towards COVID-19-related spending:
 - With the "Coronavirus Response Investment Initiative" (CRII), the Commission proposes to direct EUR 37 billion under the cohesion policy to the COVID-19 outbreak and to implement this fully in 2020 through exceptional and accelerated procedures.
 - To this effect, the Commission proposes to relinquish this year its obligation to request refunding of unspent pre-financing for European structural and investment funds currently held by Member States. This amounts to about EUR 8 billion from the EU budget which Member States will be able to use to supplement EUR 29 billion of structural funding across the EU. This will effectively increase the amount of investment in 2020. A key element of the proposal is that it makes all potential expenditure for the fight against the COVID-19 outbreak eligible as of 1 February 2020 for financing under the Structural Funds so that Member States can spend the means as quickly as possible to fight the outbreak.
- Fiscal rules were eased to give Member States all the flexibility they need to make expenditures to combat the health crisis and stimulate the economy. These exceptional expenditures will not be taken into account under the rules limiting changes in spending. The European Commission will propose that the Council review the structural adjustment efforts that Member States are required to make. For the moment, it is relying on treaty clauses that allow Member States to take into account exceptional circumstances on a State by State basis, although it is preparing to intervene, if the Council were to request it to do so, to activate the clause pertaining to major economic shocks in the EU as a whole:
 - The Commission will propose to the Council to apply the full flexibility existing within the EU fiscal framework, with a view to helping Member States to address the COVID-19 outbreak and deal with its fallout.
 - When assessing compliance with the EU fiscal rules, the Commission will propose to the Council to exclude the budgetary effect of one-off fiscal measures taken to counterbalance the economic effects of COVID-19.
- The Commission considers that the flexibility to cater for "unusual events outside the control of government" is applicable to the current situation. When an unusual event outside the control of a government has a major impact on a Member State's fiscal position, the Stability and Growth Pact envisage that Member States can be allowed to temporarily depart from required fiscal adjustments. As a result, this clause can also accommodate exceptional spending to contain the COVID-19 outbreak. In particular, the clause can apply to health care expenditure and targeted relief measures for firms and workers, provided they are temporary and linked to the outbreak. The Commission will follow that approach when making proposals and recommendations to the Council. The Commission will propose to the Council that the Union institutions adjust the fiscal efforts required from Member States in line with the EU fiscal rules. This would allow taking into account country-specific situations in case of negative growth or large drops in activity.
- The Commission stands ready to propose to the Council that the Union institutions activate the general escape clause to accommodate a more general fiscal policy support. This clause would – in cooperation with the Council – suspend the fiscal adjustment recommended by the Council in case of a severe economic downturn for the euro area or EU as a whole.
- 31/03: The EU could consider introducing additional measures to give banks as much operational relief as possible to deal with loan losses resulting from the current pandemic (citing a European Commission official).
- **Measures for SMEs**
 - The SME guarantee fund will benefit from about EUR 1.2 billion in new financing, to provide public guarantee to bank loans to SME. The Fund will cover loans up to EUR 5 million, while easier procedures will be applied to guarantees below EUR 3,000. To sustain exports, the Ministry of Economy will provide SACE (the exports credit agency) with a guarantee aimed at sustaining sectors hit by the crisis.
 - For SMEs, payments for mortgages and loans are suspended. Until September 30th, revocable (overdraft) credit facilities cannot be revoked, non-installment loans with contractual expiration are extended and payment of any instalment is suspended.
- **Measures of the Eurogroup on 9 April:**

At the 9 April meeting, the Eurogroup announced new instruments to counter the economic fallout of the Covid 19 crisis. For a total amount of EUR 500 bn (including direct fiscal spending and other financial support measures such as loan guarantees), the plan comprises: 1) EUR 100 bn in direct aid for member states to manage higher unemployment (SURE programme); 2) the creation of EUR 200 bn in loan

guarantees by the European Investment Bank, geared specifically to SME; and 3) the implementation of the Pandemic Crisis Support as part of the European Stability Mechanism (ESM) for an amount equivalent to 2% of the GDP of member states, or nearly EUR 240 bn.

- **Measures of the Eurogroup on 22 & 23 April:**

The European Commission announced a total of EUR 3 bn in macro-financial assistance for the accession countries and for the EU's immediate neighbouring countries: Albania (EUR 180 million), Bosnia Herzegovina (EUR 250 million), Georgia (EUR 150 million), Kosovo (EUR 100 million), Moldova (EUR 100 million), Montenegro (EUR 60 million), North Macedonia (EUR 160 million), Ukraine (EUR 1.2 billion), Jordan (EUR 200 million) and Tunisia (EUR 600 million).

The Council of Europe decided on 23 April to begin the process that will lead to the creation of a stimulus fund to provide finance post-crisis. The package, the value of which has yet to be announced, could consist of both loans and transfers and will enjoy the backing of the European Union's multi-year financial framework. Details will be provided on 6 May. This process is managed by the European Commission.

All of the measures, with total value of more than EUR 500 billion, passed by the Eurogroup at its 9 April meeting have also been approved.

The European Council decided on 23 April to begin the process that will lead to the creation of a recovery fund to finance the post-crisis period. This fund (the total amount allocated is yet to be determined) should be composed of both loans and transfers and will receive the support of the European Union's multiannual financial framework. Details will be provided on 6 May. This process is managed by the European Commission.

All the measures, with total value of more than EUR 500 bn, passed by the Eurogroup at its 9 April meeting have also been endorsed.

Governments

United States

Congress has passed the Coronavirus Aid, Relief, and Economic Security Act (CARES), an unprecedentedly large fiscal stimulus package (USD 2,200 bn, the equivalent to 10% of GDP or 50% of the annual Federal budget) prepared by the Trump administration. The bill doubled in size under pressure from the Democrats, who have a majority in the House, to cover the needs of low-income individuals and those who have lost their jobs. In addition to guaranteed loans for companies, which could amount to as much as USD 900 bn, the Federal government will transfer roughly USD 630 bn to American households. Using a means-tested system, each American household will receive a cheque from the Treasury for a maximum amount of USD 3000 each. The Federal government will also top up unemployment benefits, which vary from state to state but which average roughly USD 300 a week, by USD 600 a week during the 4-month period ending 31 July 2020.

19 March: vote on the Coronavirus Aid, Relief, and Economic

Security Act (CARES), a USD 2.2 trillion fiscal stimulus plan (10% of GDP or roughly 50% of annual Federal spending). The Federal government will provide up to USD 900 bn in guaranteed loans to companies, and will transfer about USD 630 bn to American households through tax credits and extended benefits. Under certain revenue conditions, each recipient will receive a tax credit or "check" for a maximum amount of USD 3000.

The Federal government will also top up unemployment benefits, which vary from state to state but which average roughly USD 300 a week, by USD 600 a week during the 4-month period ending 31 July 2020.

European countries

- **Germany**

On 13 March, Finance Minister Olaf Scholz and Economic Minister Peter Altmaier presented an emergency programme "A protective shield for employees and companies". The programme was adopted in parliament on 23 March. It consists of four pillars:

1. Making reduced hours compensation benefit (*Kurzarbeitergeld*) more flexible. In particular eligibility requirements will be loosened. The costs of the measure could be around EUR 10 bn.
2. Tax-related liquidity assistance for businesses. To improve the liquidity of firms, options for deferring tax payments and reducing prepayments will be enhanced. Overall, businesses will be able to defer billions of euros in tax payments.
3. A protective shield worth billions for businesses. Healthy firms can experience liquidity problems of supply chain problems. The German government will protect businesses with new measures to provide liquidity, the volume of which is unlimited. This support will be provided by the state investment bank KfW. The federal budget includes a guarantee framework of approximately EUR 460 bn. If necessary, this can be increased by up to EUR 93 bn at short notice. In addition, the KfW has a programme for the refinancing of export business which can be increased very quickly.
4. Strengthening European cohesion. The German government welcomes the European Commission's idea of a Corona Response Investment Initiative with a volume of EUR 25 bn.

It also welcomes ECB banking supervision's announcement that it will utilise existing leeway to ensure that banks can continue to fulfil their role in funding the real economy, as well as the measures for providing liquidity to banks that were announced by the ECB on Wednesday, 11 March.

The Federal Ministry of Health has already been swiftly provided with around EUR 1 bn to fight the coronavirus, including for the procurement of protective equipment such as face masks and protective suits, support for the WHO in the international fight against the coronavirus, and the provision of additional funds for the Robert Koch Institute, Germany's leading public health institution. In addition, the Federal Ministry of Education and Research has received EUR 145 million to develop a vaccine and for treatment-related measures.

Bavaria has launched a EUR 10 bn to buy stakes in struggling companies.

On 4 June, the Federal government announced a stimulus package to revive the economy after the coronavirus crisis worth more than EUR130 billion (around 3.8% of GDP). The programme consists of a large lists of measures, a total of 57 points. Almost half of the stimulus is directed at mitigating the adverse economic and social consequences due to the crisis. SMEs mainly in the hotel, hospitality and entertainment sectors that experience a fall in sales by at least 50% compared to the same month in the previous year may get reimbursed for 50% of the fixed operating costs. With a drop in sales of more than 70%, the amount could go up to 80%. Income support will be given to households and businesses through a temporary cut in VAT (EUR 20 billion), the lowering of the renewable energy levy (EUR 11 billion) and a cap on social security payments at 40% of the salary (EUR 5.3 bn). The VAT rates will be lowered from 1 July to 31 December. The standard VAT rate will fall by 3 percentage points to 16% and the reduced rate by 2 percentage points to 5%. Moreover, households receive a cheque worth EUR 300 per child (EUR 4.3 bn) and the support for single parents will be doubled to EUR 4000 in 2020 and 2021 (EUR 800 million).

The programme also aims at modernizing and greening the economy through digitalisation, improving mobility, climate protection and subsidising the technologies of the future such as hydrogen-based and quantum technologies (EUR 29.6 billion). The government gives a boost to the development of electric cars by raising the purchase premium for these cars to up to EUR 6000 (EUR 2.2 billion) and increasing the number of charging stations (EUR 2.5 billion). However, it resisted pressure from the car lobby by refusing to extend the purchase premiums also to diesel and petrol cars. CO2 emissions will also be reduced by an energy conservation programme for buildings (EUR 2.0 billion).

The federal states and municipalities have an important role to play in restarting the economy. However, they have been confronted with a substantial income reduction because of lower tax receipts and higher social spending. The coalition partners could not agree on a debt relief programme for some highly indebted local communities. Instead, they decided to compensate the local authorities for a sharp decline in the municipal business tax (EUR 5.9 billion). In addition, the government will take over the costs of housing benefit for welfare recipients from the municipalities (EUR 4 billion) and support the local public transport networks (EUR 2.5 billion).

• France

At 20 March 2020, the government estimated the 2020 fiscal deficit at 3.9% of GDP based on a GDP growth forecast of -1%:

- Simplification and strengthening of partial unemployment: EUR 8.5 bn over a 2-month period. Specifics: companies pay their workers compensation equal to 70% of their gross wage (about 84% of net). Workers earning the minimum wage or less will receive 100% compensation. Companies are fully reimbursed by the State for gross monthly wages of up to EUR 6,927, or 4.5 times the minimum wage. Since 16 March, the Labour Ministry indicates that companies now have 30 days to file requests for partial unemployment, effective retroactively.

- Fiscal and social charges payable in March were postponed = EUR 32 bn (and could be waived if needed, on a case-by-case basis).
- A solidarity fund of EUR 1 bn a month to compensate very small and small businesses and the self-employed in the hardest-hit sectors.
- Specifics: EUR 1,500 in aid for businessmen that make less than EUR 1 m in turnover and whose business has declined by more than 70% in March 2020 compared to the year-earlier period; payable as of 31 March.
- EUR 2 bn for additional healthcare spending, which should also fund the increase in sick leave.
- Suspended payments of rent and utility bills (water, gas and electricity) for very small businesses experiencing hardships.
- Specifics: pertains to companies with fewer than 10 employees and sales of less than EUR 1 m, and which are under administrative closure, or can justify a decline in sales of at least 70% in March 2020 compared to the year-earlier period. The cost is carried by service providers.
- Introduction of a State guarantee for bank loans to companies amounting to EUR 300 bn.
- Specifics: the guarantee will automatically cover all liquidity loans granted by banks between 16 March and 31 December. These loans can cover up to 25% of the company's annual turnover, thereby enabling them to face up to their most urgent needs. The loans can be repaid over a period of up to 6 years, which will enable companies to rebuild their financial manoeuvring room once the recovery gets underway. The State guarantee will cover 90% of the amount of the loans for micro-enterprises, SME and intermediate-sized businesses, to facilitate loan origination. The cost of the guarantee will be minimal depending on the maturity of the loan. For a 1-year loan, it will range from 0.25% for SME to 0.50% for intermediate and large companies.
- Public reinsurance will be activated for credit insurance exposure of up to EUR 10 bn + amplification of short-term export credit reinsurance measures (doubling of the ceiling on exposure that can be reinsured by the State, to EUR 2 bn).
- Postponement of bank loan payments for a period of 6 months at no cost + credit mediation with the bank to reschedule bank loans
- Public contracts: the State and local administrations recognise COVID-19 as a force majeure for their public contracts. Consequently, no late penalties will be applied to any public contracts with State or local administrations.
- Options being examined: taking equity stakes in or temporarily nationalising key corporations devastated by the COVID-19 crisis, notably automobile manufacturers and air transport companies, to safeguard these companies ; extension of unemployment benefits for the jobless who have exhausted their claims ; Revision of the rules for tax loss carry-backs for the calculation of corporate tax.
- Other: suspension of all pending reforms (i.e. pension reform and real-time payment of housing allowances). The second round of measures to overhaul the unemployment insurance system (including tighter conditions for receiving jobless benefits), which was initially scheduled to take effect on 1 April, will be postponed until 1 September, Better compensation for parents taking time off work to care for their children (due

to school closures) and for sick leave. The second round of municipal elections, initially set for 22 March, was postponed until a later date.

At 23 March:

- Temporary suspension of the delay before qualifying for sick pay: private and public sector payroll employees will receive sick pay as of the first day of sick leave. This was already the case for self-isolation (quarantines, caring for children and medical precautions) in the public and private sectors, but it has now been expanded to cover all sick leave, regardless of the reason, for the duration of the national health emergency.
- The national emergency law, which the National Assembly adopted on first reading on Saturday, 21 March, allows companies to require employees to take a week of paid leave during the coronavirus crisis. An agreement must still be reached with employee representatives.
- Options under consideration: a bonus for working employees. Employers and the government have not agreed on the format of this bonus nor whether it would be paid by the government or by the employer. Another option would allow companies to temporarily exceed current limitations on working hours.

At 30 March:

- Companies that make dividend payouts in 2020 will not be allowed to defer social security and tax charges and will not be eligible for state-guaranteed loans (EUR 300 bn);
- Bankruptcy requirements would be eased (decree examined on 27 March): business leaders would have a delay of up to three months after the termination of the national health emergency to file for bankruptcy, compared to 45 days normally.

At 31 March:

- Safety net and funding extended to cover export companies;
- Increased aid for very small companies and the self-employed: EUR 1500 in assistance will be available if April's losses amount to at least 50% of turnover, down from 70% previously.
- To compensate workers exposed to Covid-19, the Macron bonus will be paid without requiring the signing of an employee profit-sharing agreement. Options under consideration: modulating the amount of the bonus on working conditions, and doubling the amount (to EUR 2000); extension of the payment deadline to 31 August 2020 (decree presented to the Council of Ministers on Wednesday, 1 April).

At 1 April:

- Another increase in aid for very small companies and the self-employed: the loss of turnover necessary to be eligible for the EUR 1500 in assistance was reduced from 70% to 50% as of March (and no longer as of April as previously reported). The Covid-19 solidarity fund was increased by EUR 1.7 bn (after an initial allocation of EUR 1.2 bn) to cover the first month of operations.
- The Macron bonus can be doubled for companies with an employee profit-sharing agreement.

At 2 April:

- An additional EUR 3.1 bn provision was allocated for the purchase of medical equipment (on top of the EUR 2 bn in additional healthcare spending announced previously);
- The cost of partial unemployment or short-time work is now estimated at EUR 11 bn, up from an initial estimate of EUR 8.5 bn.

At 10 April:

- The stimulus package was increased to EUR 100 bn. The initial plan of EUR 45 bn (announced on 17 March) included EUR 33 bn in liquidity measures (deferred taxes and social security charges) and EUR 12 bn in fiscal measures. The amount has almost been tripled now to more than EUR 35 bn;
- Short-term employment measures were raised to EUR 20 bn from an initial amount of EUR 8.5 bn. The solidarity fund was also increased to nearly EUR 6 bn, from EUR 1 bn initially. Exceptional healthcare expenditures (equipment, sick pay, bonuses) increased to EUR 7 bn from EUR 2 bn;
- As to corporate liquidity, up to EUR 1 bn was injected into the economic and social development fund for SME, which was on the verge of bankruptcy. Certain tax credits (like the CIR) will be paid out early, which comes on top of deferred charges (amounting to about EUR 20 bn).
- Finance Minister Bruno Le Maire drew up a list of roughly 20 strategic companies that might need government support, either through loans, equity stakes or nationalisation. The increase in the emergency stimulus package includes a EUR 20 bn budget to support these companies through a special purposes account of the government or the Government Shareholding Agency (APE) (source: Les Echos);
- As to the upcoming stimulus package, Bruno Le Maire insists that it must meet three criteria: give priority to investment, provide specific support for key sectors and be coordinated at the European level;
- For Gérald Darmanin, Minister of Public Action and Accounts, the government still plans to go ahead with the tax cuts planned for 2021 (housing tax, corporate tax).
- The 2020 growth forecast was lowered from -1% to -6% (based on a lockdown lasting 6 weeks) while the outlook for the public deficit was revised to 7.6% of GDP, from 3.9%, with a public debt ratio of 112%.

At 13 April:

- President Emmanuel Macron announced the extension of the current lockdown through Sunday, 10 May, with the gradual lifting of confinement measures starting on Monday 11 May. The government has 15 days to present a detailed plan for exiting the crisis.

At 14 April:

- The government announced an "exceptional subsidy" for low-income families with children and for students isolated from their families (total cost estimated at EUR 1 bn);
- Employer organisations and the government reached an agreement for the pay out of an additional exceptional subsidy for tradesmen and retailers in April, of up to EUR 1,250 net of all charges. Financed through a one-time withdrawal of EUR 1 bn from the complementary pension fund for the self-employed, this subsidy can be accumulated with other subsidies. The pay-out will be automatic. The only condition is that the business must

be operating on 15 March 2020 and to have been registered before 1 January 2019.

At 15 April:

- As part of the second revised draft budget bill for 2020, which was incorporated in the Stability Programme on 15 April, the government lowered its 2020 growth forecast again to a negative 8% (assuming the lockdown lasts 8 weeks, 2 weeks longer than the assumptions in the 1st revised draft budget bill), as well as its outlook for the fiscal deficit and the public debt ratio (to 9% and 115.2%, respectively);
- The amount of the stimulus package was raised to EUR 110 bn, including an extra EUR 4 bn for short-term employment (bringing the total to EUR 24 bn), EUR 1 bn for healthcare expenditures (to EUR 8 bn) and EUR 1.5 bn for the solidarity fund (to EUR 7.5 bn);
- Of the EUR 33 bn in deferred taxes and social security charges, the hotel and food industries could end up being exonerated from these charges, for a total cost of about EUR 750 m.

At 16 April:

- A tax-exempt bonus of EUR 1500 for healthcare workers on the frontline of the epidemic. Overtime pay was increased to 50% of the base wage and is also tax exempt. The cost of this measure is estimated at EUR 1.3 bn;
- Emergency aid for low-income families is to be paid out on 15 May. Each family receiving RSA or ASS unemployment income supports will receive EUR 150 plus EUR 100 per child. Families receiving housing allowances will also receive EUR 100 per child;
- The timetable for the unemployment compensation reform has been changed: the introduction of digressive unemployment benefits for high-wage earners (-30% after six months) has been postponed for up to 5 months, depending on the case. This measure was to take effect on 1 May.

At 17 April:

As of 1 May, sick leave taken to look after children or to take care of someone particularly impacted by Covid-19 will be transformed into short-term work (resulting in an additional 2 million applicants for unemployment benefits). This measure aims to avoid the decline in benefits that occurs after a month of sick leave.

At 22 April:

The Council of Ministers adopted an ordinance that allows companies to resort to short-time work schemes in an individualised manner, after collective bargaining agreements.

At 23 April:

- The second revised draft budget bill (PLFR-2) was passed with a few adjustments:
 - Tax exemption was expanded for donations to charities supporting the poor and homeless, and the ceiling was removed from in-kind donations to charities.
 - Measures to exempt overtime work from taxes and social security contributions were strengthened for the duration of the healthcare crisis.
 - The VAT rate was reduced to 5.5% on masks and other personal protection equipment (PPE).

- A subject that was discussed but postponed until a later date: the taxation of insurance companies who are considered to have made a windfall due to few loss claims, notably for automobile insurance.
- Rejection of an amendment to postpone by 6 months the gradual elimination of the reduced tax rate on diesel for non-commercial vehicles in the construction and public works sector.
- Funding for food subsidies benefiting low-income households was also expanded substantially, by EUR 39 million.
- A third revised draft budget bill is expected in May, including measures currently pending as well as a new stimulus.
- Bruno Le Maire announced that companies with headquarters or subsidiaries located in tax havens would not be eligible for liquidity support measures.

At 27 April:

Small businesses unable to obtain state-backed loans from banks will be able to turn directly to public administrations. This measure was incorporated in the second revised draft budget bill (PLFR-2) which parliament approved on Thursday 23 April. To finance these “participative” loans, the State will draw on the economic and social development fund (FDES), which is also open to mid-sized companies experiencing major hardships. The cost, conditions and implementation date have not been specified yet.

At 28 April:

Commitment to reflect on unemployment benefits, to “rapidly adapt” the rules to the current deterioration in the labour market.

At 30 April:

- The “massive” stimulus plan is work in progress but is unlikely to be unveiled before September or October. The main axis remain supporting investment but also boosting demand, support packages for specific sectors (aerospace, tourism, automotive) and additional support for the most distress companies, within the framework of European coordination. A reduction in the VAT rate for restaurants is, however, unlikely to be amongst the measures.
- Further relaxation or extension of the eligibility conditions of the solidarity fund for very small companies.
 - The latest update, announced on Friday 24 April, expanded eligibility for the first level of support (up to EUR 1,500) to companies under mandatory shutdown with up to 20 employees (from 10), or with up to EUR 2 million in revenue (from EUR 1 million). The business sectors involved include cafes, restaurants, tourism, sport and events.
 - The second stage of this fund, still targeting the same sectors, could be doubled to EUR 10,000. The option of removing the other criterion for this second stage (employing at least one person) is being considered.
- Short-time working: on Tuesday 28 April, at his presentation of the plan to relax the lockdown, Edouard Philippe announced the gradual reduction from 1 June in government coverage of wages (with the exception of

those under mandatory shutdown for health reasons, such as hotels, cafes, restaurants and so forth).

At 5 May:

- Deferred charges are simply cancelled for all small companies (fewer than 10 employees) that were forced to close due to the government's lockdown measures. Until now, the measure applied only to the food services, tourism and cultural sectors (for an estimated cost amounting to about EUR 750 million). This would be the first measure of the coming stimulus plan currently being discussed.
- EUR 200 in aid will be given to 800,000 low-income youth (under age 25) who have lost their jobs or internships (announced by Prime Minister Edouard Philippe on Monday, 4 May, as part of the government's reopening plan presented to the Senate).

At 7 May:

- Decree expanding and clarifying eligibility criteria for guaranteed financing. In particular, companies going into receivership since 1 January are now eligible.
- One of the provisions of the emergency bill presented to the cabinet allows company employment agreements to take precedence over sector agreements up until 23 January 2021 (six months after the end of the health emergency, which has been extended to 10 July 2020). This reversal of the usual order of precedence covers provisions for short-term contracts, which could be improved and extended over time to improve the security of such positions (total duration, number of renewals, notice periods).

At 13 May:

Adjustments to short-time working measures are planned; government coverage of the scheme, currently at 100%, could be cut to 90% from June (except for sectors still shut down, such as hotels and restaurants). This new level of coverage will remain in force until September, when it will be further reduced. A reduction in the maximum wage covered (currently up to 4.5 times the minimum wage) is also being considered.

At 14 May:

Increase in the number of sectors arguing that deferrals of social security contributions should be transformed into cancellations (self-employed, SMEs) and, for the sectors already benefiting from such measures (tourism), requests for the exemption to be extended until the end of this year (rather than until end-June).

At 25 May:

- Details on the government's gradual withdrawal of short-time working support. Since the country went into lockdown, the government and Unedic have jointly covered 100% of payments, which go up to 70% of gross salary. From 1 June, and with the exception of companies that remain closed, coverage will be 100% of 60% of gross salary. This change of rate affects employers but does not alter the payments received by employees. At present, the ceiling for salary covered continues to be set at 4.5 times the minimum wage. No end-date has been announced for the new coverage level.
- Exemptions from social security contributions for struggling companies amount to EUR3 billion.

Struggling companies comprise SMEs closed to 11 May, companies in the tourism & culture sectors, restaurants, and hotels with fewer than 250 employees. Other companies whose contributions have been deferred, for a total of EUR19 billion, can spread payments over a 36-month period.

At 27 May:

An alternative employment support scheme will take over from short-time working: it will consist of a government support payment to companies facing long-term reduction in business activity due to the health crisis, and will be made in return for undertakings to retain staff and change their business model. Additional details are expected in the first week of June.

At 29 May:

- After the presentation of support plans for tourism and the automotive industry, similar announcements are expected for aerospace, construction and publishing in the first week of June.
- On 10 June, the 3rd draft of the amended budget will be unveiled. It will include in particular measures to support apprenticeships and youth employment.
- The global stimulus package is still expected to be announced in early September, but pressure is growing to bring the announcement forward to July.

At 4 June: Announcement of a significant increase in support for hiring apprentices, such that they will cost the employing company virtually nothing in their first year of training. Launch of a series of consultations with social partners on 1) the changes needed in the unemployment benefits system to respond to the crisis; 2) short-time working (revisions to the base scheme and details of the new long-term scheme for companies facing a lasting drop in business levels); 3) youth employment; 4) training.

At 10 June: the PLFR3 revised budget presented to the Council of Ministers on 10 June increased the total allocation to emergency fiscal measures to deal with the shock of Covid-19. This relief package now stands at EUR133.5 billion (from EUR110 billion on the previous figures). The increase comes from the inclusion of support measures for the automotive, tourist and tech industries, and from increases in the estimated costs of the short-time working scheme (from EUR24 billion to nearly EUR31 billion) and the solidarity fund (from EUR7 billion to EUR8 billion). When one adds in the value of government guaranteed loans and the likes (raised from EUR315 billion to EUR327 billion), the total support for the economy comes close to EUR460 billion (from EUR426 billion previously), or 20% of GDP. The revised budget also included a downgrading of the government's growth forecast in 2020 from -8% to -11%. As a result, the budget deficit is now expected at 11.4% of GDP (instead of 9% previously) with the debt to GDP ratio expected to hit 120.9%.

• Italy

At 11 March: Cassa depositi e prestiti SpA is allocating EUR 7 billion to companies facing the coronavirus emergency, MF reported.

At 16 March: The Italian government published a decree calling for EUR 25 bn in additional spending to cover the effects of COVID-19. These expenditures are divided into four groups:

- The healthcare and emergency services system was bolstered through an increase in the national emergency fund of EUR 1.65 bn;
- Job and worker support measures:
 - Easier access to partial unemployment benefits,
 - EUR 600 in compensation for the self-employed,
 - Creation of an income of last resort fund,
 - Implementation of 15-day parental leave,
 - Childcare allowances (EUR 600, up to EUR 1000 for workers in jobs vital for combatting the crisis),
 - Higher advances for farmers benefiting from CAP, etc.
- Support for households and SME via the banking system:
 - Moratorium on SME loans
 - Strengthening of the guarantee fund:
 - Free guarantee and elimination of access fees,
 - Eligible for refinancing operations,
 - Elimination of commissions,
 - Expansion of assets covered,
 - Suspension of the fund's normal operating terms,
 - Limit on the guarantee was raised to EUR 5 million from EUR 2.5 million previously.
 - "Volatility adjustment" for insurance companies,
 - Introduction of a counter-guarantee mechanism for banks, insured through la Cassa de Depositi e Prestiti, to increase investment in mid-sized and large companies (EUR 10 billion),
- Incentive to transform DTA (which is not eligible for capital requirements) into a tax credit (eligible as required capital) to accelerate clean-up of bank balance sheets without having an excessive impact on solvency ratios,
- Creation of an emergency fund for the entertainment industry, etc.
- Suspension of tax and social security payments and all other fiscal liabilities, with fiscal incentives for cleaning up work spaces and "rewards" for service employees:
 - For the hardest-hit sectors, suspension of the payroll withholding tax, social security contributions, and providential and compulsory insurance premiums,
 - Suspension of tax payments for taxpayers with revenues of less than EUR 2 million,
 - Non-application of withholding tax on self-employed professionals without employees, and with revenue of less than EUR 400,000,
 - Suspension of the fiscal administration's litigation procedures,
 - EUR 100 bonus for all employees with revenue of less than EUR 40,000, etc.

The Italian Government has approved the "CuraItalia" decree (16 March), to counter the negative effects of the Coronavirus on the economy. Total measures amount to EUR 25 billion, about 1.5% of GDP, with 3.5 billion to strengthen the health system, also financing the immediate hiring of about 20,000 health-care professionals.

At 18 March: Italian Prime Minister Giuseppe Conte calls for a European guarantee fund or special "coronavirus bonds" that will help EU states fund necessary health and government policies, a government source told Reuters Italian market regulator Consob introduced a three-month ban on net short positions for all shares traded on the Milan exchange amid the coronavirus-driven market turbulence, according to Reuters;

At 20 March: The Italian government is looking to extend a guarantee scheme protecting banks that lend to companies affected by the new coronavirus outbreak, insiders told Reuters. The new measures would reportedly extend the guarantee to 90% of new loans that banks provided to companies affected by the virus.

At 31 March: the Italian government extended the country lockdown until Easter.

At 1 April: the Italian Treasury is studying the possibility of extending government powers to protect strategically-important companies from being bought out by foreign entities, notably to prevent hostile takeovers of banks and insurance companies, after their share prices plummeted in recent weeks (source: La Repubblica).

At 16 April: A member of the Italian government told Reuters that Italy's fiscal deficit could hit 10% of GDP in 2020 (source: Reuters); Bank of Italy chief supervisor Paolo Angelini and head of financial stability Giorgio Gobbi called on the government to consider using public funds to ease mergers of smaller banks that may not be able to sustain the impact of the coronavirus crisis, Reuters reported (source: Reuters).

At 21 April: Giuseppe Conte, president of Italy's Council of Ministers, announced that the country's lockdown measures would be gradually eased as of 4 May 2020. An additional EUR 50 bn would be allocated to the "Cura Italia" project, bringing the stimulus package to a total of EUR 75 bn.

On 14 May, the Italian government increased its fiscal stimulus package by EUR 55 bn, taking the total package since the onset of the crisis to EUR 80 billion (4.6% of GDP). The latest set of measures consists of:

- EUR 25.6 bn in support to households through the extension of short-time working, direct support to individuals without income (between EUR 400 and EUR 800 for a maximum of two months), and assistance with childcare;
- EUR 15 bn in support to companies in the form of tax exemptions and partial repayment of rents;
- EUR 3.25 bn for the healthcare sector;
- EUR 1.4 bn for the education sector, which include the recruitment of 16,000 additional teachers and 4,000 additional researchers;
- A "holiday support" payment of EUR 500 for all Italians with annual income of less than EUR 40,000.

The programme will also give six months' visa to foreign workers living in Italy and already working in the agricultural and home care sectors.



On 28 May: State Undersecretary for Economic Planning and Investment, Mario Turco, has raised the possibility of creating a publicly owned bank for the purpose of supporting investment designed to boost economic recovery.

- **Spain**

The government of Pedro Sanchez announced Tuesday evening a EUR 200 billion plan (18% of nominal GDP), of which EUR 117 billion will be funded directly by the State and EUR 83 billion will be collected via the private sector, mainly the banks.

The plan calls for:

- EUR 100 billion in corporate financial guarantees.
- Deferred income tax payments for individuals and VAT and corporate tax payments for SME and the self-employed (for those with sales of no more than EUR 6 million a year).
- An extension of the moratorium on the repayment of household loans, to 4 years from 2 years (this measure aims to protect low-income households).
- EUR 3.8 billion in funding to strengthen healthcare services.
- EUR 2 billion cash injection to support companies in the hardest-hit sectors (tourism, transport and hospitality).

Fiscal package strengthens the measures already adopted last Thursday, which were much smaller in scope.

At 31 March:

- Rental property: expulsions of vulnerable tenants are suspended for six months. An agreement was also reached to extend contracts that are about to expire by the same time period (vulnerable tenants include the unemployed and those that must accept part-time work, with household revenues of less than EUR 1,613.50 or rent that exceeds 35% of revenues);
- State microcredits will be granted at zero interest with no commissions, repayable within a 6-year period, which can be extended to 10 years;
- Ban on cutting utilities: water and electrical power services to households cannot be cut as long as the national emergency is in effect;
- Household employees and temporary workers: an extraordinary unemployment benefit was created for household workers of up to 70% of their contribution base. For temporary workers, a subsidy was approved for about EUR 440, or 80% of the IPREM, the public revenue index.
- Extension of the mortgage loan moratorium: the moratorium on the payment of mortgage loans was extended by three months for individuals who lose their jobs or report a loss of revenues.
- Moratorium for the self-employed: 6-month, interest-free moratorium on the payment of social security contributions for May, June and July; social security debt payments are deferred until 30 June.
- Moratorium on consumer loan payments: a 3-month moratorium on consumer loan payments is granted to economically vulnerable households, and can be extended if necessary.
- Pension systems: participants in a pension regime who are unemployed, working short-term (ERTE) or have stopped working due to the COVID-19 crisis can preserve their pension contributions for a maximum not to exceed the amount of lost wages.

- Reimbursement of travel expenses: for package tours that are cancelled, customers will be issued a voucher to be used within a year; unused vouchers can be refunded. Companies in other sectors, like hotels, will have 60 days to make alternative proposals.
- 27 May: following the publication of the Royal Decree-Law N° 19/2020 in the official bulletin, resident banks are prevented from changing the initial terms of a loan contract on the basis of the introduction of a payment holiday.
- 29 May, the government passed a decree for the introduction of a minimum living income. This scheme will guarantee the most vulnerable people a monthly income of between EUR 462 and EUR 1,015, depending on the size of their household.

- **The Netherlands**

The government is opposed to a strict confinement of the population. It introduced what it called an "intelligent" lockdown. It aims at keeping the economy going as much as possible. From 12 March onwards, the authorities have gradually closed cafes, restaurants, museums and schools. The population is asked to ensure social-distancing of 1.5 metres. All social gatherings of more than 3 people have been banned. The King's Birthday (27 April) will not be celebrated.

The government accepts that a large proportion will get infected by the coronavirus. That should create group immunity. In the meantime, all vulnerable persons have to remain as much as possible indoors.

On 17 March, the government has presented a comprehensive package to combat the economic consequences of the virus:

- Short-time work scheme: employers can ask assistance from the short-time work scheme. An important condition is that the employee has sufficient work history to receive an unemployment benefit. Self-employed professionals without employees (zpp in Dutch) can apply for support from the social assistance scheme.
- Compensation for entrepreneurs in affected sectors (TOGS): entrepreneurs in a number of specific sectors who have been affected by the corona measures could get a compensation of EUR 4,000. The compensation is for those SME's, with or without staff, that suffer loss because of (1) forced closing of their enterprise, (2) restriction of meetings, (3) curtailment of travel.
- Government Guaranteed Scheme for Loans to SMEs (BMKB): the SME credit guarantee scheme has been extended. Businesses can use the BMKB scheme for a bridge loan, or to increase the overdraft limit on their current account. The guarantee runs to 75% of the credit given by the financing party.
- Tax measures: companies can ask for tax deferment. If they expect a sharp decline in their turnover as a consequence of the coronavirus, they can ask for lowering the tax assessment.

- **Belgium**

- Reduce economic losses for companies: during the 6 March 2020 meeting of the Council of Ministers, the federal government approved a series of measures to support companies and the self-employed who have been hit by the impact of the COVID-19 crisis. Under

these measures, companies hit by the crisis can put employees on partial unemployment in order to preserve jobs. The government is also looking for ways to reschedule, postpone or suspend the payment of social welfare contributions, withholding taxes and other corporate and payroll taxes for companies and the self-employed.

- Temporary unemployment due to force majeure: it due to force majeure will be extended by 3 months to 30 June 2020. Temporary unemployment due to force majeure can also be invoked while awaiting recognition of “ailing company” status. Companies need this status to be able to resort to temporary unemployment for economic reasons for their workers. Temporary unemployment for force majeure is recognised within a period of 3–4 days. Given the surge in the number of applications for temporary unemployment benefits due to the coronavirus pandemic as well as measures to limit the dispersion of the virus, the government decided that each person entering into the system would immediately receive an allowance of EUR 1,450 a month, to preserve household purchasing power as best possible.
- Temporary unemployment for economic reasons: temporary unemployment benefits – both for economic reasons and for force majeure – will be increased from 65% to 70% of wages for a 3-month period. The goal is to limit the revenue loss of impacted workers.
- Payment plan for employer social welfare contributions: for payments of social security contributions due in the first and second quarters of 2020, hardships pertaining to the COVID-19 crisis will be accepted as a factor for seeking deferred payment terms.
- VAT payment plan: for businesses that can demonstrate their payment difficulties are linked to the COVID-19 outbreak, VAT payments can be rescheduled and penalties will be waived.
- Payment plan for professional withholding tax: under the same conditions, businesses will be able to reschedule professional withholding taxes without being liable for the usual late payment penalties.
- Payment plan for individual and corporate income taxes: for taxpayers who can demonstrate that their payment difficulties are linked to the COVID-19 outbreak, they can request deferred payment of individual and corporate income taxes.
- Reduced social security contributions for self-employed workers foreseeing a decline in revenues: self-employed workers who estimate that their revenues during the course of the year will be lower than those used to calculate their social security payments may request a reduction in their social security contribution.
- Deferred or waived payment of social security contributions for the self-employed. For social security contributions due in the first two quarters of the year 2020, payment can be deferred for a year with no late payment interest fees, or simply waived. In both cases, the individual must demonstrate that payment difficulties are linked to the COVID-19 pandemic. Obtaining replacement income for the self-employed (bridging rights).
- Under the same conditions described above, a self-employed worker whose activity is their main source of business will benefit from bridging rights due to the forced closure of business once this closure lasts over a week. The amount of financial aid is EUR 1,266.37 per month for individuals without family members and EUR 1,582.46 per month for heads of households.
- Flexibility in the execution of federal public contracts: the Federal government will not apply penalties or sanctions on service providers, businesses or the self-employed for all federal public contracts as long as they can demonstrate that the postponed or incomplete project is linked to the COVID-19 crisis.
- Payment deferrals and guarantee system: on the initiative of the ministry of finance and with the support of the National Bank of Belgium, the federal government reached an agreement with the financial sector. The agreement has two pillars:
 - The financial sector pledges to provide viable non-financial companies and the self-employed as well as mortgage holders who experience payment troubles pertaining to the Covid-19 crisis the possibility of deferring payments up to 30 September 2020 at no cost.
 - The federal authorities will activate a system of guarantees for all new loan production and credit lines with a maximum duration of 12 months that the banks grant to viable NFC and the self-employed. This will help preserve financing of the economy.
 - The total amount of the guarantees is EUR 50 bn.

• Denmark

Monetary policy: on 13 March an extraordinary lending facility was set up for weekly lending at -0.5%. Effective, as of 20 March 2020, and to be maintained as long as necessary; 1 April: the Danish central bank rejected the idea of launching quantitative easing (QE) on the grounds that it would endanger its foreign exchange policy, which pegs the DKK to the EUR.

Banking supervision: the countercyclical buffer was suspended, effective immediately.

Fiscal policy:

- DKK 2.8 bn was unblocked to support the economy. The target for 2020 government bond issues was raised from DKK 75 bn to DKK 125 bn. The Treasury bond programme was expanded.
- 17 March: Sweden and Denmark announced funding of USD 300 m in guaranteed loans to the Scandinavian airline SAS (14.82% and 14.24% owned by the Swedish and Danish governments, respectively).
- 19 March: the central bank raised its key rate to -0.6% from an all-time low of -0.75% to reduce downside pressures on the Danish krone arising from its euro peg.
- 20 March: The European Central Bank (ECB) and Danmarks Nationalbank have today reactivated a currency arrangement (swap line) and increased the maximum amount to be borrowed by Danmarks Nationalbank from EUR 12 billion to EUR 24 billion. It will remain in place for as long as needed. The purpose of the reactivation is for Danmarks Nationalbank to provide euro liquidity to Danish financial institutions.
- 20 April: the government extended certain support measures through 8 July, including compensation of a company's fixed costs, compensation schemes for the self-employed (with a higher compensation rate) and VAT payments in the form of interest-free loans to small and mid-sized enterprises. The payment deadline for social

welfare contributions was deferred from the second to the third quarter for certain professions.

- The government also announced the creation of a temporary lending facility for counterparties as part of its growth fund, which is geared specifically towards Danish export companies. It also decided to reduce to 4 months the hourly requirement to benefit from a senior bonus of 1560 hours over 12 months, and to extend the suspension of the seniority account in the unemployment compensation system. Companies registered in tax havens will not be eligible for this aid.

• Finland

Bank supervision:

- 17 March: the supervisor lowered the countercyclical buffer with the hope of increasing bank lending capacity by EUR 52 bn.
- 6 April: The Finnish Financial Supervisory Authority (FIN-FSA) has decided to remove, effective immediately, the systemic risk buffer requirement for roughly ten banks (Nordea Group, OP Financial Group, Municipality Finance Plc, Aktia Bank Plc, Danske Mortgage Bank Plc, Evli Bank Plc, Handelsbanken Finance Plc, Oma Savings Bank Plc, POP Bank Group, S-Bank Ltd, Mortgage Society of Finland Group, Savings Banks Group and Bank of Åland Plc). It also decided to reduce additional capital requirements for other systemically important institutions (O-SII).

Fiscal policy:

- 16 March: a working group was formed to propose labour market support measures; 20 March: the government is scheduled to discuss the amount to be allocated to crisis management, which should include EUR 5 bn in support measures for companies.
- 1 April: effective immediately, the Bank of Finland decided to lower the minimum threshold for credit claims on domestic usage to EUR 25,000. Credit claims must meet this threshold at the time of their submission as collateral.
- 15 May: the government has undertaken to provide financial support to companies whose turnover is affected by the Covid-19 crisis, without distinguishing between types of company or sector. Eligibility criteria and the level of support will be determined later. The scheme seeks to cover (at least in part) fixed costs and wages.

• Sweden

Monetary policy:

- 16 March: Riksbank announced the purchase of an additional SDK 300 bn in securities for the year 2020.
- 13 March: Riksbank released SDK 500 bn (USD 51 bn) in interest-free loans to Swedish companies via the banks. The central bank governor is prepared to take bigger monetary easing measures if necessary.
- 23 March: Riksbank will place SEK 400 bn at the disposition of banks in the form of loans (with a rate equivalent to the repo rate: 0%, with a 2-year maturity) to encourage them to increase lending to businesses. The operation will take place between 27 March and 17 April.
- 6 April: The Riksbank will offer further loan opportunities as part of its programme for corporate loans. At the same time, the programme is being extended to include onward lending to sole proprietors. In practice, the Riksbank intends to offer on a weekly basis starting on 20 April

loans of SEK 50 bn to monetary policy counterparties and temporary monetary policy counterparties (i.e. banks under FSA supervision that have signed a special agreement) against collateral. This will continue until the total scope of the programme, SEK 500 bn, has been lent, or until the Riksbank assesses that there is no longer a need for the loans. This does not exclude the possibility that, if necessary, the Riksbank could increase the scope of the programme to an amount greater than SEK 500 bn.

- 8 May:

- Since 19 March 2020, the Riksbank has purchased commercial paper issued by Swedish non-financial companies (NFC) as part of its asset purchasing programme. Commercial paper with a maturity of less than 6 months are now eligible on condition that they have a rating of Baa3 / BBB- or higher. Commercial paper assets purchased by the Riksbank as part of these securities purchases may not exceed SEK 32 bn at 30 September 2020.
- The Riksbank said it was prepared to take new measures and provide further liquidity if necessary.

Fiscal policy:

- 16 March: the Swedish government announced a package of support measures totalling SDK 300 bn (USD 31 bn), including the cost of all sick leave reported by companies in the months of April and May. The government is also offering companies the possibility of deferring tax and VAT payments retroactively, for all of the year 2020. This measure alone is expected to cost SDK 300 bn. The Swedish government announced that loan guarantees of a maximum of SDK 5 bn (USD 504 m) would be granted to the airline companies, including SDK 1.5 bn to the Scandinavian airline SAS.
- 30 March: the Riksbank announced Friday that it intends to purchase covered bonds of SEK 20 bn (USD 2.01 bn) next week, and that it would make new purchases of government and mortgage bonds for a total of SEK 35 bn by the end of April. The Swedish government authorised the Debt Office to establish state loan guarantees to cover up to 70% of the credit risk of companies financially impacted by the Covid-19 pandemic. Under the scheme, the Debt Office will provide guarantees to the banks which, in turn, issue guaranteed loans to companies. The firms making use of the guarantees can apply for loans of up to SEK 75 million (USD 7.5 million).
- The government will temporarily boost the country's unemployment benefits under a new measure to ease the economic impact of the Covid-19 pandemic.

Banking supervision:

- 19 March: the Swedish bank supervisor recommends that banks cancel their dividend payouts.
- April 2: the Swedish Financial Supervisory Authority (FSA) announced that it is suspending the rules requiring banks to demand mortgage repayments from borrowers, in order to limit the economic impact of the Covid-19 pandemic. In June 2016, the FSA introduced mandatory mortgage repayment rules that forced new borrowers to reimburse 1-2% of their loans each year. In 2018, it tightened the rules to force very large borrowers to pay off 3% a year. The exemption to the rules will apply through the end of June 2021.
- 7 April: the Swedish National Debt Office has decided, effective immediately, to extend the phase-in period for



banks to meet MREL with own funds and subordinated liabilities to 2024 (from 2022).

- **Greece**

- 20 March: Greece's bank association said lenders will offer a three-month suspension on loan repayments to individual borrowers significantly hit by the coronavirus crisis.

- **Hungary**

All corporate and individual debt payments are suspended through the end of the year. Targeted reduction of social security contributions for the hardest hit sectors (tourism, services). 6 April: A second fiscal stimulus package was launched. According to Prime Minister Orban's announcement, these measures could amount to a cumulative total of 18-20% of GDP, including only 1.7 points of GDP with the impact on the fiscal deficit. The measures included HUF 2 trillion in subsidized loans (4.5% of GDP, but the fiscal cost is limited to the subsidy that reduces the interest rate) and measures to support short-term work (estimated at HUF 450 bn, or 1% of GDP).

- 7 April: The central bank announced several measures:
 - It raised the ceiling on its interest rate corridor (overnight and 1-week collateralised rates) from 0.9% to 1.85% and adopted a symmetrical corridor (the overnight deposit rate and one-week deposit rate were held at -0.05% and 0.9%, respectively). Henceforth, each week the central bank will set the one-week deposit rate which will be allowed to deviate above or below the base rate within the interest rate corridor. Monetary policy could be tightened temporarily if necessary, notably to support the exchange rate.
 - It launched a government security purchase programme in the secondary market to maintain stable liquidity and to relaunch its mortgage bond purchase programme to improve the long-term supply of funding to the banking sector.
 - It also launched the "Funding for Growth Scheme Go!" (FGS Go!) for HUF 1,500 bn (3.3% of GDP) to provide financing to SME at attractive interest rates.
 - HUF 200 bn will be available for corporate bond purchases (but this is not a new programme).

- **Iceland**

Monetary policy: 13 March: the central bank lowered its 7-day deposit rate by 50 bp to 2.25%; 18 March: the central bank lowered its 7-day deposit rate again, by 50 bp to 1.75%.

- 8 April: the central bank announced the establishment of a temporary credit facility to offer collateralised loans to Icelandic banks.
- 20 Mays: the Central bank cut its policy rate by 0.75pp to 1%.

Fiscal policy: an additional ISK 40 bn in Treasury bonds will be issued in Q2 2020.

- **Poland**

- PLN 212 bn (EUR 57 bn) in financing for partial unemployment measures, deferred payment of social

security contributions by companies, as well as additional spending on infrastructure and healthcare.

- The key rate was lowered by 50 bp to 1%. Poland's central bank stated that it would boost bank liquidity (repos) and the sovereign bond market (securities purchases), without providing further detail.
- 8 April: The Polish central bank lowered its key rate by 50 bp to 0.5% (following an initial key rate cut on 17 March). The government also announced an additional PLN 100 bn (4.2%) of spending to help companies, with the goal of protecting 5 million jobs according to the Prime Minister.
- 28 May: the central bank cut its policy rate by 40 basis points to 0.1%.
- **Portugal**
 - 18 March:
 - Portuguese lenders are in talks with the government to create a debt-relief scheme for households and businesses hurt by the virus outbreak.
 - Fiscal stimulus of EUR 9.2 bn (4% of GDP), including:
 - EUR 3 bn in bank guarantees, a third of which are reserved for SME;
 - EUR 5.2 bn due to the deferred payment of income taxes and social security contributions,
 - reimbursement of wages up to 2/3 of the total wage.
 - 19 March:
 - Portugal rolled out a stimulus package worth EUR 9.2 bn to support its economy, including EUR 1 bn in payments to people and €3 billion in state-backed guarantees.
 - Portugal's fiscal package is currently relatively small. The country is only in the early stages of the epidemic, with only 448 confirmed cases of COVID-19 reported so far. A much more ambitious stimulus package is expected to be launched in the days ahead.
 - 27 March:
 - A presidential decree set the ground for the new conditions of debt moratorium establishing the postponement of up to six months for the payment of corporate and housing loans. The measure entails nearly EUR 20 million in payments and it is only valid for customers whose payments are in regular situation.
 - In addition, the communiqué of the Council of Ministers states that, "*in order to support the maintenance of jobs and avoid dismissals for economic reasons,*" the law (which has been known as simplified layoff) "*stipulates that during the period of reduction or suspension, as well as in the 60 days following its application, the employer may not terminate employment contracts, through collective dismissal or by termination of the job, in relation to the workers covered by the support measures*".
 - 8 May: The Bank of Portugal has decided to postpone for a year the implementation of a phased increase in capital buffers for banks identified as "other systemically important institutions".
 - 4 June: The Portuguese government has approved the extension to 31 March 2021 of the payment holidays

allowed to the households and firms hit hardest by the Covid-19 crisis.

- 7 June: The Portuguese government has introduced an additional tax of 0.02% on the domestic banking sector in order to help finance the economic support package. This will raise an extra EUR 33 billion for the Social Security Financial Stabilisation Fund (*Fundo de Estabilização Financeira da Segurança Social*).
- **Czech Republic**

Key policy rates were cut on two occasions, by 50 bp and 75 bp, to 1%. 7 May: The central bank cut its key rate by 75 bp to 0.25%.
- **Romania**
 - A programme amounting to 2% of GDP covers partial unemployment measures, guaranteed corporate loans and deferred payment of corporate taxes due over the next two months.
 - The key central bank rate was lowered by 50 bp to 2%.
 - 20 May: Romania will use European funds to finance part of workers' wages: 41.5% of the gross wage for each worker returning to work (one-off), one-third of the first three months' gross wage for new hires and those currently unemployed.
 - 29 May: all policy rates were cut by 25 basis points (reference rate and rate corridor), taking the reference rate to 1.75%.
- **The United Kingdom**
 - The government launched a GBP 12 bn Coronavirus Emergency Plan, including GBP 5 bn for the National Health System. These emergency funds are on top of the GBP 18 bn in additional expenses already incorporated in the budget, which brings the total amount to GBP 30 bn (1.4% of GDP).
 - In addition to targeted loans from the BoE, SME should also benefit from deferred liabilities and public guarantees on liquidity loans.
 - COVID-19 Corporate Financing Facility (CCFF): under this facility, the BoE will purchase commercial paper to finance the working capital requirements of companies (payroll, rent, suppliers...). Maturities: 1 week to 12 months: OIS + spread "close to that prior to the crisis".
 - 30 March: the BoE will continue its *Contingent Term Repo Facility* (CTRF) in April;
 - 31 March: the Prudential Regulatory Authority (PRA) also urged banks not to distribute dividends.
 - April 2: the Financial Conduct Authority (FCA) proposed a new set of measures to limit the economic impact of the Covid-19 pandemic: 1) set out the FCA's expectations on companies to offer a temporary freeze on consumer loan and credit card payments where consumers encounter financial hardships as a result of the Covid-19 pandemic, for up to three months; 2) ensure that for customers who have been financially impacted by Covid-19 and already have an arranged overdraft on their main personal current account, up to GBP 500 will be charged zero interest for up to three months; 3) require companies to make sure that all overdraft customers are no worse off on price when compared to the prices they were charged before the recent overdraft changes came into force; and 4) ensure that consumers using any of these temporary measures should not have their credit rating affected because of this. These measures are still under review.
 - 2 April: the BoE will increase the amount of corporate bond purchases from GBP 10 bn to GBP 20 bn as part of quantitative easing (QE), starting 7 April.
 - 8 April: The UK financial regulator will allow London-listed companies to raise emergency funds from shareholders. The measures encourage the use of simplified investment prospectuses, relax the rules on disclosures included therein, and enable investors to approve more share issuance without a meeting.
 - The BoE eased the bad loan provisioning requirements for credit unions, which are member-owned, neighbourhood financial co-operatives providing loans and savings to typically less well-off consumers. The relief measure takes effect immediately and is applicable through 1 January 2021.
 - 9 April: The UK regulation authority maintained the Systemic Risk Buffer (SRB) rates at the rate set in 2019 and will reassess them again in 2021. Any decision on SRB rates taken in December 2021 would take effect from January 2023. The measure aims to give lenders greater certainty over their future capital requirements. The decision only applies to the big banks.
 - 9 April: the UK government has asked the BoE to temporarily raise the ceiling on the Ways and Means account, the government's overdraft facility with the BoE. The W&M facility was already increased during the 2008 crisis, to briefly approach GBP 20 bn (vs GBP 370 m in general). It provides the government with funding without systematically resorting to the markets. Any drawings must be repaid as soon as possible before the end of the year.
 - 16 April: Expansion of the Coronavirus Business Interruption Loan Scheme (CBILS) to include big companies. Launched on 26 March and operational since 6 April, CBILS has funds of GBP 330 bn. Initially, CBILS only targeted companies with turnover of less than GBP 45 million, offering them interest-free loans for up to a year with government guarantees covering 80% of the loans (up to GBP 5 m). CBILS was expanded to include companies with turnover of more than GBP 45 m that were hit by Covid 19. These companies will be able to access up to GBP 50 m in government-backed bank loans on condition that they have an "investment grade" rating. Unlike the system in place for small companies, CBILS loans to big companies will be offered at commercial rates determined by the lending bank.
 - 20 April: the government announced a GBP 1.25 bn assistance package for innovative companies; the programme will run at least through September 2020. It includes:
 - Future Fund: a GBP 500 million lending programme for high-growth companies impacted by the pandemic. The fund will provide between GBP 125,000 and 5 million from the government, in partnership with private investors that at least match the government's commitment. The loans will be automatically converted into equity at the end of the loan if not repaid. To be eligible, a business must be an unlisted UK registered company that has previously raised at least GBP 250,000 in equity investment from third party investors in the last five years. The government is committing an initial GBP 250 million in funding towards the scheme.



- Innovate UK: the national innovation agency, through its grants and loan scheme, will provide GBP 750 million in targeted support for the most R&D intensive small and medium size firms.

The government extended through the end of June its coverage of 80% of the payroll wages of companies impacted by the Covid-19 pandemic (to a maximum of GBP 2,500). Launched in March, the scheme was initially to last 3 months (starting retroactively on 1 March) and cost GBP 40 bn. Ten million people have participated in the programme.

- 27 April: small businesses will be able to benefit from an extension of the government guarantee for loans of up to GBP50,000 under the CBILS programme. The measure will come into force on 4 May.
- 28 April: In order to help maintain the flow of credit to the real economy, the Financial Conduct Authority (FCA) and Bank of England (BoE) agreed to delay the shift from LIBOR to SONIA and SOFR to the 1st quarter of 2021, from the previous deadline of the 3rd quarter of 2020. This postponement nevertheless came with recommendations that: (i) lenders should be in a position to offer clients products not LIBOR-linked by the end of Q3 2020; (ii) all loans (new and refinanced) LIBOR-referenced should include clauses agreed between lender and borrower to facilitate their conversion, before end-2021, from LIBOR to SONIA or other alternative benchmarks; and (iii) that no further LIBOR-indexed lending maturing after the end of 2021 should be issued after the end of Q1 2021.

2 May: The extension of the government guarantee of small business loans under the CBILS framework, known as Bounce Back Loans (BBL), seeks to encourage loans of between GBP 2,000 and GBP 50,000 to smallest businesses. These will carry a 100% government guarantee, have a fixed rate of 2.5% and be made under a simplified application process. Smallest businesses that have already taken out a CBILS loan can request its conversion to a BBL. The BoE plans to support BBL lending by allowing participants in the TFSME facility to extend the duration of certain financing that they access through this facility to bring it into line with the 6-year duration of loans under the BBL scheme. The size of drawings against the TFSME facility whose durations can be extended will be announced in the first half of 2021 as a function of the volume of BBL lending;

- 12 May: The government extended until end-October its scheme to cover wages for struggling companies, which has so far been limited to 80% of wages up to a maximum of GBP 2,500. The scheme has, however, been tightened up with an increased contribution required from employers and a return of employees to work on at least a part-time basis. Further details will be provided over the next few weeks.
- 19 May: The government increased the ceiling on government-guaranteed loans to 25% of revenue or up to GBP 200 million, from GDP50 million previously, under the Coronavirus Large Business Interruption Loan Scheme (CLBILS). The scheme is designed to provide adequate support to companies that do not qualify for the Covid Corporate Financing Facility (CCFF). To benefit from the expanded CLBILS, companies must undertake not to buy back shares, pay dividends, increase director pay or pay bonuses, unless these were approved before the application for a loan guaranteed under CLBILS. The expanded CLBILS will not be available to firms which had received 12-month financing under the CCFF by 19 May 2020. The measure will be operational from 26 May.

- 03/06: the mortgage repayment holiday period available to individuals has been extended to the end of October 2020 (from end-June). The Prudential Regulation Authority (PRA) has encouraged banks not to consider the delays in payment allowed as a reason to increase provisions in anticipation of losses that they could incur. It has asked lending establishments to use "other indicators" than those generally monitored, in accordance with IFRS 9, to assess the true nature of the risks associated with these payment holidays.

• Slovakia

The government announced a stimulus plan amounting to EUR 1 bn a month (the amount will increase in keeping with the duration of the economic freeze due to the Covid-19 pandemic), including the coverage of 80% of the normal wages of short-term employees, and the deferral of social security contributions for companies that have lost more than 40% of revenues. Loan guarantees will also be offered for a total of up to EUR 500 m a month.

• Slovenia

The government announced a EUR 1 bn stimulation plan (about 2% of GDP), including:

- EUR 600 m from the SID Banka financial mechanisms, which would provide more than EUR 200 m.
- EUR 115 m allocated to small and mid-sized enterprises by the Slovenia business fund.
- EUR 51 m will be paid to companies to help finance temporary unemployment (the State will cover wage compensation up to 40%).

European countries outside EU

• Norway

Monetary policy: Norges Bank lowered its key rate by 50 bp to 1%. The central bank will also boost liquidity by offering 3-month loans to banks. Norges Bank increased purchases of Norwegian kroner from NOK 500 m (EUR 49 m) to NOK 1.6 bn (EUR 137 m) a day.

- 18 March: Norges Bank's Guidelines for pledging securities for loans from Norges Bank (Circular 1/2016) will be temporarily revised. The changes take effect immediately:
 - The required minimum outstanding volume of securities in NOK issued by a private entity is reduced to NOK 100 million.
 - The required minimum outstanding volume of securities in foreign currency issued by a private entity is reduced to the equivalent of EUR 50 million.
 - For securities other than Norwegian government securities, the maximum limit of 20 percent of the issue's (ISIN) volume outstanding is removed. There is no upper limit on the collateral a borrower can pledge per ISIN.
 - Securities in NOK guaranteed by local government authorities are exempt from the credit rating requirement.

- 19 March: Norges Bank will offer extraordinary F-loans with a maturity of one week, one month, three months, six months and twelve months; Norges Bank allocated NOK 7.95 bn in exceptional loans to banks as part of a new 12-month programme.
- 20 March: Norges Bank cut its key rate by another 0.25% (after cutting its key rate from 1.5% to 1% on 13 March).
- 30 March: Norges bank intends to increase its issuance of government bonds this year to between NOK 70 bn and NOK 85 bn, from NOK 55 bn initially, to finance loans the government is offering as emergency funding to companies financially impacted by the Covid-19 pandemic;
- 7 May: Norges Bank unexpectedly reduced its key policy rate from 0.25% to 0%. Norway's central bank does not intend to make any further rate cuts and considers that its key rate will hold at this level for some time; Norges Bank extended until the end of August 2020 the period during which it will offer F-loans to provide liquidity to the banking system. The terms of the loans were not changed.

Bank supervision: A recommendation was addressed to the Finance Minister to reduce the countercyclical buffer from 2.5% to 1%, effective immediately.

25 March: the bank supervisor recommends that the government should not allow banks to pay dividends for the time being.

Fiscal policy: on 15 March the Norwegian government pledged to provide NOK 100 bn (EUR 8.5 bn) in funding to Norwegian companies in the form of loan guarantees (NOK 50 bn) for small to mid-sized companies, and NOK 50 bn in bond issues for the big bond-issuing companies.

Negotiations are underway between the ministry of industry and transport and the airline companies to release funding.

• Russia

In compliance with the fiscal rules in effect, sovereign funds will be used to ensure the stability of fiscal revenues.

24 April: the central bank cut its key rate by 50 bp to 5.5% and is prepared to make further cuts if the situation continues to deteriorate.

• Kazakhstan

The key policy rate was raised by 275 bp to bolster the tenge (KZT) against depreciation at the same time as the drop in oil prices (10 March) and the easing of prudential banking regulations (16 March). It also announced preferential rate loans to companies for a total of USD 920 million (0.5% of GDP).

• Switzerland

On 13 March, the Federal council has decided to close all shops, restaurants, bars and entertainment and leisure facilities until 19 April, with the exception of food stores and healthcare institutions.

Checks on the borders to Germany, Austria, France and Italy were reintroduced. In order to mitigate the economic consequences of the fight against the corona virus the Swiss Confederation launched a comprehensive stimulus package worth SFr 32 billion on 20 March:

- Liquidity support to enterprises: the Confederation has set up a programme of guarantees for SME loans worth SFr 20 billion. The enterprises should apply for these loans at their main bank. They can obtain interest-free loans up to 10% of their turnover capped at SFr 20 million. An amount of up to SFr 0.5 million will be immediately transferred by the banks and are covered by 100% guarantee by the Confederation. This should cover 90% of the needs of companies affected by the coronavirus. The guarantee will be lowered to 85% for higher amounts. These loans will be subject to an examination by the banks, which take 15% of the risk. The interest rate on these loans is 0.5%, and the Confederation has the right to adjust the rate.
- Deferment of social security contributions and taxes: companies struck by the health crisis have the possibility to defer the social security contribution and taxes (VAT, customs and excise duties) without interests. They could also lower their social contributions in case of a substantial lowering of the wage bill.
- Moratorium on bankruptcies
- Short-time working scheme: employees do not have first to use the supplementary hours saved in their time savings account before getting access to scheme. Access to the scheme will be broadened to include also fixed-term contract workers, temporary workers, apprentices, and self-employed. In addition, the waiting period, before having access to the scheme, have been abolished. The administrative procedures will be simplified.

The Federal Council has announced that the restrictive measures will be gradually lifted from 27 April onwards.

• Turkey

- The key rate was cut by 100 bp to 9.75%.
- Central bank measures included:
 - Unlimited support for bank liquidity.
 - 500 bp reduction in the required reserve ratio on foreign currency deposits (which freed up USD 5.1 bn).
 - A 90-day extension on the maturity of corporate debt (rediscounted) maturing between March and June (USD 7.6 bn).
 - Extension of maximum maturities on new rediscounting operations (from 120 to 240 days, for example, for short-term operations).
- The central bank expanded its economic support measures:
 - Government debt would be purchased to cover the additional needs of the unemployment insurance fund (amounts not specified).
 - The list of collateral eligible for TRY or foreign-exchange operations will be expanded to include ABS and MBS.
 - Swap lines (125 bp below the repo rate) will be offered in USD, EUR or gold with a 6-month maturity, in addition to the 3-month and 1-year maturities introduced on 17 March.
 - Allocations to credit lines to finance export companies will be increased (TRY 60 bn, the equivalent of just under USD 10 bn).
- 17 April:
 - The central bank doubled to 10% (from 5%) the maximum limit for the ratio of the Open Market

Operations (OMO) portfolio nominal size to its total assets (TRY 687 bn at 17 April, or roughly USD 100 bn).

- The facility offered to Primary Dealer (PD) banks to sell government securities to the central bank has been revised such that the limits will apply independently of the repo transaction limits. The related purchases will be carried out within the total maximum limit set for the OMO portfolio as specified above (10%). Note, the public debt purchased by the central bank is used to finance the unemployment insurance fund.
- 22 April: the central bank cut its key rate by 100 bp, from 9.75% to 8.75% (which is higher than the consensus forecast of a 50-pb cut).
- 6 May: the bank regulator BDDK will limit the foreign currency operations of Turkish banks with non-resident banks to 0.5% of equity capital, after lowering this figure from 10% to 1% in mid-April.
- 20 May: the central bank announced that its swap line with Qatar has been tripled in size from USD 5 bn to USD 15 bn. Trade tariffs of up to 30% will be imposed on 800 types of imported goods (metals, construction materials, automotive equipment and certain other goods), affecting mainly inputs in construction and industry. These will be in place until at least the end of September. The official aim is to avoid importing goods that can be produced locally. The tariffs will not apply to goods from countries with which Turkey has free trade agreements.
- 21 May: the central bank cut its policy rate by 50 bps to 8.25%.
- 22 May: the limit on currency swaps into the Turkish lira has been increased to 50% of banks' total forex market activity (from 40%). These currency swaps into local currency help channel banks' foreign currency liquidity to the central bank, thereby boosting its currency reserves. Purchases of more than 100 grams of gold will have a one-day settlement period before the transaction can be completed.
- 23 May: the tax on foreign currency purchases was increased from 0.2% of the transaction amount to 1%.
- 30 May: reduction in barriers to mergers between Turkish state-owned companies.
- 1 June: state-owned banks will offer 15-year loans with a 1-year payment holiday for the purchase of vehicles, goods manufactured in Turkey or to finance holidays.
- **Ukraine**
 - The key rate was cut by 50 bp to 10%.
 - A wheat export quota was introduced.
 - Two laws were adopted on banking and land reform ahead of an IMF agreement (probably for USD 8 bn).
 - A budget was presented (but has yet to be adopted) calling for a deficit of close to 7% of GDP. The finance and health ministers were removed from office, illustrating the persistently high level of political instability.
 - 23 April: the central bank cut its key rate by 200 bp, from 10% to 8%.
 - 21 May: agreement with the IMF for an 18-month programme that will make available to Ukraine the equivalent of USD 5 bn, through a Stand-By Arrangement financing both balance of payments requirements and the budget directly.
 - 11 June: the central bank lowered its key rate by 200 basis points to 6%.

Asia

• China

Two main goals:

- Bring immediate support for corporates, to prevent bankruptcies and defaults, and limit instability risks in the financial sector.
- Stimulate activity to encourage a rapid rebound. The most recent announcements show that the second objective is increasingly important for Beijing, which is asking local governments to help. Further stimulus measures are expected in the coming weeks/months, on all fronts.

Monetary policy:

- Interest rate cuts: moderate so far (MLF rate: to 3.15% from 3.25% end-2019/Loan prime rate: to 4.05% from 4.15% end-2019);
- Short-term liquidity injections to respond to demand;
- Reduction in Reserve Requirement Ratios = targeted cut of -50/200 bp on March 16th for some banks (release of RMB550bn in funds to be used for lending to enterprises hit by the COVID-19). There are different RRRs in the banking sector (RRR for largest banks = 12.5% before the latest cut);
- Relending programme (RMB700bn): to support SMEs and enterprises directly hit by the COVID-19;
- Special loan programs by policy banks (RMB 350 bn) for private enterprises and SMEs;
- "Window guidance"/Directives given to banks to help corporates, to refinance and give delays for loan repayments;
- Loosening of risk-management rules for banks. At the same time, rules to tighten supervision of shadow banking remain in place;
- Loosening of rules for corporate bond issuance and share sales in local markets.
- 16 April: the central bank cut its Medium-term Loan Facility (MLF) rate by 20 bp to 2.95%.
- The 7-day repo rate slid to 1.23%, from 2.32% at the end of February and 2.81% at the end of 2019.

Fiscal policy:

- Public investment: Quotas for local government domestic bond issuance has been increased: new LG bond issuance allowed, to be injected mostly in infrastructure projects = RMB 850 bn (in addition to the RMB 1 trn initially allowed for 2020). The stimulus plan relying on public investment will be expected to gain greater importance in short term;
- Fiscal spending to support the health sector (RMB 110 bn to start);
- Direct support for enterprises: temporary tax exemptions, social security exemptions (RMB500bn), electricity tariff cuts (by 5%);
- Tax cuts to support corporate investment and household consumption: a few incentives so far, likely to expand in the coming weeks.

Some examples of local government measures:

- Urban land use cost-cuts;
- Consumption vouchers.

- **South Korea**

The government announced a series of support measures for:

- SMEs;
- Sectors that were hit hardest directly (retail trade and tourism);
- Job support measures (generalisation of partial unemployment, compensation for companies whose employees are unable to come to work because they must take care of their children at home);
- Household consumption (via various tax cuts, on new car purchases, for example, and "culture vouchers" to support movie theatres and performing arts centres, etc.).

16 March: the central bank held an emergency meeting during which it decided to lower the key rate by 50 bp to 0.75%.

- **Hong Kong**

Fiscal policy measures: Two stimulus packages have been introduced since February (totalling 10% of GDP). They aim to reinforce the system for combatting epidemics with the creation of a dedicated HKD 30 bn fund (1% of GDP) and to provide direct, temporary relief to companies and households in order to offset the loss of revenues and foster a rapid recovery.

These measures include: 1) a cash payment of HKD 10,000 (nearly USD 1,300) per adult resident, for a total of HKD 71 bn (2.5% of GDP), 2) tax cuts and reduced expenses (public services, rent on low-income housing, etc.) for a total of HKD 81 bn (2.8% of GDP), 3) corporate subsidies to help with payroll expenses for the next six months, for a total of HKD 80 bn (2.8% of GDP), 4) targeted measures to support the hardest hit sectors (tourism, construction, etc.), for a total of HKD 21 bn (0.7% of GDP), and 5) a temporary job creation programme, for a total of HKD 6 bn (0.2% of GDP).

Monetary policy measures: Hong Kong does not have an autonomous monetary policy. Under the Currency Board system, the authorities followed the US Fed's decision to cut key rates (the base rate was lowered from 2% at the end of February to 0.86% in mid-March, before returning to 1.2% in mid-April). The authorities also introduced SME loan programmes (government-backed, low interest rate loans) and adjusted the banks' prudential standards to encourage them to cover corporate and household short-term financing needs

- **India**

Swap and open market operations were launched to face up to USD and INR liquidity squeezes. No key rate cuts have been made yet. No fiscal measures have been announced.

Announcement of a 1.7 trillion rupee economic stimulus plan (0.8% du PIB) that will be released through direct cash transfers and food security measures aimed at giving relief to millions of poor hit by the nationwide lockdown in the country.

The central bank cut its reverse repo rate by 25 bp to 3.75% (the repo rate was cut by 75 bp to 4.4% on 27 March).

As of 1 March, banks will consider loans overdue by more than 180 days to be non-performing loans, as opposed to 90 days previously. They will now have 300 days instead of 90 days to restructure the loans.

The liquidity coverage ratio was lowered to 80%, from 100%, effective immediately.

The central bank announced INR 500 bn in new long-term repo operations for banks that finance non-financial companies (NFC).

Non-financial companies have the option of extending the maturity of their mortgage loans by one year without it being considered as debt restructuring.

27 April: the central bank announced that it would open a special liquidity facility for mutual funds with up to INR 500 bn in refinancing operations through 11 May.

4 May: the lockdown has been extended for two weeks but will be substantially relaxed in the 'green' zones where the virus has little presence (this does not include major urban centres). In addition, from Friday 8 May, migrant workers and students may return home.

12 May: the Indian government announced a new economic support programme, taking the total fiscal and monetary support package to USD266 billion (20 trillion rupees), the equivalent of 10% of GDP. Details have not yet been announced. The measures announced in March and April have already been included:

- 1.7 trillion rupees (USD22.6 billion) in food aid for the poorest, the oldest and women (0.8% of GDP);
- 5.7 trillion rupees of central bank support to companies (3.2% of GDP).

- **Indonesia**

- IDR 120 trillion (0.8% of GDP) to support business activity and suspend corporate taxes.
- 19 March: the central bank lowered its key rates by 25 bp to 4.5%.
- 23 March: the Indonesian government asked parliament to raise the budget deficit ceiling currently set at 3% of GDP so that it can stimulate the economy. All of the measures announced so far amount to 1% of GDP.

- **Japan**

7 April: The Prime Minister declared a health and economic state of emergency.

The government adopted a stimulus package of JPY 108 000 bn (about USD 1000 bn), equivalent to 20% of Japan's GDP, which is nearly twice as big as the stimulus plan launched during the 2008 crisis. The stimulus calls for fiscal spending of JPY 39,500 bn and direct aid to struggling households and SME. The remainder of the stimulus includes financing support for companies and deferred tax and social security charges.

- **Malaysia**

- 3 March: key rates were lowered by 25 bp.
- 24 March: announcement of a fiscal stimulus package of USD 4.8 bn (1.3% of GDP).
- 4 May: the lockdown will be relaxed, although some states are still refusing to implement this. In Kuala Lumpur, all activities resumed on Monday 4 May, with social distancing measures remaining in place.
- 5 May: at a time of falling prices (-0.2% year-on-year in March), the central bank lowered its key overnight policy rate by 50 bp to 2%.

- **Philippines**

Monetary policy measures: The key rate was cut by 50 bp on two occasions, to 3.25% on 19 March and again to 2.75% on 16 April.

In March: required reserve ratios were lowered by 200 bp (to 12% for the big banks) and the prudential rules for the banking sector were relaxed (notably in terms of reporting and provisions).

The central bank announced the purchase of PHP 300 bn in Treasury notes (1.6% of GDP).

Fiscal policy measures: The government announced a modest plan of PHP 27 bn (0.2% of GDP) comprised of additional healthcare spending, protective measures for the most vulnerable workers, and support measures for the tourism and agriculture sectors.

In late March, the government declared a state of emergency and introduced a series of measures to help the healthcare sector, the most vulnerable households and workers, the tourism and agriculture sectors and small businesses.

- **Singapore**

A plan amounting to 1.3% of GDP was launched including support measures for the sectors hit hardest by the COVID-19 pandemic, tax cuts and greater spending in the healthcare sector.

- 18 February: The government announced its first stimulus plan of USD 4.4 bn. It was geared notably towards supporting five sectors hit hardest by the pandemic: tourism, aviation, retailing, food and transport.
- 19 March: MAS announces a USD 60 bn swap agreement with the Fed to support the banking and financial system (for the next 6 months).
- 26 March: The government launched its second economic stimulus plan of USD 33.2 bn. For the first time since 2009, Singapore drew on its reserves to finance the plan (USD 11.78 bn).
- 30 March: At the monetary policy committee meeting (moved forward to 30 March), MAS reduced the slope of the effective SGD exchange rate fluctuation band to 0% (which should depreciate the local currency).
- 31 March: MAS, in collaboration with Singapore banks and insurance companies, announced a pack of support measures for SME and households (short-term reduction in payments, insurance maintained despite financial hardships).
- 6 April: The government launched a third stimulus plan of USD 3.6 bn. This new package is comprised of wage subsidies, exoneration from rent payments and a cash pay-out of USD 417 to each adult. All in all, the cumulative total of the three stimulus plans is USD 42 bn, or about 12% of GDP.
- 8 April: the Monetary Authority of Singapore (MAS) announced a SGD 125 m support plan for financial institutions and FinTech companies.

- **Taiwan**

- Impact of COVID-19 moderate so far, sanitary crisis well managed since the very beginning.
- Fiscal/monetary policy stance already loose before the virus outbreak.

- Small fiscal package, aimed at helping industries hit by COVID19 (0.3% of GDP).
- 19 March: small cut in policy rate (-25 bp to 1.125%).
- 3 April: the government announced a stimulus plan totalling USD 35 bn (about 6% of GDP), 77% of which will go to employers to avoid a surge in unemployment.

- **Thailand**

- A fiscal stimulation plan was launched, the main measures of which are geared towards SME and the sectors hit hardest by the COVID-19 crisis (mainly tourism). The key rate was cut by 25 bp to 1% at the latest monetary policy committee meeting in early February.
- 20 March: policy rate cut from 1.00% to 0.75%.
- 20 May: policy rate cut by 25bp, to 0.5%.

- **Vietnam**

- 3 March: The government announced a fiscal stimulus package totalling USD 1.16 bn (VND 27 trillion) which corresponds to 0.5% of GDP. So far the stimulus has not been officially implemented. The government issued a decree allowing businesses affected by the Covid-19 crisis to defer VAT payments (USD 970 m) and rent (USD 190 m) until June. Moreover, public-private partnership projects for the construction of roadway infrastructure will be transformed into public investments.
- 13 March: the government allowed banks to defer loan payments, authorise deferred payments of capital and interest, reduce or forego transaction fees and payments and to grant new loans to companies affected by the Covid-19 crisis via preferential credit lines (which could amount to USD 12.3 bn).
- 17 March: the State Bank of Vietnam (SBV) cut its refinancing rate by 100 bp to 5%. The central bank also lowered the discount rate by 50 bp to 3.5%. These decisions were in keeping with the Fed's policy to lower interest rates.

Latin America

- **Argentina**

Measures aimed at preserving labour and household income:

- Labour tax exemptions for economic sectors acutely affected by the shock, including leisure, tourism and transport, but also companies facing supply chain problems.
- Widening of specific programs already in place to protect labour.
- Increase in unemployment benefits.

Measures aimed at protecting population groups considered vulnerable:

- Extraordinary one-off payment for people already receiving specific social subsidies and low pensions;
- Postponement of maturities of debt due to Anses (April & May) for pensioners and people receiving social subsidies.
- Increased supply of food in public facilities.

Public investment:

- The public works budget is increased by ARS 100 bn (0.4% of GDP)
 - Relaunching of state-sponsored loans for construction of new houses or works in already existing homes.
 - Price controls: maximum prices will be imposed on specific goods (including food, hygiene, pharmaceutical and medical supplies) for at least 30 days. Prices will be set at levels prevailing on March 6, 2020. Industries will be asked to temporarily increase production to face the current increase in demand.
 - Financing for productive sectors: ARS 350 bn (1.3% of GDP) will be devoted to guarantee production and supply of basic goods.
- New financing line worth ARS 320 bn for working capital at subsidized rates (26%) for 180 days to be provided by banks.
- ARS 25 bn in new financing from Banco Nacion for specific economic sectors.
- Two other smaller financing lines for companies implementing "work from home" initiatives and for industrial infrastructure.
- Publicly sponsored plan for subsidised financing of consumer goods.
- Restrictions on exports of medical supplies.
- New program to encourage production of medical supplies.
- Reimbursements to exporters of industrial goods will be accelerated.

- **Brazil**

Measures directed as supporting vulnerable populations (elderly and poor people, informal and self-employed workers) and preserving income (BRL 280 bn, 3.9% of GDP):

- 17/03: Package of measures announced by Federal government. Includes amongst others: advancements (Christmas bonuses salary to June BRL 12.8 bn + Early payment of first and second installment of the 13th salary of INSS holders and pensioners in April and May (2* BRL 23bn); financial relief (transferring unclaimed funds from social security contributions (in Pis/ Pasep accounts) to Brazilians' unemployment insurance fund (FGTS) to allow new withdrawals (BRL 21.5 bn); Targeted transfers (adding an additional 1 million Brazilians to *Bolsa Familia* income distribution program (BRL 3.1bn); loosening of regulation (suspension of 'proof of life' requirement for pension beneficiaries for 120 days);
- 18/03: Targeted transfers. *Emergency Aid Program*: Support for 18 mn informal and self-employed workers over the next four months in the form of "corona-voucher" whereby BRL 200 is provided to those who do not receive social benefits from the government. *Update 27/03/20*: Widening of emergency aid: The Chamber of Deputies approves a bill that institutes the payment of emergency aid for 3 months in the amount of BRL 600 to low-income workers. The measure will benefit 54 million people, with an approximate cost of BRL 98 bn. *Update 17/04/20*: Expansion of the scope of emergency aid. Lower House approves expansion of BRL 600 emergency aid to include teenage mothers. It also exempts students from paying installments (2 to 4) of

federal student loans (Fies). Expanding the scope of the aid will have an extra cost of BRL 10 bn;

- 19/03: Financial relief. Sao Paulo suspends payments of utility bills for low-income families (~500 000 families). Petrobras slashes prices (controlled prices) on gasoline, diesel and gas (7.5%, 12% and 5%); Paid sick leave: The Federal Government will bear costs of employees forced to go on sick leave because of Covid19. First 15 days are usually covered by employer;
- 01/04: Extended unemployment insurance/wage preservation through subsidies. Wages of workers whose workload and wages were reduced will get complementary income (for up to 3 months). Amounts will be based on the monthly amount of unemployment insurance that workers would be entitled to if they had been fired. The reductions established are 25%, 50% and 70%, which will be negotiated based on individual and collective agreements, according to the workers' salary ranges. The working hour value will be preserved. The measure also allows the suspension of the employment contract, for a maximum of two months, with the payment of 100% of the respective amount of unemployment insurance. The measure has cost over BRL 51 bn and expected to reach 24.5 million workers;
- 08/04: Financial relief. The Federal Government allows withdrawals from active FGTS accounts up to BRL 1045 starting June 15 through December 31st. 30.7 million workers are expected to make withdrawals for an estimated amount of BRL 36.2 bn;
- 10/04: Financial relief. The Federal Government will guarantee exemptions from electricity bills to Social residential Electricity Tariff beneficiaries. The exemption is valid for the period between April 1st and June 30th and will be paid by the government up to the limit of BRL 900 mn;
- 14/04: Loosening of regulation. The National Association of Credit Bureaus (ANBC) and the Brazilian Federation of Banks (Febraban) announce that processes for defaulting customers will be extended from 10 days to 45 days. The measure is valid for 90 days and may be extended.

Measures to provide tax and financial relief to companies and households extend financing and protect jobs (including support from public banks) – (BRL 482 bn – 6.7% of GDP):

- 13/03: Support to airline industry: tax deferrals. Bill from the Presidency allowing airlines to postpone the payment of federal taxes such as PIS and Cofins for the next three months; *Update 18/3/20*: Debt restructuring. Announcement that domestic airlines' debt will be renegotiated (no further details); *Update 31/3*: Capital injections. Brazil's national development bank BNDES announce a new set of measures to inject capital into companies impacted by the coronavirus pandemic, including buying debentures issued by airlines. BNDES' equity investments division will buy convertible debentures at a low rate, and the airlines will use the proceeds to finance operations, rather than pay down debt
- 17/03: Measures announced by Federal government. Includes amongst others: Tax deferrals. Temporary waiver for three months of Simples Nacional tax (corporate income tax affecting 4.9 million companies). Payment of the tax is postponed to H2-2020 (BRL 22.2 bn); Line of credit. Release of BRL 5 bn from the

Worker's Support Fund (FAT) passed on to public banks to provide loans/working capital to micro, small and medium companies; Deferrals of social security contributions. Contribution to FGTS fund is deferred for 3 months (BRL 30 bn).

- 18/03: Loosening of regulation. Temporary easing of Brazil's labor laws;
- 22/03: Package by State Development Bank (BNDES) (BRL 35 bn) to support ~150 000 companies employing ~ 2 mn people. Includes: Financial relief: 6-month postponement of interest and principal payments on direct credit operations (BRL 19 bn) and indirect credit operations (BRL 11 bn); Line of credit/financial relief : Provide working capital (or reinforcing existing lines) to micro-enterprises and SMEs ; Limit of BRL 70 mn per customer; 2-year grace period and 5-years total payment term (BRL 5 bn) ; *Update 29/03*: Fintechs included in companies eligible for the BRL 5 bn credit line;
- 26/03: Tax deferrals. Income tax delayed until June for small businesses;
- 27/03: Line of credit: The Federal government will provide a financing line of BRL 5 bn for non-profit entities, through Caixa Econômica Federal, at a rate of 10% per year (vs 20% previously);
- 01/04: Reduction in social security contribution. 50% reduction in the contribution to the "S system" for 3 months. Companies that pay social contributions on payroll to finance System S entities will be free of half of these charges by the end of June. (BRL 2.5 bn);
- 01/04: Tax cuts. The government announces exemption from the Tax on Financial Operations (IOF) for credit operations for 90 days. The total impact of the exemption is BRL 7 bn; deferrals of social security contributions: contribution to PIS/Pasep + COFINS (funds for unemployment insurance, children benefit + allowance for low paid workers) due to be paid in April and May will be paid in August and October by employers. The estimated impact of the measure is BRL 80 bn
- 03/04: Tax deferrals. To support individual micro entrepreneurs, the government has extended for 6 months the deadline for (1) payment of INSS tax (federal tax) (2) payment of the ICMS tax (a state tax on circulation of goods and services) and payment of (3) the ISS tax (a municipal tax on services). For those who have opted into Simples Nacional system, the payment of ICMS and ISS are extended for 3 months, while the INSS payment is extended for 6 months. .
- 06/04: Line of credit. Emergency Employment Support Program rolled out by the Federal government to help companies pay their employees to help preserve jobs. Financial support is conditional on companies committing to retaining their employees for two months. Only companies with annual revenues between BRL 360 000 thousand and BRL 10 mn will be admitted to this credit line. The loan can cover the entire payroll of the company but with a limit of up to 2 minimum wages per employee. The program will cost the government BRL 34 bn (emergency line is USD 40 bn but 85% is covered by the Treasury and 15% by private banks.) The measure is expected to support 1.4 million small businesses.
- Tax deferrals: The government extends the deadline for employers' payment of INSS tax. The months of March and April may be paid in July and September. Companies who have opted for the Simple Nacional system will also be given for time for payment

for their Corporate Income tax, IPI tax (tax on industrial products), CSLL (tax on net profits). Contributions due in April, May and June may be paid in October, November and December. Companies will also have more time to send the Federal Tax Debt and Credit Statement (DCTF) to the Federal Revenue Service.

- 15/04: Line of credit/financial relief. BNDES intends to coordinate a union of commercial banks to help support large companies in sectors facing important difficulties as a result of the pandemic. Will mobilize Itaú Unibanco, Bradesco, Santander and Banco do Brasil, in addition to institutional investors.

Measures by public banks to ease financial conditions for households and corporates. For companies, goal is to free up resources to guarantee payment of employees and suppliers (throughout March – April):

- Caixa Federal and Banco do Brasil ease financial conditions for households and corporates. Amongst some temporary measures adopted: Postponing debt payments/grace periods. Postponing debt payments for 60 days. Could be extended to 120 days. Allowing families to postpone mortgage payments for up to 2 installments. Reduction of interest and extension of grace periods applied to loans granted to companies in the tourism sector through the General Tourism Fund; Interest rate cuts. Reducing interest rate for payroll loans and extension of the payment term. Cutting rates by 45% for SMEs, incidence of interest diluted over entire payment schedule, overdraft charges reduced by almost half, from 4.95% per month to 2.9% per month. Reduced interest rate charges on installments of the credit card bill, going from 7.7% per month to 2.9%. The new rates are effective from April 1st and are valid for 90 days (Note : private banks have also extended the maturities of debts of individuals and companies (micro, small and medium) for 60 days);
- Caixa Federal Measures: Reinforcing working capital lines for micro and SMEs + companies operating in real estate (BRL 60 bn); purchase of payroll-backed and vehicle loan portfolios from small and medium banks (BRL 40 bn); Increase agricultural credit (BRL 6 bn); credit lines for hospitals. Release of credit lines, restructuring of debts (lower rates, longer maturities) for hospitals (BRL 5 bn); measures to stimulate civil construction; refinancing and renegotiation, avoiding 1.2 million layoffs (BRL 43 bn) ; increase in the volume of loans to states and municipalities; reduction in interest rates on credit lines and the possibility of suspending payment of debts for up to 90 days for household and corporate contracts, including housing contracts.
- Banco Do Brazil Measures: increase working capital lines, investments and prepayment of companies' receivables (BRL 48 bn); increase agricultural credit (BRL 25 bn); increase household credit (BRL 24 bn); increase credit lines for states and municipalities to finance equipment purchases and infrastructure projects in health-related areas (BRL 3 bn).

Measures to combat the pandemic (BRL 26.4 bn – 0.4% of GDP):

- 13/03 through 17/03: Reallocation. Economy ministry redirects BRL 5 bn to health ministry to support fight against virus; to reinforce health ministry, the government will allocate the balance of the DPVAT fund to the Unified

Health System (BRL 4.5 bn); package of measures announced by Federal government Includes amongst others: cuts to import duties, import tariffs reduced to zero for medical-hospital related products until end of 2020 (BRL 2.2 bn), temporary exemption from IPI (tax on industrial products) for goods produced domestically or imported, that are necessary to combat COVID-19 (BRL 0.6 bn).

- 18/03: Reallocation. Redirect funds from census to health ministry (BRL 2.3 bn);
- 22/03: Reallocation. Supreme court redirects BRL 1.6 bn from Car Wash (*Lava Jato*) Fund (collected through the investigation, mainly from Petrobras) to combat pandemic.
- 25/03: Funding for capacity building. An additional BRL 0.4 bn in extraordinary credit released for the ministries: Science and Technology; Foreign Affairs; Defense and Citizenship; Legal.
- 26/03: Cuts to import duties. Zero tax on imports of chloroquine, hydroxychloroquine and azithromacine, ventilators used for artificial respiration and test kits for COVID-19. Suspension of surcharges on imports of disposable syringes from China and plastic blood collection tubes from Germany, the US and the UK. Reallocation: Minister of Justice authorizes states and municipalities to reallocate resources they received to fight violent crime throughout 2019, to combat instead the effects of the pandemic.
- 29/03: Funding for capacity building. BNDES announced BRL 2 bn emergency credit line destined to support purchase of 3000 new ICU emergency beds, 15 000 respirators, five 5000 monitors and 80 million surgical masks.
- 03/04: Funding for capacity building. President Jair Bolsonaro signs a Provisional Measure adding BRL 9.4 bn to the Ministry of Health's funds to combat outbreak. Of this total, BRL 6.3 bn will go to states and municipalities. New Measures being drafted for an additional BRL 2.74 bn in resources to face the pandemic. BRL 2.1 bn will be reallocated to the National Health Fund to bolster states; cuts to import duties / faster clearance of customs. The Chamber of Foreign Trade (Camex, part of ministry of economy) adds 25 more items to the list of essential items not subject to import tax; update 8/4/20: Camex adds another 41 items to list of tax free imports; update 17/4/20: Ministry of Economy adds a new batch of medicines and hospital equipment to the list of products with an express import process; Update 15/4/20: Camex add 141 new items on the list of exemption from import tax including antibiotics, ultrasound get and paper masks.
- 06/04: Loosening of regulation. The Ministry of Education allows federal universities to anticipate the graduation of medical, nursing, pharmacy and physical therapy students. To be eligible they must have completed at least 75% of their medical residency or internship.
- 10/04: Reallocations. The Government opens an extraordinary credit of BRL 2.6 bn for the actions of the Ministry of Health to fight outbreak. The funds will come from Cofins collection surplus from previous years. The National Health Agency (ANS) announces that BRL 15 mn will be released to support healthcare workers who are unable to pay monthly fees during the coronavirus crisis.

Measures to strengthen states and municipalities (BRL 127.4 bn – 1.8% of GDP):

- 23/03: Package of measures amounting to BRL 85.5 bn announced by Federal government including amongst others measures to suspend States' debt repayment, increase transfers to states' funds (build up social assistance + health budgets), renegotiate state and municipal debt with banks. Update 13/04/20: Chamber of deputies approves a BRL80 bn financial aid package for city and state governments who will receive the funds from May to October. Bill also suspends loans payments.
- 01/04: Loosening of regulation. The Ministry of Economy relaxes the rules for entering into contracts with states and municipalities and loosens rules around processes for payment of these contracts. Guarantees: The Federal Government will provide additional guarantees for loans contracted by states and municipalities. Total ceiling of BRL 20 bn.
- 07/04: Loosening of regulation / payment terms. The Federal Government extends the validity of financial lending agreements and other contracts signed with States, municipalities and non-profit entities until the end of the year.
- 13/04: New package of measures for states and municipalities bringing total support up to BRL 127.3 bn. Will include additional combination of direct transfers, suspension of debts with the federal government for six months and suspension of payment of debts with public banks in 2020.

Monetary policy / macro prudential measures:

- 13/03: Reserve requirement ratio reduced from 31% to 25%. This has the potential to inject BRL 135 bn in the economy;
- 16/03: Relax banks' loan loss provisions requirements for the next 6 months: enable banks to offer increased loans and better terms (eg extend maturities when refinancing) on BRL 3.2 trillion (~USD 640 bn) worth of corporate and household loans;
- 18/03: BCB cuts rates by 50bps to historical low 3.75%.
- 18/03: Bond market intervention: announced program to be carried out with Treasury to repurchase dollar denominated sovereign bonds held by Brazilian banks worth ~USD 31 bn (first time since 2008) : goal is to provide liquidity to the Brazilian sovereign bond market
- 19/03: USD swap line. Fed sets up precautionary currency swap lines with 9 central banks including USD 60 bn with Brazil (vs USD 30 bn in 2008)
- 22/03: BCB provides liquidity measures amounting to ~BRL 1.2 tn (16.7% of GDP) vs ~ BRL 120 bn in 2008 during the financial crisis (3.5% of GDP) – valid until December 2020. Reduction of reserve requirement ratio from 25% to 17% increasing liquidity by BRL 68 bn; broadening of collateral eligibility. BCB will provide loans directly to financial institutions accepting as collateral private corporate bonds/ debentures (measure to help increase liquidity in the corporate debt market); loosening of regulation. Regulation adjusted to make funding raised through the issuance of Agribusiness credit bills (LCA) easier. Will allow an additional BRL 2.2 bn in liquidity for banks. The potential increase in agribusiness credit supply estimated at BRL 6.3 bn; broadening of collateral eligibility. Loans backed by guaranteed debt (loans to banks backed by Letras Financeiras (LF); one year term-repos backed by federal securities (conduct repurchase

operations — with up to one-year term — backed by federal government securities. Objective is to provide long-term liquidity, which will offset the demand for very short-term liquidity by households and companies). Guarantees: Banks authorized to raise money by taking in time deposits and will have protection from Credit Guarantee Fund (measure was also used in 2008 - BRL 10 bn).

- 22/03: BCB provides capital relief measures equivalent to BRL 1.15 tn (16.1% of GDP). Loosening of regulation: more flexible regulation on over hedging operations of investments abroad (temporarily, the tax effects arising from the overhedge of equity investments held abroad will not be deducted from equity- capital relief will amount to BRL 46 bn allowing an expansion of approximately BRL 520 bn in credit operation); relax banks' capital requirement (by BRL 56 bn) through a reduction of ACP factor (note : measure announced on 16/03/20 - Reduction of the factor applied to calculate the Capital Conservation buffer-reduction from 2.5% to 1.25% for a period of one year —starting on April/2020 up to March/2021—with gradual reversal until Mar/22). : expected to free up a potential BRL 637 bn for lending.
- 25/03: Broadening of collateral eligibility. BCB relax rules on collateral for loan operations with banks: 15% of the debentures offered by financial institutions as collateral may be composed of high-risk securities.
- 03/04: Liquidity provision. BCB will lend additional funds to banks through the acquisition of “Letras Financeiras”, securities issued directly by financial institutions; BCB will allow banks to borrow money against their credit portfolios (low risk credit). The amount borrowed will be proportional to quantity and quality (risk) of the credit offered as collateral. An estimated BRL 650 bn could be used in these operations.
- 06/04: Regulator (National Monetary Council) blocks banks and other financial institutions from paying dividends and proceeding to share buyback until September 30th. Salaries of top executives and administrators cannot be increased during this period.
- 07/04: Guarantees. BCB doubles the volume of funds covered by the Credit Guarantee Fund on time deposits. Coverage is BRL 40 mn. BCB opens another line of credit to guarantee loans to companies facing financial difficulties. Resources will be used from constitutional financing funds from the North (FNO), the Northeast (FNE) and the Midwest (FCO) regions
- 09/04: Quantitative easing. BCB says it could purchase up to BRL 1 tn (~USD 200 bn) of private sector assets to extend liquidity and increase availability of credit to businesses. Eligible assets that could be purchased through the program include debentures, real estate credit notes (CCI), certificates of real estate receivables (CRI), agricultural receivables certificates (CRA), commercial notes, bank credit note (CCB) and credit rights funds. BCB could also buy stakes in investment funds. Note: For the BCB to purchase government bonds it would require a constitutional amendment. Congress is debating a bill to grant the central bank emergency powers that would allow it to purchase public and private financial assets in times of national emergencies.
- Reduction of the capital requirement for SMEs credit operations. The measure could release around BRL 3.2 bn from banks' regulatory capital requirement. Credit operations will benefit from a reduction in capital

requirement from 100% to 85% for SMEs with gross annual revenues between BRL 15 mn and BRL 300 mn allowing for the eventual restructuring of BRL 228 bn in credit operations.

- Reclassification of credit. National Monetary Council (CMN) will allow financial institutions to reclassify viable credits to the risk level they were rated at before they were impacted by measures taken to combat COVID-19.
- 14/04: Reclassification of credit/loosening of regulation. Processes for defaulting customers will be extended from 10 days to 45 days (valid for 90 days). According to the National Association of Credit Bureaus (ANBC) and the Brazilian Federation of Banks (Febraban).
- 16/04: BCB allows cooperatives to issue “Real Estate Credit bills”. This will allow cooperatives to raise funds to extend real estate credit.
- 24/04: BCB increases the limit for collateralized loans for cooperative banks. BCB increases the limit on loans available to cooperative banks from BRL 3.3 bn to BRL 41.5 bn. Credit portfolios of the institutions will be used as collateral.
- **Chile**
 - A stimulus package was announced last night (5% of GDP). The announced measures are similar to those in other countries: support for the healthcare sector, job protections and support for SME.
 - The central bank also announced that it was cutting its key policy rate by 75 bp to 1%. An emergency credit line was also opened for SME and measures were announced to provide banks with liquidity. Peru announced similar measures.
 - The government has requested and received a precautionary credit line of USD 23.8 bn from the IMF. Only a few other countries benefit from this precautionary credit line: Mexico, Colombia and Poland. The central bank has indicated that this precautionary line is unlikely to be used, but will serve to reassure investors.
- **Colombia**
 - Fiscal measures have fallen under 4 buckets: measures directed as supporting vulnerable populations including elderly and poor people, informal and self-employed workers (direct transfers, subsidies, food delivery, suspension of evictions, rent freeze etc.); measures to provide tax and financial relief + financing/refinancing for companies and households, protect jobs, avoid business failures (deferrals of payments, guarantees, insurance schemes, credit lines/loans to cover working capital and payroll costs, deferral of payments on mortgages, etc.); measures to combat the pandemic (reduction of tariffs for essential/strategic imports, procurement of equipment etc.); measures to fund government exceptional spending (multilateral funding, temporary tax, stabilization funds, solidarity bonds etc.);
 - Timeline:
 - 11/03: line of credit. Subsidized line of credit to mitigate effects of pandemic on tourism and aviation sectors primarily. COP 250 bn aimed at the tourism, aviation and public events sectors and COP 350 bn for other sectors;
 - 18/03: package of ~COP 15 trn (USD 3.8 bn or 1.4% of GDP) - including COP 5-6 trillion in transfers to households, COP6 trillion for healthcare expenditure as a starting point. Up to



- COP 48 trn (USD 11.9 bn or 4.2% of GDP) could be used to control economic impact of Covid-19:
- Refund of VAT to one million families in April this year (accelerated VAT reimbursements).
 - Targeted transfers. Additional transfers will be made to Families (2.6 mn households, ~200k low income youth and ~500k elders through increased subsidies to poor families. Should benefit around 10 million Colombians.
 - Financial relief for households, SMEs and large companies facing financial difficulties. (Water price freeze+ refinancing schemes with grace periods for a period of 2 months + payment deferrals for public services ; special measures to support tourism and air transportation sectors)
 - Guarantees on lines of credit to help small companies protect payroll and reduce risks of massive layoffs.
 - Eliminate VAT + tariffs for health equipment import necessary in order to treat and combat the Covid-19 crisis.
 - Reconnect homes previously cut off from water grid for unpaid utility bills
 - Spending to fight the pandemic (increase budget of the health ministry to buy medical equipment + increase testing capacity + provide liquidity to hospitals).
- 23/03: creation of a new Emergency fund by decree: Emergencies Mitigation Fund (FOME). Commitment of USD 2.98 bn for the fund (suspected to come from Savings and Stabilization Fund).
 - 24/03: the government announces a subsidized loan program. It will use state-backed development agency Findeter and government-owned business development and export-import bank Bancóldex to finance project and initiatives to impede the spread of Covid-19.
 - 28/03: injection of additional capital in the National Guarantee Fund (FGN) (a government sponsored guarantor of commercial loans) to provide guarantees and new credit lines (at subsidized rates via Bancóldex, Findeter, Banco Agrario) to support SMEs (COP 70 trn, USD 17.5 bn or 6.7% of GDP). This will help provide financial relief to companies and help sustain employment by helping to cover payrolls costs.
 - 04/04: Colombia receives USD 250 mn in emergency financing from the World Bank under a contingent credit line known as the Catastrophe Deferred Drawdown Option. Only countries with "adequate macroeconomic policy frameworks" can access this type of loan.
 - 06/04: state-backed development bank Findeter launches a COP 713 bn credit line to support businesses, municipal and state governments affected by COVID-19. Follows announcement from 24/03 that lines of credit will be backed by National Guarantee Fund. Loans will include 2-year grace period for working capital and investment needs.
 - 07/04: targeted cash transfers. The Finance Ministry announces a program of cash transfers for 3 million households that are not in the regular cash transfer programs (including informal workers). Each household will receive COP160 000 in April.
 - 09/04: import duties cuts. Suspension of tariffs on select number of agricultural products until June 30th to help decrease costs of production in the agricultural sector.
 - 15/04: the government via the National Guarantee Fund (NGF) will back three different lines of credit to help companies' cash flow and help independent workers have better access to credit. It will increase the size of guarantees from a previous cap of 60%. A first line of credit will help SMEs cover payroll costs and pay for other fixed costs. SMEs can approach their financial institution and access a loan with a 90% guarantee from the NGF for a total of COP 12 trillion (USD 3 bn). The second line is to cover SME's working capital needs with a guarantee up to 80% for a total of COP 3 trillion (USD 750 mn). The third line of credit is for independent workers and the guarantee will go up to 80% for a total of COP 1 trillion (USD 250 mn).
 - 15/04: Government announces that Bancóldex (public business development + Export-Import bank) has COP 600 bn available for companies. Bancóldex has restructured/refinanced 5.4 million loans equivalent to COP 90 trn so far.
 - 16/04: package of measures to provide additional funding to the Emergency Mitigation Fund (FOME) created on march 23rd using "Solidarity tax" + "Solidarity bonds":
 - "Solidarity Bonds": Issuance of a decree requiring financial institutions to purchase so-called "Solidarity Bonds" for a limited time to raise funds to combat the coronavirus outbreak. The notes will mature in a year, although they can be extended for one year at a time through 2029, according to the decree. The financial system will be required to purchase the equivalent of around COP 10 trillion (USD 2.5 bn) in Solidarity Bonds.
 - New "solidarity tax": For a period of three months, public sector workers with salaries between COP 10 and 15 mn pesos per month (ie USD 2500 and USD 3700) will contribute 10% of their salaries ; those with salaries above COP 15 mn will have to contribute 15%. Civil servants who make less than COP 10 mn can make discretionary contributions.
 - 16/04: suspension of pension contributions for both employees and employers for 3 months to alleviate cash flow difficulties. Applies to companies and independent workers
 - Monetary policy measures: Measures to provide liquidity to the market in COP and USD + support economic recovery; FX intervention + Precautionary measures to support the balance of payments (FX reserves accumulation, precautionary USD line of credit).

- Timeline:

- 18/03: BanRep provides more liquidity to the market, both in pesos and dollars (includes measures taken on 12/03). USD swaps auctions. Central Bank will auction swaps for USD 400 mn and extended eligibility to pension fund and severance fund management companies. Extended access to repos auctions and discount window to money market funds managed through their managers (trust companies, brokerage firms, and investment management companies). Extension of terms on liquidity operations (repos) using private debt securities as collateral from 30 to 90 days and of repos with public debt securities from one day to 60 days. Increased the allotment of auctions for private debt instrument backed repos from COP 5 trillion (~ USD 1.2 bn) to COP 8 (~USD 1.9 bn). For public debt repos and from COP 12 trillion (~USD 2.8 bn) to COP 17 trillion (~USD 4bn) ; new mechanism of FX hedging through use of USD 1bn in the form of 1-month non-deliverable forwards (NDFs).
- 23/03: BanRep announced an asset purchase program (public or corporate debt securities): COP 10 trn (USD 2.5 bn) program to purchase securities issued by credit institutions, and purchases of COP 2 trn (USD 500 mn) in TES (government securities). BanRep's action expected to support liquidity in the financial system; the purchase of corporate bonds will take place through auctions. Banrep will buy private debt with a duration up to three years; the purchase of COP2 trn of public debt is initially intended only for the month of March; liquidity provision. BanRep increases quotas of the daily auctions (repos) to increase liquidity in the market.
- 27/03: interest rate cuts. BanRep cuts the benchmark interest rate by 50 bps to 3.75% for the first time in 2 years; USD swaps auctions. BanRep announces a USD 400 mn auction of FX swaps to be held on March 30; FX NDF auctions. BanRep announces another set of sales of FX Non Deliverable Forwards (NDF) to take place. The size of the 30-day NDF to be auctioned is USD 1 bn; extended access to liquidity to market players. BanRep authorized additional measures to reinforce liquidity in pesos (eg allow a broader group of financial intermediaries to access the ongoing auctions of public and private debt)
- 09/04: Request for renewal of Flexible Credit Line with IMF: Colombia's request to renew its Flexible Credit Line (FCL) with the same level of access as the 2018 arrangement for USD 10.8 bn. The existing line was not drawn upon. The flexible credit line is to support balance of payment difficulties if they were to materialize.
- 14/04: BanRep cuts bank reserve requirements. Expected to inject close to COP 10 trn into the economy (USD 2.5 bn). BanRep says that liquidity, up to COP 24 trn, could be injected if needed; Quantitative easing: BanRep to purchase up to COP 2 trn worth of TES

Treasury bonds in the secondary market by end of April. BanRep has also been authorized to take part in TES forward market in an effort to increase liquidity in the public debt market and contribute to the stability of the market by offering hedging against the risk of significant value losses to TES market participants.

16/04: collateral eligibility. BanRep make "solidarity bonds" eligible as collateral in its liquidity operations (repo, definitive purchases

- **Ecuador**

- The government announced new credit lines of USD 80 m from CAF, the development bank of Latin America, BID, the inter-American development bank, and the World Bank for the procurement of hospital equipment and to improve healthcare infrastructure.
- The president announced loan payment restructuring with the public bank, the 3-month suspension of employer charges, the possibility of debt restructuring with the private financial sector (60 days), and the deferral of corporate tax payments (60 days for businesses). Fitch downgraded Ecuador's sovereign rating to CCC.

- **Mexico**

21 April: the central bank cut its key rate by 50 bp to 6%. The press release suggested that further rate cuts were being considered in the very short term. The next monetary policy meeting will be on 14 May. Ten measures were also announced that aim to support SMEs and households in particular. Altogether, the measures announced by the central bank are the equivalent of 3.3% of GDP.

14 May: the policy rate was cut by 50bp to 5.5%.

- **Paraguay**

The key rate was cut by 50 bp to 3.25%. No fiscal measures have been announced yet.

30 March: the central bank announced:

- Another 100 bp key rate cut to 2.25%, bringing the total decline to 175 bp since the beginning of the crisis, the region's largest adjustment.
- Facilidad de Crédito por Desencaje (FCD): legal reserve requirements were reduced to free up as much as USD 740 m in liquidity.
- Facilidad de Crédito Especial (FCE): an exceptional liquidity injection for financing institutions for a total of USD 760 m.

- **Peru**

The country declared a national health emergency. The measures announced so far are very small in scope and are primarily geared towards helping the medical sector. It is too early to speak of a stimulus plan.

North Africa & Middle East

- **Bahrain**

One-week deposit rate cut by 75 bps. The Ministry of Finance announced a funding package of BHD 4.3 bn (USD 11.4 bn – 30.1% of GDP) that mainly includes include covering

electricity and water payments for individuals and companies for three months starting in April.

- **Egypt**

Egypt extends support to industries topped by energy price revisions. The government introduced a set of measures on 17 March 2020 to support its economy, namely:

- Unifying and reducing natural gas price for industrials to USD 4.5/mmbtu.
- Reducing electricity prices for heavy and medium industries by EGP 0.10/kWh to GP 1.08/kWh.
- Maintaining electricity prices for other industries at their current level for 3–5 years.
- Allocation of EGP1 bn for exporters during March and April 2020 to repay overdue subsidy payments, in addition to another 10% to be disbursed in cash in June.
- Delaying real estate tax payments for factories and tourist facilities for a 3-month period.
- Imposing a number of stock market regulations topped by exempting non-residents from the capital gains tax permanently.
- Lifting administrative seizure on all taxpayers in return for payment of 10% of due tax payments and settling their tax dispute cases. For a detailed comment, refer to our strategy note published 18 March 2020. The cost of the measures is estimated at 2% of GDP.

The Monetary Policy Committee (MPC) decided in an extraordinary meeting, held 16 March 2020, to cut the overnight deposit, lending, and the rate of the main operation by 300 basis points to 9.25%, 10.25%, and 9.75%, respectively. The discount rate was also cut by 300 basis points to 9.75%. Decline in debt servicing estimated at 0.1% of GDP in FY2020 (ending June 2020) and 0.3% in FY2021. This is a very random estimate given the incomplete transmission of CBE rate cuts to T-bills.

Amer also said the central bank is extending the tenor of all bank loans for a period of six months. The extension applies whether the facility is held by an SME, a large corporation or an individual borrower.

Egypt slashed its policy overnight deposits rate by 300 bps on Monday to soften the likely economic slowdown linked to COVID-19. A strong pick up in lending activity is highly unlikely in the current circumstances but, on the plus side, it allows the government to issue new debt at lower rates.

A further EGP 6 bn (USD380m) was announced on Sunday to counter the COVID-19 economic impact. The government has already allocated funds to support the private sector, including:

- EGP 100 bn in 10% subsidised loans to the industrial private sector.
- EGP 50 bn provided by the central bank to support affected hotels.
- EGP 20 bn share purchase program by the central bank to slowdown the stock market sell-off. EGX 30, the main stock market benchmark, lost nearly 4,000 points since the onslaught of the pandemic.
- 14% annual raises for pensioners, starting in July (i.e. the new fiscal year, 2020/2021).
- EGP 27.6 bn to be disbursed to 2.4 m families.

- **Israel**

The Bank of Israel will purchase government bonds totalling NIS 50 billion, in order to ease credit conditions and support economic activity.

Israeli Prime Minister Benjamin Netanyahu said the government will expand an aid package to help the country deal with the coronavirus outbreak by 6 billion shekels to a total of 10 billion shekels (USD 2.8 billion). Of that, 8 billion shekels will be in a fund to provide cheap loans to businesses. Another 1 billion shekels will boost the health system by increasing medicine stocks and preparing hospitals to receive a larger number of patients. The final billion will be earmarked for needs such as the police force.

The government has already pledged to establish a 4 billion-shekel credit line for banks to lend money to businesses facing a cash crisis with government guarantees.

- **Kuwait**

Kuwait passed a bill to increase budget of ministries by KWD 500 m (USD 1.6 bn–1.2% of forecast GDP) for FY 2020/21 to accommodate extra spending linked to the COVID-19 outbreak. Discount rate cut by 100 bps to 1.50%.

- **Oman**

- The central bank announced that it was preparing to inject OMR 8.0 bn (USD 20.8 bn) into the banking system to boost liquidity. It also instructed banks to cut fees, adjust capital and credit ratios and allow repayment postponement for up to six months – especially for SMEs. Local banks were also encouraged to facilitate lending to sectors affected by COVID-19 such as healthcare, travel and tourism.
- The finance ministry has cut the budget to government agencies by 5% in 2020.

- **Qatar**

- Repo rate cut by 50 bps to 1.00%.
- 15 March: Qatar's Supreme Committee for Crisis Management (SCCM) announced a USD 23 bn stimulus package (12% of GDP), which includes the exemption of all medical and food products from customs duties for the next six months, and reduces land-use fees for companies.

- **Saudi Arabia**

Saudi Arabia stimulus plan:

- SAR 50 bn (USD 13.3 bn) under the Private Sector Financing Support Program => about 1.5% of GDP.
- Depositing an amount of about SAR 30 bn for banks and financing companies to delay the payment of the dues of the financial sector (banks and finance companies) from SMEs for a period of six months as of its date.
- Providing concessional finance of about SAR 13.2 billion for SMEs by granting loans from banks and finance companies to the SME sector.
- Depositing an amount of SAR 6 billion for banks and insurance companies to enable insurance entities (banks and insurance companies) to relieve SMEs from the finance costs of KAFALA Program for the purpose of minimizing finance costs for entities eligible to utilize from those guarantees during the Fiscal Year 2020 and support finance expansion.

- The government has agreed to cut SAR 50 bn (USD 13.3 bn) in budget spending, representing under 5% of total budgeted expenditure for the year.
- The Ministry of Finance also announced a SAR 70 bn (USD 18.6 bn) in support for the private sector, complementing a SAR 50 bn package that was announced by the central bank – SAMA – last week. The finance ministry's package comes in the form of exemptions and postponements of government fees.
- Repo cut by 75 bps to 1.00%.

- **United Arab Emirates (UAE)**

UAE stimulus plan:

- AED 100 bn (USD 27 bn – approximately 7% of GDP).
- AED 50 bn in collateralised loans at zero cost to all UAE-based banks.
- AED 50 bn from regulatory capital buffers will be freed-up to boost lending capacity.
- Local banks are offered relief for up to six months from the payments of principal and interest on outstanding loans for companies and retail customers affected by the impact of COVID-19.
- All banks will be allowed to tap into a maximum of 60% of the capital conservation buffer, and, additionally, banks designated as systemically important by the CBUAE will be able to use 100% of their additional capital buffer for systemic importance.
- To facilitate greater access to financing, the CBUAE reduced the amount of capital banks have to hold for their loans to SMEs by 15 to 25%.
- Improved mortgage terms for first-time home buyers – the loan to value (LTV) ratio was raised by 5% for those wishing to purchase property.
- Banks will be allowed to increase their exposure to real estate loans. The CBUAE statement said that *"when the exposure reaches 20% of the banks' loan portfolio (measured by risk-weighted assets), banks will be allowed to increase it to 30%, but will be required to hold more capital"*.
- Reduced banking fees for small companies.

One-week certificates of deposit rate cut by 75 bps, repo was left unchanged at 1.50%.

The government approved an additional AED 16 bn (US 4.3 bn) in stimulus funding to support SMEs and expedite infrastructure works, bringing the total to counter the COVID-19 impact on the economy to AED 126 bn (approximately 8.7% of GDP). Following central bank guidelines, local banks will reschedule or delay loan payments, reduce instalments and cur or reduce fees to six priority sectors: Aviation, hospitality, healthcare, retail, event management, consumer goods and education. These measures will be implemented initially for three months, starting 1 April to 30 June.

- **Algeria**

The central bank cut its key rate by 25 bp to 3.25% and the required reserve ratio from 10% to 8%.

- 23 March: the government is targeting a 30% reduction in public expenditure in 2020.
- 29 April: the central bank made a further 25bp cut in its policy rate, taking it to 3%, and reduced the statutory reserve level from 8% to 6%.

- **Morocco**

- 12 March: creation of a supervisory committee under the ministry of the economy and finances and a MAD 10 bn fund (8% of GDP) for the "protection of the health of citizens and to support the national economy."
- Morocco's key central bank rate was cut by 25 bp to 2%.
- 18 March: a special pandemic crisis management fund was opened that will be financed through donations deposited with Bank Al-Maghrib in Rabat.

Africa

- **Angola**

No actions related to COVID-19 outbreak so far employed but next MPC is scheduled on the 27th of March, where some actions are expected.

- Central Bank of Angola: The Monetary Policy Commission, held last Friday, 27 of March decided to keep the basic interest rate unchanged at 15.5%, due to high inflation (18.74% y-o-y in February) and had opted to use obligatory reserves of commercial banks by the BNA to offer credit to the manufacturing sector. The MPC also decided the following:
 - to keep the overnight permanent liquidity absorption rate unchanged at 0%, to reduce the 7-day rate from 10% to 7% and keep obligatory reserve rates in national and foreign currency at 22% and 15%, respectively;
 - to set up a liquidity line of a maximum amount of 100 billion kwanzas (USD 184.5 million) for the acquisition of public securities in the hands of non-financial companies;
 - to extend credit to 54 "Prodesi" products and exempt limits on settlement to import goods in the basic food basket and on medication.
- Angolan Finance Minister: authorities will be revising Angola's 2020 national budget, with revisions to be submitted to the National Assembly in the first half of May. The revised budget is based on:
 - an average oil price forecast of USD 35 per barrel for 2020 and a downward revision of expected oil production to 1.36 million barrels per day (m/d), from 1.44 m/d previously,
 - a lowered overall GDP growth rate to a contraction of 1.2% for 2020,
 - increased exchange-rate pressures,
 - inflation higher than initially expected. The oil sector is expected to contract by 0.17% during 2020, while non-oil sector activity is anticipated to contract by 0.98%, from an expansion of 1.9% expected previously.

In the revised budget a 30% freeze in the goods and services budget is proposed, while all capital projects will be suspended until. The planned fuel subsidy removal will be delayed beyond. Moreover, Angola's sovereign wealth fund will release a total of USD 1.5 billion, "on condition of future repayment through increased tax on the National Bank of Angola's rolling debts".

26 May: the state of emergency has been replaced by a "state of public calamity" until further notice. Masks must be worn in all public places and new travel restrictions are planned.

- **Eswatini** (formerly Swaziland)

16 April : bank rate was cut by 100 basis points to 4.5%.

- **Gabon**

The government rapidly adopted a series of measures to contain the pandemic, including a general lockdown and mandatory use of face masks. A massive testing campaign was launched in recent days.

Social welfare measures: free water and electricity distribution; food vouchers; elimination of rent payments for the most vulnerable households (CFA 4 bn injected monthly). A CFA 2.5 bn assistance fund will also be created to offset the losses of small landholders. Public road transport will also be free. President Ali Bongo Ondimba has personally donated CFA 2.1 bn to finance vouchers for low income households.

Economic measures: 50% reduction in taxes for small businesses and personal service companies; creation of a CFA 225 bn emergency financing window to meet the urgent need for corporate liquidity; and a moratorium on the payment of bank loans.

- **Ivory Coast**

An emergency package amounting to 0.3% of GDP was launched to combat the effects of the Covid-19 pandemic.

- **Lesotho**

During an extraordinary monetary policy committee meeting on 14 April, the key interest rate was cut by a further 100 basis points to 4.25% as well.

- **Kenya**

On Wednesday, the Central Bank of Kenya issued a set of emergency measures to as that the pandemic is expected to slow down economic growth in the country. These include:

- Extending personal loan repayment by up to 12 months, with priority given to customers who took loans as from March 1, 2020.
- Restructuring of corporate borrowers' lending.
- Dropping charges on mobile-money transactions to curb the use of cash for hygiene reasons until end of June. Despite exchange rate and inflationary pressures, the next MPC is likely to lower its key rate for a third consecutive meeting Monday, following other central banks which have adopted an accommodative stance to soften the pandemic effects on global supply chains.

- **Mauritius**

After a 50-basis-point rate cut, the Bank of Mauritius has introduced a host of measures under the COVID-19) Support Programme which went into effect on 13 March, aimed at mitigating the probable economic impact on the banking sector and domestic economy. The program contains the following measures:

- A MUR 5 bn (USD 127.1 million) special relief, to be administered through commercial banks from 23 March until 31 July to all sectors of activities affected by the COVID-19 virus, including small and medium-sized enterprises. Advances capped at a fixed interest rate of 2.5% per year, with "a moratorium of six months on capital and interest repayments" and a repayment period of two years.

- Reduction of cash reserve ratio: a 100-basis-point cash reserve ratio cut to 8%.
- Moratorium on capital repayment for loans: capital repayments for existing loans for affected economic operators will be frozen for six months.
- Easing of banking guidelines on credit impairment measurement and income recognition.
- Issue of a two-year MUR 5-billion savings bond at 2.5% interest, to individuals who are residents of Mauritius and locally registered NGOs up to a maximum cumulative investment amount of MUR 1-million per investor.
- Additional measures to support households and businesses, such as special USD 300-million line of credit introduced to support operators having foreign currency earnings, including SMEs.
- The central bank also "introduced a USD/MUR swap arrangement with commercial banks for an initial amount of USD 100 million" to support import-oriented businesses.

- **Mozambique**

To provide a buffer against the growing macroeconomic risk stemming from the impact of the coronavirus disease, the CB decided to loose domestic liquidity by lowering the national and foreign currency reserve requirements of commercial banks, with effect from 7 April, as follow: the mandatory reserve requirements ratio for liabilities in national currency was lowered to 11.5% and for liabilities in foreign currency to 34.5%. On 16 April, the Bank of Mozambique cut its benchmark interest rate, the MIMO rate, by 150 basis points to 11.25% and lowered the deposit facility and lending facility rates by 150 basis points to 8.25% and 14.25%, respectively.

- **Namibia**

Following the footsteps of the SARB (South African Reserve Bank), which last week lowered its key policy rate by 100 basis points, the Central Bank of Namibia's key policy rate was cut by 100 basis points during a special MPC meeting held today, 23rd of March, to cushion the Namibian economy from the impact of the escalating global economic crisis from coronavirus disease 2019 (COVID-19) virus pandemic.

On 15 April, the central bank lowered the policy rate by a further 100 basis points to 4.25%.

- **Nigeria**

- The Central Bank of Nigeria (CBN) released a circular on 16 March covering six measures to be taken by the banking sector to control the economic effects of the coronavirus disease 2019 (COVID-19) virus, particularly to ensure stability within the financial sector.
- The measures include the extension of moratorium for one year on principal repayments on all CBN intervention facilities, interest-rate reduction from 9% to 5% per year on all CBN intervention facilities, the creation of NGN 50-billion (USD136 million) targeted credit facility for households and small and medium-sized enterprises, credit support for the healthcare industry, regulatory forbearance for banks to consider temporary restructuring of loans, and strengthening of the CBN loan-to-deposit ratio (LDR) policy.
- The official exchange rate was devalued by 15%.
- 28 May: the central bank cut its policy rate by 100 basis points to 12.5%. This is its first rate cut since the beginning of the pandemic.

- **Senegal**

The government announced the creation of a EUR 1.5 bn fund (7% of GDP) to help the hardest hit households and economic sectors. For financing, the fund will call on international aid (undoubtedly the largest portion) and voluntary contributions from the private sector. The national budget will also be solicited through the reallocation of expenditures.

- **South Africa**

- 19 March: The central bank cut its key repo rate by 100 bp to 5.25% and introduced several measures to ensure market liquidity.
- 14 April: the central bank cut its key rate by another 100 bp to 4.25%.

Since the end of March, the central bank has been intervening to reduce pressure on interbank liquidity (i.e. by cutting the Standing Facilities lending rate by 100 bp) and on the bond market, notably via purchases of Treasury notes in the secondary market. The central bank authorised local banks to report lower than normal equity capital ratios, although it did not ease the reporting requirements for non-performing loans (NPL).

Fiscal policy measures are still very small, at only an estimated 0.2% of GDP. These measures aim to help the most vulnerable workers and companies that have been hit hardest by the crisis (tax exemptions, financing).

- April 23: The Ramaphosa government has announced an extraordinary fiscal package amounting to ZAR 500 bn (about 10% of GDP). Policy measures include: 1/ spending to combat the epidemic and help municipalities to improve water infrastructure, transportation sanitation, and food and housing provision to the homeless, 2/ new social grants for six months, 3/ Tax relief and other support measures to help enterprises and protect jobs, and 4/ loan guarantee scheme (ZAR 200 bn) for enterprises with turnover of less than ZAR 300 mn a year, in partnership with the major banks and the central bank. The government plans to resort to IMF and other multilateral financing to fund part of the package.

- **Uganda:**

17 April: after easing monetary policy with a 1-point key rate cut (to 8% from 9%) on 6 April, the central bank introduced credit relief measures to stimulate growth, including the deferral of all discretionary pay-outs (dividends and bonuses) for at least 90 days, debt restructuring, repayment holidays for 12 months and suspension of the payment of arrears as of 1 April 2020. The central bank also proposed liquidity assistance for commercial banks facing hardships for a 1-year period via the issue of reverse repos of up to 60 days at the key rate, with the possibility of refinancing at maturity.

- **WAEMU**

The central bank of the West African States adopted support measures for the banking sector and for financing the economies of the WAEMU countries, without cutting its key rate.

- **Bank of Central African States (BEAC)**

The BEAC cut its key policy rate by 25 basis points to 3.25% during its monetary policy committee (MPC) meeting held on 27 March. The MPC also reduced the marginal loan facility by 100 basis points to 5.0% and increased liquidity injections from XAF 240 bn to XAF500 bn (USD 0.85 bn), signalling monetary easing in response to the coronavirus disease virus outbreak.

The BEAC will also broaden the range of private bills accepted as collateral for monetary policy operations. In addition, discounts applicable to public and private bills accepted as collateral for refinancing operations at the BEAC will also be lowered.

- **Zambia**

19 May: the central bank cut its policy rate by 225 basis points to 9.25%.

Reopening plans

Europe

- **France**

- 11 May, marked the first day of the easing of restrictions in France after a 55-day, nationwide lockdown (since Tuesday, 17 March). The lockdown will be lifted very gradually in a series of 3-week phases. Certain restrictions will be lifted depending on the status of the department, which will be either "red" or "green" based on three criteria: 1) lower infection rates (number of new cases in the population over a 7-day period), 2) pressures on hospital capacity (ICU bed utilisation rates) at the regional level, and 3) the capacity of each region to test all patients with COVID-19 symptoms and to trace persons that have been in contact with confirmed cases of the coronavirus. At 11 May, the "red" regions were comprised of Ile-de-France, Hauts-de-France, Grand Est, Bourgogne – Franche-Comté and Mayotte, or a total of 27 million people (40% of the population).

- 2 June: start of the second phase of the easing of lockdown, with a new monitoring period up to 21 June (3rd phase to start on 22 June). Nearly all regions are now classified as 'green', with the exceptions of Ile-de-France, Mayotte, and Guyana, which are 'orange'. Country-wide: re-opening of all primary schools and the first two years in middle schools (still with limited pupils' numbers); re-opening of all museums and monuments irrespective of size.

In 'green' regions: re-opening of 3rd and 4th years of middle schools; senior schools (general, technical and professional); bars, cafes and restaurants (conditional on conformity with health rules); sports halls and gymnasiums, outdoor bathing areas, beaches, swimming pools, theme parks; theatres, event venues; tourist accommodation.

In 'orange' regions: re-opening of parks and gardens, bars, cafes and restaurants (outdoor service only); re-opening of professional high schools (limited staff), and general and technical high schools by invitation only; re-opening on 22 June of sports halls and gymnasiums, outdoor bathing areas, beaches, swimming pools, theme parks; theatres, event venues; tourist accommodation.

Removal of the 100 km travel limit. Nationwide re-opening of cinemas from 22 June.

Borders: within Europe: restrictions to remain in force to 15 June, European co-ordination for re-opening thereafter; outside Europe: European co-ordination to adopt a shared position from 15 June onwards.

Limitations and prohibitions that remain in force: team and contact sports, gatherings in public spaces still limited to 10 people; outdoor gatherings at the responsibility of the organiser with no more than 5,000 people; very large gatherings—stadia, horse racing tracks, nightclubs, etc. to remain closed. These measures will be reviewed by 22 June.

- 14 June: French President Emmanuel Macron announced that Ile de France (the greater Paris region) would be classified as a green zone as of 15 June. That leaves Mayotte and French Guiana as the only orange zones. The reopening process has been accelerated with the second phase shortened by a week compared to the initial calendar. For the Ile de France, the switch to a green zone means that all cafés, bars and restaurants can completely reopen (business was previously limited to outdoor terraces). Borders within Europe were also reopened as of 15 June. The date for opening borders with non-European countries was set for 1 July, but only for those where the virus is under control. Day care centres, primary schools and middle schools will reopen as of 22 June, and attendance will be mandatory. In contrast, large gatherings will continue to be discouraged as much as possible, with tight restrictions.

• Italy

The easing of lockdown measures officially began on 27 April with the re-opening of a few strategic sectors, notably civil engineering.

- From 4 May, the majority of economic sectors were allowed to operate again. Small shops and restaurants remain closed, however. Individuals are allowed to travel to visit close relatives. Parks and gardens have reopened. People may use beaches.
- From 18 May, other local shops such as tobacconists, bookstores and pharmacies were allowed to re-open. Museums, galleries and exhibition spaces are also allowed to re-open with restrictions on visitor numbers.
- Swimming pools, gyms and sports centres will re-open from 25 May.
- From 1 June, bars, restaurants, hairdressers and beauty parlours will be allowed to re-open.
- Travel to Italy will be allowed from 3 June, with no quarantine measures for EU residents.
- Cinemas and theatres will re-open from 15 June.

• Spain

The plan to ease the nationwide lockdown will be carried out in three phases (four if we include phase 0, which began in late April), each of which will last at least 2 weeks. The transition to a new phase will depend on the virus transmission rate and will be evaluated on a case-by-case basis for each province.

- Phase 1: reopening will begin on 11 May, although several provinces have not been authorised to reopen yet (including Madrid, Malaga, Grenade, and Valencia). The following activities are authorised: groups of fewer than 10 people; travel within a province; the reopening of small

shops and retailers (but not large-scale retailers), although capacity will be limited to 30%; restaurants and cafés with outdoor seating capacity limited to 50%, and no indoor seating; open-air markets as long as the required distance between stalls is respected; performing arts, with indoor and outdoor seating capacity limited to no more than 30 spectators and 200 spectators, respectively; museums and places of worship, with capacity limited to 30%.

- Phase 2: intermediate easing will begin on 25 May (if the epidemic is still under control after phase 1). Increase in the size of authorised groups; authorisation to travel to second homes as long as they are in the same province; capacity of small shops and retailers is increased to 40%; reopening of shopping centres, with the exception of common spaces; authorisation to dine inside restaurants and cafés, although seating capacity is limited to 30%; reopening of movie theatres and performing arts centres with pre-assigned seating and maximum capacity of 30%; seating capacity at places of worship is increased to 50%; authorisation to hold wedding ceremonies.
- Phase 3: advanced reopening will begin on 8 June (if the epidemic is still under control). Planned opening of all activities, although capacity will be limited to 50% for businesses. Reopening of beaches.

Note that schools will not reopen until the next school year in September.

The public health state of emergency, due to end on 24 May, has been extended to 7 June.

• Portugal

The reopening process began on 4 May and will be carried out in 3 phases:

- Phase 1: authorisation of groups of no more than 10 persons; public transport will operate normally at a maximum capacity of 2/3^{ds} and mandatory face masks; local shops and services (hairdressers, barbers, etc.) with a surface area of less than 200 m² will reopen, as will bookstores, libraries, and car dealers. Individual outdoor sports will be authorised.
- Phase 2 (planned for 18 May): reopening of all stores with a surface area of 400 m² or less; reopening of restaurants and cafés with a maximum seating capacity of 50%; reopening of museums and exhibition centres.
- Phase 3 (planned for 1 June): reopening of stores with a surface area of more than 400 m², large shopping centres, movie theatres, and performing arts centres; reopening of professional football championships.

• The United Kingdom

10 May: Boris Johnson revealed the first measures to ease the UK lockdown, insisting that it would be a gradual process dependent on improvements in the epidemic.

- Schools and businesses (excluding food stores) will remain closed at least until June, and possibly into July for restaurants and pubs;
- People will continue to be encouraged to work from home. Those that cannot work from home are urged not to use public transport;
- Restrictions on physical exercise were eased as long as social distancing (2 meters) is respected, including in public parks.

- **Turkey**

The government announced that business will begin to reopen as of Monday 11 May: production will resume at all large-scale factories; the curfew for youth and the elderly will end; travel is authorised in 7 provinces (travel restrictions will remain in place in 24 provinces); reopening of shopping centres and certain retailers. The universities will reopen on 15 June.

12 May: the government has announced the injection of USD 3 billion (TRY 21 bn) of sovereign fund equity into three public banks (Ziraat Bank, Halkbank, Vakifbank).

1 June: re-opening of domestic flights (international flights remain suspended); travel within Turkey is authorised; re-opening of cafes, bars, and the Grand Bazaar in Istanbul.

- **Denmark**

11 May: with schools re-opening on 15 April, followed by certain shops on 20 April, bars and restaurants will now be allowed to re-open. Details, such as the number of tables allowed, remain to be defined.

- **Finland**

15 May: schoolchildren will be required to return to school from 14 May, but only for two weeks as the summer holidays will start at the beginning of June. Bars, restaurants, and cultural institutions could re-open from 1 June; gatherings will be limited to 50 people.

- **Norway**

11 May: following the return of the under-6s to school on 20 April, and the under-10s a week later, all other schoolchildren are now back at school. Some shops are re-opening, including hairdressers. Bars will be allowed to re-open from 1 June, and sporting events attended by a maximum of 200 people will be allowed from 15 June.

North Africa & Middle East

- **Tunisia**

A targeted first phase began on 4 May for 50% of civil servants, industry, services and construction and public works, and 100% of the self-employed and small retailers (excluding clothing and large-scale retailers). The second phase will begin on 24 May, with a gradual increase in business capacity (to 75%) and the reopening of restaurants, bars and shopping centres. Sometime between 4 and 14 June, businesses will be authorised to open at 100% capacity. Social distancing and masks will be mandatory. Vulnerable persons will continue to shelter in place.

Latin America

- **Mexico**

14 May: the government has announced a programme of gradual re-opening of the economy from 18 May. A “traffic-light” system (green-amber-red) will allow the phased re-opening of all areas of economic activity and the re-opening of schools. However, a number of details remain to be defined.

Asia

- **India**

- 8 May: migrant workers and students may return home.
- 1 June: India started to ease lockdown measures introduced on 24 March. However, scientists say that the country has not yet reached the peak of the epidemic. The states with the highest number of cases have decided to maintain lockdown measures to 30 June. These include: Maharashtra, Tamil Nadu, Telangana, Mizoram, Punjab, Madhya Pradesh, and West Bengal.

- **Indonesia**

The Governor of Jakarta has just announced a gradual easing of the lockdown. From 8 June shops and restaurants can re-open; from 15 June shopping centres will re-open; from 20 June tourist sites will re-open. Tourists will be able to return to the country from early September.

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William De Vijlder

william.devijlder@bnpparibas.com