Responding to the Coronavirus Crisis
Update on Estonia (18/05/20)

**EBRD Policy Comparator**

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**Economic channels of disruption**

**Global value chains, retail services and tourism**
- Easing lockdown (shopping malls, restaurants, public meetings, swimming pools, gyms and sports hall are partially allowed).
- Freedom of movement within Baltic states is fully restored; EU citizens allowed to enter, but need to comply with a 14-day quarantine.
- Estonia is particularly vulnerable to external shocks, with the value of exports and imports representing more than 170% of GDP and the tourism sector, which makes up 15% of GDP.

**Selected crisis impact indicators**

**EBRD GDP growth outlook (May 2020)**
2020: -6%
2021: 7%

**Economic sentiment**
April ESI 68.6
(April 2020): (down 27.9 points m/m)

**Employment expectations**
April EEI 57.8
(April 2020) (down 37.8 points m/m)

**OMX Tallinn stock market**
1,126.1
(end April 2020) (down 11.1% m/m)

**Monthly cost of lockdown**
2%
(% of GDP) (Bank of Estonia estimate)

**Crisis response measures to date**

**Support for employment and business liquidity**
- Broad support package being introduced, including labour market and liquidity measures, increased capacity for the state-owned financial institution Kredex, and new tax measures.
- Plan announced to raise maximum volume of short-term notes that can be issued by Estonia from previously EUR 400 million to EUR 1 billion.
- Proposed rescheduling of tax arrears, offering longer-term tax incentives for larger job creators in coming years.
- Proposed temporary suspension of contributions to second pillar pension fund.
- Tax authority to stop calculating interest on overdue taxes during crisis.
- Local governments to be supported with a total of EUR 130 million towards purchases of personal protective equipment, investment support and road maintenance.
- Eligible for ECB’s Pandemic Emergency Purchase Programme of EUR 750 billion.

**Selected crisis response indicators**

**Total value of direct support**
EUR 1.6 billion (ca. 4% of GDP)

**Wage subsidies**
up to 70% of prev. income

**Loan subsidies/guarantees**
EUR 1.7 billion

**Compensation for cancelled events**
EUR 40 million

**Enhanced sick leave**
3 days

**Key short-term priorities**

Provide liquidity to the economy, particularly SMEs, and revenue support to vulnerable workers and other individuals.

To learn more about EBRD’s support to Estonia visit: [https://www.ebrd.com/estonia.html](https://www.ebrd.com/estonia.html)

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