Responding to the Coronavirus Crisis
Update on Estonia (04/05/20)

Key short-term priorities
Provide liquidity to the economy, particularly SMEs, and revenue support to vulnerable workers and other individuals

EBRD Policy Comparator

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Economic channels of disruption
Global value chains, retail services and tourism

- Severe lockdown (schools and all non-essential businesses closed) causing sharp halt to the steady economic recovery.
- Estonia is particularly vulnerable to external shocks, with the value of exports and imports representing more than 170% of GDP.
- A high exposure to the tourism sector, which makes up 15% of GDP, is already translating into shutting down of tourist-oriented businesses, such as restaurants, hotels and transport companies.

Selected crisis impact indicators

EBRD GDP growth outlook (May 2020)
2020: strong recession
2021: strong recovery

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

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

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

Monthly cost of lockdown
2% (% of GDP)

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 270 million (1% of GDP)
Wage subsidies
70%
Loan subsidies/guarantees
EUR 1.7 billion
Compensation for cancelled events
EUR 3 million
Enhanced sick leave
3 days

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

Media enquires: Axel Reiserer, axel.reiserer@ebrd.com