Responding to the Coronavirus Crisis
Update on Lithuania (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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<th>Financial Sectorz</th>
<th>Direct support to firms</th>
<th>Payment holidays</th>
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<th>Support to individuals</th>
<th>Increased social benefits</th>
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<td>Policy rate reduced</td>
<td>Liquidity increased</td>
<td>Prudential req. loosened</td>
<td>Wage subsidies</td>
<td>Tax/ social sec. deferred</td>
<td>Loan subsidies</td>
<td>Guarantees</td>
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**Economic channels of disruption**
Retail services and global value chains
- Severe lockdown (schools and all non-essential businesses closed) causing sharp halt to the steady economic recovery.
- Retail services, such as retail trade, transport, accommodation and food services, account for 32% of GDP.
- Disruptions in global value chains affect manufacturing in Lithuania, as about 25% of production inputs need to be sourced abroad.

**Selected crisis impact indicators**
- **EBRD GDP growth outlook (May 2020)**
  - 2020: strong recession
  - 2021: strong recovery

- **Economic sentiment**
  - April ESI 81.9 (down 21.2 points m/m)

- **Employment expectations**
  - April EEI 87.9 (down 14.8 points m/m)

- **OMX Vilnius stock market**
  - 695.1 (up 15.0% m/m)

**Crisis response measures to date**
Support for employment and business liquidity
- State guarantees on loans have been increased, such as through INVEGA, a national financial institution promoting funding for business.
- Eligible for ECB’s Pandemic Emergency Purchase Programme of EUR 750 billion.
- A law to regulate prices of essential goods and services was approved.
- Deferrals extended for income tax, utility bills and mortgage payments.

**Selected crisis response indicators**
- **Total value of direct support to firms** EUR 1.5 billion (3.1% of GDP)
  - Wage subsidies up to 60%
  - Loan subsidies/guarantees EUR 1 billion
  - Compensation for losses of cultural sector EUR 4.5 million
  - Enhanced sick leave 14 days
  - Compensation to self-employed EUR 257 monthly for up to three months
  - Financial Sector: Lowered countercyclical capital buffers to 0%

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

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