

Responding to the Coronavirus Crisis

Update on Lithuania (14/07/20)



EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals				Increased social benefits		Health	External Assistance	
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)
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Economic channels of disruption

Retail services and global value chains

- Easing lockdown (reopening of shopping malls, restaurants, public meetings 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.
- 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: -7%
	2021: 5%
GDP growth Q1 2020	2.4% y/y
Economic sentiment (June 2020)	ESI 89.7 (up 3.9 points m/m)
Retail sales (May 2020)	0.9% y/y (up 18.5% m/m)
Industrial production (May 2020)	-6.2% y/y (up 6% m/m)
Unemployment rate (May 2020)	9.3% (up from 6.3% in February)
OMX Vilnius stock market (end-June 2020)	737.7 (up 2.2% 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.
- Recovery plan already presented – accelerating investments until 2022 in digitization, human capital, innovation and infrastructure worth EUR 6.3 bn (13% of GDP).

Selected crisis response indicators

Total value of direct support to firms	EUR 2.4 billion (5% of GDP)
Wage subsidies	70% up to 90% of avg. wage (max EUR 910 to EUR 607)
Loan subsidies/guarantees	EUR 1.7 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%

Key short-term priorities

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