Responding to the Coronavirus Crisis
Update on the Slovak Republic (14/07/20)

European Bank
for Reconstruction and Development

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)
*	*	*	*	*		*		*		*											

Economic channels of disruption

Global value chains, especially automotive sector, and retail services

- Easing lockdown (reopened restaurant terraces, hotels, all shops outside large malls and other businesses); Borders with all European countries with low epidemic risk are now open.
- The homogeneity of the Slovak economy has been a risk factor, which is currently materialising. Car manufacturing, including smaller domestic suppliers, accounts for almost a half of industrial production and 47% of total exports. The country's four carmakers temporarily stopped production in April, and partially re-started operations in end-April.

Selected crisis impact indicators

EBRD GDP growth outlook (May 2020)	2020: -6% 2021: 7%
Economic sentiment (June 2020):	ESI 71.6 (up 12.6 points m/m)
Employment Expectations Index (June 2020)	EEI 87.3 (up 1.5 points m/m)
Bratislava SAX stock market (end-June 2020)	337.4 (down 6.5% m/m)

Crisis response measures to date

Support for employment and business liquidity

- The government has adopted 31 measures to prevent the economy collapse
- Eligible for ECB's Pandemic Emergency Purchase Programme of EUR 750 bn.
- EUR 1.25 bn of EU funds are relocated to five key areas - healthcare system, jobs, SMEs, emergency rescue system and education
- Capital requirements in the financial sector have been cut.

Selected crisis response indicators

Total value of fiscal response	EUR 1.5 billion per month (1.6% of GDP)
Wage subsidies	80%, also to self-employed depending on the drop in revenue
Quarantined employees and parents caring	55% of gross salary from the first day
Social sec. contr. deferred	Yes, if businesses closed at least 15 days in a month
Tax deferred	Yes, if revenues drop by more than 40% Possibility of offsetting losses not yet claimed since 2014 against CIT
Guarantees	EUR 500 million per month
Payment holidays	Loans deferral to be for up to 9 months for small companies

Key short-term priorities

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