

April 23, 2020

Executive Summary

1. When the March 20 lockdown was eased, MSMEs -micro, small and medium enterprises- activity increased by a staggering 30%. An additional 3% of MSMEs went fully operative (from 10 to 13%) and an additional 11% went partially operative (from 36 to 47%) in the two weeks following April 6.
2. During those 15 days, 79,000 start-ups employing 286,000 workers returned to operate in various degrees.
3. North Eastern Argentina proved the most active region: only 30% of all MSMEs were fully inactive. At sectorial level, 60% of construction MSMEs were fully inactive as well as 48% of manufacturing MSMEs.
4. 24% of the firms resorted to preferential bank credit to keep operative and 25% are pending approval. The result of which will serve to monitor the effectiveness of the Public Guarantee Fund that was set up for this purpose.
5. The special situation of 23% of MSMEs whose applications were rejected due to lack of guarantees, insufficient bank allowance or formalities of the companies themselves will have to be addressed.
6. Public policy expanded on April 20th through DNU 376 facilitating () the payment in April of labor costs between 80 and 100% for an additional 260,000 MSMEs. However, 295,000 will only be able to pay 70% of their labor costs.
7. In greater distress to face labor costs are 92% of construction MSMEs that cannot even pay 60% of the April labor costs, nor can 80% of trade MSMEs, 78% of manufacturing MSMEs, 74% of services nor 57% of agricultural and natural resource activities. Almost all in North Western Argentina (91%) cannot even face 60% of their labor costs.

8. Even if the DNU were to be applied to its full extent, public policy will fall short of () rebuilding private solvency. Presently, 51% of MSMEs are negotiating with their employees and/or unions turnarounds, suspensions, wages, working hours and even early vacations.

9. The other 41%, in addition to the above, demand public support to design collective labor agreements in favor of MSMEs within current SME and employment laws.