

April 7, 2020

### Executive Summary

1. On April 7th around 325,000 companies reported having shut down operations entirely, 54% of MSMEs -micro, small and medium enterprises-, 36% are partially operative and only 10% are fully operative.
2. 74% of the construction sector stopped operating, 65% of manufacturing and 61% of trade. Services were less affected.
3. The estimated daily loss of reaches around US\$ 115 million.
4. Only 16% of MSMEs can fall back on their liquid assets to face salaries and the fixed expenses of April without public assistance. For 24% public assistance will be insufficient hence they must resort to borrowing or recurring to yet another capital contribution of their own. 6% is considering closing down permanently: 35,000 companies with 190,000 employees. An additional 415,000 jobs are at risk if part of the companies that cannot face April expenditures do not get a loan nor new capital contribution.
5. Companies celebrated April 1<sup>st</sup> DNU 332/2020 although the research shows they prefer tax reductions through federal and provincial moratoria or even the postponement or decrease of employer labor taxes up to 95%.
6. Public compensation of salaries is greatly appreciated by companies but they fear delays due to Chief of Cabinet and the Inter-Ministerial Commission Ad Referendum. Smaller companies are as yet unfamiliar with this assistance.
7. Resorting to the banking system is easier for medium-sized firms than for small and micro-enterprises. The latter need a strong incentive to overcome the operational and bureaucratic difficulties they anticipate when approaching a bank. In other words, bank credit must be heavily subsidized.
8. Last but not least, 80% of all MSMEs request the Government to relax the lockdown.

9. To conclude, our research shows MSMEs request the lockdown to be eased so as to stop losing as much as US\$ 115 million per day and help for those who cannot meet their April expenses despite public aid. Therefore, implementing more immediate tax relief and subsidizing bank credit to a greater degree is essential.