IOE’S WEBINAR ON COVID-19

18 March 2020
01. Current situation and economic impact in Spain

- Extension of the virus worldwide has impacted in the value chains and affected exports demand.
  - Impact on domestic demand and economic activity due to containment measures.
- School closures, suspension of public events and bans on flights and transport have an impact on demand, mainly in the tourism and related services sector, transport, education and culture.
  - Financial market volatility.
  - State of alarm has led to temporary restrictions on free movement.
- Disruption of supply and demand affect: company sales; liquidity; solvency and job losses, if urgent measures are not taken.

THE NEGATIVE IMPACT IS NOT QUANTIFIED. GREAT UNCERTAINTY
02. Specific demands from CEOE for the government

1. **Liquidity**: useful and quick mechanisms to ensure the liquidity of companies, particularly SME and self-employed.
2. **Temporary layoffs**: simplification and streamlining of procedures.
3. **Social contributions**: suspend the obligation to pay contributions.
4. **Teleworking**: facilitate the implementation of teleworking as much as possible.
5. **Tax payments**: automatic and interest-free deferral.
6. **Self-employed**: suspension of social contributions.
7. **Public guarantees**: to facilitate access to credit for companies.
8. **Payments**: speed up the payment of the Administration to private suppliers.
02. Action Plans and measures

- **Thursday 12th** _JOIN proposal CEOE; CEPYME; CC.OO and UGT_
  - **Temporary lay offs**: Introduce flexibility and ease the legal procedure due to force majeure reasons.
  - More protection for **permanent seasonal employees**;
  - More protection for workers isolated or in risk of contagion (**supplement of up to 100% of their salaries**).
  - Legal provisions for **childcare and elderly care**
  - **Teleworking** should be allowed in case of extraordinary public health reasons, even where teleworking has not been implemented yet.

- **Friday 13th** _FIRST Action Plan_ _BUDGET: 18.225 Million€_ (14.4 billion in measures for SMEs and the self-employed and 3.8 billion for the health system).
  - **Reinforcing sanitary system**: national (1,000 million Euro) and regional level (2.8 billion Euro).
  - **Supporting families**, with 25 million Euro for financing additional measures to protect children and ensure the proper functioning of the education system.
  - Flexibilization allowed for **tax payments during a period of six months**, which would inject 14 billion euro of liquidity;
  - Opening of a specific **credit line** through the Official Credit Institute for 400 million Euro.
  - **Extension of Social Security subsidies for permanent seasonal contracts** in tourism, retail and restaurants linked to touristic activity;
02. Action Plans and measures

• Saturday 14th_Spanish Government declares State of alarm.
  – Restrictions on movements. Lockdown
  – Limits to commercial activities, restaurants and leisure centres. Only open: chemists; supermarkets; banks.

• Monday 17th_European Union Council adopted measures on borders/frontiers.
  – Restrictions by Spanish Government: only Spanish citizens are able to access by land/road; also cross borders workers and those who can prove force majeure or necessity.

• Wednesday 18th_SECOND Action Plan_BUDGET 200.000 Millions € (20% PIB)
  – Support measures for the most vulnerable families. 600 Mill. € (Mortgage moratorium; protection of essential supplies as electricity, gas, etc.).
  – Right to adaptation and reduction of working hours (for childcare or eldercare).
  – Express processing of temporary lay offs (the losses of activity will be considered as force majeure; shorter procedures –seven days--; unemployment benefit guaranteed; exemption from payment of social contributions).
  – Promotion of non presential working through a major provision to companies for the purchase of computers (Credit line for SMEs: 200 Mill €).
  – Line of guarantees up to 100.000 Mill. € for companies (the State is the guarantor)
  – Extraordinary unemployment benefits for the self-employed.
  – Measures to support research for a vaccine against COVID-19.
03. Biggest challenges for Spanish companies.

• In the coming weeks many companies will be facing important LIQUIDITY CONSTRAINTS resulting from a drop in sales, both from a declining demand as well as from the interruption of production...

• It is therefore ESSENTIAL TO ADOPT CERTAIN MEASURES to strengthen the liquidity of the companies and prevent exit from the market of solvent companies negatively affected by this situation transitory and exceptional.

• HEALTH AND SAFETY: There are not enough personal protection equipment available and businesses open (supermarkets) need them because the have new Coronavirus prevention requirements; Workers can leave the workplace if there is a serious or imminent risk or no personal protective equipment…. What about people working at home?

• Challenges coming from the TELEWORKING (equipment's, connections, efficiency, working hours report...).

• WORK LIFE BALANCE measures to ease workers childcare or elderly people.

• Adoption of FLEXIBILITY MEASURES to keep activity in companies.

• UNCERTAINTY about the duration of the alarm state and all the restrictions.
THANKS!

www.ceoe.es