

COVID-19 INTERNATIONAL SMALL BUSINESSES SURVEY

Summary of policies and survey results from **Argentina**

Principal Investigators: Christopher Neilson (Princeton University), John Eric Humphries (Yale University) and Gabriel Ulyssea (University of Oxford).

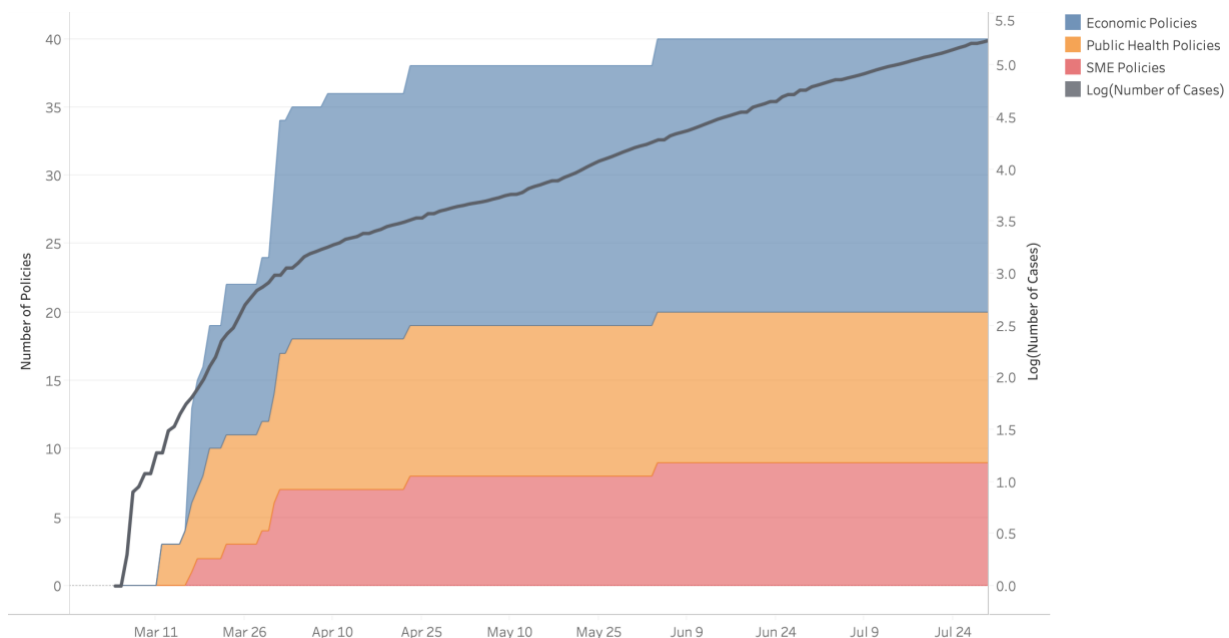
This is a collaborative project to gather information on how the current COVID-19 public health crisis is affecting small and medium-sized businesses, and how governments are responding to this situation. This report includes a summary of the economic and public health relief policies implemented so far, accompanied by updated results from our online survey of small business owners (March - June 2020). Find more information about the project, including previous reports on Argentina by visiting www.covid19sbs.org

COVID-19 in Argentina

Argentina confirmed its first case of COVID-19 on March 3. On March 16, authorities closed borders to all international visitors. Four days later, on March 20, the government implemented a statewide quarantine, requiring all non-essential businesses to close. On May 8, the government announced a gradual reopening of the economy. However, two weeks later, officials in Buenos Aires tightened restrictions in response to a surge in infections. The federal government followed suit on June 26, restricting mobility in the capital and surrounding provinces until at least July 17.

To address both the public health emergency and its economic consequences, the country has adopted a series of policies at the federal, state, and municipal levels. For our study, we focused on the economic measures taken at the federal level with an emphasis on programs designed to help small and medium-sized businesses.

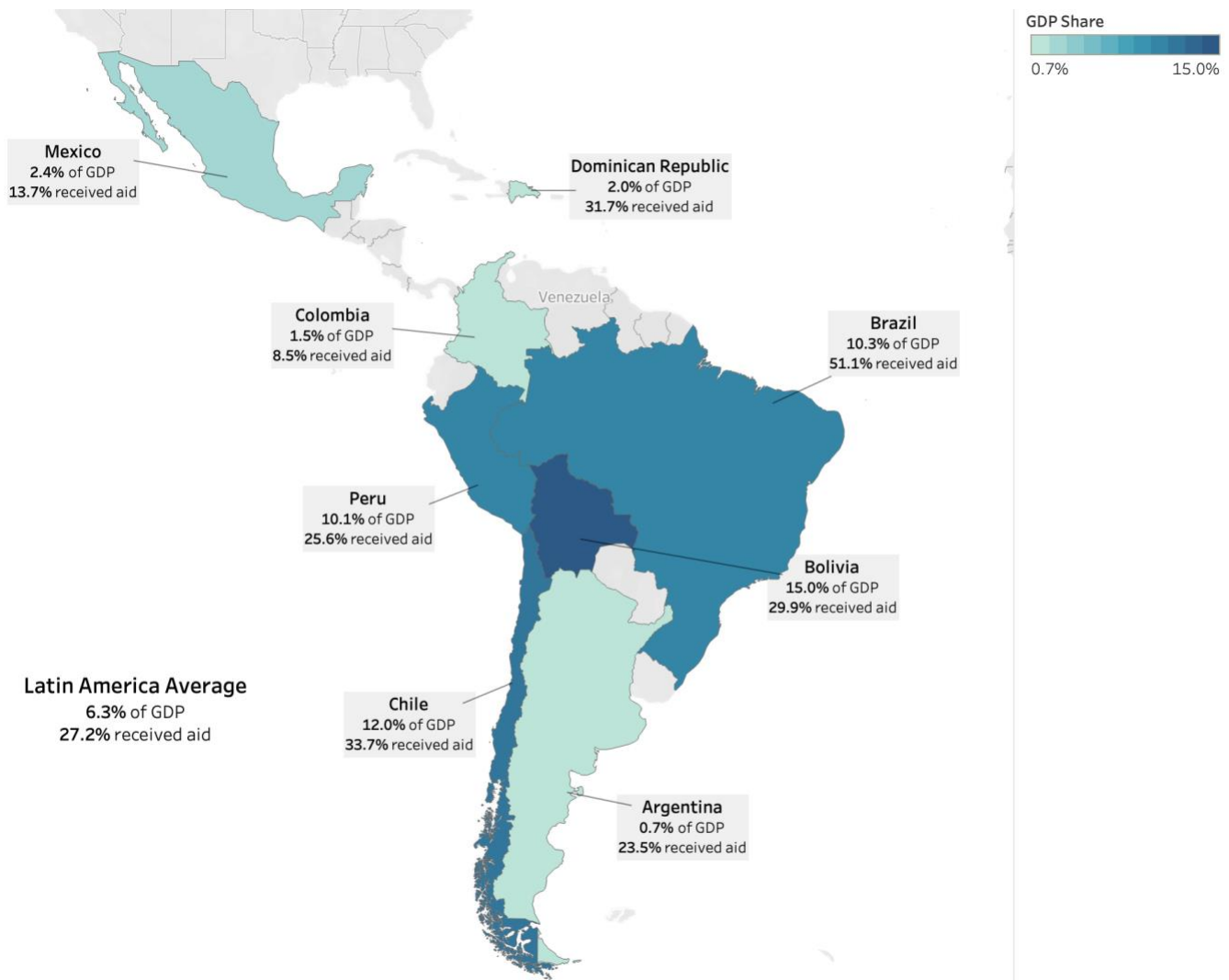
Figure 1: Evolution of confirmed COVID-19 cases and announcement of relief policies



Economic and Social Policies

As of early July, we calculated that Argentina budgeted **0.68 percent** of its GDP on COVID-19-related policies, less than any other country that we studied in Latin America.¹ While some of this stems from increased public health spending and similar expenses, much of this was devoted to preventing and repairing economic issues resulting from the pandemic. **Figure 2** compares the percent of GDP spent in Argentina to other countries in Latin America, as well as the percent of Argentinians who reported receiving aid from the government as of May 19.²

Figure 2: Distribution of spending as percent of GDP



¹ Economic and public health measures for Argentina were collected using publicly available information published by Argentina's Ministry of Economy (*Ministerio de Economía*), Argentina's Official Bulletin (*Boletín Oficial*), and the database of laws made available by Argentina's Ministry of Justice and Human Rights (*Ministerio de Justicia y Derechos Humanos*).

² The percent of businesses that received aid only includes businesses that were open, or only temporarily closed, at the time of the survey.

Argentina's major economic and social policies include:

- Increased cash transfers to poor families, including one-time extra payments of **Universal Child Allowance** (*Asignación Universal por Hijo*) and **Universal Pregnancy Allowance** (*Asignación Universal por Embarazo*)
- **Emergency Family Income** (*El Ingreso Familiar de Emergencia, or IFE*), which has provided two payments of 10,000 pesos (USD ~ 145) to almost 9 million vulnerable self-employed and informal workers
- Anti-price gouging policies, including price controls for food and medical supplies and export restrictions on medical supplies
- Demand support, including a 100 billion peso (USD ~ 5.6 billion) federal investment in public works, education, and tourism

On June 8, the World Bank predicted Argentina's economy would shrink 7.3 percent this year.

In the near future, the Central Bank of Argentina (*Banco Central Argentina*) and the Ministry of Economy (*the Ministerio de Economía*), will likely establish further credit lines and relief packages for businesses.

Small Business Policies

The Argentinian Government has implemented a suite of policies designed to support small businesses facing economic hardship resulting from the pandemic. The government created a **Guarantee Fund for Micro, Small, and Medium-sized Businesses** (*El Fondo de Garantía para la Micro, Pequeña y Mediana Empresa*), which has provided 30 billion pesos (USD ~415 million) in loan guarantees for small and medium-sized businesses. This program accompanied the **Emergency Assistance Program for Work and Production** (*El Programa de Asistencia de Emergencia al Trabajo y La Producción*), Argentina's largest program to support small businesses. This program provides zero rate loans, paycheck protection, and unemployment benefits for employers and employees of any private company, regardless of size.

These programs were complemented by measures from Argentina's national banks. The government announced a 350 million peso (USD ~ 5.1 million) guarantee to be distributed by the Central Bank and the Nation Bank (*El Banco Nación*) to support working capital expenses and finance technological equipment. Similarly, the government allocated 30 billion pesos (USD ~ 438 million) to the **Argentina Guarantee Fund** (*El Fondo de Garantías Argentino, or FOGAR*) for loan guarantees. On April 23, the

government announced that banks must offer loans to small businesses to pay wages at a fixed rate of 24 percent. On June 4, the Argentinian Bank of Investment and Foreign Trade (*el Banco de Inversión y Comercio*) pledged 1 billion pesos (USD ~ 13.8 million) in working capital loans. Finally, the Ministry of Productive Development created the **Support Program for the National Productive System** (El Programa de Apoyo al Sistema Productivo Nacional), which has allocated 2.3 billion pesos (USD ~ 31.8 million) to finance working capital and productive investments.

Survey Results in Argentina

Between March 28 and May 19, the COVID-19 Small Business Survey collected the experiences of more than 75,000 businesses in Latin America and the Caribbean, and more than 6,000 in Argentina. The information collected includes the size of the companies, number of layoffs, expectations about the future, and their knowledge of government programs that could help them. From this first survey, we find the following main results:

Fact 1: Over a quarter (30.16 percent) of surveyed firms had to lay off a worker in the past months.

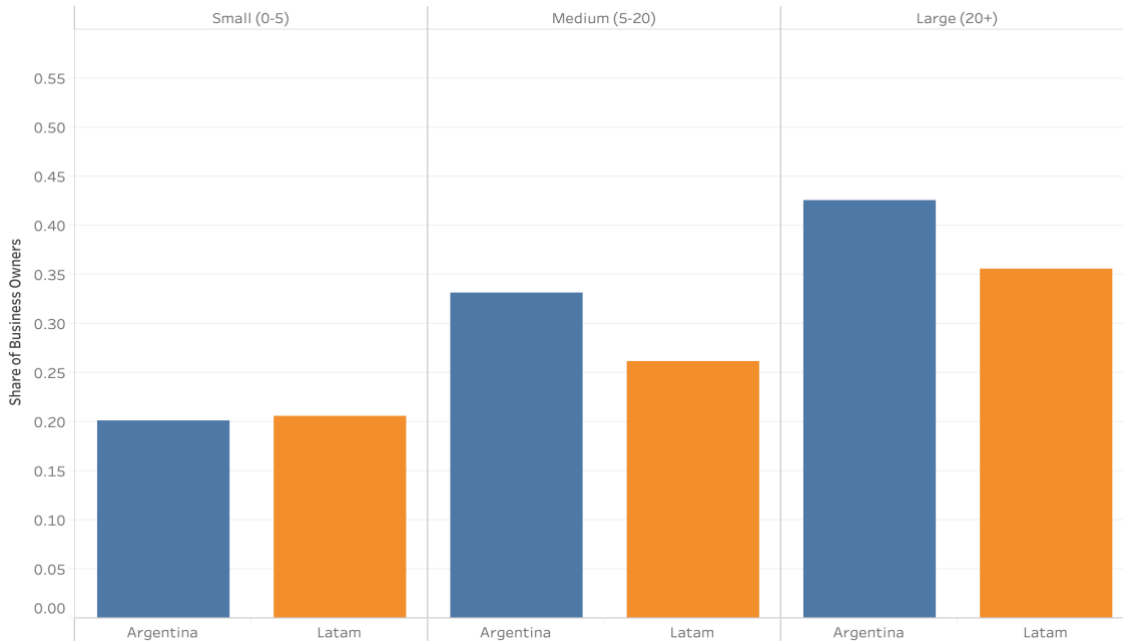
Fact 2: Nearly half (46.82 percent) of surveyed firms suspected they would have to lay off a worker in the near future.

Fact 3: Less than three-fifths (59.42 percent) of surveyed firms believed they would recover from the economic impacts of the COVID-19 crisis within the next two years.

Fact 4: Over three-fourths (76.50 percent) of surveyed firms were not aware of any government programs that could assist them. As figure 3 suggests, small and medium-sized business owners in Argentina were less likely to be aware of relief programs compared to large business owners.

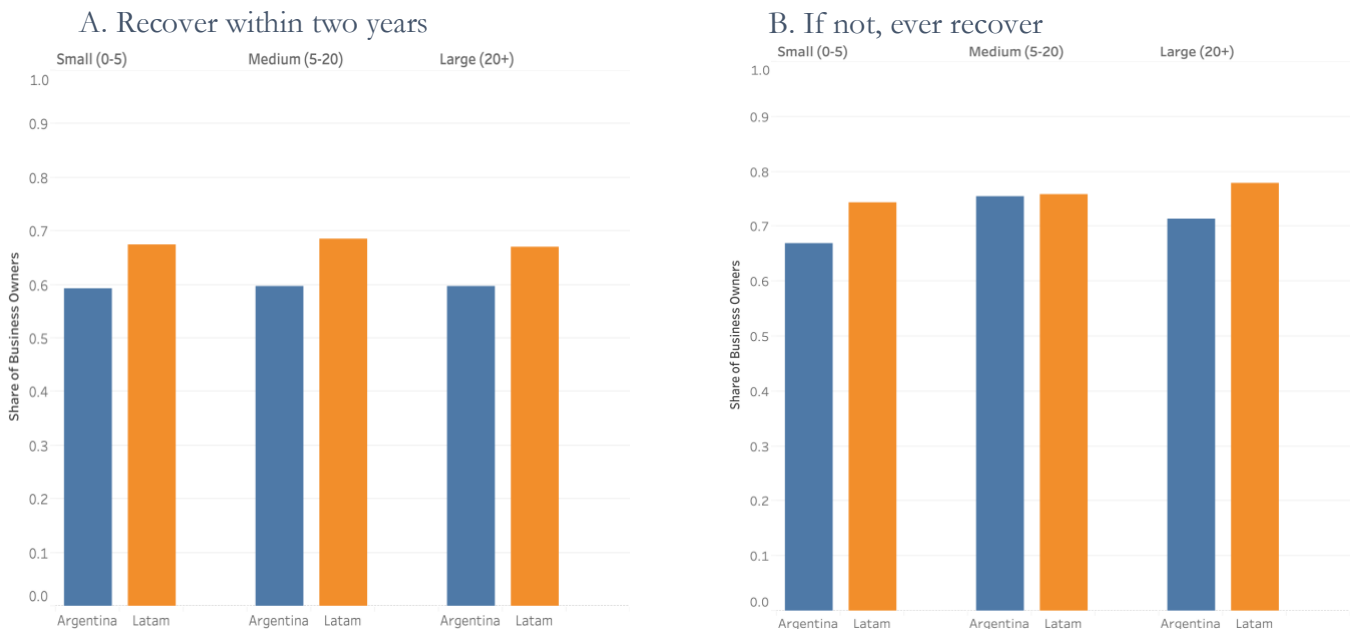
Compared to their counterparts across the rest of Latin America, Argentinian business owners appeared to be more aware of relief programs that could help them weather the COVID-19 crisis. Small business owners were comparably aware of relief programs, whereas Argentinian owners of medium-sized and large businesses knew more than their Latin American counterparts.

Figure 3: Percentages of surveyed business owners who were aware of relief programs



These relief programs are geared toward helping businesses recover from the COVID-19 crisis. From our survey, many respondents across Latin America feared that their businesses would not return to normal within two years and some believed that their businesses would never return at all. This picture was worse in Argentina, where respondents, across firm size, seemed less optimistic about the future of their recovery.

Figure 4: Percentage of surveyed business owners who believed they would:



To learn more about the survey and research, please visit covid19sbs.org.



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