2020

Emergency Economic Response

PROPOSED APPROACH

Emergency Economic Response (EER):

Short-term measure to mitigate the impact of the Corona Virus (COVID-19) on St. Maarten

General

According to the World Bank, St. Maarten's economy, which suffered a significant contraction in 2017 and 2018, would return to pre-hurricane levels by 2025. The relatively slow return to economic growth is in part due to the lengthy reconstruction of private companies and government infrastructure. Every sector on the island suffered capital losses. Physical restoration of the assets is a prerequisite for economic activity; particularly given the island's tourism-based economy which requires hotels, restaurants and other leisure-adjacent business to be operational.

A return to economic normalcy would also be a boon to Government; public finances have been under severe pressure since the passage of hurricane Irma, necessitating successive tranches of liquidity support from the Netherlands and a waiver of the balanced-budget requirement.

Global cases of COVID-19 (WHO)

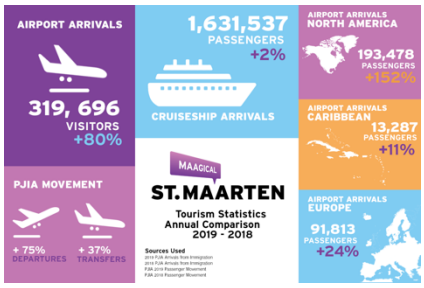
To say that the COVID-19 pandemic is an unwelcome and unhelpful external shock to the economy is frankly an understatement. The impact of the Coronavirus on St.Maarten's fragile economic recovery can be devastating unless immediate action is taken. Aside from measures related to health and safety, financial support is needed to shore up the economy, at least in the short-term. Consumer-oriented sectors such as the hospitality and retail industries are being hit hard by the spread of the Coronavirus crisis.

The uncommitted funds, originally earmarked by the Dutch Government for the St. Maarten's Recovery, Reconstruction and Resilience Trust Fund (hereafter: Trust Fund), are one option to address this emergency. These resources can become an integral element of the emergency response and risk management for COVID-19 to provide financial support to businesses and mitigate a disproportionate loss of income and jobs or a permanent damage to the economy. Alternatively, other external funding are needed. In a communique dated March 22nd, 2020, the Central Bank of Curaçao and St. Maarten stressed that the islands do not possess the tools and resources to mitigate the crisis and referenced the Charter of the Kingdom in terms of the Netherlands providing aid and support.

Economic impact

The travel and tourism sectors have already been significantly affected by the Coronavirus outbreak. In the USA, the leading labor union for hospitality workers[1] expects 80%-90% of its members to be out of work due to the COVID-19 pandemic. As of March 17th, St. Maarten has restricted travel from practically every country. The island, based on a collaborative effort with French authorities, is on lock down for at least two weeks (end of March 2020). St. Maarten residents will no longer be able to return home after March 22nd.

More than half of the island's tourists arrive by cruise ship with over 1.6 million arriving in 2019. In response to infections on cruise ships, the US State Department issued advisories against cruising on March 9: "*U.S. citizens, particularly travelers with underlying health conditions, should not travel by cruise ship.*"



As of March 14th, all major cruise lines suspended operations for 30-60 days. St. Maarten's cruise visitation is now essentially 0.

The impact on the stayover segment is equally dramatic. According to the St. Maarten Hospitality & Trade Association (SHTA), "*the volume of stay over bookings for April and May is down by at least 40% compared to last year and expected by hoteliers to get worse*." Major hotel operators report cancellations have increased by 141% for February 15 – March 12, as compared with the same period last year. With the travel ban issued by the Government of St. Maarten on March 14th, hotel occupancy, will decline to essentially 0 and stay that way for at least two weeks, likely for a longer period of time. Transient regional visitors awaiting repatriation or travelling in the region does not justify hotels, particularly larger operations, remaining operational. Furthermore, airlines have started reducing, and even ceasing, flight operations.

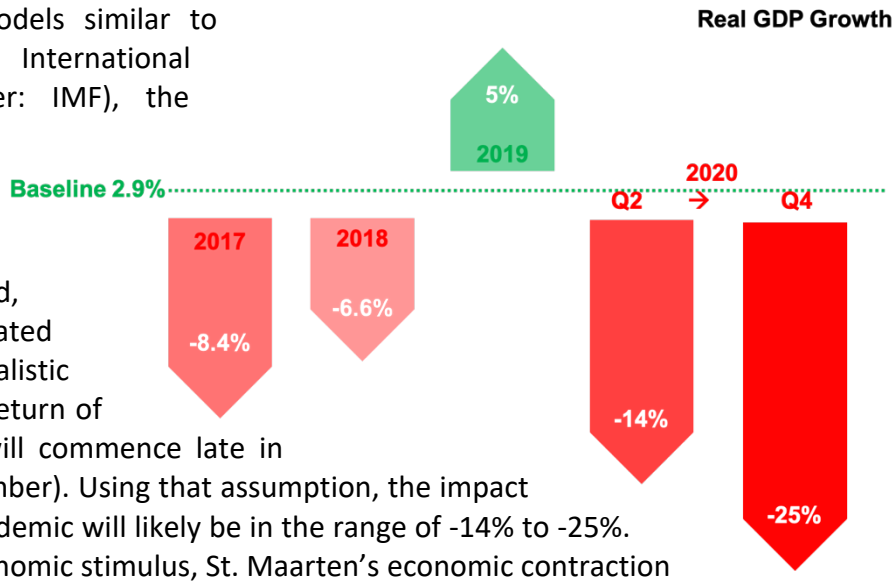
Sunwing Airlines, which is a major operator to St. Maarten, made the difficult decision to layoff all of its flight and cabin crew members after completing repatriation flights to bring home more than 100,000 passengers from various destinations including St. Maarten. American Airlines has reduced international operations by 75% and United Airlines by 85%. Resumption of operations is not simple in the airline business, particularly after furloughing or laying off staff. Aircraft and crews have to be re-certified; schedules and reservation systems have to be programmed etc.

Furthermore, US and Canadian airlines and charter operators are unlikely to resume operations in the low summer season (even assuming the pandemic emergency has been resolved by then) and therefore the local economy will have to withstand the impact of zero or very low tourism until late in Q4 of 2020.

[1] D. Taylor, President of Unite Here (March 18, 2020).

The chief economist of the largest international commercial real estate broker expects the impact of the pandemic to be significant; the peak of the outbreak in the USA is projected to occur between May and August of 2020, with estimated losses in GDP to exceed 6% and unemployment of 3.5% – 5%. The USA is St. Maarten's main source market for tourists. Such brutal economic impacts to the US-economy will reverberate for an extended period after the recovery starts in Q3 and Q4 2020.

According to the Central Bank of Curaçao and St. Maarten (hereafter: CBCS), the island's real GDP contracted by 6.6% in 2018, and that decline is directly related to the impact of the natural disasters of September 2017. The Government's statistical bureau reported a real GDP contraction of 8.4% for 2017. With reconstruction efforts reaching a peak in 2019, and many hotels reopened, real GDP growth is estimated to have been 5% for that year. CBCS' estimate for real GDP growth on St. Maarten in 2020 was, prior to the pandemic, 2.9%. This figure is used as the baseline to compare the potential negative effects of the pandemic on St. Maarten's economy in 2020.



Using GDP forecasting models similar to those employed by the International Monetary Fund (hereafter: IMF), the impact of COVID-19 on St. Maarten is expected to be devastating; and the longer economic activity remains depressed, the worse the anticipated economic downturn. Realistic expectations are that the return of North American tourists will commence late in 2020 (Q4: October – November). Using that assumption, the impact on real GDP due to the pandemic will likely be in the range of -14% to -25%. To be clear, absent any economic stimulus, St. Maarten's economic contraction could be **more than two to three times worse than the downturn experienced after hurricane Irma.** It should be noted that the economic models do not include the social costs and consequences of such a disastrous loss of GDP because of the degree of uncertainty as to what can occur. However, the unrest after Irma may provide a clue as to what could happen on St. Maarten.

St. Maarten Tourism Sectors

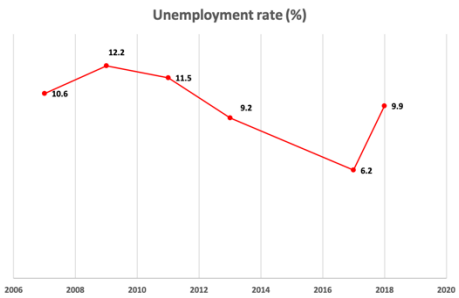
Tourism will experience a variety of economic impacts. Tourism contributes to sales, employment, tax receipts, and income of a destination. For St. Maarten, the most direct effects occur within the primary tourism sectors: accommodations (lodging), restaurants (F&B),

transportation, entertainment, and retail. These are the sectors expected to the most direct shock in other countries as well.

In the accommodation sector, loss of visitation is devastating; no guests mean no revenue. That loss of revenue is not matched by reduced expenditure. This sector is very labor intensive, and operators often have high overhead costs with limited margins.

Food & beverage operations often benefit from domestic consumption; however, a large segment of the local sector is reliant on tourism. Furthermore, as part of the efforts to contain the transmission of COVID-19, bars have been closed and restaurants can only provide take-out or delivery service. Transportation, such as taxis, have limited demand other than the main target market; i.e. tourists. The entertainment and retail segments, depending on the product or service offered, face similar challenges, with most now barred from operation as of March 18th.

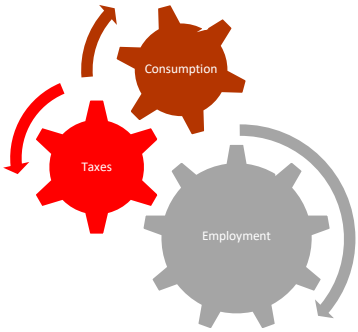
Without question, St. Maarten will be hurt by a drop in the number of tourists and this impact will be exacerbated by a sharp drop in consumer spending at local businesses, if the hospitality sector does not retain employees.



Avoiding unemployment is critical to the economic stability of St. Maarten's economy. Unemployment remains elevated in the aftermath of the 2017 hurricanes. According the government statistics, the unemployment rate in 2018 was almost 10%. A number of major resorts, restaurants and other businesses have not fully returned to service since 2017, and a decline in demand could lead to further delays and slow (re-)hiring of previously laid-off staff.

However, retention of employees can be incentivized if businesses have coverage for the interruption of operations. Businesses would be helped if (a part of) fixed expenses that cannot be abated (including payroll and payroll taxes) could be recovered. In that way, employees could be retained thus supporting domestic consumption and reducing the negative impact on public finances (i.e. social premiums and taxes continue). The impact from the (anticipated) reduction of spending due to depressed tourism-visitation will not be exacerbated by a concurrent loss of local consumption. Protection of workers from unemployment and loss of income must be sufficient to avoid the emergence of a permanent effect.

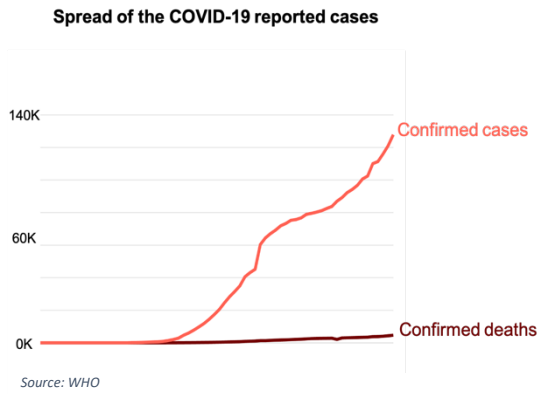
Response



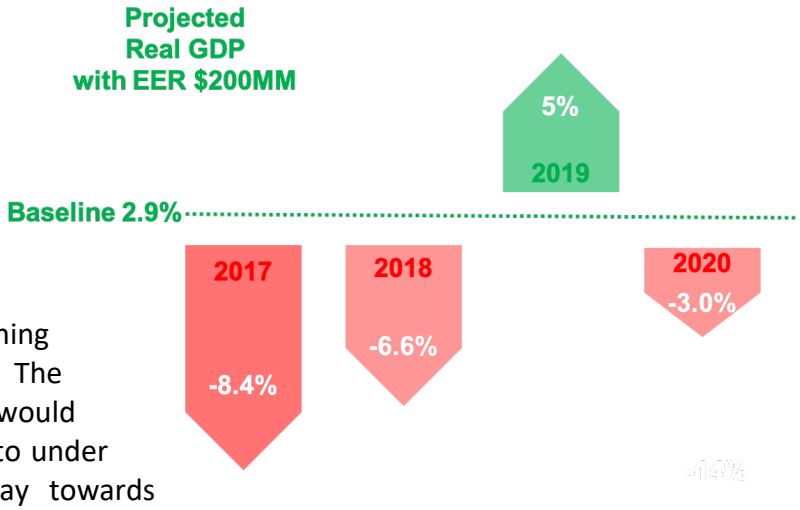
A temporary measure is needed to support the economy, and specifically, the tourism-related sectors which are directly dependent on tourist visitation. Emergency support should compensate qualified businesses for the damage directly caused by the exceptional circumstance of the pandemic.

The nature and scale of the situation requires an economic response in the order of an estimated US$200 million over a period of seven to eight months to cover the loss of business operations in the tourism industry thus concomitantly maintaining employment, supporting domestic demand and business activity and sustaining public finances. Support of this type will serve to stabilize the broader economy.

EER's objective is to cushion the shock caused by the loss of economic activity, specifically tourism, by providing cash to cover losses that cannot be offset and expenses that cannot be abated. Losses in the tourism sector are expected to be severe given that the main source markets, North America and Europe, are now dealing with the progression of the pandemic. The World Health Organization has designated the disease as a pandemic, and Europe is now considered the epicenter.



Dr. Anthony Fauci, the head of the National Institute of Allergy and Infectious Diseases at the National Institutes of Health, estimates that disruptions to everyday life in the U.S. could last up to eight weeks (March 13, 2020). It is reasonable to assume that after 'peaking' at the start of the Summer, the disease will have fewer impacts on travel. However, even if travel bans are relaxed, St. Maarten's tourism sector will not return to a state of normalcy until the start of the Winter season 2020-2021. A McKinsey Global Institute analysis (February 27, 2020), estimates that the tourism and hospitality sectors will take longer to restart (until Q4). To cover this eventuality, the EER will require significant funding to provide the required economic support.



In the previous section, the projected contraction in real GDP ranged from 14% to 25%, depending on the duration of travel restrictions. A significant injection of financial support, i.e. US$200 million, could, lessen the blow by sustaining private and public consumption. The contraction in real GDP for 2020 would be significantly reduced, possibly to under 3%, which would go a long way towards restoring confidence in the economy by maintaining planned private investment, and allowing continuation of planned public sector investment, for example the new general hospital, as well as providing critical liquidity support to the government.

The economic stimulus cannot fully address the significant reduction in exports (tourism), making a contraction in real GDP inevitable, however, the blow, though painful, would not be fatal and the economy would recover in the period after Q4 2020.

Precedent

As an approach, EER is not unique. International organizations such as the IMF, are recommending "*substantial targeted policies to support the economy……to keep intact the web of economic and financial relationships between workers and businesses……"*[2]

According to the IMF, targeted support for households and businesses could include cash transfers, wage subsidies, and tax relief. In Italy, a country particularly hit hard by the COVID-19 outbreak, government is offering income support to laid-off workers. Korea introduced wage subsidies and the UK has introduced an Emergency Fund as well as support for self-employed persons.

On March 3, 2020, the World Bank Group announced that it was making an estimated US$12 billion in immediate support available to assist countries coping with the health and economic impacts of COVID-19 outbreak. An additional US$ 2 billion was announced by the World Bank on March 17th. Besides helping in bolstering the health systems of countries, the financial package will seek to work with the private sector to reduce the negative impact on economies.

In the United States, the travel and tourism industry has requested relief, including tax credits, for employee retention. Given that many businesses will not be operating, partly to aid containment measures, it is important that employees are not penalized. St. Maarten is a one-pillar economy based on tourism. Similar to the disaster caused hurricane Irma, the tourism industry is not the cause of the economic fallout as a result of a pandemic.

The Dutch Government is working on an extensive package to support businesses, including self-employed entrepreneurs. Support to cover labor costs of over 78,000 businesses is expected to be necessary. The minister of finance, Wopke Hoekstra made the commitment to do "whatever it takes" to deal with the crisis. An amount of over 16 billion Euro has been suggested to support the Dutch economy. At the time of this writing, aid to the Caribbean part of the Kingdom has been promised, but the scope and specifics remain unknown, other than a preference for uniformity in the approach to be used for the countries (Aruba, Curaçao and St. Maarten).

The pandemic fits the definition of a natural disaster, differing from a hurricane only in terms of cause; illness. Loss of life and economic impact, however, may exceed the infrastructural damage caused by a hurricane.

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[2] Limiting the Economic Fallout of the Coronavirus with Large Targeted Policies blogs.imf.org, March 9, 2020.

The logic of re-tasking uncommitted financial resources of the Trust Fund to address the shock from the COVID-19 pandemic is therefore understandable. Consider the statement by the SHTA in support of *"fiscal action, re-allocation of trust fund resources, …… and finding ways to keep a large segment of the population employed …..".* If alternative external funding can be secured to address the pandemic, future Trust Fund programs can continue, if possible, at an accelerated pace, to further support the economy.

A comparison of economic measures of several countries is presented in the appendix at the end of this proposal.

Implementation

The Emergency Economic Response for St. Maarten would require the establishment of at least a US$200 million fund. Options for sourcing would be the uncommitted financial resources of the Trust Fund or other external financial resources. One of the objectives of the Trust Fund is ensure the **resilience** of St.Maarten's recovery and reconstruction in the aftermath of the hurricanes of 2017. The emergence of COVID-19 is an existential threat to that recovery. As such, use of resources from the Trust Fund to support the economy of St. Maarten is justified also because they are readily available and the success of the EER is time sensitive. Absent use of these funds, other external sources of funding are required. Recovery and reconstruction have been spearheaded by the private sector, and timely emergency support is needed to safeguard these investments and to mitigate permanent damage to the economy.

In times of economic downturn, businesses have two option: lay off their workers, or radically reduce their hours. Normal social safety nets may not be sufficient to deal with the impact. As such, providing a system to support workers via payroll subsidies is worthy of consideration. Firstly, it is not a novel concept. Similar policy instruments have been designed and used during economic downturns and have proven their worth. In Germany, the policy is referred to as *Kurzarbeit* (shorter time work) and has been copied by other countries. Under the German policy, government replaces a large part of the workers' lost income. Germany's policy was successful during the 2008 recession, and other countries, including Denmark, Sweden and the UK, introduced similar programs.

A hallmark of the EER-proposal is providing an instrument to combat the inevitable economic downturn by funding the payroll of businesses that are directly affected by the pandemic. In so doing, unemployment will be abated, and consumption, albeit reduced, will continue. Government can continue to collect payroll and social premiums, thus providing budgetary space to fund other necessary measures.

<u>Benefits</u>:

1. Employee-retainment
2. Support public finance
3. Stabilize economic activity

Unlike larger countries, St. Maarten's government is not able to provide significant fiscal support from the public budget. Budget deficits have been the norm since 2017, with the trend expected to continue beyond 2020.

The most appropriate response must focus on the demand side. Support can be made available to qualified large and medium companies, as well as small micro and small enterprises (SME's), including the self-employed. While fiscal incentives are a normally a suitable instrument, this support is contingent on the economy retaining a base level of activity. St. Maarten's dependence on tourism requires an approach to deal with, in effect, a "0-level" or drastically reduced level of operations for large sectors of the tourism economy; for example, hotels, taxis, etc. It is not logical to expect 100% employee retention in a period of 0% operations. With funding available to cover fixed expenses that cannot be abated but are essential for businesses to retain their employees and the integrity of their assets, government's tax receipts will remain available to deal with the social and health interventions against the Coronavirus.

Expenses:
For any business, including the self-employed, affected by the pandemic, either by loss of business or mandated closures or restrictions, revenues will decrease or cease. Certain expenditures, however, are fixed and cannot be abated. It is these expenditures that the EER is designed to offset. The main expenditure, barring massive layoffs, are wages and salaries and the associated taxes and social premiums.

A significant fixed cost for many businesses is related to lease or rental payments. After payroll, rent the fixed cost that will not change whether there is production or not. Nevertheless, the space is the *raison d'etre* of a business and needs to be maintained to ensure that operations can resume after the health emergency has passed,

Utility costs also cannot be easily offset, though for some companies, reduced operations may have commensurate decreases. Security and insurance expenses are related to asset protection. Lack of operations, and absent a curfew, can mean more risk for some businesses, for example hotels, restaurants, entertainment venues and car rentals. Additional security may even be required.

Moreover, operating in the hurricane belt, businesses can insure the loss of business from certain acts of God (unfortunately, pandemics, wars and riots are typically excluded perils). On December 19, 2019, the consortium Tropical Storm Risk (TSR), issued an extended-range forecast predicting a slightly above-average hurricane season.
With the 2020 hurricane season officially starting in a few months, during the expected peak of the pandemic, premiums must be paid without the benefit of revenue to cover the expense.

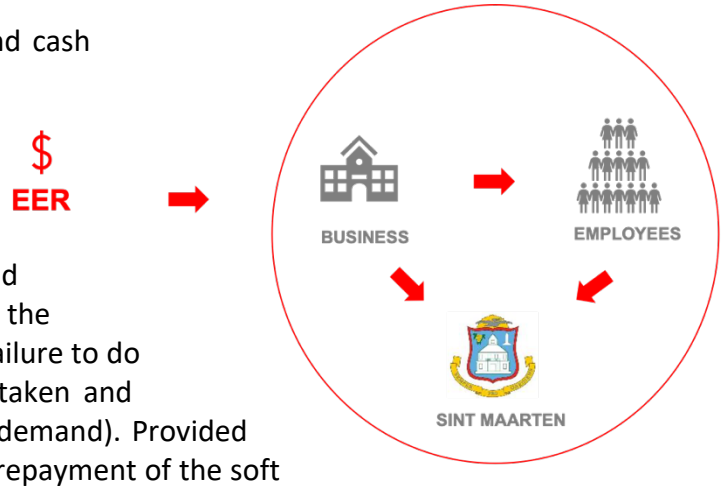
Significant investment beyond insurance proceeds was needed for businesses that invested in building back better in response to the devastation of the hurricanes of September 2017. Loans

were required which need to continue to be serviced. Absent moratoria from lending institutions, interest expenses will continue to accrue for many businesses on the island.

These expenses will be eligible for recovery from the EER. Individual businesses will have to provide evidence of the expenses for which they seek funding in their individual applications.

Fund size:
An amount of at least US$200 million will be required to subsidize business for over two fiscal quarters in 2020.
St. Maarten's nominal GDP is approximately US$ 1 billion according to the IMF (Country report, January 2019), with the tourism sectors representing a significant part. Assuming that 40% of GDP is related to the tourism sectors **most directly dependent** on tourism visitation, an amount of at least US$200 million is needed to support the sector for 7-8 months. The size of the support is in direct proportion to the severity of the crisis; a longer duration loss of tourism revenues will amplify the negative effect on the broader economy.

Concept:
EER will take the form of soft loans and cash advances to qualified businesses. The funds will come from the remaining tranches for the existing Trust Fund[3] or from other external sources (Kingdom Government). Recipients will commit to repayment of the soft loan and certify that the funds will be used for the purpose for which they are intended. Failure to do so will result in legal remedies being taken and immediate repayment of the loan (on-demand). Provided that the recipients meet all conditions, repayment of the soft loans will be waived after a period of time.



EER will provide coverage for business interruption by covering the fixed expenses that cannot be abated. Businesses for example, would receive financial support to cover the costs of employees (salary, employment taxes and social premiums), maintaining insurance and covering other operational expenses (security, utilities and interest expense) that cannot be discontinued during the period in question. A critical element is employee-retention[4] which will be mandatory for the businesses that receiving EER financial support. By maintaining employment, potential social-economic consequences will be diminished.

[3] The government of the Netherlands pledged up to US$550 million to the Trust Fund. To date, US$305 million has disbursed to the fund, leaving US$245 million for the remaining tranches.
[4] For businesses that cannot justify retaining full employment, the income support and training program can be used/extended. Eligibility for both EER and income support programs will need to be determined.

Every business downstream from the main tourism sectors will be less affected. Employed persons will continue to maintain their basic household spending. Eligibility for EER-support will require businesses to produce and present financial data to prove the anticipated loss to be covered. Specifically, eight months of payroll, insurance, interest expense, utilities etc. Qualified businesses, i.e. legally registered companies (registered at the Chamber of Commerce, SZV, Tax office etc.), must be able to prove employee retainment until at least Q1 2021.

Payroll expenses will be covered for 90% over a period of 3 months, and thereafter 75% for the remaining 5 months of the program, thus incentivizing businesses to resume operations as soon as possible. All other expenses that cannot be abated will be fully covered. The term of the soft loan will be for 12/18 months at 0% interest with a bullet repayment that will be waived if all conditions related to the loan are met by the recipients.

Special attention for the self-employed is needed. Many self-employed persons work in the tourism sector, for example taxi drivers. For sole proprietorships, requirements for support may need to be further customized. Alternatively, a scheme, similar to what is being used by the Netherlands and the USA may be considered; i.e. income support of, for example, US$1,500 per month the several months. Sole proprietors / self-employed persons will have to provide proof of legal registration and at least proof of filed and paid taxes for a year (2018) to be eligible for support.

To be effective, the management of the EER needs to be efficient and not cumbersome. Qualifications for support need to be developed up-front and be understandable and transparent. Disbursement of support must occur without significant delays, i.e. within days, rather than weeks, to be impactful.

Mechanism:

In essence the fund will provide financial support to cover loss of business operations for companies that either cease or reduce operations as a direct result of the COVID-19 emergency. To be clear, there is no insurance coverage for the interruption of business due to pandemic available, and given the expected length of the disruption, the global scale of the economic slowdown, and the likelihood of loss of employment, governments are stepping in to provide emergency support. St. Maarten's situation is unique inasmuch as the Trust Fund for reconstruction is an immediate source of funding. Whatever the source of funding, disbursement of funds should not be tied to a bureaucratic process. Otherwise there is a risk of exacerbating the financial consequences and possibly causing permanent damage to the economy.

Massive unemployment and the resulting secondary consequences, can quickly lead to social unrest, thus further damaging the future outlook of the island.

As such, a new mechanism for getting funds to the industries and sectors most affected is required. The structure of the EER will have to be operationally detailed, however, the most viable options for the mechanism are as follows:

Option A: disbursement of uncommitted funds from the existing Trust Fund

- The Dutch Government will provide the remaining tranches to the Trust Fund to be used for issuance of soft loans
- The EER will be administered by the Trust Fund who will hire professionals (auditors/adjusters) to implement.
- Disbursement will occur via the Trust Fund on the basis of applications from qualified businesses who meet eligibility requirement, a number of which were previously described.
- A streamlined review process will need to be developed along with the requisite organization (staffing etc.).

Note: Excessive layers of decision-making and overly bureaucratic procedures that delay the availability of funds, will result in businesses failing. Afterall, the objective is to have business weather the peak of the pandemic that is expected to run for 7-8 months rather than face permanent damage to the general economy.

Pros	Cons
Existing structure	Bureaucratic
Experience with St. Maarten	Development of a disbursement system
	Time and costs for staffing and start-up logistics

Option B: disbursement of funds via the banking system

- The Dutch Government will provide the remaining tranches of the Trust Fund or provide other funds to the CBCS. The funds will be used as collateral for soft loans.
- The application process and loans will be administered by the commercial banks on St. Maarten who will provide administrative services for a nominal fee.
- Disbursement will occur via the banks on the basis of applications from qualified businesses who meet eligibility requirement, a number of which were previously described.
- Government will assign professionals (auditors/adjusters) to review the process to ensure compliance with requirements and proper use of funds.

Pros	Cons
Expertise of commercial banks. Compliance rules are in place	Reallocation of the TF tranches
Experience lending. Businesses are existing customers	Timely availability of other external funding
Familiar to business community and specific business needs and operations	Willingness of banks to participate
Implementation speed	

Option C: disbursement via new Foundation

- A new legal entity, foundation, with a two-tiered organization will be established by the Dutch and St. Maarten governments.
- A four-person supervisory board with three members selected by the Dutch (one of which should be locally based, for example the head of VNP), and one St. Maarten member.
- The Dutch Government will provide the remaining tranches of funds from the Trust Fund or other funds to the foundation. The funds will be used as collateral for soft loans.
- The application process and loans will be administered Foundation (EER). Staffing and management of the Foundation will be recruited and paid from the fund.
- Disbursement will occur via the foundation on the basis of applications from qualified businesses who meet eligibility requirement, a number of which were previously described.
- The EER will be audited to ensure compliance.

Pros	Cons
Direct relationship of government	Amendment of the TF structure
	Time to establish Foundation. Cost of structure Supervisory Board, cost of staffing
	Time to establish administrative procedures and guidelines

Conclusion

Time is of the essence; the chosen mechanism must be operational in a matter of a few weeks otherwise businesses, in the absence of revenues, will inevitably start to fall into an insolvency situation, unable to pay running expenses (and taxes) and forced to make employees redundant. The critical success factor of the EER is the pace and size of the economic stimulus. Support for the economy has to be fast-tracked and sufficiently aggressive to mitigate catastrophic economic contraction. At the same time, given the need for external funding, adequate safeguards for the use of funds need to be part of the program. It is with this in mind that soft loans are chosen as the vehicle for support. A loan agreement provides additional security. Together with practical but stringent prerequisites in the application process, and the use of experts in the review and monitoring, provides for a robust process. Compliance with all conditions will result in full loan forgiveness as incentive to recipients to fulfill their obligations.

APPENDIX 1

COMPARATIVE OVERVIEW OF MEASURES TAKEN IN RESPONSE TO COVID-19

According to Federal Reserve Bank Governor, Keel Kashkan (Minneapolis), "the right response is to overreact". This is true for every economy, whether a superpower like the USA and China, or small developing economies, with limited industries like St. Maarten.

Our economy needs liquidity: businesses need money to maintain their workers, and just as in the case in the USA and Europe, government needs to step in, and to do so sooner rather than later. The key is to keep businesses running and people employed so that government can focus on the job of containment and treatment of the Coronavirus.

The pandemic is a natural disaster with a twist. While the physical infrastructure of the country remains intact, the economic fabric is unraveling. To protect the population, difficult decisions had to be taken to, in essence, shut down the economy. In a cruel twist of fate, an invisible threat which causes no damage to buildings, but is devastating to people, forces the devastation of the community. As many people are required to sit, wait and watch the economy grind to a halt.

All is not lost however; action, albeit costly, can be taken to stabilize the damage. While each country will employ actions best suited to the specific situation, there are three national measures that are required:

- Stem the spread of the disease and the care for the infected. Containment and treatment of the disease will require significant spending from the health and law enforcement agencies;
- Provide economic support for firms facing severe disruption, especially SME's and sectors directly affected, for example, transportation and tourism;
- Support affected workers in order to avoid unemployment and income losses.

Public health is beyond the scope of Emergency Economic Response proposal. The table below provides an example of how other countries are defining their economic response.

	USA	CANADA	NETHERLANDS	FRANCE	MALAYSIA	JAMAICA	DENMARK
Total	PHASE 1 $8.3 Billion PHASE 2 $100 Billion PHASE 3 $1 Trillion (pending)	$27 Billion	€16 Billion	$49 Billion	$4.8 Billion	$25 Billion (Jamaica $)	$46 Billion
Business	Relief for targeted industries	Temporary business wage subsidy $3.8B Business credit availability program $10B	Compensation of €4K per firm of heavily affected sector Temporary arrangement for compensation labor costs (€10B)	Guarantees for business (loans) Fund for shopkeepers and self-employed	$435M to tourism industry	Temporary cash transfers to business in targeted sectors – amount depends on level of employee retention	To avoid layoffs- government pays 75% of employees' salaries. Salaries up to $52,400/year covered. Fixed expenses Fixed expenses of companies compensated.
Worker	$500B direct payments to households	Emergency Care benefit $10B Emergency Support Benefit $5B	Benefit assistance for self-employed (€4.0B)	Unemployment benefits for those forced to work part-time	Financial assistance low income households	Cash based on verified loss of employment	Unemployment benefits continue, requirements to seek employment paused.

	USA	CANADA	NETHERLANDS	FRANCE	MALAYSIA	JAMAICA	DENMARK
Loans	$300B small business $50B airlines	GST credit $5.5B Credit and liquidity support $500B	Guarantee Corp. Finance Scheme (€1.4B)	Guarantee for bank loans $327B to help business	Restructuring of loans	Soft loans fund for hardest hit individuals and businesses	State will guarantee 70% of new bank loans
Special groups	Testing for everyone Food security program	Enhanced Child Benefit $1.9B Support for indigenous communities, homeless	Childcare compensation €0.3B			For poor and vulnerable	
Fiscal	Tax credits	Flexibility for taxpayers	Postponement and adjustment of tax payments	Social security tax cuts	Tax exemptions and deferments	Cut General Consumption Tax by 1.5%	Tax payments deferred to late 2020.