**HEALTH SITUATION**

- **Confirmed cases**: 15,529
- **Deaths**: 8,614
- **Suspected cases**: 1,434
- **Date**: April 27th, 2020

**Encouraging social distancing** is the recommended action from health authorities. No mandatory curfews and quarantines nationwide, although strong voluntary confinement is requested until the 30th of May for affected municipalities and major cities. According to March 31st executive order, the Ministry of Health declared a mandatory lockdown of all non-essential social, private and public activities in main cities until the 30th of May.

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**KEY ACTIONS TAKEN & OVERALL SITUATION**

**Apr 23.** An executive order was published listing actions to mitigate COVID-19 economic consequences announced by President of Mexico. Its purpose is to reduce federal government operational budget with 11 austerity measures that will grant saving of about EUR 24.7 billion that will be applied to address the COVID-19 pandemic. This budget will be applied to existing cash transfer social programmes. This austerity plan won’t affect the three mega infrastructure projects (Tren Maya, Dos Bocas Refinery and Santa Lucía Airport). Reference.

**Apr 23.** The President of Mexico introduced a bill before the Mexican Congress to modify the Federal Budget and Tax Responsibility Law. The proposal includes: 1) reorientation of Federal Budget resources to allocate them in promoting the country’s economic activity and attending health emergencies; 2) establishing that the Ministry of Finance may reallocate the budget during economic emergencies. The bill is pending on the Discussion Agenda of the Mexican Congress for approval. This bill would give the President of Mexico the capacity to reallocate public budget without Congress approval during economic or pandemic crisis. Reference.

**Apr 24.** The National Institute of Statistics and Geography (INEGI in Spanish) published the “February 2020 Global Economic Activity Indicator” (IGAE in Spanish), which is a monthly proxy for Growth Domestic Product (GDP). IGAE reported the worst annual variation fall for a single month since November 2009, with an annual contraction of 1.6%. Reference.

**Apr 24 – Apr 28.** Mexico President announced the resignation of the Head of Custom Services (within the SAT, the Tax Administration Service). Ricardo Ahued insisted on several media that his resignation was not forced by threats and that he acknowledged that his efforts fighting corruption within customs were little productive. Reference. His replacement will be Horacio Duarte, currently Vice Ministry of Employment, who will resume these efforts in a time when the pandemic puts additional pressure on customs management. Reference.

**Apr 24 – Apr 26.** Ministry of Economy announced the grant of 2 million credits worth EUR 934 each, and only accessible once, for Small and Medium-sized Enterprises (SMEs), and an extra 1 million loans to government workers. These credits will be issued using the following three different schemes:

- On the 4th of May, Ministry of Welfare will begin issuing 1 million credits to formal and informal SMEs registered in a non-public government census. Beneficiaries will have access to only one credit with a repayment schedule of 3 years. Interest rates will range from 6% to 10% based on firm’s number of employees. Reference.
- On the 27th of April, Mexican Social Security Institute (IMSS in Spanish) began issuing 1 million credits to formal SMEs that did not reduce job positions or wages during the last three months. Beneficiaries will have access to only one credit with a repayment schedule of 3 years. Interest rates will range from 6% to 10% based on firm’s number of employees. Reference.
- Institute for Social Security and Services for State Workers (ISSSTE in Spanish) issued 1 million credits worth from EUR 1,009 to EUR 7,927 to individuals who has been employed for at least 6 months in government institutions. Beneficiaries will have access to only one credit with a repayment schedule from 9 to 24 months. Reference.

**TAKEAWAYS:**

- Fiscal Policy: 1. Public Sector Borrowing Requirements (PSBR) in 2020 at 4.4% from 2.6% initially calculated and 2. Primary Deficit in 2020 will be at (-) 0.4% from 0.7% initially calculated.
- Monetary Policy: Bank of Mexico called an extraordinary session to reduce the Target Interest Rate from 6.5% to 6.00%. (Next Meeting will be held on the 14th of May 2020).
- Public measures and recommendations on keeping security distance and stay at home have resulted on the following mobility reductions on 25/04/2020 in Mexico: driving (-) 89%, walking (-) 78% and transit (-) 87%.
- Terms suspended for federal judicial procedures, including tax litigation up to the 5th of May.

- On the 27th of April, the national capacity of general care beds in all types of medical facilities was 80%. The capacity of respiratory ventilators installed in care beds in all types of medical facilities was 80%.
- The Tax Administrative System (SAT in Spanish) has extended the limit date for natural persons income tax declaration from the 30th of April to the 30th of June. This measure supports the fulfillment of Social Distancing Strategy.
- The USMCA (FTA) will enter into force the 1st of July 2020. The new trade agreement between Mexico, Canada and the United States might accelerate economic recovery in the region.

**MITIGATING ECONOMIC MEASURES:**

- On the 26th of April, there was an agreement between IDB Investment (Inter American Development Bank Investment) and Consejo Mexicano de Negocios (CMN), to grant credit lines worth EUR 10.8 billion to 30,000 SMEs.
- On the 27th of April, ISSSTE and National Workers’ Housing Fund Institute (INFONAVIT in Spanish) announced a new type of credits for housing repair and construction to reactivate the local economy. INFONAVIT (Credits from EUR 4,674 to EUR 18,696) and ISSSTE (Maximum credit amount of EUR 37,393).
Supply chain: On the 22nd of April, 327 companies from the National Association of Manufacturers from the USA sent a letter to Mexico on the 24th of April, Ministry of Economy, Foreign Affairs, Finance and Labor published a press release to communicate Mexico, the United States and Canada are working together to accelerate reopening of automotive factories to reactivate that specific supply chain across the region. Reference, Monitoring of the Promotion of the Manufacturing, Maquila and Export Service Industry (IMMEX in Spanish) programme will be carried out to obtain data on supply chain disruption caused by the COVID-19 pandemic. February 2020 data will be released on the 29th of April, 2020.

Automotive factories to reactivate that specific supply chain across the region. Reference, Monitoring of the Promotion of the Manufacturing, Maquila and Export Service Industry (IMMEX in Spanish) programme will be carried out to obtain data on supply chain disruption caused by the COVID-19 pandemic. February 2020 data will be released on the 29th of April, 2020.

Potential disruptions: There are currently no legal restrictions in Mexican trade due to COVID-19 pandemic. The issue will be monitored throughout the period.

The president of the Mexican National Network of Clusters of the Automotive Industry, Manuel Montoya, said to the European Union – Mexico Sector Dialogues Support Facility (EU-MEX SDSF) that the Automotive Sector in Mexico may be back on business this week or the first week of May at its latest, due to pressures from USA and Canada governments. To allow this, the association has elaborated an Operations Restart Plan, with special concrete sanitary, security, cleaning and business strategy measures, along with security checklists, so that the reopening is implemented safely for the workers.

According to a Kaspersky report, Mexican banking sector became the sixth more vulnerable country to cyberattacks to the banking sector by the end of 2019. These attacks are likely to increase during the current COVID-19 pandemic due to the higher connection infrastructure and use of digital tools for homework. On the 22nd of April, Moody’s downgraded eight Mexican banks (BBVA, Citibanamex, Banorte, Santander, HSBC, Azteca, BANOBRA, NAFIN) and IPAB from A3 to Ba1 with negative outlook due to forecasts on the 10% increase in default payments’ rate. Reference 1 & Reference 2.