



FREE Network Project  
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# COVID-19 in the Region of FREE Network

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## The Case of Latvia



COVID-19  
PAPER SERIES

# Introduction

The Covid-19 pandemic is affecting all the inhabited continents of this planet and leaves none of us untouched. It has already killed thousands of people across the globe, closed down cities, borders and businesses and most countries are still just in the initial phase of this crisis. Although there is 24/7 reporting on the pandemic, much of the focus in international media has been on the most affected countries and richer countries in Eastern Asia, the EU and the US. Much less attention has been given to countries around the Baltics, in Eastern Europe and the Caucasus. However, these countries are home to more than 200 million people and to the institutes that form the Forum for Research on Eastern Europe and Emerging Economies, i.e. the FREE network. We have therefore started to collect data on this region from official sources with the ambition to offer a regularly updated, comprehensive and easily comparable overview of the health impact of the Covid-19 pandemics, as well as the policies and practices countries in the region adopt to deal with it. The countries in the network and the region we include are Belarus, Georgia, Latvia, Poland, Russia, Sweden, and Ukraine. For comparison we also include Italy as a point of comparison since it is a country that has been particularly badly affected and we have several people in our faculties that know Italian and follow these developments closely.

The quality of the health data will by necessity vary between countries and this also affects the comparability of numbers. For example, the ability and willingness to test the population for the virus differs significantly between countries and will obviously affect the number of infections that is reported to the European Centre for Disease Prevention and Control (ECDC), the main source of data on health outcomes in our tables and graphs. Other data that we report, such as border or school closures, are easier to compare, but there may still be differences in how these policies are implemented on the national level. However, we still believe that it is useful to compile this data for our region in one place as a starting point for discussions on how the virus is spreading and governments respond to the crisis.

Since the FREE network focuses on economic issues, we put particular emphasis on high-frequency indicators in this area and on measures governments have taken to deal with the economic consequences of the pandemic. In the initial phase of this collaborative project, the focus will be on providing a descriptive picture of the state of the situation using the best data we can find, but over time, this will be complemented by more in-depth policy analysis of the measures and implications for the economies in the region.

The main data is presented in a summary page that facilitates comparisons between countries, and this is complemented with more detailed country pages.

The first positive COVID - 19 case in Latvia was confirmed on March 3. By April 5, the number of positive cases grew to 533. The share of positive tests remains quite stable and is currently slightly below 3%.

## State of Emergency

On March 12, the government declared the state of emergency until at least April 14. The adopted measures include suspension of all on-site education activities at schools and universities, prohibition of any public gatherings, festivals or other organized public events. People are advised to stay home, many companies are switching to remote work. There is no closure of public transportation, but, as of March 21, the number of routes and transportation frequency is being reduced because of a significant fall in the number of passengers.

On March 14, Latvia announced a national lockdown that became effective on March 17. All organized cross-border passenger traffic is closed until at least April 14. Riga airport is closed except for cargo aircrafts. Border crossing is also banned for private vehicles, except for Latvians returning to Latvia and for foreigners leaving Latvia. The government is now considering to prolong the state of emergency to three months. This implies that Latvia can remain in the state of emergency until mid-June.

As of March 28, all shopping centers are closed on weekends, except for grocery stores, pharmacies and construction shops. As of March 31, it is not allowed to stay outdoors in groups of more than 2

people (this does not apply to members of the same household). There should be at least a 2-meter distance between any groups of two people. This rule applies to staying outdoors, shops, public transport, and any other public spaces.

## Fiscal Measures

The government announced a package of measures totaling approximately EUR 2 billion (equivalent to 80% of one-month Latvian GDP). The measures include financing of the sickness benefit (normally the first 10 days of the sickness leave is covered by the employer), postponement of all personal income tax advance payments, provision of up to three years of tax holidays to companies, state-guaranteed bank loan holidays and state-financed loans. Employees of the affected firms are eligible for a special compensation worth 75% of the employees' wage (maximum 700 EUR per month). In addition, municipalities will provide additional support to the most vulnerable groups that are unable to meet their basic needs due to the crisis (e.g. the unemployed not (yet) receiving the unemployment benefit, persons in self-isolation or quarantine).

On April 2, the State Employment Agency informed that due to the COVID-19 pandemic, 20 companies in Latvia have announced collective redundancies, which will lead to 3278 employees being laid off. This mainly includes layoffs in transportation, catering and accommodation sectors.





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The Forum for Research on Eastern Europe and Emerging Economies is a network of academic experts on economic issues in Eastern Europe and the former Soviet Union at BEROE (Minsk), BICEPS (Riga), CEFIR (Moscow), CenEA (Szczecin), KEI (Kiev) and SITE (Stockholm). The weekly FREE Network Policy Brief Series provides research-based analyses of economic policy issues relevant to Eastern Europe and emerging markets. Opinions expressed in policy briefs and other publications are those of the authors; they do not necessarily reflect those of the FREE Network and its research institutes.

