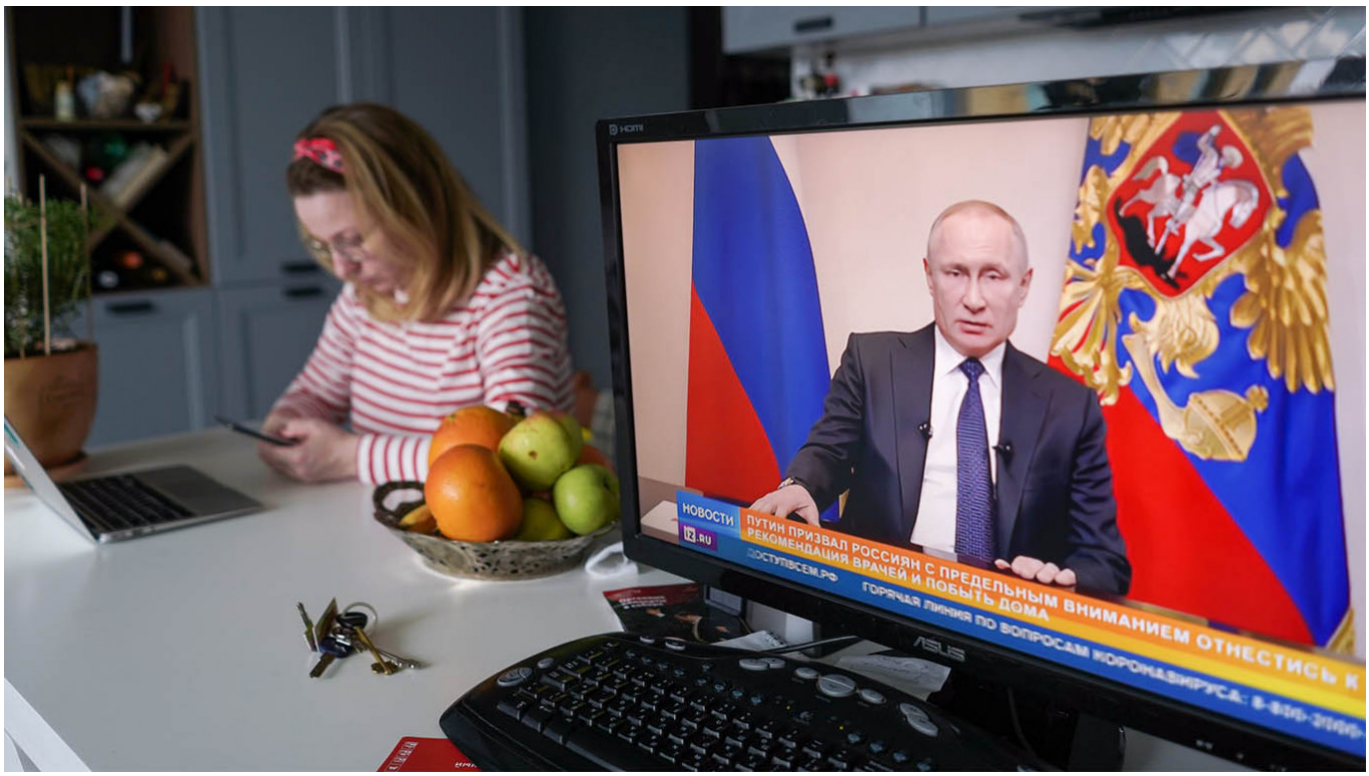
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In 4th Coronavirus Address, Putin Calls for Stronger Business Support

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Russia is now in the third week of a national shutdown which has shuttered most non-essential shops, restaurants and other businesses. **Aleksander Avilov / Moskva News Agency**

President Vladimir Putin announced a new package of measures to support Russia's businesses hit by the economic fallout of the coronavirus pandemic Wednesday.

In the Russian president's fourth televised statement in as many weeks about the coronavirus pandemic, he promised direct financial support to businesses hit hardest by the nationwide lockdown, including small and medium-sized businesses and airlines.

The new measures include:

- State payments of 12,130 rubles ($160) per month to small and medium-sized businesses for every employee in April and May, provided firms maintain 90% of their workforce.
- A package of 200 billion rubles ($2.6 billion) of support for regional budgets from the federal government.

- Government support worth at least 23 billion rubles ($307 million) for airlines.
- Reforms to the government-backed system of interest-free salary loans for firms, which has recieved criticism since it launched with businesses and consumers reporting high refusal rates and difficulty accessing credit.

The president has previously come under fire from economists and business leaders for not offering a comprehensive support package for businesses sooner, as Russia is now in the third week of a national shutdown which has shuttered most non-essential shops, restaurants and other service businesses.

Related article: Russian Businesses Lobby Hard for Government Support

A government survey of businesses outside Moscow found more than half had been forced to shut down work and most were having trouble paying staff, the Kremlin's business ombudsman Boris Titov wrote on Facebook. Meanwhile, leading liberal economists called on the government to go significantly further ahead of Putin's speech, pushing for the Central Bank to launch a quantitative easing program and for direct cash payments to citizens.

In his address, Putin also ordered the government to complete a list of companies deemed "systemically important" to the Russian economy, which would then be eligible for further direct support from the state. The list currently has 646 of the country's largest companies, accounting for the majority of the Russian workforce.

Businesses eligible for payouts per employee will not be able to apply until the beginning of next month, with the first payments to be made on May 18, Putin said.

A modest package

Despite the new measures, Russia's package of emergency economic measures remains modest.

Sofya Donets, economist at Renaissance Capital, estimates the new program unveiled today takes the government's spending on support for businesses and the economy to around 1.5-2% of GDP, up only 0.3 percentage points.

That compares to levels topping 10% of GDP in the U.S. and similarly large commitments in other western European countries.

Alexei Kudrin, head of Russia's Audit Chamber said Monday the government needs to unleash a stimulus package worth at least 7% of Russia's GDP to save the economy — more than four times the current level.

"The small scale of economic support measures will deepen the recession," Christopher Granville, managing director of TS Lombard said in a research note Wednesday.

He added that "the design of much of this support, such as it is, seems liable to aggravate structural problems in the Russian economy. This threatened blow to growth potential would make the recovery, when it finally comes, that much more painful and halting."

Earlier this week, Putin warned that Russia's coronavirus situation is worsening, saying "the number of people who are getting sick is increasing, with more cases of severe illness." In previous addresses, Putin enacted a nationwide "non-working" period to slow the spread of the virus and announced some measures to support businesses but delegated most decision-making authority to regional officials.

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