

Impact of Prevention and Quarantine Measures of COVID-19 on Activities of Enterprises (Summary)

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To tackle the COVID-19 outbreak, the Mongolian government issued governmental resolution No.30 on 26 January 2020, closing all schools, kindergartens, vocational and technical education training centers, libraries, cinemas, cultural and convention venues, sports centers, internet café, electronic gaming centers, and other public centers from 27 January. The ban remains in effect to this day.

In this regard, the National Statistics Office of Mongolia (NSO Mongolia) conducted an open online survey from 1 April to 20 May 2020, to study “the Impact of the Coronavirus Prevention and Quarantine Measures on the Activities of Enterprises and Household Livelihoods”. The survey asked 2402 enterprises to what extent these measures had affected their business operations. 1113 companies (46.3%) answered that they could operate routinely, while 1289 companies (53.7%) assessed the impact negatively. Among others, companies involved in the wholesale and retail trade, education, and accommodation and food service sectors labelled the negative impact of the governmental anti-COVID-19 measures on their activities as significant. Furthermore, 1538 companies (89.8%) reported an inability to run at full capacity due to the measures. The ratio of fully operational companies was 22.1% in trade sectors, 11.8% in accommodation and food services, and 10.8% in the education sector. 2234 companies (93.0%) stated experiencing difficulties in sustaining operations. They complained about financing (48.2%), a drastic decrease in the number of customers (44.9%), difficulties in paying wages and social insurance (27.8%), in paying corporate income tax and other fees (24.1%), in making loan and interest repayments (23.8%), suspension of the operation until the end of quarantine (22.0%), and a sharp reduction in production and services (19.3%). 2036 companies faced revenue reduction: by more than 50% (889 companies); 41-50% (322); 31-40% (276); 21-30% (260); 11-20% (166); up to 10% (123). The survey also revealed that wholesale and retail trade, and automotive and motorcycle maintenance enterprises experienced revenue reduction most severely. 860 companies (35.8%) gave their employees paid leave and set conditions for working from home. 360 companies (15.0%) have deferred loans and repayments, while 2042 enterprises did not. When the survey was begun, the number of enterprises implementing the prevention and quarantine measures was relatively small as the government had just introduced the course of action to support economic activities, household livelihoods and to protect against the spread of the coronavirus. The survey confirmed that companies need time to prepare for a return to normal operations after introducing the coronavirus-related measures: up to 3 months for 631 companies (26.3%); up to 3-6 months for 442 (18.4%); up to 6-12 months for 341 (14.2%); more than one year for 151 (6.3%).

The companies considered it vital for the government to pay more attention to supporting enterprises in their policy implementation and decision making. Essential measures include discounts on tax and social insurance payments, discounts on operating expenses, and policies that enable enterprises to obtain loans and/or defer loan repayments. This survey covered the three months following the introduction of the coronavirus prevention and quarantine measures. Based on the survey results, these measures are expected to continuously affect business activities negatively in the wholesale and retail trade, accommodation and food services, and education sectors.

Keywords: Coronavirus, Enterprises, Quarantine, Government measurements

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