COVID-19: business as usual in the ‘new normal’? A global view

July 2020

Across the world, large parts of the global economy have now reopened for business (with social distancing measures in place) since the COVID-19 lockdown was universally announced in March (with the exception of a few countries). Businesses everywhere have had to adapt extremely quickly to the impact of the pandemic and the crisis strategy deployed by governments.

We take a look at the changing practice of business throughout this period via the lens of our global corporate and commercial practice areas. We also consider the way forward for organisations in this ‘new normal’.

The impact of all lockdown measures and the potential exposures raised by these measures in each jurisdiction of our practice are set out in Appendix 1 (page 10). As can be seen from the table, the issues highlighted can be translated into four distinct areas:

- **Online business:** a new cyber world
- **Disputes:** the changing face of dispute resolution
- **Staying afloat:** furlough and finances
- **People:** risks of working from home and staying agile.

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Online business: a new cyber world

The vast majority of global businesses (with the exception of industries deemed essential) were ordered to physically close in all jurisdictions apart from Sweden and Hong Kong. However, those that could conduct business online were advised to do so. In India, for example, this has resulted in a (i) wider acceptance of online services (ii) requirement for internet/digital services for conventional industries and (iii) need for digital connectivity amongst various types of industries. Hence, there have been and continue to be opportunities for service providers to digitise their processes and/or to develop platforms to offer their products/services online.

Our observations of the evolution of digital services is supported by a survey carried out by McKinsey, which found that 96% of global businesses have changed their go-to-market model since the pandemic hit, with the overwhelming majority turning to multiple forms of digital engagement with customers. Sales coverage has been completely redefined as companies discover that virtual technology allows them to do things that were nearly impossible previously.

Throughout the lockdown period, our offices in Europe have noted that online business companies were doing well especially in the catering, food distribution and retail industries with online food and consumer goods being ordered and delivered to your door. Peru has found that there have been challenges with online services in light of recent rulings of the Consumer Agency giving product providers with a deadline of 10 calendar days to deliver delayed products or refund payments with interest.

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Portugal, however, has been praised by the Organisation for Economic Cooperation And Development (OECD) for its promotion of a large number of online initiatives such as the government app ‘Estamos ON’ (We are ON) for online governmental services. The success of the digital transition has encouraged other organisations worldwide to become virtual, as reflected by reports from our offices in Europe, India, Thailand and Latin America.

Companies are putting in place systems that allow their employees to access work systems remotely and work efficiently from home. Since the lifting of global restrictions in June, digital infrastructure developed during the pandemic period by governments and businesses alike has continued to grow and will continue to be used in the long term. As such, the pandemic has seen the acceleration of digital technology worldwide and a global shift to remote working within a matter of months.

With an increased number of people working from home and working on personal equipment in an outside office environment, data breach and cyber attacks are more likely, giving rise to data issues around employee tracking, collaboration within organisations and external contacts.

Small businesses do not necessarily have the same robust IT systems as larger businesses. They are therefore an easy target for cyber criminals who will look to access their programmable logic controllers (PLC) via their supply chain. Outsourcing and supply chain risks in relation to cloud-based technology are also likely to emerge. Cloud service providers deliver market critical infrastructure and as such, if these providers were subject to a disabling cyber attack, there would be a damaging domino effect on the rest of the market.

As well as resultant financial loss, damage and disruption, we expect to see an increase of claims related to associated reputational damage. Accordingly, up to date policies and contingency planning are of paramount importance and there will need to be training, the monitoring of risks as well as processes in place to mitigate cyber risk in the event of an attack. To counter these risks, cyber security teams within businesses must become recognised as strategic partners in technology and business decision making.

In addition to the transition to virtual business, our Spanish office considers that other businesses have remained resilient by transitioning to another trade. The car manufacturer Seat and the air conditioning manufacturer Fujitsu in Malaga transformed its activity at the peak of the outbreak to produce artificial breathing machines to hospitals for patients in the ICU suffering from COVID-19. Clothing companies, like Inditex, produced face masks and personal protective equipment for emergencies and hospital staff and doctors. This change of trade is reflected in other countries around the world including the UK, demonstrating that those who think creatively, innovatively and adapt with speed are likely to be successful in this new normal.

The changing face of dispute resolution

It is not only the global corporate and commercial sector that has successfully transitioned to remote working. The pandemic has also accelerated the development and global use of remote hearings in courts as well as online case management systems (as noted by our offices in Europe, Asia, Dubai and the United States). In March, the Supreme Court in India began hearing all cases on an app called Vidyo. Its High Courts started hearing urgent matters through videoconferencing and Spain held its first internet trial in May. In the US, Derek Chauvin, charged with second degree murder (amongst other charges) for the death of George Floyd attended his bail application hearing in May by digital video from prison.

Where remote hearings are not possible, courts are directing submissions be made by email and telephone. However, in other jurisdictions, such as Thailand and Latin America, the courts are postponing many cases. In France, urgent hearings are heard remotely and emergency legislation has eased the functioning of civil, social and commercial courts by allowing the communication and organisation of urgent hearings to be more flexible.

However, in the case of non-urgent cases, the emergency legislation has extended the time limitation for commencing proceedings and simplified the postponement of cases/hearings. This will likely lead to the judicial courts accumulating many cases, with long delays in judgment, during and after the lifting of lockdown. As a consequence, more companies may consider mediation or arbitration during and after the lifting of lockdown, especially where cash flow is of paramount importance. Indeed, the Hong Kong International Arbitration Centre (HKIAC), International Chamber of Commerce (ICC), International Centre for Settlement of Investment Disputes (ICSID) and Arbitration Institute of the Stockholm Chamber of Commerce (SCC) are all offering virtual and e-hearings and have seen an uptake in international arbitrations.

As stated above, data breach and cyber attacks will become more likely. In addition, there are logistical difficulties in allowing confidential information to be shared amongst legal teams during a remote hearing. In spite of this, as countries come out of lockdown, the development and use of virtual hearings and case management systems have increased. There have been exceptions such as the enforcement of the much-expected data protection legislation in Brazil which is now postponed until 2021 but on the whole, the development and use of virtual technology by the courts is growing.

> “In the long term, virtual technology will increase the efficiency of court management and may prompt parties to adopt a more focused approach towards litigation, thus narrowing the issues for the court to determine.”

Could the uptake of virtual hearings be because the benefits have been seen to outweigh the risks? There are indeed significant benefits such as reduced travel costs which, in turn, reduces a party’s legal costs. In the long term, virtual technology will increase the efficiency of court management and may prompt parties to adopt a more focused approach towards litigation, thus narrowing the issues for the court to determine. Remote hearings appear to have progressed globally without major problems and it is looking likely that remote hearings and virtual/electronic case management systems are becoming the new norm.

Staying afloat: financial measures and furlough

As indicated in the table (see Appendix 1, p.10), the majority of governments worldwide have provided businesses with tax exemptions, subsidies, interest free loans and other benefits to alleviate the financial pressure and prevent corporate bankruptcy. It must be remembered however that these measures are temporary.

As our lawyers in Singapore point out, this is particularly pertinent in the context of relief from contractual obligations. This does not affect the underlying contractual obligations, it merely freezes the rights to enforce those obligations for a period of time. Therefore, parties should be made aware that all temporary measures do not provide carte-blanche relief to parties from performing their contractual obligations. It is also important to keep proper documentation and records demonstrating that the default was caused by a COVID-19 event.

Quite a few countries have incorporated temporary changes to bankruptcy and insolvency laws which allow businesses to continue to trade whilst technically insolvent. In these circumstances, other businesses and/or individuals must be careful when dealing with such counter-parties that are insolvent, especially when extending credit to them during this trying period.

Our lawyers in Denmark echo these sentiments and point out the risks of the COVID-19 legislation not being extended. Many businesses will most likely face the consequences of the COVID-19 crisis for many months to come as their export-markets will also experience a decline in spending. Further, as all applications for compensation must be supplemented with complex information, including current and previous financial information/documentation and information about employees, there is a risk applications cannot be processed in due time to actually provide the relief to the business applicants.

This has been the case in Peru, where the labour authorities impose a stringent review by employers of requirements to be met to access to the furlough regime. A delay in such relief could leave some companies with considerable cash flow problems which ultimately could result in insolvencies and personal bankruptcies. At the end of the day, businesses will have to pay back loans and there is a risk that this too will put them under considerable strain to invest. Have the seeds of a debt crisis been planted?

There is also an increased risk of fraudulent behaviour by those seeking relief. Indeed, 'furlough fraud' is currently being experienced in the UK with regard to the Coronavirus Job Retention Scheme.

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The news is not all bleak and our lawyers in Denmark believe that an increased risk of dishonest behaviour creates an opportunity to assist clients review and draft contracts and agreements with their business partners that provide protection. The opportunity to help clients contact organisations/politicians to highlight the need for looking into specific non-regulated issues caused by the COVID-19 crisis also exists.

Our lawyers in Chile agree that there is an upside and advise that the measures granted by their government, especially with regard to labour relationships, are a great example of opportunities for companies and their employees to 'test' new ways of collaboration which we have seen worldwide.

In the US, the states of New Jersey, New York, Pennsylvania, Ohio, Massachusetts, Louisiana and South Carolina have all proposed business interruption/COVID-19 legislation which would provide for business interruption insurance coverage for businesses. Essentially, the legislation looks to establish 'funds' from which insurers would be able to obtain compensation for amounts paid for business interruption losses resulting from the pandemic.

If passed, the proposed legislation will provide smaller US businesses (in these states) with the means to pay their bills, meet payroll obligations and other obligations owed to suppliers and other entities within their respective supply chains. Our attorneys in the US anticipate that more states will propose similar legislation in the near future, creating more opportunities for US businesses to receive reimbursement for business interruption losses suffered due to the pandemic. It is therefore important for commercial clients to monitor.

In Dubai, more advisory work is expected as a result of the pandemic – from business interruption or event cancellation claims to assessment of new risks as a result of COVID-19. A rise in the number of disputes is also expected. More specifically, in the construction and real estate sectors, an increase in defaults in payments are anticipated, along with delays, suspension of works, termination or pacing of works which will lead to disputes and the calling of bonds.

The use of force majeure to release a party from its contractual obligations with little cost has been prominent throughout the pandemic and advised on by all our global offices including Portugal, Spain, UAE, the Caribbean and Latin America.

Ultimately, force majeure is a complex legal concept and is therefore assessed on a case-by-case basis by the courts. Going forwards, parties may wish to renegotiate and agree the redrafting of all force majeure clauses in contracts to acknowledge the growing worldwide commercial impact of COVID-19 and confirm that they have taken its impact into account to ensure that COVID-19 will not impair performance. In this way, parties will ensure their contracts remain relevant to the ever-changing business landscape.

The other significant measure imposed by governments worldwide upon lockdown is the implementation of furlough – a temporary leave of employees whilst the business itself has been temporarily shut down. The employee is not rendered unemployed and may be paid (dependant on the terms of the furlough scheme in the employee's country of residence). For most jurisdictions, furlough is a new concept. What is clear is a recognition in the main that government intervention was necessary to deal with COVID-19 and the issues it has created.

For most jurisdictions, such direct intervention is unusual and the re-setting of the relationship between public and private may take some time. Indeed, furlough schemes may become a more permanent fixture in some jurisdictions (as it is in the USA). We take a look here at the various furlough schemes implemented across the globe and compare the schemes in the UK, Australia, Denmark, Hong Kong, India and the US.

People: the risks of working from home and staying agile

As a result of the lockdown measures, there has been a seismic shift in the way we work. Biases against working from home have dissolved – indeed, one quasi-governmental agency in the US shifted its staff to remote working and discovered productivity increased in spite of years of assumptions to the contrary. Working from home has also been good for the environment as global emissions dropped significantly. This has spurred the interest for a global green economic recovery and we should see an increased interest in sustainable business models.

As the world slowly emerges from lockdown, one thing has become clear: people are reluctant to fully return to their pre-COVID work pattern. Although employees would welcome greater flexibility, they do not necessarily wish to work from home all the time. Working from home has blurred the boundaries between work life and home, as businesses are video conferencing into peoples' homes.

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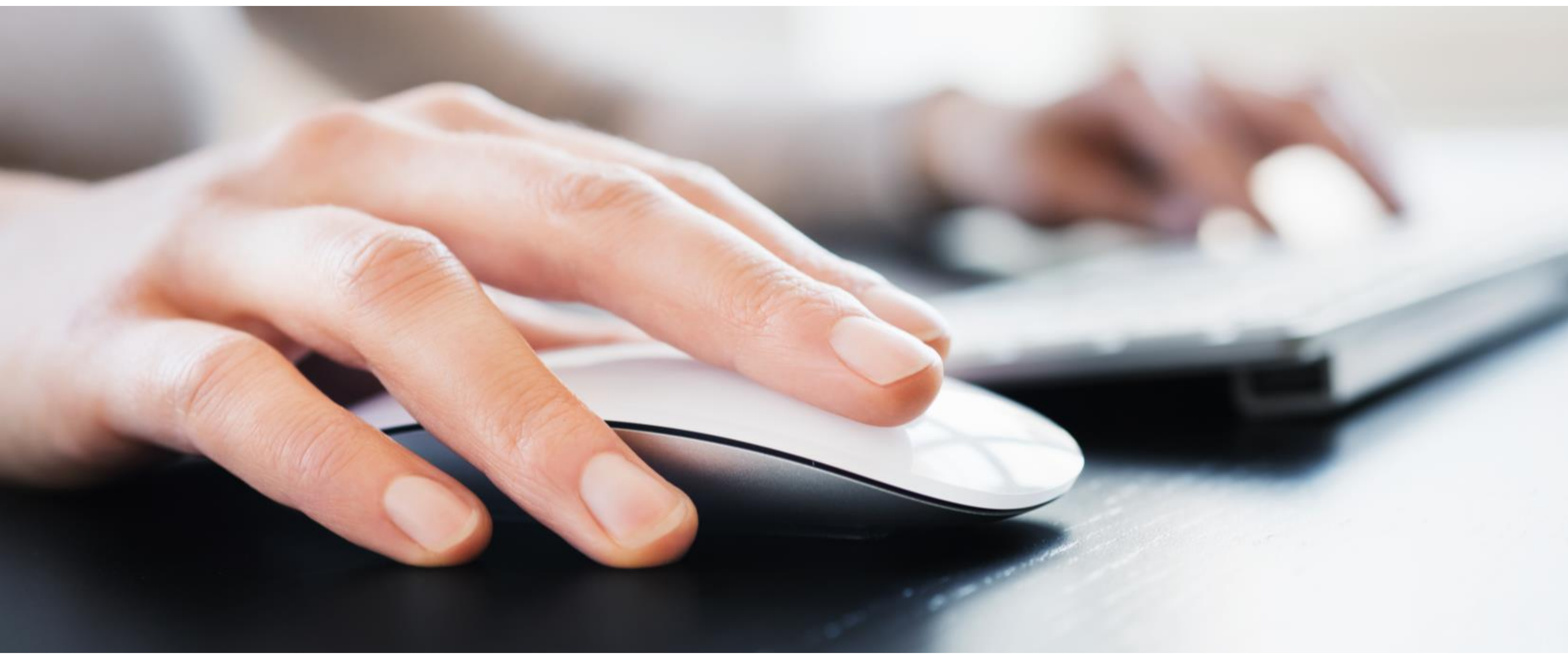

As a result, there is likely to be an increase in workers that have suffered an injury or illness due to excessive use of computer equipment. Further, those employees who live alone have had to battle the effects of isolation and mental stress, all of which will have implications for employer liability claims. For those returning to a physical place of work, employers will be faced by the employer liability risks of protecting their workforce from COVID-19. Consequently, firms will invest varying amounts in health and safety initiatives and personnel in the next 12 months.

It is likely therefore that the working pattern will change to a more agile model. Indeed this change is starting to develop as a result of social distancing measures incorporated into companies for health and safety reasons. In those circumstances, a change in the use of work space to allow for more collaboration when employees are in the office is probable. These changes may not only improve how work is done but lead to real estate savings (rent, capital costs, facilities operations, maintenance and management). It has been suggested that real estate firms should collaborate with the business and HR to renovate the office footprint entirely and develop fit-for-purpose space designs quickly.

The downside of job fluidity is the cost and speed required to support technology as large portions of the workforce choose to work remotely. Small businesses will find it difficult to raise the capital required for technological competence and office space reconfiguration. We may therefore see further government intervention to help small businesses get back on their feet.

Comment

Social distancing measures will in all probability be reduced in a gradual and thoughtful manner for at least the next six months. We are therefore likely to see a spectrum of physical and virtual solutions to the return to work based on a company's needs.

Hybrid working practices and agile working will probably be crystallised. What has appeared to work for businesses throughout the lockdown period is the increased speed of decision making, being flexible, using technology and data in new ways and accelerating the scope and scale of innovation. These points should be factored into return to work strategies as well as the following:

- To include the cyber security team in all technology and business decision making.
- To increase the speed of decision making by making use of remote technology such as video conferencing.
- To explore whether mediation or arbitration would be a better use of resources.
- To review and redraft contracts that provide protection against the risk of dishonest behaviour and ensure that COVID-19 will not impair performance generally.
- To consider the collaboration with real estate agencies for office space reconfiguration.

All of this comes with varying degrees of risk and cost implications. However, those businesses that prioritise return to work strategies will put themselves at an advantage and outpace their peers.

Further information

To find out more about our services and expertise, and key contacts, go to: **kennedyslaw.com**

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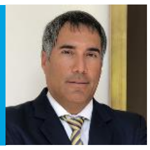

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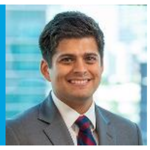

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Appendix 1: Economic impact of COVID19 across our global practice areas

Jurisdiction	Legislation - lockdown and exit strategy	Economic impact	Risk
Europe			
Belgium	▪ Lockdown measures imposed 13 March ▪ Exit strategy in three phases (11 May, 18 May, 8 June) ▪ All businesses opened by 1 July **Business support measures:** ▪ Temporary unemployment including unemployment benefit (70% of average salary) ▪ Short-time work scheme (flexible working) ▪ Tax free grants and premium to companies forced to close due to lockdown ▪ Compensation premium for companies with significant decrease in turnover	▪ GDP projected to fall by 5.8% (2020) ▪ Unemployment rate of 7% ▪ Projected recovery of 6.7% (2021)	▪ Financial risks ▪ Cyber risks
Denmark	▪ Lockdown measures imposed 11 March ▪ Exit strategy commenced 15 April ▪ All businesses opened by 9 June ▪ Some restrictions on hotel booking in Copenhagen **Business support measures:** ▪ Three party agreement (salary compensation scheme) ▪ Short-time work scheme (flexible working) ▪ Payment of frozen holiday allowance ▪ Compensation scheme to cover a company's fixed expenses for companies with minimum 40% decrease in turnover	▪ GDP projected to fall by 3-6% (2020) ▪ Unemployment rate of 7% ▪ Projected recovery of 5.1% (2021)	▪ Financial risks ▪ Cyber risks and increase in cyber fraud
France	▪ Lockdown measures imposed 14 March (entered State of sanitary emergency) ▪ Exit strategy commenced gradually from 11 May ▪ State of sanitary emergency extended to 10 July ▪ All businesses currently open with	▪ GDP projected to fall by 8.2% (2020) ▪ Unemployment rate of 10.1% ▪ Projected recovery of 7.4% (2021)	▪ Financial risks ▪ Dispute resolution delayed causing rise in disputes, and increase

	exception of discos, games rooms, racetracks and stadiums **Business support measures:** ▪ Immediate fiscal impulse of €106 billion ▪ Fiscal support package worth 5% of GDP to include bank loan guarantees, credit reinsurance scheme and tax exemptions ▪ €8 billion in subsidies through Solidarity Fund for small companies (revenue of less than €1 million) ▪ €31 billion for keeping people employed ▪ €0.5 billion for replacement income for unemployed		in disputes generally
Portugal	▪ Lockdown measures imposed on 13 March ▪ Exit strategy commenced gradually from 3 May ▪ Most businesses currently open but employees encouraged to work from home ▪ Current ban on gatherings of more than 20 people (five in peripheral parishes of Lisbon and 10 in parishes in Lisbon centre) **Business support measures:** ▪ €6.8 billion to companies and households ▪ €2 billion guarantee scheme for SMEs ▪ €550 million credit line to support companies ▪ Extension of support to unemployment social benefits and coverage of independent workers ▪ Special conditions for legal moratoria on commercial and private debts, up to March 2021, in bank operations ▪ Postponement of collection of companies income tax ▪ €60 million to call operations in sale and lease back (tourism sector)	▪ GDP projected to fall by 6.8% (2020) ▪ Unemployment rate of 9.7% ▪ Projected recovery of 5.8% (2021)	▪ Financial risks ▪ Cyber risks and opportunities for new business activity
Spain	▪ Lockdown measures imposed 14 March (State of alarm declared) ▪ Exit strategy commenced gradually from 11 May ▪ 6th and final extension of the state of alarm finished on 21 June ▪ From the end of the state of alarm,	▪ GDP projected to fall by 9.4% (2020) ▪ Unemployment rate of 18.9% ▪ Projected recovery of 7% (2021)	▪ Financial risks ▪ Cyber risks ▪ Teleworking risks

	each regional government of the 17 autonomous regions (comunidades autónomas) recovered its authority and will regulate all safety measures in each region - Due to the increase of new outbreaks detected, local lockdowns ordered in some towns such as in Galicia and Cataluña, or lockdown of specific buildings (Santander); face masks are becoming mandatory again in many regions **Business support measures:** - Stimulus package of €200 billion to support companies, freelance and employees - €100,000 million in guarantees to support businesses stay solvent - €16,000 million non-refundable to the 17 autonomous regions to invest on health, social and education measures - Guaranteed minimum income scheme to help 850,000 vulnerable families (applications submitted between 15 June and 15 September 2020 will have economic effects from 1 June 2020) - Deferred repayment of loans and mortgages (deadline to apply up to 29 September 2020) - Deferred payment of taxes and social security payments (six months) - €29,65 million euros for scientific investigation against coronavirus SARS-CoV2		
UK	- Lockdown measures imposed on 23 March - Exit strategy in 3 stages generally. Measures lifted in devolved nations at differing speeds. In England, relaxation of restrictions on 13 May (Phase 1). Schools reopened on 1 June (Phase 2) and some businesses reopened on 4 July (Phase 3) - Currently, all businesses reopened with the exception of theatres, concert halls and indoor performances in general - Introduction of local lockdowns in parts of UK, e.g. Leicester - Mandatory use of face masks in shops from 24 July	- GDP projected to fall by 10% (2020) - Unemployment rate of 6% (2021) - Projected recovery rate of 2.8%	- Financial risks - Cyber risks - Dispute resolution initially delayed causing rise in disputes

	Business support measures: ▪ Coronavirus Act 2020 ▪ Corporate Insolvency and Governance Act 2020 ▪ Coronavirus Job Retention Scheme 2020 (Furlough scheme) ▪ Health protection (Coronavirus) Regulations 2020		
Asia Pacific			
Australia	▪ Lockdown measures imposed on 20 March ▪ Exit strategy announced on 8 May - three-step framework to be assessed state by state and implemented locally ▪ Reintroduction of lockdown measures in July 2020 after an outbreak in the state of Victoria ▪ Border closure between the states of Victoria and New South Wales implemented for the first time in 100 years to contain the Victorian outbreak **Business support measures:** ▪ Interest rate cut to 0.25% ▪ A$17.6 billion support package to encourage investment and keep people in jobs ▪ A$70 billion jobkeeper payment (furlough scheme) ▪ Early release of retirement funds permitted resulting in A$19.1 billion in payments to eligible persons to date ▪ Banks offering assistance through deferred mortgage, credit card and loan repayments and support for small businesses ▪ Mandatory code of conduct for commercial tenancies ▪ Higher education relief package to support workers displaced by COVID-19 ▪ Manufacturers to receive A$48.3 million in federal government funding ▪ Home builder grants of A$688 million ▪ A$669 million injected into Medicare, Australia's 'universal healthcare provider'	▪ GDP projected to fall by 4.7% (2020) ▪ Unemployment rate of 7.4% (the highest since 1998) ▪ Projected recovery of 6.7% (2020)	▪ Financial risks

Hong Kong	▪ Border and school closures but no lockdown measures are enforced apart from measures to catering and public entertainment industries ▪ Workers encouraged to work from home ▪ Exit strategy commenced in phases in early May but an increase in cases has led to the reintroduction of tightened social distancing measures including a ban on gatherings above four persons ▪ Wearing of face masks on public transport mandatory from 15 July **Business support measures:** ▪ HK$10,000 to permanent residents whose finances have been hit by the spread of coronavirus ▪ Low interest loans with government guarantees for small businesses ▪ Financial support to employers to retain employees and one-off subsidies for specific sectors ▪ Reduction in profits tax by 100%, subject to a ceiling of HK$20,000	▪ GDP projected to fall by 4-7% (2020) ▪ Unemployment rate of 3.7%	▪ Financial risks
India	▪ Lockdown measures imposed on 25 March ▪ Exit strategy commenced in phases from 8 June ▪ As of 1 July, lockdown only in containment zones. Businesses have started to reopen but schools, colleges, metros, cinemas, gyms, swimming pools and recreational activities are to stay closed until 31 July ▪ Due to a spike in cases, two states - Maharashtra and Tamil Nadu have again been put under complete lockdown till 31 July 2020. Lockdown has also been imposed in Bengaluru until 22 July 2020 ▪ International air travel of passengers remains restricted **Business support measures:** ▪ Suspension of fresh insolvency proceedings for a period of six months for defaults arising on or after 25 March 2020 ▪ The government has launched a RS30,000 Special Liquidity Scheme for non-banking financial companies ▪ The government reduced rates of Tax	▪ GDP projected to fall by 4.5% (2020) ▪ Unemployment rate of 26% but now back to 6.7%	▪ Financial risks ▪ Cyber risks

	Deduction at Source (TDS) ▪ Collateral free automatic loans will now be available for MSMEs (Micro, Small and Medium Enterprises) ▪ The Employees' Provident Fund (EPF) contribution for June, July, and August will be made by the government ▪ The due date of all income-tax return for the financial year 2020 has been extended from 30 June to 30 November		
Singapore	▪ Lockdown measures imposed on 7 April ▪ Exit strategy commenced in phases from 2 May ▪ Gatherings now limited to six persons only **Business support measures:** ▪ A year long delay in the planned raise in the goods and services tax ▪ S$800 million for the health industry. ▪ S$350 million for the airline industry ▪ SMEs are allowed to defer principal payments on their secured term loans up to 31 December 2020	▪ GDP projected to fall by 4-7% (2020) ▪ Unemployment rate of 2.4% (Q2)	▪ Financial risks
Thailand	▪ Lockdown measures imposed on 26 March ▪ Exit strategy commenced in phases from 1 June ▪ All businesses now open and curfew lifted **Business support measures:** ▪ Employees furloughed that are registered to the Social Security Fund (SSF) to receive 50% wages capped at THB7,500 pm for up to 180 days ▪ Workers not registered to SSF to receive THB5,000 pm for three months ▪ Agriculturists to receive THB5,000pm for three months ▪ Financial support, namely (i) THB3,000 for hotel fees and (ii) THB1,000 for flight tickets to promote domestic business travel ▪ Payments to SSF delayed for three months ▪ Availability of soft loans ▪ Six month moratorium on loan payments for SMEs	▪ GDP projected to fall by 3-5% (2020) ▪ Unemployment rate of 9.6% (Q2)	▪ Financial risks ▪ Cyber risks

	▪ All tax deadlines deferred to 31 August 20		
Middle East			
UAE	▪ Lockdown measures imposed on 26 March ▪ Exit strategy commenced gradually from 24 April according to age groups ▪ Businesses have currently reopened ▪ Ban to travel for tourism **Business support measures:** ▪ Remote working encouraged and up to 100% currently permitted to attend workplace provided social distancing and sanitisation procedures followed ▪ Employers permitted to placed employees on paid and unpaid leave ▪ A number of financial support measures, e.g. freeze on loan repayments, interest rates lowered, six month postponement of rental payment ▪ Use of electronic transactions and electronic signatures	▪ GDP projected to fall by 1.1% (2020) ▪ Projected recovery of 1.2% (2021)	▪ Financial risks and opportunities ▪ Rise in deferral of disputes and hearings
Americas			
USA	▪ Lockdown measures imposed in late March on most states ▪ Exit strategy in all states commenced from 18 June but increase in cases has forced some states to reintroduce partial lockdown measures ▪ All states have not yet fully reopened with mandatory face masks in some states ▪ Some reopened states have now closed due to further outbreaks **Business support measures (Federal measures only):** ▪ Forgivable Small Business Administration loans and guarantees to help small businesses that retain workers ▪ Increased funding for hospitals ▪ Under the CARES act: a) one-time tax rebates to individuals b) billions to expand unemployment benefits	▪ GDP projected to fall by 8% or more (2020) ▪ Unemployment rate of 13.3%	▪ Financial risks

	c) billions to provide a food safety net for the most vulnerable d) billions to prevent corporate bankruptcy by providing loans, guarantees, and backstopping Federal Reserve program ▪ With the end of the first stimulus package looming (30 July), Congress is considering additional financial support measures as the virus moves through the country ▪ The individual states control decisions on lockdown, reopening, and all protective measures		
Chile	▪ Partial lockdown and quarantine measures imposed on 19 March ▪ Total lockdown since mid-April ▪ National curfew (10pm to 5am) imposed on 22 March ▪ Mandatory use of face masks in public spaces ▪ Exit plan presented on 19 July to be implemented gradually **Business support measures:** ▪ Suspension of income tax payments for three months as of April ▪ SME income tax payments deferred to July ▪ Postponement of annual tax declaration to 31 July ▪ Postponement of VAT for April, May and June ▪ Interest free increased credit facility to companies ▪ Temporary suspension of the employment relationship ▪ Partial salary for those registered and who have paid contributions to the unemployment fund ▪ Temporary reduction of working hours up to five months for those registered with the unemployment fund ▪ Working from home Act ▪ Special emergency aid for low income families ▪ Soft loans for middle class sectors and independent professionals ▪ Withdrawal of up to 10% of pension funds (one time only)	▪ GDP projected to fall by 6.3% (2020) ▪ Unemployment rate of 11% (Q3) ▪ Projected recovery of 3.1%	▪ Financial risks

Colombia	▪ Full lockdown measures imposed on 17 March include isolation for all adults over 70 and quarantine until 31 August ▪ Exit strategy commenced in stages as of 1 June subject to discretion of local authorities commencing with easing of measures to allow certain activities (totalling 43) to be performed during lockdown ▪ Mandatory use of face masks in public spaces ▪ Reintroduction of lockdown in Bogotá during 15 day periods in certain areas of the city (to vary every 15 day period) from 13 July to 23 August ▪ Local curfew in the strict lockdown areas of Bogotá (8pm to 5am) **Business support measures:** The government has issued 147 legislative decrees which include: ▪ Extension of credit lines ▪ Moratorium of interest rates on taxes ▪ Flexible working hours and paid leave ▪ Businesses to work online if possible ▪ Working from home ▪ Safety protocols for permitted activities ▪ Trade conditions and guarantee of public utilities for the population ▪ Government aid	▪ GDP projected to fall by 4.9% (2020) ▪ Unemployment rate of 12.6% (Q2) ▪ Projected recovery rate of 3.6%	▪ Financial risks ▪ Dispute resolution delayed causing rise in disputes
Mexico	▪ Lockdown measures imposed on 23 March ▪ Exit strategy commenced in stages (traffic light system) as of 1 June. However, some states have returned to lockdown given some outbreaks **Business support measures:** ▪ Microcredits of between MXN$6,000 and $20,000 provided by the federal executive branch ▪ Central Bank issued additional measures to promote orderly behaviour in the financial markets, strengthen credit granting channels and provide liquidity to maintain stable financial system ▪ Tax relief in certain states ▪ Largest commercial banks are deferring credit payments by four to six months	▪ GDP projected to fall by 7.5% (2020) ▪ Unemployment rate of 10.7% (Q2) ▪ Projected recovery rate of 3%	▪ Financial risks ▪ Dispute resolution delayed causing rise in disputes

Peru	▪ Partial lockdown and quarantine measures until 30 June imposed since 16 March. Currently in place for certain regions only ▪ Mandatory use of face masks imposed on 17 March ▪ National curfew imposed on 18 March. Currently 10pm to 4am ▪ Exit strategy in four stages as of 3 May. Currently in Stage 3 as of 1 July **Business support measures:** ▪ Extension of credit lines ▪ Subsidies to vulnerable people and independent workers ▪ Withdrawals of up to PEN2,4000 from person's unemployment protection scheme (CTS) ▪ Early withdrawal of pension funds up to 25% of total accrued funds (up to PEN12,900) ▪ Reduction of interest rates ▪ Soft loans ▪ Granting of state guarantees to assist companies to stay afloat ▪ Payment of tax in instalments ▪ Furlough scheme ▪ Working from home ▪ Subsidies to employers of 35% gross employee salaries up to PEN1,500	▪ GDP projected to fall by 12% (2020) ▪ Unemployment rate of 16% (Q2) ▪ Projected recovery rate of 7%	▪ Financial risks