

Poland: NBP to provide unlimited liquidity for businesses

Today at 2 p.m. CET there will be a joint press conference between Adam Glapiński, Chairman of the National Bank of Poland and Mateusz Morawiecki, the prime minister. It is expected they will announce new liquidity measures to combat the coronavirus-related economic crisis



Mateusz Morawiecki,
the Polish Prime
Minister

How to issue debt above the constitutional limit of 60% of GDP?

The aim is to provide unlimited liquidity to enterprises during prolonged coronavirus lockdown (and possibly for some time after that). The problem is that the Polish constitution forbids public debt from exceeding 60% of GDP. It is expected that the government will get around that by creating a Special Purpose Vehicle (possibly within BGK, the State Development Bank) which would operate outside public finance (technically) and issue large amounts of debt, which will be bought by the NBP. Next, the SPV will provide preferential funding for small, medium and large enterprises alike. The condition would be to maintain employment and operations.