

Emergency Economic Measures to Cope with  
the Novel Coronavirus (COVID-19)

~Thoroughly secure people's lives and move  
toward economic revitalization~

April 20, 2020



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# **Chapter 1 Current Conjuncture of the Economy and Basic Concept of the Economic Measures**

## **I. Current Conjuncture of the Economy**

### *Development of the Novel Coronavirus Disease*

Regarding the novel coronavirus disease (hereinafter referred to as “the disease” in this chapter), the number of infected people is rapidly increasing mainly in urban areas including Tokyo, and the number of infected people whose infection route is unknown is also increasing. Furthermore, the number of patients and deaths have increased rapidly worldwide, and the number of imported cases detected in Japan is also increasing.

As for the current situation, we are just holding out and if we relax even a little bit, the situation may worsen rapidly at any time. That is, we continue to remain on the “brink”.

In order to secure the lives of the people from this situation, the Government declared a state of emergency on April 7 under the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response. In addition, after identifying seven prefectures as the areas for taking the emergency measures, on April 16th, the emergency measures were extended to all prefectures. The central and local governments and people including medical personnel, experts, and business operators will unite and work together for further strengthening the measures against the novel coronavirus disease.

### *Current Conjuncture of the Economy*

The disease has a tremendous impact on the domestic and overseas economies, and the world economy is facing the worst crisis ever in the post WWII era.

The Japanese economy has been greatly pushed to downside by the spread of the disease, being in a very severe condition that could be called a national crisis. Among the domestic demand that has supported the recovery so far, private consumption, mainly on

services, has evaporated because of the suspension of events and voluntary restraint of outing, which lead also to the deterioration in consumer sentiment. In addition, business investment flattened even before the spread of the disease due to the slowdown in the Chinese economy and other factors. Amid this, deterioration of business conditions due to the effect of the disease and huge uncertainties over the economic prospect have played a major role in adversely affecting the willingness to invest.

Turning to overseas economies, as the disease has become a pandemic, non-pharmaceutical interventions such as lockdowns and bans on outing have been taken in European countries and the United States. Against this background, demand has fallen sharply and supply chain disruption has occurred, resulting in abrupt contraction of global flow of people and goods. The world GDP growth rate is forecasted to be negative this year<sup>1</sup>, much worse than in 2009 when the world economy severely deteriorate due to the aftermath of the global financial crisis. If this materializes, it is expected that Japan's overall exports of goods and services will significantly decrease, in addition to the huge decline in inbound tourism that has already occurred.

Furthermore, when the pandemic will come to an end is unknown, and severe economic conditions is expected to continue for some time to come. Attention should be also paid to further downside risks to the domestic and overseas economies. In addition, due to the postponement of the 2020 Tokyo Olympic and Paralympic Games for one year because of the disease, the demand expected to emerge during this year including inbound tourism would be deferred. There are concerns that it will adversely affect the sentiment of people in the regions where the related events were to be held.

Regarding the employment and income environment, which has continued to improve under Abenomics; while the wage growth declines somewhat from last year in this spring's negotiations, many companies attempt to maintain wage hike. On the other hand, the income of part-time workers has been pushed down due to the severe impact of the disease. While businesses are trying to protect employment by resorting to the

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<sup>1</sup> “World Economic Outlook, April 2020” by the International Monetary Fund (IMF) (published on April 14, 2020).

employment adjustment subsidies and other measures, we have already started witnessing decline in job openings and cancellation of labor dispatch contracts and employment offers mainly in the industries that are severely affected. In order to achieve a strong economic recovery after the threat of the virus has subsided, the Government should strongly support the continuation of business activities and secure employment and livelihoods at any cost.

In addition, output gap, which has remained positive so far, fell into negative territory (demand shortfall) of -1.5% (about 8 trillion yen in to an annualized amount<sup>2</sup>) as of the fourth quarter of last year before the spread of the disease, and seemed to have deteriorated in the first quarter of this year due to the impact of the disease. Considering the situation of the global economy, it is expected that the situation will further worsen after April. We have to prevent the economy falling back into deflation, by taking strong economic measures commensurate with the magnitude of the enormous impact of the disease, and ensure revitalizing economy, thereby achieving fiscal consolidation.

## **II. Basic Concept of the Economic Measures**

The Government has promptly taken the necessary measures responding to the situation through the 1<sup>st</sup><sup>3</sup> and 2<sup>nd</sup><sup>4</sup> “Novel Coronavirus Disease (COVID-19) Emergency Response Package”, “Emergency Measures for Those Who are Worried about Their Daily Lives”<sup>5</sup> (hereinafter collectively referred to as the “Emergency Responses”) with the total size amounting to 2 trillion yen, in order to prevent the spread of the infection and contain it at the earliest possible, as well as to put all efforts for protecting employment, keeping businesses viable, and supporting daily lives of people.

In light of the above-mentioned economic perception, the Government has

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<sup>2</sup> The estimation by the Cabinet Office. The annualized amount is the output gap if a gap in a certain quarter continues for one year.

<sup>3</sup> Approved by Novel Coronavirus Response Headquarters on February 13, 2020.

<sup>4</sup> Approved by Novel Coronavirus Response Headquarters on March 10, 2020.

<sup>5</sup> Approved by Novel Coronavirus Response Headquarters on March 18, 2020.

decided to formulate a new economic package with supplementary budget of FY2020 for the purpose of overcoming this tremendous crisis, on top of the “Comprehensive Economic Measures to Create a Future with Security and Growth”<sup>6</sup> (hereinafter referred to as the “Comprehensive Economic Measures”), which were formulated in order to address the downward risk originating from overseas economies. Taking strong fiscal policy stance responds to the international agreement<sup>7</sup> to commit to "presenting a united front" at the G20 Summit, a variety of unprecedented policy measures including budgetary, financial and tax measures are to be mobilized.

### ***Two Phases to Implement this Economic Measures***

The new Economic Measures broadly consists of the following two stages. The first is the “Emergency Support Phase” until the end of the spread of the disease is in sight. This stage is for securing employments, business, and daily lives in order to make a strong effort to resolve the situation early as possible and to pave the way for a strong recovery thereafter. The second phase is the “V-shaped Recovery Phase” after the threat subsides. This stage is for stimulating demand and undertaking social structural change toward strong recovery of economic activities. More forward looking measures will be taken in this stage to stimulating demand in the severely affected areas such as tourism and transportation, food service and events, while investment for the future will be promoted through digitalization and remote working, etc.

### ***Five Pillars***

With these two phases in mind, the Economic Measures taken under the declaration of a state of emergency have the following five pillars. Powerful and highly effective measures will be rolled out with a determined resolution to protect the lives, health and daily lives of the people.

The first pillar includes the measures to prevent the spread of the disease, build

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<sup>6</sup> Decided by the Cabinet on December 5, 2019.

<sup>7</sup> March 26, 2020 Statement of G20 Leaders in G20 Leaders Video Conference on New Coronavirus (COVID-19).

medical treatment structures and develop the pharmaceuticals. The Government will continue to do whatever possible to prevent the spread of the disease and contain the situation at the earliest, thereby addressing the security of the people and restarting the economic activities as soon as possible. Therefore, along with measures to prevent the spread of the disease, such as fundamentally strengthening the cluster measures to break the chain of the disease, and the swift development of medical supplying system focusing on medical care for critically ill people in preparation for the rapid increase in the number of infected, the Government will accelerate developing pharmaceuticals and vaccines, etc. through intensive research and development.

The second pillar is further strengthening of support for protecting employment and keeping business viable. Until the end of the spread of the disease, we will protect employment, business activities and daily lives of people and overcome the crisis, thereby laying the foundation for a strong economic recovery thereafter. For this reason, various steps taken under the “Emergency Responses” will be further strengthened, and the Government strongly support business operators in their efforts to manage cash flow and maintain employment by rolling out schemes where they can avail concessional (interest-free) loan from private financial institutions in addition to government affiliated institutions, offering new cash payment to SMEs and small enterprises that are particularly affected, and making exceptions in terms of deferring the payment of taxes without any late payment penalty for businesses whose revenue has decreased significantly. For people facing difficulties in maintaining their daily lives, the Government will take bold support measures such as offering new cash payment and benefits.

The third pillar is the recovery of economic activities with the concerted efforts of public and private sectors as the next stage. After the spread of the disease is contained, the Government takes forward-looking measures for realizing the V-shaped economic recovery so that the Japanese economy could swiftly return to a solid growth trajectory. For this reason, focusing on the tourism / transportation industry, the food service industry, and the events / entertainment industry that have been significantly affected, the Government will roll out large-scale support measures as a campaign by involving the public and private



sectors in a short-term intensive manner for boldly stimulating the consumption and restore the vitality of local regions. In so doing, the Government will support the economy in light of the postponement of demand accompanying the Tokyo Olympic and Paralympic Games.

The fourth pillar is to build a robust economic structure keeping the future in mind. We should change this crisis caused by the spread of the disease into an opportunity, and build a resilient economic and social structure against the risk of new infection in the future, thereby achieving sustainable growth in the medium to long term. For this reason, the Government will provide support to corporate initiatives to enhance the resilience of supply chains through returning the production bases to Japan and/or diversifying the production bases beyond certain economies. In addition, the Government will accelerate the efforts for remote operations and digital transformation by using ICT such as work from home (a.k.a. teleworking), distance education, remote medical treatment and pharmaceutical guidance. At the same time, the Government will make every effort to support the economy by making public investments at the earliest possible.

The fifth pillar is preparation for the future. A special contingency funds for measures against the novel coronavirus disease will be developed in order to take necessary measures without hesitation in light of the status of the disease and economic development.

In this way, the Government commits to overcoming the adverse impact of the disease, moving toward the subsequent V-shaped recovery of the economy and ensuring that the Japanese economy returns to a sustained growth trajectory, through strategically executing each policy of the Economic Measures, i.e. rolling out appropriate policy in appropriate timing.

The Economic Measures are based on the proposals made by the ruling parties and earnest feedback of the people received during the “Intensive interviews about the impact on the economy of the novel coronavirus disease”. Furthermore, these measures were formulated after seriously taking the discussions that took place at the Government and ruling-opposition liaison council into consideration. The Government will continue to carefully examine the period until the situation comes under control in Japan and overseas

and the extent of spread, impact on the economy and people's lives, and will take flexible and decisive actions as needed without delay, considering various stakeholders' needs.

The Bank of Japan is taking measures to enhance monetary easing with a view to doing its utmost to ensure smooth corporate financing and maintaining stability in financial markets. With strong monetary easing measures in place, the Government will implement a powerful fiscal policy based on the Economic Measures to aim an appropriate policy mix to cope with the economic impact of the Infections. The Government will continue to address this difficult situation by sharing a sense of crisis and closely working with the Bank of Japan.

## **Chapter 2 Measures to Implement**

Based on the basic concept described in Chapter 1, the Economic Measures are comprised of the following five pillars: (1) Preventing the spread of the disease, building medical treatment structures and developing pharmaceuticals, (2) Protecting employment and keeping business viable, (3) Recovery of the economic activities through public and private cooperation as the next phase, (4) Making economic structure more resilient, and (5) Preparing for the Future. Considering the time frame, the Government will strategically implement the following measures. When implementing the measures, the Government will closely cooperate with related parties.

Aiming for the revitalization of local society by supporting regional economy and lives of residents as well as preventing the spread of the disease, the Government will set up “Local Revitalization Grant for the Novel Coronavirus Disease” that will enable local governments to take necessary measures depending on their circumstances.

At the same time, the Government will disseminate precise information to Japanese people and other countries in a simple way, not only about the economic measures but also about the effort and the circumstance relating to the novel coronavirus disease.

### **I. Measures to Prevent the Spread of the Disease, Build Medical Treatment Structures, and Develop Pharmaceuticals**

It is the most important to stop the spread of the novel coronavirus disease from the perspective of economy. In order to protect people’s lives and health, first of all, the Government will invest the resources particularly in strengthening the measures to prevent the spread of the disease and remove people’s anxiety of as soon as possible.

With regard to masks, disinfectant solutions and so forth, whose demand have greatly exceeded those in the average year due to the effect of the novel coronavirus disease, the Government will secure their sufficient supply volumes and ensure their distribution to medical institutions and other necessary facilities.

As the response to the current spread of the disease, in addition to ensuring a testing system in which necessary tests are sure to be performed, while requesting cooperation to prevent the spread of the disease such as thoroughly ensuring behaviors to avoid the so-called “Three Cs (Closed spaces, Crowded spaces, Close contact)”<sup>8</sup>, the Government will fundamentally strengthen counter-cluster measures to break the chain of the infection. At the same time, in preparation for a further sudden increase in the number of infected people, the Government will promptly build medical treatment structures that focus on medical care for patients with severe symptoms. Regarding these measures to prevent the spread of the disease and the development of medical treatment structures, the Government will set up the “Emergency Comprehensive Support Grant for Novel Coronavirus Disease so that each prefecture can flexibly and dynamically implement measures required according to the epidemiological situations in the regions.

Since no definitive treatment method exists, there is no choice but to continue symptomatic treatment patiently if the symptoms appear. This has also caused great anxiety in the world and the Government will accelerate research and development of therapeutic medicines and vaccines as the highest priority issue.

By increasing the capacity to accept returnees, strengthening information dissemination, and promoting international cooperation with infected countries, the Government will strive to minimize the risk of the spread of the disease.

The Government will include the budget required for these measures in the Supplementary Budget for FY2020. Since it is difficult to predict future trends, the Government will quickly take the necessary measures such as increasing the above-mentioned grants by using “Reserve Fund for New Coronavirus Disease,” which is prepared separately, as needed, considering the infectious situation, the development of vaccines and so forth.

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<sup>8</sup> “Closed spaces with poor ventilation” “Crowded places with many people nearby” “Close-contact settings such as close-range conversation”.

## 1. Secure Supply of Masks and Disinfectants

The Government will support investments of firms that produce masks, disinfectants and so forth in their production facilities to increase their supply, and will ensure that the supply exceeds the normal annual demand. For instance, the Government will secure that more than 700 million masks will be produced per month.

In addition, the Government will distribute sanitary materials such as masks to long-term care facilities, welfare facilities for the disabled, day care centers and schools. With regard to cloth masks, the Government will purchase them and sequentially distribute the required quantity of them to long-term care facility users and pregnant women. Furthermore, the Government will distribute two masks per person to pupils, students, and staff members of elementary schools, junior high schools, high schools, special needs schools, technical colleges, etc. all over Japan from April. Moreover, the Government will distribute two masks per household to more than 50 million households nationwide.

In schools, etc., the Government will improve the hygienic environment and reduce the risk of infectious diseases.

- Subsidy for setting up production facilities for mask, alcohol based disinfectant solution, etc. (Ministry of Economy, Trade and Industry (METI))
  - Distribution of cloth masks to long-term care facility users and pregnant women (Ministry of Health, Labor and Welfare (MHLW))
  - Support for preventing the spread of the disease such as purchasing masks at schools and child welfare facilities (Ministry of Education, Culture, Sports, Science and Technology (MEXT), MHLW, Cabinet Office(CAO))
  - Distribution of cloth masks to all households (MHLW)
  - Support for improving the hygienic environment at schools (MEXT)
  - Strengthening measures against the novel coronavirus disease in the Self-Defense Forces, police, and detention facilities (Ministry of Defense (MOD), National Police Agency(NPA), Ministry of Justice (MOJ))
- Etc.

## **2. Enhance Testing System and Achieve Early Detection of the Disease**

By supporting the introduction of test equipment for PCR<sup>9</sup> tests, the Government will promote quick testing such as simple testing at testing institutions and medical institutions enhance the testing capabilities. In addition, the Government will ensure that people can undergo the required novel coronavirus disease test by continuing to pay the patient copayment incurred on testing. Moreover, in addition to PCR tests, the Government will develop testing methods such as antibody methods and antigen methods and ensure the supply of materials necessary for these tests. Under the cooperation of the national and local governments, while promptly working on strengthening the system of public health centers, the Government will promote the early identification of group infection, so-called clusters and strive for the early detection of patients and the prevention of aggravation of the symptoms.

- Strengthening the quarantine and inspection system by deploying PCR inspection equipment at quarantine stations nationwide (MHLW)
- Making sure that PCR tests, etc. are conducted by having the Government pay for the expense to be borne by the individual after applying insurance (MHLW)
- Strengthening the research base for developing and establishing new testing methods (MEXT)
- System development project to prevent the spread of the disease by genome analysis of novel coronavirus disease (MHLW)
- Dispatching cluster experts to infected areas (MHLW)

Etc.

## **3. Strengthen Medical Care Supply Systems**

In preparation for a further surge in the number of infected people, the Government will quickly build medical treatment structures focusing on the medical treatment for patients with severe symptoms.

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<sup>9</sup> Polymerase Chain Reaction. A technique for amplifying DNA fragments.

The Government will significantly strengthen medical treatment structures from the perspective of both human resources and facilities, including securing available beds and medical materials such as gown, maintaining medical equipment and ensuring the availability of specialists and nurses for respiratory diseases. Specifically, the Government will further increase the number of available beds in designated medical institutions for infectious diseases across the country, secure more than 50,000 beds in the event of an emergency, and work on further improving the availability of ventilators and oxygenators necessary for treatment of patients with severe symptoms. In addition, the Government will secure the supply of medical masks and gowns in the country and distribute them to the required medical institutions on the priority basis. For instance, the Government will distribute an additional 15 million medical masks to medical institutions nationwide during April. In addition, the Government will give special treatment that assesses measures to prevent the spread of the infection in terms of medical fees to medical institutions that accept patients. The Government will work on accumulating and sharing the cases of severe pneumonia.

- Development of medical treatment structures at National Hospital Organization (NHO) and Japan Community Health care Organization (JCHO) (MHLW)
- Ensuring proper setup of medical institutions in prefectures (beds, ventilators, oxygenators, medical workers, etc.) and making available medical treatment facilities other than medical institutions for people with mild symptoms, etc. (Setting up “Emergency Comprehensive Support Grant for Novel Coronavirus Disease”) (MHLW)
- Setting up “Local Revitalization Grant For Novel Coronavirus Disease” (CAO)
- Facility development and maintenance project for ventilator production (METI)
- ECMO<sup>10</sup> team training program (MHLW)
- Support for equipment maintenance and human resource development for advanced medical treatment at university hospitals (MEXT)
- Priority distribution of medical masks and gowns to medical institutions (MHLW)

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<sup>10</sup> Extracorporeal Membrane Oxygenation.

- Government to bear the hospitalization treatment expenses for patients of novel coronavirus disease (MHLW)
- Development of facilities that can accept positive asymptomatic patients and patients having mild symptoms (MHLW, NPA)
- Project for strengthening the remote health counseling structure (METI)
- Support for expenses such as pharmaceutical delivery by the pharmacies to patients who have been given pharmaceutical guidance by telephone or information communication devices (MHLW)
- Construction and operation of a mechanism for efficiently tracking and sharing the status and like of necessary supplies of daily life related facilities and the medical treatment structures (patient acceptance system, availability of supplies / medical equipment, etc.) of hospitals across the country by concerned agencies (MHLW, Cabinet Secretariat(CAS))
- Examining the possibility of using hospital ships for ensuring the availability of place for medical treatment (CAO, MHLW, Ministry of Land, Infrastructure and Transport (MLIT), MOD)
- Improving assets for emergency activities (vehicles, equipment, etc.) in the Self-Defense Forces and increasing the equipment and the vehicles for emergency activities in the fire departments the (Ministry of Internal Affairs and Communications (MIC), MOD)

Etc.

*Issues to be Implemented regarding Online Medical Treatment and Pharmaceutical Guidance*

In the situation where the novel coronavirus disease is spreading rapidly, in order to prevent the spread of infection including nosocomial infection, as an emergency response, the Government will immediately revise the present system and implement the revised one as soon as possible so that online and telephonic medical treatment and pharmaceutical guidance can be provided to the patients who wish.



(1) Using Online Medical Treatment and Telephonic Medical Treatment

- ① Expansion of Online and Telephonic Medical Treatment (temporary relaxation of the principle that the first consultation must be done face to face and reconsideration of the medical fee payment for online and telephonic treatment)

With the spread of the novel coronavirus disease, it is becoming difficult to take medical treatment at medical institutions. The Government will develop a system where patients can access medical institutions by phone and other information communication devices (hereinafter referred to as “phone etc.”) including the first consultation and can receive appropriate treatment. Particularly, for the people and patients who need to receive medical treatment, the Government will establish a system to provide contact information of medical institutions themselves, windows to them and so forth that can be accessed by phone, etc. For patients who contact these medical institutions by the phone etc. based on this information, doctors of these medical institutions receiving the inquiries will provide appropriate medical treatment by phone etc. and for patients who have a history of past medical examination or whose information on underlying diseases is known based on patient referral documents, regional medical networks and results of medical check-ups, etc., diagnosis and prescription would be made at the doctor's judgment.

Furthermore, for those who do not have a history of past medical examination, doctors who provide medical treatment by phone etc. of medical institutions (published by the MHLW via prefectures to contribute to the convenience of patients) would make diagnosis and prescription based on their judgment. In this case, in order to deal with risks such as selling pharmaceuticals in the black market, certain restrictions would be placed on the prescription of pharmaceuticals.

In addition, when diagnosing or prescribing by phone etc., the following points must be sufficiently considered.

- When providing telephonic medical treatment by, in order to enable doctors to effectively follow up in cooperation with the regional medical institutions, it is possible to move to face-to-face medical treatment as needed and refer to other medical institutions with their prior consent.
- All possible measures to prevent spoofing of patient and prescription based on false declarations must be taken.

Furthermore, when the medical treatment is offered by phone etc., in order to ensure that medical institutions will receive sufficient compensation and more online medical treatment will be offered, the Government will review the limit (10% or less) of the proportion of the number of times of calculation of online medical treatment fee per month at medical institutions offering online medical services while dealing with the novel coronavirus disease.

## ② Disseminating Information to Medical Personnel, the Public, and Patients

While implementing the above matters, the Government will make sure that medical personnel, the public, and patients are fully informed about telephonic medical treatment. At the same time, the list of medical institutions that offer medical treatment by phone etc. will be published on the website, etc., and updated from time to time.

## (2) Using Online Telephonic Pharmaceutical Guidance

### ① Expansion of Online Telephonic Pharmaceutical Guidance (temporary measure)

While dealing with the novel coronavirus disease, after taking measures to prevent unauthorized access in addition to ensuring proper use of pharmaceuticals, it will be possible to receive pharmaceutical guidance by phone etc. in case of not only medical treatment by phone etc., but also face-to-face medical treatment if pharmacists

determine it is appropriate based on the patient and the pharmaceutical information.

② Providing Over-the-Counter Pharmaceuticals at the Time of Recommending Consultation by Phone etc.

While dealing with the novel coronavirus disease, when a doctor in (1) ① above advises home treatment by using over-the-counter pharmaceuticals to patients by phone and so forth, pharmacies, etc. will provide them at patients' residence as per their request.

③ Dissemination of Information to Pharmacies, Medical Personnel, the Public, and Patients

In implementing the matters above, while clearly defining in details the method of giving pharmaceutical guidance by phone, etc., delivering pharmaceuticals and so forth, the information including the fact that all pharmacies are to do things above will be fully disseminated to pharmacies, medical personnel, and the public and patients.

(3) Verification within the Response Period

Both (1) and (2) above are to be treated as temporary measures in light of the situation that the infection of the novel coronavirus disease is spreading and it is becoming difficult to receive medical treatment at medical institutions. Therefore, the period of these measures will end when the disease comes under control. In principle, every 3 months, verification will be conducted to improve measures of (1) and (2) from the standpoint of epidemiological situation, the feasibility and effectiveness of (1) and (2), and medical safety, etc. At that time, the respective prefectural council will evaluate the actual performance and the status of cooperation with the local regions.

#### 4. Accelerate the Development of Therapeutic Medicines and Vaccines

In order to fundamentally solve the spread of the novel coronavirus disease, the Government will accelerate the development and dissemination of effective pharmaceuticals and vaccines, which are the top priority issues, by gathering knowledge and wisdom of the world. At the same time, the Government will ensure the early use of pharmaceuticals and vaccines whose safety and effectiveness are confirmed.

Specifically, with regard to AVIGAN<sup>11</sup>, the Government will expand clinical research in cooperation with foreign countries and start increasing production, aiming to secure a stockpile for 2 million people within FY 2020. In addition, with regard to FUTHAN<sup>12</sup>, as observational research and the like, it will be administered to patients who have given their prior consent. Furthermore, the Government will strongly support the development and supply of pharmaceuticals and vaccines by universities and private companies, and in particular, the Government will contribute to the world by funding to CEPI<sup>13</sup> and Gavi<sup>14</sup>. Also, regarding effective vaccines that have received regulatory approval, the Government will promptly consider measures such as purchasing them as national stockpiles from the standpoint of supporting the development of domestic companies.

- Facility development project for the production of AVIGAN (METI)
- Examination of the effect and safety of the existing therapeutic pharmaceuticals such as FUTHAN (MHLW)
- Accelerating the development of therapeutic pharmaceuticals and vaccines by funding and subsidizing the Japan Agency for Medical Research and Development (AMED)

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<sup>11</sup> It is approved as a pharmaceutical for new influenza and it has an effect in preventing the growth of the virus. However, teratogenicity to the fetus has been confirmed as one of Avigan's side effects, and it is being supposed to administer an increased dose for the novel coronavirus disease as compared to the case of new influenza. In light of this, it is necessary to fully inform these indication, side effects, and precautions for use.

<sup>12</sup> Approved as a pharmaceutical for pancreatitis, this pharmaceutical is expected to prevent the growth of viruses.

<sup>13</sup> CEPI (Coalition for Epidemic Preparedness Innovations).

<sup>14</sup> Gavi, the Vaccine Alliance.

(CAO, MEXT, MHLW)

- Contributing to CEPI for vaccine development (MHLW)
- Contributing to Gavi to support low-income countries (Ministry of Foreign Affairs (MOFA), MHLW)
- Building a data collaboration platform that contributes to the development of therapeutic pharmaceuticals and vaccines (CAO)

Etc.

## **5. Increase Capacity to Cope with Japanese People Returning from Abroad**

In order to prevent the spread of the disease in Japan, the Government will take quick border measures including that for Japanese nationals residing overseas without hesitation. The Government will strengthen the quarantine and testing system by ensuring that Japanese nationals who have returned from the regions included in the immigration ban undergo PCR tests at airports. For the acceptance system of returnees, etc. who require isolation, the Government will take sufficient measures including securing means of transportation instead of public transportation in cooperation with related ministries and agencies.

- Strengthening the quarantine and test system by deploying PCR test equipment at quarantine stations throughout Japan (MHLW) [Listed twice]
- Strengthening the immediate response system to protect Japanese nationals overseas in the event of an emergency (MOFA)
- Supporting the efforts to ensure an acceptance environment for the National Institution for Youth Education (MEXT)
- Improving facilities where returnees who need isolation can be accepted (MOD)

Etc.

## 6. Strengthen Public Relations

The Government will promptly disseminate accurate and easy-to-understand information from people's perspective. In addition to the appointment of a public relations officer, the Government will consolidate information transmitted by each related ministry and agency for the entire government and create a one-stop online platform. Moreover, the Government will engage in effective public relations exercise from the standpoint of communicating the information people who want to know in a comprehensive and easy-to-understand manner. The Government will strive to provide easy-to-understand information regarding the status of development of therapeutic pharmaceuticals and vaccines. The Government will create awareness that will call for not discriminating against infected people based on misunderstandings and prejudices. At the same time, the Government will strengthen the international public relations to build up trust in Japan, with an eye on the Tokyo Olympic and Paralympic Games, which have been postponed for one year.

- Strengthening public relations by launching a portal site (CAS)
- Strengthening communication with foreign audience regarding Japan's measures through social and other media (MOFA)
- Setting up a call center to respond to people's concerns and questions (MHLW)
- Equipping means for transmitting information on the novel coronavirus disease from local governments to their residents (MIC)
- Mental care and support for the novel coronavirus disease (MHLW)
- Dissemination of information for foreigners about appropriate access to healthcare system (MHLW)

Etc.

## **7. International Cooperation such as Contribution to Emergency Assistance to Infected Countries**

In order to prevent the further spread of the novel coronavirus disease and to block its inflow to Japan, which is a concern in terms of its extension, the Government will collaborate with international organizations working in countries in which the spread of the disease is highly likely and support the improvement of medical treatment systems and public health there. Particularly for developing countries with vulnerable health systems, the government will provide grant aid in the fields of medical and health care, pharmaceutical and material support and technical cooperation, and will further expand international cooperation through international organizations such as United Nations Children's Fund (UNICEF), United Nations Development Program (UNDP), International Monetary Fund (IMF), World Bank Group (WBG), Asian Development Bank (ADB), etc.

- Provision of grant aid, and medical-related equipment and infection protection equipment to developing countries through UNICEF, UNDP, etc. (MOFA)
- Technical cooperation by dispatching experts in the field of healthcare (MOFA)
- Support for building early diagnosis and detection capabilities for the novel coronavirus disease through the International Atomic Energy Agency (IAEA) (MOFA)

Etc.

## **8. Support Families with Children amid Tentative Closure of Schools**

For households with children affected by temporary school closures for preventing the spread of the disease, the Government will provide support for ensuring children's whereabouts, learning opportunities, mental care, etc., for additional costs associated with the suspension or postponement of school excursions, and for parents taking care of children so that they can avail paid leaves.

- Financial support for temporary school closures in the clubs for after school activities for children and family support center projects (MHLW, CAO)

- Appointment of additional learning instructors (MEXT)
- Support for additional costs related to the suspension or postponement of school excursions pursuant to the Government’s request for temporary school closure (MEXT)
- Creating nature experience, cultural art experience, and physical exercise opportunities for children (MEXT)
- The subsidy for guardians affected by school closures related to COVID-19 (MHLW)
- Corporate-led babysitter user support project due to temporary closures of elementary schools (CAO)
- Support for day services after-school due to temporary closures of special needs schools (MHLW)

Etc.

## **II. Protecting Employment and Keeping Businesses Viable**

With the rapid contraction of economic activities caused by the novel coronavirus disease, the environment surrounding SMEs, small-sized enterprises, and sole proprietors including freelancers is extremely severe, which has threatened the continuation of business and maintenance of employment. In order to overcome this crisis and build a foundation for the next step of a strong economic recovery, the Government will set up a new benefit system for businesses and people all over the country who are facing difficulties. In addition, the Government will mobilize all policy measures such as fiscal, financial, and taxation to protect employment, businesses, people's lives, and culture and art.

### **1. Secure Employment**

The Government will continue to make utmost efforts for protecting employment, which is most important for the lives of the people. Therefore, regarding employment adjustment subsidies, during the emergency response period (April 1 to June 30, 2020), the



Government will raise the subsidy rate to 4/5 for small and medium enterprises and 2/3 for large enterprises. In addition, if no employees are laid off, the subsidy rate will be 9/10 for SMEs and 3/4 for large enterprises. In addition, employment adjustment subsidy will be expanded to include non-regular workers who are not covered by employment insurance. At the same time, for the convenience of enterprises using this scheme, the Government will suspend overtime offsetting, strengthen the administrative processing system to speed up payments, and simplify procedures<sup>15</sup>.

In order to support early employment of students whose job offers have been canceled, a special counseling desk for new graduates, etc. will be set in Hello Work for New Graduates. In addition, the Government will strengthen the counseling support system in Hello Work for non-regular employees and foreign workers and the like.

- Further expansion of special measures for employment adjustment subsidies (MHLW)
- Establishing a special counseling service for new graduates in Hello Work for New Graduates for those whose job offer has been canceled (MHLW)
- Strengthening the counseling support system, etc. in Hello Work for foreign workers, business owners, non-regular employees, job seekers, etc. who need employment support or housing / life support (MHLW)
- Expanding job-seeker support training for job-seekers who are not eligible for receiving unemployment insurance benefit (expanding the number of persons covered under this scheme) (MHLW)
- Strengthening the support system for accepting foreign nationals who are facing difficulties due to the spread of the novel coronavirus disease (MOJ)

Etc.

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<sup>15</sup> In addition, the payment requirement of production indicators has been reduced from 10% or more compared to the same month of the previous year to 5% or more. Regarding the maximum number of days to be paid, more exceptions will be made such that the payment made during the emergency response period will not be counted in the normal 100 days per year and 150 days per three years. At the same time, measures will be taken to increase the amount added for insured persons who need to undergo education and training.

## **2. Financial Measures**

In order to strongly support the continuity of businesses, the Government will make every possible effort to manage the financing of SMEs and small-sized enterprises as well as medium-sized and large companies. With regard to offering concessional loans, which are effectively interest-free without collaterals combined with interest subsidy for sole proprietors, SMEs and small-sized enterprises whose sales revenue has dropped sharply, and life and hygiene-related business operators, in addition to securing sufficient funds, the Government will strive to speed up the procedures. Moreover, in order to further reduce the interest and repayment burden on businesses, the Government will make it possible to convert the existing loans of Japan Finance Corporation, etc. to effectively interest-free loans without collaterals.

In order to expand the accessibility of loans, the Government will introduce the concessional loans of effectively interest-free without collaterals that are provided via private financial institutions, utilizing local government's loan programs. In addition, the Government will reduce or exempt the guarantee fee for Safety Net Guarantee and Crisis-related Guarantee, with securing guarantee facilities of sufficient scale. Even for the existing loans taken from private financial institutions with credit guarantee, it will be possible to refinance such loans with this new system. At the same time, the Government will take all possible measures to support the financing of medical and welfare businesses, agriculture, forestry and fisheries businesses, food service businesses, and food distribution businesses.

Furthermore, for medium-sized and large companies, the Government will offer financing support by using the Crisis Response Loans, etc. of the Development Bank of Japan (DBJ) and the Shoko Chukin Bank, Ltd. In addition, the Government will defer the payment of landing fees for the airlines and offer them the Crisis Response Loans of DBJ.

The Government will request private financial institutions to promptly and flexibly modify terms of existing loans and provide new loans. The Government, which regards promoting these efforts at private financial institutions as its highest propriety in

inspection and supervision, will require these institutions to report their efforts, and will encourage them to further support businesses. In addition, judgements made by private financial institutions with regard to each individual asset assessment, such as the classification of loan claims in the event of modification to loan repayment periods, shall be respected and will not be individually denied in inspections by the Government.

With a view to doing its utmost to ensure smooth corporate financing, the Bank of Japan has taken measures to enhance monetary easing including an introduction of the Special Funds-Supplying Operations to Facilitate Corporate Financing regarding the Novel Coronavirus and an increase in purchases of CP and corporate bonds (the maximum amount of additional purchases of 2 trillion yen).

- Continuing special lending by the Japan Finance Corporation, etc. and funding support through crisis response management (including effectively interest-free loans for SMEs and small-sized enterprises) (Ministry of Finance (MOF), MHLW, Ministry of Agriculture, Forestry and Fisheries (MAFF, METI, CAO))
- Providing loans for management improvement funds of small-sized enterprises (Marukei loans) on the effectively interest-free basis (METI)
- Refinancing of existing loans taken from Japan Finance Corporation, etc. and guaranteed private loans (MOF, MHLW, MAFF, METI, CAO)
- Strengthening and expanding credit guarantee including guarantee fee reduction (METI)
- Introducing effectively interest-free and unsecured loans provided via private financial institutions (METI, Financial Services Agency (FSA))
- Offering interest-free loans within the range of premium payments to the subscribers of small-sized business mutual aid (METI)
- Expanding financing support to medical and welfare businesses (MHLW, CAO)
- Expanding financing support such as effectively interest-free and unsecured loans to persons engaged in agriculture, forestry and fishery (MAFF, CAO)
- Measures for facilitating financing to leading mid-sized food service business (MAFF)

- Strengthening creditworthiness of small and medium food distributors (Debt guarantee project) (MAFF)
- Deferring the payment of landing fees, offering crisis response loans, etc. to airlines (MLIT, MOF)
- When making requests to private financial institutions<sup>16</sup>, appropriately ascertain changes in borrowers' repayment abilities on a timely basis (FSA, MAFF)
- Strengthening cooperation between government-affiliated financial institutions and private financial institutions (FSA, MAFF)
- Providing FSA consultation hotline for transactions with financial institutions (FSA)
- Thoroughly disseminating information about financial support measures (FSA, MOF, MAFF, METI)
- Request for flexible handling of credit information (FSA)
- Flexible handling of deadlines for Submission of Annual securities reports, etc. (FSA)
- Establishing the networking group by stakeholders on the corporate disclosure, financial reporting and audit of listed companies (FSA)

Etc.

### **3. Support for SMEs and Small Enterprises Facing Difficulties in Continuing Their Business**

In order to build a robust safety net for leading medium-sized businesses, SMEs, small-sized enterprises, and sole proprietors including freelancers in a wide range of industries and business forms that are in particularly difficult circumstances, the Government will support their business continuity and set up a new grant system that can serve as a source of recovery and that can be widely used for the entire business. In specific terms, as “Grant for Sustaining Businesses”, for businesses whose revenue in one month has dropped by 50% or more as compared to the same month of the previous year, the Government will pay the amount of reduction from the business revenue of the previous year within the upper limit of 2 million yen for medium-sized companies and SMEs and

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<sup>16</sup> “Cash Flow Support for Companies as Impact of COVID-19 (Novel Coronavirus) Outbreak Grows (Statement by the Minister of Finance and Minister of State for Financial Services)” (March 6, 2020).

the upper limit of 1 million yen for sole proprietors. At that time, the Government will focus on making sure that the outline of the system is clearly communicated in advance to the businesses in distress. In addition, the procedure will be made simple as much as possible such as using an electronic application in principle considering the applicant's administrative burden in light of the peculiarities of a wide range of business forms such as culture and art. Moreover, the Government will shorten the period from application to payment as much as possible.

Furthermore, in order to ensure that SMEs and small-sized enterprises can work on improving productivity, about the SME productivity revolution promotion project which was set up in the comprehensive economic measures, in addition to making special allocations (raise the subsidy rate, etc.), the Government will strengthen the consultation system. Moreover, the Government will support local employment, the transfer of management resources such as technology and know-how, and business restructuring. Also, a system will be put in place to promote fair business transactions so that SMEs and small-sized enterprises are not affected by the deterioration of business environment.

- New grant to SMEs and small-sized enterprises ( Subsidy Program for Sustaining Businesses(Tentative Name)) (METI)
- Setting up a special fund for improvements in productivity of SME(METI)
- Strengthening business consultation system for SMEs and small-sized enterprises affected by the novel coronavirus disease (METI)
- Project for supporting the restart of local companies(METI)
- Hands-on support for leading medium-sized companies and SMEs in Japan and overseas (METI)
- Business resource transfer and business restructuring support project (METI)
- Establishment of a system that promotes fair transactions, etc. to prevent strain of worsening of business environment (METI, CAO)
- Deferring the payment of social insurance premiums for businesses whose income has decreased (same steps as that in tax measures (described later)) (MHLW)

- Notifying the owners of rental buildings requesting<sup>17</sup> them to take flexible measures such as deferring the payment of rents for restaurants, etc. (MLIT)
- Flexible operation of the Road Transportation Law, etc. that contributes to the business continuity of passenger car carrier businesses (MLIT)

Etc.

#### **4. Support Individuals Facing Difficulties in Daily Lives**

Under a state of emergency based on the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response, it is necessary to refrain from going out and reduce contact between people as much as possible, except when it is necessary to maintain life. With respect and thankfulness to the people who are engaged in various fields throughout the country including the healthcare field, and we must consolidate, unite, and overcome the national crisis of fighting this invisible enemy. For this reason, while paying attention to the prevention of the spread of the disease, the Government will promptly and appropriately support households with a simple mechanism, and uniformly pay out 100,000 yen per person. In addition, the Government will also develop the application acceptance system that is based on the Social Security and Tac Number Cards (i.e. My Number Cards). Furthermore, regarding households with children, a temporary special benefit of additional 10,000 yen per applicable child will be paid to households receiving (regular) Child Allowance. Income tax and individual resident taxes will be exempt for these new benefits.

Exemption from insurance premiums of national health insurance national pension and so forth will be given to those who have lost a certain amount of income due to the disease.

Also, the Government will allocate the necessary budget from the viewpoint of continuously implementing special measures such as Emergency Small Funds for people

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<sup>17</sup>“Response to Novel Coronavirus Infection (Request)” (March 31, 2020 MLIT).

who are facing difficulties in living due to the decline in income<sup>18</sup>.

- New benefits to all people nationwide (special fixed benefit (Tentative Name)) (MIC)
- Temporary special benefits for households having children (CAO)
- Financial support for municipalities that have reduced and exempted the payment of national health insurance, nursing care insurance, etc. (MHLW)
- Exemption from national pension insurance premiums for those whose income has declined (MHLW)
- Continuing special loans such as emergency small-amount funds for individuals (MHLW)
- Expanding support by reviewing the persons eligible for receiving housing security benefits (MHLW)
- Support through offering scholarship loans, scholarships and reduction / exemption of tuition fees (MEXT)
- Prompt and robust implementation of replacement payment of unpaid wages (MHLW)
- Support for securing homes by reducing the rent of safety net homes (MLIT)
- Expanding the SNS counseling project, etc. for dealing with the increase in suicide risk (MHLW)
- Expanding the counseling service for spousal violence victims (CAO)
- Enhancing support by legal terraces for solving legal problems (MOJ)
- Strengthen the consultation system at consumer center (Consumer Affairs Agency(CAA))

Etc.

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<sup>18</sup> First, the Government will loan up to 200,000 yen with emergency small funds, and if the income continues to decline, the Government will loan up to 200,000 yen for 3 months with more comprehensive support funds if the household has two or more persons (Total 800,000 yen). In addition, for households exempt from resident tax, if the income continues to decline at the time of repayment, such households may be exempted from repayment.

## **5. Tax Measures**

In light of the fact that the impact of the novel coronavirus disease on Japan's socio-economic situation is enormous, the Government will urgently take the necessary taxation measures for taxpayers who are in a difficult situation due to the effect of the disease and the measures taken to prevent its spread.

Considering the fact that many businesses have experienced sharp reduction in their revenue due to measures to prevent the spread of the novel coronavirus disease, such as request for self-restraint for events and immigration control measures, with regard to national taxes, local taxes and social insurance premiums for businesses whose revenue has declined significantly, the Government will make exceptions to defer the payment by one year without any collateral and late payment penalty. In addition, for the deficits by companies with capital of over 100 million yen and under 1 billion yen, it will be possible to apply the corporate tax refund system by carrying back the deficit.

For SMEs, etc. facing severe business environment, the burden of property tax and city planning tax on depreciable assets and business buildings will be reduced to one half or zero for one year of the taxation period for 2021. In addition, from the perspective of supporting small- and medium-sized business that are making new capital investment while being affected by the novel coronavirus disease, the Government will expand and extend special property tax measures for achieving improvements in productivity. The reduction in revenue caused by these measures will be entirely covered by national expenses.

In the case that the spectators, etc. do not request a refund of the entrance fee and the like to the organizers who canceled certain cultural arts and sports events in response to the Government's self-restraint request, the waived refund amount will be eligible for donation deduction (income deduction or tax credit).

For ensuring that tax relief measures will be used early including extension of deadlines and deferment of payment based on the existing laws and regulations, the Government will continue to proactively publish information instead of just waiting for



inquiries and counseling requests from the public. In addition, after simplifying application and examination procedures as much as possible, the Government will respond swiftly and flexibly in consideration of the circumstances of the applicants.

- Exception of deferment system of tax payment (MOF, MIC, MHLW)
- Exception of refund by carrying back deficit (MOF)
- Reduction measures for property tax and city planning tax on depreciable assets and business houses owned by SMEs (METI)
- Expansion and extension of special measures for property tax for achieving improvements in productivity (METI)
- Capital investment tax system for SMEs for telework, etc. (METI, MIC, MHLW, MAFF, MLIT)
- Application of donation deduction to spectators who waived their rights to request a refund from the organizers who canceled the cultural arts and sports event (MEXT)
- Extension of temporary relief of automobile tax and light vehicle tax environmental performance rate (METI)
- Bringing flexibility to application requirements for mortgage deductions (MLIT)
- Bringing flexibility to application requirements of special measures for real estate acquisition tax pertaining to the houses refurbished for making them earthquake resistant (MLIT)
- Special measures related to the submission of notification forms to be taxable or tax-exempted on consumption tax (MOF)
- Exemption of stamp duty on contracts related to special loans (MOF)

### **III. Recovery of Economic Activities through Public and Private Cooperation as the Next Phase**

After the spread of the novel coronavirus disease is contained and the public's anxiety has been dispelled, as a phase of the economic recovery, the Government will focus

on the fields that were greatly affected by this situation, and take bold and short-term intensive support measures that will benefit the wider range of people. By launching large-scale public-private campaigns, the Government will stimulate the domestic movement of people and make the shopping districts lively. In addition, by significantly stimulating the consumer demand, the Japanese economy will once again recover to a solid growth trajectory. At the same time, through efforts to revive inbound tourism and business supports to the agriculture, forestry and fisheries industries, the Government will bring momentum to revitalize the regional economy.

## **1. Support Affected Sectors, such as Tourism and Transportation, Food Service, Event and Entertainment Business**

Targeting tourism and transportation, food service, and event and entertainment businesses, whose sales revenues have been severely impacted by the novel coronavirus disease, the Government will run a public-private integrated campaign, tentatively named “*Go To Campaign*,” to intensively stimulate consumption for a limited period after the spread of the novel coronavirus disease is contained. Specifically, during the campaign period, the Government will offer discount coupons, points, other coupons and the like to consumers who reserve and visit restaurants, and purchase travel products, meal tickets that can be used at restaurants, and event and entertainment tickets. At that time, an integrated executive office will be set up for the entire campaign, and companies from all over Japan will be invited to participate in this project. The Government will support the implementation of campaigns such as organizing events to restore liveliness in shopping districts throughout Japan. The related accessible public relations will also be conducted, in concerted efforts with private sector, local governments, and local shopping districts.

- *Go To Campaign* project (tentative name) (CAS, METI, MLIT, MAFF)
- Launching nationwide movements to stimulate tourism demand (MLIT)

## **2. Revitalize Regional Economy**

Not only to prevent the spread of the disease support local economies and people's daily lives, but also to assist local governments to implement necessary projects carefully designed according to the local circumstances even after the spread of the infection is contained, "Local Revitalization Grant For Novel Coronavirus disease" will be established. With regard to the agriculture, forestry and fisheries industries, which form the core of the regional industries, the Government will support their efforts for recruiting adaptable workers and installing machines and facilities to nurture their employees in order to deal with the sudden shortage of manpower caused by the impact of the novel coronavirus disease. The Government will also take the support measures to address the management anxiety in the agriculture, forestry and fisheries industries.

In addition, the culture and art, which heal people, give hope for tomorrow, and form the foundation of society, and sports, which bring physical and mental health, dreams and excitement, and courage to people are all very important for enriching and fulfilling life. For generating interest and enthusiasm for cultural arts and sports activities that had to be canceled or postponed in various places, in addition to support for business continuity, the Government will provide sufficient support for resuming activities including measures for the novel coronavirus disease, and will bring back the vitality of the local regions by creating opportunities for a wide variety of cultural arts and sports experiences in each region.

For reviving the demand of inbound tourism that has sharply decreased due to the impact of the novel coronavirus disease, the Government will work on improving the environment for accepting tourists. In addition, the public and private sectors will work together to disseminate accurate information about regions including measures to tackle the novel coronavirus, conduct marketing, brush up attractive contents in each area, and run large-scale promotion campaigns for overseas markets.

Furthermore, while taking measures to support the host towns of the Tokyo Olympic and Paralympic Games, which have been postponed by one year, the Government

strongly support the revitalization of regions from various aspects such as attracting tourists to national parks rich in nature and promoting Workation<sup>19</sup> which result in maintenance of employment in these areas..

To revitalize these regional economies, the Government will strengthen the investment capacity of the DBJ<sup>20</sup>, and provide medium-to-long term support for private investments in cooperation with regional financial institutions, etc. In addition, the Regional Economy Vitalization Corporation of Japan (REVIC), etc. will support the business foundation of leading medium-sized enterprises and SMEs in the regions.

- Setting up “Local Revitalization Grant For Novel Coronavirus Disease (Tentative Name)” (CAO) [Listed twice]
- Emergency support project for ensuring the availability of labor force in agriculture and fisheries (MAFF)
- Introduction and demonstration of smart agriculture to resolve labor shortage (MAFF)
- Emergency support special measures project such as fattening cattle management (MAFF)
- Emergency measures business for facilitating distribution of beef calves (MAFF)
- Projects to stabilize fishery income (MAFF)
- Projects to stabilize vegetable prices (MAFF)
- Support for prevention of the Infection in cultural arts and sports facilities (MEXT)
- Support for the Infection prevention measures and public relations for the resumption of sports events (MEXT)
- Art caravans by local cultural and arts related organizations and artists including students and amateurs (MEXT)
- Creating nature experience, cultural art experience, and exercising opportunities for children (MEXT) [Listed twice]
- Application of donation deduction to spectators who waived their rights to request a

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<sup>19</sup> Workation is a word coined by combining “work” and “vacation”. At places such as tourist spots that are not a normal workplace, one can enjoy holidays while working through telework etc.

<sup>20</sup> IV. It includes efforts that contribute to building a robust economic structure.

refund from the organizers who canceled the cultural arts and sports event (MEXT)  
[Listed twice]

- Promoting measures against the disease at tourist facilities and developing/improving the environment for accepting foreign tourists including public transportation (MLIT)
- Brushing up local tourism resources into attractive contents for longer stay in order to attract visitors (MLIT)
- Large-scale promotion to recover the demand of foreign tourists visiting Japan through the Japan National Tourism Organization (JNTO) (MLIT)
- Support for installation of high-performance ventilation equipment at restaurants and others (Ministry of the Environment (MOE))
- Information dissemination project to overseas through broadcasting contents (MIC)
- Support for developing the sales channels for local products made by SMEs by using crowd funding and the like (JAPAN Brand Development Support Project) (METI)
- Regional revitalization support project by developing a visualization system of the regional economy (CAO)
- Host town support in light of postponement of the Tokyo Olympic and Paralympic Games (CAS)
- Attracting customers to national parks and promoting Workation (MOE)
- Promotion of long stay tours in specified manned borders remote island areas (CAO, MLIT)
- Budget for specified projects on Okinawa-promotion (CAO)
- Setting up "Novel Corona Revival Growth Foundation Enhancement Fund (Tentative Name)" that utilizes the investment function of DBJ (MOF)

Etc.

#### **IV. Making Economic Structure More Resilient**

Even though the world economy is significantly affected, it is important to promote free trade and enhance the value added of domestic industries through the TPP11,

the EU-EPA and the Japan-US trade agreement, etc. without falling into protectionism. Regarding the supply chain disruption caused by the COVID-19 pandemic, the Government will provide support to corporate initiatives to enhance the resilience of supply chains through diversification of the production base including the securement of domestic production bases, taking into account economic security viewpoint. In addition, after the situation has settled, in order to continue capturing external demand, the Government will work on facilitating overseas operations of Japanese companies, as well as on maintaining and/or strengthening the export competitiveness of agricultural, forestry and fishery products and foods. In addition, the Government will boldly promote digital transformation by accelerating the efforts of remote operations such as telecommuting, distance education, remote medical treatment/pharmaceutical guidance and so on, which have spread in the present situation or whose needs have become ever more apparent. The Government will also promote the transition to a decarbonized society. Through these efforts, the Government will build a robust economic structure against future infection, ensure a sustained growth trajectory of the economy in the medium to long term, and support the economy by making public investments at the earliest possible.

## **1. Enhancing the Resilience of Supply Chain**

The Covid-19 pandemic has led to serious disruptions to global supply chains, resulting in shortages of various products including products essential for people's wellbeing such as masks. Based on such experience, the Government will provide support for corporate initiatives for the purpose of diversification of their production base in order to strengthen their supply chain resilience over several years. The Government will provide the support the diversification of production bases regarding goods and materials with a high degree of concentration of production bases (maximum subsidy rate for SMEs is 2/3 and that for large enterprises is 1/2, etc.). In addition, the Government will raise the subsidy rate for securement of domestic production bases of products essential for people's wellbeing such as masks, alcohol disinfectants, medical gowns, ventilators, oxygenators, and so forth (maximum subsidy rate for SMEs is 3/4 and that for large enterprises is 2/3,

etc.). The Government will also support the development of domestic production bases for pharmaceutical ingredients that are highly dependent on overseas market (subsidy rate is 1/2). Furthermore, for goods and materials with a high degree of concentration of the international production bases, the Government will support the overseas diversification of production bases especially in ASEAN countries (maximum subsidy rate for SMEs is 2/3 and that for large enterprises is 1/2, etc.).

In addition, the Government will develop technologies that contribute to the strengthening of the supply chain, such as substitution of parts and materials that are highly susceptible to supply disruptions, reduction of their use, quick and flexible reorganization of the supply chain through data collaboration, etc., and secure and stockpile rare metals.

- Program for Promote Investment in Japan to Strengthen Supply Chains (METI)
- Supporting manufacturing facilities for the development of domestic manufacturing bases for pharmaceutical ingredients, etc. (MHLW)
- Program for Strengthening Overseas Supply Chains (METI)
- Technology development and demonstrations that contribute to strengthening the supply chain (METI)
- East Asian Economic Comprehensive Research Cooperation (Strengthening supply chain, risk management, etc.) (METI)
- Support for conversion to a carbon free society by installing self-consumption type solar power generation facilities that contribute to companies' RE100<sup>21</sup>, etc. in light of bringing back the production bases to Japan (MOE)
- Rare metals stockpiling project (METI)
- BCP (Business Continuity Plan) formulation support including measures against the Infection for SMEs and small-sized enterprises (METI)

Etc.

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<sup>21</sup> 100% renewable energy. An international initiative aiming for companies to use 100% renewable energy for their business.

## **2. Facilitate Overseas Businesses, as well as Strengthening the Export and Domestic Production Capacities of Agriculture, Forestry and Fishery Products and Foods**

There are obstacles to the overseas expansion of SMEs such as restrictions on overseas travel due to the effect of the novel coronavirus disease. The Japan External Trade Organization (JETRO) will strengthen the consultation system for companies with overseas presence and the support for cross-border EC to provide detailed support for overseas operation and market development of SMEs. In addition, the Government will support the overseas promotion of domestic contents including entertainment and art.

Regarding agriculture, forestry and fishery products and foods, the Government will retain export distribution channels that have been damaged by the disease, improve facilities to deal with changes in overseas needs and destinations and support business meeting with foreign customers and promotions in overseas markets. In addition, in order to address the concerns about stable imports and new demand that have emerged as a consequence of the disease, the Government will support the improvement of facilities for stable supply through collaboration between the producers and customers. At the same time, the Government will also assist the efforts for expanding the use of flowering plants, whose demand has declined sharply in public facilities. In addition, regarding meat, fruits, forest and fishery products and so forth, whose retained stocks have increased and whose prices have decreased due to the plummeting number of inbound tourists and others, in consideration of future overseas business and inbound traffic, the Government will support the efforts such as temporary storage and sales promotions to maintain the production and supply systems.

The Government will support Japanese companies' overseas businesses in Asia and other regions, and contribute to the maintenance of local economic activities, through the following measures: (i) financing by the Japan Bank for International Cooperation (JBIC) that utilizes the Foreign Exchange Fund Special Account (hereinafter referred to as the "Foreign Exchange Special Account"), which is an extension of the "Growth Investment Facility" that was established under the Comprehensive Economic Measures)



and (ii) emergency yen loans by the Japan International Cooperation Agency (JICA),

- Hands-on support for leading medium-sized enterprises and SMEs in Japan and overseas (METI) [Listed twice]
- Enhancement of non-face-to-face and remote overseas expansion support services (promotion of cross-border EC, etc.) (METI)
- JAPAN brand development support project (METI) [Listed twice]
- Content global demand creation promotion project (METI)
- Priority support for promotion and facility improvement to maintain and strengthen marketing potentials (MAFF)
- Measures to strengthen supply of domestic agricultural and livestock products (MAFF)
- Support for the next crop in response to new domestic and overseas demand (MAFF)
- Support for expanding the use of flowering plants in public facilities (MAFF)
- Emergency project for supporting the storage and inventory of Wagyu beef (MAFF)
- Emergency support project for log storage(MAFF)
- Designated fishery products product supply leveling project (MAFF)
- Emergency measures for sales promotion of agricultural, forestry and fishery products (MAFF)
- Promotion of overseas expansion of alcoholic beverages, domestic consumption recovery and expansion support project (MOF)
- Establishment of the JBIC's "Emergency Window for Overcoming the COVID-19 Crisis" ( Utilizing the Foreign Exchange Special Account) (MOF)
- Establishment of the JICA's "COVID-19 Crisis Response Emergency Support Loan (MOF, MOFA)
- Support for overseas expansion of Japanese companies through collaboration with international organizations focusing on water and sanitation fields (MOFA)

Etc.

### **3. Accelerate Digital Transformation by Deploying Remote Technologies**

Due to the spread of the novel coronavirus disease, companies have ramped up their efforts for telework, and the need for ICT-based remote services such as remote education, which can be effectively used in such situation, has increased once again. In order to accelerate the realization of Society 5.0, the Government must turn this crisis to an opportunity to speed up social transformation at all once by focusing on digital new deals under the idea of wise-spending.

For this reason, the Government will expand support (double the maximum amount) for the installation of telework communication equipment for SMEs, and strengthen the consultation system to promote cybersecurity measures for SMEs and the introduction of telework by companies and local governments. At the same time, the Government will promote the improvement of the telework environment for national public servants.

With regard to remote education, the Government will strive to accelerate the schedule of accomplishing the goal of allocating one computer per pupil and student by 2023 which was set in the Comprehensive Economic Measures, support the assignment of ICT technicians in schools, develop the communicating environment required for home and online learning, and will build a platform that enables learning and evaluation by solving practice problems on computers, etc. at home. In addition, the Government will promote the introduction of EdTech into schools and the development of online contents that would facilitate education at home. When conducting school classes online, with regard to the remuneration system for public transmission for school lessons which allows the use of copyrighted works as teaching materials without permission of copyright owners, the Government will give due consideration to the burden of schools and aim to start the provisional operation in April this year. In addition, in preparation for the situation that the closure of schools is prolonged and the implementation of the school curriculum is hindered due to the spread of the novel coronavirus disease, as a special measure, the Government will take measures to provide educational opportunities for pupils and students (see “*Issues to be implemented regarding distance education*”).

In addition, the Government will develop an environment that enables remote health consultations by doctors using chatting applications and so forth.

At the same time, from the perspective of promoting the provision of administrative services through the Social Security and Tax Number Card (i.e. My Number Card), in addition to promoting the digitization of administrative services and SMEs including examination of the possibility of further utilization of the My Number and the My Number Card<sup>22</sup>, the Government will work for the promotion and implementation of ICT in th welfare for the disabled, construction and maritime areas.

- Expansion of work style reform support subsidy (telework course) (MHLW)
- Expansion of consultation system by telework manager (MIC)
- Capital investment tax system for SMEs for telework, etc. (METI, MIC, MHLW, MAFF, MLIT) [Listed twice]
- Acceleration of GIGA school concept (MEXT)
- Securing learning opportunities by accelerating the construction of distance lesson environment at universities (MEXT)
- Project for promoting the spread of distance learning and home-based education including introduction and demonstration of EdTech (METI)
- Early implementation of public transmission compensation system for class purposes (MEXT)
- Project for strengthening the remote health counseling structure (METI) [Listed twice]
- Promotion of the development of superfast optical fiber bases to support home-based learning, work from home, online medical treatment, etc. (MIC)
- Promoting the issuance of various certificates such as a copy of resident's certificate at convenience stores by using the Individual Number Card (MIC)
- Development of “J Grants” (online grants application system),etc. (METI)
- SMEs digitization support project (METI)
- Introduction and demonstration of smart agriculture to resolve labor shortage (MAFF)

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<sup>22</sup> The “Q & A related to the operation of the general meeting of shareholders” (METI and MOJ, April 2, 2020) states that it is possible to hold a general meeting of shareholders online.

[Listed twice]

- Significant improvement of productivity through digital transformation in the fields of infrastructure and logistics (Shifting to the use of BIM/CIM<sup>23</sup> for all public projects excluding small-scale projects until 2023) (MLIT)

Etc.

### *Issues to Be Implemented Regarding Remote Education*

In preparation for a situation where the closure of schools is prolonged and the implementation of the school curriculum is hindered due to the spread of the novel coronavirus disease, as an exceptional measures, the Government will take measures for providing education opportunities for pupils and students through learning support at home including flexible operations such as the following.

#### (1) Quick Development of the ICT Environment

In executing the supplementary budget to provide one computer-device to each elementary and junior high school student, in order to enable pupils and students who cannot go to school to take online classes using their devices at home and prevent the spread of the novel coronavirus disease, devices, the related ministries, particularly MEXT will discuss the specific methods and procedures, and ensure that the devices are allocated at the earliest possible and students are able to use them in environment where the Internet is connected. At that time, it is necessary to give priority to pupils and students in need, taking into consideration whether there is a computer or a tablet that can be accessed at home.

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<sup>23</sup> BIM (Building Information Modeling) / CIM (Construction Information Modeling) introduces 3D models from the measurement/survey and design stages, thereby linking and developing 3D models at each of the subsequent stage of construction, maintenance and management, and update, making it possible to easily share information between stakeholders throughout the entire project and improving the efficiency and sophistication of a series of construction production and management systems.

## (2) Review of Requirements for Remote Education

At present, remote education are classified into three types: “joint class type”, “teacher support type”, and “subject enhancement type”. However, a teacher has to be on the receiving side for these three types of distance lesson. Regarding the learning of pupils and students at home through ICT, no teacher is on the receiving side. However, even in this case, it will be recognized that the pupils and students are participating in a formal class.

In addition, in the above remote education, it is an essential requirement that there is "simultaneous two-way" communication. In order to create an environment in which children and students can continue learning without being restricted by time or place, even when using online educational contents other than "simultaneous two-way" communication depending on the content of the lessons, it will be recognized as participation in a formal class.

## (3) Relaxation of Restrictions on the Number of Credits That Can Be Earned in Distance Lesson

In the case of high schools, distance lessons are possible when “a high school recognizes that it has the same educational effect as face-to-face lessons”. However, there is an upper limit (36 credits) to the number of credits for distance lessons. Even in the case of universities, there is a limit of 60 credits out of 124 credits for distant lessons. The calculation of the number of credits earned in the distance class will be made more flexible.

## (4) Developing Online Curriculum

Online educational contents are getting enriched (on NHK, YouTube, websites of educational institutions, etc.), and MEXT has also introduced this on its website (\*). The Government will expand online curriculum so that pupils and students can study at home.

(※) The contents portal site for learning support during the temporary closure (child learning support site): [https://www.mext.go.jp/a\\_menu/ikusei/gakusyushien/index\\_00001.htm](https://www.mext.go.jp/a_menu/ikusei/gakusyushien/index_00001.htm)

#### (5) Copyright Requirements for Online Learning

The amendment law of the Copyright Act, which introduces the compensation scheme for digital material distribution without permission of copyright owners in principle, will come into effect within three years from the date of promulgation (May 25, 2018). The Government will implement this law immediately and look into providing necessary support for reducing the compensation burden for full-scale implementation in 2021.

### **4. Accelerated Implementation of Public Investment**

The Government will flexibly implement public investments that contribute to productivity improvement, restoration and reconstruction, building national resilience such as disaster prevention and disaster reduction, and infrastructure repair and maintenance. Through the early execution of the FY2019 supplementary budget, and the FY2020 initial budget including temporary and special measures, after setting a contract rate target for the first half of the year, the Government will make all efforts for supporting the economy.

## **V. Preparing for the Future**

Considering the situation of the disease and economic trends, in order to make adequate preparations to take necessary measures without hesitation, the Government will set up the “Reserve Funds for Novel Coronavirus Disease (Tentative Name)” of a scale larger than ever.

## Scale of Emergency Economic Measures

	(Financial expenditure)	(Project scale))
I. Comprehensive economic measures	Approx. 9.8 trillion yen	Approx. 19.8 trillion yen
II. 1 <sup>st</sup> and 2 <sup>nd</sup> round of emergency measures	Approx. 0.5 trillion yen	Approx. 2.1 trillion yen
III. New addition	Approx. 38.1 trillion yen	Approx. 95.2 trillion yen
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Total	Approx. 48.4 trillion yen	Approx. 117.1 trillion yen

(Note 1) I. refers to matters that are expected to have an effect in future among “Comprehensive Economic Measures to Create a Future with Security and Growth” (Approved by Cabinet on December 5, 2019).

(Note 2) II. refers to matters pertaining to the 1<sup>st</sup> round (Approved by the Novel Coronavirus Response Headquarters on February 13, 2020) and the 2<sup>nd</sup> round (Approved by the Novel Coronavirus Response Headquarters on March 10, 2020) of “Emergency Measures for Novel Coronavirus Infection”.

**(Reference 1) Breakdown of Five Pillars**

	(Financial expenditure)	(Project scale)
I. Measures to prevent the spread of the disease, build medical treatment structures, and develop pharmaceuticals	Approx. 2.5 trillion yen	Approx. 2.5 trillion yen
II. Protecting employment and keeping businesses viable	Approx. 30.8 trillion yen	Approx. 88.8 trillion yen
III. Recovery of economic activities with the concerted efforts of public and private sectors as the next stage	Approx. 3.3 trillion yen	Approx. 8.5 trillion yen
IV. Building a robust economic structure	Approx. 10.2 trillion yen	Approx. 15.7 trillion yen
V. Preparing for the future	Approx. 1.5 trillion yen	Approx. 1.5 trillion yen
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Total	Approx. 48.4 trillion yen	Approx. 117.1 trillion yen



**(Reference 2) Breakdown of Financial Expenditure**

	(Financial expenditure)	( Including National and local expenditure )	( Including fiscal investment and loan program )
I. Measures to prevent the spread of the disease, build medical treatment structures, and develop pharmaceuticals	Approx. 2.5 trillion yen	Approx. 2.5 trillion yen	-
II. Protecting employment and keeping businesses viable	Approx. 30.8 trillion yen	Approx. 21.1 trillion yen	Approx. 9.7 trillion yen
III. Recovery of economic activities with the concerted efforts of public and private sectors as the next stage	Approx. 3.3 trillion yen	Approx. 2.8 trillion yen	Approx. 0.5 trillion yen
IV . Building a robust economic structure	Approx. 10.2 trillion yen	Approx. 8.0 trillion yen	Approx. 2.3 trillion yen
V. Preparing for the future	Approx. 1.5 trillion yen	Approx. 1.5 trillion yen	-
<b>Total</b>	<b>Approx. 48.4 trillion yen</b>	<b>Approx. 35.8 trillion yen</b> (Note 1)	<b>Approx. 12.5 trillion yen</b> (Note 2)

(Note 1) The national budget is 33.9 trillion yen, of which the supplementary budget for 2020 is 27.5 trillion yen (general account 25.6 trillion-yen, special account 1.9 trillion yen).

(Note 2) The additional amount in the supplemental budget for 2020 is 10.1 trillion yen.

## **Major Measures That Are Expected to Be Effective in the Future among the Comprehensive Economic Measures**

### **II Protecting Employment and Keeping Businesses Viable**

- SMEs productivity improvement project
  - Project for reconstruction of affected small-sized enterprises (subsidy program for sustaining businesses)
  - Project for supporting the reconstruction of local companies (subsidies in collaboration with local governments)
  - Business succession / generation change intensive support project
  - Support project for SMEs/small-sized enterprises for increasing minimum wages
- etc.

### **III Recovery of Economic Activities with the Concerted Effort of Public and Private Sectors as the Next Stage**

- Measure to support private consumption by “Individual Number Card Point”
  - Housing market stabilization measures project (housing benefits)
  - Special measures project for strengthening and improving the profitability of livestock and dairy farming
  - Local production base power-up project
  - Smart agricultural technology development and demonstration project
  - Regional revitalization base improvement grant
  - Setting up leading human resources matching project
  - Functional Enhancement of Metropolitan Airports
- etc.

#### IV Building a Robust Economic Structure

- Support of Japanese companies' overseas businesses, such as overseas M&A and global value chain restructuring, by the JBIC
- Groundbreaking environmental innovation strategy acceleration program
- Project for social implementation and acceleration of deployment of parts and materials required for making innovations that would lead the world
- Emergency project for overseas demand creation support and export environment development
- Emergency project for developing global production bases
- Enhancement of the bases for post-5G information and communication systems
- Financial support for accelerating 5G investment
- Realization of GIGA school concept
- Public investment for accelerating restoration and recovery from natural disasters
- Public investment for robust implementation of disaster prevention / mitigation and building national resilience

etc.