

**Speech by Minister NISHIMURA Yasutoshi
At OECD Ministerial Council Meeting,
October 28, 2020**

Thank you, Madame Chair.

While the pandemic is still ongoing, it is my great pleasure to be here today to share with you our experiences and discuss how we can overcome this crisis together.

I continue to be in charge of both Economic and Fiscal Policy and Novel Coronavirus Disease Control in the Suga Administration, which launched last month. I believe there are not many ministers in the world taking on these two roles simultaneously.

Japan's responses to COVID-19

First, let me start with Japan's responses to COVID-19, characterized by four efforts: containing severity of the illness and the mortality rate, strategic and intensive PCR tests, a more focused approach to infection containment, and the use of advanced technology.

First, the effort to contain the severity of the illness and the mortality rate. To this end, we have promoted a combination of three medications, "Remdesivir," "Dexamethasone" and "Heparin," recommended lying face down to improve breathing in severely ill patients, and identified predictive markers of severe illness. The current death toll due to COVID-19 remains around 14 per million.

Second, strategic and intensive testing, rather than just increasing the number of tests, is important. We have been intensively implementing PCR tests and antigen detecting tests for symptomatic people, in places such as elderly care facilities and hospitals, and for high-risk groups such as workers and customers at nightclubs in high-infection-rate areas.

Third, more focused infection containment measures. We have tried various data analyses, such as the “Granger Causality Test,” to examine the relationship between the number of new infections and visitors to retail and entertainment facilities, such as restaurants and shopping centers. As a result, it turns out there have been no statistically significant causalities from the changes in the number of those who visited these places to the changes in the number of new infections.

During the infection expansion of April and May, we asked various industries to reduce their operating hours. However, in July and August, when a rebound of infections came mainly from nightclubs, we adopted a more focused approach. Namely, we implemented more intensive PCR testing concentrated in the entertainment districts (The Minami area in Osaka, and the Nishiki and Sakae areas in Nagoya), which are about half the size of Manhattan’s SOHO district. We also requested nightclubs in these areas to reduce their operating hours. In this way, we successfully reduced infections.

Fourth, the use of advanced technology. The world's best Japanese super computer, "Fugaku" is being used to simulate the spread of the virus via droplets. Then, based on the results, we have lifted capacity-rate restrictions for entertainment events. For instance, theaters and concerts can open at full capacity, and professional baseball and football games to half capacity, up to about 20,000 spectators. COVID-19 infection clusters and spread have not been seen there.

Boosting socio-economic activities while containing infection

In this way, based on data and advanced technology, we will take measures to boost socio-economic activities while containing infection. Next, let me explain how we have implemented economic stimulus.

Although the annualized decline in Second Quarter GDP was 28 percent under the state of emergency between April and May, the decline was not as large as in other advanced countries. Helped by a large economic stimulus package, which amounts to 2.1 trillion dollars or 40% of GDP, the Japanese economy is showing signs of picking up.

Moreover, with preventive measures in place, such as wearing masks, we have implemented the "Go To Campaign." This scheme encourages people to travel and eat out by subsidizing up to around 200 dollars per night for domestic trips, and around 10 dollars per meal at restaurants, with no limits on usage. Indeed, accommodation occupancy

rates have risen substantially in many areas with this campaign, and also the number of customers going to restaurants is increasing, which shows that the demand for services has started to pick up.

“New Normal” and growth strategy after the pandemic

After this pandemic, the four key challenges will be digitalization, green investment, human resource investment, and free trade.

First, under my proposed “Digital New Deal” initiatives, we will promote digitalization throughout society over the next year. Adding around 10 billion dollars by last year’s supplementary budget, we will proceed with government digitalization, and promote teleworking, 5G services, and private sector digital transformation, while addressing the digital divide between major cities and local areas. Furthermore, regulations on telemedicine and online education have already been lifted during this crisis.

Second, we will promote our “Green New Deal” initiatives, especially via investments in renewable energy and CCS/CCU technologies. As Prime Minister Suga declared on Monday in his speech, Japan aims to achieve net-zero greenhouse gas emissions by 2050.

The third challenge is our investment in human resources. By reviewing employment rules, we will promote various working styles such as teleworking, and also proceed with “Workation,” which means working while in vacation areas.

What is more, we solidly support those who are facing economic difficulty caused by this pandemic, especially non-regular workers, the younger generation and women, and aim to achieve an inclusive recovery.

Our fourth challenge is the promotion of free trade. As the Chair of the Commission of CPTPP next year, we will promote free trade through fully implementing the CPTPP. In addition to expanding the members, we will deepen international discussion and encourage cooperation in such areas as making supply chains more resilient and promoting further digitalization. As these are also my roles, I lead the international discussion.

Conclusion

Let me conclude by emphasizing that Japan considers the changes in people's mindset and behavior caused by this crisis as an opportunity to accelerate reforms. We will continue to contribute to global public health and economic development in cooperation with you, our fellow OECD member countries.

Thank you.