

# Japan's Responses to the Novel Coronavirus Disease (COVID-19)

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April 30, 2020

Cabinet Office

# Japan's Responses to the Novel Coronavirus Disease (COVID-19)

## Overview

- ∅ The Government established the Novel Coronavirus Response Headquarters in January. (Chair: Prime Minister, Members: all ministers).
- ∅ With holding 28 meetings so far, the headquarters decided the Basic Policies for Novel Coronavirus Disease Control and a series of emergency measures.
- ∅ On 7<sup>th</sup> April, the emergency economic measures are decided and a state of emergency is declared.

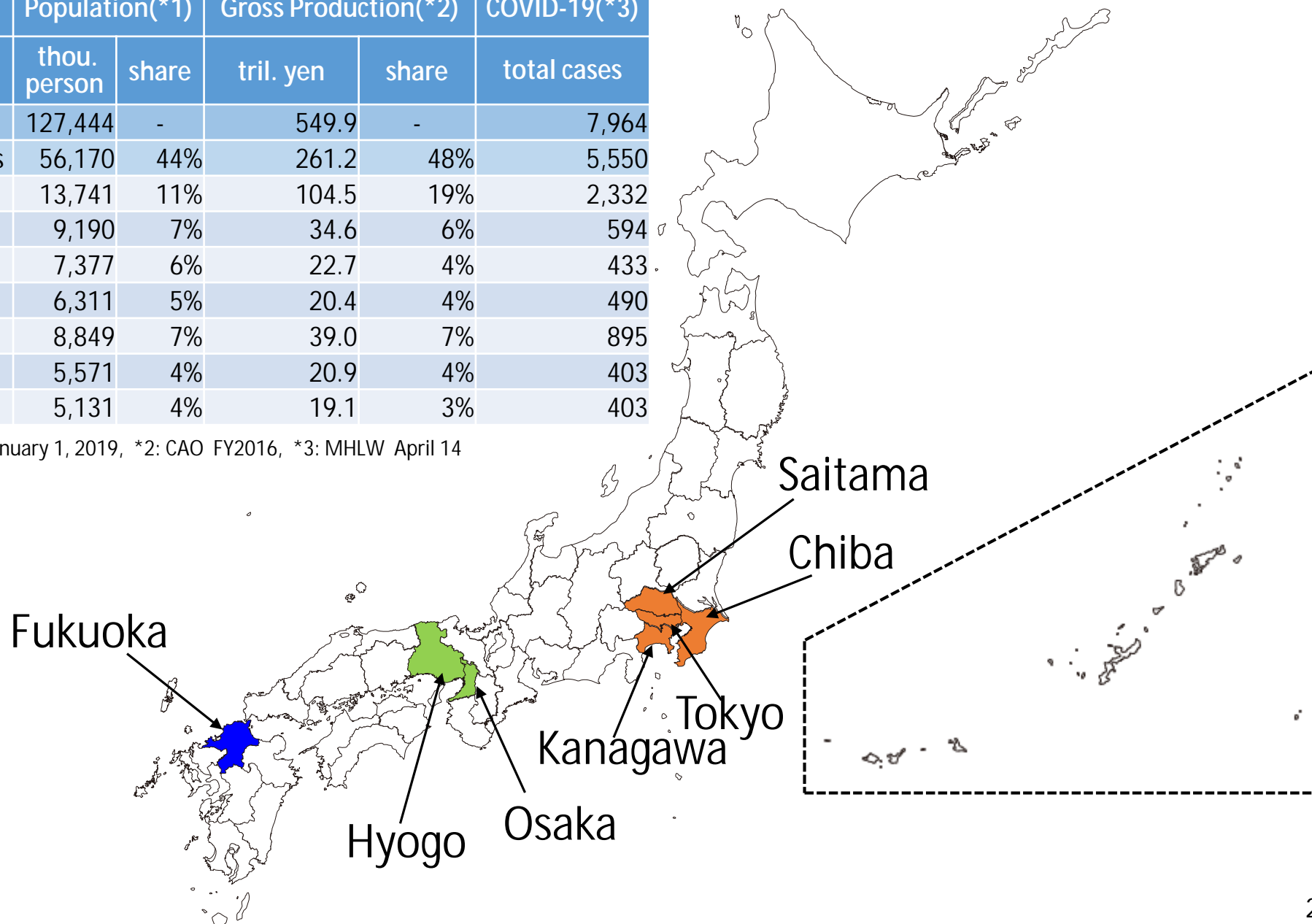
## Responses

- |         |  |
|---------|--|
| Jan. 28 | Legally designated the Novel Coronavirus as a “designated infectious disease” and “quarantinable infectious disease” |
| Jan. 30 | Established the Novel Coronavirus Response Headquarters  |
| Feb. 13 | Compiled <u>the First Novel Coronavirus Disease Emergency Response Package</u>                                       |
| Feb. 25 | Decided <u>the Basic Policies for the Novel Coronavirus Disease Control</u>  |
| Mar. 10 | Compiled <u>the Second Novel Coronavirus Disease Emergency Response Package</u>                                      |
| Mar. 18 | Decided <u>the Emergency Measures for Those Who are Worried about Their Daily Lives</u>                              |
| Apr. 7  | Decided <u>the emergency economic measures</u> and declared <u>a state of emergency</u>                              |

# Areas under the declaration of a state of emergency

	Population(*1)		Gross Production(*2)		COVID-19(*3)
	thou. person	share	tril. yen	share	total cases
National total	127,444	-	549.9	-	7,964
-7 prefectures	56,170	44%	261.2	48%	5,550
- Tokyo	13,741	11%	104.5	19%	2,332
- Kanagawa	9,190	7%	34.6	6%	594
- Saitama	7,377	6%	22.7	4%	433
- Chiba	6,311	5%	20.4	4%	490
- Osaka	8,849	7%	39.0	7%	895
- Hyogo	5,571	4%	20.9	4%	403
- Fukuoka	5,131	4%	19.1	3%	403

(Note) \*1: MIC January 1, 2019, \*2: CAO FY2016, \*3: MHLW April 14



# Supply of Face Masks

## Measures

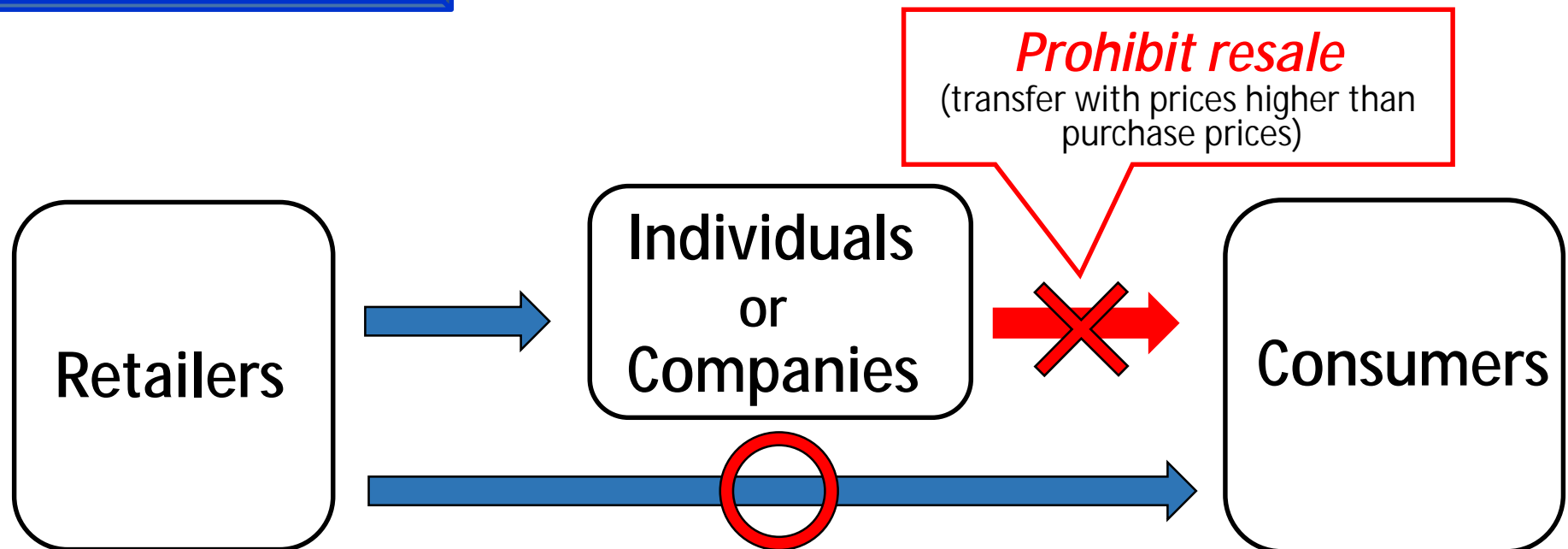
In view of the current shortage of face masks, the Government has taken following measures based on "the Act on Emergency Measures for Stabilizing Living Conditions of the Public";

- ∅ Prohibit resale of masks at higher prices than purchase ones (Article 26-1)
- ∅ Distribute masks to 25 municipalities in Hokkaido (Article 22-1)

In addition,

- ∅ Purchase 20 million fabric masks for nursing homes and 15 million surgical masks for medical use
- ∅ Support for mask manufacturers for increasing production (subsidy rate: 2/3 ~ 3/4)

## Prohibit resale of masks



# Support for Households

## Overview

### For parents:

Establish a new subsidy system to support parents who are forced to take leave due to the temporary school closures

### For people suffered from income decline:

Expand the living and welfare fund loan program for those who suffer from suspensions of business or being fired

### For parents:

- Subsidy for work leaves -

#### Ø For employees (including non-regular):

Subsidy rate: 10/10  
(Up to 8,330 yen per day)

#### Ø For freelancers

4,100 yen per day

#### Ø Size: 156 billion yen

(from both General Account and Labor Insurance Special Account)

### For people suffered from income decline:

- Living and welfare fund loan program -

- Ø Make an exception in the living and welfare fund loan program
- Ø Size: 31 billion yen (from General Account)

#### Emergency small loans

Total amount	100,000 yen → 200,000 yen
Repayment term	12 months → 2 years
Grace period	2 months → 1 year
Interest	No Interest

#### Life support loans

Total amount	200,000 yen per month (up to 3 month)
Repayment term	10 years
Grace period	6 months → 1 year
Interest	No Interest even with no guarantor

The households who are exempt from residential taxes and whose income are declining **can receive the debt waiver.**

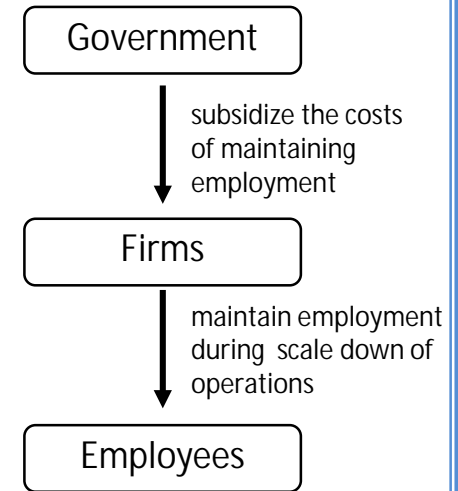
# Support for Employment

## Overview

- ∅ The Government partially subsidizes costs of leave allowances to employers who maintain their employment during scale down of operations due to economic issues.
- ∅ Special measures are applied as below to the employers affected by the Novel Coronavirus.

## Employment Adjustment Subsidies

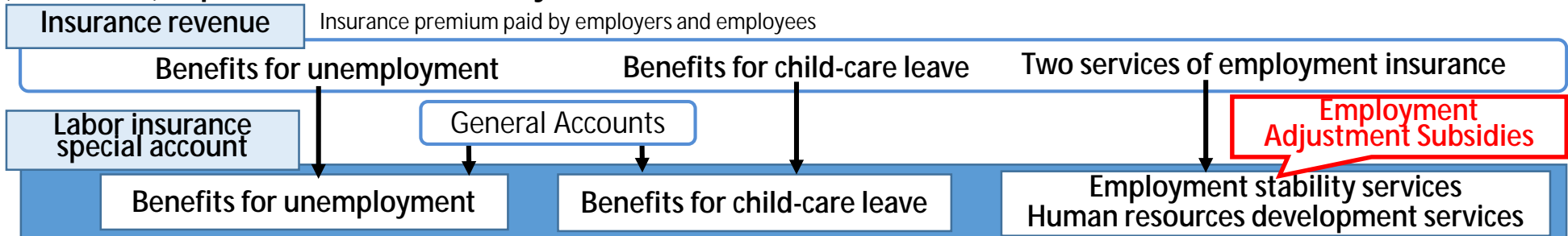
	Normal	Special measures (from April 1 to June 30)
Requirement for application	Sales amount declines by more than 10% in 3 months	Sales amount declines by more than <b>5% in 1 month</b>
Target person	Insured person	Employees <b>including non-regular</b>
Subsidy rate	Large enterprises: 1/2 SMEs: 2/3	Large enterprises: <b>up to 3/4*</b> SMEs: <b>up to 9/10*</b>
Required interval**	1 year	<b>(No requirement)</b>
Required period under the insurance	More than 6 months	<b>(No requirement)</b>



\* For companies keeping all employment. Otherwise, subsidy rate is 2/3 for large enterprises and 4/5 for SMEs.

\*\* When business owners apply to the subsidies, time interval is usually required from the final day of last period of subsidization.

## (Reference) Japan's Labor Insurance System



# Liquidity Supports

## Loans

- Ø Establish a special loan program by which MSMEs or sole proprietors can get low-interest loans



### Standard interest rate

#### Safety net loan

- Standard rate
  - 1.11%: SMEs
  - 1.91%: Sole proprietors, Micro enterprises
- No prerequisite

### Lowering rate by 0.9%

#### Novel Coronavirus special loan (JFC) Crisis response loan (Shoko Chukin Bank)

- Lower rate by 0.9% for 3 years
- Prerequisite: 5% decline in sales

#### Loans for managerial improvement funds

- Lower rate by 0.9% for 3 years
- Target: micro enterprises taking in management guidance

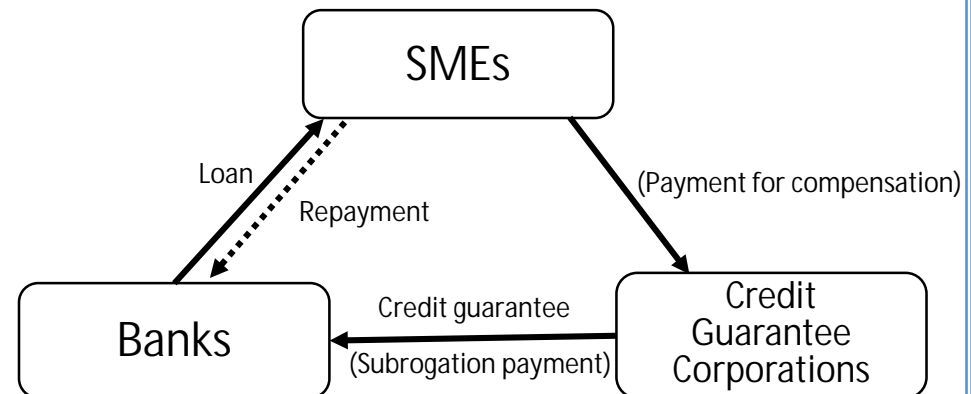
### Real interest-free

#### Special interest subsidy system

- Prerequisite
  - Sole proprietors: no prerequisite
  - Micro enterprises: 15% decline in sales
  - SMEs: 20% decline in sales

## Guarantee by Credit Guarantee Corporations

- Ø Safety nets guarantee system (280 mil. Yen)
  - Target: affected areas and industries
  - (At present: all prefectures and 508 industries)
- Ø Crisis-related guarantee system (280 mil. Yen)
  - Target: all areas and industries



# Deferral of Tax Payments and Charges

## Responses

In the Emergency Measures for Those Who are Worried about Their Daily Lives (decided by the headquarters on Mar. 18th), the Government has announced following measures on deferral of payments aimed at people who have difficulty in paying due to the impacts of the Novel Coronavirus.

- **National taxes and social security premiums**
  - Ø Introduce a grace period of another year for the payment
  - Ø Simplify the process of postponement application and screening
  - Ø Relieve or exempt additional taxes/charges on delayed payment
- **Local taxes and public utility charge** (water and sewer, electricity, gas, NHK, and telephone)
  - Ø Request local governments and operators to swiftly and flexibly take appropriate measures, such as postponement of collection from the people who have difficulty in payment due to sharp income decline



## Basic Concepts

- Ø Principle: Prioritize protection of lives and health of the public and implement necessary measures
- Ø Size of the Measures: 15.3 billion yen

## Measures

### . Supports for Japanese returnees

- Provide health monitoring and prevent spread of contagion
- Support their smooth return to society
- Ensure security for Japanese people who are staying abroad

### . Strengthening domestic preventive measures

- Strengthen rapid screening systems for the virus
- Strengthen treatment mechanism in medical institutions for infectious diseases
- Promote R&D for a diagnostic kits, anti-viral medicine, a vaccine and other necessities
- Rapid and smooth supply of face masks and medical supplies

### . Reinforcement in border controls

- Strengthen screening functions of quarantine stations
- Establish the health follow-up center for returnees
- Swift and flexible immigration control

### . Emergency supports for the suffering industries

- Provide timely and accurate information for Japanese and foreign travelers, and prevent rumors
- Support local MSMEs in tourism and other sectors
- Maintain employments by easing requirements of Employment Adjustment Subsidies

### . Strengthening international cooperation

- Donate virus samples for R&D purpose
- Provide medical equipment to Asian countries

## Basic Concepts

- Ø **Principle:** Prevent the spread of infection and address the immediate issues
- Ø **Size of the Measures:** Fiscal measures - 430 billion yen, Financial measures - 1.6 trillion yen

## Measures

### . Preventing COVID-19 from spreading and developing medical treatment structures

- Dispatch experts to local governments
- Assist purchases of disinfectants
- Secure ample supply of face masks
- Enhance PCR screening system
- Secure more than 5,000 beds for emergencies
- Accelerate development of cures and treatments

### . Responses for issues arising from the temporary school closures

- New subsidy system to support parents who are forced to take leave
  - employees (including non-regular): subsidy rate 10/10, up to 8,330 yen/day
  - freelancers: 4,100 yen/day
- Special loans from emergency small funds for individuals
  - incremental from 100,000 to 200,000 yen, with no interest and with possible exemption
- Support after-school club to secure a place for children
- Promote telework

### . Responses for shrinking businesses activities and employment

- Expand special measures on Employment Adjustment Subsidies
  - Expand the scope to all suffered business owners
  - Increase the subsidy rate for certain areas (SMEs: 2/3→4/5, large enterprises: 1/2→2/3)
- Establish a COVID-19 special loan program (scale:500 billion yen), provide real interest-free and collateral-free loans to MSMEs
- Apply safety net guarantee
- Support investments to respond to supply chain damages
- Support tourism industry such as diversifications of attractions

### . Emergency Measures to adapt to situational changes

- Amend the "Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response"
- Swift and flexible border controls
- Temporary measures related to administrative procedures and public procurement (tax, driver license, public construction work)
- International cooperation, such as contribution to emergency assistance provided by WHO