

Japan	
Policy responses	
Containment	<ul style="list-style-type: none"> • First case reported on 16 January 2020 • 7 April 2020: state of emergency declared for seven key prefectures in Japan (including Tokyo, Saitama, Kanagawa, Chiba, Osaka, Hyogo, and Fukuoka), effective from April 8 to May 6; • 16 April: a nationwide state of emergency was declared, expanding from the seven prefectures • 29 April 2020 Japan expanded entry bans on additional 15 countries bringing the total to 90 countries; currently the entry ban in place is for 111 countries • 4 May 2020 PM extended nationwide state of emergency; 16 April 2020: PM Shinzo Abe declared nationwide state of emergency expanding coverage beyond the seven prefectures previously announced, the nationwide state of emergency will be in place through 6 May 2020 will enable prefectural governors to request people to stay at home, order closure of schools and public places, build temporary medical facilities and adopt actions to support medical and food supplies; • declaration will enable prefectural governors in the designated areas to request people to stay at home, order closures of schools and public facilities, build temporary medical facilities, and adopt actions to support medical and food supplies • 2020 Tokyo Olympic Games have been postponed to 23 July - 8 August 2021. <p>Reopening of the economy:</p> <ul style="list-style-type: none"> • Declining trend of new cases in beginning of May • 14 May State of emergency lifted for 39 prefectures out of 47¹ • 21 May State of emergency lifted for Osaka, Kyoto and Hyogo • 25 May state of emergency lifted for all prefectures, earlier than planned expiry on 31 May. • 19 June Inter-prefectural travel lifted • Plans to ease border restrictions for foreign visitors from Australia, New Zealand, Viet Nam and Thailand. • 15 July: rise in new infections, Tokyo raised alert to highest level; residents to refrain from traveling outside Tokyo and karaoke venues and establishments serving alcohol to close by 10pm until end of August • Resumed re-entry by all foreign nationals who possess status of residence • 29 July: “Residence Track” with Thailand and Viet Nam started, allowing essential business exchange between two countries on condition that preventive and quarantine measures are taken • 10 September: Tokyo lowered alert level as new infections declined; • 16 September: lifted operation hour bans for restaurants and

¹ <https://www.reuters.com/article/us-health-coronavirus-japan/japan-lifts-emergency-in-most-areas-but-not-in-tokyo-osaka-idUSKBN22Q01J>

	<p>karaoke.</p> <ul style="list-style-type: none"> • September: all foreign nationals who hold residence status can re-enter • Business exchange between two countries on condition of preventive and quarantine measures with Brunei, Cambodia, Lao PDR, Myanmar, Malaysia, Singapore, Republic of Korea, Taiwan POC, Thailand, Viet Nam; • Business Track agreement enabling limited business activities during 14 day stay at home on basis of additional quarantine measures such as submission of schedule of activities; • October: students and dependents cross border business travelers can enter Japan on condition that person is hosted by company that can assure quarantine measures. • November: Taxi drivers are allowed to refuse passengers who are not wearing face masks without a valid reason. • 19 November 2020: new infections increased prompting restrictions on entertainment venues in Tokyo, Hokkaido, Ibaraki, Saitama, Chiba, Kanagawa, Aichi and Osaka. Sapporo and Osaka were removed from the government subsidized travel campaign till December 2020. • December 2020: suspended nonresident entry to Japan until state of emergency is lifted, entry of nationals from the United Kingdom, South Africa, Ireland, Israel and Brazil were suspended until further notice. • 7 January 2021: another state of emergency was declared for Tokyo and neighboring prefectures; shortened operating hours of restaurants, teleworking, residents were to refrain from non-essential outings. • 2 February 2021: State of emergency extended for 10 prefectures but was lifted on 26 February 2021 except for greater Tokyo. All Japanese citizens and foreign nationals entering Japan to submit negative COVID-19 tests upon arrival.
Fiscal	<p>Total package as of 12 June: 234 trillion yen (40 percent of GDP)²</p> <p>Click for summary of support measures as of 26 June 2020</p> <p>7 April and later partly revised on 20 April 2020: Government of Japan adopted the Emergency Economic Package Against COVID-19 of ¥117.1 trillion approximately 1 trillion USD (21.4 percent of GDP)³ [also subsumed the remaining part of the previously announced packages - the December 2019 stimulus package (passed in January 2020) and the two COVID-19-response packages announced on February 13 and March 10 respectively].</p> <p>The April package aims at five objectives, including to:</p> <p>(i) develop preventive measures against the spread of infection and strengthen treatment capacity (expenditure of 0.5 percent of GDP),</p>

² <https://www.straitstimes.com/asia/east-asia/japans-parliament-passes-record-413b-extra-budget>

³ <https://www.mhlw.go.jp/content/10900000/000624440.pdf>

	<p>(ii) protect employment and businesses (16.0 percent of GDP), (iii) regain economic activities after containment (1.5 percent of GDP), (iv) rebuild a resilient economic structure (2.8 percent of GDP), and (v) enhance readiness for the future (0.3 percent of GDP).</p> <p>27 May the second draft supplementary budget. The package worth ¥117.1 trillion (21.1 percent of 2019 GDP) covers health measures, business and household support, transfer to local governments, raising ceiling of COVID-19 reserve fund. Specific measures include expansion of work subsidies, provision of subordinated loans by public financial institutions to affected firms, subsidies to affected firms for rent payments⁴</p> <p>12 June: the second supplementary budget for FY2020, which aims at enhancing the government's measures to protect the lives and lifestyles of the public from COVID-19 and move forward economic recovery, was enacted by the Diet. 31.9 trillion yen (\$298 billion)⁵</p> <p>Japan is the largest contributor to IMF financial resources, and largest contributor to the Fund's concessional lending facilities. In early April, Japan pledged an additional US\$100 million contribution to the <u>IMF's Catastrophe Containment and Relief Trust</u> as immediately available resources to support the Fund's capacity to provide grant-based debt service relief for the poorest and most vulnerable countries to combat COVID-19. In order to provide emergency financing for broader emerging markets and developing countries to meet their prospective imminent needs, on April 16, Japan announced that it is aiming at doubling its contribution to the <u>Poverty Reduction and Growth Trust</u> (PRGT) from the current SDR 3.6 billion. Japan made available the first SDR 1.8 billion immediately. Japan will match an additional SDR 1.8 billion with contributions from other countries.</p> <p>October: Japan announced new contribution of US\$ 10 million to COVID-19 Crisis Development Initiative.</p> <p>December 2020: Government adopted the Comprehensive Economic Measures to Secure People's Lives and Livelihoods toward Relief and Hope. The package is worth ¥73.6 trillion (13.1% of 2019 GDP) and covers the following measures:</p> <ul style="list-style-type: none"> - Containment measures - Promote structural change and positive economic cycles - Secure safety and relief related to disaster management, with allocation of COVID-19 Reserve Fund - Incentives for firms to invest in digitalization and green technologies, extension of ongoing responses such as concessional loans to firms.
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⁴ [https://www.gulftoday.ae/business/2020/05/27/japan-clears-\\$11-trillion-stimulus-to-combat-pandemic-pain;https://www.reuters.com/article/us-health-coronavirus-japan-stimulus/japan-approves-fresh-1-1-trillion-stimulus-to-combat-pandemic-pain-idUSKBN2323D3](https://www.gulftoday.ae/business/2020/05/27/japan-clears-$11-trillion-stimulus-to-combat-pandemic-pain;https://www.reuters.com/article/us-health-coronavirus-japan-stimulus/japan-approves-fresh-1-1-trillion-stimulus-to-combat-pandemic-pain-idUSKBN2323D3)

⁵ <https://www.bloomberg.com/news/articles/2020-06-12/japan-passes-298-billion-second-extra-budget-amid-pandemic>

Monetary/financial	<p>16 March 2020: BoJ announced a comprehensive set of measures to maintain the smooth functioning of financial markets (notably of U.S. dollar funding markets) and incentivize the provision of credit.</p> <ul style="list-style-type: none"> • targeted liquidity provision through an increase in the size and frequency of Japanese government bond purchases, special funds-supplying operation to provide loans to financial institution to facilitate financing of corporates, an increase in the annual pace of BoJ's purchases of Exchange Traded Funds (ETFs) and Japan-Real Estate Investment Trusts (J-REITs), and a temporary increase of targeted purchases of commercial paper and corporate bonds • BoJ has provided lending support through the special funds-supplying operation, and made purchases of Japanese government securities, commercial paper, corporate bonds, and exchange-traded funds. <p>27 April monetary policy meeting, additional measures were announced to maintain stability in financial markets and support credit provision. The BOJ decided to purchase a necessary amount of JGBs without setting upper limit on its guidance on JGB purchases. It raised the maximum amount of additional purchases of commercial paper and corporate bonds to 20 trillion yen (\$186 billion) in total. The special funds supplying operations are scaled up by expanding the range of eligible counterparties and collateral to private debt (including household debt), and by applying a positive interest rate of 0.1 percent to outstanding balances of current accounts held by financial institutions at the BoJ that corresponds to amounts outstanding of loans provided in this operation</p> <p>22 May: BOJ introduced new funding provisioning measure to support financing of SMEs, providing funds against interest-free and unsecured loans made by eligible counterparties based on emergency economic measures</p> <p>Liquidity swaps: The BoJ in coordination with the Bank of Canada, the Bank of England, the European Central Bank, the Federal Reserve and the Swiss National Bank enhanced the provision of U.S. dollar liquidity on March 15, by lowering the pricing on the standing U.S. dollar liquidity swap arrangements by 25 basis points. Japan also had other bilateral and regional swap arrangements with Asian countries</p> <p>Expanded volume of concessional loan facilities: (interest free without collateral) primarily for micro, small and medium-sized business affected by COVID-19 through the Japan Finance Corporation and other institutions</p> <p>Enhance access to loans with the same conditions from local financial institutions, such as local banks. Financial Services Agency supported borrowers by reassuring that banks can assign zero risk weights to loans guaranteed with public guarantee schemes, use their regulatory capital as needed to support funding of affected businesses, draw down their capital conservation and systemically important bank buffers to support credit supply, draw down their stock of high-quality liquid assets below the</p>
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	<p>minimum liquidity coverage ratio requirement; asking banks to defer principal payments on mortgage loans as needed, and refrain from charging fees for modifying mortgage conditions.</p> <p>12 June 2020: Diet approved amendment of Act on Special Measures for Strengthening Financial Functions that extends deadline for regional banks' application to government capital injection from 31 March 2022 to 31 March 2026 and provides relaxed application conditions to those regional banks – strengthening regional banks' intermediary function. Diet also approved the expansion of the limit of government guarantees for capital injections into regional banks from ¥12 trillion to ¥15 trillion as precautionary measures.</p>
Trade measures ⁶	<p>Restrictive: N/A</p> <p>Liberalizing:</p> <ul style="list-style-type: none"> Imported goods may be exempted from customs duty and (domestic) consumption tax if they are proved to be donated free of charge. When the import declaration of relief goods relating to countermeasures to the COVID-19 is lodged, a simplified declaration form will be available for the customs procedure and the submission of certificate for duty exemption for donated goods, etc. will be simplified. Extension of time limits for customs procedures, including those for payment of customs duties in certain cases, due to the COVID-19 pandemic. Cf. refund, reduction, or exemption of certain customs fees.
SME measures (last update 22 January 2021)	<p>Subsidy:</p> <ul style="list-style-type: none"> The government subsidized half of the relocation fees for enterprises to relocate production facilities back to Japan and subsidized companies to maintain employment and conduct remote work. For companies whose sales had fallen by more than 50 per cent, the government provided cash subsidies to them. Each company can receive up to JPY 2 million. The Tokyo Metropolitan Government (TMG) announced that they subsidized SMEs and non-profit organizations that were required to close due to an emergency. Enterprises or organizations with only one operating base can receive a subsidy of JPY 500,000, while enterprises or organizations with multiple operating bases can receive a subsidy of JPY 1 million. Hairdressers and beauty salons were not among the companies that required closure, but if they voluntarily close their business premises, they will receive a subsidy of JPY 150,000. On June 12, a second JPY 117 trillion-worth package has been passed. This latter offered an expansion of the work subsidies and rent subsidies to affected firms. <p>Tax exemption:</p> <ul style="list-style-type: none"> For companies whose sales had fallen by more than 50 per cent, the government exempted their consumption taxes and property taxes.

⁶ <https://www.macmap.org/covid19>

	<p>Each company can receive up to JPY 2 million.</p> <p>Tax reduction:</p> <ul style="list-style-type: none"> SMEs benefit from a one-year tax reduction period for (i) capital investments in teleworking and (ii) property tax on certain property. This measure applies to all payments with due dates between 1 February 2020 and 31 January 2021, provided there has been a 20 per cent decrease in the taxpayer's revenue for the same period in the prior year.⁷ <p>Deferral of tax payment:</p> <ul style="list-style-type: none"> In April 2020, the government approved the largest economic stimulus plan ever, worth JPY 117 trillion, of which JPY 26 trillion have been used to defer payments of corporate taxes and social security. <p>Loan support:</p> <ul style="list-style-type: none"> The Ministry of Finance (MOF) decided to support SMEs through (i) a safety net loan (limited to JPY 720 million) and (ii) loan programs for crisis response (capped to JPY 300 million).⁸ The Ministry of Economy, Trade and Industry (METI) decided to support SMEs through a safety net guarantee program under the framework of "No. 4 Safety Nets for Financing Guarantee" (limited to JPY 280 million) and a crisis related guarantee (capped to JPY 280 million).⁹ The government also offered credit guarantees and expanded special financing for micro-enterprises and SMEs affected by the epidemic to JPY 1.6 trillion. On May 22, the Bank of Japan (BoJ) introduced a new fund-provisioning measure to support financing of mainly small- and medium-sized enterprises. It provides funds against loans such as interest-free and unsecured loans made by eligible counterparties based on the government's emergency economic measures. The total size of the special funds-supplying operation and the new fund-provisioning measure amounts to about JPY 90 trillion. On June 12, a second JPY 117 trillion-worth package has been passed. This latter offered subordinated loans by public financial institutions to affected firms. The Government expanded the volume of concessional loan facilities primarily for MSMEs affected by COVID-19 through the Japan Finance Corporation and other institutions. The Government has also enhanced access to loans with the same conditions from local financial institutions, such as local banks.
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⁷ https://www.meti.go.jp/english/press/2020/0424_003.html

⁸ <https://home.kpmg/xx/en/home/insights/2020/04/japan-government-and-institution-measures-in-response-to-covid.html#:~:text=13%20February%3A%20The%20government%20announced,loan%20support%20for%20SMEs%20etc.&text=7%20April%3A%20The%20government%20announced,package%20to%20stimulate%20the%20economy.>

⁹ https://www.meti.go.jp/english/press/2020/0228_001.html

	<p>Other financial support:^{10,11}</p> <ul style="list-style-type: none"> • The Ministry of Economy, Trade and Industry (METI) expanded the definition of SMEs to be targeted for financial support under “No.5 Safety Net for Financing Guarantee”. The latter aims to support financing of SMEs and micro enterprises whose sales and other sources of revenue are declining. In this system, Credit Guarantee Corporations will guarantee 80 per cent of the loan amount for such SMEs under a framework that is separate from a general financing guarantee. • Rent support scheme: If small businesses experience revenue drops, they will benefit from a maximum cap for relief will of JPN 500 000 a month and JPN 250 000 for the self-employed. Eligible smaller businesses need to have logged either a revenue fall of over 50 per cent from a year ago or of over 30 per cent within the past three months. • The government announced the use of a public and private sector fund to financially support SMEs hit by COVID-19. Starting from mid-May, JPY 1 trillion are to be funneled to qualifying companies via the fund. • In April 2020, the government approved the largest economic stimulus plan ever, worth JPY 117 trillion, of which JPY 6 trillion was used to issue cash grants to households and small companies • The Ministry of Economy, Trade and Industry (METI) established a subsidy program for sustaining businesses. This program targets companies facing severe conditions and provides them with subsidies for a wide variety of purposes. Eligible companies can obtain up to JPY 2 million.¹² <p>Employment support:^{13,14}</p> <ul style="list-style-type: none"> • Employment Adjustment Subsidy Scheme: A planned subsidy will reimburse two-thirds of the leave allowance for an SME employer. The subsidy is capped at JPY 8,335 a day per employee on leave as of late February 2020. • As of March 2020, self-employed people, as well as freelance workers who clear certain conditions, will receive a uniform JPY 4,100 per day. • The Ministry of Health, Labor and Welfare (MHLW) expanded the Employment Adjustment Subsidy Scheme to maintain employment. The subsidy is capped at JPY 15,000 a day per employee on the leave and is effective from 1 April 2020 to 30 September 2020. The MHLW
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¹⁰ <https://english.kyodonews.net/news/2020/05/cfd002fb6b3c-update1-japans-ruling-bloc-agrees-on-rent-relief-plan-for-virus-hit-firms.html>

¹¹ <https://home.kpmg/xx/en/home/insights/2020/04/japan-tax-developments-in-response-to-covid-19.html>

¹² <https://home.kpmg/xx/en/home/insights/2020/04/japan-government-and-institution-measures-in-response-to-covid.html#:~:text=13%20February%3A%20The%20government%20announced,loan%20support%20for%20SMEs%20etc.&text=7%20April%3A%20The%20government%20announced,package%20to%20stimulate%20the%20economy.>

¹³ <https://home.kpmg/xx/en/home/insights/2020/04/japan-government-and-institution-measures-in-response-to-covid.html>

¹⁴ https://www.arabnews.jp/en/japan/article_12707/

	<p>subsidize up to 100 per cent of leave allowance for SMEs.¹⁵</p> <p>On June 12, a second JPY 117 trillion-worth package has been passed. This latter offered an expansion of the work subsidies, provision of subordinated loans by the public financial institutions to affected firms, and subsidies to affected firms for their rent payments.</p>
Other policy measures	<p>Based on ILO COVID-19 and the world of work country policy responses¹⁶</p> <p>Social protection</p> <p>Support for parents' work leaves:</p> <ul style="list-style-type: none"> • Establish a new subsidy system that covers employees, no matter permanent or non-permanent (subsidy rate: 10/10, up to 8,330 yen a day) • Support self-employed people performing subcontract work (4,100 yen a day for those who meet certain eligibility criteria) <p>Special loans from emergency small funds for individuals:</p> <ul style="list-style-type: none"> • The government makes an exception in the living and welfare fund loan program for households facing income decline due to the impacts of COVID-19 • Establish Special Loans from Emergency Small Funds (emergency small loan: incremental from 100,000 to 200,000 yen, with no interest and with possible exemption) <p>Strengthening comprehensive support by promoting the use of the self-reliance support system for people in need:</p> <ul style="list-style-type: none"> • The government encourages the local governments to provide comprehensive supports tailored to people in need, including those who had to leave their jobs or have decreased incomes due to the impacts of COVID-19 <p>Assistance to business and business continuity: promote telework</p> <p>Applied paid-sick-leave system to patients of COVID-19 and those who have noticeable symptoms of COVID-19 such as fever.</p> <p>With the school closure,</p> <ul style="list-style-type: none"> • Established a new subsidy for business owners who allowed their workers (including full-time and non-regular workers) to take days off to take care of their children. • Established a new subsidy for freelancers and self-employed parents who cannot work due to childcare. • Expanded support for babysitter costs of certain scale (from medium to large companies) <p>Protection of job offers of new graduate</p>

¹⁵ <https://home.kpmg/xx/en/home/insights/2020/04/japan-government-and-institution-measures-in-response-to-covid.html#:~:text=13%20February%3A%20The%20government%20announced,loan%20support%20for%20SMEs%20etc.&text=7%20April%3A%20The%20government%20announced,package%20to%20stimulate%20the%20economy.>

¹⁶ <https://www.ilo.org/global/topics/coronavirus/country-responses/lang--en/index.htm#JP>

	<p>Since Japan applies a collective recruitment of new graduates, many new graduates start new job in April. To prevent cancellations of job offers, the government requested eight national business associations to pay special attention to recruitment situation.</p> <p>19 May: Cabinet approved a program to provide cash handouts up to 200,000 yen (\$1,900) each to approximately 430,000 university and other students struggling financially to cover tuition and other costs amid pandemic. Students from low-income households that are exempt from residence tax will receive this amount, and others will receive 100,000 yen. The government has set aside 53 billion yen to finance the program covering university students, graduate schools, junior colleges, technical schools and language schools.¹⁷</p>
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Source: IMF, Policy Responses to COVID-19 as of 26 August 2020, if not specified.

¹⁷ <https://english.kyodonews.net/news/2020/05/e86826980083-govt-oks-cash-handout-to-struggling-students-amid-pandemic.html>