

Langley Esquire Presents

COVID  **REPORT**

The Japanese Government's 2020 Response to COVID-19

Public Health & Economic Policy

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OVER 30 YEARS EXPERIENCE IN JAPAN PUBLIC AFFAIRS

LANGLEY ESQUIRE KK, № 604, 6-20 ROKUBANCHO, CHIYODA-KU, TOKYO, JAPAN 102-0085

Message from the CEO



Over the course of the pandemic, Langley Esquire has been monitoring the impact of COVID-19 and the economic and public health policy implications. We hope you find value in our efforts to document and share our findings.

Best regards,

A handwritten signature in black ink that reads 'Timothy Langley'.



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The COVID-19 pandemic has brought unprecedented disruption around the world, and public and private sectors everywhere have been working to adapt to a rapidly-changing global environment. In this report, we examine the Japanese government's response to the pandemic, including the different types of economic support it has provided and its management of the healthcare system. Like governments elsewhere, it has struggled to find the right balance between supporting public health and the economy, but there is little question that Japan has fared better than many other developed economies. It is, therefore, instructive to take a wider view of the government's policies to see if broader lessons can be gleaned.

Langley Insight:

Like many governments across the world, the Japanese government's response to the COVID-19 pandemic has been marked by an effort to balance public health and the economy. It has been relatively successful in this considering both the size of the

Japanese population and the economy's connectedness to the rest of the world. Although currently trending upward, cases and hospitalizations have stayed at manageable levels, and progress has been made in Japan's economic recovery.

That is not to say, however, that the government's COVID-19 policies have escaped criticism, especially from the opposition parties. The government's attempt to pursue a nuanced approach to balancing public health and the economy has left those concerned with one more than the other dissatisfied.

Regarding public health, both the national and local governments came under fire for their seemingly delayed decision to declare an initial state of emergency on April 7, 2020. This hesitation stemmed in large part from concern about the economic consequences of a shutdown, as well as a lack of legal authority to enforce business closures and similar restrictions. Officials were also criticized for using opaque and confusing guidelines in determining when to impose and lift restrictions. Notably, the Tokyo

Metropolitan Government claimed that it would activate a “Tokyo Alert” if cases increased over a certain level, but the alert was not activated during the peak of the second wave from July to August. However, it was reactivated on November 19, 2020, during the third wave of infections.

The government’s economic response has also run into obstacles. There were technical difficulties in the distribution of stimulus checks, and the government has faced scrutiny over its decision to go forward with the “Go To Travel” campaign, even as cases remained at concerning levels. This and other decisions, such as allowing businesses at higher risk of transmission to remain open, have caused some to claim that the government has prioritized Japan’s economy over public health. The business-oriented stimulus packages put forward by the government have also been labeled as insufficient and inadequate. Despite these criticisms, the economy successfully rebounded in the third quarter with 5% gross domestic product growth.

Ultimately, balancing public health and the economy is a difficult task, but it is one that only the government can perform. It is the only organization with the authority and resources to minimize damage to society during events like pandemics. Policymakers bear a heavy responsibility in finding the best path to protect the country’s overall wellbeing.

Public Health Response

There is little consensus on why Japan successfully managed the pandemic. Public health officials have done their best to ensure that the healthcare system is not overtaxed, and the Ministry of Health, Labour and Welfare (MHLW) has been able to keep hospitals and intensive care units operating through regionalized delivery of public health services.

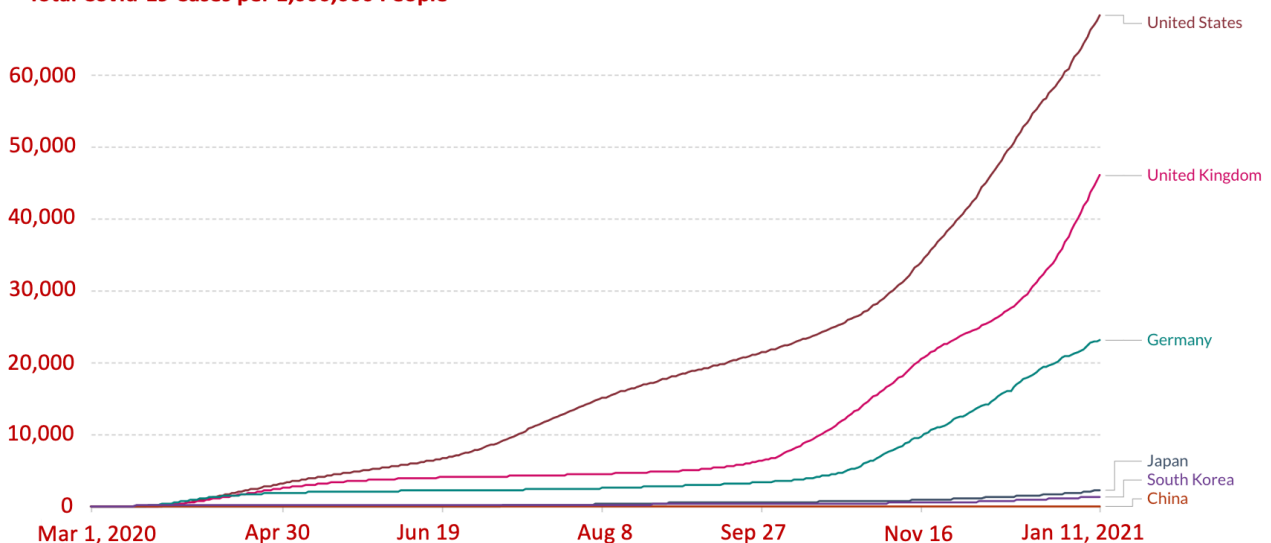
Regional services have centered on local guidelines and policies laid out by community public health centers. Cases of suspected infection were instructed not to visit hospitals or health centers, but to contact call centers linked to the health centers.

Public health centers then hospitalized patients on a triage basis using designated hospitals and private facilities, such as converted hotels. Local health centers also managed cluster surveillance, contact tracing and PCR testing, with an emphasis on tracing clusters and isolating high-risk infection cases. This healthcare system is thought to be one of the reasons Japan fared relatively well during the pandemic.

There were, however, some missteps involving approval of drugs for treatment and vaccine development. These highlighted issues with the newly established Conditional Early Approval System.

- Designation of COVID-19 as a Category I Infectious Disease, the most dangerous, allowed for asymptomatic patients to be hospitalized.
- The government added medical and pharmaceutical equipment to sectors important to national security, limiting foreign investment and access.
- The government passed a bill that will provide coronavirus vaccinations free of charge over 2021, including a provision obliging citizens to make efforts to get vaccinated. However, the provision will not go into full effect until the safety and efficacy of the proposed vaccines are confirmed.

Total Covid-19 Cases per 1,000,000 People



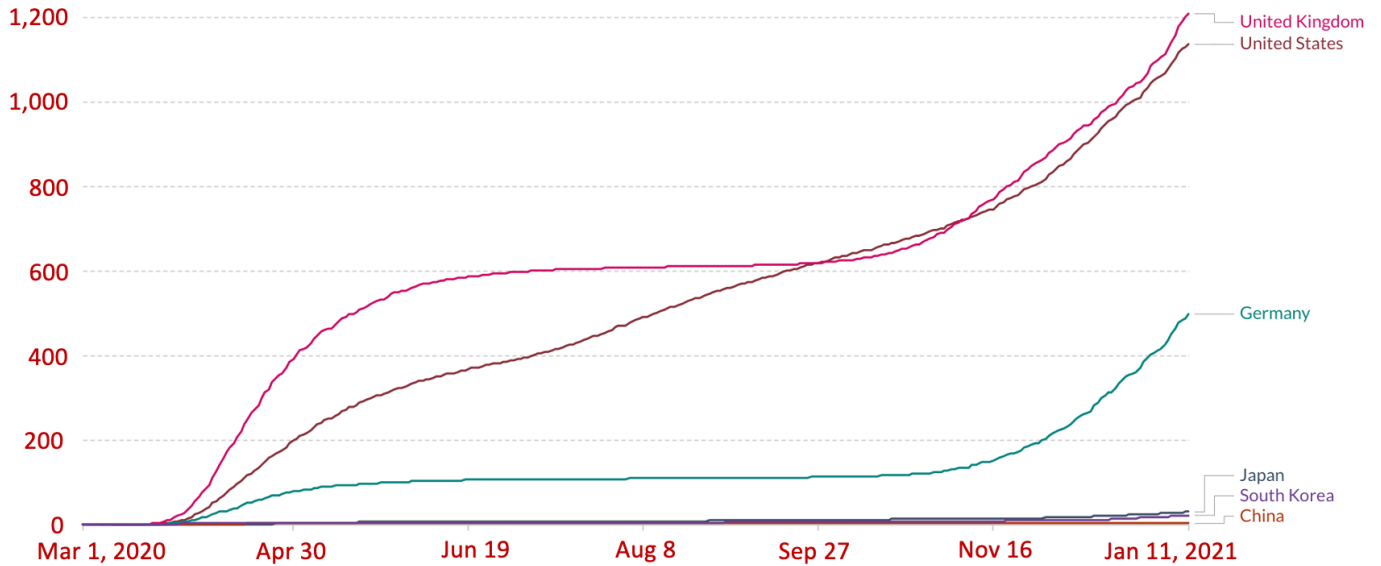
Source: Johns Hopkins University CSSE COVID-19 Data



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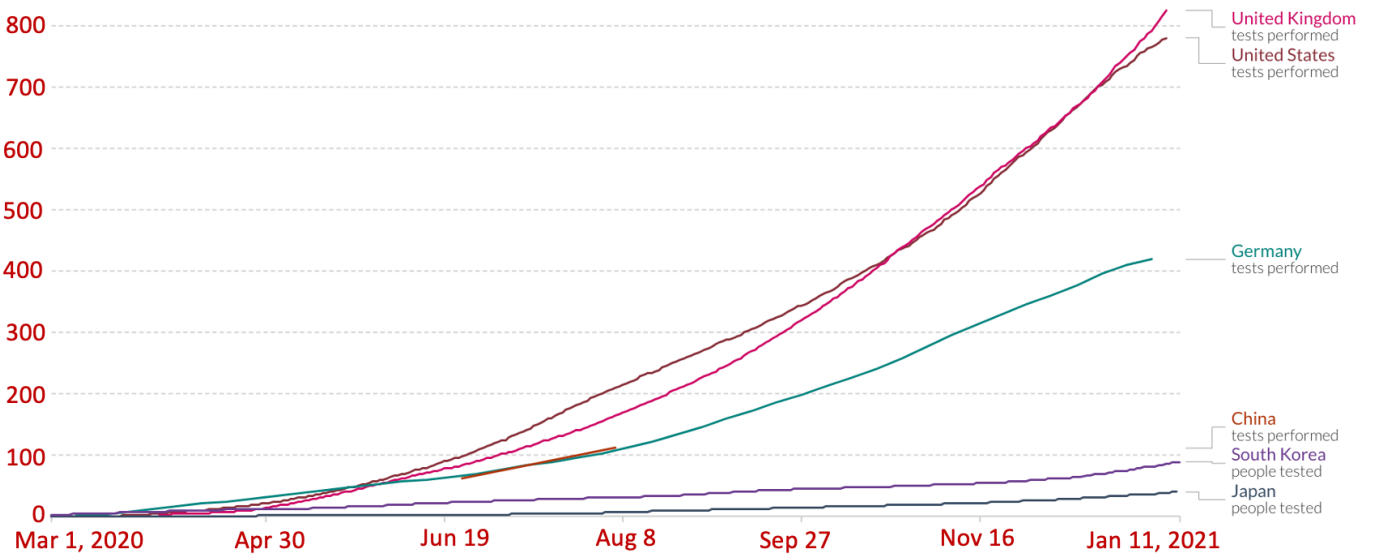
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Total Covid-19 Deaths per 1,000,000 People



Source: Johns Hopkins University CSSE COVID-19 Data

Total Covid-19 Tests per 1,000 People



Source: Our World in Data

The Health Ministry has postponed the decision on whether to approve Avigan for coronavirus treatment. Approval by the Health Ministry has been granted to both remdesivir and dexamethasone, for patients with severe symptoms only.

Testing:

The government's approach to testing for coronavirus infections has come under public criticism due to the limited number of tests and the difficulty accessing them. Until well into the pandemic, the government only allowed people with a fever of 37.5 degrees Celsius or more for four consecutive days to seek advice at local public health centers. Those criteria have now been relaxed and the government allows testing for asymptomatic people, but Japan continues to have one of the lowest testing rates. During the April-May period of the pandemic, Japan had just 188 PCR tests per 100,000 people, while countries like Germany or Italy had over 3,000 PCR tests per 100,000.

A government advisory panel cited a shortage of personal protective equipment for test collectors and

laboratory workers as the main reason for the restricted testing. The limited testing also reflects the government's priority on contact tracing to prevent clusters from creating additional clusters, rather than mass testing.

- The government has decided to make it easier for people without symptoms to get PCR tests.
- The government also created a website for Japanese business travelers to facilitate PCR testing before overseas travel.
- Medical facilities will issue certificates of negative results either physically or by email, and in the future through a government mobile application.
- Haneda, Narita and Kansai airports have opened coronavirus testing centers that can carry out 9,000 PCR tests per day for arrivals. The government wants to increase this to 13,000 after it improves quarantine stations.
- The government is studying the possibility of having two-hour PCR tests at Narita Airport for people leaving Japan for other countries.

Entry restrictions:

The government was slow to lift restrictions that barred travelers from 159 countries and regions from entering Japan. These initially applied only to foreign nationals, even if they legally lived in Japan. Foreign residents travelling outside Japan from April were not allowed reentry unless very harsh humanitarian conditions were met.

The government has gradually lifted the restrictions, letting in 1,000 foreigners with residency status and long-term visa holders per day.

The government's main worry was resuming travel without triggering a surge in COVID-19 infections. However, its cautious approach has left thousands of foreign residents stranded abroad, unable to work or see their families. The American Chamber of Commerce in Japan and the U.S. State Department have criticized the double standards of the Japanese government, which has maintained different entry criteria for Japanese nationals and foreign residents. Some have argued that the restrictions have also tarnished

Japan's attractiveness for foreign investment and labor.

- The government stopped issuing short-term and long-term visas and certificates of eligibility, reducing the monthly influx of foreigners by 97% from the start of 2020.
- The government did not allow foreign residents to reenter from April until September-October 2020, unless they met certain "humanitarian conditions." This faced harsh criticism from other countries' foreign ministries and trade associations in Japan.
- The Foreign Ministry and Immigration Services Agency have imposed very strict entry requirements for Japanese and non-Japanese arriving in Japan, including various PCR tests, a two-week quarantine, the installation of a GPS tracking app and reporting personal health status to officials via LINE.

- With the emergence of a new strain of the virus, the government decided to tighten restrictions on the entry of foreign nationals who had been in the U.K. and suspended the 14-day quarantine exception for short-term business travelers.

Emergency measures:

Japan had more difficulties in implementing emergency measures compared with other countries. Constitutionally the government is not allowed to implement measures that directly restrict the movement of people or suspend business activities. The government instead issued a “state of emergency declaration,”

urging people to avoid both non-essential outings and cross-prefectural travel, and to work from home.

Regarding business activities, prefectural governments were able to grant subsidies to “non-essential” businesses that voluntarily closed or limited their operation hours. The declaration came into effect in stages, starting and ending with the prefectures around the capital, the presumed source of most of the infections. The informal lockdown measures were enough to reduce people’s movement during the emergency declaration, containing the spread of the virus in just six weeks. The government continues to call on people to avoid the “three Cs.”



Prime Minister Suga at the Novel Coronavirus Response Headquarters (Kantei Office)

The three Cs include closed spaces, crowded places and close contact.

- The government issued a state of emergency declaration from April 7 to May 24, first in only some prefectures, and then throughout the rest of the nation.
- During and after the state of emergency, the government discouraged cross-prefectural travel and non-essential outings, and it requested business closures and shorter working hours for restaurants and leisure centers. In some prefectures, businesses that complied with government requests received as much as ¥200,000 from prefectural governments.
- After the national state of emergency ended, some prefectures instituted their own emergency declarations during the summer to combat rising infection numbers. They again requested limited business hours, and no non-essential outings or cross-prefectural travel. The prefectural governments each came up with their own set of criteria for lifting the restrictions.
- Leaders in the Kansai region declared a new state of emergency over the New Year period, and called on SDF personnel to handle the growing number of severe COVID-19 cases. Numerous other prefectures have requested limited business hours, which will be accompanied by economic compensation.
- The Tokyo Metropolitan Government created its own alert system with criteria similar to that of the central government. The system focused on infection rates, infection routes and ensuring that the healthcare system does not become overwhelmed.
- The government passed a state of emergency bill, giving prefectural governors ample powers to restrict usage of schools, department stores, movie theaters and any other public space. This bill also grants governors the power to request the use of private business spaces for temporary medical facilities.
- The government has expressed its intention of revising the special measures law, which provides the legal framework

for the government's response to dangerous infectious diseases and health crises. The revisions would be to include penalties for those who do not abide by business suspension requests during a state of emergency declaration. A framework for compensations for businesses abiding by government closure requests is also being discussed within the ruling party. The government until now was postponing the revision until the pandemic was over, but it is now working on the details as another wave of infections hits the country.

Economic and Political Response

Former Prime Minister Abe Shinzo's initial reaction to COVID-19, including the first extra spending package and the public health response, was heavily criticized by the public as being insufficient. The Cabinet's approval rate fell to its lowest point in two years, reflecting the public's dissatisfaction. Polls showed many viewed the response as sluggish, as well as lacking in clarity and accountability.

These numbers made it difficult for Abe to call a snap election in 2020.

In addition to the public's dim view of his response to COVID-19, his administration had been wrapped up in multiple scandals that involved top LDP lawmakers, and even Abe himself. Despite the change of premiership and initially high approval ratings, the problems related to the previous government's handling of the pandemic still haunt the Suga government.

Financial and business support:

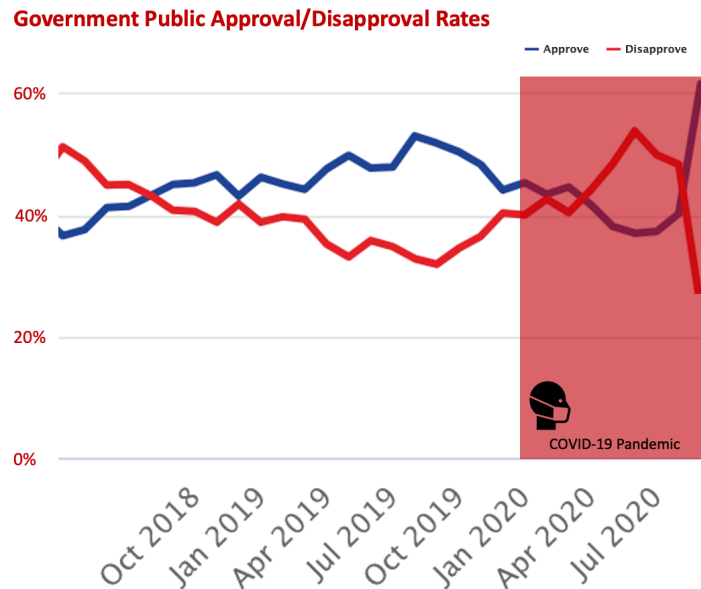
One of the main objectives of both the Abe and Suga governments has been to mitigate the negative economic impact of the pandemic. Various economic and financial support measures were implemented in two stages — a first phase during the crisis period to soften the economic damage, and a second phase to stimulate demand and bolster supply chains to achieve a quick “v-shaped recovery.”

Economic activity was supported through state-led public-private cooperation, with the government focusing on industries severely affected by the pandemic, such as tourism, leisure and transportation, as well as the revitalization of local economies.

The policy measures also worked to make Japan more resilient to external shocks. The country has done much better than other countries in terms of gross domestic product loss: Japan's GDP shrank by 7.8% in the April-June quarter, while Germany and the U.K. showed losses of 9.7% and 20.4% respectively.

However, despite the government's efforts, business sentiment is recovering only slowly. There were also issues of miscommunication and policy incongruence. This was evidenced in the ¥100,000 cash handout to all residents and the Go To Travel campaign.

- The Tourism Ministry launched a travel campaign from July 22 to October, offering to cover 35% of travelers' expenses, and coupons covering 15% of spending at restaurants and souvenir shops. Although Tokyo Prefecture was initially excluded due to its high infection rates, it joined the program in October. The campaign was to be extended until early-2021 to promote domestic tourism.
- Suga suspended Go To Travel throughout the country from December 28 until January 11 in a bid to contain the spread of the virus during the New Year's holiday. He went beyond the recommendations issued by the government subcommittee which called for only Tokyo and Nagoya to be removed.
- The Tourism Ministry has said that it will expand its compensation schemes for travel businesses after the Suga's decision to halt the Go To Travel campaign nationwide. Before December 24, customers who made hotel and travel reservations were able to cancel free of charge, with the government covering 50% of the travel charges per canceled reservation.
- The Ministry of Finance extended the deadline for ministries' budget requests, and it removed budgetary limits for measures related to the pandemic or economic recovery.
- The government urged companies to have 70% of their staff work from home, employ staggered commuting times and to refrain from hosting large social



Source: Real Politics Japan, last updated 9 November 2020

gatherings. These requests were not enforceable by law.

- The government also rolled out employment support packages for foreign technical trainees who lost their jobs as a result of the pandemic.
- The Bank of Japan (BOJ) increased corporate support measures to ¥110 trillion. It also launched a ¥30 trillion yen program to support small businesses by lending to commercial banks with zero-interest rates if they make loans available to small businesses. The BOJ has also subsidized loans to commercial banks by giving out 0.1% interest on the loans made.
- The MHLW installed an

unemployment application system for workers to receive payments of up to ¥15,000 per day if they were forced to take leave during the state of emergency. The government injected capital into medium- and large-sized enterprises struggling with the effects of the pandemic, as well as providing low-interest loans and subsidies. It has also created a program to directly finance small- and medium-sized enterprises (SMEs) through the Regional Economy Vitalization Corporation, distributing ¥1 trillion to financially troubled companies. Companies could receive up to ¥10 billion. The government's first supplementary budget of ¥25.69

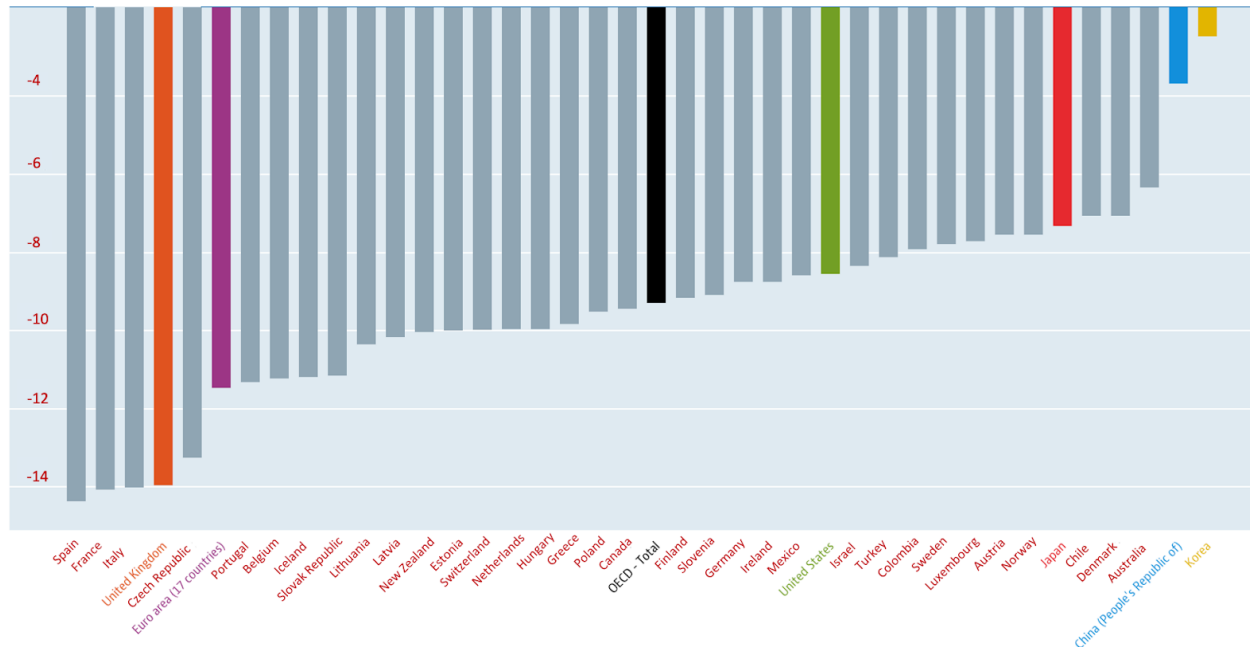
trillion included financing for the ¥100,000 cash handouts to all residents in Japan and subsidies to working parents to help cope with school closures.

- A second supplementary budget financed a spending package worth ¥117.1 trillion for the fiscal year ending March 2021. This package aimed to further help SMEs and people under major financial strain because of the virus. It also provided two-thirds of monthly rent up to ¥500,000 through bank loans for a period of six months, and ¥200,000 to students facing difficulty paying their tuition and living costs. Local and prefectural governments also passed their own supplemental budgets, mainly to support SMEs forced to suspend operations. The Tokyo Metropolitan Government extended handouts of ¥500,000 to proprietors of a single shop, and ¥1 million to those running multiple branches.
- The government approved a third supplementary budget of ¥21.84 trillion to finance the government's

latest economic package. The budget includes funding for a two-month extension of a financial assistance scheme for firms forced to furlough employees because of the pandemic. It also increased subsidies to help local governments compensate businesses forced to cut their operating hours. The new extra budget includes the issuance of national bonds worth ¥22.40 trillion. The budget is set to be submitted to the Diet in January.

- The Cabinet has approved a record-high ¥106.61 trillion draft budget for fiscal 2021 that will focus on measures to combat the pandemic. In an unusual move, the Ministry of Finance told other ministries and agencies that it would not apply its usual budget caps for measures related to the pandemic. The budget includes ¥5 trillion in reserve funds for future responses to health crises. To finance the record FY2021 budget, the government will issue an additional ¥32.56 trillion worth of bonds from the current year.

2020 GDP Growth Forecast



Source: OECD, last updated 9 November 2020

Olympics:

In a November visit to Tokyo, International Olympic Committee President Thomas Bach confirmed that the summer Olympic Games, which has been postponed to 2021, would go ahead as planned. The logistical challenges of hosting tens of thousands of international visitors during a pandemic are daunting, but Japanese authorities feel confident they can do so after successfully holding multiple sporting events, such as baseball games and gymnastics competitions.

- The central and metropolitan governments have emphasized during the pandemic that Tokyo

should by all means host the postponed summer Olympics in 2021 by taking effective measures to host them safely.

- It was also emphasized that if necessary, the games could be held without crowds. However authorities maintain that they are confident that fans will be able to attend.
- IOC President Bach indicated that the IOC may cover some of the cost of ensuring fans travelling to Japan receive COVID-19 vaccinations, if one is available.



Former Prime Minister Abe at a meeting of the Novel Coronavirus Response Headquarters (Kantei Office)

Education:

There were talks at the Education Ministry of moving the start of the academic year to September from April, but they were shut down as Liberal Democratic Party (LDP) party officials argued that doing so would require big budgetary changes and amendments to over 30 laws.

Prefectural Response:

Juxtaposed with increased activity by prefectural governors, the national government's lack of a coherent plan or clear messaging contributed to growing disapproval of the Abe administration. The national government and prefectural governors — particularly Tokyo Governor Koike Yuriko — were

often at odds over how to handle the situation, with many governors calling for stricter public health measures. During the summer, prefectures like Aichi and Okinawa independently declared states of emergency, while the national government remained largely opposed to another shutdown.

- The governors of Japan's 47 prefectures together petitioned the national government to increase emergency grants and funds to bolster medical infrastructure and bail out restaurants and other establishments hit by the pandemic.

- A new government subcommittee focused on the coronavirus, which replaced the panel of infectious disease experts that had advised the government, held its first meeting on July 6. The goal of the subcommittee, as highlighted by Economic Revitalization Minister Nishimura Yasutoshi, was to come up with measures that balance public health and the economy. The previous panel focused exclusively on public health.
- Governors have urged the national government to clarify its standards for suspending or resuming the Go To Travel campaign in the light of a resurgence of cases. They made an official request through an emergency proposal at the National Governors' Association. They also called for a system that would allow the program to resume in stages instead of all-at-once nationwide.

Conclusion

Japan's policy response to the COVID-19 pandemic in 2020 often faced criticism as being insufficient and confusing, but there is little doubt that

the country has fared well relative to most other developed economies. After nearly a year, the healthcare system continues to function, and GDP recovered more than expected in the July-September quarter.

Reports of the development of highly effective vaccines offer hope that the pandemic may end in the near future. However, the world still faces a period of at least several months before these vaccines can be approved and distributed. Policymakers everywhere, including Japan, must continue to vigilantly guard against COVID-19 clusters while also working to limit economic damage.

In this report, the Langley Esquire research team sought to aggregate and analyze the Japanese government's policy response to the pandemic. If you would like more information about the government's COVID-19 response, or if you would like to learn about the kinds of policy-monitoring and research services Langley Esquire provides, please [contact us through our website](#). Make sure to [sign up to our mailing list](#) for future updates.

