

JAPANESE CRISIS MANAGEMENT OF THE COVID-19 PANDEMIC

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Executive Summary

1. The COVID-19 pandemic imperils Japanese Prime Minister Abe Shinzo's Abenomics to revitalise Japan and plans to stage a successful 2020 Tokyo Summer Olympics. Indeed, the Japanese government is valiantly trying to contain, suppress and end the epidemic domestically before the Summer Games this July.
2. Abe was already facing an economic slowdown due to the consumption tax hike to 10% in October 2019. The COVID-19 pandemic may well tip Japan into an economic recession.
3. Besides disrupting Japan's supply chain and the Asian production network, the coronavirus crisis will place great pressure on the fragile Japanese economy and its engines of growth: consumption, investment, exports of goods and inbound tourism especially from China.
4. Prime Minister Abe was eager to host Chinese President Xi Jinping's official state visit to Tokyo in April 2020, the first in 12 years by a top Chinese leader. They were expected to sign an important "Fifth Political Document", a blueprint for enhancing future Sino-Japanese relations.
5. Given the severity of the COVID-19 pandemic in Wuhan city, the epicentre and in Hubei province, the eagerly awaited state visit by Xi—arguably the most important event in Tokyo's diplomatic calendar in 2020—was unfortunately postponed to autumn or later in the same year.
6. However, COVID-19 is a "black swan" event that is unlikely to mar Sino-Japanese diplomatic ties. Indeed, this pandemic is a common "enemy" of Beijing and Tokyo, and an opportunity for greater bilateral cooperation on human security.
7. Stung by domestic and international criticisms of Japan's (mis)handling of the coronavirus-infected *Diamond Princess* cruise ship anchored and quarantined off

the coast of Japan, Prime Minister Abe vigorously came up with a slew of measures to mitigate the pandemic.

8. They include banning tourists from China and South Korea, closing schools, granting financial subsidies to small businesses disrupted by the pandemic and monetary assistance to companies (for workers affected by the school closures), and the passing of a revised legislation to empower the prime minister and governors to declare a state of emergency.
9. Abe took the rare step of seeking the help of top opposition leaders to approve a non-partisan legislation to empower the prime minister and governors to declare a state of emergency to address the pandemic.
10. Unlike Chinese party chiefs and local authorities in Wuhan city and Hubei province, Hokkaido Governor Suzuki Naomichi took the initiative to declare a state of emergency without a formal approval from the Tokyo government. After all, Japan is a democracy with relative local autonomy.
11. Given that the elderly, particularly those with preexisting ailments, are most vulnerable to COVID-19, it is not inconceivable that Japan, with 28% of population 65 years old and above, may eventually suffer disproportionately compared to other infected countries with a much younger population.

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Spectre of COVID-19

- 1.1 The spread of COVID-19 from its epicentre in the Chinese city of Wuhan to Japan poses a great challenge to Japanese state and society. To Japanese Prime Minister Abe Shinzo, this pandemic may turn out to be a double whammy: disrupting Abenomics¹ and postponing the 2020 Tokyo Summer Olympics.
- 1.2 The Abe administration was already confronted by an economic slowdown due to the hiking of the consumption tax to 10% in October 2019. The COVID-19 pandemic, depending on its severity, may well tip Japan into an economic recession. Besides disrupting Japan's supply chain and Asian production network, the coronavirus crisis will place great pressure on the fragile Japanese economy and its engines of growth: consumption, investment, exports of goods and inbound tourism especially from China.
- 1.3 Due to the spectre of a deadly virus, sporting events, especially those involving a huge crowd, have been scaled back if not postponed in Japan. The Tokyo marathon took place amid empty streets. Iconic cherry blossoms viewing is likely to be cancelled. The Spring Grand Sumo Tournament will be held behind closed doors for the first time in history due to the pandemic.

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¹ Abenomics (named after Prime Minister Abe) is a bundle of three "arrows": doubling of the money supply, hike in public works spending (including for the Tokyo Summer Olympics) and "structural reforms". Japan has faced tepid growth especially after the hiking of the consumption tax.

See Jesper Koll, "COVID-19 crash-testing Abenomics", *Japan Times*, 5 March 2020. <<https://www.japantimes.co.jp/opinion/2020/03/05/commentary/japan-commentary/covid-19-crash-testing-abenomics/#.XmWvT-R7l9A>> (accessed 9 March 2020).

- 1.4 Japanese Olympic minister Hashimoto Seiko hinted that Tokyo 2020 Summer Games could be postponed till later in the year amid the coronavirus fears. Though Japan prefers to host it in July, the final decision is contingent on the severity of the pandemic.
- 1.5 Indeed, it would be a tragedy for the Games to be held in near empty stadiums. The 2020 Tokyo Olympics was meant to burnish Japanese “soft power” and showcase that “Japan is Back” after the bursting of its “bubble” economy in 1991 and subsequent economic doldrums. It was to be a crowning achievement for Abe because his administration successfully secured the Summer Games in Tokyo amid great global competition.
- 1.6 A successful Summer Games, a possible (though immensely difficult) deal with Russian President Vladimir Putin on the disputed Northern Territories issue and a successful Chinese President Xi Jinping’s state visit to Japan would have cemented Abe’s status as an elder statesman in his nation even after he steps down as prime minister. If this scenario pans out, Abe will retain immense influence within the ruling Liberal Democratic Party and continue to push for constitutional revision.

Casualties of COVID-19: Chinese Tourism in Japan and Xi Jinping’s State Visit

- 2.1 On 27 January 2020, Beijing imposed travel bans on Chinese tour groups to prevent COVID-19 proliferation to the world. This measure greatly impacted the tourism sector of the Japanese economy especially during the Lunar New Year holiday shopping spree in Japan. Indeed, Japan is a top tourist destination for Chinese tourists.
- 2.2 In 2019, Chinese tourists to Japan numbered 9.59 million and approximately 10% visited Japan during the Lunar New Year.² Chinese visitors comprised 30% of all tourists to Japan and approximately 40% of overall foreign visitors’ spending in

² “China travel ban expected to have huge impact on Japan’s economy”, *The Asahi Shimbun*, 27 January 2020, <<http://www.asahi.com/ajw/articles/AJ202001270048.html>> (accessed 27 January 2019).

2019.³ Simply put, the vitality of the Japanese tourist industry depends on Chinese tourism.

- 2.3 Initially, the Abe administration did not slap a blanket ban on all Chinese visitors but only restricted foreigners from Wuhan city and Hubei province. Presumably, Tokyo did not want to overreact and cripple its booming tourist industry, and to create a good atmosphere for Chinese President Xi Jinping's state visit to Japan in April 2020. However, given the pandemic's severity, Tokyo had no choice but to restrict all tourists from China in March 2020.
- 2.4 At the outset of the pandemic, Japan did not swing into crisis mode. Perhaps its initial complacency was due to the fact that much of the infection was confined to the *Diamond Princess* cruise ship—a floating “petri dish” anchored and quarantined off the coast of Japan. By early March 2020, a total of 696 cases were from the *Diamond Princess* while there were at least half a thousand cases in the Japanese mainland.⁴
- 2.5 Until the first week of March 2020, Chinese President Xi's state visit to Japan was anticipated to take place in April. Japanese Foreign Minister Motegi Toshimitsu told his Chinese counterpart Wang Yi that Tokyo fully backed Beijing's efforts to contain the epidemic. Motegi also expressed “great appreciation” for Chinese assistance in the successful evacuation of Wuhan returnees from Hubei on Japanese planes.⁵ Wang Yi reiterated China's desire for Xi's visit to proceed and bring their mutually beneficial strategic relationship to “new heights”.⁶

³ “Coronavirus: Japan tourist businesses hit by Chinese travel ban”, Reuters, 3 February 2020, <<https://www.straitstimes.com/asia/east-asia/coronavirus-japan-tourist-businesses-hit-by-chinese-travel-ban>> (accessed 3 February 2020).

⁴ Worldometer, COVID-19 Coronavirus Outbreak. <<https://www.worldometers.info/coronavirus/>> (accessed 9 March 2020).

⁵ “Japan and China ‘will continue preparations’ for Xi Jinping's state visit despite coronavirus”, *Kyodo News*, 16 February 2020, <<https://www.scmp.com/news/china/diplomacy/article/3050830/japan-and-china-will-continue-preparations-xi-jinpings-state>> (accessed 16 February 2020).

⁶ Ibid.

- 2.6 Seeking better diplomatic ties with Beijing appears to be Prime Minister Abe's strategy to maximise diplomatic space for Tokyo especially when China-US relations have become increasingly tense. Abe has also sought to reinforce Tokyo's ties with Washington. Indeed, Japan has more space to manoeuvre if it can improve relations with China (its most important trading partner and a rising power) while strengthening its alliance with the US superpower.⁷
- 2.7 Unfortunately, the escalation of the pandemic has left Tokyo and Beijing with no choice but to postpone Xi's state visit to autumn or later. Indeed, the two countries are hunkering down to deal with the COVID-19 problem at home. This delay is not likely to have any negative impact on bilateral relations as it is simply a black swan event.
- 2.8 Given the even-handed way Japan responded to the COVID-19 outbreak, Chinese ministry of foreign affairs official spokesperson Hua Chunying said that "the Japanese government and its people from all walks of life have expressed sympathy, understanding and support to us...[and she was] "deeply touched" [by the country's sympathy, understanding]" and thanked Japan for the support and concrete donations of masks, goggles and protective gear, noting that "I [she] believe many Chinese netizens have also noticed these heart-warming details".⁸ While evacuating its citizens from Hubei, Japan also used the same aircraft to deliver aid to China.
- 2.9 China also expressed its thanks and gratitude to Japan for symbolically illuminating the Tokyo Skytree tower superstructure in red and blue to pray for China and appreciated comments from the Japanese ministry of health, labour and welfare officials who articulated that "what is at fault here is the virus, definitely not people".⁹

⁷ Iokibe Makoto, "How should Japan conduct itself in era of US-China confrontation", *Mainichi Shimbun*, 24 February 2020, <<https://mainichi.jp/english/articles/20200221/p2a/00m/0na/033000c>> (accessed 16 March 2020).

⁸ Lee, Jeong-ho and Catherine Wong, "Coronavirus: China thanks Japan for 'heart-warming' support after lashing out at US", *South China Morning Post*, 4 February 2020, <<https://www.scmp.com/news/china/diplomacy/article/3048942/coronavirus-china-thanks-japan-heart-warming-support-after>> (accessed 4 February 2020).

⁹ Ibid.

- 2.10 At a security conference in Munich in mid-February 2020, Chinese Foreign Minister and State Counsellor Wang Yi expressed gratitude to Japan for providing emergency supplies including surgical masks and protective suits. Though Xi's state visit is postponed, the atmosphere of Sino-Japanese bilateral ties has become warmer due to their cooperation against a common foe, the COVID-19.

Abe Administration's Crisis Management: COVID-19 and the Japanese Economy

- 3.1 Even before the COVID-19 crisis, the Abe administration had put in place a US\$120 billion stimulus in December 2019 to boost the economy amid the China-US trade war.¹⁰ On 14 February 2020, Prime Minister Abe passed the 15.3 billion yen (US\$140 million) emergency measures to augment virus-testing and medical response capacity, doubled mask production to above 600 million monthly, provided credits for small and medium-sized enterprises (SMEs) affected by COVID-19 and made available 800 hospital beds.¹¹
- 3.2 The Japanese economy shrank 1.6% in the fourth quarter of 2019, the largest contraction since 2014. This figure is even more telling (6.3% contraction) when measured at an annualised rate.¹² The economy was already hurt by the China-US trade war, Japan-Korea trade tensions, consumption tax increase and Typhoon Hagibis damages. Now with the spread of COVID-19 domestically and globally, it appears to be a "perfect storm" for the Japanese economy.
- 3.3 Responding to the viral outbreak, on 23 February 2020, Prime Minister Abe formed a task force to address surges in infections. The task force was formed to deal with unverifiable infection paths in various regions of Japan and put in place a medical service framework to manage seriously infected individuals. Some Japanese

¹⁰ Disis, Jill, "Japan's economy is shrinking and a recession looks 'all but inevitable'", *CNN Business*, 17 February 2020, <<https://edition.cnn.com/2020/02/17/economy/japan-gdp-economy/index.html>> (accessed 17 February 2020).

¹¹ Regan, Helen, Adam Renton, Mike Hayes, Meg Wagner and Jack Guy, "February 13 coronavirus news", *CNN*, 14 February 2020, <<https://edition.cnn.com/asia/live-news/coronavirus-outbreak-02-13-20-intl-hnk/index.html>> (accessed 14 February 2020).

¹² Disis, Jill, "Japan's economy is shrinking and a recession looks 'all but inevitable'".

medical facilities and hospitals have started using anti-flu drug Avigan for virus carriers while finding a cure.¹³

- 3.4 More than 28% of Japanese are statistically old (65 years old and above), making it the oldest nation in the world. The elderly, especially those with preexisting ailments, are most vulnerable to COVID-19. It is not inconceivable that the numbers of infected and deaths may rise rapidly in Japan despite the due diligence of the Japanese national and local governments because of the high ratio of the aged in the Japanese demography.

Japan: Lacking Legislations for Quarantine and State of Emergency

- 4.1 Tokyo evacuated 560 Japanese citizens from Wuhan on state-organised flights. On 1 February 2020, Tokyo enacted an ordinance that permits the authorities to impose mandatory hospitalisation for COVID-19-infected individuals.
- 4.2 While the government took some flak for allowing Wuhan returnees to return to their homes, the criticisms were unfounded as the government was merely following the rule of law and procedure in this aspect. Given that Japan is a democracy that respects the rule of law, the government lacks the legal authority to compel Wuhan returnees to take further medical tests or prevent them from returning home.¹⁴
- 4.3 Notwithstanding the lack of a compelling law, Japanese societal pressure was so great that the few recalcitrant, who earlier disembarked from the *Diamond Princess* cruise ship and refused to be tested, had to yield to avoid being castigated by the community for being “selfish” and be ostracised.
- 4.4 Japan has at least three levels of government: national, prefecture and city/village. In line with the practice and norms of post-World War II, a single leader or national government cannot decide unilaterally on most matters, including public policy on

¹³ NHK, “Abe orders measures for possible surge in cases”, *NHK*, 23 February 2020, <https://www3.nhk.or.jp/nhkworld/en/news/20200223_29/> (accessed 23 February 2020).

¹⁴ Ryall, Julian, “Panic buying, mistrust and economic woes as Japan reels from coronavirus outbreak”, *South China Morning Post*, 11 February 2020, <<https://www.scmp.com/week-asia/health-environment/article/3050017/panic-buying-mistrust-and-economic-woes-japan-reels>> (accessed 11 February 2020).

epidemics. Indeed, the Japanese approach to COVID-19 comprises the cooperation of both national and local governments.

- 4.5 Local governments have the option to declare a local emergency if there is a local calamity. Hokkaido declared a state of emergency on 28 February 2020 when it became the largest cluster of COVID-19 virus in mainland Japan.
- 4.6 If the pandemic were to worsen, more governors and mayors may presumably take their initiative to declare a state of emergency. This contrasts with China's central-local relations where local government officials often have to look to Beijing central government for instructions.
- 4.7 While Hokkaido Governor Suzuki Naomichi intimated that he had no legal authority to declare a state of emergency for Hokkaido, he eventually did so.¹⁵ Indeed, his authority is only based on his political credibility and moral suasion, and rests on the consent of society in Hokkaido.
- 4.8 To address this legal shortcoming, Prime Minister Abe proposed a revised legislation which will legally empower the prime minister and governors to declare a state of emergency. He took the rare step of meeting and seeking help from top opposition leaders to approve the legislation.¹⁶
- 4.9 This proposed legislation is to address a worst-case scenario involving the new coronavirus outbreak. Besides legal compliance, emphasis was also placed on minimising disruptions to people's daily lives. Under this new set of legal procedures, municipal officials can construct non-permanent medical sites to tend and provide drugs to those who are ill.

¹⁵ See "Hokkaido declares 'state of emergency' over coronavirus", *The Asahi Shimbun*, 29 February 2020, <<http://www.asahi.com/ajw/articles/13175177>> (accessed 9 March 2020).

¹⁶ "Abe seeks help from opposition bloc for bill to fight coronavirus", *The Asahi Shimbun*, 4 March 2020, <<http://www.asahi.com/ajw/articles/13185466>> (accessed 9 March 2020).

COVID-19: Disrupting Japanese Supply Chain

- 5.1 Japanese automobile manufacturing and consumer products makers like Fast Retailing have been hurt by industrial suspensions and retailer shutdowns in Wuhan. The prolonged Lunar New Year closure of Chinese car manufacturing industries (and Japanese carmakers based in China) disrupted Japanese supply chains and operations of retailers.
- 5.2 Nissan Motor was compelled to stop part of the production in Japan in February 2020 due to the lack of spare parts. In that month, Nissan suspended automobile manufacturing in Fukuoka as a result of supply chain disruptions from China. Toyota Motors (TM) announced on 15 February 2020 that the company would reactivate shift duties at its Chinese factories, though not at full capacity operations.¹⁷
- 5.3 Reacting to disruptions to the supply chains, Tokyo set up a task force, New Coronavirus Countermeasures Automobile Council, to manage challenges faced by the car manufacturing industry, facilitate information sharing and formulate appropriate initiatives to improve the situation.
- 5.4 Since the early 21st century, Japan has adopted a China Plus One strategy of shifting some production to Vietnam and other Southeast Asian countries to hedge against political risks like anti-Japanese riots in China obstructing production and make plans for contingencies to manage the China-US trade tensions. Japanese companies are likely to keep track of the impact and trajectory of the viral outbreak on their supply chain closely and carefully before deciding on restructuring their supply chain in the Asian production network.
- 5.5 By the second week of February 2020, major cities in Japan ran out of masks but most Japanese people who are used to natural disasters such as earthquake, tsunami, typhoons and volcanic eruptions remained stoic. Nevertheless, there were sporadic panic buying of household items such as toilet paper due to COVID-19.

¹⁷ Disis, Jill, "Japan's economy is shrinking and a recession looks 'all but inevitable'".

- 5.6 Such panic was not unprecedented in contemporary Japan. In 1973, when some Arab oil exporting countries slapped an embargo on petroleum exports to Japan for its alleged support of Israel, it led to consumer panic. Japan ran out of toilet paper and detergents then.
- 5.7 In fact, panic buying is absolutely unnecessary since Japan is a major manufacturer of toilet paper for domestic consumption. Japanese officials urged the public not to panic and hoard household items. Just a mere 2.5% of 1.06 million tons of toilet paper sold by Japanese retailers were imported from China in 2019.¹⁸

Abe's School Closures to Mitigate COVID-19

- 6.1 Prime Minister Abe boldly and unilaterally declared the closure of all schools in the country from 2 March 2020 until the end of the students' spring holidays. Many local governments, journalists, educators and parents were shocked and taken aback as there were no prior consultations between Abe and educational and parental stake holders.
- 6.2 Culturally, what Abe did was quite controversial because consultation and consensus are the norm in Japanese society. Politically, Abe was exercising bold political leadership notwithstanding criticisms from the media, schools and parents as extraordinary times demand extraordinary measures.
- 6.3 Indeed, time was of essence in a life-threatening crisis. If the Abe administration had been tardy and did not prevent the spread of COVID-19 nationwide in March, more lives are likely to be lost especially in an ageing society where the old are the most vulnerable.
- 6.4 The pandemic is also jeopardising the Tokyo Summer Olympics in July. Questions such as whether the IOC (International Olympic Committee) would demand the postpone of the Games or international athletes and tourists would participate in the

¹⁸ Eguchi, Eisuke and Fumiko Kuribayashi, "No need to panic; there's plenty of toilet rolls, tissue paper for all", *The Asahi Shimbun*, 29 February 2020, <http://www.asahi.com/ajw/articles/13175434> (accessed 29 February 2020).

Tokyo Olympics if the virus continues to spread in July remain. Presumably, Abe was mindful of these scenarios when he called for the extraordinary closure of schools, among other measures, to prevent a community outbreak of the coronavirus to save lives and the Summer Games.

- 6.5 The Japanese ministry of health offers subsidies for firms to financially help parents tend to their kids in primary schools and special needs schools. The government provides eligible employees up to ¥8,330 (US\$81) daily and time off from work beginning from 27 February 2020 to 31 March 2020.¹⁹
- 6.6 The Abe administration passed the next round of emergency measures drawn from the 2020 ¥270 billion (US\$2.6 billion) contingency funds through the parliament on 13 March 2020 while making a ¥15.3 billion (US\$149 million) spending to prevent the economy from stalling in the wake of the COVID-19 outbreak.²⁰
- 6.7 The government also asked for the extension of after-school childcare hours to accept kids from single-parent and two-income households and to lower student density in classrooms in order to reduce infections from 10 March 2020. Approximately 4,600 rounds of COVID-19 testing are being made available daily by enlarging testing sites at private institutions, health-care facilities and universities, with all test costs covered by the government.²¹ Therefore, tests can be conducted outside hospitals as well as based on the doctors' advisory.
- 6.8 Conceivably, there are two major benefits apart from warmer Sino-Japanese relations (in the face of a common threat) or the successful hosting of the Tokyo Olympics in this outbreak. First is an updated legal framework to empower the Japanese prime minister and governors to speedily call for a state of national or local emergencies if the need arises in the future. Second is the lessons to be learnt from the oldest country in the world. If Japanese state and society could survive the COVID-19 pandemic, that may constitute a lesson to countries facing the prospects of a rapidly ageing society.

¹⁹ Sugiyama, Satoshi. "Abe to hasten legal preparations for declaring state of emergency over COVID-19", *Japan Times*, 2 March 2020, <<https://www.japantimes.co.jp/news/2020/03/02/national/abe-emergency-covid-19/#.XmCG03Izapo>> (accessed 2 March 2020).

²⁰ Ibid.

²¹ Ibid.

ANNEX A STATISTICAL SPREAD OF THE VIRUS IN JAPAN (AS AT 10 MARCH 2020)

Infections in Japan as of 10 March 2020

Infected in Japan	446 (52)
Returnees from China on government charter flights	11 (4)

Note: Numbers in parentheses indicate confirmed virus carriers who have not developed symptoms.
Source: Created by *Nippon.com* based on data from the Ministry of Health, Labour and Welfare.

Number of Infections Reported by Local Governments as of 10 March 2020

Prefecture	Infections
Hokkaidō	111
Aichi	99
Osaka	73
Tokyo	67
Kanagawa	44
Chiba	24
Hyōgo	24
Saitama	15
Wakayama	14
Kōchi	12
Kyoto	11
Niigata	6
Ishikawa	6
Kumamoto	5
Nara	3
Fukuoka	3
Okinawa	3
Tochigi	2
Yamanashi	2
Nagano	2
Gifu	2
Ehime	2
Akita	1
Miyagi	1
Gunma	1
Shizuoka	1
Mie	1
Shiga	1
Tokushima	1
Hiroshima	1
Yamaguchi	1
Ōita	1
Miyazaki	1

Note: Prefectures are listed based on the number of cases, with the most hard hit prefectures listed first.
Created by *Nippon.com* based on data from local governments.

Total Fatalities in Japan: 12

Hokkaidō 3, Kanagawa 3, Tokyo 2, Aichi 3, Wakayama 1

Cruise Ship Passenger Fatalities: 7