



COVID-19 State of Emergency in Many Parts of Japan and New Rescue Package for Companies

Insights

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The Japanese government declared a state of emergency on April 7, 2020 affecting Tokyo, Kanagawa, Saitama, Chiba, Osaka, Hyogo, and Fukuoka. The state of emergency goes into effect April 8 and lasts until May 6. The prefectural governments have the power to determine their own measures, which are expected to follow those taken by the Tokyo Metropolitan Government (summarized below).

Which businesses have been asked to close?

Many businesses are asked to shut down, but the scope is not as broad as what is seen in the U.S. and many European countries. Specifically, the following businesses are asked to close:

- Exercise facilities and playgrounds
- Theaters and live houses
- Exhibition facilities, museums, and libraries
- Recreational facilities such as nightclubs, dance halls, bars, internet cafes, karaoke venues, game centers, etc.
- Department stores and shopping malls (excluding vendors selling food and medicines in those facilities)
- Small stores with a floor area of 100 square meters or less will be requested to take measures to prevent infection.

Restaurants are not on the shut-down list, but they must take measures to prevent infection and shorten their hours.

Public schools will remain closed. Nursing and group homes may remain open but must take thorough preventative measures.

The Tokyo government has announced a list of essential businesses, which includes medical facilities, food stores, housing and accommodation facilities, transportation providers, financial institutions, public offices, and postal and delivery services. However, both the Japanese Prime Minister and the governor of Tokyo have made it clear that the country and the city are not under a lockdown.

Unless a business is on the shut-down list, it may remain open. As a matter of good practice, any businesses that remain open should allow as many employees to work remotely as possible and adopt appropriate on-site health and safety measures to prevent infection.

Economic assistance available for companies

In addition to the [payroll assistance discussed in our previous post](#), the Japanese government just announced a Sustainability Payment Program to pay cash to small to medium-sized companies (SMEs) that have lost revenue due to COVID-19. SMEs (defined as companies with an initial registered capital of under one billion JPY) may receive up to 2,000,000 JPY; sole proprietors and freelancers may receive up to 1,000,000 JPY with no strings attached.

To be eligible for the Sustainability Payment, companies and individuals must be able to show that they have lost at least 50% in revenue compared to the same month last year. The government is still hashing out the details, and the application has not begun. Once the Program is launched, applications may be submitted online. Funds are expected to become available to approved applicants by mid-May.

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