Executive Summary

Direction of Chinese Economic Reform and Main Proposals

Expectations for improving the predictability of the Chinese business environment for Japanese companies

In the Outline of the 13th Five-Year Plan (hereinafter referred to as the 13-5 Plan), it states that in order to achieve a full-scale completion of a moderately prosperous society, the government will deal with the firm establishment and thorough realization of 5 growth philosophies, namely, innovation development, harmonious development, green development, open development and development that can be enjoyed by all. To this end, it again highlights the promotion of structural adjustments through the reform and the policy that emphasizes the importance of the role of market in the 13-5 Plan.

In the Government Activity Report (hereinafter referred to as the Government Activity Report) reviewed in the 3rd meeting of the 13th National People's Congress (hereinafter referred to as NPC) which was held in May 2020, based on the achievement status of the 13-5 Plan, the priority activity missions in 2020 were established. At the top of the missions, "strive to stabilize companies and secure employment by enhancing the implementation of macro policies" was mentioned. In addition, focus would be placed on "the reforms will draw out the vitality of market players and strengthen new dynamics of development" and "promote a higher level of opening up to the international community and stabilize the base of trade and foreign capital".

Uncertainties in the business of Japanese companies are increasing due to the US-China trade friction, protectionist actions by each country and the Coronavirus Disease 2019 (COVID-19) pandemic. Under such circumstances, it is expected that a system that contributes to "improving the predictability" of the business environment in China will be developed and operated.

The Foreign Investment Law came into effect on January 1, 2020. Under this Law, the contents that Japanese companies etc. have proposed until now in the "Chinese Economy and Japanese companies White Paper" were included as the following: it is necessary to hear the opinions and proposals of foreign companies when establishing laws and regulations relating to foreign investment (Article 10); ensure fair participation of foreign-invested enterprises in government procurement activities (Article 16), etc. The Law will have a major impact on Japanese companies operating businesses with China, and we hope that the law will be implemented as specified in the provisions stipulated by the law so that the Chinese market can further open up. Also, in the NPC held in May 2020, China's first "Civil Code" was passed and established. We hope that the enactment of these laws will lead to further "improvement in predictability" for Japanese companies.

Japanese companies are hoping that the year 2020 will be an important year for deepening the reform that will lead to the development of a "Highly Transparent" business environment, in which "Non-Discriminatory Status is secured" while they are poised to actively contribute through various businesses as the Chinese government is planning to deepen reforms.

In the 13.5 plan and the 2020 Government Activity Report based on it, the Chinese government is in the direction to fully equip the modern market system, deepen the reform of the administrative management system, establish a new system of overall opening up, and deepen the reforms. On the other hand, the issues facing Japanese companies in the field of Chinese business are summarized as follows from the perspectives of opening up to the international community, application and procedures of administrative regulations and fair competition.

In deepening reforms, we are convinced that many of the constructive ideas are included in this White Paper, which has compiled proposals for analysis and resolution of the issues facing Japanese companies engaging in business in China for a long period of time. We would like to see that something in this White Paper is used as a reference for policy management in the future.

Executive Summary

Opening up to the international community

In the 13-5 Plan, it presented the full implementation of the market environment in which fair competition takes place, the realization of fair and transparent legal management, the opening up of the service industry and innovation. In July 2019, the "Foreign Investment Negative List (2019 version)" was promulgated, and restrictions and prohibitions on foreign investment were reduced from 48 to 40, and restrictions on foreign ownership in some industries were eased or abolished along with efforts that are underway to make China a more open market.

In addition, since January 1, 2020, the Foreign Investment Law and the Foreign Investment Law Implementation Regulations, which are the basic laws for foreign-affiliated companies, came into effect. It is expected that related laws and regulations will continue to be revised in the future. We continue to propose further abolition of regulation against the market entry for foreign investment and active efforts to further adoption of global standards.

- **Investment**: "Special Management Measures on the Entry of Foreign Investment (Negative List) (2019 edition)", which came into effect in July 2019, includes the phrase "management of products related to Internet culture (excluding music)". The expression "excluding music" was included; therefore, it is possible that foreign capital may handle online music products in theory. However, it is actually difficult due to the existence of the "Network Publishing Service Management Regulations (Ministry of Industry and Information Technology, former State Administration of Press, Publication, Radio, Film and Television)". We propose to the National Development and Reform Commission and the Ministry of Commerce, which manage the negative list, and the Ministry of Industry and Information Technology and other authorities, which manage the same regulations, that the "Network Publishing Service Management Regulations" should be revised in accordance with the "Special Management Measures on the Entry of Foreign Investment (Negative List)" so that foreign-affiliated companies can also provide online music services.

- **Information and communications**: Restrictions on the entry of foreign investment are still being set in value-added telecommunication services such as data centers and cloud services. We propose deregulation so that foreign-affiliated companies can utilize the know-how cultivated in their own countries to develop attractive ICT services in China.

- **Content**: The key point of the development of Chinese content industry is not the protection of domestic companies, but the development of domestic companies and human resources through sound competition. In addition, if there is a market need and restrictions are placed on the market entry of overseas genuine products, it will result in the spread of counterfeit and pirated content that has not passed the government's preliminary examination and censorship. Therefore, we propose that various regulations and entry barriers for foreign companies and import/production/distribution/sales of foreign contents should be removed.

- **Non-life insurance**: With the revision of the "Insurance Company Equity Management Law" in March 2018, the normalization of shareholders of insurance companies is emphasized and shareholder conditions and upper limit of investment ratio (upper limit of 1/3 of registered capital for each insurance company) have been tightened. On the other hand, the choice of partners (non-insurance companies in China) in foreign joint venture non-life insurance companies has become limited. In order to promote the opening and sound development of the Chinese insurance market, we propose that if foreign insurance companies meet certain conditions (shareholder governance, financial ability, joint venture purposes, etc.), the upper limit should be relaxed from 1/3 to approximately 1/2 regarding the investment ratio of partners in foreign non-life insurance companies.

- **Elderly people-related services/industries**: International standard ISO15621 for adult disposable diapers is used as a guideline of excretion care for care recipients (wearers) and caregivers (hospitals/nursing facilities). It covers everything from selection of disposable diapers to disposal, costs and environmental impact. In China, tape-fastening type and pants type are generally used alone. However, in ISO15621, in addition to these, the pad type is also used as an auxiliary pad, which has become an international standard. The combined use of auxiliary pads has the advantages of reducing waste, reducing the burden on caregivers and care recipients, and reducing economic costs, etc., compared to using the taped type or pants type alone. Hence, we propose standardization of pad combination method.

Application and procedures of administrative regulations

Executive Summary

It was highlighted that the administrative review and approval system reform will be deepened, and the scope of review and approval items will be reduced to the maximum possible extent by reducing interference to corporate management by the government as much as possible, and to realize open, transparent, highly effective, speedy and fair government service for everyone in the 13-5 Plan. In the Government Activity Report of the NPC held in May 2020, one of the priority efforts, “reforms will draw out the vitality of market players and strengthen new dynamics of development”, the emphasis was placed on deepening the reforms such as “simplification of administration and delegation of authority” “combining relaxation and management” and “optimizing services”. Simplifying and speeding up administrative procedures, abolishing permits, licenses and certifications except for the minimum necessary ones, and improving government services are what Japanese companies continue to demand in many fields in this White Paper, and we propose more proactive efforts in the future.

Also, in 2020, various measures were taken to prevent and control the COVID-19 pandemic, however, there are also issues related to it. We propose improvement so that these issues will not arise in the event of an emergency to the extent possible.

- **Investment**: There are some preventive and suppressive measures against the COVID-19 pandemic that are not clear when the measures will end after being promulgated. For example, with regard to measures to prohibit group dining in Beijing, etc., the precise time of removal of these restrictions is not clear and the response varies depending on the restaurants. We propose that the termination date of each measure be clarified. In addition, during the epidemic period of COVID-19, there are cases in which mutual inconsistencies in instructions issued at central government level, provincial governments, cities, townships/towns, etc. occurred and there are cases where Japanese companies have had difficulty responding. We propose to local governments at each level that they should avoid oral communication and guidance, publish notifications on the website and thoroughly notify them in official documents. We propose that lower-level administrative bodies should avoid conflicts between mutual notifications and instructions by clearly indicating relevant notifications of higher-level administrative bodies.

- **Air transportation**: Regarding the prevention of the spread of COVID-19, we fully understand that it is important for the government and the private sector to cooperate and take all possible measures to completely prevent the spread of the disease, and that private companies are responsible for complying with various notices. However, in the early stages of the pandemic, chat functions on SNS were mostly used for notifications from applicable authorities, and official document disclosure and standard guidelines were sometimes not explicitly stated. Even after the issuance of the notification, there are still cases where there is no grace period for the response. In addition, instructions may differ depending on the judgment of the person in charge of the site, or instructions that clearly go beyond the role of the company may be imposed. As a result, the burden on companies and employees working on-site, especially those dealing with the COVID-19 pandemic, was sometimes threatened in terms of safety. We propose that the notification be issued with sufficient time to act accordingly, the disclosure of information, the formal written notification, as well as the operational responsibility of the local authorities be clarified when issuing any notice.

Fair competition

In the 13-5 Plan, it was included that various regulations and methods that are obstacles to unified market and fair competition will be thoroughly organized and removed, and a review system that allows fair competition will be implemented. It also highlighted that market entry restrictions will be relaxed. In addition, in the Government Activity Report of the NPC held in May 2020, in one of the priority efforts, “reforms will draw out the vitality of market players and strengthen new dynamics of development”, “maintaining fair competition through fair supervision and management, and sustainable development of a marketed, legalized and internationalized business environment” was included. In this White Paper, various systems that are obstacles to fair competition will be reviewed in order to fully utilize market principles in line with this direction and we also propose development of highly transparent market economy rules and its proper operation.

- **Intellectual property rights**: Article 22 of the Foreign Investment Law states that the terms of a technical tie-up will be established by each investor after consultation in accordance with the fair principle. We propose that it be clarified that the guarantee period and scope of licensed technology under the Technology Export and Import Control Regulations can also be determined through consultation between the parties under the principle of fairness.

Executive Summary

- **Technical standards/certifications**: Regarding the Cyber Security Act in China, it is explained by the National Internet Information Public Affairs Office that the specific contents will be clarified by the law, bylaws, standards, etc. However, except for some items, there are many items not established or at the stage of solicitation of opinions. We hope for the establishment and application of a system to prevent foreign products from being treated discriminately by taking into account the opinions of related parties including foreign companies in the process of establishing these bylaws, standards, etc. Furthermore, in the application of each system such as cyber security class protection 2.0, we strongly propose improvements in systems and operations so that foreign-affiliated companies will not be discriminated against unfairly and that disclosure of proprietary information such as source codes will not be required, as in the case of regulations under the Crypto Law.

- **Government Procurement**: In 2019, China has enacted and promulgated “Foreign Investment Law”, “Notice on Promotion of Fair Competition in Government Procurement and Optimization of Business Environment”, “Business Environment Improvement Ordinance”, “Opinions of the State Council on Proper Utilization of Foreign Capital” and “Ordinance for Implementing Foreign Investment Law” and others that are related to foreign-invested enterprises. It is welcomed that almost all these laws and regulations provide for a guarantee that foreign-invested companies can participate in government procurement activities through fair competition. In the above-mentioned laws and regulations, the content referred to government procurement is somewhat basic, so we propose that clearer, related and detailed implementation bylaws be established and promulgated at an early stage, and that they are thoroughly enforced at the local government level.

  We propose that the existence of a list related to “secure and controllable” or “innovation on informatization and application” and the range of applicable products, the requirements, and standards should be clarified to ensure transparency and predictability of market entry. In particular, there are no clear provisions regarding the criteria and conditions for entry into the information security area, making entry by foreign-affiliated companies virtually impossible.

  We hope not to make it a condition to meet the requirements of information security with development and manufacturing by a Chinese company. It is unreasonable discrimination to exclude products with high security functions from government procurement by excluding the products of foreign companies only because they are not manufactured by Chinese companies, and it is inconsistent with the opening up policy of the Chinese government. Moreover, especially regarding information security issues, we understand that excluding foreign companies’ products and procuring products developed and manufactured by Chinese companies feels more emotionally safe. However, there is a risk that the Chinese government will narrow down its options and it can even create vulnerabilities when it comes to quickly and optimally defending against evolving hacking and other fraudulent means. In order to ensure the safety of information systems in China, we propose fair procurement of products from foreign-affiliated companies.

Main Items that showed improvement from the proposals of 2019 White Paper

The main items that showed improvement from the proposals of 2019 White Paper are as follows. In these items, we believe that improvements have been made along the direction of the proposals, and we appreciate the Chinese government for the efforts to improve the business environment. However, some of these still require some improvement. In addition, there are still many other areas where improvement is expected and we hope that improvement efforts will be continued.

1) Decrease in restrictions and prohibition clauses in foreign investment (2019 edition of White Paper, p34 “Investment” proposal ③)

   The “Foreign Investment Entry Negative List (2019 version)”, which came into effect in July 30, 2019, has its restrictions and prohibitions reduced from 48 items to 40 items compared to the Catalogue for the Guidance of Foreign Investment Industries in 2018, and certain easing measures have continued to progress. In the information and communications industry, as an exception to the regulation that foreign investment must be less than 50% of the value-added telecommunications business, in addition to e-commerce that had been available, multi-communications, data storage and transfer, and call center within China were added.

2) Relaxation of order restrictions for wholly foreign-owned construction companies (restrictions on orders for construction work by Chinese customers) (2019 White Paper, p35, “Investment” proposal ⑤ and p118, “Construction” proposal ①)

Executive Summary

State Council [2019] No. 23, "Opinions Regarding More Appropriate Use of Foreign Investment Business", Article 1 (4) clearly states, "Unify the scope of business contracted by domestic and foreign-affiliated construction companies". Furthermore, on January 17, 2020, the Ministry of Housing, Urban and Rural Construction issued a notice to abolish the "Foreign-Affiliated Construction Companies Management Regulations". As a result, restrictions on orders for wholly foreign-owned construction companies have been abolished. Also, regarding the acquisition of qualifications for building design, supervision, and boring by foreign-affiliated companies, the laws and regulations that stipulate conditions such as the ratio of foreign residents have been abolished by the notification promulgated by the Ministry of Housing, Urban and Rural Construction in 2018 and 2019, thus the condition difference between domestic and foreign-affiliated companies has disappeared. In this way, we highly appreciate the fact that the differences in conditions between domestic and foreign-affiliated companies have been eliminated and that the opening up to the domestic market is steadily progressing.

3) About establishment of bases throughout China after establishing joint venture life insurance company (2019 White Paper, p256, "Life Insurance" proposal ①)

The foreign joint venture life insurance companies were informed by the former China Insurance Regulatory Commission that it should not apply for the establishment of multiple branches at the same time. Even if they apply, it is said that they will not be examined and approved at the same time, and in the process of applying for the establishment of a new branch, there was not a clear provision that foreign-affiliated joint venture insurance companies will receive the same treatment as Chinese domestic companies. However, in the "Foreign Insurance Company Management Ordinance Implementation Regulations" (revised version) dated November 29, 2019, the establishment of a branch by foreign-affiliated insurance companies was applied in the same manner as a domestic company.

4) Relaxation of restrictions on entry of foreign investment in securities and asset management (2019 White Paper p268, "Securities" proposal ①)

In Boao Asia Forum (Hainan) in April 2018, President Xi Jinping expressed a new opening policy. Afterwards, the People's Bank of China Governor announced 12 items related to the opening up of the financial industry to the international community, and it was promised to implement it by spacing of deadlines. In 2019, the State Council Financial Stability and Development Committee announced measures consisting of 11 articles regarding the opening up of the financial industry to the international community on July 20, and the Securities Regulatory Commission of China announced 9 measures related to the opening of the securities industry to the international community on June 13. Furthermore, on January 16, 2020, both governments of the United States and China signed the first-stage economic and trade agreement, including the financial sector. As a result of the above-mentioned two measures and the US-China agreement, the securities industry and asset management industry (fund management company) changed their policy of eliminating the foreign investment ceiling in 2021, three years after 2018, and abolished it one year ahead of schedule in April 2020.

5) Lifting of the ban on outbound operations of Chinese citizens by wholly foreign-owned travel agencies (2019 White Paper, p274, "Travel" proposal ① and p288, "Beijing" proposal ③)

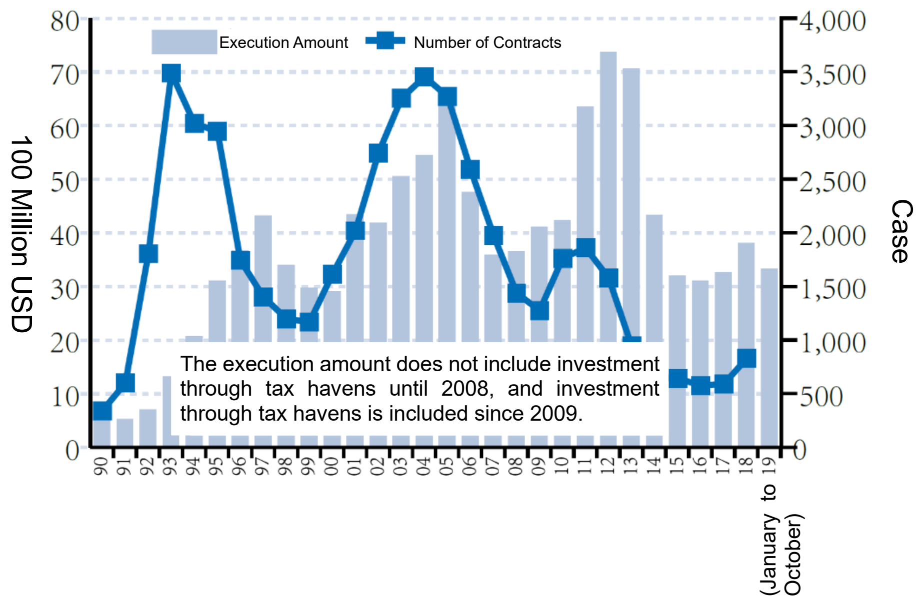
According to the "Approval of the State Council on Comprehensively Promoting the Pilot Work Plan for the Opening Up of Beijing's Service Industry" (Letter No.16 [2019] of State Council) promulgated by the State Council, the Beijing People's Government stated that there was an instruction to agree and implement the "Full Promotion of the Pilot Work Plan for the Opening Up of Beijing Service Industry" (a comprehensive testing program for expanding and opening the service industry, hereinafter referred to as "testing program"). This testing program includes the items for opening the outbound travel services (excluding Taiwan) to wholly foreign-owned travel agencies. We welcome the fact that the items proposed in this White Paper for many years have been reflected, and propose that the application process be proceeded promptly.

Japan in the Chinese Economy

Japan's execution amount of direct investment in China from January to October 2019 decreased by 2.9% year-on-year to $3.33 billion, a slight decrease from the previous year (Figure 1). In addition, execution amount of investment in China from around the world in 2019 was 138.14 billion USD, an increase of 2.4% from the previous year, and was a record high, as was the previous year.

Executive Summary

Figure 1:Japan's Investment in China



Note: Based on the data available at the time of writing, the investment amount for 2019 is from January to October.

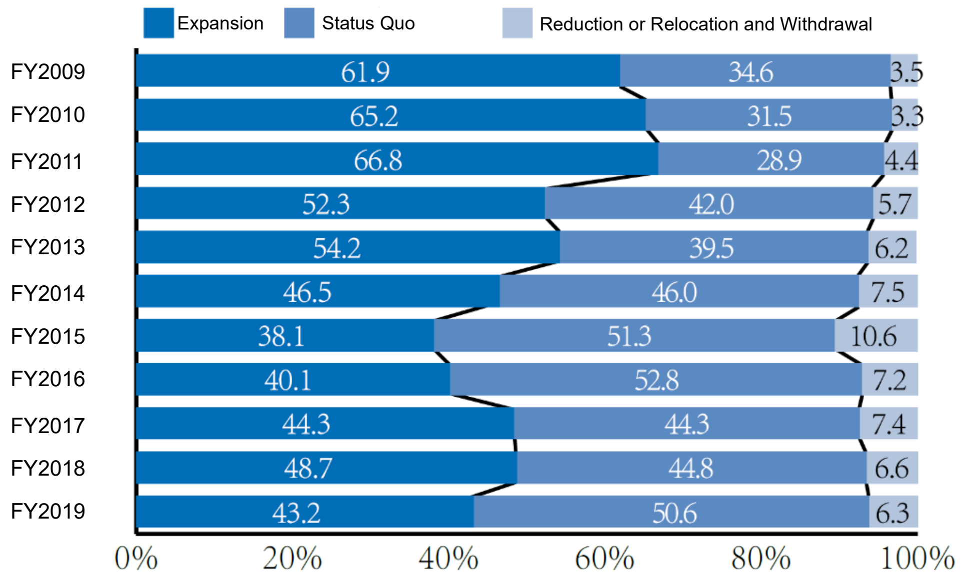
Source: Ministry of Commerce, CEIC

In a survey conducted by JETRO from August to September 2019 for Japanese companies entering China, the companies that responded "Expansion" regarding the direction of business development in the next 1 to 2 years was 43.2%, and the ratio of companies that answered "Status Quo" was 50.6% (Figure 2). The intention of business expansion in China was 38.1% in 2015. That was the first time since the survey started in 1998 that the index went below 40%; however, it expanded 2.0 points in FY2016 to 40.1%. Furthermore, in 2017, it recovered significantly to 48.3%, and in 2018 it continued to increase to 48.7%; however, in 2019 it turned around and decreased by 5.5 points from the previous year.

When companies that responded "Expansion" were asked what specific "function that will expand", which can be multiple answers, the top 2 answers were "sales function" (61.8%), and "production (high value-added products)" (38.2%). As sophistication of manufacturing and consumption progresses in China, it seems that Japanese companies are strengthening market development to provide superior products, technologies, expertise, etc.

Executive Summary

Figure 2: Direction of business development in the next 1 to 2 years



Source: JETRO “Survey on Japanese Companies in Asia and Oceania”

We also asked questions about management issues in the above-mentioned survey that allows multiple answers. According to the report, the most frequent issue raised was the “Rising Labor Cost” as in the previous year. However, the response rate fell 2.0 points from the previous year to 73.7%. In addition, “Rise of Competitors (Competing with Costs)” (50.0%), “Rising Procurement Cost” (47.5%), “Stricter Environmental Regulation” (43.5%), etc. have become problems (Table).

Table: Management Issues (Top 10 items in all areas in China, multiple answers)

	Answer Item	2019 Survey (%)	2018 Survey (%)	Change (point)
1	Rising Labor Cost	73.7	75.7	△ 2.0
2	Rise of Competitors (Competing with Costs)	50.0	51.7	△ 1.7
3	Rising Procurement Cost (Manufacturing Only)	47.5	53.5	△ 6.0
4	Employee Quality	44.0	42.0	2.0
5	Stricter Environmental Regulation (Manufacturing Only)	43.5	45.8	△ 2.3
6	Difficulty in Quality Control (Manufacturing Only)	42.4	48.0	△ 5.6
7	Cost Reduction Approaching the Limit (Manufacturing Only)	42.1	43.0	△ 0.9
8	Development of New Customers Is Not Progressing	41.4	43.4	△ 2.0
9	Stagnation in Major Sales Markets (Sluggish Consumption)	40.2	21.9	18.3
10	Requests for Price Reduction from Major Customers	39.8	38.3	1.5

Source: JETRO “Survey on Japanese Companies in Asia and Oceania”

Executive Summary

Japanese companies have played a very important role in the past as China has expanded its economic scale while improving growth quality and efficiency. Regarding trade, Japan was the third largest exporter in China in 2019 by countries and regions, and the amount was 143.2 billion USD. For imports, it is the third largest with 171.5 billion USD, thus Japan is an important trading partner for China.

According to statistics from the Chinese side regarding investment, the number of Japanese companies operating in China is 23,094 (as of the end of 2012, China Trade and External Economic Statistical Yearbook 2013: Note), which is the top by country (according to the Ministry of Foreign Affairs of Japan, “Number of Overseas Japanese Population Survey Statistics First Year of Reiwa Edition: As of October 1, 2018”, the “number of bases” of Japanese companies in China is 33,050). It is said that direct and indirect combined employment of more than 10 million people and the contribution in the job creation aspect is significant.

In addition, many of Japanese companies have excellent technologies, expertise etc., contributing to improving the technical capabilities and management efficiency of Chinese enterprises and strengthening competitiveness in both order receiving and ordering. Moreover, in supply chains of some industries, there are also high presence of Japanese companies in the supply of key parts such as high-tech products and special raw materials in which it is difficult to find an alternative.

Japanese companies are striving to develop with China in the future as the economy becomes globalized and supply chains become complicatedly intertwined.

According to a questionnaire survey conducted by JETRO on Japanese companies operating in China in August and September 2019, “transfer of production area (including completed and planned)” as “measures to respond to changes in the trading environment”, 9.2% of Japanese companies in China who responded “Yes” to the above measure, and 9.9% of the companies that responded that “changes in procurement sources (including completed and planned)”, both of which stayed less than 10%. On the other hand, Japanese companies’ intention to expand their business in China shrank 5.5 points from the previous year (maintaining status quo expanded) due to the slowdown of the Chinese domestic consumer market and uncertainty about the future due to US-China friction.

From the above questionnaire results, it can be seen that the uncertainty of Japanese companies in making important business decisions is increasing due to the effects of US-China trade friction and the COVID-19 pandemic. Japanese companies hope to further expand their business in China and contribute to the development of China’s economy and society in the future, and for this reason, it is expected that the business environment in China will be improved and the predictability will increase.

The COVID-19 Pandemic and Japanese Companies

In 2020, the COVID-19 pandemic also had a major impact on Japanese companies in China. The Beijing Office of the Japan-China Economic Association and the Japanese Chamber of Commerce and Industry in China conducted a total of 10 questionnaire surveys since the end of January. The 10th questionnaire (conducted on May 11-12) showed that many companies resumed operating. However, it has become apparent that the issue is how to raise the utilization rate.

According to the “2nd Questionnaire on the Impact of the COVID-19 pandemic (South China Regional Version)” jointly conducted by the Consulate-General of Japan in Guangzhou and JETRO Guangzhou Office, during the survey period (April 2-10), 98.0% of the 361 respondent companies have resumed operations and production. When it comes to evaluation of governments’ supporting measures for companies, 46.7% in provincial and autonomous regions and 48.5% below the city level responded that they “highly appreciate” and “appreciate”. On the other hand, those who answered “don't know yet” are 40%. As for the supporting measures used, the answers such as “reduction of social insurance premiums” and “tax exemptions” came on top, while “has not used any measures” was the third at the provincial level and the 4th at the sub-city level. There are many companies that have not made full use of the supporting measures. The most common reason for “has not used any measures” was “it is unclear what kind of support measures are available”.

Executive Summary

According to the results of the questionnaire conducted by the panel meeting of Japanese Commerce and Industry Club in East China Region from June 28 to July 2 to the panel member companies (No. of questionnaire respondent companies: 942 companies), more than half of the respondents forecast a 10% or more reduction for revenue in 2020, of which about 30% are expected to be negatively impacted by over 21%. About 80% of the companies are expected the business to return to normal after 2021. More than 70% of companies said they would appreciate the Chinese government's response to the COVID-19 pandemic. At the same time, there were voices calling for the early normalization of travel between Japan and China and the response to the expiration of visa and residence permits.

The Japanese Chamber of Commerce and Industry in China solicited opinions on "issues and proposals regarding the COVID-19 pandemic" centered on member companies, and submitted "Opinions of Japanese companies regarding active measures against the COVID-19 pandemic and early recovery of normal production and operation of companies" to the governmental organizations, etc. jointly with Japan External Trade Organization Beijing Office and Japan-China Economic Association Beijing Office. In the Opinions, regarding the necessity of classifying the management of the movement restrictions across provinces or cities instead of uniformed isolation, improvement of the issues related to applications for resuming operations, and the discrepancy between notifications from the central and provincial governments and the actual operation conditions at the site, we proposed thorough disclosure on the website and notifications in official documents, and discrepancy between notifications and instructions should be avoided. Besides, we also raised issues such as visa and residence permit expiration during temporary return to Japan.

In addition, regarding travel between Japan and China of personnel from Japanese companies, etc., we proposed the followings to authorities in July: (1) extensive and quick issuance of visas; (2) issuing visas to not only business-related personnel but also Japanese school teachers, and (3) early recovery and increase or routes for passenger flights between Japan and China, including resumption of direct flights to Beijing.