

Japan was spooked by the closure of factories in China as a result of the new crown outbreak, and Abe's government allocated \$2 billion to help companies move production back home. The policy is part of a massive economic stimulus plan to deal with the outbreak, and some officials even think it is related to national security. "We have become dependent on China," said Yasuhiro Nishimura, Japan's minister of economic regeneration, last week. "We need to make our supply chain more robust and diversified, expand our sources of supply and increase domestic production."

It is wise to produce masks in Japan, where the demand for them is soaring. But Iris Ohyama, which only produced masks in China before this month, is the only large Japanese company known to use government subsidies.

Many other Japanese companies say it is unrealistic and uneconomical to move output back home. The reason why they need to actually set up factories in China is that most of the products they manufacture are ultimately aimed at Chinese consumers, so that they can meet the requirements of "just in time", that is, to shorten the delivery time and achieve effective production.