

## **Highlights of the FY2021 Draft Budget**

# The FY2021 Budget Framework

## 【Expenditure and Revenue】

(Unit: billion yen)

	FY2020 budget (initial)	FY2021 budget	FY2020 → FY2021	Notes
(Expenditure)				
General Expenditure	61,718.4	66,902.0	5,183.7	- Real growth from the previous year base based on medical cost trends is +0.35 trillion yen.
Social Security Expenditure	35,891.4	35,842.1	150.7	
Non-Social Security Expenditure	28,028.9	28,059.9	33.0	
Contingency Fund for the COVID-19	-	5,000.0	5,000.0	
Local Allocation Tax Grants, etc.	15,809.3	15,948.9	139.6	
National Debt Services	23,351.5	23,758.8	407.2	
o/w Redemption of the National Debt (Excluding Subsidy Bonds)	14,539.4	14,731.7	192.3	
o/w Interest Payments	8,390.4	8,503.6	113.2	
Subtotal	100,879.1	106,609.7	5,730.6	
Temporary and Special Measures	1,778.8	-	-1,778.8	
Total	102,658.0	106,609.7	3,951.7	
(Revenue)				- Bond Dependency Ratio: 40.9%
Tax Revenue	63,513.0	57,448.0	-6,065.0	- Construction Bond Issuance FY2020: 7,110 bn yen → FY2021: 6,341 bn yen
Other Revenue	6,588.8	5,564.7	-1,024.1	
Government Bond Issuance (Difference between Expenditure and Tax Revenue, etc.)	32,556.2	43,597.0	11,040.8	- Special Deficit-Financing Bond Issuance FY2020: 25,448.2 bn yen → FY2021: 37,258.0 bn yen
Amount Equivalent to Redemption of the National Debt (Excluding Subsidy Bonds)	14,539.4	14,731.7	192.3	- Fiscal Balance Deficit (total amount equivalent to interest payments and deficit from policy expenditure) is 28.9 trillion yen.
Amount Equivalent to Interest Payments	8,390.4	8,503.6	113.2	
Amount Equivalent to Deficit from Policy Expenditure (Primary Deficit)	9,826.4	20,361.7	10,735.3	
Total	102,658.0	106,609.7	3,951.7	

(Note 1) "Social Security Expenditure" and "Non-Social Security Expenditure" in the FY2020 budget are reclassified for a comparison with the FY2021 budget.

(Note 2) Figures may not add up to the totals due to rounding.

(Note 3) "Tax Revenue" includes stamp revenues.

(Note 4) The classification of "Government Bond Issuance" is made from the perspective of the primary balance and fiscal balance, and the term "Amount Equivalent to" is used because the revenue of government bond issuance will not be immediately appropriated to the redemption of the national debt and interest payments.

(Note 5) The current Special Deficit-Financing Bond Law, which will be expired at the end of FY2020, stipulates a five-year basis for issuing special deficit-financing bonds. Therefore, the government is considering submitting a bill to establish a basis for issuing special deficit-financing bonds for another five years.

## 【Government Bond Outstanding, etc.】

(Unit: trillion yen)

	Estimate at the end of FY2020 (FY2020 initial budget)	Estimate at the end of FY2021 (FY2021 budget)	FY2020 → FY2021	Notes
Government Bond Outstandings	906.0	990.3	84.3	- Fiscal Balance Deficit about 28.9tn yen
Nominal GDP	570.2	559.5	-10.7	Additional Debt in the FY2020 Supplementary Budget about 80.0tn yen
Government Bond Outstanding / GDP ratio	158.9%	177.0%	18.1%	Decrease in Advance Refunding Bonds about -23.0tn yen
(Reference) Planned Government Bond Issuance	141.5	191.0	49.5	<u>Reflection of actual issuance results, etc.</u> about -1.5tn yen
o/w Amount in General Account	32.8	43.6	11.0	Total about 84.3tn yen
o/w Amount in Special Account for the Government Debt Consolidation Fund	108.0	147.2	39.2	

(Note) Nominal GDP is the annual figure based on the government's economic forecast for the relevant fiscal year.

# Highlights of the FY2021 Budget

Together with the third supplementary budget, the budget will take;

- all possible measures to contain the spread of the infection
- measures for medium- and long-term issues (digital and green society, vibrant local communities, all-generation social security system including measures to prevent birthrate decline, etc.).

## Containment measures for COVID-19

- In order to prepare for unexpected changes in the situation, 5 trillion yen are secured for the contingency fund for the COVID-19 in the FY2020 budget, and **another 5 trillion yen of the fund** will be set aside in the FY2021 budget.
- In the 3rd supplementary budget, measures will be taken to **secure hospital beds and accommodations**, and to **develop the COVID-19 vaccination system and inoculations**. In addition, the following measures will be taken to prevent the spread of the infection.
  - Development of an infectious crisis management system and public health center system
  - Temporary measures for medical fees to combat infectious diseases
  - Enhancement of domestic production capacity of medical equipment, etc.

## Realizing Digital and Green Society

- In September 2021, **the Digital Agency** with strong overall coordination functions **will be established**. About 500 highly-specialized personnel will be gathered from both of the public and private sectors. 300 billion yen has been set aside through **consolidating information system budgets** to centrally manage the government's entire information system. In addition, **the acquisition of "My Number Card"** by providing system supports to municipalities will be promoted. The integration of driver's licenses and My Number Card will be promoted.
- In order to realize green society, **low-interest loan system linked to outcome for companies that ambitiously reduce CO<sub>2</sub> emissions will be established** (1 trillion yen in loans over the next three years) and the attraction support of ESG investments will be implemented. R&D and introduction of renewable energy and energy saving will be supported. Through the 3rd supplementary budget, **the development of innovative technologies** for carbon neutrality will also be supported.

## Creating Vibrant Local Communities (see next page)

Construction of all-generation social security system including measures to prevent birthrate decline (see next page)

## Continue Efforts for Expenditure Reforms

- The government **continues to implement the expenditure reforms** set forth in the "Basic Policy on Economic and Fiscal Management and Reform" and **achieved the benchmark**. The quality of the budget was also improved.
  - Social security expenditure: about +¥150.7bn (Real growth from the previous year's base based on medical cost trends is about +350 billion yen)
  - Non-social security expenditure: about +¥33bn (Continue efforts of expenditure reforms thus far)

# Characteristics of Each Expenditure (1)

## 【Social Security】

- ✓ Continuing to promote measures for the COVID-19. Implementing expenditure reforms based on the “Basic Policy on Economic and Fiscal Management and Reform” while reflecting current trends in medical expenses. While securing the necessary expenses for **the revision of nursing care fee** (+0.70%, ¥19.6bn) and **disabled welfare services fee** (+0.56%, ¥8.6bn) for the improvement of the treatment of employees, the burden on the public was reduced (-¥100.1bn) by reflecting the decline in actual prices through **realization of annual drug price revisions**, and **the policy to reduce the real growth of social security-related expenses within the increase due to the aging of the population has been achieved**.
- ✓ Together with system reforms such as the review of the payment ratio of latter-stage elderly healthcare, promoting measures to increase the birthrate in order to realize the hopes of the child-rearing generation, etc. (e.g. **improvement of child-care services** based on the "New Child-rearing Security Plan"(¥60.2bn), and support for infertility examinations and infertility associated with cancer treatment (¥2.3bn), etc.). In the 3rd supplementary budget, **subsidies for infertility treatment** will be greatly expanded.

## 【Education and Science】

- ✓ From the perspective of “**Digitization of Education**”, measures such as the spread of digital textbooks (¥2.2bn) and nationwide deployment of online learning systems (¥700mn) will be promoted. **A class with 35 students or less in elementary schools** will be realized within five years from FY2021.
- ✓ Supporting young researchers who will conduct future academic research, through **establishing the University Fellowship Program** (¥2.3bn), which will support universities that improve the treatment of doctoral students and secure their career paths in an integrated manner.

## 【Creating Vibrant Local Communities】

- ✓ Expanding the flow of people and jobs to regional areas through **the expansion of migration support projects** under the "Grants for the Promotion of Regional Development (¥100bn)" which supports independent and leading efforts for regional revitalization and through the "Telework Promotion Project for Regional Development (¥120mn)" which **supports matching between companies and local governments**.
- ✓ Accelerating **the creation of high-value-added content** that takes advantage of local nature and culture and **the improvement of services at hotels** by utilizing the international tourist tax revenue (¥30bn) to achieve the “¥15tn Goal of Inbound Consumption by 2030”. Promoting “**Tourism DX**” such as the use of facial recognition for payment, and workcations.
- ✓ The amount of local allocation tax grants for local governments is ¥17.4tn (+¥0.9tn). While both national and local tax revenues are expected to decrease, **the total amount of general revenue sources will be secured appropriately**.

# Characteristics of Each Expenditure (2)

## 【Public Works】

- ✓ **Securing public work projects stably** (¥6,069.5bn). In these projects, the prevention and mitigation of disaster risk and national resilience will be promoted, such as flood control measures for the entire basin and measures against aging using new technologies.
- ✓ Further equalizing the construction period of public work projects by expanding the use of multi-year debt obligations (two-year and zero). In principle, 3D digitization of designs for large-scale civil engineering works under the direct control will be implemented to **promote improvement of productivity in the construction industry**.

## 【Agriculture, Forestry and Fisheries】

- ✓ In order to **achieve the ¥5tn target in exports of agriculture, forestry, fishery, and food products**, the development of production areas, the elimination of export barriers, and the development of overseas sales channels for priority export items will be promoted in an integrated manner based on the "Strategy for Expanding Exports of Agriculture, Forestry, Fishery, and Food Products".
- ✓ Promoting **digital transformation in agriculture, forestry, and fisheries administration**, including the digitization of administrative procedures such as subsidy applications and the integration of local information on farmland. In addition, to realize a green society, **the appropriate management of forest resources** which serve as sinks for greenhouse gases, and **the expansion of the use of wood products** will be promoted.

## 【Reconstruction】

- ✓ FY2021 is the first year of the "Second Recovery and Creation Period". **Supporting for disaster victims such as psychological care** in the areas affected by the earthquake and tsunami. In the areas affected by the nuclear disaster, in addition to the development of interim storage facilities, initiatives for full-scale reconstruction and revitalization such as **the promotion of return and migration** will be promoted. Responding to the needs of the affected areas according to the stage of reconstruction.

## 【Diplomacy and National Defense】

- ✓ **Expanding ODA in the health sector** to achieve international containment of the COVID-19. Strengthening the diplomatic and consular system, including **the promotion of digitalization** for electronic passport applications.
- ✓ Securing 1.1% increase in medium-term national defense expenditures based on the **“Medium-Term Defense Force Improvement Plan”**. The establishment of a system that enables cross-domain operations, including **strengthening capabilities in new areas** such as space, cyber, and electromagnetic waves will be promoted.

# The FY2021 Budget: Major Expenditure Items

(unit: billion yen)

	FY2020 Budget (Initial)	FY2021 Budget	Amount of change	Ratio of change	Note
<b>General Expenditure</b>	61,718.4	66,902.0	+5,183.7	+8.4%	
Social Security	35,691.4	35,842.1	+150.7	+0.4%	
Education and Science	5,391.2	5,396.9	+5.7	+0.1%	
of which Science	1,356.5	1,367.3	+10.8	+0.8%	
Former Military Personnel Pensions	175.0	145.1	-29.9	-17.1%	
National Defense	5,262.5	5,323.5	+61.0	+1.2%	Expenses on medium-term defense capability: +1.1% (including miscellaneous expenses.)
Public Works	6,066.9	6,069.5	+2.6	+0.0%	
Economic Assistance	511.6	510.8	-0.8	-0.2%	Support Program for Overseas Study Due to Infectious Disease -¥0.6bn, etc.
cf) Official Development Assistance	561.0	568.0	+6.9	+1.2%	Overall ODA budget in general account have increased for consecutive six years.
Measures for SMEs	172.3	174.5	+2.2	+1.3%	
Energy	900.8	889.1	-11.6	-1.3%	Decrease in transferred budget due to increase in surplus of energy special account: -¥11.6bn, etc.
Food Supply	1,286.2	1,277.3	-9.0	-0.7%	Statistical system maintenance cost, etc.: -¥2.1bn, etc.
Miscellaneous	5,760.5	5,773.2	+12.7	+0.2%	
Contingency reserve	500.0	500.0	-	-	
Contingency Funds for the COVID-19	-	5,000.0	+5,000.0	+100.0%	
<b>National Debt Service</b>	23,351.5	23,758.8	+407.2	+1.7%	Increase in fixed-rate transfers and interest payment expenses due to increase in outstanding bonds, etc.
<b>Local Allocation Tax Grants, etc.</b>	15,809.3	15,948.9	+139.6	+0.9%	Securing the same level of total general funds as the previous fiscal year.
<b>Total</b>	100,879.1	106,609.7	+5,730.6	+5.7%	

(Note1) The FY2020 budget does not include the figures of temporary and special measures. In addition, the FY2020 budget is reclassified for a comparison with the FY2021 budget.

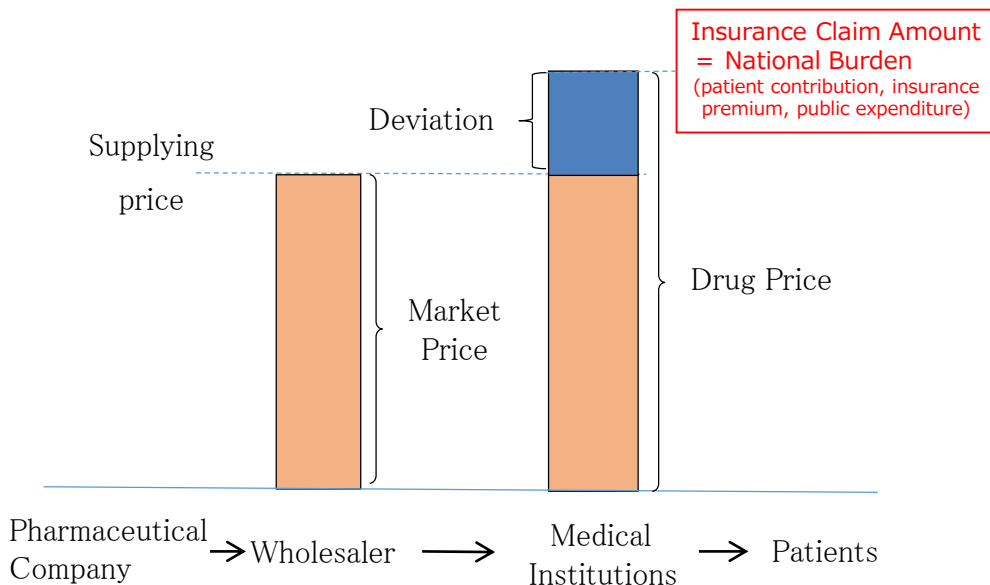
(Note2) Figures may not add up to the total due to rounding.

(Note3) General Expenditure is defined as General Account Total Expenditure minus National Debt Service and Local Allocation Tax Grants, etc.

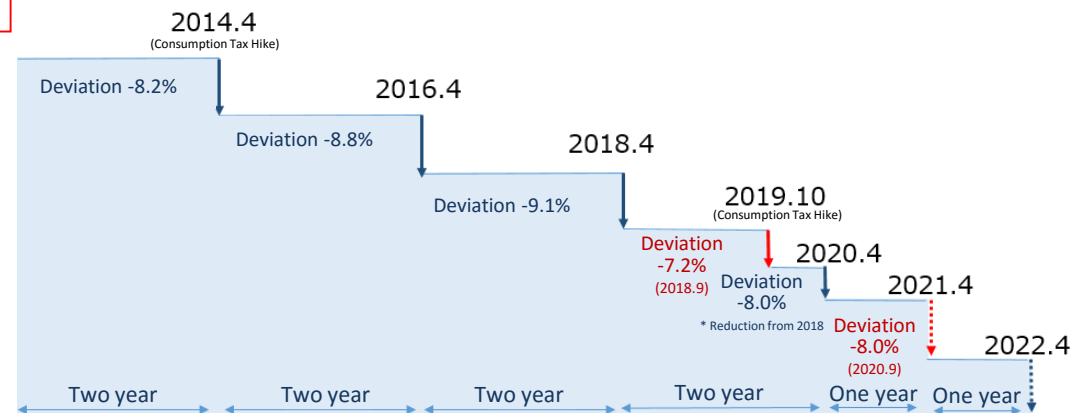
# Realization of the Annual Drug Price Revisions

- ✓ Even though the transaction price of pharmaceuticals (prevailing market price) declines, the burden on patients, insurance premiums, and public expenditure will remain high, if the reimbursement price from insurance is kept unchanged to a certain extent,.
- ✓ Therefore, the government decided to revise drug prices (which have been revised every two years thus far) every year from the FY2021, so that market prices will be appropriately reflected in drug prices.
- ✓ As for the first annual price revisions, the FY2021 revision will cover items with a deviation rate of more than 5%.
- ✓ In addition, taking into account the fact that as a result of the impact of the COVID-19 the average deviation rate of 8.0% in the drug price survey 2020 was 0.8% higher than that of the survey 2018 which was similarly conducted six months after the revision, the drug price reduction will be eased by 0.8% as a "Special Exception for the COVID-19".
- ✓ Through these measures, the drug costs will be reduced by -431.5 billion yen (-100.1 billion yen in national costs) [about 70% of items], leading to a reduction of the burden on the public.

## ◆ Relationship between drug prices and each business entity



## ◆ Results of drug price survey



# “Improvement of the Quality” of the Budget

## Breaking Down the Vertically Segmented Administration and Interagency Cooperation

- ✓ **Watershed Flood Control Measures** (by utilizing the MILT's disaster prevention and safety grant (¥854bn) as well as related projects of the MAFF, the MEXT, and the MHLW, etc.)
  - Promoting Watershed Flood Control Projects (comprehensive flood control measures including land use and urban development) conducted jointly by river administrators, prefectures, municipalities, and other related actors. Projects under the direct control of the national government as well as grants and subsidies for local governments and private companies will preferentially be allocated to **programs that promote functional coordination** of facilities (such as levees, sewerage systems, agricultural water utilization facilities, rice paddies, school facilities, welfare facilities, and state-owned lands, etc.).
- ✓ **Construction of a stable and efficient supply/utilization system for woody biomass fuel, etc.** (the METI and the MAFF: ¥1.25bn)
  - The METI and the MAFF have established a study group to identify issues related to woody biomass power generation. **The two ministries will work together to establish a demonstration project** for the establishment of a stable and efficient system for the production and transportation of biomass fuels.

## Efficiency and Rationalization of Defense Force Development

- ✓ Achieving efficiency and rationalization effects of -416.8 billion yen through measures such as suspending operations of unimportant equipment, utilizing long-term contracts, and **optimizing procurement by examining costs** across the entire range of defense equipment.

## Suppressing the Increase in Infrastructure Maintenance and Renewal Costs Per Capita

- ✓ With regard to subsidies and grants to local governments for measures to deal with aging infrastructure, new requirements to present specific policies to **reduce costs of the consolidation and removal of facilities, etc.** will be established, and priority will be given to projects with **high cost reduction through the use of new technologies, etc.** Through these measures, government expenses are focused on projects with high policy effectiveness.
  - \* These measures cover various subsidies (Road: ¥222.3bn, River: ¥1.5bn, Port: ¥1.2bn) as well as disaster prevention and safety subsidies.

## Focused Support for SMEs

- ✓ In order to focus support on small and medium-sized enterprises (SMEs), SMEs which are subsidiaries of large enterprises or whose taxable income is above a certain level are excluded from subsidies or applied subsidy rates for large enterprises.

## Improving the Efficiency of Applications and Screening by Revamping the Scholarship Operation System, etc.

- ✓ With regard to grants for the Japan Student Services Organization (JASSO), the application process was simplified and the screening process will be accelerated by revamping the scholarship operation system. In addition, the costs of system maintenance and screening are also reduced (¥2.8bn over the 10 years from FY2021).



(Reference)

## < Economic Indicators >

	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Actual)	FY2015 (Actual)	FY2016 (Actual)	FY2017 (Actual)	FY2018 (Actual)	FY2019 (Actual)	FY2020 (Estimated)	FY2021 (Projected)
Nominal GDP growth	-0.1%	2.7%	2.1% (0.7%)	3.3%	0.8%	2.0%	0.2%	0.5% (0.1%)	-4.2% (-4.6%)	4.4%
Nominal GDP (tn yen)	499.4	512.7	523.4	540.7	544.8	555.7	556.8	559.7	536.1	559.5
Real GDP growth	0.6%	2.7%	-0.4%	1.7%	0.8%	1.8%	0.3%	-0.3%	-5.2%	4.0%
Consumer Price Index	-0.3%	0.9%	2.9% (0.9%)	0.2%	-0.1%	0.7%	0.7%	0.5% (0.3%)	-0.6% (-0.4%)	0.4% (0.2%)
Unemployment rate	4.3%	3.9%	3.5%	3.3%	3.0%	2.7%	2.4%	2.3%	3.1%	2.7%

(Note1) Figures are shown on a 2008 SNA basis.

(Note2) FY2020 and FY2021: based on “FY2021 Economic Outlook and Basic Stance for Economic and Fiscal Management” (Approved by the Cabinet on December 18, 2020).

(Note3) Figures in parentheses in FY2014, FY2019 and FY2020 for nominal GDP growth and consumer price index mechanically exclude the impact of the consumption tax rate hikes. Figures in parentheses in FY2021 for consumer price index mechanically exclude the impact of the Go To Campaign project.

## < Fiscal indicators: Central Government's General Account >

(unit: trillion yen, unless otherwise stated)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 (Draft)
General expenditure	51.2	54.0	56.5	57.4	57.8	58.4	58.9	62.0	63.5	66.9
Tax revenue (Note3)	42.3	43.1	50.0 (4.5)	54.5 (6.2)	57.6 (6.3)	57.7 (6.3)	59.1 (6.4)	62.5 (7.9)	63.5 (10.2)	57.4 (9.5)
Government bond issuance	44.2	42.9	41.3	36.9	34.4	34.4	33.7	32.7	32.6	43.6
Primary balance	25.3	23.6	18.3	13.7	11.1	11.2	10.7	9.5	9.6	20.4
Bond dependency ratio	47.6%	46.3%	43.0%	38.3%	35.6%	35.3%	34.5%	32.2%	31.7%	40.9%

(Note1) Figures are based on the initial budgets. Bond dependency ratio is calculated by dividing government bond issuance by the total amount of general account expenditure.

(Note2) General expenditure is the total amount of general account expenditures, excluding government bond expenditures and local allocation tax grants, etc.

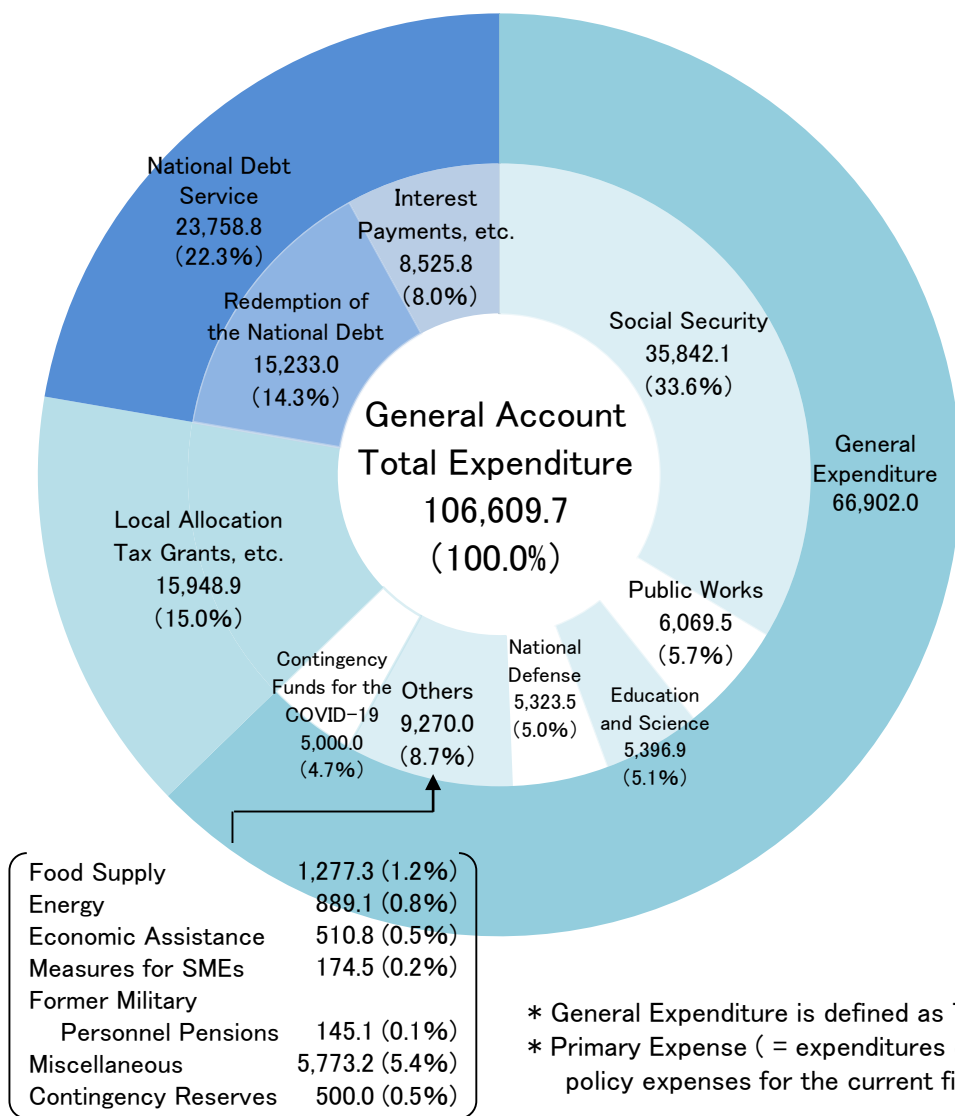
(Note3) Figures in parentheses represent the increased revenue associated with consumption tax rate hike (FY2014–FY2018: Increase by raising from 5% to 8%, FY2019 and FY2020: Increase by raising from 5% to 10%).

(Note4) Figures in FY2019 and 2020 include the figures of temporary and special measures.

(Note5) Figures are retroactively revised based on the concept of the primary balance in the FY2021 budget.

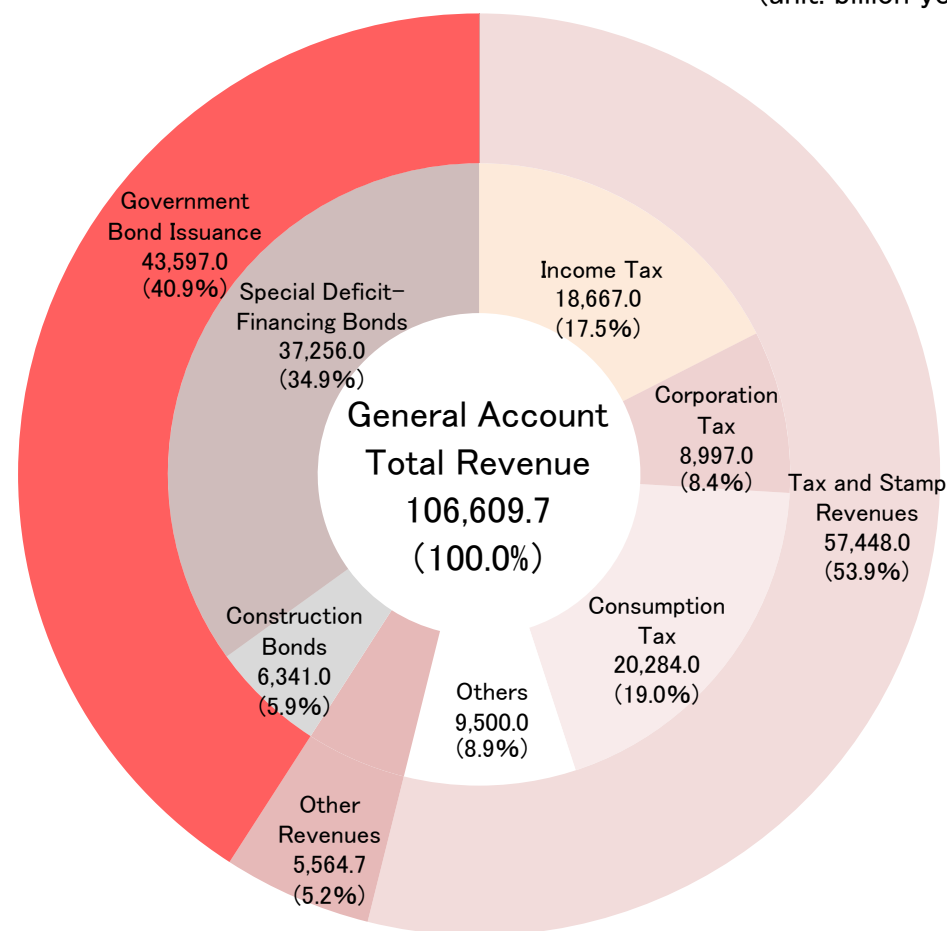
# The FY2021 Budget: Expenditure and Revenue

## General Account Expenditure



## General Account Revenue

(unit: billion yen)



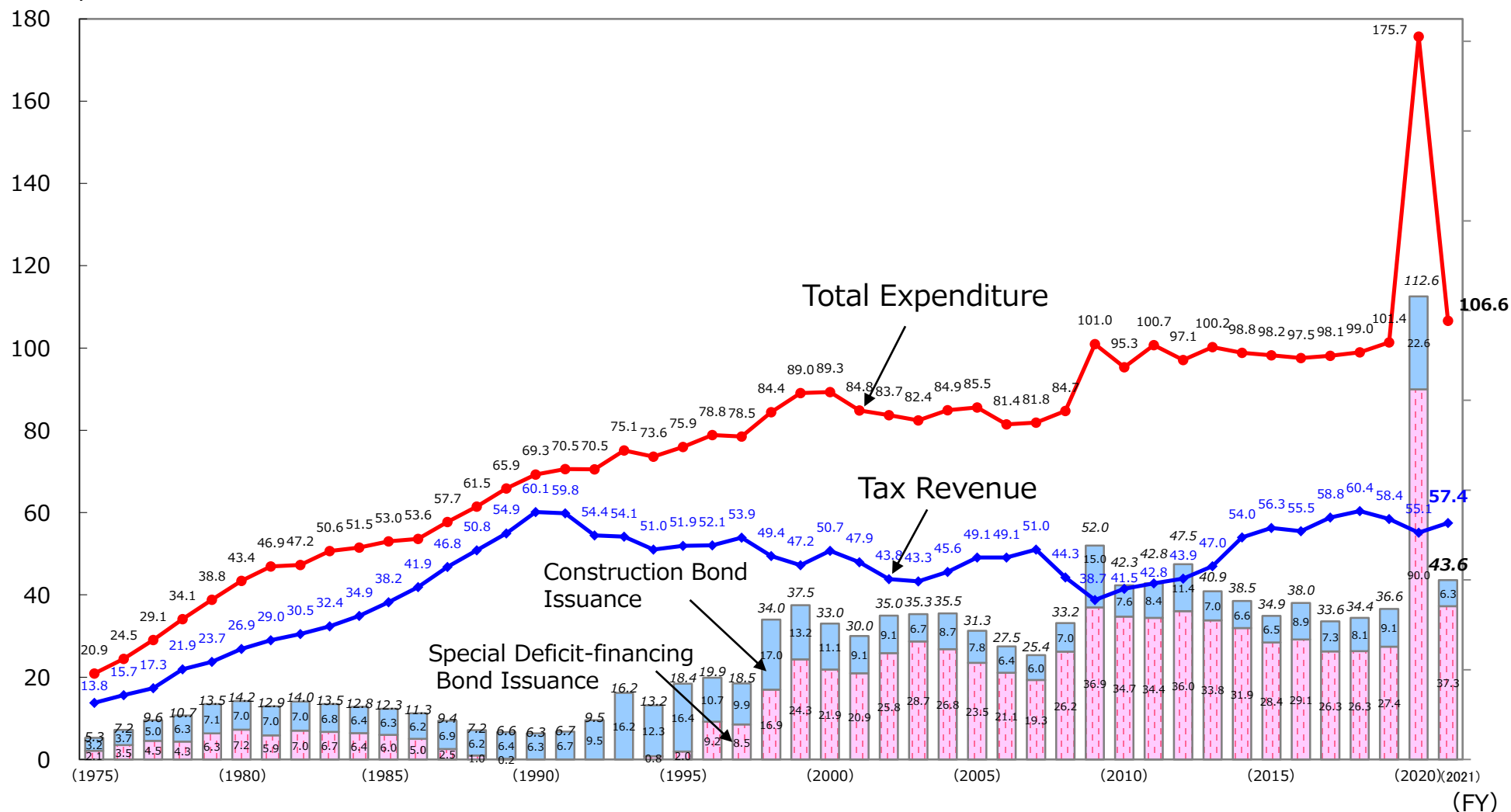
- \* General Expenditure is defined as Total Expenditure minus National Debt Service and Local Allocation Tax Grants, etc.
- \* Primary Expense (= expenditures excluding a portion of National Debt Service from the Total Expenditure. An indicator of policy expenses for the current fiscal year.) is 83,374.4 (78.2%).

(Note 1) Figures may not add up to the total due to rounding.

(Note 2) Social security related expenditures account for 53.6% of the general expenditure.

# Trends in general account tax revenues, expenditures, and bond issuance

(trillion yen)

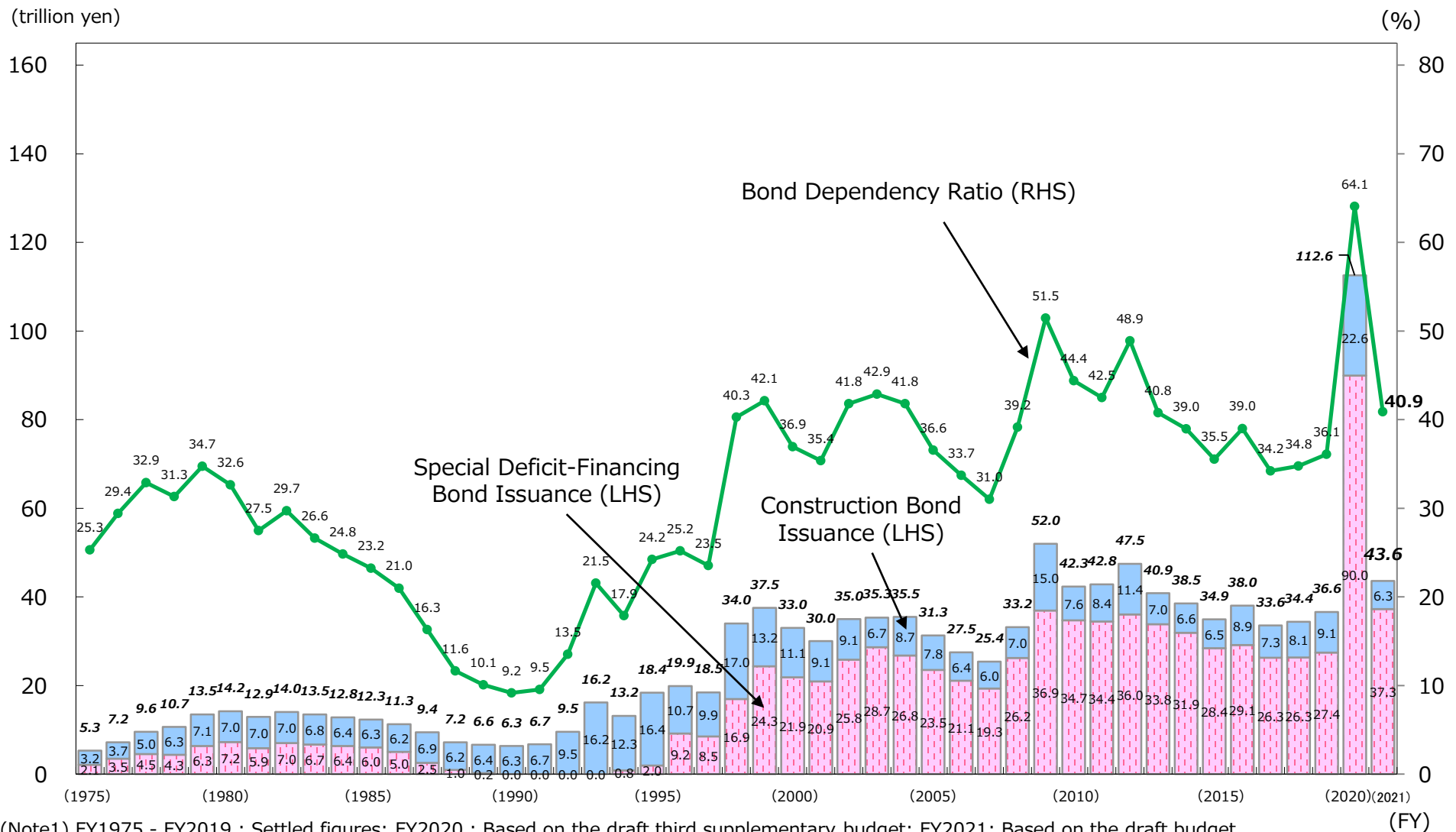


(Note1) FY1975 - FY2019 : Settled figures; FY2020 : Based on the draft third supplementary budget; FY2021: Based on the draft budget

(Note2) Figures in FY2019 and FY2020 include the figures of temporary and special measures.

(Note3) Following bonds are excluded: Ad-hoc special deficit-financing bonds issued in FY1990 as a source of funds to support peace and reconstruction activities in the Persian Gulf Region; Tax reduction-related special deficit-financing bonds issued in FY1994-96 to make up for a decline in tax revenue due to a series of income tax cuts preceding consumption tax rate hike from 3% to 5%; Reconstruction bonds issued in FY2011 as a source of funds to implement measures for the reconstruction from the Great East Japan Earthquake, and; Pension-related special deficit-financing bonds issued in FY2012 and FY2013 as a source of funds to achieve the targeted national contribution to one-half of basic pension.

# Bond issuance and bond dependency ratio



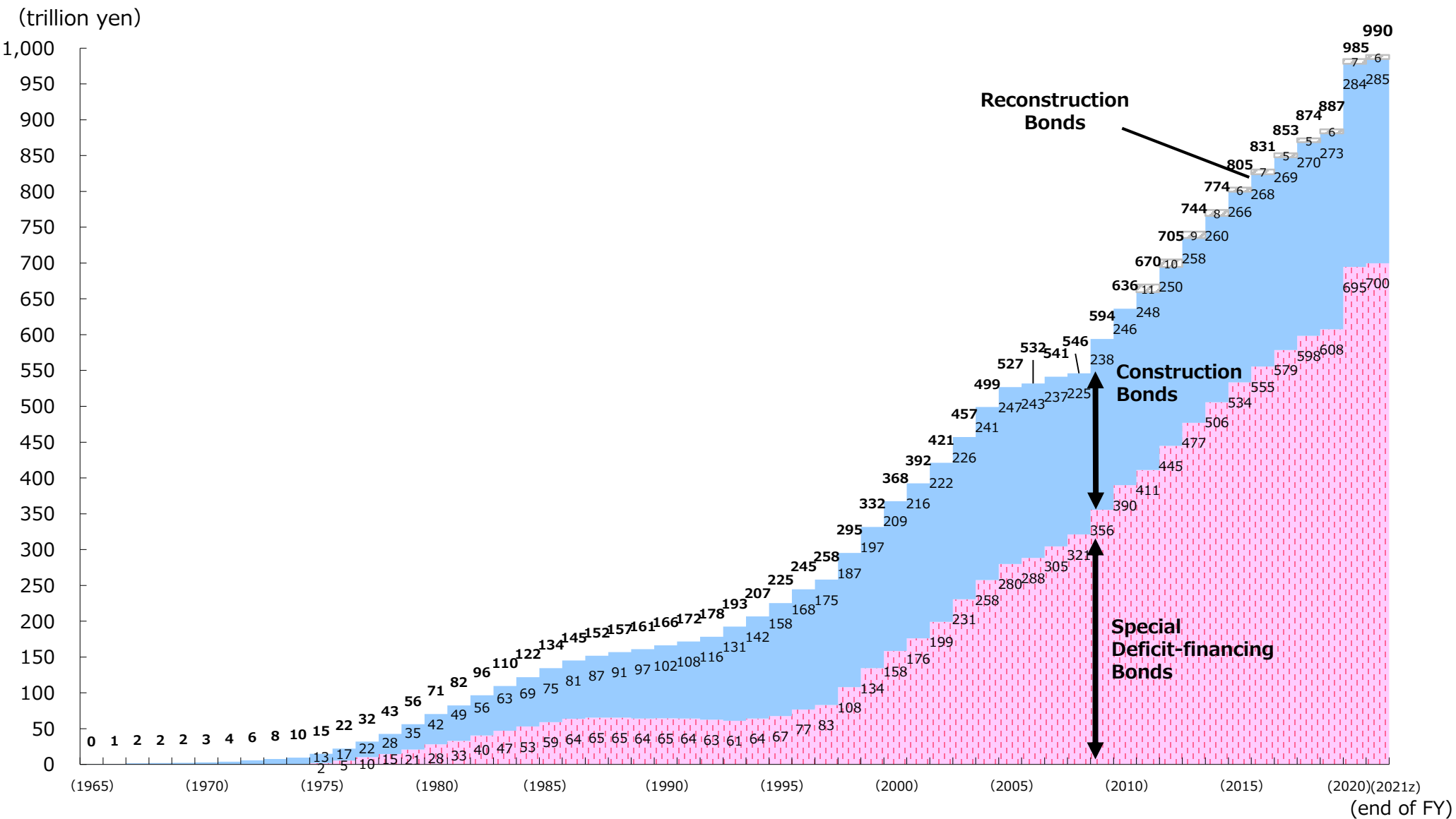
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(Note4) Bond dependency ratio is calculated as the ratio of bond issuance to general account expenditures.

# Accumulated government bond outstanding



(Note1) FY1975 - FY2019: Settled figures; FY2020: Based on the draft third supplementary budget, FY2021: Based on the draft budget

(Note2) Government bond outstanding includes construction bonds, special deficit-financing bonds and reconstruction bonds. Special deficit-financing bond outstanding includes refunding bonds for long-term debts transferred from JNR Settlement Corporation and the National Forest Service, etc., ad-hoc special deficit-financing bonds, tax reduction-related special deficit-financing bonds and pension-related special deficit-financing bonds.

(Note3) The estimated amount at the end of FY2021, excluding the issuance limit of advance refunding bonds for refinancing in the following fiscal year, is approximately 970 trillion yen.

# Long-term debt outstanding of central and local governments

(unit: trillion yen)

	FY1998 <actual>	FY2003 <actual>	FY2011 <actual>	FY2012 <actual>	FY2013 <actual>	FY2014 <actual>	FY2015 <actual>	FY2016 <actual>	FY2017 <actual>	FY2018 <actual>	FY2019 <actual>	FY2020 <draft supplementary budget>	FY2021 <draft budget>
Central Government	390 ( 387 )	493 ( 484 )	694 ( 685 )	731 ( 720 )	770 ( 747 )	800 ( 772 )	834 ( 792 )	859 ( 815 )	881 ( 832 )	901 ( 850 )	914 ( 870 )	1010 ( 967 )	1019 ( 999 )
General Bond	295 ( 293 )	457 ( 448 )	670 ( 660 )	705 ( 694 )	744 ( 721 )	774 ( 746 )	805 ( 764 )	831 ( 786 )	853 ( 805 )	874 ( 823 )	887 ( 843 )	985 ( 942 )	990 ( 970 )
% of GDP	55% ( 55% )	87% ( 85% )	134% ( 132% )	141% ( 139% )	145% ( 141% )	148% ( 142% )	149% ( 141% )	152% ( 144% )	154% ( 145% )	157% ( 148% )	158% ( 151% )	184% ( 176% )	177% ( 173% )
Local Government	163	198	200	201	201	201	199	197	196	194	192	190	190
% of GDP	30%	38%	40%	40%	39%	38%	37%	36%	35%	35%	34%	35%	34%
Total	553 ( 550 )	692 ( 683 )	895 ( 885 )	932 ( 921 )	972 ( 949 )	1001 ( 972 )	1,033 ( 991 )	1,056 ( 1012 )	1,077 ( 1028 )	1,095 ( 1044 )	1106 ( 1062 )	1201 ( 1158 )	1209 ( 1189 )
% of GDP	103% ( 103% )	131% ( 130% )	179% ( 177% )	187% ( 184% )	190% ( 185% )	191% ( 183% )	191% ( 183% )	194% ( 186% )	194% ( 185% )	197% ( 187% )	198% ( 190% )	224% ( 216% )	216% ( 213% )

(Note1) GDP for FY1998 - FY2019: Actual figures, FY2020 and FY2021: Based on "FY2021 Economic Outlook and Basic Stance for Economic and Fiscal Management" (Approved by the Cabinet on December 18, 2020).

(Note2) Central government debt for FY1998 - FY2019: Actual figures, FY2020: Based on the draft third supplementary budget, FY2021: Based on the draft budget.

Local government debt for FY1998 - FY2019: Actual figures, FY2020 and FY2021: Based on local government debt plan, etc.

(Note3) Government bond outstanding includes reconstruction bonds as a source of funds to implement the measures for the reconstruction from the Great East Japan Earthquake and pension-related special deficit-financing bonds as a source of funds to achieve the targeted national contribution to one-half basic pension.

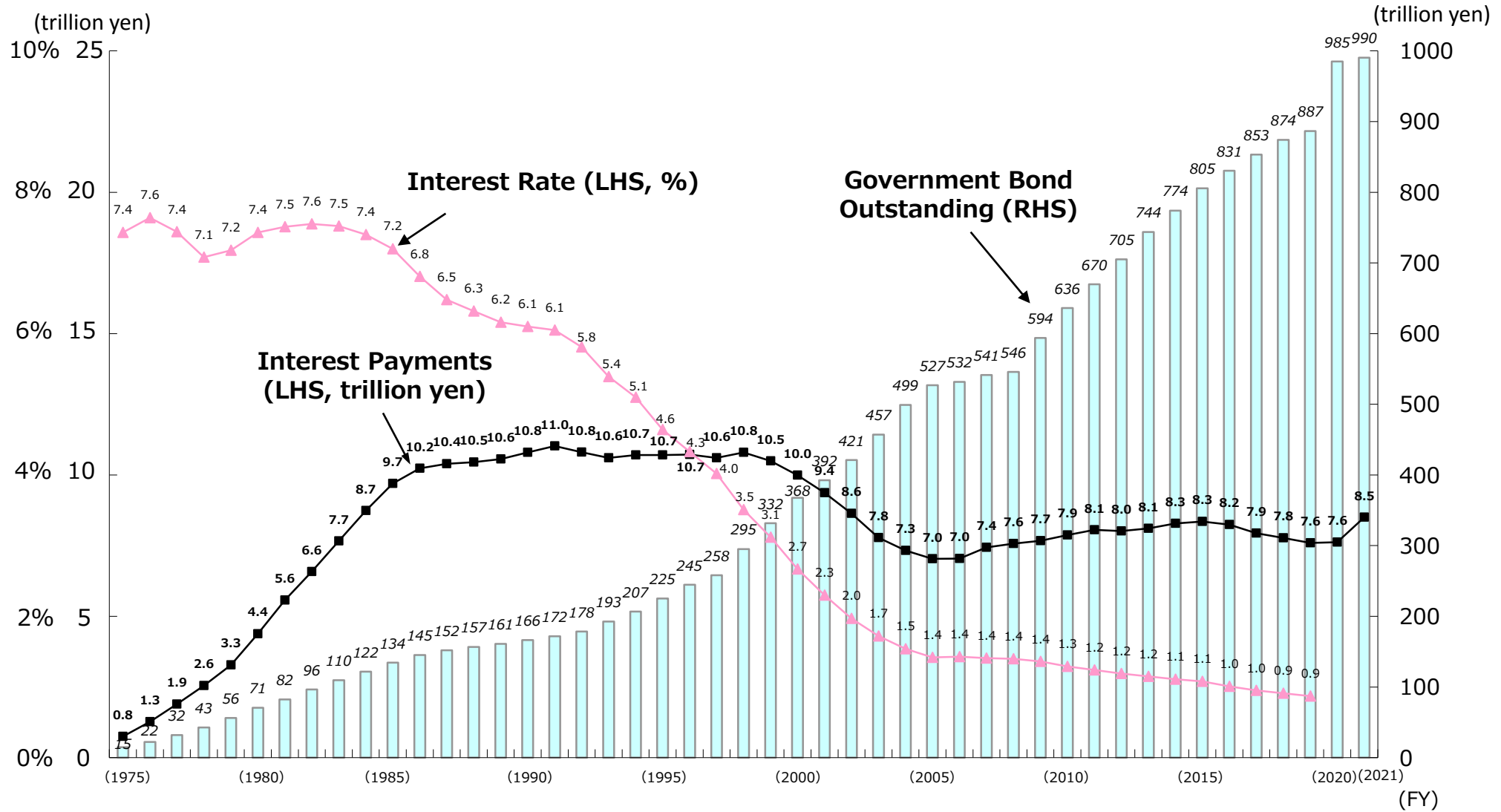
(Note4) FY1998 - FY2019: Figures in parentheses do not include the issuance amount of advance refunding bonds for refinancing in the following fiscal year.

FY2019 - FY2020: Figures in parentheses do not include the issuance limit of advance refunding bonds for refinancing in the following fiscal year.

(Note5) The borrowings in the special account for local allocation and local transfer tax are divided into each figure of the central government and local governments in accordance with their shares of redemption. The amount of the borrowing outstanding incurred by the central government was transferred to the general account at the beginning of FY2007, so that the borrowing outstanding in the special account since the end of FY2007 is equal to the debt of the local governments (approx. 31 trillion yen in FY2021).

(Note6) Government bond outstanding in the special account for fiscal investment and loan program in FY2021 is approximately 140 trillion yen.

# Trends in interest payments and interest rate



(Note1) Interest payments for FY1975 - FY2019: Settled figures; FY2020: Based on the draft third supplementary budget; FY2021: Based on the draft budget.

(Note2) Figures in FY2019 and 2020 include the figures of temporary and special measures.

(Note3) Interest rate is a weighted average of JGBs' interest rates.

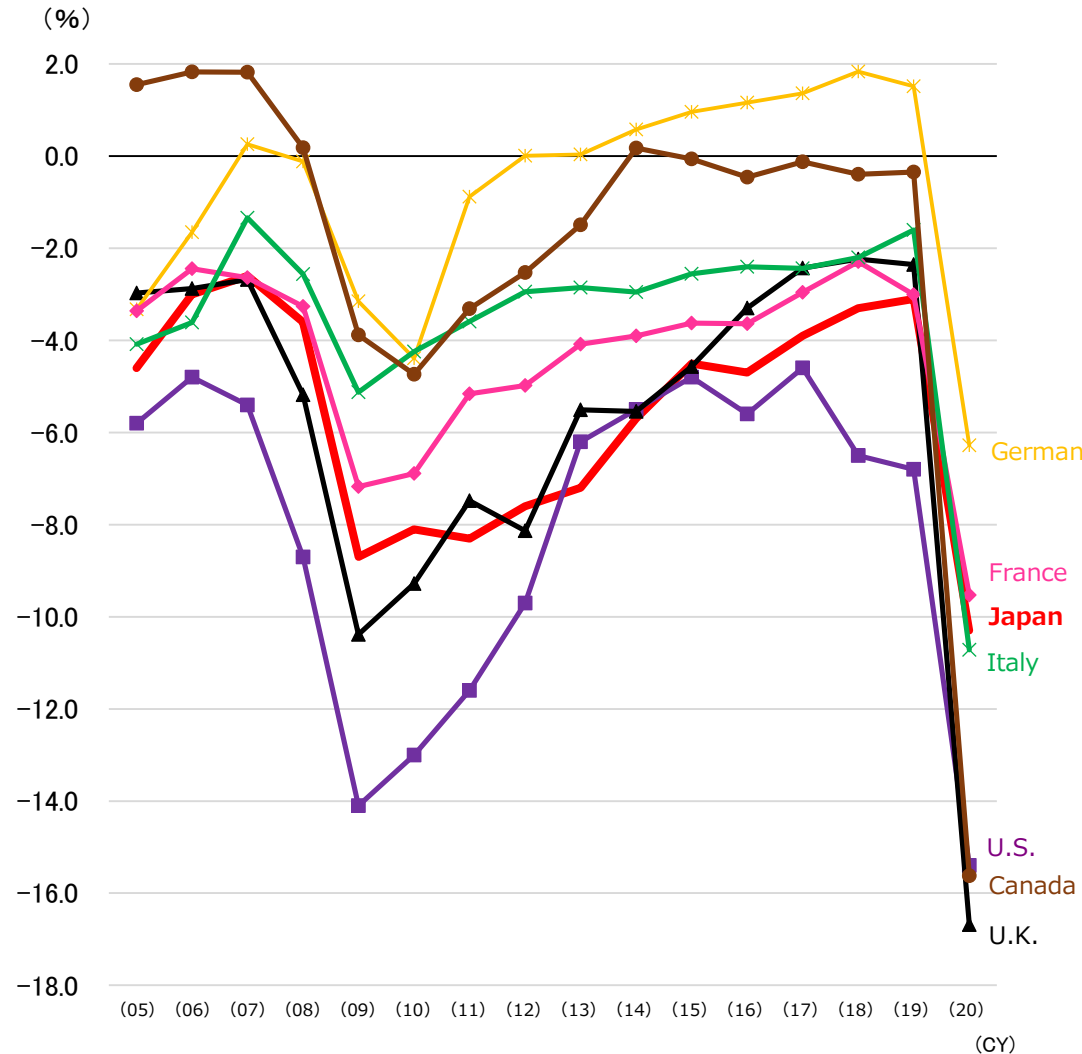
(Note4) Government bond outstanding for FY1975 - FY2019: Settled figures, FY2020: Based on the draft third supplementary budget, FY2021: Based on the draft budget.



# International comparison of general government fiscal balance (% of GDP)

	(%)							
CY	2005	2006	2007	2008	2009	2010	2011	2012
Japan	-4.6	-3.0	-2.6	-3.6	-8.7	-8.1	-8.3	-7.6
U.S.	-5.8	-4.8	-5.4	-8.7	-14.1	-13.0	-11.6	-9.7
U.K.	-3.0	-2.9	-2.7	-5.2	-10.4	-9.3	-7.5	-8.1
Germany	-3.3	-1.7	0.3	-0.1	-3.2	-4.4	-0.9	0.0
France	-3.4	-2.4	-2.6	-3.3	-7.2	-6.9	-5.2	-5.0
Italy	-4.1	-3.6	-1.3	-2.6	-5.1	-4.2	-3.6	-2.9
Canada	1.6	1.8	1.8	0.2	-3.9	-4.7	-3.3	-2.5

CY	2013	2014	2015	2016	2017	2018	2019	2020
Japan	-7.2	-5.7	-4.5	-4.7	-3.9	-3.3	-3.1	-10.3
U.S.	-6.2	-5.5	-4.8	-5.6	-4.6	-6.5	-6.8	-15.4
U.K.	-5.5	-5.5	-4.6	-3.3	-2.4	-2.2	-2.4	-16.7
Germany	0.0	0.6	1.0	1.2	1.4	1.8	1.5	-6.3
France	-4.1	-3.9	-3.6	-3.6	-3.0	-2.3	-3.0	-9.5
Italy	-2.9	-3.0	-2.6	-2.4	-2.4	-2.2	-1.6	-10.7
Canada	-1.5	0.2	-0.1	-0.5	-0.1	-0.4	-0.3	-15.6



(Source) OECD "Economic Outlook 108" (December 2020)

(Note1) Figures represent the general government-based data (the central/local governments and social security funds combined), except for Japan and the U.S., where the figures of the social security funds are excluded.

(Note2) 2019-2021 figures for Japan and 2020 figures for other countries are estimated figures.

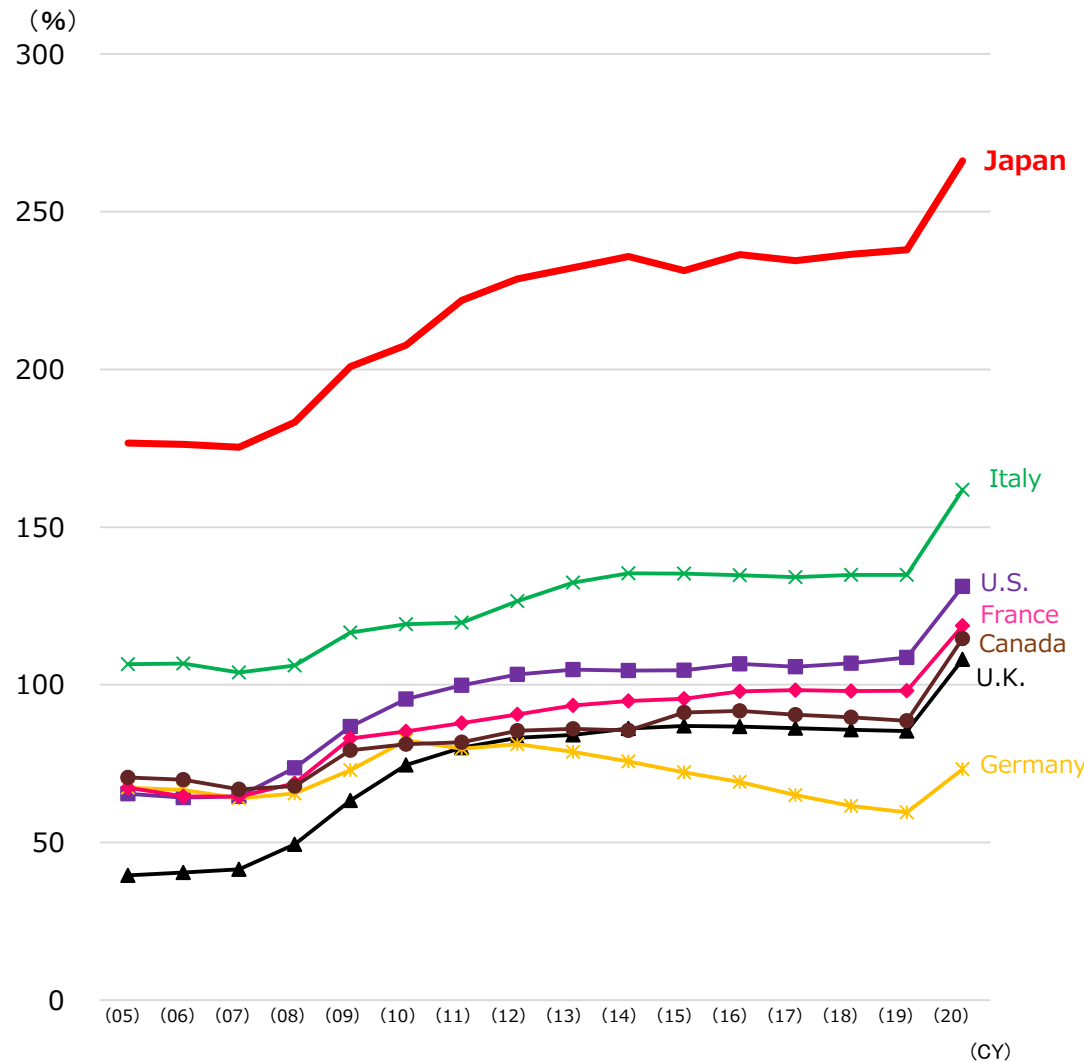
(Note3) Fiscal balance for 2021 is estimated as follows; Japan: -5.1%, U.S.: -11.6%, U.K.: -13.3%, Germany: -4.4%, France: -7.4%, Italy: -6.9%, and Canada: -11.3%.

However, it should be noted that the Japan's figure does not reflect the fiscal deficit arising from the draft third supplementary budget for FY2020 and the draft budget for FY2021.

# International comparison of general government gross debt (% of GDP)

	(%)							
CY	2005	2006	2007	2008	2009	2010	2011	2012
Japan	176.6	176.3	175.3	183.3	200.9	207.7	221.9	228.7
U.S.	65.5	64.2	64.7	73.7	86.8	95.5	99.8	103.3
U.K.	39.6	40.5	41.5	49.4	63.3	74.6	80.1	83.2
Germany	67.3	66.7	64.0	65.5	73.0	82.4	79.8	81.1
France	67.4	64.6	64.5	68.8	83.0	85.3	87.8	90.6
Italy	106.6	106.7	103.9	106.2	116.6	119.2	119.7	126.5
Canada	70.6	69.9	66.9	67.9	79.3	81.2	81.8	85.4

CY	2013	2014	2015	2016	2017	2018	2019	2020
Japan	232.2	235.8	231.3	236.4	234.5	236.6	238.0	266.2
U.S.	104.9	104.5	104.6	106.6	105.7	106.9	108.7	131.2
U.K.	84.2	86.2	86.9	86.8	86.2	85.7	85.4	108.0
Germany	78.7	75.7	72.2	69.2	65.0	61.6	59.5	73.3
France	93.4	94.9	95.6	98.0	98.3	98.1	98.1	118.7
Italy	132.5	135.4	135.3	134.8	134.1	134.8	134.8	161.8
Canada	86.1	85.6	91.2	91.7	90.5	89.7	88.6	114.6



(Source) IMF "World Economic Outlook" (October 2020).

(Note1) Figures represent the general government-based data (the central/local governments and social security funds combined).

(Note2) 2019-2020 figures for Japan and 2020 figures for other countries are estimated figures.

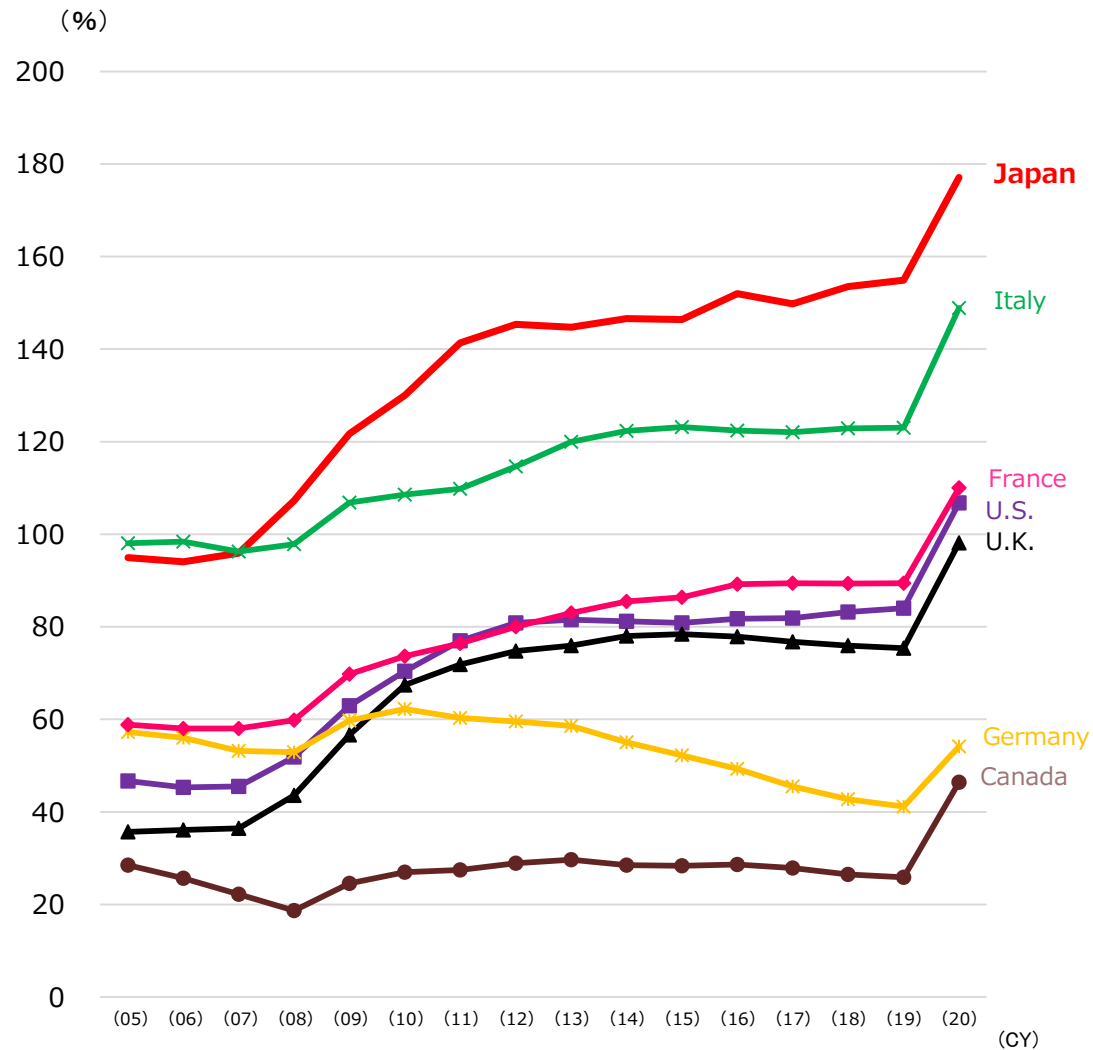
(Note3) Gross debt for 2021 is estimated as follows; Japan: 264.0%, U.S.: 133.6%, U.K.: 111.5%, Germany: 72.2%, France: 118.6%, Italy: 158.3%, and Canada: 115.0%.

However, it should be noted that the Japan's figure does not reflect the expected increase in outstanding gross debt as a result of the draft third supplementary budget for FY2020 and the draft budget for FY2021.

# International comparison of general government net debt (% of GDP)

CY	2005	2006	2007	2008	2009	2010	2011	(%) 2012
Japan	94.9	94.0	95.9	107.3	121.7	130.0	141.4	145.3
U.S.	46.7	45.3	45.5	51.9	62.9	70.4	76.9	80.8
U.K.	35.7	36.1	36.4	43.6	56.6	67.4	71.8	74.8
Germany	57.2	56.0	53.2	52.9	59.8	62.2	60.3	59.6
France	58.9	58.0	58.0	59.8	69.8	73.6	76.4	80.0
Italy	98.1	98.4	96.3	97.9	106.8	108.6	109.8	114.6
Canada	28.5	25.7	22.2	18.6	24.6	27.0	27.5	28.9

CY	2013	2014	2015	2016	2017	2018	2019	2020
Japan	144.7	146.6	146.4	152.0	149.8	153.5	154.9	177.1
U.S.	81.5	81.2	80.8	81.8	81.9	83.2	84.1	106.8
U.K.	75.9	78.0	78.4	77.8	76.7	75.9	75.4	98.1
Germany	58.6	55.0	52.2	49.3	45.5	42.7	41.1	54.1
France	83.0	85.5	86.3	89.2	89.4	89.3	89.4	110.0
Italy	120.0	122.3	123.1	122.4	122.0	122.9	123.0	148.8
Canada	29.7	28.5	28.4	28.7	27.9	26.5	25.9	46.4



(Source) IMF "World Economic Outlook" (October 2020).

(Note1) Figures represent the general government-based data (the central/local governments and social security funds combined).

(Note2) 2019-2020 figures for Japan and 2020 figures for other countries are estimated figures.

(Note3) Net debt for 2021 is estimated as follows; Japan: 178.9%, U.S.: 107.3%, U.K.: 101.6%, Germany: 54.2%, France: 109.8%, Italy: 146.1%, and Canada: 48.4%.

However, it should be noted that the Japan's figure does not reflect the expected increase in outstanding net debt as a result of the draft third supplementary budget for FY2020 and the draft budget for FY2021.