2022

Debt Management Report

The Government Debt Management and the State of Public Debts

Contents

1

.

Preface

1	About "Debt Management Report"	2
2	What is Debt Management Policy?	3
	(1) Overview	3
	(2) Framework of "Government Funding Activities"	4
	(3) Debts with Public Characteristics	5
	Box1 JGB Yields	7
	Box2 Demand for JGBs with negative yields	9

Ι

State of Debt Management Policies

Trends of JGB Market in FY2021	12
(1) Review	12
(2) Investor Trends	14

2	JGB Issuance Plan ······16
	(1) JGB Issuance Plan for FY2021 (revised under a supplementary budget)16
	(2) Announcement of JGB Issuance Plan for FY2022
	(3) Overview of Discussions at Various Meetings
	(4) JGB Issuance Plan for FY2022
	(5) JGB Issuance Plan Based on Market Trends and Demands
	(6) Revision of JGB Issuance Plan for FY2022
	Box3 Cost-at-Risk Analysis ······25
	Box4 Review of Advisory Council on Government Debt Management and Its Successor ···· 26
3	Diversification of JGB Investor Base27
	(1) JGB Holdings by Retail Investors
	(2) JGB Holdings by Foreign Investors

4	Oth	ers	34
	(1)	Debt Management Authorities' Business Operations	34
	(2)	A partial modification to the Order Regarding Account Management Institutions	34

II Framework of Debt Management

Chapter 1 Government Bonds (JGBs)

1	Primary Market for Government Bonds
	(1) JGBs by Legal Grounds of Issuance
	(2) Types of JGBs40
	(3) Methods of Issuance ······42
	(4) JGB Market Special Participants Scheme46
	(5) Government Bond Administration
2	Secondary Market for Government Bonds51
	(1) JGB Market Liquidity Maintenance and Enhancement
	(2) OTC Transactions and Transactions on the Stock Exchange52
	(3) Improvements to the JGB Transaction Settlement System
	(4) WI Transaction
	(5) Bond <i>Gensaki</i> and Bond-Lending Transactions
	(6) STRIPS
	(7) JGB Futures Trading
3	Debt Management Systems62
	(1) Redemption System ······62
	(2) Liquidity Enhancement Auctions
	(3) Buy-back Program ······72
	(4) Interest Rate Swap Transaction
	(5) Dialogue with Market Participants74
4	Taxation of Government Bonds76
	(1) Individuals (Residents)
	(2) Domestic Corporations
	(3) Nonresident Individuals and Foreign Corporations
	(4) Tax Exemption Scheme for Nonresident Individuals and Foreign Corporations 77

Chapter 2 Financing Bills, Borrowings, Government-Guaranteed Debt and Subsidy Bonds

1	Financing Bills ·····	80
	(1) Legal Grounds of Financing Bills	80
	(2) Status of Financing Bills in the Budget	81
	(3) Auction Methods, etc.	81
	(4) Outline of Cash Management of the National Treasury	81
2	Borrowings ·····	82
	(1) Legal Grounds of Borrowings	82
	(2) Status of Borrowings in the Budget	82
	(3) Source of Borrowings	82
	(4) Borrowings from the Private Sector	
	(5) Borrowing through Public Auction on Private-sector Borrowings	
3	Government-Guaranteed Debt ·····	85
	(1) Legal Ground of Government Guarantee	85

	 (2) Features of Government-Guaranteed Debt	
4	Subsidy Bonds	
	 (2) Subscription/Contribution Bonds (3) Others 	· 87

Chapter 3 Other Public Debt

1	Local Government Bonds (LGBs)	
	(1) Basic Scheme of LGBs	
	(2) LGB Program ·····	91
2	Debt of Incorporated Administrative Agencies, etc.	
	(1) Debt of Incorporated Administrative Agencies, etc.	
	(2) Financial Conditions of Incorporated Administrative Agencies, etc.	

Chapter 4 Debt Management in Foreign Countries

1	Debt Management Policies in Foreign Countries
	(1) Debt Management Policy Frameworks
	(2) Bond Types and Issuance Methods
	(3) Liquidity Maintenance/Enhancement Measures
	(4) Primary Dealer System
2	Debt Management Status in Foreign Countries
	(1) Government Debt Issuance Trends
	(2) Average Maturity
	(3) Breakdown by Government Bond Holders

3 Collaboration and Cooperation with Foreign Countries104

III Appendices

Chapter 1 Government Bonds (JGBs)

1	Primary Market for Government Bonds106
	(1) Issuance Amount of Government Bonds
	(2) Historical Changes in JGB Market Issuance by JGB Types
	(3) Auction Results for JGBs and T-Bills in FY2021 108
	(4) Issuance Amount of JGBs and T-Bills Offered to the Market at Each Auction 111
	(5) Principal/Coupon Payment Corresponding to Days of Issuance in FY2022 112
	(6) Successful Bids Share for JGBs by Investor Type in FY2021
	(7) Issuance of JGBs for Retail Investors
	(8) Issuance by the Bank of Japan Rollover
	(9) Front-Loading Issuance of Refunding Bonds
	(10) List of Commissions for Issuing JGBs, etc
2	Secondary Market for Government Bonds

	(1) 10-Year JGB Yield
	(2) 10-Year Government Bonds Yields
	(3) Yields of JGBs in FY2021
	(4) JGB Yield Curves
	(5) Various Rates in the Short-term Financial Market in FY2021
	(6) Break-Even-Inflation (BEI) Rate
	(7) JGB Share in Total Trading Volume of Yen Bonds
	(8) JGB Share in Total Issuance Amount of Yen Bonds
	(9) Portfolio Investment Assets in FY2021
	(10) Portfolio Investment Liabilities in FY2021
	(11) Trends in JGB Transactions (by investor type) in FY2021121
	(12) Trading Volume of Yen Bonds ······122
	(13) Trading Volume of JGB Futures
	(14) Trading Volume of Bond <i>Gensaki</i>
	(15) Trading Volume of Bond-Lending
	(16) Trading Volume of JGBs Option by OTC
	(17) Trading Volume of JGB Futures Options
	(18) Outstanding Amount of STRIPS-Principal-Only Book-entry Transfer JGBs 124
	(19) Japan's Sovereign Rating by Major Credit Rating Agencies
	(20) List of Sovereign Ratings by Major Credit Rating Agencies125
3	Debt Management Systems ······126
	(1) Revenues and Expenditures for the Special Account for the GDCF
	(FY2022 Initial Budget) ····································
	(2) Payment Status of Debt Redemption Expenses and Interest, Discount Expenses
	and so on of the Each Account (FY2022 Initial Budget, FY2020 Settlement of
	Accounts)
	(3) Transfer of Redemption Sources, Redemption Amount, Outstanding Amount and
	Refunding Amount of the GDCF (FY2022 Initial Budget)
	(4) GDCF Investment in JGBs
	(5) Budgetary Surplus of the Special Account of the GDCF
	(6) Results of Liquidity Enhancement Auctions in FY2021
	(7) Buy-back Results in FY2021
	(8) Buy-back Results
	(9) Various Meetings ······130
	(10) History of Postwar Debt Management Policy
	(11) Government Bond-related Legal Systems

Chapter 2 Financing Bills, Borrowings and Government-Guaranteed Debt

1	Finar	ncing Bills (FBs) ······139
	(1)	Outstanding Amount of FBs-Breakdown by the Types (as of the end of FY2021) 139
	(2)	Outstanding Amount of FBs ······139
	(3)	Issuance Amount of FBs in FY2021-Breakdown by Funding Resources 140
	(4)	Receipts and Payments on the National Treasury for FY2021140
2		owings ····································
	(2)	Outstanding Amount of Borrowings -Breakdown by the Types of Account (as of the end of FY2021) $\cdots 141$
	(3)	Outstanding Amount of Borrowings of the Special Account for Local Allocation Tax \cdots 142
	(4)	Amount of Bids Accepted and Average Interest Rate at Each Auction by the Special Account for Local Allocation Tax … 142

(5)	Auction Results of the Borrowings of the Special Account for Local Allocation Tax in FY2021 \cdots 143
(6)	Auction Results of the Borrowings of the Special Account for the National Forest Debt Management in FY2021 144
(7)	Auction Results of the Borrowings of the Special Account for Energy Policy in FY2021 ···· 144
Gov	vernment-Guaranteed Debt ······ 145
(1)	Changes in the Outstanding Amount of Government-Guaranteed Debt145
(2)	Changes in the Issuance Amount of Government-Guaranteed Domestic Bonds Offered to the Market … 145
(3)	Breakdown of the Government-Guaranteed Debt by Agencies146
(4)	Issuance Calendar of Government-Guaranteed Domestic Bonds by Agencies in FY2021 147
(5)	Outstanding Amount of Government-Guaranteed Foreign Bonds-Breakdown by
	Denomination and by Agencies (as of the end of FY2021)149
(6)	Yields of 10-Year Government-Guaranteed Bonds in FY2021149
	 (6) (7) Gov (1) (2) (3) (4) (5)

Chapter 3 Other Public Debt

1	Local Government Bonds (LGBs)	150
	(1) Overview of LGB Program in FY2022	150
	(2) LGB Program-Breakdown by Funding Resources	150
	(3) Outstanding Amount of LGB Program-Breakdown by Funding Resources	151
	(4) Issuance Conditions of Public Offering LGBs in FY2021	152
	(5) Issuance Amount of Public Offering LGBs	152
2	Debt of Incorporated Administrative Agencies, etc.	153
	(1) FY2022 FILP Plan	153
	(2) Planned and Actual Issuance Amount of FILP Agency Bonds	154
	(3) Yields of 10-Year FILP Agency Bonds in FY2021	

♦ [Supplement] Fiscal Conditions and Debt Outstandings

(1)	Trend in General Account Tax Revenues, Total Expenditures and Government Bond Issuances 156
(2)	Government Bond Issuance and Bond Dependency Ratio156
(3)	Changes in Ratio of Primary Balance to GDP 157
(4)	Projections in Primary Balance (Central and Local government basis; percentage of GDP) ···· 157
(5)	Government Debt-related Expenditures in the General Account-Breakdown by Categories (FY2022) ···· 158
(6)	Historical Changes in Government Debt-related Expenditures
(7)	Projection of the FY2022 Budget Impact on Following Year's Expenditure and Revenue 159
(8)	Cash-flow Projections of the GDCF
(9)	Changes in the Outstanding Amount of JGBs, Financing Bills, Borrowings and
	Government-Guaranteed Debt
(10)	Long-term Debt Outstanding of Central and Local Governments
(11)	Breakdown of the Outstanding Amount of General Bonds by Remaining Years to Maturity $\cdots 163$
(12)	Term-to-maturity Structure of General Bonds (FY2022 Initial Budget Basis) **** 163
(13)	Breakdown of the Outstanding Amount of General Bonds by Maturity Types and
	Their Average Interest Rate at the end of FY2021 164
(14)	Outstanding Interest Rate Weighted Average, Interest Payment of General Bonds
	and Average Years to Maturity
(15)	Outstanding Amount of JGB and T-Bill -Breakdown by Holders- 165
(16)	Balance Sheet of Japanese Government (General Account and Special Accounts)
	(as of the end of FY2020)
(17)	International Comparison of General Government Fiscal Balance to GDP 167
(18)	International Comparison of General Government Gross Debt to GDP 168
(19)	International Comparison of General Government Net Debt to GDP 168
	(2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16) (17) (18)

The tabs located in the same positions indicate that the chapters are relevant to each other across the parts they belong to.

