

Highlights of the FY2025 Draft Budget

Overview of the FY2025 Budget Framework

(unit : billion yen)

Expenditure	FY2024 budget (initial)	FY2025 budget	Amount of change
General Expenditure	67,776.4	68,245.2	+468.9
Social Security Expenditure	37,719.3	38,277.8	+558.5
Non-Social Security Expenditure	29,057.1	29,967.4	+910.3
of which Defense Buildup Program Expenditure	7,724.9	8,474.8	+749.8
of which General Contingency Reserves	1,000.0	1,000.0	—
Contingency Fund for the Measures to Address Soaring Crude Oil and Commodity Prices and to Set up the Environment for Promoting Wage Increases	1,000.0	—	-1,000.0
Local Allocation Tax Grants, etc.	17,786.3	19,078.4	+1,292.1
National Debt Service	27,009.0	28,217.9	+1,208.9
Total	112,571.7	115,541.5	+2,969.8

Revenue	FY2024 budget (initial)	FY2025 budget	Amount of change
Tax Revenue	69,608.0	78,440.0	+8,832.0
Other Revenue	7,514.7	8,452.5	+937.8
of which the Revenue for Defense Build-up	2,126.1	2,665.9	+539.8
Government Bonds Issuance	35,449.0	28,649.0	-6,800.0
Construction Bonds	6,579.0	6,791.0	+212.0
Special Deficit-Financing Bonds	28,870.0	21,858.0	-7,012.0
Total	112,571.7	115,541.5	+2,969.8

(Note1) Figures may not add up to the totals due to rounding.

Highlights of the FY 2025 Budget

Budget to shift to a “growth-oriented economy driven by wage increases and investment” along with the Economic Measures and Supplementary Budget for FY2024

In line with the budget formulation approach (so-called “**benchmarks for expenditure**”) indicated in the “Basic Policy on Economic and Fiscal Management and Reform 2024” and others, the government will **continue its efforts to reform expenditure and focus on important policies with consideration to economic and price trends.**

Responding to Important Policy Issues

- Steadily promoting **important policy issues tackled strategically within multiple fiscal years while securing the necessary financial resources.**
 - **Drastic strengthening of defense capabilities** to respond to the severe security environment
 - Full-scale implementation of **support for children and child-rearing** based on the "Children's Future Strategy"
 - Promoting **GX investment and AI and Semiconductor Industry Foundation Strengthening** toward the realization of “Stimulating Japan’s Investment Power”
- Giving priority in budget allocation for important policies, such as **doubling the regional creation grant** and **doubling the budget and personnel of the Cabinet Office in charge of disaster management.**
- Responding to important issues such as the reform of social security for all generations including the **revision of the drug price and the review of the High-Cost Medical Expense Benefit,** and the **phased increase in the additional adjustments for the teaching profession** and the reform of teachers' working styles.

Achieving both economic revival and fiscal consolidation

- **Steadily promotion of fiscal consolidation** while responding to important policy issues with consideration to economic and price trends
 - *It is the first time in 17 years that the amount of government bonds issued has been less than 30 trillion yen in the initial budget.
- While securing the total amount of general revenue for local governments, the government will **promote the fiscal consolidation of local governments,** including measures such as reducing the amount of special financial measures bonds issued to zero.

Budgeting that reflects economic and price trends

- **Improving wages** of civil servants, teachers and childcare workers (recommendations of the National Personnel Agency in 2024)
- **Raising labor unit prices** in public construction design (Prices for 2025 will be revised in February.)
- **Raising the unit price of subsidies** for public school facilities
- **Facilitating the pass-through of prices in public procurement** by local governments (labor costs etc.)
 - *Response through “Special Regional Revitalization Grant for Focused Support in Response to Price Rises” (supplementary budget for FY2024)
- **Promotion of appropriate transactions** (Subcontract G-Men, Truck and Logistics G-Men, Construction G-Men) etc.

Considering economic and price trends in the “Benchmarks for Expenditure”

- Appropriate securing of policy budgets with the influence of the recommendations of the National Personnel Agency
 - <**social security expenditure**> The pension slide and the equivalent of the increase in childcare benefits (recommendations of the National Personnel Agency in 2024) will be added to the increment due to changes in the population structure (Approx. +250 billion yen) .
 - <**non-social security expenditure**> While maintaining the same level as the initial benchmark (+160 billion yen) for FY2024 (initial), which reflected changes in the rate of price increases in recent years, a substantial amount will be added to ensure that there is no real decrease due to increases in civil servant labor costs (Approx. +140 billion yen).

Characteristics of Each Expenditure (1)

< Social Security >

- **Social security-related expenses** are around 38.3 trillion yen (+approx. 560 billion yen from FY2024). Considering the economic and price trends, 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.
- The revision of drug price will be implemented steadily after reviewing its approach, and the **national burden will be reduced (-246.6 billion yen, central government expenditure -64.8 billion yen)**. From the perspective of **innovation evaluation**, the number of innovative new drugs subject to revision will be limited, and rules for various addition will be applied. From the perspective of prioritization, the price of drugs whose patent has expired will be reduced appropriately. Measures will be supported to **ensure stable supply**.
- With regard to the **High-Cost Medical Expense Benefit System**, in order to **reduce the burden of insurance contributions for the working generation while ensuring the sustainability of the system's role as a safety net**, the **maximum amount of individual payment will be increased**. In addition, in order to design a system that is based on the ability to pay, the **income categories will be gradually subdivided**. The **maximum amount of individual payment for outpatients**, which is currently only set for those aged 70 and over, will also **be reviewed**.
- **The Acceleration Plan** for the "Children's Future Strategy" (3.6 trillion yen) will be fully implemented, achieving **over 80% of the plan**. Further enhancement of **the reduction of the burden of higher education, improvement of the quality of childcare** such as improving staff allocation for one-year-olds, and **enhancement of childcare leave benefits** such as the creation of benefits for short-time working will be implemented.
- While continuing with the temporary and special measures that consist of the special additional benefit and the guarantee of the previous amount, **the standard for livelihood assistance in FY2025 and FY2026 will raise the special additional payment to 1,500 yen per person per month**.

< Education >

- In addition to **reflecting the recommendations of the National Personnel Agency** regarding improvements to the treatment of teachers (**+3.7%**), **additional adjustments for the teaching profession will be gradually increased from 4% to 10%** by FY2030 (**+1%** in FY2025). The **interim progress of work style reforms will be verified**. In addition, the burden on teachers will be reduced and work style reforms will be promoted by expanding the system of subject teachers in elementary schools and increasing the number of external personnel to support teachers.

< Public Works Project >

- **Public works project-related expenses** are 608.58 billion yen (+3 billion yen compared to the initial budget for FY2024. 2.4 trillion yen in the supplementary budget for FY2024). In addition to infrastructure construction, the government will promote **National Resilience** through **integrated efforts with soft measures** such as the use of regulations and guidance methods in disaster risk areas.
- Based on the lessons learned from the Noto Peninsula Earthquake, etc., priority support will be provided through individual subsidies for projects such as the **Earthquake-proofing of the vital facilities for water supply and sewage systems** and **slope protection measures** to prevent large-scale collapses of **embankment areas** nationwide.

Characteristics of Each Expenditure (2)

< Regional Revitalization >

- In order to **strongly support local governments' initiatives** based on the autonomy and ingenuity of local governments and in line with discussions in the "local industry, government, academia, financial institutions, labor organizations, and public discourse", the initial budget for **local revitalization grants will be doubled** (FY2024: 100 billion yen → FY2025: 200 billion yen).
- In order to achieve the goal of 15 trillion yen in tourism spending in Japan, the government will promote the **enrichment of tourism content** that utilizes **the natural environment and regional cultural resources**, while also making use of the increased revenue from the international tourist tax (approx. +5 billion yen from FY2024).

< Agriculture, Forestry and Fisheries >

- In order to steadily promote measures related to the **new basic plan** to be formulated based on the **revised "Basic Act on Food, Agriculture and Rural Areas"**, the **"Intensive Measures for Promoting the New Basic Plan"** (re-editing facilities, development of large-scale farmland parcels, promoting the export of agricultural, forestry and fishery products, development and introduction of smart agriculture technologies, measures for mountainous areas, turning fishing industry into a growth industry, etc.) will be implemented (147 billion yen).

< Local Governments Finance >

- The amount of local allocation tax grants for local governments is 19.0 trillion yen (+0.3 trillion yen). While **securing the total amount of general revenue for local government** including measures to deal with the increase in personnel expenses, the **amount of special financial measures bonds issued will be reduced to zero** (for the first time since the establishment of the system in 2001), in addition, the **redemption of Borrowings in the Special Account for Local Allocation Tax will be increased** (2.8 trillion yen, significantly exceeding the planned amount of 0.6 trillion yen), **the fiscal consolidation of local governments will be promoted**.

< Science and Technology >

- The budget for science and technology promotion is 1,422.1 billion yen (+12.9 billion yen from FY2024). As an investment in science and technology and innovation, in addition to promoting research and development in important fields such as **AI, quantum, health and medical care**, support for **highly international research and young researchers** will be strengthened.

< GX · Semiconductor >

- At the GX Implementation Council, the draft **"GX2040 Vision"** will be presented and the investment strategy for each sector will be revised. The "GX Economy Transition Bonds" will continue to provide strong support for GX investment by the public and private sectors (Energy Special Account).
- Based on the **"AI and Semiconductor Industry Foundation Strengthening Framework"** decided in the Comprehensive Economic Measures, financial support will be provided for the mass production of next-generation semiconductors(100 billion yen), and the development of bases for advanced semiconductor design, etc. (31.8 billion yen) will be implemented (Energy Special Account). Combined with FY2024 supplementary budgets, etc., support of 1.9 trillion yen will be implemented.

Characteristics of Each Expenditure (3)

< Disaster Prevention >

- Strengthening the disaster response capabilities, including establishing a system for registering kitchen cars, mobile homes, etc. that can be used in the event of a disaster. In order to thoroughly implement disaster prevention measures, **the budget and personnel of the Cabinet Office in charge of disaster management will be doubled** (FY2024: 7.3 billion yen, 110 people → FY2025: 14.6 billion yen, 220 people).
- In order to increase the amount of water released from dams in the future, the budget for research to **improve the accuracy of forecasting stationary linear mesoscale convective systems and typhoons**, etc. will be doubled (+800 million yen from FY2024), and other measures will be taken to **strengthen the functions of the Japan Meteorological Agency**.(The budget for the Japan Meteorological Agency, including the supplementary budget for FY2024, is over 100 billion yen.)
- The budget and personnel of the Japan Coast Guard will be significantly expanded, including the introduction of **multipurpose patrol vessels that can be used in the event of large-scale disasters** (+18 billion yen from FY2024).

< Recovery and Reconstruction >

- With regard to the **recovery from the Great East Japan Earthquake**, the government will respond to the needs of the disaster areas in a detailed manner, including support for returning and relocating, and measures to counter rumors.
- In order to **recover from the damage caused by the Noto Peninsula earthquake and heavy rainfall**, the government will utilize the supplementary budget for FY2024 and contingency funds to provide seamless support for the reconstruction of the lives and livelihoods of disaster victims and the restoration of infrastructure, etc., in response to the needs of the disaster areas.

< Crime Prevention >

- **Measures to combat “Yami Baito”(shady part time job) will be strengthened** by equipping frontline police officers with the necessary equipment and improving investigative support analysis tools, etc. (+1.3 billion yen from FY2024). **The installation of security cameras, the maintenance of vehicles equipped with blue rotating lights (so-called “Ao Pato”)** will be promoted by using regional creation grant.

< Diplomacy >

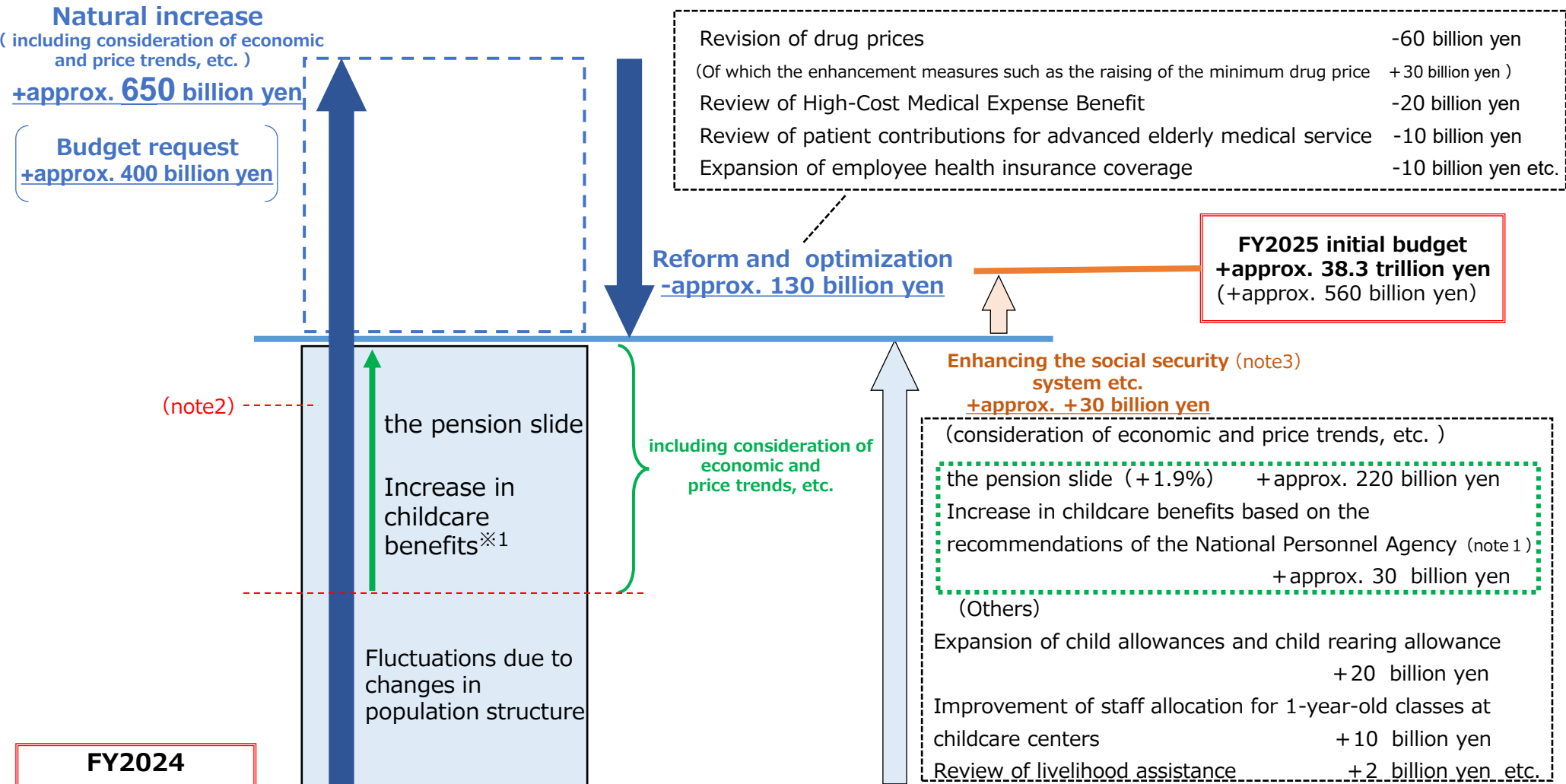
- In the midst of a severe international situation, **security measures** (such as OSA and information warfare) and **diplomatic infrastructure** (such as the protection and security of Japanese nationals) will be strengthened. (+4.7 billion yen from FY2024). While taking priority measures to mobilize private sector financing, etc. for **overall ODA** (+1.4 billion yen from FY2024), sufficient funds that can be practically utilized will be secured by also utilizing JICA's prepayment funds (approx. 5 billion yen in FY2025). The estimated amount of ODA projects, including yen loans, etc., will increase significantly (+432.6 billion yen from FY2024).

< Strengthening Defense Capabilities >

- Based on the Defense Buildup Program, the government will continue to promote a **fundamental strengthening of defense capabilities**, including the **enhancement of stand-off defense capabilities**.
- Based on the content of Ministerial Meeting, the **human resources base of the Self-Defense Forces will be strengthened** by **improving the treatment** of Self-Defense Forces personnel, such as by **establishing a new benefit for Self-Defense Forces personnel who live in barracks after joining** (1.2 million yen over six years after joining).

Overview of the budget in FY2025 related to social security < Social Security >

○ The budget in FY2025 related to social security is 38.3 trillion yen (+approx. 560 billion yen from previous year (37.7 trillion yen)). Based on the “Basic Policy on Economic and Fiscal Management and Reform 2024”, the government will continue its efforts to reform expenditure. Considering the Economic and price trends, 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.



(note1) Due to the effect of the recommendations of the National Personnel Agency in 2024, the education and childcare benefits for children were increased after the budget request.

(note2) The mechanically calculated “increase due to the aging of the population” (including the pension slide) is about +490 billion yen.

(note3) Effects of the start of waiving fees for multiple-child households in reducing the burden of higher education expenses.

◆ Drastic strengthening of policies for children and child-rearing

The Acceleration Plan for the "Children's Future Strategy" (3.6 trillion yen) will be fully implemented. It is expected that **over 80% of the plan will be realized** in the FY2025 budget.

① Strengthening of economic support

- Establishment of **support benefits for pregnant women** (50,000 yen each for consultation at the time of pregnancy and childbirth)
- Drastic strengthening of **burden reduction for higher education** (tuition waiver for students from multi-child households)

② Qualitative improvement of child education and care

- **Improvement of treatment** of childcare workers etc. (significant increase of +10.7% based on the recommendations of the National Personnel Agency in 2024)
- **Improvement of the allocation** of one-year-olds (achieving a ratio of 5 to 1 in facilities that are promoting improvements to the workplace environment)
- Institutionalization of the **"a system where anyone can attend a nursery school"**

③ Enhancement of the childcare leave system

- Increase in child-care leave benefits to **100% of salary** for a certain period (currently 80%)
- Establishing **benefits for shorter working hours**

◆ The revision of drug price for FY2025

※Based on the FY2025 budget

The revision of drug price will be implemented and the **national burden will be reduced** (-246.6 billion yen, national expenditure -64.8 billion yen). Responds to innovation evaluation and ensuring a stable supply.

① Review of target scope

(FY2021, FY2023 revision) Regardless of the nature of the drug, 0.625 times or more of the average deviation rate.

(FY2025 revision) Priority is given to items with a **target scope set according to the nature of each item**.

※Items eligible for additions such as new drug creation, etc.: more than 1.0 times, long-listed products: more than 0.5 times, etc.

② Evaluation of Innovation

- Strengthening the framework for maintaining drug price during the patent period by applying the **revised addition** for the first time.

③ Considerations for ensuring a stable supply

- Temporarily **recalculate unprofitable products** for drugs that require a particularly stable supply to be secured.
- The first **increase in the minimum drug price** since the beginning of deflation

④ Application of the price reduction rule after the expiration of the patent

◆ Review of High-Cost Medical Expense Benefit System

The High-Cost Medical Expense Benefit System will be reviewed from the perspective of **reducing the insurance contribution burden of the working generation while maintaining its role as a safety net**.

【Revision of the maximum amount of individual payment】

- ① **The maximum amount of individual payment will be raised to a certain level** (from August 2025), and
- ② **The income categories will be subdivided and implemented gradually** from the perspective of designing a system that is detailed based on ability to pay (from August 2026, August 2027) .

⇒ Based on the average wage growth rate since the last review, **the increase for the average income bracket is set at 10%**.

At the same time, **the rate of increase will be mitigated** for income brackets below the average. In addition, the rate of increase will **be set (2.7%) for households exclusion from inhabitant tax, with reference to the recent pension revision rate**, etc., and **sufficient consideration will be given to low-income earners**.

【Review of special treatment for outpatients】

- The **"special treatment for outpatients"** system, which is only available to people aged 70 and over (with an annual income of 3.7 million yen or less), will be **reviewed** while minimizing the impact on low-income elderly people. (From August 2026)

General (20% burden ratio): 18,000 yen/month → **28,000 yen/month***

General (10% burden ratio): 18,000 yen/month → **20,000 yen/month***

Households exclusion from inhabitant tax: 8,000 yen/month → **13,000yen/month**

Households exclusion from inhabitant tax: 8,000 yen/month → **no change** (income below a certain level)

The annual maximum amount of individual payment for outpatients in the income categories marked with "*" will also be revised.

【 Effect of reducing insurance contributions 】 ※Full-fiscal year basis

- Effect of reducing insurance contributions including for the working generation: **approx. -370 billion yen** (approx. -1,100 to -5,000 yen per person per year)

- The rate will be increased to 10% by FY2030, 5% in FY2025, and will be steadily increased thereafter.
- The Ministry of Education, Culture, Sports, Science and Technology and the Ministry of Finance will conduct a review at an intermediate stage (from FY2027 onwards), and while reviewing the progress of "work-style reforms," and the status of securing financial resources, measures will be considered and taken, including how to increase the amount of subsequent adjustments, how to prioritize, and other more effective measures.
- The average number of teachers' hours spent after working time will be reduced to about 30 hours per month by FY2029, and the goal is to reduce it to about 20 hours per month in the future. By then, various issues will have been organized from a broad perspective regarding the future of the Act on Special Measures Concerning Salaries, etc., and additional adjustments for the teaching profession.

< Image of phased increase >

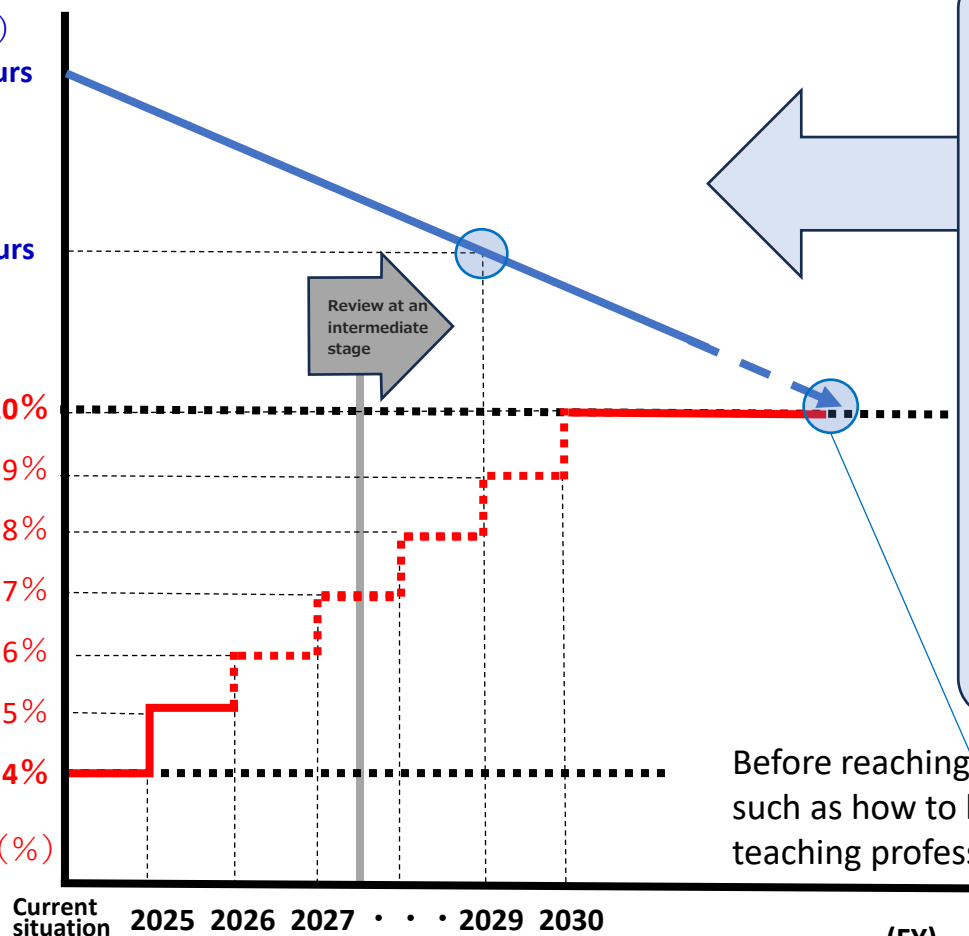
teachers' hours spent after working time (per month)
Current average 47 hours

Target for FY2029 30 hours

Target 20 hours 10%

Current additional adjustments

additional adjustments (%)



- ① Stricter review of tasks, and further reduction of external correspondence and administrative work, including telephone response to parents. Drastic reduction of time spent on non-core tasks, such as shifting to the head office or regional areas, and regional development of club activities.
 - ② Thorough management of working hours
 - ③ Formulation of workload management plans for each Board of Education
 - ④ Visualization of teacher's working hours
 - ⑤ Promotion of school DX
 - ⑥ Review of the number of class hours
 - ⑦ Development of an environment where long-term leave can be taken
 - ⑧ Effective expansion of personnel to reduce the workload of teachers (including 35-student classes in junior high schools from FY2026)
- ⇒ Reduction of teachers' hours spent after working time as a result of these efforts

Before reaching about 20 hours per month, various issues such as how to handle the additional adjustments for the teaching profession will be organized.

【 The New Grant Scheme 】

- Based on the concept that “Local communities are the main drivers of growth”, a grant will be established that will allow local governments to implement projects with a high degree of flexibility, in order to enable local areas to achieve development that matches their individual characteristics.
- In terms of scale, the budget will double from the previous grants, based on the initial budget (100 billion yen → 200 billion yen. 100 billion yen allocated in the FY2024 supplementary budget as well).
- Strong support for local initiatives, from planning to implementation, that contribute to regional revitalization through the participation of various local entities (local industry, government, academia, financial institutions, labor organizations, and public discourse, etc.) based on the autonomy and ingenuity of local governments.

New Regional Economies and Living Environments Creation Grant (Second Generation Grants) (200 billion yen)

Creating living environments in the local areas where people can live with peace of mind

- Creating attractive work styles, workplaces and human resources development for a “regions chosen by young people and women”
- Maintaining and improving services that are essential to daily life, such as shopping, medical care, and transportation and Urban Development
- Realization of a nation founded on culture and the arts through support for local culture and arts
- Securing regional transportation to eliminate transportation blank
- Safe and secure urban development by strengthening crime prevention measures

etc.
 ※ Applications from local governments will be accepted as a single application, and after the content of the project is confirmed by the national government, support will be provided by allocating them to the “Soft Project”, “Base Development Project” and “Infrastructure Development Project”.

Creation of new value-added regional economies

- Revitalization of agriculture, forestry and fisheries and local industries
- Creating high added value in tourism industries
- Creating high added value by using blockchain and generative AI etc.

【 Examples of Soft Projects 】

Regional revitalization through sports



Building a delivery model using drones



【 Examples of Base Development Projects 】

Development of a base for education in state-of-the-art technology



Development of tourist bases next to Roadside Stations



【 Examples of infrastructure Development Projects 】

Development of lively spaces in towns and cities



Development of access roads around the factories



Based on the lessons and issues learned from the Noto Peninsula Earthquake, the following measures will be promoted in the FY2025 budget.

- Strengthening the system of the Cabinet Office in charge of disaster management and the TEC-FORCE, etc.,** in order to improve the ability to respond flexibly in the event of a large-scale disaster and to improve local disaster prevention capabilities.
- The budget for disaster prevention at the Cabinet Office will be doubled** in order to **establish a Disaster Management Agency and ensure thorough disaster prevention in advance.** In addition, **the budget for meteorological research to improve the accuracy of forecasts will be doubled.**
- In order to make **more effective use of the budget for disaster recovery, more precise and flexible management and allocation of the budget will be implemented.** At the same time, **systems will be created and expanded** for various public works projects that **contribute to disaster prevention in advance.**

1. Drastic strengthening of systems

(1) Drastic strengthening of the functions of the Cabinet Office in charge of disaster management

- FY2024: 110 people ⇒ FY2025: 220 people (+110 people)
- Thoroughly implementing disaster prevention in advance, strengthening the system for constantly preparing for emergencies in normal times.
 - Assignment of personnel in charge of strengthening regional disaster prevention capabilities in prefectures.
 - Storage of goods, coordination of procurement and transportation, comprehensive disaster management
 - Assignment of staff in charge of information systems, etc.

(2) Drastic strengthening of the roles and functions of TEC-FORCE.

- FY2024: 23,858 people ⇒ FY2025: 23,951 people (+93 people)
- Strengthening the system of the Regional Development Bureau and Hokkaido Regional Development Bureau
 - Enhancement and strengthening of “materials and equipment” and systems for collecting information
 - Establishment of a private-sector partnership system for TEC-FORCE
 - Clarification of the organizational structure of support for disaster-stricken municipalities



▲ TEC-FORCE damage assessment



▲ Day and night emergency road restoration with lighting vehicles.

2. Increase the budget

(1) The budget for disaster prevention at the Cabinet Office will be doubled (14.6 billion yen (7.3 billion yen))

- ① Drastic improvement of evacuation shelters' environments
 - Budgeting the expenses for push-type support in advance and implementing support quickly and reliably from the day of the disaster (2.7 billion yen (new))
 - Establishment of a registration and support system for kitchen cars, mobile homes, etc., that can be used in the event of a disaster.
 - Scheduled to start in June 2025 (60 million yen* (new))
 - *including budget for the Ministry of Land, Infrastructure, Transport and Tourism

- ② Strengthening command function for disaster response
 - Establishment of the “Comprehensive Promotion Fund for Disaster Prevention Measures” to promote disaster prevention in advance by related ministries and agencies (1.7 billion yen (new))
 - ③ Promotion of public-private partnerships and human resource development
 - Establishment of a registration system for NPOs and other organizations with specialized skills (200 million yen (new))

(2) Doubling the budget of the Meteorological Research Institute (1.6 billion yen (800 million yen))

- Doubling of the budget for research that contributes to improving the accuracy of forecasting stationary linear mesoscale convective systems and typhoons, etc.
- Realization of further sophistication in the operation of dams in the future, based on improvements in observation equipment and the research described above. (The advance start of the pre-release of water from the dam (from 3 to 5 days earlier) is equivalent to the capacity of about 10 Yamba Dams)

Next-generation geostationary meteorological satellite” Himawari” ▶



3. Flexibilization of disaster recovery budgets, creation of systems, etc.

(1) Flexibility in budget for disaster recovery and simplification of procedures.

- In order to make more effective use of the budget for disaster recovery, the management and allocation of the budget will be made more precise and flexible.
- Implementation of simplified disaster assessment procedures, etc.

{ Online implementation, paperless procedure, and the omission of some procedures, etc. }



▲ Emergency restoration of roads in cooperation with construction companies.

(2) Establishment and expansion of the system (reflecting the lessons learned from the Noto Peninsula earthquake)

- ① Expansion of inter-project cooperation in sabo works and other projects.
 - To the list of projects to be linked with erosion control projects, projects to reinforce the earthquake resistance of water and sewage facilities in sediment disaster special alert areas will be added.
- ② Establishment of the Directly Controlled Special Emergency Landslide Countermeasures Project
 - A new directly controlled project will be established to prevent further disasters from the devastating landslides.

(Reference)

The FY2025 Budget Framework

[Expenditure and Revenue]

(unit: billion yen)

	FY2024 budget (initial)	FY2025 budget	FY2024 → FY2025		Notes
(Expenditure)					
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of which Redemption of the National Debt (Excluding Subsidy Bonds)	16,941.7	17,342.5	+400.8		
of which Interest Payments	9,691.0	10,523.0	+832.0		
Total	112,571.7	115,541.5	+2,969.8		
(Revenue)					
Tax Revenue	69,608.0	78,440.0	+8,832.0		
Other Revenue	7,514.7	8,452.5	+937.8		
Government Bonds Issuance (Difference between Expenditure and Tax Revenues, etc.)	35,449.0	28,649.0	- 6,800.0	- Bond Dependency Ratio: 24.8%	
Amount Equivalent to Redemption of the National Debt (Excluding Subsidy Bonds)	16,941.7	17,342.5	+400.8	- Construction Bonds Issuance FY2024 : 6,579.0bn yen → FY2025 : 6,791.0bn yen	
Amount equivalent to Interest Payments	9,691.0	10,523.0	+832.0	- Special Deficit-Financing Bonds Issuance FY2024 : 28,870.0bn yen → FY2025 : 21,858.0bn yen	
Amount equivalent to Deficit from Policy Expenditure (Primary Deficit)	8,816.3	783.5	- 8,032.8	- Fiscal Balance Deficit (total amount equivalent to interest payments and deficit from policy expenditure) is 11.3tn yen	
Total	112,571.7	115,541.5	+2,969.8		

(Note1) Figures may not add up to the totals due to rounding.

(Note2) "Tax Revenue" includes stamp revenue.

(Note3) The classification of "Government Bonds 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 bonds issuance will not be immediately appropriated to the redemption of the national debt and interest payments.

[Government Bonds Outstanding, etc.]

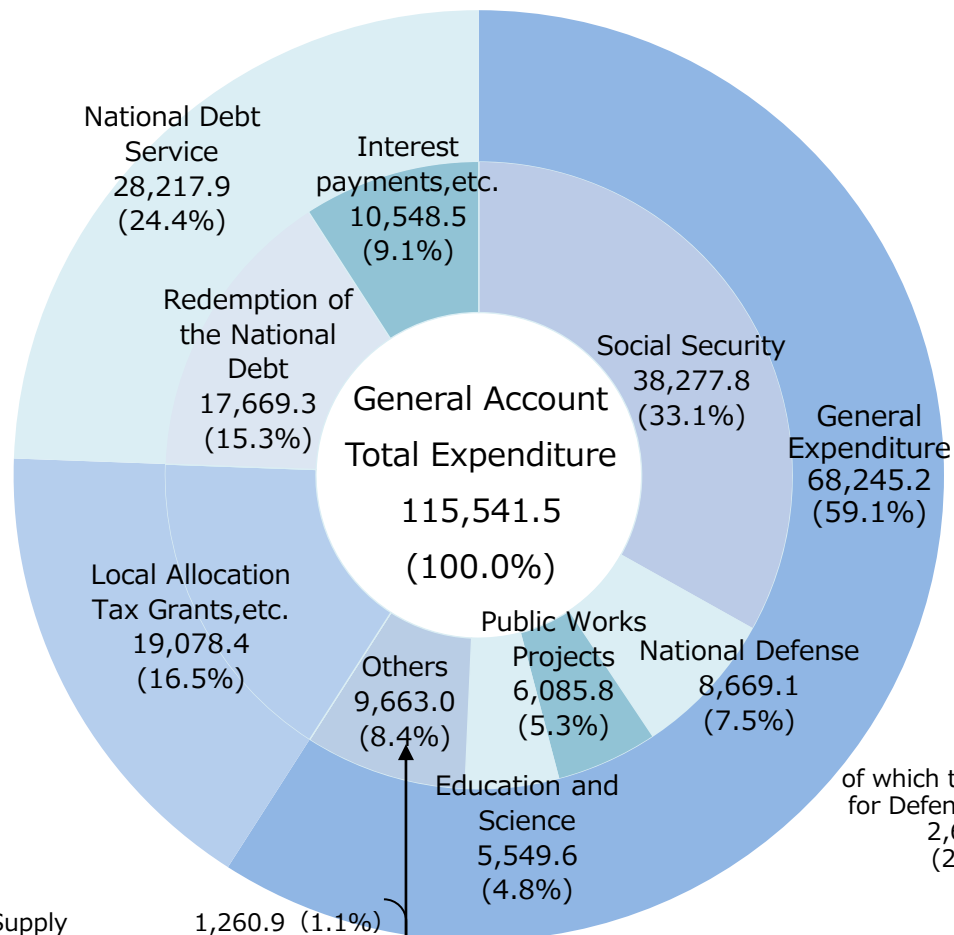
(unit: trillion yen)

	Estimation at the end of FY2024 (as of FY2024 initial budget)	Estimation at the end of FY2025 (as of FY2025 initial budget)	FY2024 → FY2025		Notes
Government Bonds Outstanding	1,105.4	1,128.5	+23.2		
Nominal GDP	612.7	629.3	+16.6		- Fiscal Balance Deficit: about +11.3tn yen Additional Debt in the FY2024 Supplementary Budget: about +6.7tn yen
Government Bonds Outstanding / GDP ratio	180.4%	179.3%	-1.1%		Redemption through Transfer of Surplus in the FY2024 Supplementary Budget: about -0.4tn yen Increase in Advanced Refunding Bonds: about +10.5tn yen Reflecting of actual issuance results, etc.: about -4.9tn yen
cf) Planned Government Bonds Issuance	172.0	166.9	-5.1		Total about +23.2tn yen
of which Amount in General Account	35.4	28.6	-6.8		
of which Amount in Special Account for the Government Debt Consolidation Fund	135.5	136.2	+0.7		

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

The FY2025 Budget: Expenditure and Revenue

General Account Expenditure

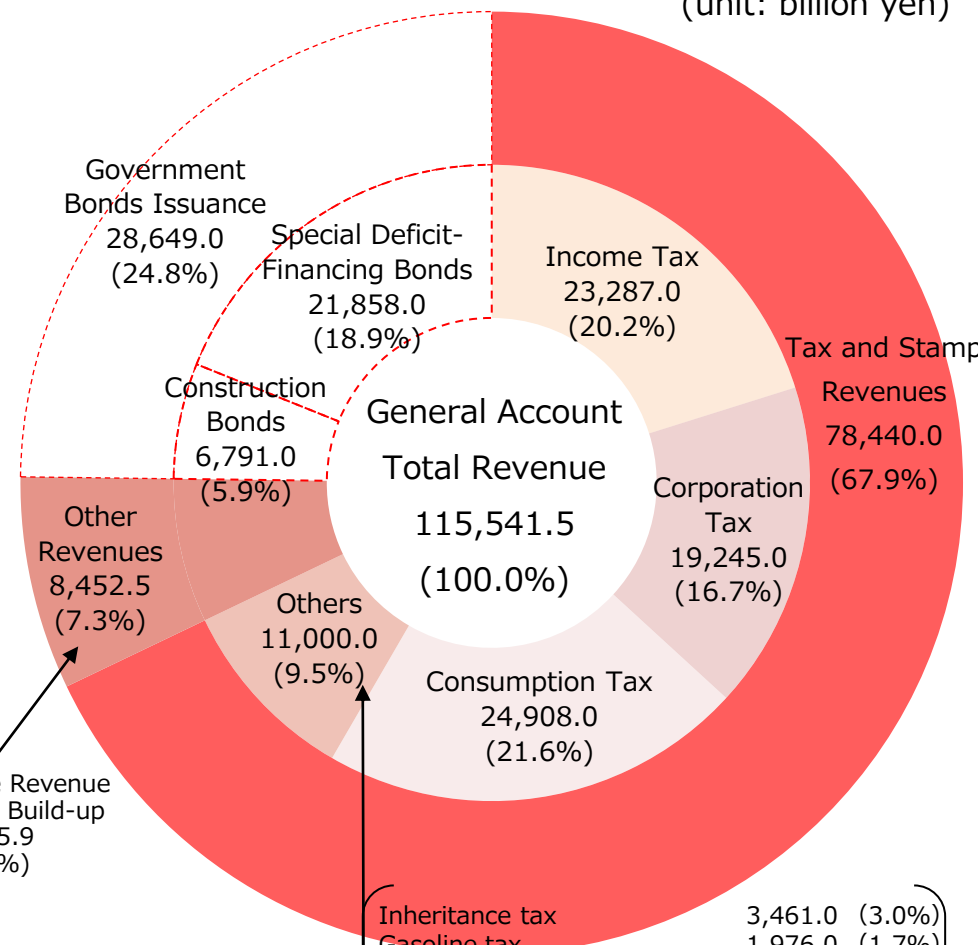


Food Supply	1,260.9	(1.1%)
Energy	811.1	(0.7%)
Economic Assistance	505.0	(0.4%)
Measures for SMEs	169.5	(0.1%)
Former Public Officers Pension	62.3	(0.1%)
Miscellaneous	5,854.3	(5.1%)
Contingency Reserves	1,000.0	(0.9%)

○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 87,676.0 (75.9%).

General Account Revenue

(unit: billion yen)

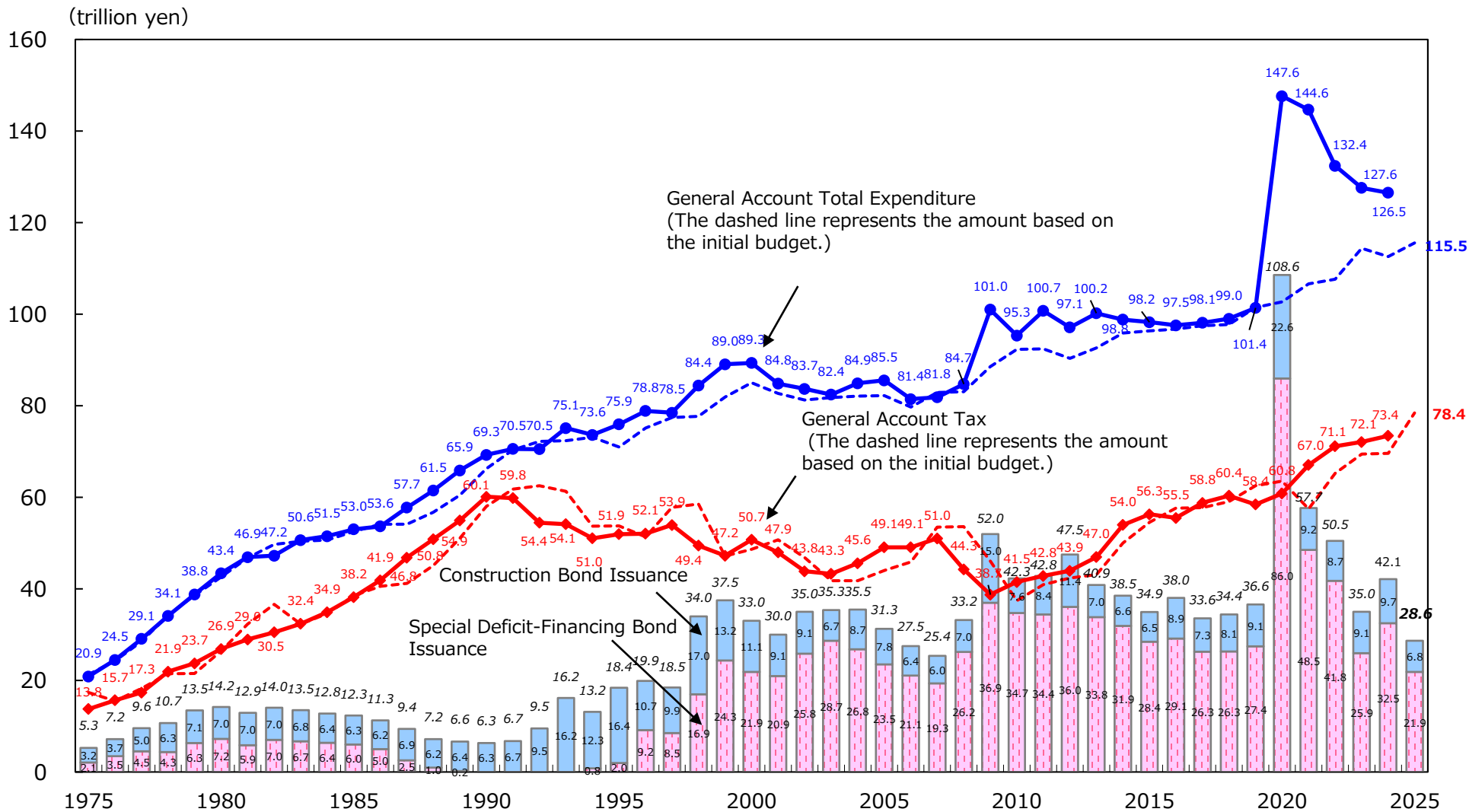


Inheritance tax	3,461.0	(3.0%)
Gasoline tax	1,976.0	(1.7%)
Liquor tax	1,174.0	(1.0%)
Tariffs	989.0	(0.9%)
Tobacco tax	953.0	(0.8%)
Petroleum and Coal tax	601.0	(0.5%)
Motor vehicle tonnage tax	407.0	(0.4%)
Promotion of power resources development tax	307.0	(0.3%)
Other tax revenue	102.0	(0.1%)
Stamp revenue	1,030.0	(0.9%)

of which the Revenue for Defense Build-up is 2,665.9 (2.3%)

(Note1) Figures may not add up to the total due to rounding.
 (Note2) Social security related expenditures account for 56.1% of the general expenditure.

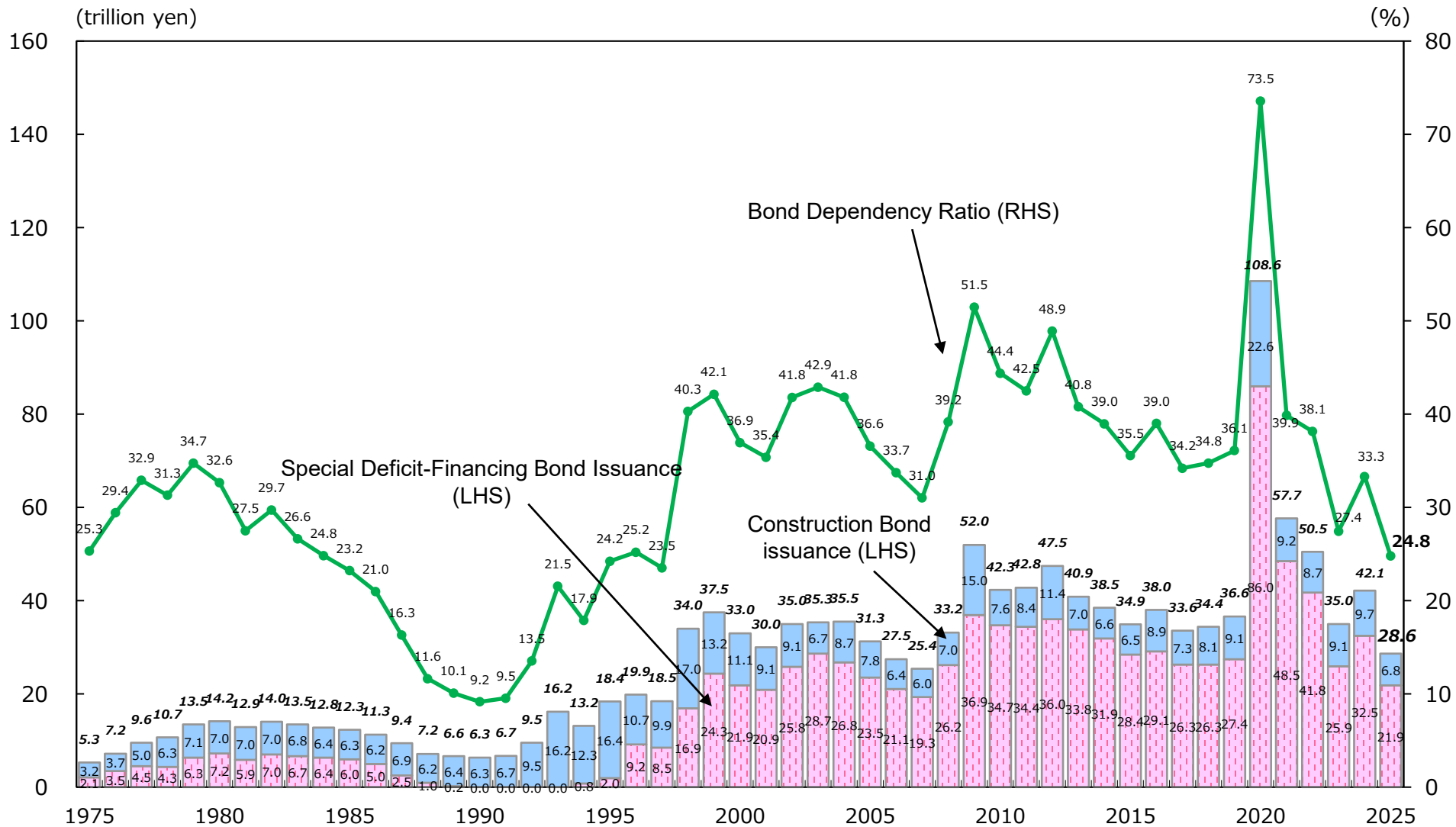
Trends in General Account Expenditure, Tax Revenue and Bond Issuance



(Note 1) FY1975 - FY2023: settled figures; FY2024: based on the supplementary budget; FY2025: Based on the draft budget. The dashed line represents the amount based on the initial budget. (FY)

(Note 2) The 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 - FY1996 to make up for decline in tax revenue due to a series of tax cuts preceding consumption tax 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

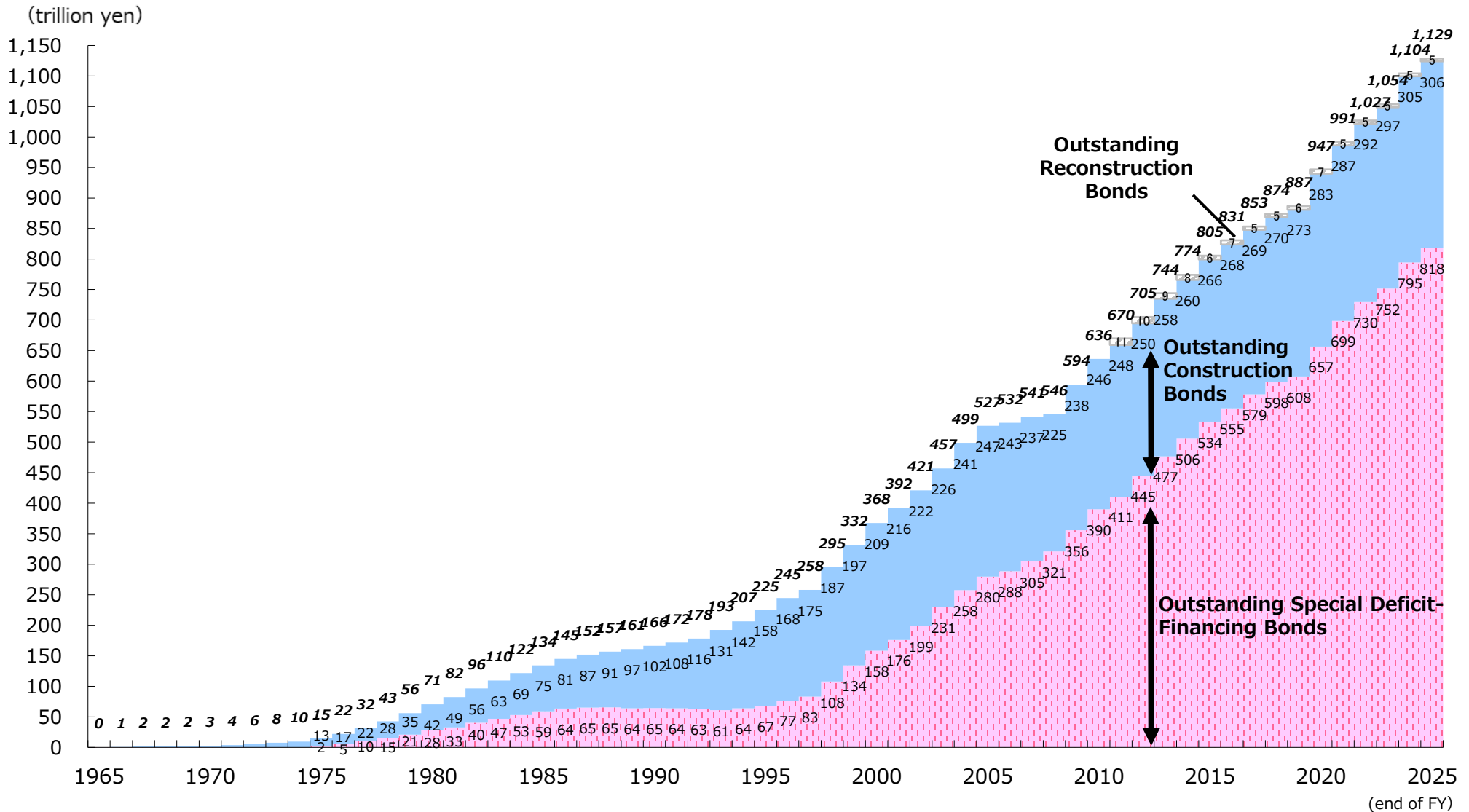


(Note1) FY1975 - FY2023 : Settled figures; FY2024 : Based on the supplementary budget; FY2025: Based on the draft budget (FY)

(Note2) 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.

(Note3) Bond dependency ratio is calculated as the ratio of bond issuance to general account expenditures.

Accumulated Government General Bonds Outstanding



(Note1) FY1975 - FY2023: Actual figures; FY2024: Based on the supplementary budget, FY2025: Based on the draft budget

(Note2) Government general bond outstanding includes construction bonds, special deficit-financing bonds and reconstruction bonds. Special deficit-financing bond outstanding includes deficit-financing bonds issued in FY1965, 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, pension-related special deficit-financing bonds, GX Economy Transition Bonds and Child Special Bonds.

(Note3) The estimated amount at the end of FY2025, excluding the issuance limit of advance refunding bonds for refinancing in the following fiscal year, is approximately 1,074 trillion yen.

Long-term debt outstanding of central and local governments

(unit : trillion yen)

	FY1998 < actual >	FY2003 < actual >	FY2008 < actual >	FY2013 < actual >	FY2018 < actual >	FY2019 < actual >	FY2020 < actual >	FY2021 < actual >	FY2022 < actual >	FY2023 < actual >	FY2024 < estimated >	FY2025 < draft budget >
Central Government	390 (387)	493 (484)	573 (568)	770 (747)	901 (850)	914 (870)	973 (964)	1,017 (1,002)	1,053 (1,037)	1,080 (1,055)	1,133 (1,088)	1,159 (1,104)
General Bond	295 (293)	457 (448)	546 (541)	744 (721)	874 (823)	887 (843)	947 (937)	991 (976)	1,027 (1,012)	1,054 (1,029)	1,104 (1,060)	1,129 (1,074)
% of GDP	55% (55%)	87% (85%)	106% (105%)	145% (141%)	157% (148%)	159% (151%)	176% (174%)	179% (176%)	181% (179%)	177% (173%)	180% (173%)	179% (171%)
Local Government	163	198	197	201	194	192	192	191	187	183	178	171
% of GDP	30%	38%	38%	39%	35%	35%	36%	34%	33%	31%	29%	27%
Total	553 (550)	692 (683)	770 (765)	972 (949)	1,095 (1,044)	1,106 (1,062)	1,165 (1,156)	1,208 (1,193)	1,239 (1,224)	1,262 (1,238)	1,311 (1,266)	1,330 (1,275)
% of GDP	103% (103%)	131% (130%)	149% (148%)	190% (185%)	197% (188%)	199% (191%)	216% (214%)	218% (215%)	219% (216%)	212% (208%)	214% (207%)	211% (203%)

(Note1) GDP for FY1998 - FY2023: Actual figures, FY2024 and FY2025: Based on "Economic Outlook and Basic Stance for Economic and Fiscal Management"

(Note2) Central government debt for FY1998 - FY2023: Actual figures, FY2024: Based on the supplementary budget, FY2025: Based on the draft budget.

Local government debt for FY1998 - FY2023: Actual figures, FY2024 and FY2025: 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, GX Economy Transition Bonds and Child Special Bonds.

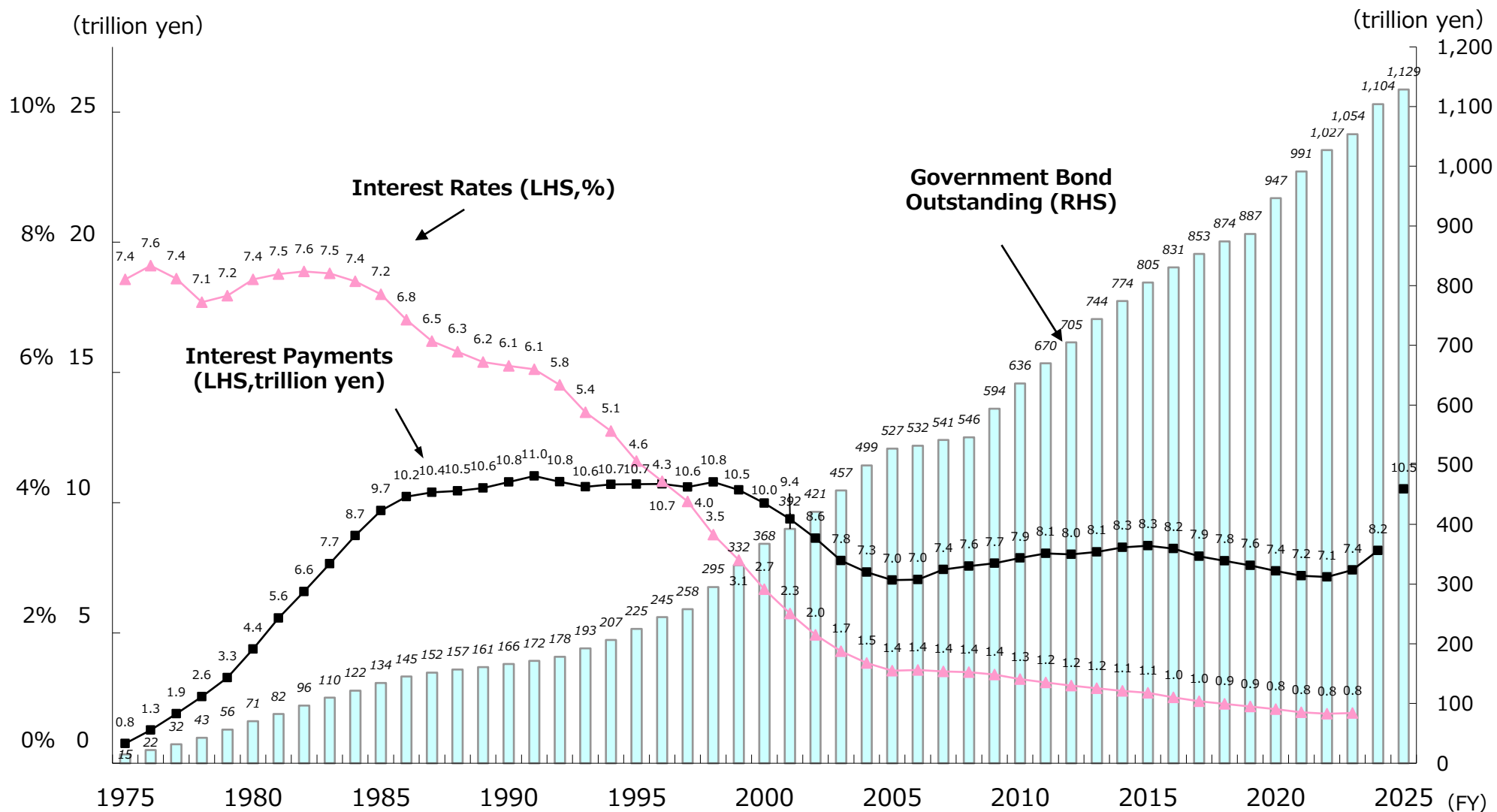
(Note4) FY1998 - FY2023: Figures in parentheses do not include the issuance amount of advance refunding bonds for refinancing in the following fiscal year.

FY2024 - FY2025: 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. 25 trillion yen in FY2025).

(Note6) Government bond outstanding in the special account for fiscal investment and loan program in FY2025 is approximately 91 trillion yen.

Trends in interest payments and interest rates



(Note1) Interest payments for FY1975 - FY2023: Settled figures; FY2024: Based on the supplementary budget; FY2025: Based on the draft budget.

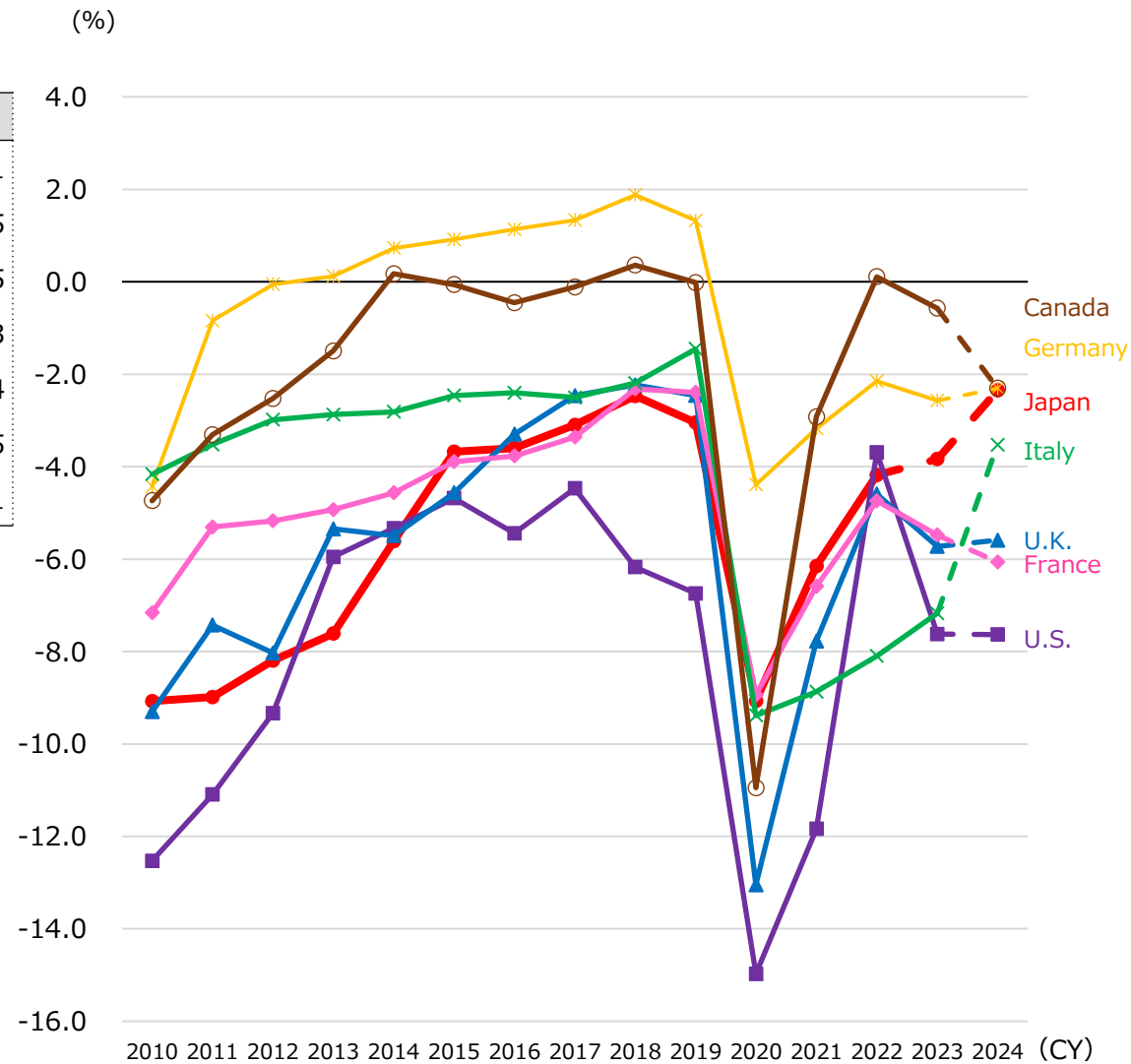
(Note2) Interest rates are a weighted average of JGBs' interest rates.

(Note3) Government bond outstanding for FY1975 - FY2023: Figures at the end of each fiscal year, FY2024: Based on the supplementary budget, FY2025: Based on the draft budget.

International Comparison of General Government Fiscal Balance (% of GDP)

	(%)								
CY	2010	2011	2012	2013	2014	2015	2016	2017	
Japan	- 9.1	- 9.0	- 8.2	- 7.6	- 5.6	- 3.7	- 3.6	- 3.1	
U.S.	- 12.5	- 11.1	- 9.3	- 6.0	- 5.3	- 4.7	- 5.4	- 4.5	
U.K.	- 9.3	- 7.4	- 8.0	- 5.3	- 5.5	- 4.6	- 3.3	- 2.5	
Germany	- 4.4	- 0.8	- 0.1	0.1	0.7	0.9	1.1	1.3	
France	- 7.2	- 5.3	- 5.2	- 4.9	- 4.6	- 3.9	- 3.8	- 3.4	
Italy	- 4.2	- 3.5	- 3.0	- 2.9	- 2.8	- 2.5	- 2.4	- 2.5	
Canada	- 4.7	- 3.3	- 2.5	- 1.5	0.2	- 0.1	- 0.5	- 0.1	

	(%)							
CY	2018	2019	2020	2021	2022	2023	2024	
Japan	- 2.5	- 3.0	- 9.1	- 6.2	- 4.2	- 3.8	- 2.3	
U.S.	- 6.2	- 6.7	- 15.0	- 11.8	- 3.7	- 7.6	- 7.6	
U.K.	- 2.2	- 2.5	- 13.0	- 7.8	- 4.6	- 5.7	- 5.6	
Germany	1.9	1.3	- 4.4	- 3.2	- 2.2	- 2.6	- 2.3	
France	- 2.3	- 2.4	- 8.9	- 6.6	- 4.7	- 5.5	- 6.1	
Italy	- 2.2	- 1.4	- 9.4	- 8.9	- 8.1	- 7.2	- 3.5	
Canada	0.4	- 0.0	- 10.9	- 2.9	0.1	- 0.6	- 2.3	



(Source) OECD "Economic Outlook 116" (December 4, 2024)

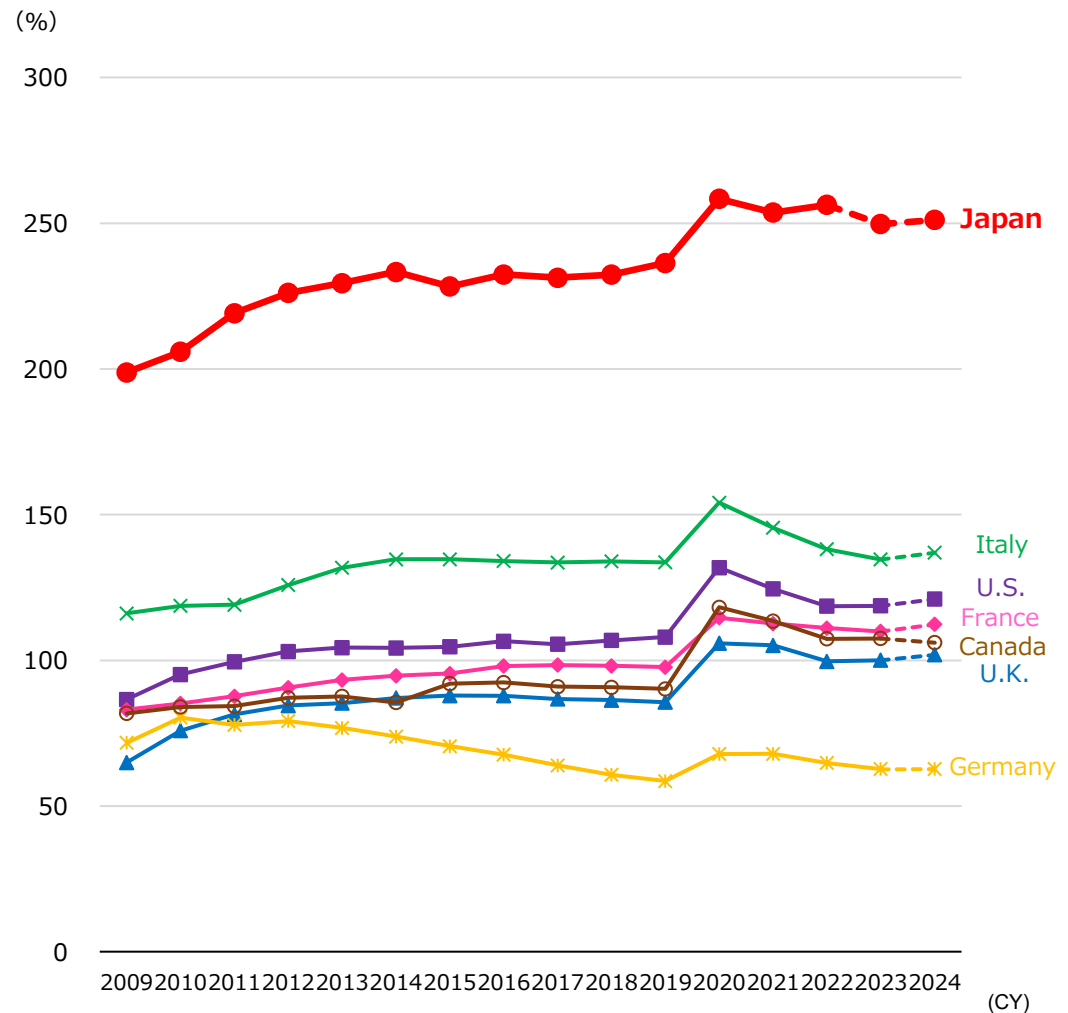
(Note 1) The figures represent the general-government-based data (the central/local governments and social security funds combined).

(Note 2) The 2023-2024 figures for Japan and the 2024 figures for other countries are estimated figures.

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

	(%)							
CY	2009	2010	2011	2012	2013	2014	2015	2016
Japan	198.8	205.9	219.2	226.1	229.5	233.3	228.3	232.4
U.S.	86.6	95.2	99.5	103.1	104.3	104.2	104.7	106.6
U.K.	64.9	75.9	81.4	84.5	85.3	87.1	87.9	87.8
Germany	71.7	80.4	77.8	79.2	76.8	73.8	70.6	67.6
France	83.1	85.2	87.7	90.6	93.3	94.7	95.5	98.1
Italy	116.1	118.7	119.1	125.8	131.8	134.7	134.7	134.1
Canada	81.8	84.0	84.3	87.2	87.6	85.5	92.0	92.4

CY	2017	2018	2019	2020	2021	2022	2023	2024
Japan	231.3	232.4	236.4	258.4	253.7	256.3	249.7	251.2
U.S.	105.5	106.8	108.0	131.8	124.5	118.6	118.7	121.0
U.K.	86.7	86.3	85.7	105.8	105.1	99.6	100.0	101.8
Germany	64.0	60.7	58.6	67.9	67.9	64.8	62.7	62.7
France	98.4	98.1	97.6	114.6	112.6	111.1	109.9	112.3
Italy	133.6	134.0	133.6	154.1	145.5	138.1	134.6	136.9
Canada	90.9	90.8	90.2	118.2	113.5	107.4	107.5	106.1



(Source) IMF "World Economic Outlook" (October 2024).

(Note 1) The figures represent the general-government-based data (the central/local governments and social security funds combined).

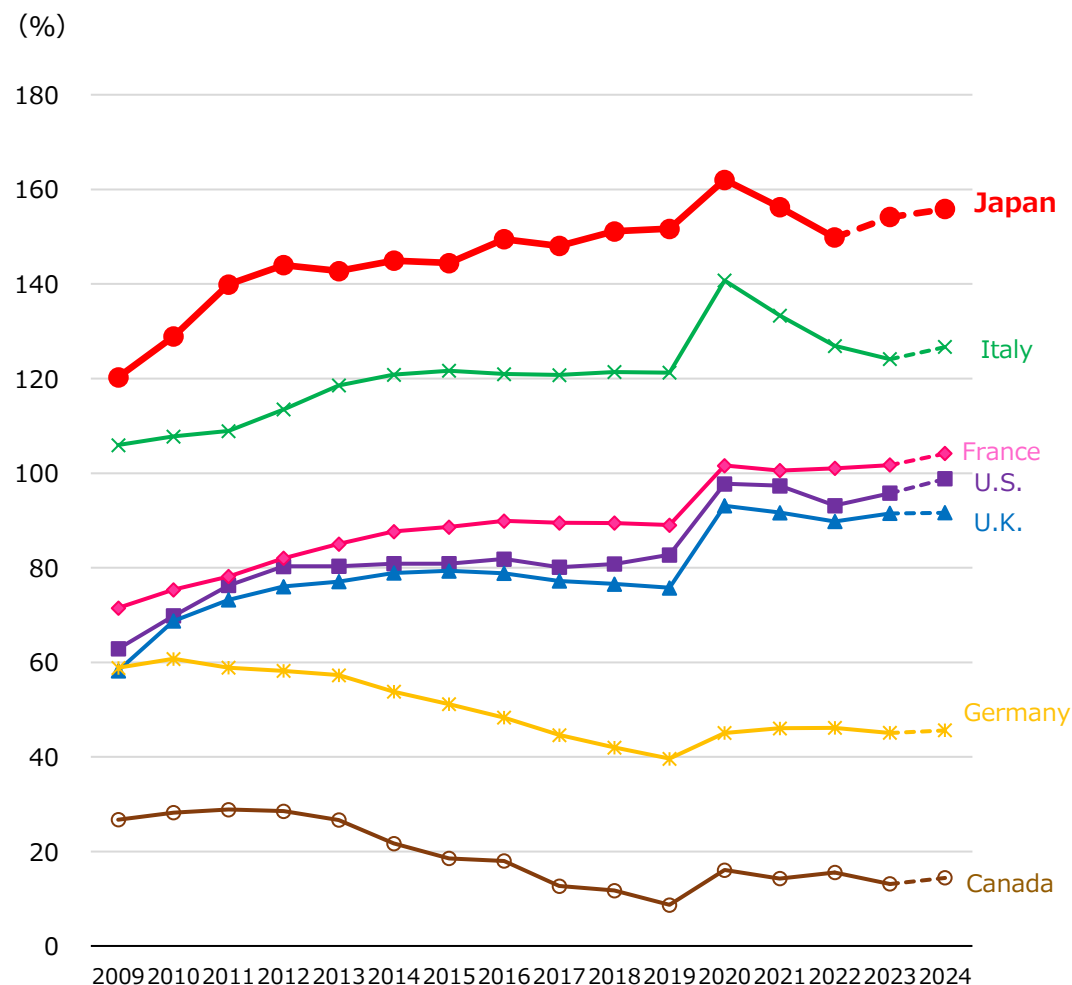
(Note 2) 2023-2024 figures for Japan and the 2024 figures for the other countries are estimated figures.

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

(%)

CY	2009	2010	2011	2012	2013	2014	2015	2016
Japan	120.3	128.9	139.9	144.0	142.8	144.9	144.4	149.5
U.S.	62.9	69.8	76.3	80.3	80.3	80.9	80.9	81.9
U.K.	58.2	68.8	73.2	76.0	77.1	78.9	79.3	78.8
Germany	58.9	60.7	58.9	58.2	57.3	53.8	51.2	48.3
France	71.5	75.4	78.1	82.0	85.0	87.7	88.6	89.9
Italy	105.9	107.8	108.9	113.5	118.6	120.8	121.7	121.0
Canada	26.8	28.2	28.9	28.5	26.7	21.7	18.5	18.0

CY	2017	2018	2019	2020	2021	2022	2023	2024
Japan	148.1	151.1	151.7	162.0	156.3	149.8	154.2	155.8
U.S.	80.1	80.8	82.7	97.8	97.3	93.2	95.7	98.8
U.K.	77.2	76.6	75.8	93.1	91.7	89.8	91.5	91.6
Germany	44.6	42.0	39.6	45.1	46.0	46.2	45.1	45.6
France	89.5	89.5	89.0	101.6	100.5	101.0	101.7	104.1
Italy	120.8	121.4	121.2	140.8	133.4	126.9	124.1	126.6
Canada	12.7	11.7	8.7	16.1	14.3	15.6	13.1	14.4



(Source) IMF "World Economic Outlook" (October 2024).

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

(Note2) 2023-2024 figures for Japan and the 2024 figures for the other countries are estimated figures.

(Note3) Net debt is calculated as a gross debt minus financial assets corresponding to debt instruments such as currency and deposits, and debt securities.

(CY)