Contents

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

State of Debt Management Policies

1 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 ....................................... 18
   (3) Overview of Discussions at Various Meetings .......................................... 18
   (4) JGB Issuance Plan for FY2022 .................................................................... 19
   (5) JGB Issuance Plan Based on Market Trends and Demands ......................... 22
   (6) Revision of JGB Issuance Plan for FY2022 ................................................. 24
       Box3 Cost-at-Risk Analysis ................................................................................ 25
       Box4 Review of Advisory Council on Government Debt Management and Its Successor ...... 26

3 Diversification of JGB Investor Base .............................................................. 27
   (1) JGB Holdings by Retail Investors ................................................................. 28
   (2) JGB Holdings by Foreign Investors .............................................................. 30

4 Others ............................................................................................................... 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 ............................................. 36
  (1) JGBs by Legal Grounds of Issuance ........................................... 36
  (2) Types of JGBs ........................................................................... 40
  (3) Methods of Issuance ................................................................. 42
  (4) JGB Market Special Participants Scheme ................................. 46
  (5) Government Bond Administration .............................................. 48

■ 2 Secondary Market for Government Bonds ..................................... 51
  (1) JGB Market Liquidity Maintenance and Enhancement ............... 51
  (2) OTC Transactions and Transactions on the Stock Exchange ......... 52
  (3) Improvements to the JGB Transaction Settlement System ......... 53
  (4) WI Transaction ....................................................................... 55
  (5) Bond Gensaki and Bond-Lending Transactions ......................... 55
  (6) STRIPS ................................................................................. 58
  (7) JGB Futures Trading ................................................................. 59

■ 3 Debt Management Systems ........................................................... 62
  (1) Redemption System ................................................................ 62
  (2) Liquidity Enhancement Auctions ............................................... 70
  (3) Buy-back Program ................................................................... 72
  (4) Interest Rate Swap Transaction ............................................... 74
  (5) Dialogue with Market Participants ........................................... 74

■ 4 Taxation of Government Bonds ....................................................... 76
  (1) Individuals (Residents) ............................................................ 76
  (2) Domestic Corporations ............................................................ 77
  (3) Nonresident Individuals and Foreign Corporations .................. 77
  (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 ....................................... 83
  (5) Borrowing through Public Auction on Private-sector Borrowings ................................................................. 84

■ 3 Government-Guaranteed Debt ...................................................... 85
  (1) Legal Ground of Government Guarantee ................................. 85
(2) Features of Government-Guaranteed Debt ........................................ 85
(3) Treatment in the Budget and Examination Process .......................... 85
4 Subsidy Bonds ....................................................................................... 87
  (1) Subsidy Bonds (narrowly defined) .................................................. 87
  (2) Subscription/Contribution Bonds .................................................... 87
  (3) Others .......................................................................................... 88

◆ Chapter 3 Other Public Debt

1 Local Government Bonds (LGBs) ....................................................... 89
  (1) Basic Scheme of LGBs ................................................................. 89
  (2) LGB Program ............................................................................. 91
2 Debt of Incorporated Administrative Agencies, etc. .......................... 93
  (1) Debt of Incorporated Administrative Agencies, etc. .................... 93
  (2) Financial Conditions of Incorporated Administrative Agencies, etc. 94

◆ Chapter 4 Debt Management in Foreign Countries

1 Debt Management Policies in Foreign Countries ................................ 95
  (1) Debt Management Policy Frameworks ......................................... 95
  (2) Bond Types and Issuance Methods ............................................. 96
  (3) Liquidity Maintenance/Enhancement Measures ............................ 98
  (4) Primary Dealer System ............................................................... 99
2 Debt Management Status in Foreign Countries ................................ 100
  (1) Government Debt Issuance Trends ............................................ 100
  (2) Average Maturity ...................................................................... 102
  (3) Breakdown by Government Bond Holders .................................. 103
3 Collaboration and Cooperation with Foreign Countries .................... 104

III Appendices

◆ Chapter 1 Government Bonds (JGBs)

1 Primary Market for Government Bonds .............................................. 106
  (1) Issuance Amount of Government Bonds .................................... 106
  (2) Historical Changes in JGB Market Issuance by JGB Types ............ 107
  (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 ........... 113
  (7) Issuance of JGBs for Retail Investors .......................................... 114
  (8) Issuance by the Bank of Japan Rollover ...................................... 115
  (9) Front-Loading Issuance of Refunding Bonds ............................... 115
  (10) List of Commissions for Issuing JGBs, etc. ................................. 116
2 Secondary Market for Government Bonds ........................................ 117
Chapter 2 Financing Bills, Borrowings and Government-Guaranteed Debt

1 Financing 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 FY2021 ..................... 140

2 Borrowings ..................................................................................... 141
   (1) Outstanding Amount of Borrowings .......................................................... 141
   (2) Outstanding Amount of Borrowings -Breakdown by the Types of Account (as of the end of FY2021) … 141
   (3) Outstanding Amount of Borrowings of the Special Account for Local Allocation Tax … 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 .......................... 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

■ 3 Government-Guaranteed Debt .......................................................... 145
  (1) Changes in the Outstanding Amount of Government-Guaranteed Debt .................................................. 145
  (2) Changes in the Issuance Amount of Government-Guaranteed Domestic Bonds Offered to the Market .................................................. 145
  (3) Breakdown of the Government-Guaranteed Debt by Agencies .......................................................... 146
  (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 FY2021 .................................................. 149

◆ 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 .......................................................... 155

◆【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 Ratio .......................................................... 156
(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 .......................................................... 158
(7) Projection of the FY2022 Budget Impact on Following Year's Expenditure and Revenue .......................................................... 159
(8) Cash-flow Projections of the GDCF .......................................................... 160
(9) Changes in the Outstanding Amount of JGBs, Financing Bills, Borrowings and Government-Guaranteed Debt .......................................................... 161
(10) Long-term Debt Outstanding of Central and Local Governments .......................................................... 162
(11) Breakdown of the Outstanding Amount of General Bonds by Remaining Years to Maturity .......................................................... 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 .......................................................... 164
(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) .......................................................... 166
(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
The tabs located in the same positions indicate that the chapters are relevant to each other across the parts they belong to.