

### 3 Government-Guaranteed Debt

Incorporated administrative agencies run businesses for public purposes as government agencies. The government guarantees their debt within the maximum amount provided in the budget to make it easier for them to raise funds. As is the case with JGBs, the government works to ensure smooth and stable fundraising and to make sure that the given terms and conditions are favorable and appropriate as government-guaranteed debt.

#### (1) Legal Ground of Government Guarantee

In principle, government guarantees for corporate debt are prohibited under Article 3 of the “Act on Restrictions on Financial Assistance by Government to Corporations.” Exceptions are only made by specific acts under cases where the following conditions are satisfied:

- i) Conducting businesses for highly public purposes as agencies for the government.
- ii) Their financial accounting and administration are under governmental supervision, and thus the use of guaranteed debt borrowing and repayment schedules are thoroughly monitored.

When guarantees are given, appropriate supervisions including checking financial condition are exercised at the ministries and agencies that hold jurisdiction over the relevant agencies.

#### (2) Features of Government-Guaranteed Debt

Government-guaranteed debt is broadly divided into Government-Guaranteed Bonds and Borrowings. Government-Guaranteed Bonds are divided into domestic and foreign bonds. Raising funds through Government-Guaranteed Borrowings generally has the advantage of flexibility in meeting temporary demands for funds, but also has a defect in liquidity of the secondary market as compared to Government-Guaranteed Bonds.

#### (3) Treatment in the Budget and Examination Process

##### A. Treatment in the budget

###### a. The maximum amount of government guarantee

There are cases in which the government is permitted to guarantee debt based on specific acts, as mentioned above. These acts also provide that the government must receive Diet approval for the maximum amount of government guarantee. Therefore, the maximum amount for individual corporations is provided under the general provisions of the General Account budget, which is subjected to Diet approval in each fiscal year.

###### b. Provision in the FILP Plan

The maximum amount of government-guaranteed debt is specified in the budget as stated above. The government guarantees for those agencies that are eligible for FILP lending or specified by cabinet orders, when the guarantee term is 5 years or longer, shall be reported in the FILP Plan based on Article 5, paragraph (2), item(iii) of the Act for the Special Measures on the Long-Term Management of the Fiscal Loan Fund.

Ref: “FILP”(FILP Plan of each fiscal year) at the MOF website

## B. Examination of Government-Guaranteed Bonds and Borrowings

Every fiscal year, the MOF plans the issuance amount of Government-Guaranteed Bonds and the maturity structure of the following fiscal year taking account of market trends, and announces them together with the JGB Issuance Plan (For FY2024, the scheduled issuances are tabulated below). Furthermore, whenever an agency raises funds through issuance of Government-Guaranteed Bonds or Borrowings, the MOF examines whether or not interest rates and prices in each case are appropriate for the guaranteed debt.

**Fig. 2-35 Breakdown of the Planned Issuance Amount for FY2024 of Government-Guaranteed Bonds**

(Unit: billion yen)

Maturity	FY2023 (Initial)	FY2023 (Revised)	FY2024 (Initial)			Main Issuer
	(a)	(b)	(c)	(c)-(a)	(c)-(b)	
40-year	10.0	10.0	-	-10.0	-10.0	Japan Housing Finance Agency(JHFA), Organization for Promoting Urban Development
30-year	10.0	10.0	20.0	10.0	10.0	
20-year	175.0	235.0	240.0	65.0	5.0	Japan Expressway Holding and Debt Repayment Agency(JEHDRA), JHFA, etc.
15-year	80.0	100.0	210.0	130.0	110.0	JEHDRA, JHFA
12-year	40.0	40.0	80.0	40.0	40.0	JEHDRA
10-year	134.5	134.5	639.6	505.1	505.1	JEHDRA, Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development, etc.
9-year	50.0	50.0	-	-50.0	-50.0	Private Finance Initiative Promotion Corporation of Japan
8-year	-	-	50.0	50.0	50.0	
7-year	280.0	280.0	290.0	10.0	10.0	JEHDRA, Development Bank of Japan Inc. (DBJ)
5-year	1,003.0	933.0	73.5	-929.5	-859.5	JHFA, Central Japan International Airport Co.,Ltd.
4-year	80.0	80.0	420.0	340.0	340.0	Japan Finance Organization for Municipalities, Nuclear Damage Compensation and Decommissioning Facilitation Corporation(NDF)
3-year	100.0	100.0	250.0	150.0	150.0	Japan Investment Corporation (JIC) , NDF
2-year	230.0	230.0	330.0	100.0	100.0	Deposit Insurance Corporation of Japan, JIC
Subtotal	2,192.5	2,202.5	2,603.1	410.6	400.6	
Foreign Bonds	2,290.5	2,290.5	1,823.5	-467.0	-467.0	Japan Bank for International Cooperation, DBJ, etc.
Total	4,483.0	4,493.0	4,426.6	-56.4	-66.4	

Note 1: Apart from the plan shown above, the Japan Finance Corporation (JFC) and Development Bank of Japan Inc. (DBJ) plan further issuances (with maturity of less than 5 years) depending on the progress of projects. The maximum amounts of these further issuances are 100 billion yen for JFC and DBJ, respectively.

Note 2: The maturity and issuance amount may be modified depending on aspects such as the progress of projects during FY2024.

**Fig. 2-36 Breakdown of the Planned Issuance Amount for FY2024 of Government-Guaranteed Bonds by Issuers and Maturities**

(Unit: billion yen)

Issuer	30-year	20-year	15-year	12-year	10-year	8-year	7-year	5-year	4-year	3-year	2-year	Subtotal (Note 1)	Foreign Bonds	Total
Japan Bank for International Cooperation												-	1,438.5	1,438.5
Japan International Cooperation Agency												-	165.0	165.0
Japan Expressway Holding and Debt Repayment Agency		120.0	120.0	80.0	503.0		200.0					1,023.0		1,023.0
Japan Housing Finance Agency	10.0	80.0	90.0					60.0				240.0		240.0
Development Bank of Japan Inc.					40.0		90.0					130.0	220.0	350.0
Deposit Insurance Corporation of Japan											180.0	180.0		180.0
Japan Investment Corporation										150.0	150.0	300.0		300.0
Nuclear Damage Compensation and Decommissioning Facilitation Corporation									150.0	100.0		250.0		250.0
Private Finance Initiative Promotion Corporation of Japan						50.0						50.0		50.0
Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development					62.6							62.6		62.6
Fund Corporation for the Overseas Development of Japan's ICT and Postal Services Inc.					24.0							24.0		24.0
Organization for Promoting Urban Development	10.0	40.0										50.0		50.0
Central Japan International Airport Co.,Ltd.					10.0			13.5				23.5		23.5
Japan Finance Organization for Municipalities									270.0			270.0		270.0
Total	20.0	240.0	210.0	80.0	639.6	50.0	290.0	73.5	420.0	250.0	330.0	2,603.1	1,823.5	4,426.6

Note 1: Apart from the plan shown above, the Japan Finance Corporation (JFC) and Development Bank of Japan Inc. (DBJ) plan further issuances (maturity less than 5 years) depending on the progress of projects. The maximum amounts of these further issuances are 100 billion yen for JFC and DBJ, respectively.

Note 2: The maturity and issuance amount may be modified depending on aspects such as the progress of projects during FY2024.