

2025

Debt Management Report

The Government Debt Management and the State of Public Debts

Contents

Preface

■ 1	About “Debt Management Report”	2
■ 2	What is Debt Management Policy?	3
	(1) Overview	3
	(2) Dialogue with Market Participants	4
	(3) Framework of “Government Funding Activities”	6
	(4) Debts with Public Characteristics	7
	Box1 JGB Yields	9
	Box2 “Simple Interest” and “Compound Interest”	11

I

State of Debt Management Policies

■ 1	Trends of JGB Market in FY2024	14
	(1) Overview	14
	(2) Investor Trends	15
■ 2	JGB Issuance Plan	18
	(1) JGB Issuance Plan for FY2024 (Revision under supplementary budget)	18
	(2) JGB Issuance Plan for FY2025	20
	Box3 Cost-at-Risk Analysis	27
	Box4 Challenges and Initiatives in Recent Government Debt Management Policy	28
■ 3	Diversification of JGB Investor Base	30
	(1) JGB Holdings by Retail Investors	31
	(2) JGB Holdings by Foreign Investors	33
	(3) JGB Investor Relations	35
	Box5 On the Demand for T-Bills	38

◆ Chapter 1 Government Bonds (JGBs)

■ 1	Debt Management Policy Frameworks	42
	(1) JGBs by Legal Grounds	43
	(2) GDCF Special Account	53
■ 2	Primary Market for Government Bonds	55
	(1) Types of JGBs	55
	(2) Method of Issuance	58
	(3) JGB Market Special Participants Scheme	62
	(4) Government Bond Administration	64
■ 3	Secondary Market for Government Bonds	67
	(1) JGB Market Liquidity Maintenance and Enhancement	67
	(2) OTC Transactions and Transactions on the Stock Exchange	72
	(3) Improvements to the JGB Transaction Settlement System	73
	(4) WI Transaction	75
	(5) Bond <i>Gensaki</i> and Bond-Lending Transactions	75
	(6) STRIPS	78
	(7) JGB Futures Trading	79
■ 4	Taxation of Government Bonds	82
	(1) Individuals (Residents)	82
	(2) Domestic Corporations	83
	(3) Nonresident Individuals and Foreign Corporations	83
	(4) Tax Exemption Scheme for Nonresident Individuals and Foreign Corporations	83

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

■ 1	Financing Bills	86
	(1) Legal Grounds of Financing Bills	86
	(2) Treatment of Financing Bills in the Budget	87
	(3) Auction Methods, etc.	87
	(4) Outline of Cash Management of the National Treasury	87
■ 2	Borrowings	88
	(1) Legal Grounds of Borrowings	88
	(2) Treatment of Borrowings in the Budget	88
	(3) Source of Borrowings	88
	(4) Borrowings from the Private Sector	89
	(5) Borrowing through Public Auction on Private-sector Borrowings	90
■ 3	Government-Guaranteed Debt	91
	(1) Legal Ground of Government Guarantee, etc.	91
	(2) Features of Government-Guaranteed Debt	91
	(3) Treatment in the Budget and Examination Process	91
■ 4	Subsidy Bonds	93

(1) Subsidy Bonds (narrowly defined)	93
(2) Subscription/Contribution Bonds	93
(3) Others	94

◆ Chapter 3 Other Public Debt

■ 1 Local Government Bonds (LGBs)	95
(1) Basic Scheme of LGBs	95
(2) LGB Program	97
■ 2 Debt of Incorporated Administrative Agencies, etc.	99
(1) Debt of Incorporated Administrative Agencies, etc.	99
(2) Financial Conditions of Incorporated Administrative Agencies, etc.	100

◆ Chapter 4 Debt Management in Foreign Countries

■ 1 Debt Management Policies in Foreign Countries	101
(1) Debt Management Policy Frameworks	101
(2) Bond Types and Issuance Methods	102
(3) Liquidity Maintenance/Enhancement Measures	104
(4) Primary Dealer System	105
■ 2 Debt Management Status in Foreign Countries	106
(1) Government Bond Issuance Trends	106
(2) Average Maturity	108
(3) Breakdown by Government Bond Holders	109
■ 3 Collaboration and Cooperation with Foreign Countries	110

III

Appendices

◆ Chapter 1 Government Bonds (JGBs)

■ 1 Debt Management Policy Frameworks	112
(1) Issuance Amount of Government Bonds	112
(2) Revenues and Expenditures for the Special Account for the GDCF (FY2025 Initial Budget)	113
(3) Payment Status of Debt Redemption Expenses and Interest, Discount Expenses and so on for Each Account (FY2025 Initial Budget, FY2023 Settlement of Accounts)	114
(4) Transfer of Redemption Resources, Redemption Amount, Outstanding Amount and Refunding Amount of the GDCF (FY2025 Initial Budget)	115
(5) GDCF Investment in JGBs	115
(6) Budgetary Surplus of the Special Account of the GDCF	116
(7) Various Meetings	117
(8) History of Postwar Debt Management Policy	121
(9) Government Bond-related Legal Systems	123
■ 2 Primary Market for Government Bonds	126

(1)	Changes in JGB Market Issuance by JGB Type	126
(2)	Auction Results for JGBs and T-Bills in FY2024	127
(3)	Issuance Amount of JGBs and T-Bills Offered to the Market at Each Auction	130
(4)	Principal/Coupon Payment Corresponding to Days of Issuance in FY2025	131
(5)	Successful Bids Share for JGBs by Investor Type in FY2024	132
(6)	Issuance of JGBs for Retail Investors	133
(7)	Issuance by the Bank of Japan Rollover	134
(8)	Front-Loading Issuance of Refunding Bonds	134
(9)	List of Commissions for Issuing JGBs, etc.	135
■ 3	Secondary Market for Government Bonds	136
(1)	10-Year JGB Yield	136
(2)	10-Year Government Bonds Yields	136
(3)	Yields of JGBs in FY2024	137
(4)	JGB Yield Curves	137
(5)	Various Rates in the Short-term Financial Market in FY2024	138
(6)	Break-Even-Inflation (BEI) Rate	138
(7)	Share of JGBs in Total Issuance Amount of Yen Bonds	139
(8)	Portfolio Investment Assets in FY2024	139
(9)	Portfolio Investment Liabilities in FY2024	140
(10)	Trends in JGB Transactions (by investor type) in FY2024	141
(11)	Trading Volume of Yen Bonds	142
(12)	Trading Volume of JGB Futures	142
(13)	Trading Volume of Bond Gensaki	142
(14)	Trading Volume of Bond-Lending	143
(15)	Trading Volume of JGBs Option by OTC	143
(16)	Trading Volume of JGB Futures Options	144
(17)	Outstanding Amount of STRIPS-Principal-Only Book-entry Transfer JGBs	144
(18)	Results of Liquidity Enhancement Auctions in FY2024	145
(19)	Buy-back Results in FY2024	145
(20)	Buy-back Results	145
(21)	Japan's Sovereign Rating by Major Credit Rating Agencies	146
(22)	List of Sovereign Ratings by Major Credit Rating Agencies	146

◆ Chapter 2 Financing Bills, Borrowings and Government-Guaranteed Debt

■ 1	Financing Bills (FBs)	147
(1)	Outstanding Amount of FBs-Breakdown by the Types (as of the end of FY2024)	147
(2)	Outstanding Amount of FBs	147
(3)	Issuance Amount of FBs in FY2024-Breakdown by Funding Resources	148
(4)	Receipts and Payments on the National Treasury for FY2024	148
■ 2	Borrowings	149
(1)	Outstanding Amount of Borrowings	149
(2)	Outstanding Amount of Borrowings -Breakdown by the Types of Account (as of the end of FY2024)	149
(3)	Outstanding Amount of Borrowings of the Special Account for Local Allocation Tax	150
(4)	Amount of Bids Accepted and Average Interest Rate at Each Auction by the Special Account for Local Allocation Tax	150
(5)	Auction Results of the Borrowings of the Special Account for Local Allocation	

	Tax in FY2024	151
(6)	Auction Results of the Borrowings of the Special Account for the National Forest Debt Management in FY2024	152
(7)	Auction Results of the Borrowings of the Special Account for Energy Policy in FY2024	152
■ 3	Government-Guaranteed Debt	153
(1)	Changes in the Outstanding Amount of Government-Guaranteed Debt	153
(2)	Changes in the Issuance Amount of Government-Guaranteed Bonds (domestic bonds offered to the market)	153
(3)	Actuals for FY2024 and Plans for FY2025 of Government-Guaranteed Bonds and Borrowings	154
(4)	Issuance Calendar of Government-Guaranteed Domestic Bonds by Agencies in FY2024	155
(5)	Outstanding Amount of Government-Guaranteed Foreign Bonds-Breakdown by Currencies and by Agencies (as of the end of FY2024)	157
(6)	Yields of 10-Year Government-Guaranteed Bonds in FY2024	157

◆ Chapter 3 Other Public Debt

■ 1	Local Government Bonds (LGBs)	158
(1)	Overview of LGB Program in FY2025	158
(2)	LGB Program-Breakdown by Funding Resources	158
(3)	Outstanding Amount of LGB Program-Breakdown by Funding Resources	159
(4)	Issuance Conditions of Public Offering LGBs in FY2024	160
(5)	Issuance Amount of Public Offering LGBs	160
■ 2	Debt of Incorporated Administrative Agencies, etc.	161
(1)	FY2025 FILP Plan	161
(2)	Planned and Actual Issuance Amount of FILP Agency Bonds	162
(3)	Yields of 10-Year FILP Agency Bonds in FY2024	163

◆ [Supplement] Fiscal Conditions and Debt Outstandings

(1)	Trend in General Account Tax Revenues, Total Expenditures and JGB Issuance	164
(2)	JGB Issuance and Bond Dependency Ratio	164
(3)	Changes in Ratio of Primary Balance to GDP	165
(4)	Projections in Primary Balance (Central and Local government basis; percentage of GDP)	165
(5)	Government Debt-related Expenditures in the General Account-Breakdown by Categories (FY2025)	166
(6)	Historical Changes in Government Debt-related Expenditures	166
(7)	Projection of the FY2025 Budget Impact on the Following Years' Expenditure and Revenue	167
(8)	Cash-flow Projections of the GDCF (Excerpt)	168
(9)	Trends in the Outstanding Amount of JGBs, Financing Bills, Borrowings, and Government-Guaranteed Debt	169
(10)	Long-term Debt Outstanding of Central and Local Governments	170
(11)	Trends in the Breakdown of the Outstanding Amount of General Bonds by	

Remaining Years to Maturity 171

(12) Term-to-maturity Structure of General Bonds (FY2025 Initial Budget Basis) · · 171

(13) Breakdown of the Outstanding Amount of General Bonds by Maturity Types and
Their Average Interest Rate at the end of FY2024 172

(14) Outstanding Interest Rate Weighted Average, Interest Payment of General Bonds
and Average Years to Maturity 172

(15) Outstanding Amount of JGBs and T-Bills (Breakdown by Holder) 173

(16) Balance Sheet of Japanese Government (General Account and Special Accounts)
(At the end of FY2023) 174

(17) International Comparison of General Government Fiscal Balance to GDP 175

(18) International Comparison of General Government Gross Debt to GDP 176

(19) International Comparison of General Government Net Debt to GDP 176

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

