

Chapter 2 Other Government Debt

In addition to the issuance of JGBs and borrowings as explained in Chapter 1, public debt also comprises government-guaranteed debt and subsidy bonds. These instruments are outlined below:

1 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, etc.

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 legislation under cases where the following conditions are satisfied: i) Conducting business with highly public purposes as part of the government’s administrative functions; ii) Financial accounting and administration are under governmental supervision, thereby ensuring that the use of guaranteed debt borrowing and repayment schedules are thoroughly monitored.

When guarantees are given, appropriate supervision, including checks on financial health, is exercised by the ministries and agencies that hold jurisdiction over the relevant entities.

(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 laws, as mentioned above. These laws also provide that the government must receive Diet approval for the maximum amount of government guarantee. Therefore, the maximum amount for individual corporations is specified in the general provisions of the General Account budget, which is subject to Diet approval each fiscal year.

b. Provision in the FILP Plan

The maximum amount of government-guaranteed debt is specified in the budget as stated

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

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.

B. Examination of Government-Guaranteed Bonds and Borrowings

Every fiscal year, the MOF plans the issuance amount and maturity structure of Government-Guaranteed Bonds for the following fiscal year, taking market trends into account, and announces them together with the JGB Issuance Plan (for FY2026, the scheduled issuances are tabulated below). Furthermore, whenever an agency raises funds through the issuance of or borrowing through Government-Guaranteed Bonds or Borrowings, the MOF examines whether the interest rates and prices are appropriate for the guaranteed debt in each case.

Fig. 1-32 Breakdown of the Planned Issuance Amount for FY2026 of Government-Guaranteed Bonds

(Unit: billion yen)

Maturity	FY2025 (Initial) (a)	FY2025 (Revised) (b)	FY2026 (Initial)			Main Issuer
			(c)	(c) - (a)	(c) - (b)	
30-Year	20.0	10.0	-	-20.0	-10.0	
20-Year	140.0	155.0	70.0	-70.0	-85.0	Organization for Promoting Urban Development (MINTO), Japan Expressway Holding and Debt Repayment Agency (JEHDRA)
15-Year	50.0	45.0	90.0	40.0	45.0	JEHDRA, MINTO
12-Year	20.0	20.0	60.0	40.0	40.0	Japan Housing Finance Agency (JHF)
10-Year	270.5	270.5	585.5	315.0	315.0	JEHDRA, JHF, etc.
9-Year	-	-	12.0	12.0	12.0	Fund Corporation for the Overseas Development of Japan's ICT and Postal Services Inc.
7-Year	260.0	260.0	90.0	-170.0	-170.0	Development Bank of Japan Inc. (DBJ)
6-Year	-	-	9.0	9.0	9.0	Private Finance Initiative Promotion Corporation of Japan (PFIPCJ)
5-Year	142.2	142.2	140.0	-2.2	-2.2	JEHDRA, PFIPCJ
4-Year	390.0	390.0	200.0	-190.0	-190.0	Japan Finance Organization for Municipalities
3-Year	250.0	250.0	407.2	157.2	157.2	Nuclear Damage Compensation and Decommissioning Facilitation Corporation, Japan Investment Corporation (JIC), etc.
2-Year	480.0	330.0	230.0	-250.0	-100.0	JIC, Deposit Insurance Corporation of Japan
1-Year	300.0	-	100.0	-200.0	100.0	Organization for Cross-regional Coordination of Transmission Operators, Japan
Subtotal (Note1)	2,322.7	1,872.7	1,993.7	-329.0	121.0	
Foreign Bonds	2,072.0	7,322.0	12,355.0	10,283.0	5,033.0	Japan Bank for International Cooperation, Japan International Cooperation Agency, etc.
Total	4,394.7	9,194.7	14,348.7	9,954.0	5,154.0	

Note 1: Apart from the plan shown above, Japan Finance Corporation (JFC) and 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 such aspects as the progress of projects for each agency. The issuance may not be carried out due to such reasons as the cancellation or postponement of the project.

Fig. 1-33 Breakdown of the Planned Issuance Amount for FY2026 of Government-Guaranteed Bonds by Issuer and Maturity

(Unit: billion yen)

Issuer	20-Year	15-Year	12-Year	10-Year	9-Year	7-Year	6-Year	5-Year	4-Year	3-Year	2-Year	1-Year	Subtotal (Note 1)	Foreign Bonds	Total
Japan Bank for International Cooperation													-	11,775.0	11,775.0
Japan International Cooperation Agency													-	360.0	360.0
Japan Expressway Holding and Debt Repayment Agency	30.0	80.0		335.0				104.0					549.0		549.0
Japan Housing Finance Agency			60.0	130.0									190.0		190.0
Development Bank of Japan Inc. (DBJ)				40.0		90.0							130.0	220.0	350.0
Deposit Insurance Corporation of Japan											80.0		80.0		80.0
Japan Investment Corporation				60.0							150.0	150.0	360.0		360.0
Nuclear Damage Compensation and Decommissioning Facilitation Corporation										250.0			250.0		250.0
Private Finance Initiative Promotion Corporation of Japan							9.0	36.0					45.0		45.0
Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development				5.0									5.0		5.0
Organization for Cross-regional Coordination of Transmission Operators, Japan												100.0	100.0		100.0
Fund Corporation for the Overseas Development of Japan's ICT and Postal Services Inc.					12.0								12.0		12.0
Organization for Promoting Urban Development	40.0	10.0		10.0									60.0		60.0
Central Japan International Airport Co., Ltd.				5.5						7.2			12.7		12.7
Japan Finance Organization for Municipalities									200.0				200.0		200.0
Total	70.0	90.0	60.0	585.5	12.0	90.0	9.0	140.0	200.0	407.2	230.0	100.0	1,993.7	12,355.0	14,348.7

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Note 2: The maturity and issuance amount may be modified depending on such aspects as the progress of projects for each agency. The issuance may not be carried out due to such reasons as the cancellation or postponement of the project.