

National Accounts for 2011: Notice on Usage

1. The current Japanese National Accounts (hereafter, JSNA) are compiled in principle based on the System of National Accounts 1993 (hereafter, 1993SNA), the international standard recommended by the United Nations in 1993.
2. In annual compilation of JSNA, the figures for the latest year (both fiscal and calendar) are estimated as “Annual estimates,” with the figures for the previous year (both fiscal and calendar) being re-estimated as “Fixed estimates” that reflect newly available source data. In this “National Accounts for 2011,” the figures for 2011 and 2010 are estimated as Annual estimates and Fixed estimates, respectively.
3. In the “National Accounts for 2011” in addition to incorporating newly available source data, some changes to the estimation methods have been introduced as follows;

(1) The use of "Economic Census for Business Activity" (relevant to the figures for CY/FY2011)

The shipment, change in inventory and value added of manufacturing in National Accounts are usually estimated by using “Census of Manufactures.” However, as this survey was not conducted for 2011, the shipment and other items of manufacturing are estimated by making use of the data from “Economic Census for Business Activity” which was conducted for 2011 instead of “Census of Manufactures.”

As the data in “Economic Census” that are provided by the Ministry in charge of the survey do not cover establishments in manufacturing as a whole, we adopt an alternative method, depending on goods, in which the shipments are derived by first estimating the output from “Current Survey of Production” and then subtracting the change in inventory from it.

(2) Accounting for the impact of the Great East Japan Earthquake (FY2010, CY/FY2011)

(a) Recording of monetary donations

The monetary donations made to the disaster victims via non-profit private institution serving household (e.g. Japanese Red Cross Society, Central Community Chest of Japan, etc.) and general government (afflicted local governments) are recorded as directly distributed as current transfers from the donors (classified in each institutional sector) to the afflicted sector (i.e. households). The timing of recording is when the victims received the donations.

(b) Recording of earthquake insurance claims in non-life insurance

The claims of the earthquake insurance regarding the Great East Japan Earthquake (occurred in March 2011) were significantly large, and thus each insurer finances them by reinsurance and/or redemption of its own capital (i.e. contingency reserve, etc.). Taking this into consideration, the earthquake insurance claims regarding the Great East Japan Earthquake are subtracted from the actual claims payable and recorded as capital transfers from financial institutions (e.g. non-life insurance companies) to each institutional sector (policy holder) in accordance with the recommendation in 2008SNA, the latest international standard of SNA. The capital transfers are recorded in FY2010 (which includes March 2011) based on accrual principle.

(c) Recording of the inventory loss

While the loss of inventory due to the Great East Japan Earthquake led to a decrease in inventory balance at the end of 2011, the loss amount are not reflected in the change in inventory but instead

recorded as negative value in “Other Changes in Volume of Assets Accounts” in Reconciliation Accounts. The amount of loss is estimated, using the inventory balance at the end of 2010 and share of the afflicted areas among total shipments, etc.

(d) Recording of the damages in fixed assets

The loss of net fixed assets (estimated in market value, accounting for depreciation) caused by the Great East Japan Earthquake are estimated considering the damages by goods and sectors in the afflicted areas. The loss amount is recorded as negative value in “Other Changes in Volume of Assets Accounts” in Reconciliation Accounts.

(e) Recording the compensation with regard to the nuclear power plant accident

The compensation regarding the Tokyo Electric Power Company (TEPCO) Fukushima nuclear power plant accident is recorded as capital transfers to households from TEPCO (private non-financial corporations). The grant to TEPCO from Nuclear Damage Liability Facilitation Fund (NDF, classified as a public financial institution) is also recorded as a capital transfer, as well as the grant from central government to NDF and TEPCO.

(f) Recording the provision of temporary housing

The construction of temporary housing by the government is recorded as the public fixed capital formation. On the other hand, the provision of temporary housing by the government through renting the private rental housing is recorded as government final consumption expenditure as it can be interpreted that the government purchases the services produced by real estate industry and provides them to the individuals.

(3) Estimating of the number of employees in Producers of Government Services (since CY/FY2001)

In order to improve the coverage of the non-regular employees and teachers in local governments, the source data for the estimation is changed to “Establishment and Enterprise Census” from “Realities of Salaries for Civil Servants Region.” As a result, the number of employees of “Producers of Government Services” and “Total” in Annex 3, “Employed Persons, Employees and Hours Worked classified by Economic Activities,” decreases compared with the pre-revision level since 2001.

(4) Reflecting the correction of Balance of Payments (since FY2004)

As the figures including income balance in BOP have been retroactively corrected since January 2005, the relevant series in JSNA are also revised.

Similarly, as the figures including net foreign assets in BOP/IIP (International Investment Position) have been retroactively corrected since December 2008, the relevant series in JSNA are also revised.

(5) Classification of Government Affiliated Organizations (FY/CY2011)

The classification of government affiliated organizations reflects the establishment, abolishment and consolidation of government agencies in 2011. The followings are the major examples.

(A) The organizations newly classified as central government:

Special Account for Energy Measures (Account for support of the compensation for nuclear damages)
Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers
Okinawa Institute of Science and Technology Graduate University

(B) The organization newly classified as public financial institution:

Nuclear Damage Liability Facilitation Fund(NDF)
The Corporation for Revitalizing Earthquake-Affected Business