

# National Accounts for 2019 (2015 Benchmark Year Revision): Notes on Use

1. The current Japanese National Accounts (JSNA) are compiled based on the System of National Accounts 2008 (2008SNA), the latest international standard adopted by the United Nations in 2009.
2. The “National Accounts for 2019 (2015 Benchmark Year Revision)” reflect the results of the 2015 Benchmark Year Revision (2015BYR), which consists of (i) the incorporation of *Input-Output Tables for 2015* (MIC, etc.) and other quinquennial large-scale source statistics that have not been utilized in the previous rounds of annual estimations, and (ii) the further implementation of 2008SNA. In the 2015BYR, figures dating back to 1994 have been retroactively revised (\*).

(\*) As part of the 2015BYR, the reference year (year for which the deflator = 100) was changed from 2011 to 2015.

3. In the annual compilation of the JSNA, the figures for the latest year (both fiscal and calendar) are estimated as “First Annual Estimates,” while the figures for the preceding year (both fiscal and calendar) are estimated reflecting newly available source data, including *Census of Manufactures*, as “Second Annual Estimates.” In addition, the figures for the year before the “Second Annual Estimates” (both fiscal and calendar) are re-estimated as the “Third Annual Estimates” through the balancing process between the production side and the expenditure side under the framework of Supply-Use Tables (SUTs).
4. The major conceptual changes and improvements in estimation methods in the National Accounts for 2019 are as follows:

## **(1) Incorporation of source statistics**

### **(i) Incorporation of Input-Output Tables for 2015**

The latest *Input-Output Tables for 2015* are incorporated as benchmark for the estimation. The “renovation of buildings,” “trade margins in housing sales,” and “commission fees for brokering non-residential real estate,” which are newly recorded in the *Input-Output Tables for 2015*, are reflected in the JSNA. Concretely, the “renovation of buildings” is newly recorded as gross fixed capital formation (private residential investment and private non-residential investment). In addition, “trade margins in housing sales” and “commission fees for brokering non-residential real estate” are regarded as ownership transfer costs and are newly recorded as gross fixed capital formation (private residential investment and private non-residential investment).

(ii) Incorporation of other source statistics

(a) The latest *Population Census for 2015* (MIC) is reflected and is used to estimate the number of employees and compensation of employees, etc.

(b) The latest *Housing and Land Survey for 2018* (MIC) is reflected and is used to estimate housing rent.

(c) Based on the re-estimated values for 2004–2011 in the *Monthly Labour Survey* (MHLW), which was published in August 2020, the compensation of employees, etc., are retroactively estimated.

(d) As the *Integrated Statistics on Construction Works* (MLIT) were retroactively revised back to FY2011 in June 2020, this revision is reflected in the estimates of public investment and the output of the construction industry (excluding construction repairs) from 2018 onward.

**(2) Implementation of 2008SNA and appropriate incorporation of new economic activity**

(i) Treatment of entertainment originals as capital and recording of intellectual property services n.i.e.”

As part of the implementation of 2008SNA, “entertainment originals” (the original of movies, TV programs, music, and books) are newly treated as gross fixed capital formation (see Annex 1 for the detailed classification of non-financial produced assets).

Moreover, as a result of the treatment of “entertainment originals” as gross fixed capital formation, receipts and payments for the use of produced assets (copyrights) are no longer recorded as “rent in property income” but as services output called “intellectual property services” and as payments for such services. Further, while all domestic transactions are counted as intermediate consumption, international transactions are recorded as exports and imports of services under “charges for the use of copyrights n.i.e.” in the *Balance of Payments* (MOF and BOJ) (see Annex 2).

(ii) Recording of assets according to the type of lease

Lease transactions in fixed assets are newly recorded in accordance with the types of leases (financial leases (FL) and operating lease (OL)) recognized in the 2008SNA.

All providers of FL services are regarded as financial corporations. In this case, as financial intermediation services indirectly measured (FISIM) are generated, the output value of FISIM is estimated and newly recorded using business data. This output is entirely counted as intermediate consumption. In addition, fixed assets obtained through FL are attributed to the

user industry.

With regard to OL, the output (goods rent) of the goods leasing industry (OL) is calculated by subtracting the FL output from the output of the goods leasing industry in the Input-Output Tables. The fixed asset obtained by the goods leasing industry are recorded under the goods leasing industry.

(iii) Reflection of residential accommodation business

“Residential accommodation services (transactions between individuals)” and “residential accommodation brokerage service (intermediation business through matching platforms)” are defined referring to the definitions in the Private Lodging Business Act. The former are newly recorded as domestic final consumption expenditure of households, while the latter are newly recorded as intermediate consumption and domestic final consumption expenditure of households.

Concretely, residential accommodation business based on the Private Lodging Business Act and the National Strategic Special Zones Law is recorded by estimating output through several surveys conducted by the Japan Tourism Agency.

**(3) Other major changes**

(i) Changes in the released tables, etc.

(a) With the of entertainment originals as capital, the new classification “entertainment originals” is added as a subpart of intellectual property products in the following tables:

- Flow Accounts: Supporting Table 14 (Gross Capital Formation Classified by Type),
- Flow Accounts: Supporting Table 22 (Gross Fixed Capital Formation of Assets Classified by Institutional Sectors and Economic Activities),
- Stock Accounts: Supporting Table 1 (Closing Stocks of National Assets and Liabilities), and
- Stock Accounts: Supporting Table 4 (Net Capital Stocks of Fixed Assets Classified by Institutional Sectors and Economic Activities).

(b) Due to the establishment of the latest standard called COICOP2018 by the United Nations, the classification of domestic household final consumption expenditure is rearranged in accordance with the main classification of COICOP2018 in order to improve international comparability (See Annex 3).

(c) IMF reserves, which are included in “monetary gold” and “SDRs, etc.,” are reclassified into “currency and deposits” and “loans.” “Monetary gold and SDRs, etc.” is renamed “monetary gold and SDRs” in the following tables:

- Flow Accounts: Capital and Financial Accounts Classified by Institutional Sectors,

Supporting Table 19 (Rest of the World Accounts), Supporting Table 21 (Capital and Financial Accounts of Private and Public Corporations), and Supporting Table 24 (Transactions in Financial Assets and Liabilities),

- Stock Accounts: Integrated Accounts (Closing Balance Sheet Account and Accounts classified by Institutional Sectors), Supporting Table 1 (Closing Stocks of National Assets and Liabilities), Supporting Table 2 (Closing Stocks of Assets and Liabilities of the Private and Public Sectors), Supporting Table 3 (Closing Stocks of Assets and Liabilities Classified by the Sub-sectors of General Government), and Supporting Table 6 (Closing Stocks of Financial Assets and Liabilities).

(ii) Changes in concepts and definitions

The concepts or definitions of some items have changed as follows:

(a) “Employment stability benefits,” which include “employment adjustment subsidies,” are reclassified from “social security benefits in cash from general government (social security funds) to households” to “current transfers from general government (social security funds) to corporations.”

(b) The R&D output of national and public university hospitals is reclassified from “public non-financial corporations (medical care and health)” to “general government (education).” Furthermore, the R&D output of private university hospitals is reclassified from “private non-financial corporations (medical care and health)” to “private non-profit institutions (education).”

**(4) Classification of Government Affiliated Institutions**

(i) Classification changes along with the 2015 BYR

The following changes are made in the classification of government agencies from the 2011 benchmark year as part of the 2015BYR:

(a) “Others” in “local public enterprises” is divided into “regional night soil treatment facilities and small-scale sewage treatment equipment projects” and “others.”

(b) “Regional night soil treatment facilities and small-scale sewage treatment equipment projects” in “other projects” in “local public enterprises” is reclassified from “public non-financial corporations” to “general government (local government).”

(c) The Okinawa Institute of Science and Technology Graduate University (from FY2011) is reclassified from “general government (central government)” to “private non-profit institutions serving households.”

(d) The National Agency for Automobile and Land Transport Technology (General Account) (from FY2016) is reclassified from “general government (central government)” to “public non-financial corporations.”

(ii) Response to the establishment, consolidation, and abolition of government agencies, etc. during FY2019

Based on the establishment, consolidation, and abolition of government agencies that took place during FY2019, some government affiliated institutions are newly classified or reclassified in the JSNA. Specifically, the main institutions newly classified in the National Accounts for 2019 and their classification are as follows:

(a) The Local Tax Agency and the Osaka City Museums are classified as “general government (local government).”

(b) The Kitakyushu City Hospital Organization, the Hiroo-Town National Health Insurance Hospital, the Otsuki Municipal Hospital, and the Kohka Public Hospital are classified as “public non-financial corporations.”

**Annex 1: Changes in the classification of non-financial produced assets**

After 2015BYR (Based on 2008SNA)

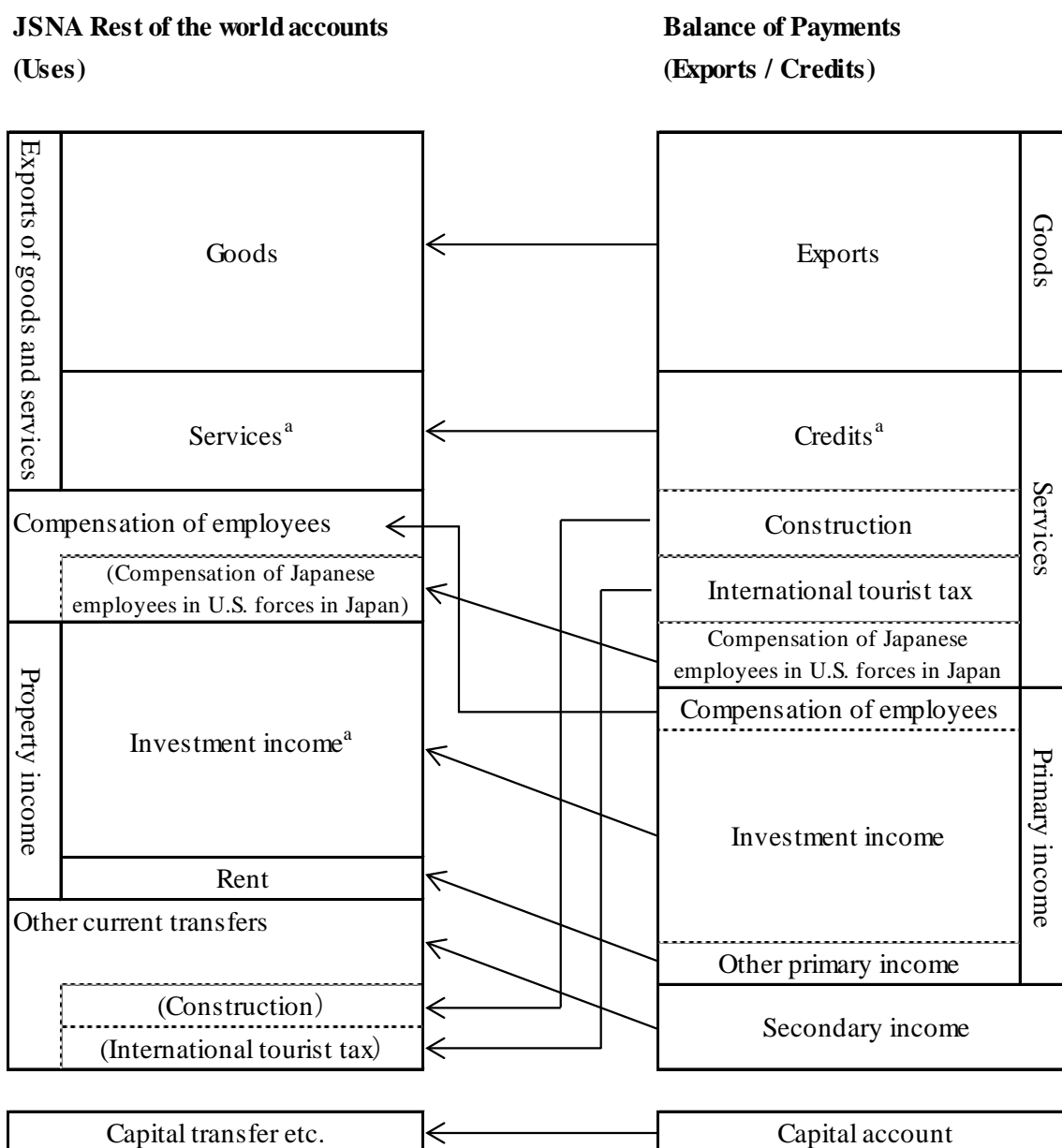
Fixed assets		
Dwellings	(1)	
Other buildings and structures		
Buildings other than dwellings	(2)	
Other structures		
(Land improvements)	(3)	
Machinery and equipment		
Transport equipment		
ICT equipment		
Other machinery and equipment		
Defense equipment		
Cultivated biological resources		
Intellectual property products		
Research and development		
Mineral exploration and evaluation		
Computer software		
Entertainment originals	(4)	

Before 2015BYR (Based on 2008SNA)

Fixed assets	
Dwellings	
Other buildings and structures	
Buildings other than dwellings	
Other structures	
(Land improvements)	
Machinery and equipment	
Transport equipment	
ICT equipment	
Other machinery and equipment	
Defense equipment	
Cultivated biological resources	
Intellectual property products	
Research and development	
Mineral exploration and evaluation	
Computer software	

- (1) In addition to the inclusion of the costs of ownership transfer for dwellings in the 2011BYR, the 2015BYR includes the trade margins in housing sales of the cost of ownership transfer and the renovation of dwelling.
- (2) Commission fees for brokering non-residential real estate and renovation of buildings other than dwellings were included in the 2015BYR.
- (3) Land improvements are recorded as GFCF only in the flow accounts. On the other hand, they are treated as land, i.e., non-produced assets, in the stock accounts.
- (4) Newly included since the 2015BYR.

## Annex 2: Correspondence between the JSNA and the Balance of Payments



<sup>a</sup> Although FISIM are recorded as services from 2014 onward in the *Balance of Payments* (based on BPM6), the definition differs from that in the JSNA and figures for before 2014 are not available. Therefore, FISIM exports and imports are estimated separately for the JSNA, and the figures for service exports and property income are adjusted for those FISIM.

Meanwhile, although charges for the use of copyrights n.i.e., which are recorded as services in the *Balance of Payments*, were rearranged into property income in the JSNA before the 2015BYR.

this rearrangement is no longer necessary since copyrights are treated as produced assets since then.

**Annex3: Correspondence between classification of goods and services by 88 purposes and four categories of Domestic Final Consumption Expenditure of Households**

	1.Durable goods	2.Semi-durable goods	3.Non-durable goods	4.Services	Estimation method
<b>1. Food and non-alcoholic beverages</b>					
1101 Bread and cereals			○		P, S
1102 Meat and meat substitute products			○		P, S
1103 Fish and marine products			○		P, S
1104 Milk, cheese and eggs			○		P, S
1105 Oil and fats			○		P, S
1106 Fruit			○		P, S
1107 Vegetables			○		P, S
1108 Sugar, chocolate and confectionery			○		P, S
1109 Other foodstuff			○		P, S
1201 Coffee, tea and cocoa			○		P
1202 Other non-alcoholic beverages			○		P
<b>2. Alcoholic beverages and tobacco</b>					
2100 Alcoholic beverages			○		P
2200 Tobacco			○		P
<b>3. Clothing and footwear</b>					
3101 Clothing materials		○			P
3102 Garments		○			P
3103 Other clothes and clothing accessories		○			P
3104 Cleaning and clothing repair costs				○	C
3201 Shoes and other footwear		○			P
3202 Footwear repair cost				○	C
<b>4. Housing, electricity, gas and water supply</b>					
4100 Gross rent				○	C
4201 Water supply			○		C, S
4202 Waste disposal				○	C, S
4301 Electricity			○		C
4302 Gas			○		P
4303 Liquid fuels			○		P
4304 Solid fuels			○		P
4305 Heat energy			○		P
<b>5. Furnishings, household equipment and household services</b>					
5101 Furniture and furnishings	○				P, S
5102 Carpets and other floor coverings	○				P
5103 Repair of furniture, furnishings and floor coverings				○	C
5200 Household textiles		○			P
5301 Household appliances	○				P
5302 Repair of household appliances				○	C
5400 Glassware, tableware and household utensils		○			P
5500 Tools and equipment for house and garden		○			P
5601 Non-durable household goods			○		P
5602 Home services and homemaking services				○	C
<b>6. Health</b>					
6101 Medicines and other medical goods			○		P
6102 Therapeutic equipment	○				P
6200 Outpatient services				○	C
6300 Hospital stay services				○	C
<b>7. Transport</b>					
7101 Automobiles	○				C
7102 Motorcycles	○				C
7103 Bicycles and other vehicles	○				P
7201 Spare parts and accessories		○			P
7202 Fuels and lubricants			○		P
7203 Maintenance and repair of personal transport equipment				○	C
7204 Other services (Transport)				○	P
7301 Passenger transport by railway				○	P
7302 Passenger transport by road				○	P
7303 Passenger transport by air				○	P
7304 Passenger transport by sea and inland waterway				○	P
7305 Other transportation services				○	P
7400 Postal service				○	P
<b>8. Information and communication</b>					
8101 Radio, TV and video equipment	○				P
8102 Information processing equipment	○				P
8103 Recording media		○			P
8104 Personal computers	○				P
8105 Repair of audio-visual, photographic and information processing equipment				○	C
8201 Telephone and telegraph services				○	P
8202 Other communication services				○	P
<b>9. Recreation, sports and culture</b>					
9100 Photographic/cinematographic equipment and optical instruments	○				P
9204 Musical instruments	○				P
9202 Repair of musical instruments				○	C
9301 Games, toys, etc.		○			P
9302 Sporting goods		○			P
9303 Garden-, plant- and pets-related goods/services			○		P
9401 Recreational and sports services				○	C, S
9402 Cultural services				○	C, S
9403 Gambling				○	C
9501 Books		○			C
9502 Newspapers and periodicals			○		C
9503 Other printed matter			○		P
9504 Stationeries and printing goods			○		P
9600 Package tour				○	P
<b>10. Education services</b>					
10100 Education				○	P, S
<b>11. Restaurants and hotels services</b>					
11100 Wining/dining service				○	C, S
11200 Accommodation service				○	C, S
<b>12. Insurance and finance services</b>					
12101 Life insurance				○	C
12102 Non-life insurance				○	C
12201 Financial services				○	C
12202 FISIM : Financial Intermediation Services Indirectly Measured				○	C
<b>13. Personal care, social protection and miscellaneous goods and services</b>					
13101 Hair salon and beauty salon services				○	C
13102 Personal care tools and goods			○		P
13201 Jewelry, clocks and watches	○				P
13202 Other personal effects		○			P
13300 Nursing care services				○	C
13900 Other services				○	C, S

\* Regarding Estimation method, P stands for Parallel Estimate Items, C for Common Estimate Items and S for Sales of Goods and Services. If a class has multiple symbols, it is a sum of the estimates from multiple estimation methods.