

Correction to the Figures on National Accounts for 2003FY

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Figures on National Accounts for 2003FY will be corrected as follows:

1. Reasons for the correction

In calculations that use the commodity flow method*—which is used for the estimation of final consumption expenditure of households, gross fixed capital formation (GFCF), and other data—the amounts of consumption tax on imports (an item of the Japanese national accounts since 1989) have been calculated by an incorrect process. Although the amounts should have been calculated by multiplying imports including import duties by the consumption tax rate, we have multiplied imports not including import duties. Furthermore, the consumption tax rate has been left at 3 percent in our original calculation, even though had been raised to 5 percent in April, 1997. We regret the errors.

* The commodity flow method

A method for estimating amounts of demand items. Total supplies of commodities are estimated based on data for outputs, imports, freights, and trade margins, and they are apportioned among intermediate demand (intermediate consumption) and final demand (final consumption expenditure of households, GFCF, etc.). The mistake was made during the process of calculating imports.

2. Effect of the correction

- The correction affects data from 1989 forward, after the consumption tax was introduced.
- A directly affected item is “taxes and duties on imports.”
- Indirectly, it affects items related to final consumption expenditure of households, GFCF, and changes in inventories, including the savings ratio, balance of saving and investment, private non-residential investment, and closing stocks of non-financial assets, including gross domestic expenditure (GDE).
- Since the sum total of consumption tax, imports, and exports are independently estimated based on tax statistics and balance of payments (BOP) statistics, they are not affected.

3. Plan to release corrected data

The correction affects a majority of national accounts data. However, since we are now in the middle of the 2000 benchmark revision, which is scheduled to be released at the end of this year, we will correct only significantly affected series (series A and B) for the moment. The other series (series C) will be corrected during the process of the 2000 benchmark revision, and the results will be disseminated at the end of this year. Data before 1995, however, will be corrected during the process of the long-term retroactive revisions after the 2000 benchmark revision.

Schedule to release corrected data from 1995 and forward

	Series	Tables in the Annual Report on National Accounts
A	Production	Part 1 Flow: Table 3 for Main Time Series, Supporting Tables 1, 2, 4, 5, etc.
	Distribution	Part 1 Flow: Table 2 for Main Time Series, Income and Outlay Accounts Classified by Institutional Sectors, etc.
B	Expenditure	Part 1 Flow: Table 1 for Main Time Series (except detailed items)
C	Expenditure	Part 1 Flow: Table 1 for Main Time Series (for detailed items), Supporting Tables 12, 13, 16, etc.
	Capital	Part 1 Flow: Capital Finance Accounts, Part 2 Stock, etc.

- A: Corrected data will be compiled based on the same source data as the original annual estimates were based on, and they will be posted on our website at the end of May this year. Supporting tables 1, 2, 4, 5, 15, etc. have not been published yet; they will be released this time as part of the annual estimates.
- B: Corrected data will reflect revisions to source data after the original annual estimation, and they will be released on May 17, 2005 as the 1st Preliminary Quarterly Estimates of GDP for Jan.-Mar. 2005.
- C: Data will be corrected during the process of the 2000 benchmark revision, and the results will be released at the end of this year.

4. Impact of the correction

4-1 Taxes and duties on imports

Taxes and duties on imports will be corrected as shown in Table 1.

Table 1 Taxes and Duties on Imports (calendar year, billions of yen)

CY	1995	96	97	98	99	2000	01	02	03
Before correction	2859.7	3008.5	3165.0	2928.9	2940.9	3165.0	3242.9	3157.3	3278.5
After correction	2889.4	3036.7	3824.2	3710.9	3581.5	3871.7	3980.3	3892.3	4036.2
Difference	29.7	28.2	659.2	782.0	640.6	706.7	737.3	735.0	757.7

Note) Because of rounding off to one decimal place, figures shown in the line “Difference” may not correspond with the actual difference between figures before and after the correction.

4-2 Gross Domestic Expenditure (GDE)

In calculations using the commodity flow method, total domestic supplies will increase by the increments in taxes and duties on imports, and part of them will be apportioned to intermediate consumption. The remainder will be allotted among final consumption expenditure of households, GFCF, and changes in inventories. The GDE will therefore be revised upward.

Table 2 shows rough estimates on the impact to nominal GDE, which are calculated by adding the sum of increments in final consumption expenditure of households, GFCF, and changes in inventories, to the already published nominal GDE. According to these estimates, it is only for 1997CY that growth rates of nominal GDE are affected at the first decimal place. (The official corrected data will be released on May 17 as the 1st Preliminary Quarterly Estimates of GDP for Jan.-Mar. 2005.)

Table 2 Rough Recalculation for Nominal GDE (calendar year, billions of yen, %)

CY	1995	96	97	98	99	2000	01	02	03
1) Already published GDE	496,922.2	509,983.9	520,939.1	514,595.2	507,224.1	511,462.3	505,847.1	497,896.8	497,485.0
2) Roughly recalculated GDE	496,940.6	510,001.4	521,173.2	514,885.8	507,499.7	511,764.4	506,169.7	498,212.8	497,802.5
Difference	18.4	17.5	234.0	290.6	275.6	302.1	322.6	316.0	317.5
Growth rate for series 1)	1.4	2.6	2.1	-1.2	-1.4	0.8	-1.1	-1.6	-0.1
Growth rate for series 2)	1.4	2.6	2.2	-1.2	-1.4	0.8	-1.1	-1.6	-0.1

Note 1) Because of rounding off to one decimal place, figures shown in the line “Difference” may not correspond with the difference between figures for series 1) and 2).

Note 2) Major differences between the rough estimates and the official corrected data relate to the deducted amounts of consumption tax for GFCF and inventories. The rough estimates will be slightly larger than the official corrected data.

5. Schedule to publish the Annual Report on National Accounts (2005 edition)

The Annual Report on National Accounts (2005 edition) will be published at the end of May 2005, slightly later than usual because of the corrections.