

# Country experience: Japan (Chapter 14)

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14.376. Japan relies on an ITRS as the data source for most of its BOP statistics, including government goods and services n.i.e, when possible. However, there are certain transactions of government goods and services that are carried out with no monetary settlement, which therefore cannot be captured by the ITRS and must be estimated.

14.377. Following BPM6 convention,<sup>[1]</sup> the value of transactions that occur without monetary settlement in the absence of appropriate market prices is regarded as the sum of the relevant costs of providing the good or service (in this case, government expenditures for providing the goods and services in question). Actual government expenditure data in Japan have certain limitations that preclude their effective use in the statistical compilation process; namely, such data are not timely<sup>[2]</sup> and are not reported according to official BOP definitions. Therefore, Bank of Japan (BOJ) uses government budget data, which are more timely than government expenditure data<sup>[3]</sup> and follow BOP classifications, in place of actual government spending data in order to compile government goods and services n.i.e. when the ITRS does not suffice. The discrepancy between the budget data and the actual expenditure is usually insignificant, according to BOJ research. The budget data are then allocated to the correct time period in accordance with the duration covered by the budget. If a supplementary budget is passed, it is also incorporated into the budget data used to compile government goods and services transactions.

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[1] See BPM6, para. 12.49.

[2] Data on government spending are not released in Japan until the end of the fiscal year, which is too late for inclusion in the compilation of the relevant statistics.

[3] Government budget data in Japan are released before the beginning of the fiscal year.