



JAPAN

STAFF REPORT FOR THE 2019 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

January 14, 2020

Prepared By

Asia and Pacific Department (In consultation with other
departments)

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FUND RELATIONS

(As of December 31, 2019)

Membership Status: Joined: August 13, 1952; Article VIII

General Resources Account:

	SDR Million	Percent Quota
Quota	30,820.50	100.00
IMF's Holdings of Currency (Holdings Rate)	25,421.68	82.48
Reserve Tranche Position	5,400.34	17.52
Lending to the Fund		
New Arrangements to Borrow	1,755.48	

SDR Department:

	SDR Million	Percent Allocation
Net cumulative allocation	12,284.97	100.00
Holdings	13,866.89	112.88

Outstanding Purchases and Loans: None

Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Millions)	Amount Drawn (SDR Millions)
Stand-By	Mar 11, 1964	Mar 10, 1965	305.00	0.00
Stand-By	Jan 19, 1962	Jan 18, 1963	305.00	0.00

Overdue Obligations and Projected Payments to Fund ¹

(SDR Million; based on existing use of resources and present holdings of SDRs):

	2020	2021	2022	2023	2024
			Forthcoming		
Principal					
Charges/Interest	0.19	0.19	0.19	0.19	0.19
Total	0.19	0.19	0.19	0.19	0.19

¹ When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

Exchange Arrangement:

Japan maintains a free-floating exchange rate regime. There has been no foreign exchange intervention in recent years (last in 2011). The Ministry of Finance publishes foreign exchange intervention information on its website. The exchange system is free of restrictions on the making of payments and transfers for current international transactions, with the exceptions of restrictions imposed solely for the preservation of national or international security that have been notified to the Fund pursuant to Executive Board Decision No. 144–(52/51).

Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Framework:

Japan underwent an assessment of its AML/CFT framework against the AML/CFT standard by the Financial Action Task Force (FATF) and the Asia/Pacific Group (APG) in 2008. Significant deficiencies were identified, notably with respect to customer due diligence (CDD) requirements, transparency of legal entities, the criminalization of terrorist financing and the freezing of terrorist assets. Since the 2014 Article IV mission, Japan has made significant progress in its commitment to strengthening its AML/CFT legal framework through the FATF standards, notably by enacting the Amendment Act on Prevention of Transfer of Criminal Proceeds, the Act to Amend the Terrorism Financing Act, and the Terrorist Assets Freezing Act. Japan will continue to be monitored by the FATF on its progress including the issuance of subsidiary legislations to implement the enacted Acts.

Article IV Consultation:

The 2018 Article IV consultation discussions were held between September 20 and October 4, 2018; the Executive Board discussed the Staff Report (IMF Country Report No. 18/333) and concluded the consultation on November 21, 2018. The concluding statement, staff report, selected issues paper, and press release were all published.

FSAP:

A mandatory financial stability assessment was conducted in time for the 2017 Article IV consultation, in line with the five-year cycle for member countries with financial sectors that are determined to be systemically important, pursuant to Decision No. 15495–(13/111), adopted December 6, 2013. The Financial System Stability Assessment (FSSA) report for the 2017 assessment has been published (Country Report No.17/244) and is available on the web at: <https://www.imf.org/en/Publications/CR/Issues/2017/07/31/Japan-Financial-System-Stability-Assessment-45151>.

Technical Assistance: None

Resident Representatives: None

STATISTICAL ISSUES

Economic and financial data provided to the Fund are considered adequate for surveillance purposes. Since April 2016, Japan has adhered to the Special Data Dissemination Standard (SDDS) Plus and it meets the SDDS Plus specifications for the coverage, periodicity, and timeliness of data. Japan is also progressing in the implementation of the G-20 Data Gaps Initiative (DGI-2) recommendations. It started reporting quarterly General Government Gross Debt data in April 2018 and the global Security Financial Transactions data to the Financial Stability Board in 2019. Plans are to disseminate quarterly General Government Operations in line with SDDS Plus requirements by 2021. Japan has committed to address the limited data availability to compile Securities Statistics and sectoral accounts. The last mission on the Observance of Standards and Codes (data ROSC) took place in 2005 with a report published in March 2006 (available at <https://www.imf.org/en/Publications/CR/Issues/2016/12/31/Japan-Report-on-the-Observance-of-Standards-and-Codes-ROSC-Data-Module-19054>).

Table 1. Japan: Table of Common Indicators Required for Surveillance (as of December 6, 2019)

	Date of Latest Observation	Date Received	Frequency of Data ⁶	Frequency of Reporting ⁶	Frequency of Publication ⁶
Exchange Rates	Nov. 2019	Dec. 2019	M	M	M
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	Aug. 2019	Nov. 2019	M	M	M
Reserve/Base Money	Aug. 2019	Nov. 2019	M	M	M
Broad Money	Aug. 2019	Nov. 2019	M	M	M
International Investment Position	2019Q2	Sept. 2019	Q	Q	Q
Central Bank Balance Sheet	08/31/2019	11/13/2019	M	M	M
Consolidated Balance Sheet of the Banking System	Aug. 2019	Nov. 2019	M	M	M
Interest Rates ²	Oct. 2018	Oct. 2018	D	D	D
Consumer Price Index	March 2019	April 2019	M	M	M
Revenue, Expenditure, Balance and Composition of Financing ³ – General Government ⁴	2016	Jan. 2018	A	A	A
Revenue, Expenditure, Balance and Composition of Financing ³ – Central Government	2016	Jan. 2018	A	A	A
Stocks of Central Government and Central Government-Guaranteed Debt ⁵	2018Q2	Aug. 2018	Q	Q	Q
External Current Account Balance	June 2019	Oct. 2019	Q	Q	Q
Exports and Imports of Goods and Services	Sept. 2019	Nov. 2019	M	M	M
GDP/GNP	2019Q2	Oct. 2019	Q	Q	Q
Gross External Debt	2019Q2	Sept. 2019	Q	Q	Q

¹ Includes reserve assets pledged or otherwise encumbered as well as net derivative positions.

² Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

³ Foreign, domestic bank, and domestic nonbank financing.

⁴ The general government consists of the central government (budgetary funds and extra budgetary funds), local governments, and social security funds.

⁵ Including currency and maturity composition.

⁶ Daily (D); weekly (W); monthly (M); quarterly (Q); annually (A); irregular (I); and not available (NA).