

Appendix 1

History of “the Monthly Survey on Service Industries”

In Japan, the service industries (tertiary industry) makes up 3/4 of the total GDP, and employs approximately 3/4 of the persons engaged in all industries. In order to accurately monitor the status of the service industries, a proper infrastructure for obtaining statistical data is required.

However, when it comes to statistical information, the data has been managed inconsistently from sub-sector to sub-sector.

This made the entire picture of the service industries unclear and hard to grasp it accurately. It not only made it difficult to use the data for the purpose of industrial statistics, but also restricted the use for GDP related statistics and inter-industry relations table. There was thus a strong demand for improvement of the statistical infrastructure. Especially for Quarterly Estimates (QE) of GDP basic statistics, there is an increasing demand to change the monthly statistical report, where data is limited to only certain sub-sectors, to one where one can observe the entire picture of the service industries statistically.

Because of these demands, “the Monthly Survey on Service Industries” was established in July 2010 as part of collection of statistical reports based on the provision of the Statistical Reports Coordination Act (Act No.148 of 1952) (the general statistical survey based on the provision of the Statistics Act (Act No.53 of 2007) after April 2009). The monthly service is based on the government's policy regarding the statistical infrastructure “Basic Policies for Economic and Fiscal Management and Structural Reform 2006” (Cabinet Decision made on July 7, 2006).

Subsequently, mainly in response to the Master Plan Concerning the Development of Official Statistics (Cabinet Decision made on March 13, 2009) in which the importance of further developing the collection of statistical data on service business activities was stressed, the survey was reviewed substantially including the addition of surveying of each enterprise for improving data precision, and data collection for grasping sales by prefectures.

It is expected that the results of this survey will contribute to enhancing the precision of various economic indicators including estimates of GDP, and that in addition, the results will be utilized for a variety of other purposes such as utilization as basic data by prefectures for forming industry policies or by private businesses for making management decisions.

Overview of Committee and Governmental Decisions and Activities regarding “the Monthly Survey on Service Industries”

Toward the Structural Reform of Government Statistics

(Report published on June 10, 2005 by the Economic and Social Statistics Development Promotion Committee, Cabinet Office)

- “In order to improve the accuracy of economic indices, including quarterly estimates, developing dynamic statistics that provide monthly data on production and employment in service industries where dynamic statistics are not fully developed.”
- “Once appropriate population registers have been compiled by the Economic Census (tentative title), structural statistics need to be developed that will provide a wide range of information on service industries obtained from sample surveys designed to analyze the structural aspects of service industries and improve the accuracy of GDP-related statistics and input-output tables.”

Basic Policies for Economic and Fiscal Management and Structural Reform

(Cabinet Decision made on July 7, 2006)

- “Implement activities for the fundamental expansion of statistics on service industries including the establishment in FY2008 of statistics for grasping on a monthly basis the general situation of production, employment, etc. of the overall services industry.”



Establishment of “the Monthly Survey on Service Industries” (July, 2008)

Master Plan Concerning the Development of Official Statistics

(Cabinet Decision made on March 13, 2009)

- “Although there has been steady progress in the development of statistics related to service activities as described above, further promotion is necessary in the future.”

Basic Views Regarding the Immediate Challenges and Countermeasures for the Development of Official Statistics

(Statistics Commission, June 18, 2010)

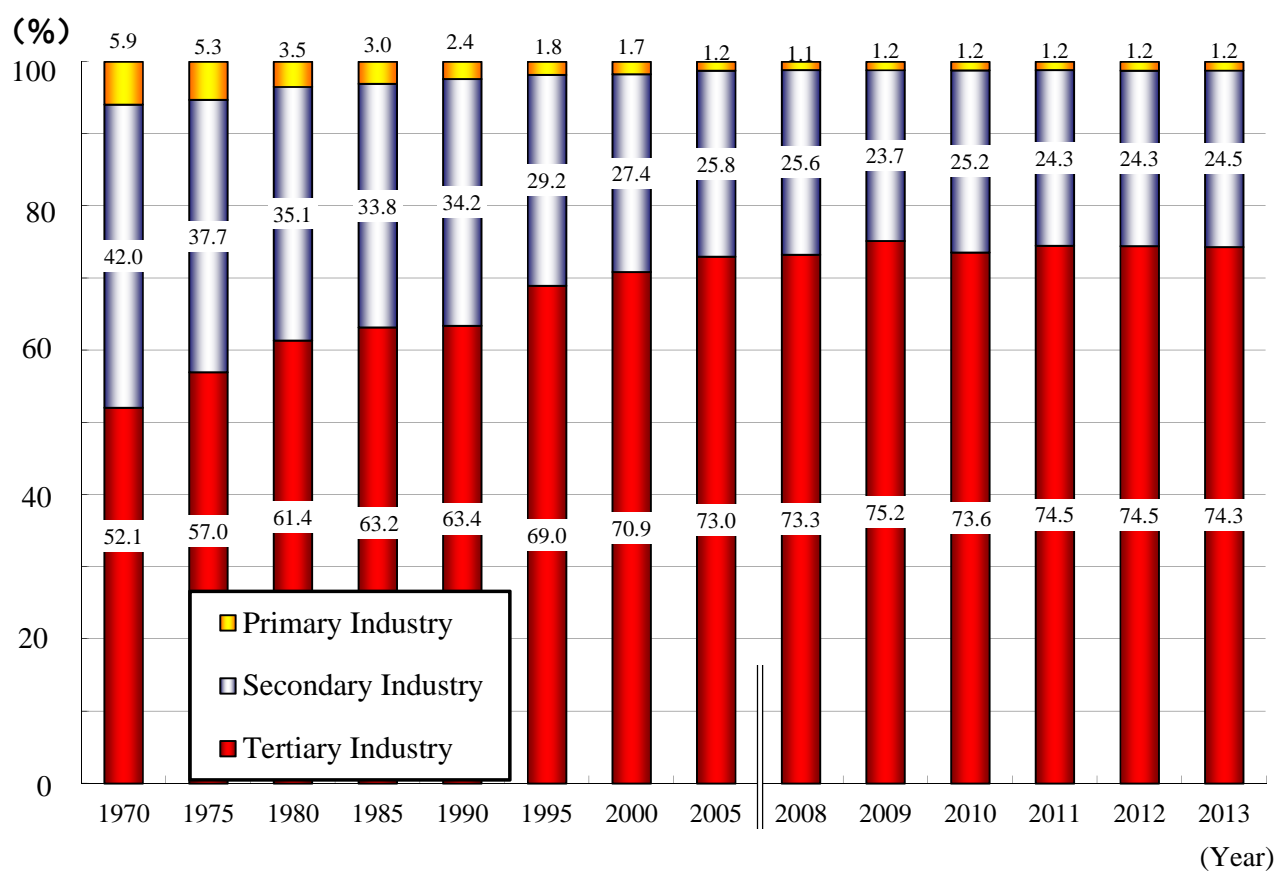
- “Since July 2008, “the Monthly Survey on Service Industries” which collects broad-based data on the service industries such as sales has been conducted on a monthly basis. In addition, it is expected that exhaustive understanding of economic activities including the service industries will be obtained also by implementing the Economic Census which is a periodic survey. In addition to implementing these statistics development activities steadily, further efforts are required for the development of the service industries-related statistics such as activities regarding areas for which data collection for structural understanding on a yearly basis has not been developed yet.”



Review of “the Monthly Survey on Service Industries” (January, 2013)

- A new survey method for enterprises, etc. with a capital of 100 million yen and above was included to the survey. Annual sales and the number of workers of a whole enterprise, etc. are surveyed by business activity in the reviewed survey.
- An annual survey (expanded survey), which covers approx. 40,000 additional establishments as well as the coverage of the monthly survey, was established in 2013. The annual sales by prefectures are surveyed in the survey.

Figure Changes of Industrial Structure



(Source)Annual Report on National Accounts of 2015(Economic and Social Research Institute, Cabinet office)
Based on 68SNA until 1975, based on 93SNA since 1980

Table Coverage ratio of "the Monthly Survey on Service Industries"

| | All industries | Tertiary industry | Industry Coverage of "the Monthly Survey on Service Industries" | Source |
|---------------------------|----------------|-------------------|---|--|
| Number of Establishments | 100.0 | 80.7 | 49.4 | 2012 Economic Census for Business Activity (Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry) |
| Number of Persons Engaged | 100.0 | 75.8 | 47.6 | 2012 Economic Census for Business Activity (Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry) |
| GDP | 100.0 | 74.3 | 53.6 | Annual Report on National Accounts of 2015 (Cabinet Office) |