Appendix 1
History of "the Monthly Business Survey of Services"

In Japan, the service industries (tertiary industry) make up over 70% of the total GDP, and employ over 70% 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 the entire picture of the service industries can be observed statistically.

Because of these demands, in July 2008, Statistics Bureau of Japan established "the Monthly Survey on Service Industries" based on governmental policy regarding the development of the statistical infrastructure stated in "Basic Policies for Economic and Fiscal Management and Structural Reform 2006" (Cabinet Decision made on July 7, 2006).

In 2013, "An annual survey (expanded survey)" was launched to grasp the situation of service industries by detailed industrial classification or by region, 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 annual survey (expanded survey) continued until the completion of survey in 2018 and has been integrated into "The Economic Conditions Survey" from a perspective of promoting systematic development in economic statistics, according to "Master Plan Concerning the Development of Official Statistics" (Cabinet Decision made on March 6, 2018).

As the importance of the service sector within a nation's economy has grown, the actual situation of production activities in the service industry has come to be tracked in detail each year through cross-industry structural statistics derived from the Economic Census and the Survey on the Annual Business Survey; however, no monthly fundamental statistical survey existed.

The development of monthly fundamental statistical survey targeting the service industry has been identified as one of the key priorities in successive versions of the

“Master Plan Concerning the Development of Official Statistics” (hereinafter referred to as the “Basic Plan”), and The Fourth Basic Plan (Cabinet Decision made in March 2023) called for “initiating discussions on the development of monthly fundamental statistical survey for the service sector, based on the perspective of establishing survey methods to continuously and appropriately grasp trends, taking into account the reality of the service sector, where business activities are diverse and subject to rapid change.”

In light of these, the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry have decided to integrate the existing general statistical surveys— “The Monthly Survey on Service Industries” and “The Current Survey of Selected Service Industries” (administered by the Ministry of Economy, Trade and Industry)—to create a new monthly fundamental statistical survey designed to clarify the dynamics of business activities in the service industries in Japan. This new survey, “The Monthly Business Survey of Services” administered independently by the Ministry of Internal Affairs and Communications, was established. Accordingly, “The Monthly Survey on Service Industries” and “The Current Survey of Selected Service Industries” finished in the December 2024 survey.

Overview of Committee and Governmental Decisions and Activities regarding "the Monthly Business Survey of Services"

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.

Master Plan Concerning the Development of Official Statistics (Cabinet Decision made on March 6, 2018)

- "Regarding the Economic Structure Statistics in interim years of the Economic Census for Business Activity, relevant ministries shall rearrange relevant Fundamental Statistical Surveys and newly comprehend and provide the actual situation in the interim years including changes in the structure from a benchmark year, in addition to the conventional objectives and roles to develop and provide population information in Economic Structure Statistics. "

Establishment of "the Economic Conditions Survey" (2019)

- An annual survey (expanded survey) was ended in 2018 survey and merged into the Economic Conditions Survey.

Master Plan Concerning the Development of Official Statistics (Cabinet Decision made on March 28, 2023)

・"The government will begin deliberations to develop monthly core statistics targeting the service industry."

Urgent issues in the development of official statistics and basic principles for dealing with them

(Statistics Commission, December 13, 2023)

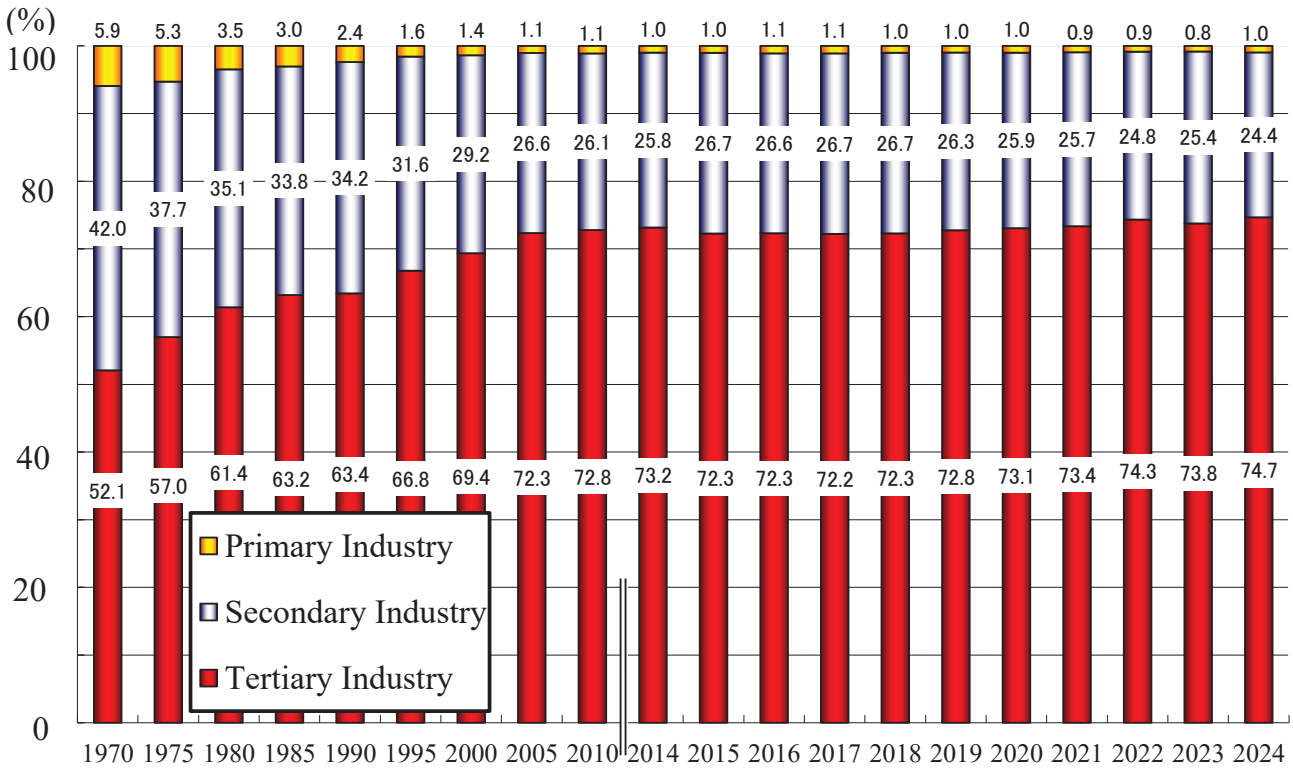
"The service industry statistics meet the requirements for core statistics as stipulated in Article 2, Paragraph 4, Item 3 of the Statistics Act (Act No. 53 of 2007), and therefore it is appropriate to designate them as core statistics."

Completion of the Monthly Survey on Service Industries (general statistical surveys) (until the December 2024 survey)

Completion of the Current Survey of Selected Service Industries (general statistical surveys administered by the Ministry of Economy, Trade and Industry) (until the December 2024 survey)

Start of the Monthly Business Survey of Services (fundamental statistical surveys) (from the January 2025 survey)

Figure
Changes of Industrial Structure



Source: Annual Report on National Accounts for 2024 (Economic and Social Research Institute, Cabinet Office)
Based on 68SNA until 1975, 93SNA from 1980 to 1990, 08SNA since 1995.

Table
Coverage Rate of "the Monthly Business Survey of Services"

	All industries	Tertiary industry	Industry Coverage of "the Monthly Business Survey of Services"	Source
Number of Establishments	**100.0%**	**82.2%**	**51.2%**	2021 Economic Census for Business Activity (Ministry of Internal Affairs and Communications, Ministry of Economy, Trade and Industry)
Number of Persons Engaged	**100.0%**	**79.1%**	**47.8%**	2021 Economic Census for Business Activity (Ministry of Internal Affairs and Communications, Ministry of Economy, Trade and Industry)
GDP	**100.0%**	**73.8%**	**50.3%**	Annual Report on National Accounts for 2024 (Cabinet Office)