Japan's Current Account Surplus and Corporate Adjustment

Speech at the 2026 Michel Camdessus Central Banking Lecture,

International Monetary Fund

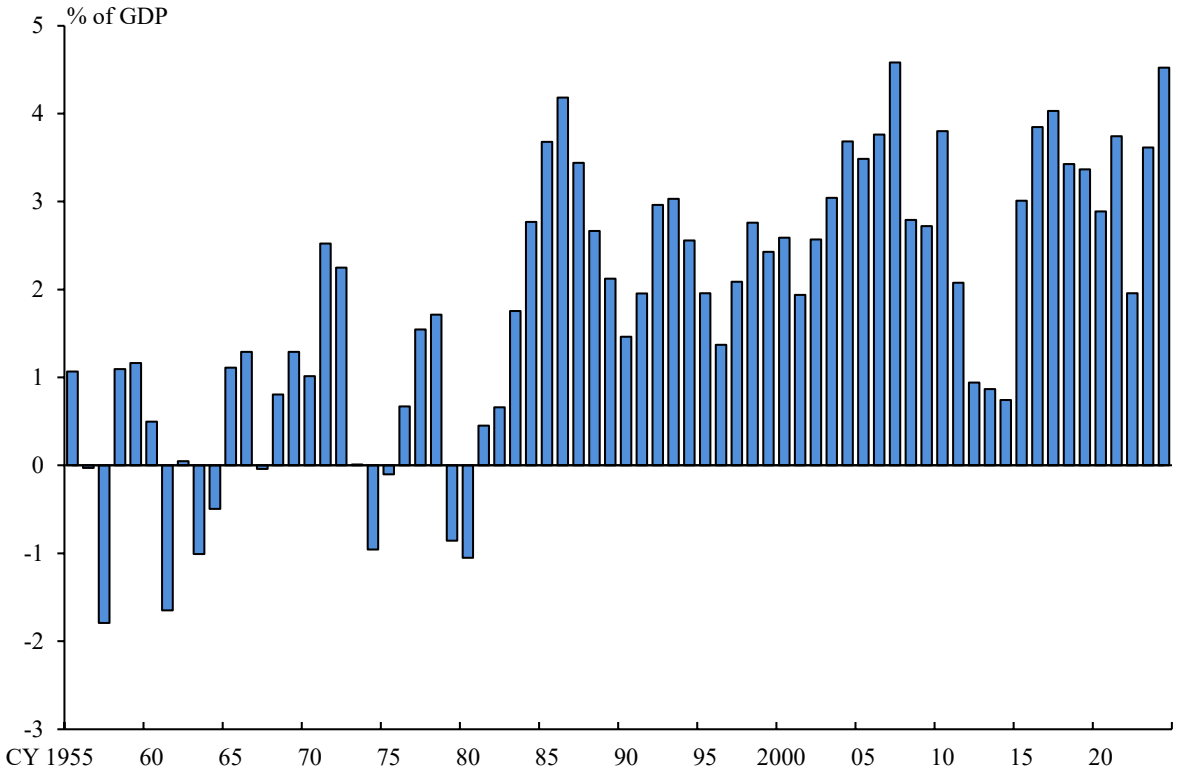
November 6, 2026

UEDA Kazuo

Governor of the Bank of Japan

Chart 1

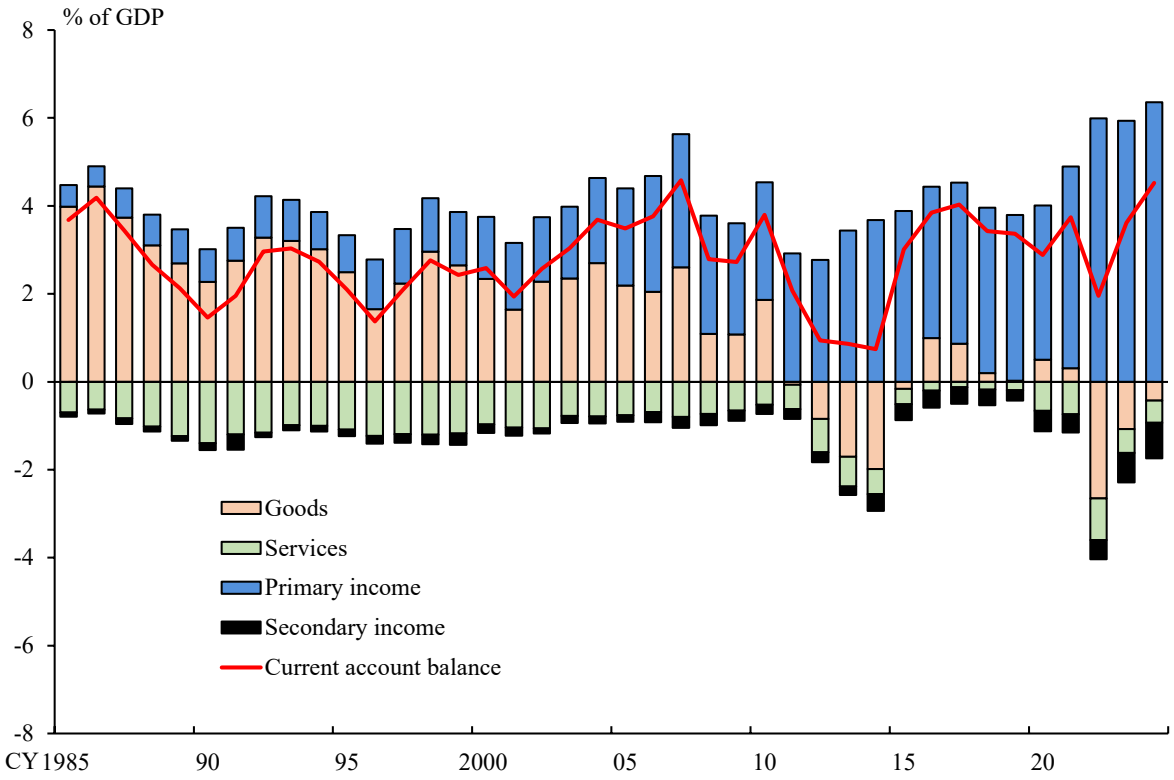
Japan's Current Account Balance



Source: Cabinet Office.

Chart 2

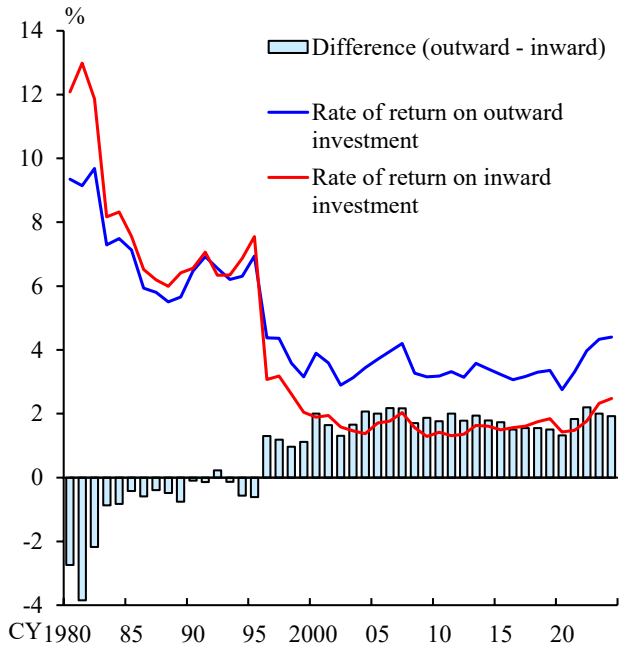
Composition of Japan's Current Account Balance

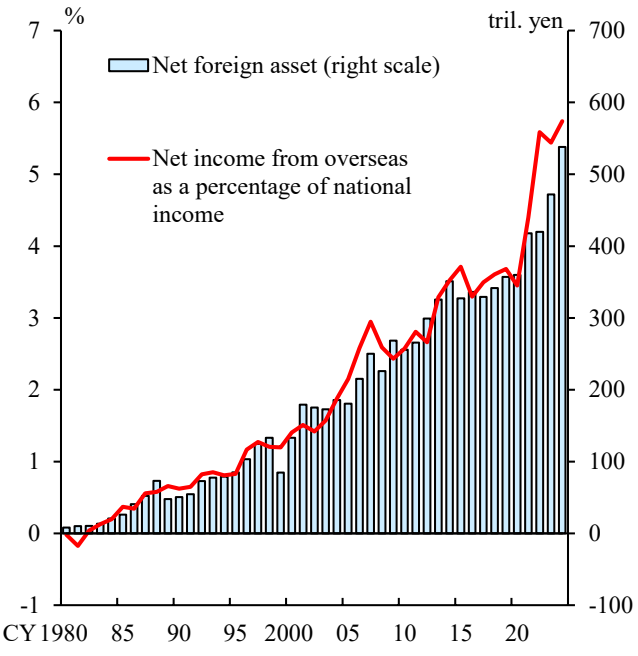


Sources: Cabinet Office; Ministry of Finance.

Chart 3

Income from Foreign Investment



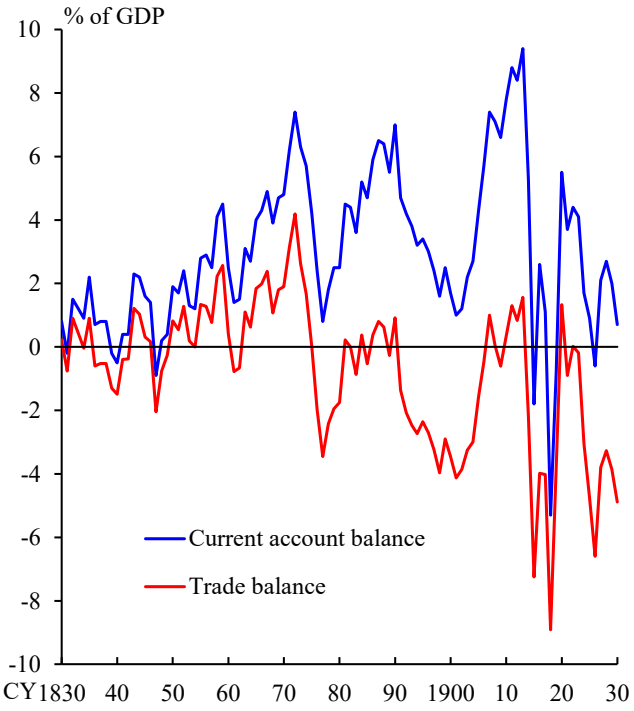


Note: In the left-hand chart, rates of return on outward/inward investment are estimated as investment income (receipts/payments) divided by external assets/liabilities at the end of the previous year, respectively.

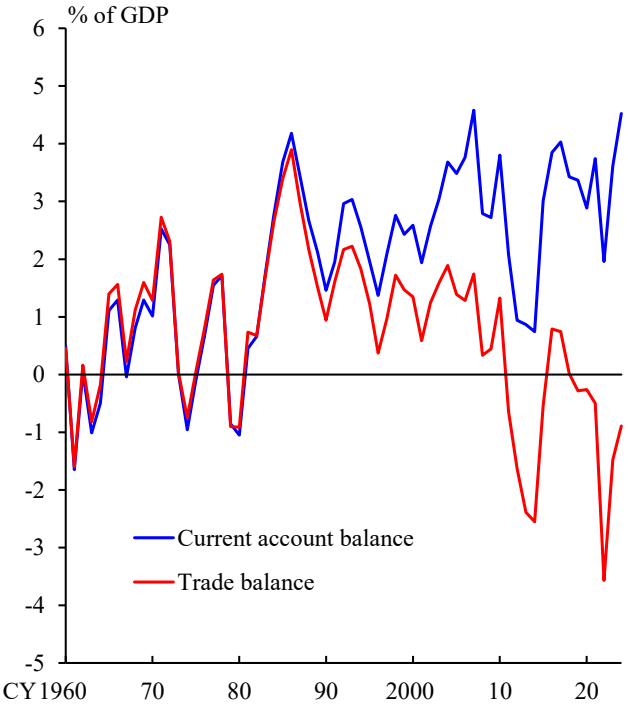
Sources: Cabinet Office; Ministry of Finance.

Current Account Balance in the United Kingdom and Japan

United Kingdom (1830-1930)

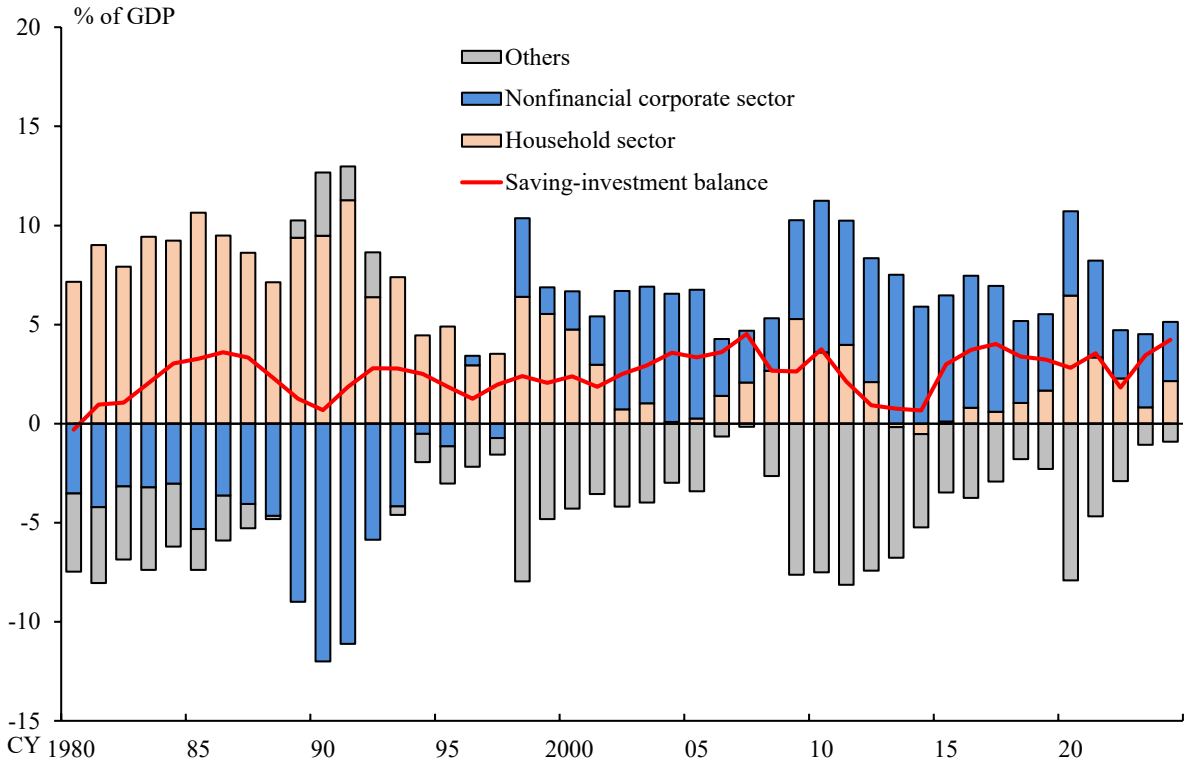


Japan (1960-)



Note: The trade balance refers to net exports of goods and services.
Sources: Bank of England; Cabinet Office.

Sectoral Decomposition of Saving-Investment Balance



Note: The saving-investment balance refers to net lending (+) / net borrowing (-).
Source: Cabinet Office.

Chart 6

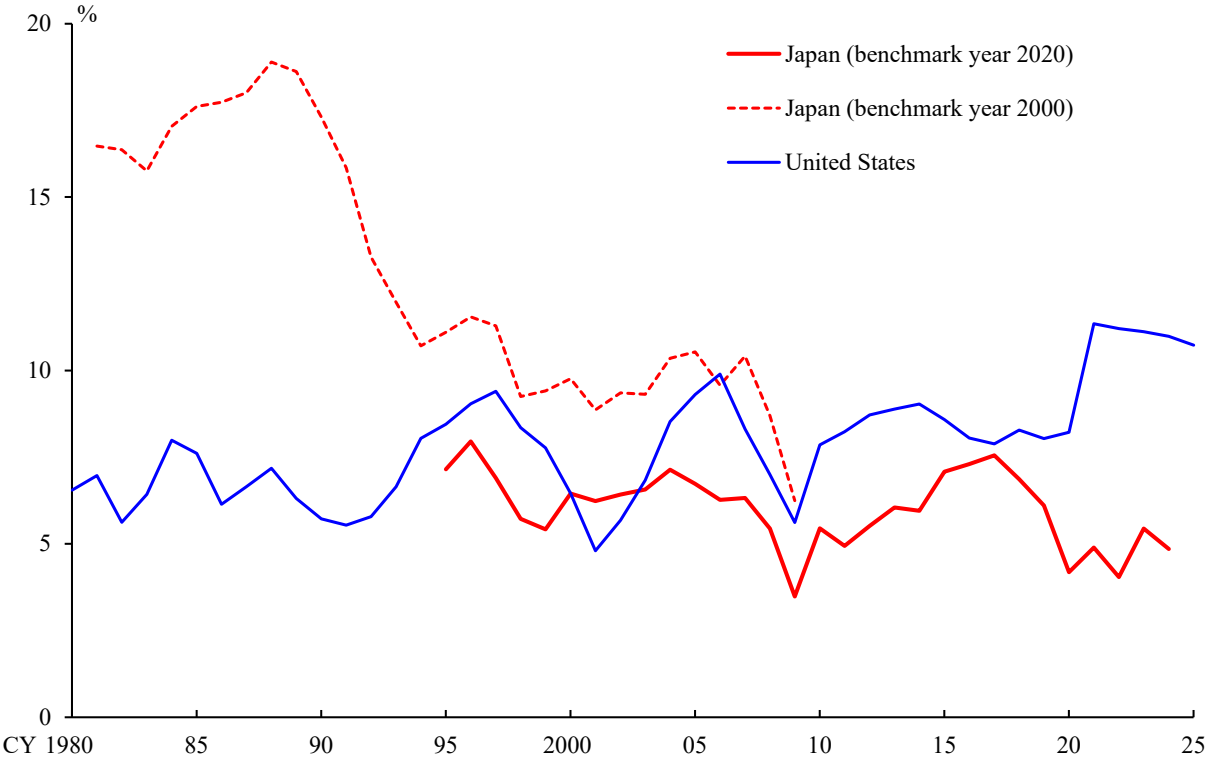
Gross Saving and Total Investment of the Nonfinancial Corporate Sector



Note: Total investment is defined as gross fixed capital formation plus changes in inventories, and gross saving is defined as net saving plus consumption of fixed capital.
Source: Cabinet Office.

Chart 7

Return on Capital in Japan and the United States



Note: Return on capital is corporate profits of nonfinancial corporations divided by the net stock of fixed assets at the end of the previous year.
Japan: corporate profits are net operating surplus. The 2000 and 2020 benchmark-year series are not directly comparable, as consumption of fixed capital is measured at historical cost in the former and at current cost in the latter, among other methodological differences.
United States: corporate profits are before tax, with inventory valuation and capital consumption adjustments.
Sources: Cabinet Office; United States Bureau of Economic Analysis.

Chart 8

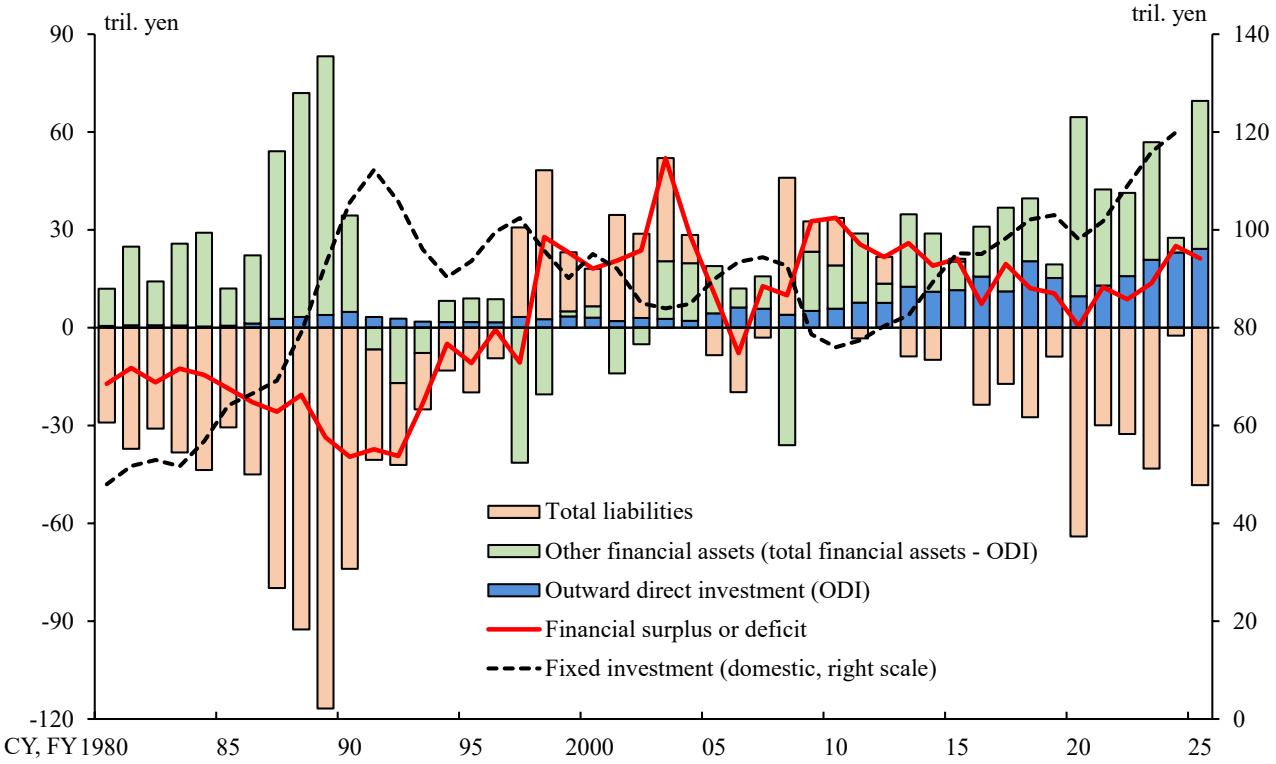
Leverage



Note: Leverage is estimated as closing assets / (equity and investment fund shares + net worth).
Source: Cabinet Office.

Chart 9

Investment, Borrowing, and Financial Surplus of the Nonfinancial Corporate Sector



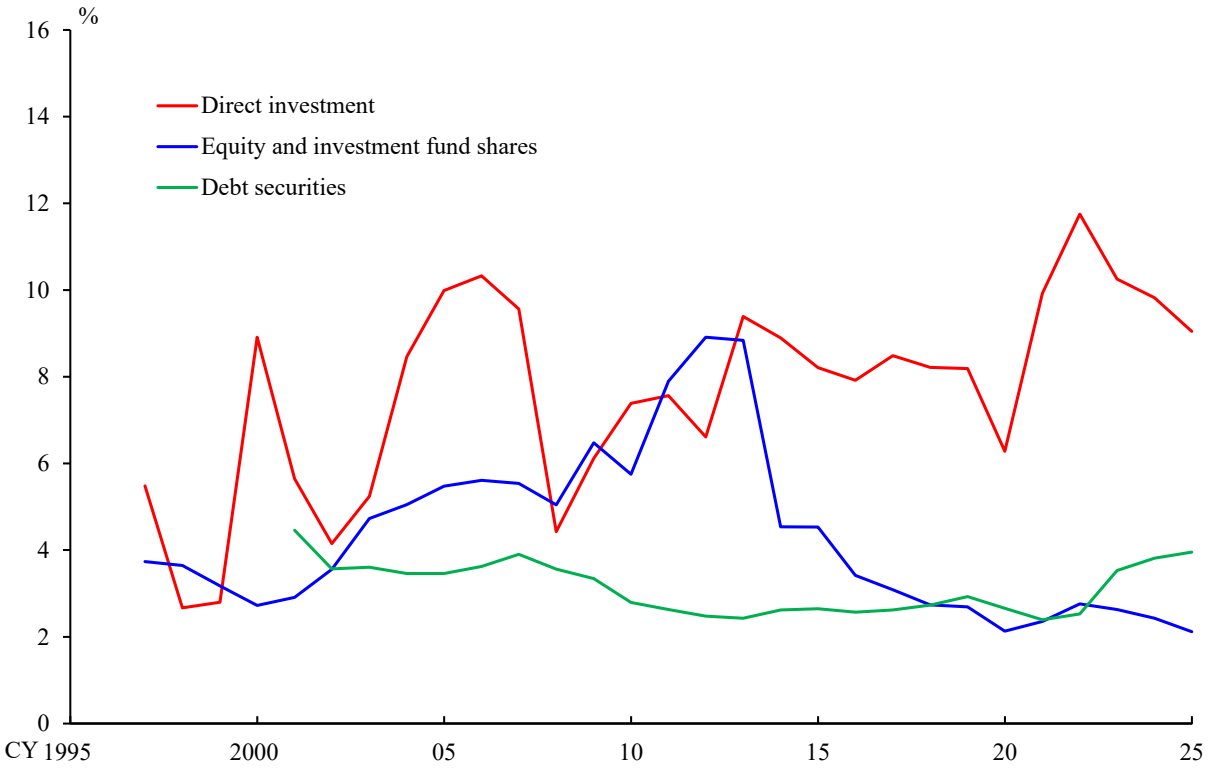
Note: Fixed investment refers to gross fixed capital formation and is on a calendar-year basis; all other series are on a fiscal-year basis.
Sources: Cabinet Office; Bank of Japan.

Breakdown of Capital Outflows

	Portfolio investment	Direct investment	Other
CY 1996 - 2011	53.9%	21.0%	25.1%
CY 2012 - 2025	26.2%	46.5%	27.4%

Note: Share of the financial account (assets, excluding financial derivatives).
Source: Ministry of Finance.

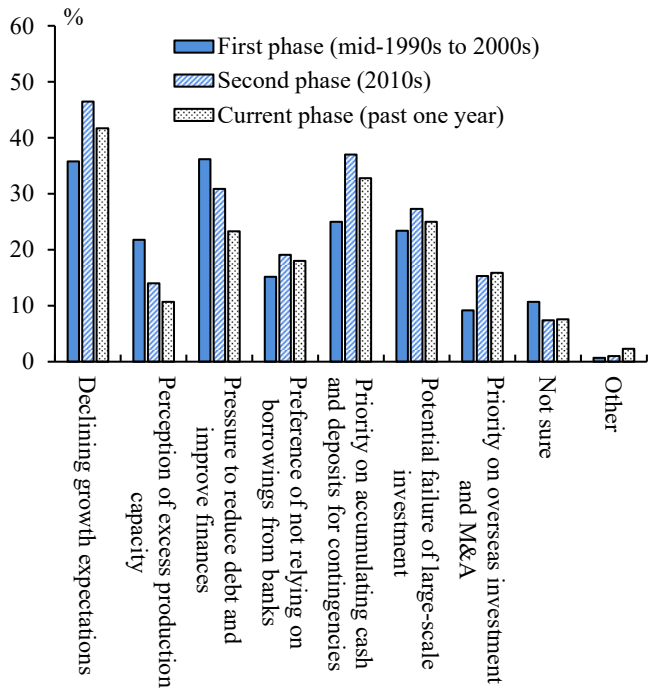
Rate of Return on Foreign Assets



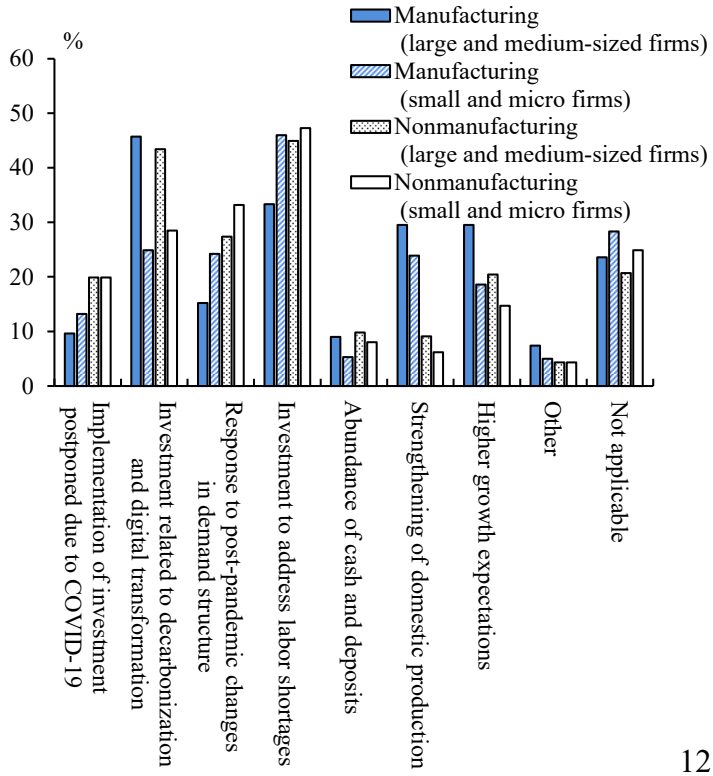
Note: Estimated by dividing receipts of each type of investment income included in primary income (direct investment income, dividends and interest on debt securities within portfolio investment income) by the corresponding assets in the international investment position at the end of the previous year. Debt securities include those held as part of reserve assets.
Source: Ministry of Finance.

Firms' Views on Business Fixed Investment

Reasons for Restrained Business Fixed Investment

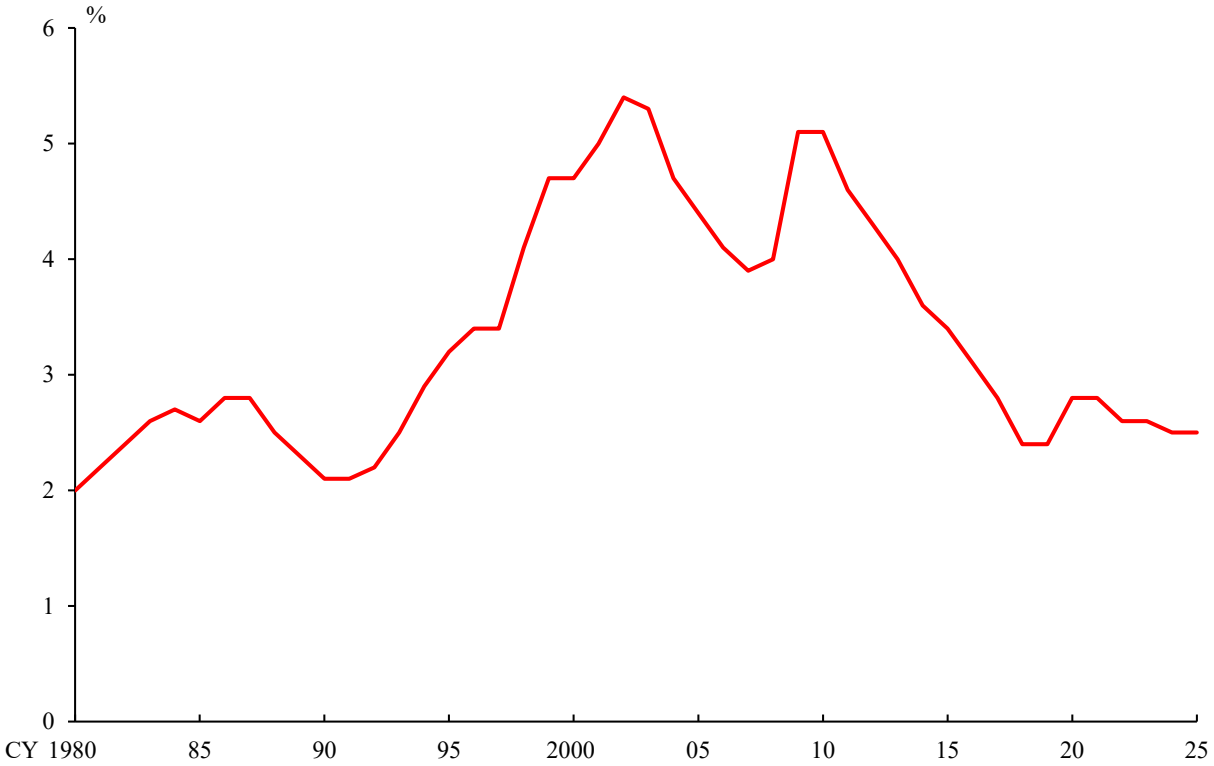


Reasons for Undertaking More Active Domestic Business Fixed Investment



Note: Up to three reasons were allowed.
For details, see the *Survey regarding Corporate Behavior since the Mid-1990s*.
Source: Bank of Japan.

Japan's Unemployment Rate



Source: Ministry of Internal Affairs and Communications.