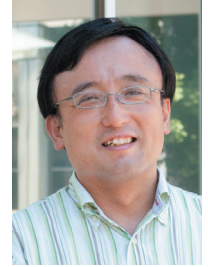


Regional Trend in Japan's Balance of Payments



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Current Account Surplus in 2024 Largest Since 1996

Triggered by President Donald Trump's tariff offensive, the trends in Japan's regional trade balance and current account balance are gaining attention. According to the "Balance of Payments Statistics" (Ministry of Finance), Japan's current account surplus in 2024 was 29.4 trillion yen, making it the largest since 1996, and expanding for the second consecutive year. In this month's article, I will confirm the trend in Japan's regional balance of payments by using the actual values released on May 12.

Chart 1 shows the trend in the current account surplus by major countries and by region. The current account is in surplus against the United States, the EU, Asia excluding China and Central and South America. This trend has remained unchanged for the last 10 years, apart from when the current account was in surplus against China between 2017 and 2021.

Looking at the changes in the last 10 years, Japan's current account expanded by 25.5 trillion yen from 3.9 trillion yen in 2014. Major contributions were from the surplus against the US, expanding

by 9.6 trillion yen, a surplus against Asia excluding China, expanding by 5.6 trillion yen, and a deficit against the Middle East, shrinking by 5.1 trillion yen. The major part of the deficit against the Middle East was in the trade balance which is greatly impacted by crude oil prices.

Increase in Primary Income

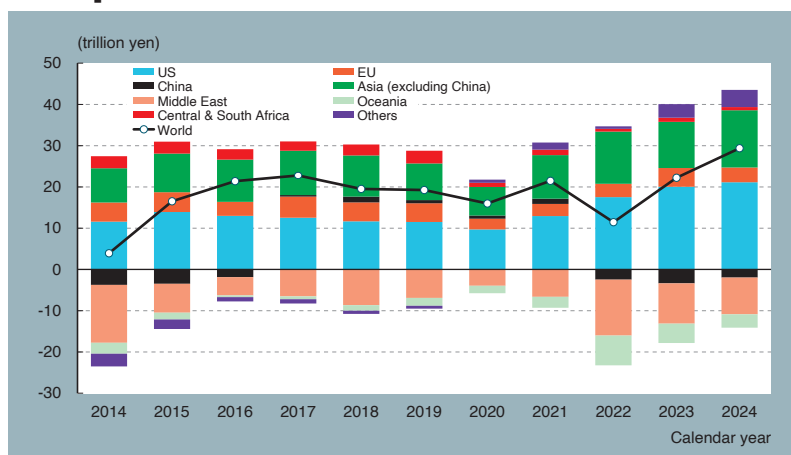
While the current account surplus against the US in 2024 was 21.1 trillion yen, the trade balance of goods was a surplus of 11.6 trillion yen, and primary income was a surplus of 12.6 trillion yen; the balance of services was a deficit of 2.8 trillion yen and secondary income was a deficit of 0.2 trillion yen. This trend remains unchanged for the last 10 years (**Chart 2**). As mentioned, while the current account surplus against the US expanded by 9.6 trillion yen during the last 10 years, the main driving force was an increase in the primary income surplus (7.1 trillion yen). Increases in receipts of earnings from direct investment and from investment in securities are the main factors, but since it has been increasing sharply since 2022, it is thought that the increase in yen-converted amounts received due to continued depreciation of the yen has had an impact.

In the last 10 years, the trade balance surplus also expanded by 3.1 trillion yen. Exports increased by 7.6 trillion yen and imports also increased by 4.5 trillion yen, but the growth in exports exceeded imports. The deficit in the balance of services increased by 1.2 trillion yen. But fell short of the extent of expansion in the trade surplus.

Services Deficit Expands Against EU & Central & South America

Which region does Japan have a large services deficit with? Looking at 2024, the deficit was large against the US at 2.8 trillion yen, with 2.7 trillion yen against Central and South America, and 1.1 trillion yen against the EU. Focusing on the changes in the last 10 years, while the services deficit against

CHART 1
Trends in regional current account balances in Japan



Source: Ministry of Finance "Balance of Payments"

Central and South America was 0.9 trillion yen in 2014, it expanded by 1.8 trillion yen to 2.7 trillion yen in 2024, and the extent of that expansion was the largest (Chart 3). Looking closely at the breakdown of the services balance with Central and South America, expansion in the deficit of insurance and pension services is notable. It was a deficit of 183.2 billion yen in 2014, but in 2024 it was a deficit of 2.61 trillion yen, more than 10 times. Services that offer reinsurance, cargo insurance and other general insurance are recorded, but it is speculated that factors such as many reinsurance companies having headquarters in Bermuda and heightened demand for reinsurance with a rise in disasters are behind this.

Digital Deficit Also Expanding Outside US

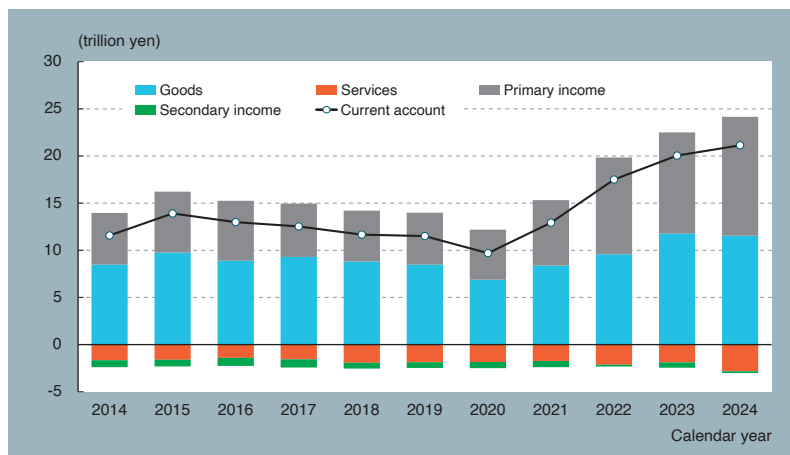
On Japan's services balance, the expansion in digital deficit has become a hot topic in recent years. The Bank of Japan classifies royalties and license fees, telecommunications, computer, and information services, and professional and management consulting services as part of the digital-related balance. Of these, the regional balance is available for telecommunications, computer, and information services, and its deficit against the world was 2.7 trillion yen 2024, increasing by 1.8 trillion yen in the last 10 years. Looking by region, the deficit expanded the most in the last 10 years against the US (by 0.9 trillion yen). The expansion in the deficit against Singapore (0.3 trillion yen) also stands out.

The deficit against the world of other business services, which include professional and management consulting services, was 5.2 trillion yen in 2024, increasing by 3 trillion yen in the last 10 years. The deficit expanded the most in the last 10 years against the US (by 1.7 trillion yen, and also against Singapore (by 1.4 trillion yen).

The trend in recent years for the balance of royalties on intellectual property rights and others, including royalties and license fees, sees the royalties and license fees balance in deficit, but in surplus for royalties on industrial property right and others such as patents. However, the regional trend is not available. For the overall balance of royalties on intellectual property rights and others, the surplus increased by 1.5 trillion yen in the last 10 years, and the US is contributing to the expansion in surplus (by 1.1 trillion yen). It is thought that expansion of local production by Japanese companies is behind this. Whether further increases in local production in

CHART 2

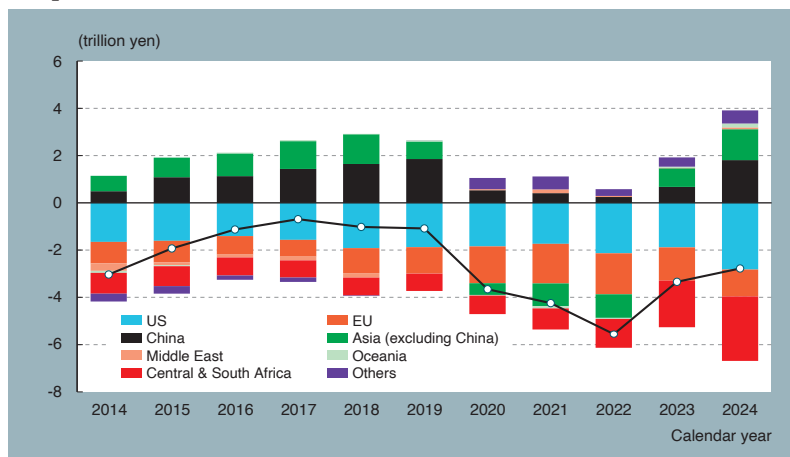
Japan-US current account: trends & breakdown



Source: Ministry of Finance "Balance of Payments"

CHART 3

Trends in regional services balances in Japan



Source: Ministry of Finance "Balance of Payments"

response to Trump's tariffs will continue to expand the surplus remains to be seen.

NOTE: This article was based on available information as of May 12, 2025.

Article translated from the original Japanese by Mio Uchida

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Calendar year, Quarter and Month	Real GDP		Nominal GDP		IIP rate of increase over previous year/term (month) (%)	CPI (All terms, less fresh food) rate of increase over previous year/the same term (month) of the previous year (%)
	Amount (trillion yen)	Rate of increase over previous year/term (%)	Amount (trillion yen)	Rate of increase over previous year/term (%)		
2017	551.2	1.7	553.1	1.6	3.1	0.5
2018	554.8	0.6	556.6	0.6	0.6	0.9
2019	552.5	-0.4	557.9	0.2	-2.6	0.6
2020	529.5	-4.2	539.6	-3.3	-10.4	-0.2
2021	543.8	2.7	553.1	2.5	5.4	-0.2
2022	548.9	0.9	560.5	1.3	-0.1	2.3
2023	556.5	1.4	591.4	5.5	-1.3	3.1
2024	557.4	0.2	609.5	3.1	-2.6	2.5
2024/2nd Qtr.	557.5	1.0	609.7	2.4	2.1	2.5
3rd Qtr.	558.7	0.2	612.9	0.5	0.3	2.7
4th Qtr.	561.8	0.6	619.8	1.1	0.4	2.6
2025/1st Qtr.	561.5	0.0	625.3	0.9	-0.3	3.1
2024/Sep.	—	—	—	—	0.7	2.4
Oct.	—	—	—	—	1.8	2.3
Nov.	—	—	—	—	-1.7	2.7
Dec.	—	—	—	—	-0.3	3.0
2025/Jan.	—	—	—	—	-1.1	3.2
Feb.	—	—	—	—	2.3	3.0
March	—	—	—	—	0.2	3.2
April	—	—	—	—	-1.1	3.5
Sources	"SNA (National Accounts of Japan)", Cabinet Office				"Indices of Industrial Production", Ministry of Economy, Trade and Industry	"Consumer Price Index", Statistics Bureau, Ministry of Internal Affairs and Communications

Calendar year, Quarter and Month	Foreign Trade Statistics									
	Exports amount (trillion yen)	Exports rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount (trillion yen)	Imports rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to US (trillion yen)	Exports to US rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from US (trillion yen)	Imports from US rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to EU (trillion yen)	Exports to EU rate of increase over previous year/ the same term (month) of the previous year (%)
2017	78.3	11.8	75.4	14.1	15.1	6.9	8.1	10.5	7.1	9.5
2018	81.5	4.1	82.7	9.7	15.5	2.4	9.0	11.4	7.7	7.8
2019	76.9	-5.6	78.6	-5.0	15.3	-1.4	8.6	-4.2	7.4	-3.0
2020	68.4	-11.1	68.0	-13.5	12.6	-17.3	7.5	-13.7	6.3	-15.1
2021	83.1	21.5	84.9	24.8	14.8	17.6	8.9	19.6	7.7	21.4
2022	98.2	18.2	118.5	39.6	18.3	23.1	11.8	31.9	9.4	22.0
2023	100.9	2.7	110.4	-6.8	20.3	11.0	11.6	-1.7	10.4	10.9
2024	107.1	6.2	112.6	2.0	21.3	5.1	12.7	9.6	10.0	-3.9
2024/2nd Qtr.	26.5	8.8	28.0	7.0	5.4	14.0	3.4	24.7	2.4	-8.4
3rd Qtr.	27.1	4.5	28.7	6.8	5.4	1.4	3.1	8.6	2.5	-7.7
4th Qtr.	28.5	3.2	28.9	-0.5	5.5	-5.3	3.0	0.1	2.5	-7.6
2025/1st Qtr.	26.9	7.4	28.5	5.9	5.3	7.1	3.1	-0.7	2.4	-7.6
2024/Sep.	9.0	-1.8	9.3	1.9	1.9	-2.4	1.0	6.5	0.8	-9.0
Oct.	9.4	3.1	9.9	0.5	1.8	-6.2	1.0	-0.6	0.8	-11.3
Nov.	9.2	3.8	9.3	-3.8	1.7	-8.0	1.0	-0.6	0.8	-12.5
Dec.	9.9	2.7	9.8	1.8	2.0	-2.1	1.0	1.4	1.0	0.5
2025/Jan.	7.9	7.3	10.6	16.3	1.5	8.1	1.1	5.2	0.7	-15.0
Feb.	9.2	11.4	8.6	-0.7	1.9	10.5	1.0	-2.6	0.8	-7.7
March	9.9	4.0	9.3	1.9	1.9	3.1	1.0	-4.5	0.9	-1.1
April	9.2	2.0	9.3	-2.2	1.8	-1.8	1.0	-11.5	0.8	-5.2
Sources	"Trade Statistics of Japan", Ministry of Finance									

Calendar year, Quarter and Month	Cash salary amount rate of increase over previous year/the same term (month) of the previous year (%)	Active job openings- to-applicants ratio (time(s))	Unemployment rate (%)	M2 rate of increase over previous year/ the same term (month) of the previous year (%)	Balance of payments		Yen/\$ rate (averaged during the term)
					Trade balance (trillion yen)	Current balance (trillion yen)	
2017	0.4	1.50	2.8	4.0	4.9	22.8	112.2
2018	1.4	1.61	2.4	2.9	1.1	19.5	110.4
2019	-0.4	1.60	2.4	2.4	0.2	19.3	109.0
2020	-1.2	1.18	2.8	6.5	2.8	16.0	106.8
2021	0.3	1.13	2.8	6.4	1.8	21.5	109.8
2022	2.0	1.28	2.6	3.3	-15.5	11.4	131.4
2023	1.2	1.31	2.6	2.5	-6.6	22.2	140.5
2024	2.8	1.25	2.5	1.7	-3.7	29.4	151.5
2024/2nd Qtr.	3.0	1.25	2.6	1.8	-1.2	6.9	155.9
3rd Qtr.	2.9	1.24	2.5	1.3	-1.2	8.9	149.2
4th Qtr.	3.7	1.25	2.5	1.2	0.0	7.1	152.4
2025/1st Qtr.	2.2	1.25	2.5	1.1	-1.7	7.5	152.5
2024/Sep.	2.5	1.25	2.4	1.2	-0.4	1.6	143.3
Oct.	2.2	1.25	2.5	1.2	-0.2	2.5	149.6
Nov.	3.9	1.25	2.5	1.2	0.1	3.4	153.8
Dec.	4.4	1.25	2.5	1.3	0.1	1.1	153.7
2025/Jan.	1.8	1.26	2.5	1.3	-2.9	-0.2	156.4
Feb.	2.7	1.24	2.4	1.2	0.7	4.1	152.0
March	2.3	1.26	2.5	0.8	0.5	3.7	149.1
April	2.3	1.26	2.5	0.5	-0.0	2.3	144.3
Sources	"Monthly Labour Survey", Ministry of Health, Labour and Welfare	"Employment Referrals for General Workers", Ministry of Health, Labour and Welfare	"Labour Force Survey", Statistics Bureau, Ministry of Internal Affairs and Communications	"Money Stock", Bank of Japan	"Balance of Payments", Ministry of Finance		Bank of Japan

Calendar year, Quarter and Month	Foreign Trade Statistics									
	Imports amount from EU (trillion yen)	Imports from EU rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to Asia (excluding China) (trillion yen)	Exports to Asia (excluding China) rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from Asia (excluding China) (trillion yen)	Imports from Asia (excluding China) rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to China (trillion yen)	Exports to China rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from China (trillion yen)	Imports from China rate of increase over previous year/ the same term (month) of the previous year (%)
2017	8.0	7.0	28.0	13.3	18.6	14.8	14.9	20.5	18.5	8.5
2018	8.8	10.6	28.8	2.9	20.0	7.8	15.9	6.8	19.2	4.0
2019	8.8	0.3	26.6	-7.6	19.0	-5.3	14.7	-7.6	18.5	-3.9
2020	7.8	-12.1	24.1	-9.4	17.2	-9.4	15.1	2.7	17.5	-5.1
2021	9.5	21.8	30.2	25.0	20.7	20.6	18.0	19.2	20.4	16.4
2022	11.4	21.1	36.4	20.6	28.6	37.8	19.0	5.7	24.8	21.9
2023	11.4	-0.2	34.7	-4.6	27.6	-3.4	17.8	-6.5	24.4	-1.7
2024	11.9	3.9	38.0	9.4	28.6	3.6	18.9	6.2	25.3	3.6
2024/2nd Qtr.	3.0	2.9	9.2	9.6	7.0	7.0	4.8	11.3	6.2	7.6
3rd Qtr.	3.2	10.1	9.8	12.5	7.5	10.2	4.7	1.5	6.3	5.2
4th Qtr.	3.1	2.0	10.2	11.1	7.3	1.7	5.1	0.7	6.9	5.2
2025/1st Qtr.	3.1	16.4	9.9	13.2	7.5	9.4	4.4	0.7	6.5	10.9
2024/Sep.	1.0	2.5	3.2	4.2	2.5	9.2	1.5	-7.3	2.2	-1.8
Oct.	1.1	4.0	3.4	11.0	2.6	5.7	1.7	1.4	2.5	5.7
Nov.	1.0	-5.4	3.3	11.5	2.3	-4.5	1.7	4.1	2.3	4.2
Dec.	1.0	7.6	3.5	10.7	2.5	3.7	1.7	-3.2	2.1	5.7
2025/Jan.	1.1	37.8	3.0	12.1	2.7	18.9	1.2	-6.1	2.6	18.4
Feb.	1.0	15.2	3.4	16.5	2.3	1.8	1.5	14.0	1.7	-3.4
March	1.0	1.1	3.6	11.1	2.5	7.5	1.7	-4.8	2.1	15.9
April	1.0	-0.6	3.4	9.3	2.3	-2.4	1.6	-0.6	2.3	6.7
Sources	"Trade Statistics of Japan", Ministry of Finance									