# Japanese firms nearly triple share buybacks amid tariff uncertainty and governance reforms



In April, Japanese listed companies announced a near tripling of share buybacks compared to the same month last year, signalling a shift in corporate Japan’s approach to cash management and shareholder returns amid ongoing tariff uncertainties. According to figures compiled by Goldman Sachs, groups within the Topix benchmark revealed ¥3.8 trillion ($27 billion) in buybacks during the month, a significant increase from ¥1.3 trillion in April 2023. So far in 2024, total buyback announcements have reached ¥6.9 trillion, more than double the amount recorded at the same point last year.

This surge follows a record-breaking ¥20 trillion in share repurchases across fiscal 2024, which analysts have described as indicative of a "regime shift" in corporate practices. Historically, Japanese companies were criticised for maintaining inefficiently large cash reserves and underemphasising returns on equity. However, there is now growing emphasis on more strategic capital structure management, including returning excess cash to shareholders where it cannot be deployed efficiently within the business.

Hiromi Yamaji, chief executive of the Japan Exchange Group, which operates the Tokyo Stock Exchange, highlighted this evolving mindset. Speaking to the Financial Times, Yamaji said, “We are getting into a totally different kind of world. So in other words, whenever [companies] think their share price is too low, they are trying to use the opportunity to manage the size of their equity.” Yamaji is a prominent figure in Japan’s recent corporate governance reforms.

Major Japanese firms such as Nomura, Mitsubishi, Hitachi, and Komatsu have announced buybacks worth hundreds of millions of yen in April. These repurchases cut across diverse sectors including automobiles, capital goods, insurance, telecommunications, and banking.

This notable increase in buybacks occurred despite heightened geopolitical tensions and economic uncertainties. Prime Minister Shigeru Ishiba declared a "national crisis" over US President Donald Trump’s trade policies, which have already adversely affected Japanese car exports and threatened broader reciprocal tariffs from Washington. Nonetheless, Bruce Kirk, Japan equity strategist at Goldman Sachs, observed that the strong buyback numbers demonstrate sustained momentum for shareholder-centric corporate governance reforms, even in the face of tariff-related risks and recession concerns. Kirk told the Financial Times, “Combined with the big corporate structuring announcements from some Japanese blue-chips this month, there is a lot to be positive about.” He also noted the tendency for around a third of Japanese buyback announcements to concentrate in the April-May earnings season.

From a market strategist perspective, Shrikant Kale of Jefferies expects the robust trend in buybacks to continue, forecasting total share repurchases of ¥22 trillion for the current fiscal year. He commented to the Financial Times that the primary risk to this outlook would be a severe global economic slowdown caused by tariff uncertainties, which could push companies back towards preserving cash. However, Kale noted that so far, there were no signs of such a shift.

Despite the momentum in share buybacks, investors continue to push for broader corporate reforms beyond repurchases. These include board overhauls and the divestment of non-core assets, as part of a wider effort to enhance shareholder value through structural and governance changes rather than relying solely on what has been termed a "vanilla" approach to shareholder returns.

The Financial Times is reporting that the increase in buybacks represents a significant evolution in how Japanese companies manage capital and engage with investors, reflecting changing priorities in a complex economic and geopolitical environment.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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6. <https://www.theworldfolio.com/interviews/our-vision-is-to-position-japan-as-asias-premier-investment-hub/6594/> - An interview with Hiromi Yamaji, CEO of the Japan Exchange Group, discussing corporate governance reforms aimed at enhancing capital efficiency and shareholder value, including requests for companies to focus on long-term growth investments and not solely on buybacks or dividends.
7. <https://www.ft.com/content/61434cdf-29b4-43a4-b3e7-fd7ef8cea22e> - Please view link - unable to able to access data