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U.S.-Japan Relations

Overview

Japan, a U.S. treaty ally since 1952, is an important U.S. partner in several areas, particularly security and trade. Shared goals include meeting the challenge of an assertive People's Republic of China (PRC, or China) and countering threats from North Korea. The U.S.-Japan mutual defense treaty grants the United States the right to base U.S. troops—currently numbering over 50,000—and military assets on Japan's territory in return for U.S. security guarantees. Japan is the sixth-largest U.S. trade partner and a top source of foreign direct investment into the United States. Its investors are the largest foreign holders of U.S. Treasury securities. The two countries also collaborate on science and technology, global health, energy, and climate change. Congressional oversight of U.S.-Japan relations has focused on alliance cooperation, particularly on how Japan and the United States coordinate their China strategies. In April 2024, then-Prime Minister Fumio Kishida addressed a Joint Meeting of Congress.

The Biden and first Trump Administrations placed the U.S.-Japan alliance at the center of their Indo-Pacific strategies. Both the U.S. and Japanese governments see China's rising power and influence as detrimental to their national security. Japan has adopted more assertive security and foreign policy postures since the early 2010s, providing the alliance with more flexibility to confront regional challenges. Japan's proximity to China—and the two countries' maritime and territorial disputes—heightens Japan's concern as well as its incentives to manage bilateral tensions. Over the past decade, Japan has significantly increased defense spending and expanded cooperation with India, Australia, and Southeast Asian countries, policies that the United States government welcomed. The United States and Japan have upgraded trilateral cooperation with South Korea, participate with Australia and India in the Quadrilateral Security Dialogue ("the Quad"), and have discussed a possible role for Japan in the Australia-United Kingdom-U.S. (AUKUS) partnership.

Early indications from the second Trump Administration appear to signal a desire to continue prioritizing the U.S.-Japan partnership. For example, Prime Minister Shigeru Ishiba was the second foreign leader President Donald Trump hosted after his second inauguration. The Administration's early moves, however, also have signaled the possible return of bilateral tensions. An increase and expansion of U.S. tariffs, as Trump has suggested, would likely have an impact on Japanese exports, especially in the automotive sector. The Trump Administration's treatment of Russia, Ukraine, and NATO allies in early 2025 has caused observers in Japan to question the United States' credibility and intentions as an alliance partner. Japan's leaders also have expressed concern that PRC leaders might perceive that the benefits of military aggression against neighbors outweigh the costs. Japan responded to Russia's

full invasion of Ukraine forcefully, viewing Russia's aggression as a threat to the international rules-based order, and drew potential parallels with PRC claims over Taiwan.

Japan's Uncertain Political Course

Upgraded U.S.-Japan cooperation has coincided with Japan's Liberal Democratic Party's (LDP's) dominance over Japanese politics since 2012. That political era appears to have ended in 2024, when the LDP and its coalition partner, the Komeito Party, lost their majority in Japan's Lower House of Parliament. As a result, the LDP and Komeito lead a minority government, so they will need to form ad hoc compromises with opposition parties to pass legislation on a range of issues, including potentially challenging ones involving taxes and defense spending. In addition, Ishiba's political standing is precarious; he is vulnerable to no-confidence motions by the opposition and to challenges from within the LDP. In the Upper House, which holds its next elections in July 2025, the LDP-Komeito Party camp holds 57% of the seats.

The U.S.-Japan Military Alliance

Since the early 2000s, the United States and Japan have steadily improved the operational capability of the military alliance. Facing an increasingly challenging security environment, the alliance has sought to deepen interoperability and enhance operational coordination between U.S. and Japanese forces. In July 2024, the two sides announced a step toward this goal: the planned reconstitution of U.S. Forces Japan (USFJ) into a joint force headquarters that would act as a counterpart to Japan's Joint Operations Command, which is to be established in 2025. In the FY2025 National Defense Authorization Act (NDAA) (P.L. 118-59, §1343), Congress required the Defense Department to submit a plan on how it intends to upgrade USFJ by June 2025.

Although Japanese monetary contributions to support the U.S. military presence in Japan are difficult to quantify, a 2021 U.S. Government Accountability Office report notes that from 2016 to 2019, Japan paid an average of \$3 billion per year to defray the cost of stationing U.S. military personnel in-country. Japan also pays compensation to localities hosting U.S. troops, rent for the bases, and the costs of new facilities. About 25% of facilities used by USFJ and more than half of USFJ personnel are stationed in Okinawa, an island chain comprising less than 1% of Japan's total land area. Many Okinawans oppose elements of the U.S. military presence in Okinawa, particularly the construction of new U.S. bases in their prefecture.

Japan Expands Its Defense Posture

Japan is constrained in its ability to use military force by its U.S.-drafted pacifist constitution, and by Japanese popular hesitation to engage in military conflict. However, as perceived threats from China and North Korea have grown more acute, Japan's government and people have

reconsidered the country's approach to national security. Japan has accelerated reforms to make its military (known as the Self-Defense Forces, or SDF) more capable, flexible, and interoperable with U.S. forces. In 2022, the government released security documents that outline plans to raise Japan's defense spending to 2% of its gross domestic product (GDP) by 2027 and declare Japan's intention to develop a "counterstrike" missile capability to attack enemy missile sites. To fulfill its goal to acquire a "counterstrike" capability, Japan is procuring the Tomahawk Weapon System for an estimated \$2.35 billion via the U.S. Foreign Military Sales (FMS) program. Japan expects to deploy the first Tomahawk missiles in late 2025 or early 2026.

Regional Relations

China and Taiwan. Japan and China are in a protracted dispute over uninhabited Japan-administered islets in the East China Sea (known as the Senkaku Islands in Japan, and Diaoyu in China). Since 2020, Japan and China have largely managed to keep tensions from escalating, despite frequent operations near the islands by PRC government vessels. Japanese leaders often assert that they seek to stabilize Japan-PRC relations. As China has increased economic, diplomatic, and military coercion of Taiwan, a former Japanese colony (1895-1945) roughly 70 miles from Japan's westernmost island, the Japanese government has framed the prospect of cross-Straits conflict as an urgent challenge. Such a conflict could involve U.S. military personnel and assets in Japan. China is Japan's top trading partner, accounting in 2023 for 20% of Japan's total goods trade. (The U.S. share was 15%.)

South Korea. In 2023 and 2024, U.S.-Japan-South Korea relations expanded and deepened. The three countries held multiple trilateral summits, established a secretariat, created a system for exchanging real-time DPRK missile warning data, conducted multi-domain military exercises, and signed a "Commitment to Consult" on regional challenges. Historically, trilateral cooperation has been constrained by Japan-South Korea tensions regarding a territorial dispute and sensitive issues stemming from Japan's 1910-1945 colonization of the Korean Peninsula. Lingering mistrust between Japan and South Korea, particularly from South Korean progressives, raises questions about the sustainability of the new trilateral arrangements. In a sign that the second Trump Administration may prioritize trilateral cooperation, Secretary of State Marco Rubio met in February 2025 with his Japanese and South Korean counterparts. Many analysts argue insufficient attention by the first Trump Administration contributed to a breakdown in Japan-South Korea relations in the late 2010s.

Economic and Trade Issues

In 2024, Japan was the sixth-largest U.S. trading partner based on total goods and services trade (**Figure 1**). Japan has been a top source of foreign direct investment in the United States. The partners have three limited bilateral trade deals; two took effect in 2020 and covered market access in some goods trade and rules on digital trade, and the third is a 2023 critical minerals agreement (CMA).

Under the Biden Administration, the United States and Japan engaged on trade issues bilaterally and regionally through the U.S.-led Indo-Pacific Economic Framework for Prosperity (IPEF). Japan welcomed U.S. engagement in the

region, while urging the United States to join other trade deals. It is unclear whether the Trump Administration will pursue trade talks with Japan, which could include follow-up negotiations to the 2020 trade deals.

Figure 1. Top U.S. Trade Partners, 2024

	U.S. IMPORTS	U.S. EXPORTS	
Mexico	562	383	
Canada	476	440	
China	463	199	
UK	159	174	
Germany	208	119	Goods and Services;
Japan	191	127	U.S. \$ billions

Source: CRS; data from Bureau of Economic Analysis

In February 2025, President Trump announced he would eliminate exemptions to 25% U.S. tariffs on steel for Japan and other trading partners, starting on March 12. Under the Biden Administration, Japan was granted an exemption from the steel tariffs, imposed in 2018 by President Trump under Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. §1862), in exchange for a tariff-rate quota. President Trump also has raised the possibility of imposing broad "reciprocal" and sectoral tariffs on all U.S. trading partners. Japanese officials are seeking an exemption to the expanded Section 232 tariffs and have raised concerns about other potential U.S. tariffs, in particular related to autos.

Tariffs may complicate cooperation on supply chain resiliency and diversification, which had been an economic priority for the Japanese government and previous U.S. Administrations. The 2023 U.S.-Japan CMA, which covers key minerals in electric vehicle (EV) batteries, currently allows Japan to qualify for certain requirements related to the EV consumer tax credit, per P.L. 117-169, known as the Inflation Reduction Act (IRA). IRA provisions were motivated in part by U.S. concerns over dependence on China for EV batteries and inputs. President Trump and some Members of Congress have expressed interest in repealing the EV tax credit (e.g., 118th Cong., S. 4237, H.R. 3938) or the entire IRA (e.g., H.R. 191).

High-profile foreign investment deals have also been a focus of U.S. Administrations. In 2023, Japan's Nippon Steel Corporation announced an agreement to acquire U.S. Steel Corporation, and filed the transaction for review by the Committee on Foreign Investment in the United States (CFIUS). On January 3, 2025, then-President Biden issued a presidential order under CFIUS authorities to block Nippon Steel's bid, citing risks to U.S. national security. Both companies filed lawsuits contesting the decision. Some Members and stakeholders lauded Biden's decision. Others criticized it, citing Japan's role as an important ally, alleged politicization of the acquisition, and negative impacts on the U.S. steel industry. President Trump has suggested the parties may consider restructuring the deal as "an investment rather than a purchase," which involves full ownership.

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