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# U.S.-Japan Relations

## Overview

Japan, a U.S. treaty ally since 1952, is an important U.S. partner in security, trade, and other areas. Shared bilateral 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 around 60,000—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, and energy. Congressional oversight of U.S.-Japan relations has focused on alliance cooperation, particularly on how Japan and the United States coordinate their China strategies, and more recently on the impact of tariff policies.

For over a decade, successive U.S. administrations have placed Japan at the center of their Indo-Pacific strategies. The second Trump Administration has continued many of the security and diplomatic policies involving Japan that were pursued by its predecessors. Within three weeks of his 2025 inauguration, President Donald Trump hosted Prime Minister Shigeru Ishiba at the White House, where they pledged to continue strengthening the U.S.-Japan partnership. The Administration has signaled continuity in most enhancements of the U.S.-Japan military alliance introduced during the Biden Administration. Secretary of State Marco Rubio has held multiple meetings among the foreign ministers of the Quadrilateral Security Dialogue (“the Quad”), which consists of Australia, India, Japan, and the United States. Additionally, Rubio and other senior Administration officials have met trilaterally with their Japanese and South Korean counterparts, continuing the Biden Administration's upgrade of trilateral relations.

Other Trump Administration actions, however, have altered the context of Japan's foreign policy, which for decades has relied on U.S. military, diplomatic, and economic leadership in the Indo-Pacific and on an open global trading system. President Trump's imposition of tariffs on Japan, which Ishiba called a “national crisis,” could have a significant impact on Japanese exports, especially in the automotive sector, and Japan's economy as a whole. In the geopolitical realm, the Trump Administration's frequent changes in policy, as well as its approach to Russia and Ukraine through the late summer 2025, raised concerns among some Japanese observers about the United States' credibility and intentions as an alliance partner.

## Japan's Uncertain Political Course

From 2012 to 2024, the Liberal Democratic Party's (LDP's) predominant political position undergirded the upgrades in U.S.-Japan cooperation the two countries undertook. The

LDP's political dominance appears to have ended in 2024, when the party and its coalition partner, the Komeito Party, lost their majority in Japan's Lower House of Parliament, called the Diet. As a result, the LDP and Komeito lead a minority government. In July 2025, the LDP coalition also lost its majority in the Diet's Upper House. The electoral losses led Ishiba the following month to announce his intent to resign as LDP president and prime minister, less than a year into his premiership. On October 4, the LDP is scheduled to choose its new leader. Five people have announced their candidacy, including Agriculture Minister Shinjiro Koizumi (who at age 44 would be Japan's youngest-ever premier) and former Economic Security Minister Sanae Takaichi (who would be Japan's first woman premier). All five have pledged to bring at least one opposition party into the LDP's coalition to enable it to regain a parliamentary majority.

## 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 deepened interoperability between U.S. and Japanese forces to enhance operational coordination. In July 2024, the two sides announced 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 Japan activated in March 2025. A Senate committee-reported version of a FY2026 National Defense Authorization Act (NDAA) (S. 2296, §1234) would restrict the use of certain funds until the Administration submits a plan to Congress on how it intends to reconstitute USFJ. The FY2025 NDAA required such a plan be submitted 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 70% of all facilities and areas used by USFJ and roughly half of the U.S. military personnel in Japan are located 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 the 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.** Japanese observers perceive China's maritime claims and regular military activities near Japan's southwestern islands as potential threats to Japan's security. Notwithstanding increased alignment between the U.S. and Japanese governments over potential PRC threats, Japanese leaders often have asserted that they seek to stabilize Japan's ties with China. Since September 2024, the two sides have resumed or agreed to resume formal bilateral dialogues that have not been held since a tumultuous period in Sino-Japanese relations in the early 2010s. In March 2025, Japan hosted the 11<sup>th</sup> China-Japan-South Korea (CJK) foreign ministerial meeting, which discussed plans for the next CJK summit. China is Japan's top goods trading partner, accounting in 2024 for 20% of Japan's total goods trade (compared to the U.S. share of 15%).

**South Korea.** Since 2023 U.S.-Japan-South Korea relations have expanded and deepened. The three countries have 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. The expanded cooperation has continued under the Trump Administration and under the South Korean government of Lee Jae Myung, who was elected president in June 2025. Lee has moderated his past criticisms of rapprochement with Japan and made trilateral cooperation a "core pillar" of his foreign policy. Historically, trilateral cooperation has been constrained by Japan-South Korea tensions over a territorial dispute and sensitive issues stemming from Japan's 1910-1945 colonization of the Korean Peninsula. Lee and his predecessor have said they will treat disagreements over history separately from other issues.

## 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).

In 2025, President Trump has imposed global and country-specific tariffs on most trading partners, including Japan, under the International Emergency Economic Powers Act (IEEPA, 50 U.S.C. §§1701 *et seq.*). In July 2025, the United States and Japan announced the outlines of a bilateral "strategic trade and investment agreement." More details were released in early September, after additional

negotiations to resolve differences over implementation terms. As part of the deal, the United States has imposed a 15% tariff on most imports from Japan—a reduction from the 25% that President Trump initially proposed but an increase from 2024 U.S. tariff rates on Japan. President Trump also has imposed sectoral tariffs under Section 232 of the Trade Expansion Act of 1962 on various goods, including key Japanese exports like steel (50% for most countries) and autos (15% for Japan). Other sectors potentially facing Section 232 tariffs include semiconductors, trucks, pharmaceuticals, robotics, and medical devices. The U.S.-Japan deal provides for tariff exemptions related to aircraft and generic pharmaceuticals.

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

	U.S. IMPORTS	U.S. EXPORTS	
Mexico	561	385	
Canada	477	441	
China	461	199	
UK	162	179	
Germany	209	121	
Japan	192	129	Goods and Services; U.S. \$ billions

**Source:** CRS; data from Bureau of Economic Analysis.

Tariffs may complicate bilateral cooperation on supply chain resiliency and diversification, which had been an economic priority for the Japanese government and previous U.S. Administrations. Under the U.S.-Japan agreement, Japan committed to increase purchases of U.S. agricultural goods, aircraft, defense equipment, and energy, and to ease certain domestic regulations affecting U.S. products. According to a U.S.-Japan memorandum of understanding, Japan also committed to invest \$550 billion in strategic U.S. sectors including semiconductors, pharmaceuticals, metals, critical minerals, shipbuilding, energy, artificial intelligence, and quantum computing. The investments are to be made before January 2029 and overseen by an investment committee chaired by the U.S. Commerce Secretary.

Japan's investment pledge comes amid other high-profile foreign investment deals that have been a focus of U.S. Administrations and some Members of Congress. 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). In early 2025, then-President Biden issued a presidential order under CFIUS authorities to block Nippon Steel's bid, citing risks to U.S. national security. In June, following a new review by CFIUS, President Trump announced his approval of the U.S. Steel deal, contingent on mitigation terms in a national security agreement. The companies stated that the terms they negotiated with the U.S. government include a "golden share" arrangement, which grants the U.S. government and U.S. President rights over certain decisionmaking of the company.

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