

# U.S. Tariffs and the 2025 U.S.-Japan Framework Agreement

Updated January 30, 2026

After months of talks spurred by [U.S. tariff actions](#), the United States and Japan [announced](#) in July 2025 a bilateral “strategic trade and investment agreement.” As part of the so-called framework agreement, the United States 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](#). Also, Japan committed to purchase U.S. aircraft and defense equipment and to invest \$550 billion in strategic U.S. sectors.

Members of Congress wanting to assert greater authority over presidential tariff actions in general may consider modifying delegated authorities through legislation or tightening oversight over U.S. tariffs. Congress also may monitor implementation of the U.S.-Japan framework agreement and [U.S. economic cooperation with Japan](#), and also may compare the U.S.-Japan deal against other agreements with key partners such as the [European Union \(EU\)](#) and [South Korea](#).

## Key U.S. Tariff Actions

In April 2025, after [declaring](#) a national emergency “arising from conditions reflected in large and persistent annual U.S. goods trade deficits,” President Trump imposed 10% “reciprocal tariffs” on imports from most trading partners, including Japan, under the [International Emergency Economic Powers Act of 1977 \(IEEPA, 50 U.S.C. §§1701 et seq.\)](#). The President also announced higher tariffs on partners with which the United States has the largest goods trade deficits, including Japan ([\\$69 billion in 2024](#)), which was to face a [25% country-specific tariff](#). In addition, President Trump imposed tariffs on various sectors under [Section 232 of the Trade Expansion Act of 1962 \(19 U.S.C. §1862, as amended\)](#), which allows the President to restrict imports if the Secretary of Commerce finds a U.S. national security threat. In 2025, Trump imposed 25% tariffs on [vehicles and auto parts](#) and [trucks](#), and 50% tariffs on [steel](#), [aluminum](#), and [copper](#). U.S. auto tariffs, in particular, have been a key concern for Japan as the sector comprises a major share of U.S.-Japan trade. Other [Section 232 investigations](#) are ongoing and may result in additional sector-specific tariffs. In January 2026, President Trump announced Section 232 actions related to [semiconductors](#) and [processed critical minerals](#), which could potentially affect Japanese industries.

Congressional Research Service

<https://crsreports.congress.gov>

IN12608

## 2025 U.S.-Japan Framework Agreement

In September 2025, the Trump Administration issued [Executive Order \(E.O.\) 14345](#) and [regulations](#) that implemented certain provisions of the U.S.-Japan agreement. Key aspects include

- The 15% rate for Japanese imports will not “stack” on top of existing tariff rates—i.e., it is inclusive of any most-favored nation (MFN) tariff rate above zero applied to goods not traded under a free trade agreement. If the MFN rate is above 15%, no IEEPA tariff is applied to Japanese goods.
- Japanese automotive products face a 15% tariff, inclusive of MFN rates. Section 232 tariffs on Japanese steel, aluminum, and copper remain at 50%.
- Japanese products under the [World Trade Organization Agreement on Trade in Civil Aircraft](#) (except for unmanned aircraft) are exempt from IEEPA and Section 232 tariffs.
- Other Japanese products, including natural resources and generic pharmaceuticals, may be granted duty-free treatment.

According to a U.S.-Japan [joint statement](#), Japanese pharmaceuticals and semiconductors are to face tariffs “no greater than that applied” to any other country, and Japan also committed to

- an expedited increase in purchases of U.S. rice;
- \$8 billion in annual purchases of U.S. agricultural goods (e.g., corn, soybeans, fertilizer, bioethanol);
- \$7 billion in annual purchases of U.S. energy; and
- an easing of Japanese regulations for U.S.-safety-certified vehicles and provision of clean energy vehicle subsidies for U.S. cars.

E.O. 14345 specifies that the Commerce Secretary “shall monitor the progress of Japan’s implementation of its commitments,” and that should Japan “fail” to implement, the United States may consider increasing tariffs.

According to a September 4, 2025 U.S.-Japan [memorandum of understanding \(MOU\)](#) related to Japan’s \$550 billion pledge, investments are to be targeted in strategic sectors, including semiconductors, pharmaceuticals, metals, critical minerals, shipbuilding, energy, artificial intelligence, and quantum computing, and must be made before January 2029. The Japanese government [stated](#) it will provide up to \$550 billion in financial support for U.S.-bound investment in the form of loans, loan guarantees, and other mechanisms through government-affiliated institutions, such as [the Japan Bank for International Cooperation \(JBIC\)](#). An investment committee, established by President Trump and chaired by the Secretary of Commerce, is to recommend the investments; while the [recently-established U.S. Investment Accelerator](#) is to manage and administer investments. The MOU outlines profit-sharing terms, under which cash flows generated by an investment are to be split equally until Japan recoups its “deemed allocation amount,” after which 90% will go to the United States and 10% to Japan.

Both sides have since outlined [potential investments](#) and [projects](#) that may be considered. Certain aspects of the structure and implementation of the investment fund, however, remain unclear and under development. Some experts point out [potential obstacles](#) to the effective use of the investment vehicle, [assess the feasibility](#) of fulfilling investment pledges, and [question](#) whether the MOU will serve as a model for other investment deals.

## Issues for Congress

Congress is debating whether to exercise its constitutional authority over foreign commerce and tariffs by amending authorities and strengthening its oversight over U.S. tariffs, including on Japan (e.g., S. 348), and related trade negotiations. Some Members welcomed the Trump Administration's deal with Japan, [asserting](#) that it will create jobs and increase U.S. exports, while others [criticized](#) the deal as disadvantaging U.S. autoworkers. Some Members raised concerns about the impact of the U.S. 15% tariff rate for Japan; [one Member said](#) it "still marks a sharp increase that will carry significant economic costs," complicates the U.S.-Japan alliance, and potentially undermines cooperation on shared priorities, such as supply-chain resiliency.

One Member [asserted](#) that "trade agreements relating to tariffs imposed through Executive action" should be submitted to Congress for approval. Members who support enhancing congressional oversight over U.S. trade policy could enact legislation requiring congressional consultations or approval of the U.S.-Japan agreement, including tariff changes. An open question is how outcomes of [legal challenges](#) on the use of IEEPA authorities to impose tariffs may impact the negotiation and implementation of recent framework agreements.

## Author Information

Kyla H. Kitamura  
Analyst in International Trade and Finance

Cathleen D. Cimino-Isaacs  
Specialist in International Trade and Finance

---

## Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.