

# Tensions grow between Japan, US over Trump tariffs

Ben McGrath  
1 July 2025

Japan continues to negotiate with the US over the Trump administration's imposition of "reciprocal" tariffs. Tokyo's Economic Revitalization Minister Ryosei Akazawa went to Washington last week for the seventh round of ministerial-level talks before the looming deadline on the tariff pause expires on July 9.

Akazawa met with US Commerce Secretary Howard Lutnick. A focus of their discussions was Japan's request that the US lower tariffs on auto imports. Japan has pledged to cut the trade deficit with the US by increasing investments and imports.

Japan faces a 24 percent tariff on exports to the US as well as an additional 25 percent tariff on auto products. Before departing for Washington, Akazawa stated that the auto tariffs are "not something we can accept." The auto industry comprises a significant portion of the Japanese economy and accounts for approximately 5.58 million jobs in Japan. Auto exports amount to 20 percent of Japan's total annual exports, with the US representing a significant share.

There is little indication so far that the Shigeru Ishiba government in Tokyo and Washington will be able to work out a deal. "It is unclear how the tariff negotiations will turn out, but given the scale of the automotive industry, it will be difficult for the US to back down easily, meaning the talks will be quite difficult," said Kazutaka Maeda, economist at the Meiji Yasuda Research Institute, earlier in June.

Japan is one of the so-called 18 "highest-priority trading partners" with which Washington is currently working on trade deals. US Treasury Secretary Scott Bessent stated in a Fox Business interview last Friday that the Trump regime could have 10 to 12 deals "wrapped up by Labor Day," which is September 1 this year in the US.

While Tokyo and Washington routinely claim their

military alliance—which is above all directed at launching an imperialist war against China—is "ironclad," there are clear signs of tensions between the two.

Trump has all but rejected an extension on the tariff pause, singling out Japan in a hypothetical example in an interview Sunday of the letters he would like to send countries. "I could send one to Japan. 'Dear Mr. Japan, here's the story: You're going to pay a 25 percent tariff on your cars.'"

Speaking to reporters yesterday, he doubled down on the threat, saying he doubted that the two countries would reach a deal. Therefore, Japan would be hit with "a 30 percent, 35 percent" tariff increase or "whatever the number is that we determined," he said.

Washington is using the threat of tariffs to force countries to further align with US military plans. While Japan is already in the process of doubling its military spending to two percent of GDP, the US considers this insufficient. At present, Tokyo plans to complete this process by 2027, with the increase including the budget for the coast guard and other military-related expenses.

The Trump regime is demanding allies raise their military spending to 5 percent of GDP. At the Shangri-La Dialogue at the end of May, US Defense Secretary Pete Hegseth justified this demand by claiming that mainland China was on the verge of invading Taiwan by 2027.

At the NATO summit last week, the gathered powers agreed to raise spending to 5 percent of GDP in line with US demands. Prior to this, Hegseth told a Senate panel on June 18 that NATO had set a "new standard for allied defense spending that all of our allies around the world, including in Asia, should move to."

Pentagon spokesman Sean Parnell sent a statement on June 20 to Japanese media, including the *Japan Times*,

declaring. “European allies are now setting the global standard for our alliances, especially in Asia, which is 5 percent of GDP spending on defense.”

Cracks between Japan and the US became more apparent when Prime Minister Ishiba did not attend the NATO summit. A report on June 20 in the *Financial Times* (FT) stated that Tokyo had also canceled an upcoming 2+2 foreign minister and defense minister meeting between Japan’s Foreign Minister Takeshi Iwaya and Defense Minister Gen Nakatani and US Secretary of State Marco Rubio and Hegseth.

That meeting was reportedly slated for July 1, but Tokyo denied it had been canceled due to US demands. Chief Cabinet Secretary Yoshimasa Hayashi last Monday claimed, “The date for the next Japan-U.S. 2+2 meeting has yet to be decided.”

The FT reported that the US was demanding Japan spend 3.5 percent of GDP on its military. This may be in line with NATO’s new spending agreement in which member nations spend 3.5 percent on the military and an additional 1.5 percent on infrastructure and related costs.

If Japan has balked at this, it is not out of any commitment to the so-called “pacifist clause” in the country’s constitution, which explicitly bans Tokyo from maintaining a military. In the past 15 years, Japan has rapidly engaged in remilitarization, regularly spending record amounts on the armed forces each year. In December, Ishiba’s cabinet earmarked 8.7 trillion yen (\$US60.24 billion) for 2025.

Instead, a Japanese government official told *Nikkei Asia* that Tokyo was not opposed to increasing military spending, but that the process seemed unorganized. A separate official explained that the decision to increase spending would be a sovereign decision, echoing comments Ishiba made in March.

The second official told the newspaper that any further increase would have to be explained to the Japanese public. The government is fully aware that another increase in military spending would meet with opposition from the working class. Tokyo fears the eruption of mass protests like those that took place in 2015 against military legislation expanding Tokyo’s ability to wage war overseas.

Japan already faces slowing growth, with Trump’s tariffs set to worsen the situation. In the first quarter of 2025, the economy shrank 0.2 percent year-on-

year—that is, prior to the announcement of Trump’s tariffs on April 2. The Bank of Japan predicts the economy will grow by only 0.5 percent this year. In 2024, the economy grew only 0.1 percent and 1.5 percent in 2023.

Wages have been stagnant in Japan for decades even as prices have sharply increased. The minimal wage hikes that companies are offering do not compensate for falling real wages. In April, real wages fell 1.8 percent, the fourth consecutive monthly decline.

Japanese imperialism has depended on its military alliance with the US since the end of World War II. However, cracks are starting to appear as the Trump administration seeks to halt the US historic decline at the expenses of its rivals—friend and foe alike.



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**