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US belligerence points to prolonged trade stalemate

Key takeaways

- The Japanese and US governments remain deadlocked as the 9 July deadline for suspending “reciprocal” tariffs approaches.
- The Trump administration has shown no signs of accepting Japan’s demand for relief from automotive tariffs, but with an election approaching and the Japanese public in no mood to compromise, the Ishiba government will not yield either.
- Absent US concessions on automotive tariffs, it is difficult for Tokyo to accept an agreement, notwithstanding the potential impact of higher US tariffs.

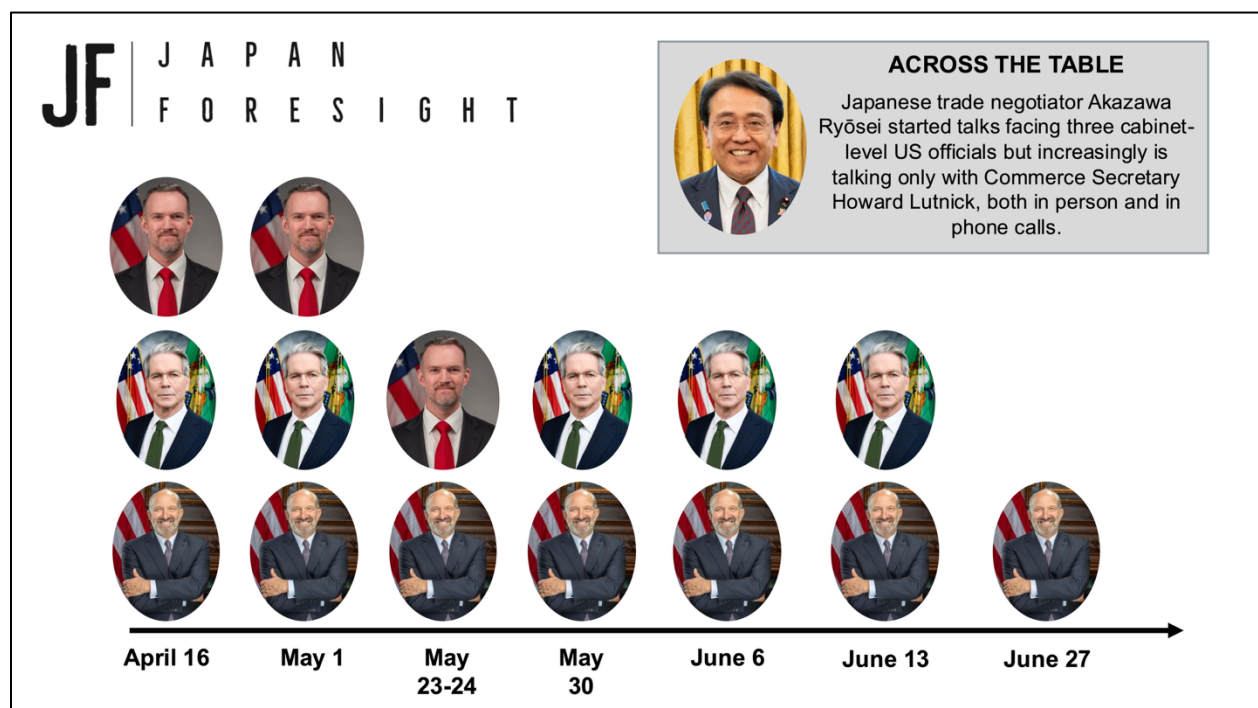
Ahead of the expiration of the ninety-day exemption from “reciprocal” tariffs, US President Donald Trump is increasing pressure on the Japanese government to make concessions in negotiations, singling out Japan in a media interview for not buying more automobiles from the United States and using a social media post to criticize Japan for not “[taking our RICE], and yet they have a massive rice shortage.”

Whether these interventions are intended to allow the suspension of 24% “reciprocal” tariffs to expire – and defend not acceding to Japan’s demands for US concessions on automotive tariffs – or are part of negotiating tactic that is a prelude to an agreement to extend the exemption as bilateral negotiations continue, they are highly unlikely to convince Prime Minister Ishiba Shigeru’s government to soften its position despite the impending deadline. And while Trump’s comments on automobile tariffs could be read as implying that it is possible that automobile tariffs could be reduced, in practice there is little indication that the Trump administration is prepared to compromise on this issue.

In short, the circumstances discussed [here](#) are unchanged. The question now is not whether the US and Japan announce a deal before the 9 July deadline, but whether the two governments can reach some agreement that extends the suspension of reciprocal tariffs as negotiations continue. As Japan’s upper house campaign nears – starting on 3

July, with the vote on 20 July – Ishiba increasingly has less room to compromise. Public opinion polls suggest that the public overwhelmingly wants Ishiba to resist concessions unfavorable to Japan, even if it harms the bilateral relationship. Despite fears of the economic impact from continuing 25% automotive tariffs as well as tariffs rising from 10% to 25% across the board after 9 July, Ishiba cannot be seen as caving on automotive tariffs, the removal of which Ishiba has said is a fundamental national interest, before the upper house elections.

Trump's interventions came shortly after trade negotiator Akazawa Ryōsei visited Washington for the seventh round of ministerial talks, talks that did not include a meeting with Treasury Secretary Scott Bessent or US Trade Representative Jamieson Greer but instead entailed one in-person meeting with Commerce Secretary Howard Lutnick and two follow-up phone calls with Lutnick while Akazawa was still in the United States. Akazawa even extended his stay by an additional day but was still unable to see the other negotiators.



Lutnick's central role in the negotiations – he is the only ministerial-level official from the US side who has been involved in every negotiating round – likely explains why a deal has proven to be so elusive. The commerce secretary shares the president's focus on using tariffs to eliminate bilateral trade deficits and encourage more manufacturing in the United States and thus is less likely to respond favorably to the Ishiba government's negotiating position. The Japanese government has reportedly included offers to expand Japanese purchases of US energy, defense equipment, and some agricultural products (although rice is unlikely to be included) as well as some concessions on non-tariff barriers identified by the United States but which has insisted that an agreement should include concessions from the United States on automotive tariffs. With neither

government signaling its willingness to soften its core demands, the prospect of a deal after the elections will depend on the [shape](#) of the Japanese government after the elections, the impact of US tariffs on Japan's economy, and, ultimately, the US negotiating position.

In the meantime, the two governments will remain stalemated, with effects on the bilateral relationship that could reach beyond economic cooperation. Revealingly, a new poll by the center-right *Yomiuri Shimbun* found that the Japanese public is increasingly distrustful of the United States, with only 22% either greatly (3%) or somewhat (19%) trusting the United States, and 68% somewhat (46%) or entirely (22%) distrusting it. This finding, combined with polls that have repeatedly showed that the public wants the Ishiba government to hold the line for a better agreement, suggests that Japan's political leaders may increasingly face a public prepared to tolerate greater friction and even defiance of US demands.

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