

7 August 2025

With trade “discrepancies,” Ishiba faces no-win situation

Key takeaways

- Trade negotiator Akazawa Ryōsei is back in Washington for talks after US implementation of the bilateral trade agreement has differed from Japan’s expectations on key provisions.
- No matter how the dispute resolves, Prime Minister Ishiba Shigeru will be penalized for his handling of the talks, whether for misunderstanding what was agreed or failing to keep the Trump administration to its promises.
- This situation is a gift to Ishiba’s intra-party opponents as well as to opposition parties, who have floated the possibility of a no-confidence motion over the issue.

The trade deal with the United States that Prime Minister Ishiba Shigeru and trade negotiator Akazawa Ryōsei touted shortly after the upper house elections, already a [liability](#) as Ishiba faced questions over discrepancies between the US and Japanese government outlines of the agreement (and the absence of a written agreement that might have synchronized these accounts), is now an active threat to Ishiba’s survival.

The Ishiba government is grappling with two issues. First, despite the government’s announcement that it had secured a reduction in US auto tariffs from 27.5% to 15%, the Trump administration did not include this change in its fact sheet on the bilateral agreement or in the executive order setting new “reciprocal” tariff rates. Second, the Ishiba government is seeking to clarify precisely how reciprocal tariffs will apply to Japanese exports, since Tokyo believes that the two governments had agreed to “no stacking” – tariff lines below 15% would be raised to 15%, but tariff lines already at or above 15% would not be subject to a “stacked” rate of the preexisting rate plus 15%, the same as in the US-European Union deal – but the administration’s guidance in the federal register does not make this exception for Japan. Of course, these issues are

joined by other outstanding questions, such as the discrepancy between Tokyo and Washington about the nature of the USD 550bn in investment that the Trump administration is saying Japan agreed to provide.

To this end, Akazawa traveled to Washington again this week to meet with US cabinet secretaries to clarify the terms of an agreement that the trade negotiator had celebrated with a declaration of “mission accomplished” on 22 July. Akazawa met with Commerce Secretary Howard Lutnick on 6 August, and while there was no readout from either government, US officials told Japanese reporters that there is no error in the federal register: Japan did not receive EU-like provisions. Both Ishiba and Chief Cabinet Secretary Hayashi Yoshimasa insisted on Thursday, 7 August that there is no discrepancy between Tokyo and Washington over the substance of the agreement, leaving his government to demand (or hope) that the Trump administration updates its customs enforcement guidelines.

There is basically no good outcome for Ishiba at this point. Even in the best-case scenario – that additional talks conclude in Japan’s favor, resulting in the terms that the Ishiba government thought it had received – Ishiba will still face questions about his government’s decision to avoid a written agreement, the lack of a Japanese government fact sheet to complement (or counter) the US fact sheet, and the “flexibility” of an agreement that could result in US tariffs snapping back to a higher rate at the US government’s discretion. Meanwhile, if it turns out that the Ishiba government misunderstood the terms or the Trump administration arbitrarily altered the deal after Akazawa’s 22 July meeting at the White House, Ishiba has gifted his critics both within the Liberal Democratic Party (LDP) and among the opposition parties an issue that could finally break his tenuous hold on power. The LDP right has already argued that Ishiba’s handling of the relationship with the US has been one of his greatest failings; the confusion surrounding the deal – and Ishiba’s apparent reluctance to speak directly with Donald Trump – will only serve to strengthen their argument that the prime minister is simply not up to the task. Indeed, it is likely that this issue will be addressed in the plenary meeting of LDP lawmakers scheduled for Friday, 8 August. Meanwhile, Democratic Party for the People (DPFP) leader Tamaki Yūichirō has, since retracting his initial approval of the trade deal, emerged as one of the most vocal critics of Ishiba’s handling of it, suggesting that failing to both guarantee lower automobile tariffs and being at odds with the Trump administration over “stacking” could be grounds for a no-confidence motion aimed at Ishiba. Even Constitutional Democratic Party (CDP) leader Noda Yoshihiko, who has been reluctant to support a no-confidence motion given the risks his party faces in a snap election but whose party is necessary for a no-confidence motion to succeed, has stepped up his criticism of Ishiba over the issues with the trade deal.

In practical terms, the “two discrepancies” hurt Ishiba in three ways. First, it will likely reverse some of the gains he has made in approval ratings since the upper house elections, particularly as Japanese businesses grapple not only with reduced profit expectations but also the deepening confusion about what tariff rates their US-bound exports will actually face. Second, it will stiffen the resolve of the anti-Ishiba movement

within the LDP, which as been somewhat adrift when confronted with Ishiba's dogged determination to stay in power. And three, it increases the likelihood that, if the LDP is unable to force Ishiba out, the opposition parties could as a whole conclude that they have more to gain from advancing a no-confidence motion than from not – and they do not have to wait for the government to convene an extraordinary session, since it takes only a quarter of the members of either house to call an extraordinary session. Of course, the most likely outcome is that once the LDP has concluded its review of its defeat in the upper house elections, Ishiba may have little choice but to step down, with his government's missteps in managing the trade talks sealing the deal, even if (and perhaps especially) if the situation with the Trump administration remains unresolved.

Tobias Harris

Founder and Principal

Japan Foresight LLC

tobias@japanforesight.com

+1.847.738.4048
