



J A P A N

F O R E S I G H T

18 February 2026

Reading between the lines of the first US-Japan investments

Key takeaways

- The Takaichi government confirmed the first investments as part of the bilateral investment framework after US President Donald Trump announced them on 17 February.
- The announcement was made despite Japanese negotiator Akazawa Ryōsei's noting "significant gaps" after ministerial talks last week, suggesting that the US government is setting the pace for rolling out the framework.
- Despite the announcement, it is still unclear how much funding will come directly from Japanese public financial institutions.
- The first projects will generally have little impact on Japan's pursuit of economic security, suggesting that the main strategic benefit for Japan will be keeping the Trump administration satisfied.

While Takaichi Sanae was overwhelmingly reaffirmed as Japan's prime minister when the Diet reopened on Wednesday, 18 February, the moment was at least partially overshadowed by an announcement Tuesday afternoon – early Wednesday morning in Japan – by US President Donald Trump. The US president posed on social media that Japan was "officially, and financially, moving forward" with the first round of investments as part of the USD 550bn "strategic investment" framework included in the bilateral trade agreement.

The formal announcement of the first round of investments has been widely expected before Takaichi visits Washington next month. The two governments have been engaged in working-level and ministerial-level talks since December to hammer out some of the details that were under-articulated in the agreement and subsequent memorandum of understanding (MOU) regarding the investment framework in particular. But the US announcement Tuesday was puzzling in that the latest round of

ministerial talks, a visit to Washington last week by Minister of Economy, Trade, and Industry Akazawa Ryōsei, ended with Akazawa stating that progress had been made but that “significant gaps” remained between the two governments and that talks would continue ahead of the 19 March summit.

Notwithstanding Akazawa’s remarks last week, both he and Takaichi confirmed the US government’s announcements, suggesting that whatever the remaining issues – mainly related to how much Japanese public funding is expected to fulfill its obligations as opposed to loans and loan guarantees, questions about the revenue distribution framework, and other components of the process that were left unclear in the MOU – will be resolved at a pace dictated by Washington. In general, Tuesday’s announcement appears to have been driven more by the US president’s impatience with Japan’s deliberate approach and his desire for political “wins” in potential electoral battlegrounds than the Japanese government’s satisfaction that all outstanding issues had been resolved. Once announced by Trump and Commerce Secretary Howard Lutnick, there was little that the Japanese government could do but agree,

With the first round announced – including a historically large 9.2 gigawatt gas-fired power plant in Ohio, a crude oil export facility in Texas, and an artificial diamond manufacturing plant in Georgia – the expectation is that the Japanese government will transfer funds to a special purpose vehicle within forty-five days. It appears that the Ohio power plant, which at roughly USD 33bn will be the overwhelming bulk of the first tranche of investment, will be backed mainly by a Softbank-led consortium including US and Japanese financial institutions and Japanese equipment makers. What is unclear is what percentage of this funding and the additional USD 3bn for the two other projects will come from the Japan Bank for International Cooperation (JBIC) or other public financial institutions. (For comparison, the total value of all of JBIC’s outstanding portfolio as of Q3 2025 was roughly USD 100bn at current exchange rates.) Presumably these details will be provided eventually, but they reinforce the impression that this framework is still being assembled on the fly.

Ultimately, there are three takeaways for the Takaichi government from the way this process has unfolded. First, the Japanese government’s leverage in these negotiations is limited. With the final decision on investment projects resting with Trump himself, Japan’s ability to delay until all the details are finalized is at the mercy of the president’s tolerance and attention. As Trump showed with South Korea, he is also prepared to use the tariff “snapback” provisions in the bilateral agreement. Trump’s expressions of support for Takaichi will not necessarily translate into greater forbearance. It is still unlikely that Japan’s public financial institutions will provide anything like USD 550bn in direct investments in the US – JBIC faces real limits in its ability to manage a surge in the number of projects – but there will be relentless pressure to announce subsequent tranches.

Second, as the Trump administration’s rhetoric suggests, the goal of Japan’s “strategic” investments in the US is US industrial revival first and Japan’s economic security second. Of the three projects, only the artificial diamond plant helps Japan diversify its

supply chains for an industrial input. Akazawa stressed the importance of this plant for Japan, but it is notable that its estimated USD 600mn price tag is just over 1% of the total value of the first wave of investments. Both the gas-fired plant and the deepwater crude oil port will have little direct benefit for Japan. As such, the best-case scenario is that the project succeeds, JBIC recoups its investment plus interest and gets a small share of the profits going forward, Japanese private companies get some new business opportunities, and the two governments can celebrate, in Akazawa's words, "strengthened bonds between Japan and the US." The downside, of course, is that the projects' costs run high, they struggle to find enough workers, and the yields fall short of projections. Even with the Trump administration relaxing regulations, the timetables for realizing the Ohio project in particular could be exceptionally long. The Japanese government will face ongoing questions about this arrangement – including from Takaichi's own conservative base, which has misgivings about an "unequal treaty" – and the prime minister and Akazawa will have to make the case for how this framework lives up to its claims that it is "win-win." However, with few domestic constraints there is little reason to expect that the Takaichi government will change course.

Finally, the structure of these initial deals – consortiums of banks and manufacturing companies investing in prestige projects in politically important states – suggests that hopes among US companies for an enormous pool of capital that they will be able to access freely are unlikely to be realized. JBIC is likely to work with trusted, established partners to increase its chances of recouping its investments, not act as a kind of venture fund for US companies in the priority sectors, including semiconductors, pharmaceuticals, metals, critical minerals, shipbuilding, energy, and AI. For Japan, the "strategic" in "strategic investment initiative" will primarily mean the strategy of keeping the Trump administration committed to Japan while seeking to minimize the risks that taxpayer money could be wasted.

Tobias Harris

Founder and Principal
Japan Foresight LLC
tobias@japanforesight.com
+1.847.738.4048