



J A P A N

F O R E S I G H T

**23 February 2026**

## **The Supreme Court cannot save Japan from strategic reality**

### **Key takeaways**

- The United States Supreme Court decision invalidating some of the Trump administration's tariffs will have little impact on Japan's approach to the US.
- Instead, the Japanese government is increasingly vulnerable to US pressure, both because of a fundamental strategic asymmetry – Japan needs the US more than the US needs Japan – and because Prime Minister Takaichi Sanae's domestic strength could ironically lead the US to demand more from Japan in the bilateral relationship.
- The Takaichi government will continue to prioritize the relationship with the US, but uneasiness with the Trump administration – especially in light of the possibility of a US-China deal that is to Japan's detriment – could become an issue.

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### **The Supreme Court doesn't help Japan**

The US Supreme Court decision invalidating the Trump administration's "Liberation Day" tariffs may ultimately have little significance for Japan. Even before US President Donald Trump threatened countries that "play games" after the Supreme Court ruling with "much higher tariffs," there was little incentive for Prime Minister Takaichi Sanae to risk Trump's ire by declaring that Japan would reopen the 2025 agreement negotiated with Trump by the Ishiba government.

First, the Ishiba government's urgency to conclude a deal with the United States was only partly due to the 24% tariffs on Japan announced on 2 April. Tokyo was at least if not more concerned about the 25% tariffs imposed on automobiles and auto parts using Section 232 authority, tariffs that have not been affected by the Supreme Court ruling. Japan was able to reduce the extra automotive tariffs to 12.5% (15% in total with

preexisting US tariffs) and is sensitive to the risk that altering the terms of the agreement on the basis of the Supreme Court ruling could immediately result in higher automotive tariffs along with other retaliatory measures from the US administration.

Second, and perhaps even more importantly than concerns about access to the US market for Japanese firms, it is difficult to disentangle the Japanese government's approach – under both Takaichi and her predecessor – to the trade talks with the Trump administration from its broader strategic priorities. Japan's top strategic priority remains keeping the US committed to Japanese and Asian regional security, all the more so in the face of signals from the Trump administration that Asia is not necessarily its top priority. While Tokyo wanted to avoid the impact of tariffs, it has also sought to avoid a breach of trust with the United States that could weaken the US-Japan security alliance. Whereas US officials have suggested that the Japanese government, through its willingness to agree to the USD 550bn investment framework in particular, "bought" lower tariffs, from Tokyo's perspective Japan not only "bought" lower tariffs but the reassurance that came from avoiding a major rift with the US that could have been destabilizing both domestically and regionally.

### **Strategic asymmetry comes to the fore**

Instead, far from the IEEPA case giving Tokyo more leverage in its relationship with the US, the reality is that the Takaichi government is entering a period in which it may be more vulnerable to outsized demands due to fundamental asymmetries in the relationship.

While the Takaichi government will seek to show that the US-Japan relationship is stronger than ever – with her visit to the US on 19 March an indispensable opportunity for this messaging – it is increasingly clear that the relationship is being reshaped by strategic asymmetry. The bilateral relationship has, of course, always been shaped by power asymmetries; Japan has needed US deterrent power to defend it in light of Japan's own limited capabilities and has needed US market access as a source of growth. But this asymmetry has been offset by the appreciation of past administrations that Japan helps advance the US political and economic interests and values in Asia, an appreciation that has grown as China's power has grown.

However, with the Trump administration signaling that no relationship, international institution, or norm is sacrosanct, Japan's bargaining position across the board is weaker than ever. Tokyo cannot even assume that its value as a partner in strategic competition with China, a key selling point during the first Trump administration, carries the same weight given that the second Trump administration is by no means singularly focused on China as a strategic competitor. Indeed, Trump's reluctance to back Takaichi and Japan in their standoff with China over Takaichi's remarks on Taiwan has alerted Japanese elites to the reality that they cannot assume that China will necessarily serve as a glue for US-Japan cooperation. Japan's leaders know their country needs the US more than the US needs Japan – and they know that the US knows it.

The result is that Japan is uniquely vulnerable to exploitative demands from the Trump administration. There is a risk that the Trump administration, knowing that Japan's leaders are struggling to conceive of a "plan B" to its US-centered national strategy, could exploit this asymmetry to extract concessions from Takaichi. Takaichi's domestic strength could actually be a liability. Whether the US administration truly believes that Takaichi owes Trump for his "endorsement" before the 8 February general election, Washington is fully aware that her victory has freed her government and the Liberal Democratic Party (LDP) from many of the constraints that hindered past governments. Takaichi has a supermajority in the Diet, she no longer has Kōmeitō acting as a brake on the LDP, and she is extraordinarily popular. The result is that Takaichi could face significant pressure from the US to accede to demands for substantially higher defense spending (3.5% of GDP or higher) and arms purchases from the US, higher spending on host-nation support for US forces in Japan (negotiations for a new agreement will begin this year), and faster implementation of the US-Japan investment framework, as [seen](#) last week. The threat of Trump reaching a deal with Chinese President Xi Jinping that harms Japan's interests could only increase US leverage in bilateral negotiations with Japan.

Takaichi has space to maneuver in negotiations with Trump due to her popularity and may even find US pressure as a useful justification for doing things she already wanted to do (i.e. *gaiatsu*). But her government could still be haunted by the risk that outsized demands from the Trump administration could eventually trigger domestic backlash. To be sure, the bar is undoubtedly high, though it is also easy to find signs of discontent with the US even within the LDP and the broader conservative movement. Perhaps the greatest risk for Takaichi is that the US makes outsized demands on Japan – whether for higher defense spending, faster, bolder, and riskier investment commitments, or changes to the long-standing plan to reduce the footprint of US forces in Okinawa – while still pursuing terms with China that leave Japan increasingly isolated. The fact that many conservatives are already wary of what could happen when Trump goes to Beijing suggests that this could be a combustible combination domestically.

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