US-JAPAN RELATIONS FOR A NEW JAPANESE GOVERNMENT AND FOR A NEW ERA

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What Have We Learned from Trump 2.0? (1)

- Desire to Rebalance
  - No more postwar consensus of American sole guarantor
- Security Rebalancing
  - NATO defense spending to 3.5% + 1.5%
- Economic Rebalancing
  - US provision of military and financial security
  - Tariffs, fair markets, purchases to address balance

What Have We Learned from Trump 2.0? (2)

- Reindustrialization and Legacy
- Industrial and Technological Security and Leadership
  - Tariffs are a tool
  - Remaking the global trade order
  - Security and freedom from coercion

- Sense of History
  - Remaking the global trade order
  - Rebuilding American industrial power
  - Role as peacemaker

- Personal Diplomacy
  - Iran strike

What Have We Learned from Trump 2.0? (3)

- Challenges

- Limited Resources and Many Objectives
  - Shipbuilding office conflicting with lack of personnel and appointments for Maritime and Navy shipbuilding, disparate authorities, lack of support for merchant marine

- Continuous Engagement
  - Negotiation of terms
  - Openness to ideas
    - Auto tariff offset program
    - Potential Tariff Adjustments for Aligned Partners (PTAAP)
  - Frequent conversations
    - Work, work, work, work

Japan's Priorities and PM Takaichi's Plans

- Revitalize Japanese Economy
  - Economics is the priority, especially everyday economics
  - Integration of both security and economics
  - Corporate response?

- Working Relationship with Trump
  - Selection of Ministers Akazawa and Motegi are positive signs

- Provide Stable Leadership
  - Real priority for Trump administration

Bilateral Points of Cooperation

- Identify and Address Supply Chain Risks Ahead of Time
  - Rare earths, Nexperia
  - Information sharing/collection (direct, through think-tanks)

- Opportunities: $550B Strategic Investment Fund
  - Key sectors: critical minerals, shipbuilding, energy, AI infrastructure, semiconductors
  - Be proactive

- Finance
  - FEFTA + CFIUS
  - Making better use of private capital by PE firms and Japanese trading firms (Mitsui)

- Standards
  - ICTS (Connected Vehicles, EVs)

Multilateral Points of Cooperation

- Competing Economic Visions in 2026
  - China chairs APEC; US Chairs G-20
  - Showcase PRC's economic distortion (BRI, Auto Markets)
- Friendshoring Initiatives against economic coercion
  - Sojitz/JAGA/Alcoa gallium project
- Promote New Patterns of Overseas Economic Development
  - Energy, administrative capacity, sovereign lending

Making the Case for Japan in Washington

- Explain how US-Japan Relations are Relevant for New Era
  - Engage with all stakeholders, address their needs
  - Develop better metrics of effective engagement
- Understand the US but also be Proactive
  - Be in Washington and elsewhere in US
- Person-to-Person Relations Still Important
  - Think long-term and systematically

End