US-Japan Alliance Digest

Vol: 5.04 February 27, 2026

Image (Mandel Ngan/AFP/Getty Images) via Financial Times:

Headlines:

- First "Strategic Investments" announced amid tariff uncertainty
- Japan's Transport Ministry eases rules for US auto imports
- US-Japan Extended Deterrence Dialogue held in Washington
- Questions about Futenma base return emerge, then clarified
- Japan Fair Trade Commission investigating Microsoft Japan

Details:

- President **Trump announced Feb 17 Japan's first 3 US investment projects** under their bilateral "Strategic Investment Initiative," and 3 days later the US Supreme Court ruled that Trump did not have emergency authority to levy his "reciprocal" tariffs that prompted the Initiative's creation. The three projects include a $33bn natural gas power plant in Ohio, a $1.2bn crude oil export terminal in Texas, and a $600mn synthetic diamond production facility in Georgia, to be supported by Japanese govt financing, US in-kind contributions, and private companies. METI minister Akazawa spoke w/ Commerce Secretary Lutnick Feb 23 to confirm Japan would carry out existing agreements and to make sure any new Trump tariffs do not hike levies on imports from Japan. Over 1,000 firms have filed lawsuits for tariff refunds.
- Related to last year's US-Japan trade agreement, **new Japanese import rules for US-made autos took effect** from Feb 16, with the Transport Ministry allowing their sales without additional safety testing. US cars are now deemed compliant with Japanese rules as long as they meet US safety standards. The new procedures will also apply to US-made autos in Japanese transplant factories, and METI announced that a "reverse imported" Toyota Highlander SUV will become its official ministry vehicle. Honda and Nissan are also looking to export vehicles to Japan from the US.
- **US and Japanese defense planners, diplomats and military officers gathered in Washington, DC on Feb 18** to convene the next iteration of their Extended Deterrence Dialogue (EDD). Now in its 16th year, "the EDD provides an opportunity for the two governments to discuss issues of strategic deterrence, including the regional security environment surrounding Japan, Alliance defense posture, nuclear and missile defense policy, arms control and risk reduction." This meeting focused on China's "destabilizing nuclear weapons buildup and testing," North Korea's nuclear and missile program advances, and Russia's historical noncompliance with arms control. They also conducted a tabletop exercise.
- A minor controversy emerged this month when **Japanese media noted text in a 2026 US Defense Dept budget report suggesting the US would not return Marine Corps Air Station Futenma** (in Okinawa) to Japan until Japan provides an alternate runway of similar length (i.e., 2,700m). The Futenma replacement facility under construction in Henoko will have two shorter runways (1,800m). Defense Minister Koizumi noted Feb 20 the allies agreed in 2013 that a sufficiently long civilian airport runway can be made available for emergency use, though its precise location would depend on the specific emergency. The US Marine Corps later confirmed that the Futenma return plan remains on track, as agreed.
- The **Japan Fair Trade Commission (JFTC) on Feb 25 began an on-site inspection of the Japanese subsidiary of US software giant Microsoft**, on suspicion of violating the Antimonopoly Law. Microsoft said it is cooperating. A key question appears to be whether Microsoft Japan improperly hindered customers of its Azure platform from using other cloud services. News reports note the probe is similar to other JFTC action to prevent big foreign tech firms from abusing market power, while the government seeks to support domestic options in hyperscale cyber and AI services.

"US-Japan Alliance Digest" is a bi-weekly summary of bilateral and related developments compiled by Sasakawa USA's "US-Japan NEXT Alliance Initiative." To receive "Alliance Digest" via email, contact dhinkley@spfusa.org.