U.S.-Japan Alliance Digest

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Image from Ministry of Foreign Affairs of Japan:

Headlines:

- Chinese ballistic missile test creates grave concern among allies
- FM Motegi and DM Koizumi participate in the NATO summit
- Maritime tensions grow near Japan as U.S. deploys new fighters
- Allied cooperation deepens as new exercises launch across region
- Toyota announces $3.6 billion investment in U.S. manufacturing

Details:

- **The U.S., Japan, and other allies reacted to China's test of a submarine-launched ballistic missile (SLBM) with grave concern and aligned responses.** The July 6 test involved a Chinese nuclear-powered submarine near the Philippines launching a nuclear-capable SLBM into the South Pacific, which was protested by Pacific Island nations and decried as "destabilizing" by Australia. Japan "strongly urged" China to reconsider the test after being informed of it and later joined the U.S. in sharing increasing concern over China's military buildup, especially naval and nuclear forces, which threatens the security of China's neighbors and has prompted many of them to undergo their own defense buildups.
- **Foreign Minister Motegi and Defense Minister Koizumi participated in the NATO summit in Turkey**. The two ministers met with NATO Secretary-General Rutte and other IP4 (Australia, New Zealand, ROK) leaders to discuss cooperation on cybersecurity, defense industries, and Ukraine while reaffirming the need for closer security cooperation between the Euro-Atlantic and Indo-Pacific. The foreign ministers from the U.S., Japan, and ROK separately met to discuss their commitment to strengthening strategic cooperation between the three nations and signed an agreement on deploying small modular reactors (SMRs), particularly in the Indo-Pacific region.
- **The maritime tensions between Japan and China continued with a standoff between coast guard vessels from the two nations near the Senkaku Islands.** Japan said that on July 7 it expelled two Chinese ships which were harassing a fishing vessel near the islands, days after 10 Chinese and 5 Russian vessels separately transited various Japanese straits. Naval activities by China and Russia near Japan have become more frequent, and such cooperation between the two powers becoming recognized as a challenge to the U.S.-Japan alliance. In the meantime, an F-15EX Eagle II has arrived in Okinawa for training and familiarization in preparation for a permanent deployment of 36 of the fighter jets in 2027.
- **The U.S. and Japan have inaugurated the new "Southern Cross" air force exercise with Australia and the bilateral "Pacific Atlas" maritime logistics exercise.** Southern Cross enables the U.S., Japanese, and Australian air forces to operate "as a trilateral task force" in wartime and, alongside a new joint logistics agreement, exemplifies the growing cooperation between the three nations. Meanwhile, Pacific Atlas took place off the coast of Japan in late June and is meant to refine best practices for joint maritime logistics and sustainment cooperation.
- **Toyota announced plans to invest $3.6 billion to reshore manufacturing to the U.S. as part of a $10 billion pledge.** The company said on July 6 that it will build a second assembly line at its plant in San Antonio, Texas, creating 2,000 jobs and increasing the facility's annual production capacity by 150,000 units, which will allow Toyota to move Tacoma pickup truck production from Mexico to the Texas plant. The move aligns with President Trump's continuing campaign for automakers to build more in the U.S and Toyota's need to overcome the $8.5 billion impact of U.S. tariffs on its bottom line. The plan is part of Toyota's November 2025 pledge to invest $10 billion in the U.S. by 2030.

The U.S.-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 the Alliance Digest via email, contact dhinkley@spfusa.org.