

Insights: Alerts

U.S.–Japan Trade Agreement - Tariff Relief and Opportunities for Stakeholders

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On September 4, 2025, President Trump published an Executive Order titled [“Implementing the United States–Japan Agreement.”](#) The Executive Order, which follows President Trump's July 22 announcement of a trade agreement between the United States and Japan, provides that “the United States will apply a baseline 15 percent tariff on nearly all Japanese imports entering the United States.” However, the Executive Order does provide tariff relief, including in some instances tariff exemptions, for “automobiles and automobile parts; aerospace products; generic pharmaceuticals; and natural resources that are not naturally available or produced in the United States.” The U.S.–Japan agreement follows a structure similar to the August 21, 2025, [Joint Statement on a United States–European Union Framework for an Agreement on Reciprocal, Fair, and Balanced Trade.](#)

Given the complex and evolving nature of multinational trade agreements, it is anticipated that both the United States–Japan Agreement and the United States–European Union Framework will undergo further amendments and refinements. As negotiations between the respective countries continue, the scope of tariff relief may be expanded or reduced, and additional provisions may be introduced to address emerging economic, political, and industry-specific considerations. Consequently, stakeholders are strongly encouraged to closely monitor ongoing developments related to these trade agreements and to proactively engage with the Administration, relevant agencies, and Congress to advocate for tariff relief or other outcomes that align with their interests.

The Executive Order imposes tariffs of 15 percent on the majority of Japanese goods. In particular, it states: “[f]or a product of Japan with a Column 1 Duty Rate in the Harmonized Tariff Schedule of the United States (HTSUS) that is less than 15 percent, the sum of its Column 1 Duty Rate and the additional ad valorem rate of duty pursuant to this order shall be 15 percent. For a product of Japan with a Column 1 Duty Rate that is at least 15 percent, the additional rate of duty pursuant to this order shall be zero percent.” Additionally, the Order highlights a unique commitment from the Japanese government, noting, “[c]ritically, unlike any other agreement in American history, the Government of Japan has agreed to invest \$550 billion in the United States.”

The Executive Order provides relief for particular categories of goods. For aerospace products, it states, “[w]ith respect to products of Japan that fall under the World Trade Organization Agreement on Trade in Civil Aircraft, except for unmanned aircraft, the tariffs imposed through [existing] actions and subsequent amendments to those actions shall no longer apply.” Furthermore, the tariff rate on Japanese automobiles and automobile parts is reduced to 15 percent, representing a significant decrease from the previous rate of 27.5 percent.

A notable provision, especially given the Administration's initial posture that there would not be tariff exemptions for specific goods in trade negotiations, is "Sec. 5. Products Not Subject to Reciprocal Tariffs." This section states,

(a) To implement the terms of the Agreement, the Secretary is authorized to modify the reciprocal tariff rate imposed under Executive Order 14257, as amended, to zero percent for products of Japan that are natural resources unavailable (or unavailable at sufficient scale to satisfy domestic demand) in the United States, generic pharmaceuticals, generic pharmaceutical ingredients, and generic pharmaceutical chemical precursors.

(b) In determining when and for which products to modify the reciprocal tariff rate to zero percent, the Secretary shall act in a manner consistent with the national interests of the United States; the purposes of this order; the need to address the national emergency declared in Executive Order 14257, as amended; and the need to reduce or eliminate threats to national security identified under section 232. The Secretary is also directed to consider a range of factors, including the scope and nature of commitments made by both governments under the Agreement, the implementation actions taken by both parties, and any additional factors deemed appropriate.

The complex and ongoing nature of trade negotiations, whether involving the United States and Japan, the EU, or other countries affected by reciprocal tariffs, combined with the now established precedent of tariff relief and the considerable discretionary authority vested in federal agencies, creates significant opportunities for continued modification of tariff provisions. As a result, additional products may receive relief in the future as agreements evolve to address shifting economic, political, and industry-specific priorities. Accordingly, stakeholders affected by these agreements are strongly encouraged to remain vigilant and participate in relevant federal processes and policy advocacy. By actively engaging, stakeholders can more effectively safeguard their interests and shape the evolving terms of these agreements as they adapt to new economic, political, and industry-specific priorities.

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