



The Weekly Observer

March 24-28

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

Japan Mulls Response to U.S. Auto Tariffs

On Wednesday, the Trump administration announced (effective April 3) that it would levy 25 percent tariffs on imports of automobiles and certain parts, the biggest concern for Japan given auto exports makes up around 30 percent of total imports.

Prime Minister Ishiba Shigeru said that the GOJ will continue to “strongly request” exemptions for Japanese automakers, instructing his Cabinet on Thursday to “tenaciously negotiate” the issue with the U.S. Government.

The GOJ has thus far not indicated its response, contemplating whether to implement retaliatory measures like Canada or filing a complaint with the World Trade Organization. Given the situation with the dispute settlement mechanism, there is no guarantee that a filing grants Japan the right to impose retaliatory measures.

Ishiba stated that all options are on

the table. Minister of Economy, Trade and Industry (METI) Muto Yoji said Friday that the GOJ and the U.S. Government held working level talks on Thursday to discuss tariffs.

Ruling Liberal Democratic Party (LDP) policy chief Onodera Itsunori met with Joseph Young, chargé d'affaires ad interim at the U.S. Embassy Tokyo, to inform him that the tariffs will have an “enormous impact on the Japanese economy.” He indicated that the two governments will need to launch negotiations going forward.

The auto tariffs are expected to reduce Japanese auto manufacturing by 4.3 percent annually and potentially ¥1.3 trillion for every 10 percent manufacturing and exports to the United States are cut back.

Japanese automakers have indicated concern over the new tariff measures and are exploring options to realign their supply chains.

Cabinet Approval



30% (-14 pts.)

63% (+13 pts.)

[Sankei Shimbun](#) (March 24)

State of the Economy

Real GDP Ranking (JCER):

Japan's global real GDP ranking to fall from 4th in 2024 (\$3.5 trillion) to 11th in 2025 (\$4.4 trillion)

Average growth rate between 2071-2075 is expected to be 0.3%

Japan's real GDP per capita ranking to fall from 29th in 2024 to 45th in 2075, placing the nation in the category of middle-income countries

Services Producer Price Index (Feb.):

108.7 (+3%)

5th consecutive month growth rate exceeded 3%