

Vital Briefing—Tariff Insights

Trump celebrates trade deals with Japan, Philippines; global markets rally

By Thomas Thompson

The long-promised tariff deals are beginning to be realized as new agreements with Japan and the Philippines are announced and important new details about last week's agreement with Indonesia are published by the White House.

In a post on Truth Social on Tuesday, June 22, President Trump [announced](#) that U.S. importers will pay a tax rate of 15 percent on the value of goods from Japan as part of "a massive Deal with Japan, perhaps the largest Deal ever made."

According to the president, the newly minted "U.S.-Japan Strategic Trade and Investment Agreement" includes a commitment by Japan to invest \$550 billion in the U.S. as well as open its automobile markets to U.S. car, truck and automotive component makers. Japan is also committing to buy more rice and open its other agricultural markets.

As the largest U.S. trading partner to have made a tariff deal with Trump so far, the Japan agreement may provide guideposts for the major deals that are yet to be concluded. Japan is the U.S.'s fifth largest trading partner.

Trump's softening approach buoyed financial markets. The S&P 500 has continued its upward climb since the announcement.

Japanese purchase commitments. The White House fact sheet about the deal [reports](#) Japan "will purchase \$8 billion in U.S. goods, including corn, soybeans, fertilizer, bioethanol, and sustainable aviation fuel." The White House left unclear whether the \$8 billion is additional annual expenditures or over some time horizon. Japan currently is the fifth largest agricultural export markets for the U.S. [according](#) to USDA. With annual agricultural exports to Japan averaging \$12.81 billion over the past three years

White House statements include sparse information about the new Japanese investment initiative. According to Trump's social media post, "Japan will invest, at my direction, \$550 Billion Dollars into the United States, which will receive 90% of the Profits."

The agreement calls for an immediate increase in rice imports from the U.S. by 75 percent. According to the USA Rice Federation, Japan has imported \$222.7 million of U.S. rice on average over the past 24 years. Imports over the trade quota limit have faced stiff tariffs of more than a dollar per pound. Under the agreement, quotas are set to experience "a major expansion."

[According](#) to a 2024 report from the U.S. Trade Representative, "Japan's highly regulated and nontransparent system

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of importation and distribution for rice limits the ability of U.S. exporters to have meaningful access to Japan's consumers."

Japan has agreed to purchase 100 Boeing aircraft as well additional billions of dollars' worth of military equipment.

Japan is also committing to remove the non-tariff barriers for U.S. automakers. In a key concession to Japanese concerns, the U.S. tariff on Japanese automobiles is set to fall from 27.5 percent to 15 percent, in line with other U.S. tariffs on Japanese goods. Tariffs on Japanese steel and aluminum imports remain at 50 percent.

Southeast Asia dealmaking. On July 22, Trump [announced](#) a tariff deal "whereby The Philippines is going OPEN MARKET with the United States, and ZERO Tariffs" on Truth Social.

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Imports of Filipino goods will face a tariff on 19 percent, according to the statement.

On July 22 the White House also issued a fact sheet which provided some new detail about the tariff deal with Indonesia first announced last week, on July 15. Indonesian exports will be taxed at the 19 percent level by the U.S.

According to the fact sheet, “Indonesia will eliminate tariff barriers, on a preferential basis, on over 99% of U.S. products exported to Indonesia across all sectors, including for all agricultural products, health products, seafood, information and

communications technology, automotive products, and chemicals ...”

The fact sheet included nine measures that Indonesia agreed to implement to lower trade barriers for U.S. companies including exempting U.S. imports from local content requirements, recognition of certain U.S. health, safety and environmental standards and easing certification and labeling requirements. Impediments to agricultural imports from the U.S. are also set to fall.

Indonesia has also agreed to measures that alter the current protections for data, allowing personal data to be moved out of Indonesia into the U.S. more freely.