



Anchoring the Asia-Pacific: The U.S.-Japan Alliance in an Era of Strategic Uncertainty

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Executive Summary

In February 2026, the NCAFP convened experts for a closed-door hybrid session to discuss the future of the U.S.-Japan bilateral relations, the growing importance of economic security within the alliance, the role of domestic politics, Japan's evolving defense posture and strategic autonomy, and the resilience of international institutions during a period of global uncertainty. Participants emphasized the alliance's operational strength, particularly in the military domain, and identified opportunities for the U.S. and Japan to strengthen their partnership and adapt to emerging challenges. Yet, political uncertainty surrounding the direction of U.S. foreign policy and domestic pressures in both countries have raised new questions about the alliance's long-term trajectory. Is the alliance still too big to fail?

Key Takeaways and Recommendations:

- The U.S.-Japan alliance remains strong but faces growing political uncertainty. Institutional ties and military cooperation between the United States and Japan will remain robust. Still, concerns about long-term U.S. strategic consistency and domestic political pressures are shaping Japanese perceptions of the alliance's reliability.
 - Washington should strengthen institutional dialogue at senior political and bureaucratic levels to ensure alliance continuity despite political volatility.
 - Tokyo should enhance strategic communication to explain to domestic audiences why defense expansion, industrial cooperation, and regional leadership are necessary.
- In the U.S., political polarization and economic nationalism have contributed to a more transactional approach to alliances. In Japan, demographic pressures, economic concerns, and shifting political leadership have shaped the country's strategic posture and willingness to assume greater security responsibilities.

¹ This report reflects the notes and observations of the authors alone and is not a consensus document.

- The two countries should prioritize feasible and mutually beneficial investment projects under the U.S.-Japan investment framework rather than politically driven announcements.
- The alliance should continue to expand bilateral cooperation beyond defense to include workforce development, advanced manufacturing, AI, critical minerals, semiconductors, shipbuilding, and energy security.
- A focus to preserve and expand multilateral institutions such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, can become increasingly important platforms for regional coordination. Tokyo is encouraged to expand its leadership role in regional economic and institutional frameworks.
- Japan should increase support for trilateral and multilateral frameworks involving Japan, South Korea, Australia, NATO partners, and Indo-Pacific middle powers.
- China's economic coercion, growing military capabilities, and pressure on Taiwan continue to be the primary strategic drivers behind Japan's defense buildup and economic security policies.
 - The alliance should develop a shared U.S.-Japan economic security doctrine to coordinate responses to Chinese economic coercion, technology restrictions, and supply chain vulnerabilities.

Is the Alliance Too Big to Fail?

As the international order enters a period of profound transition, the U.S.-Japan alliance faces a complex set of challenges stemming from shifting geopolitical dynamics, intensifying great-power competition, and domestic political changes in both countries. The United States' unpredictability has left Japan to assume greater strategic leadership in regional security, economic governance, and multilateral diplomacy. Growing security threats in Northeast Asia, including North Korea's nuclear expansion and a deepening strategic alignment with Russia, as well as mounting economic pressures, have heightened the strategic stakes for both Washington and Tokyo.

Participants stressed that operationally, the alliance remains strong, especially at the military-to-military level. Joint exercises, intelligence coordination, and deterrence planning continue to function effectively, reflecting decades of institutional integration and trust between the two countries' defense establishments. At the same time, there was broad anxiety that the alliance is increasingly subject to uncertainty in U.S. leadership's burden-sharing demands, tariffs, and unpredictable decision-making. Many participants argued that Japan can no longer afford to assume that the U.S. will automatically provide a stabilizing role in the Indo-Pacific. Tokyo increasingly views the alliance as essential yet variable, rather than permanent and guaranteed.

Participants underscored an emerging "split screen" within the alliance, positing that while public narratives suggest instability, the alliance's underlying architecture remains functional and resilient. Military coordination continues, and both countries continue to see the Indo-Pacific as strategically central. However, participants on both sides noted that the high-level political trust has eroded, and there is concern over the lack of sustained strategic dialogue and common threat assessments.

Prime Minister Takaichi has deftly handled relations with the U.S. since her election, preserving close ties with the U.S., including a personal relationship with President Trump, while simultaneously building Japan's autonomy. Participants described her approach as "Plan A+": maintain the alliance, while deepening partnerships with Australia, South Korea, Europe, NATO, and Southeast Asia. Tokyo understands its need to assume a larger role in preserving the international system if Washington becomes less reliable. The March 2026 Trump-Takaichi summit reflected this balancing act. The two leaders reaffirmed commitments to supply chain resilience, missile defense and deterrence, AI cooperation, and on critical minerals to advance a free and open Indo-Pacific.²

Domestic Spillover Effect

Participants repeatedly emphasized that domestic politics in both countries have a profound impact on the alliance. In Japan, PM Takaichi's rise reflects a shift toward nationalism and a greater public support for a stronger defense posture. There is a trend among younger voters toward more assertive national security policies, even as constitutional revision remains controversial. Discussants noted PM Takaichi's popularity stems in part from her decisive leadership style, focus on economic concerns, and willingness to expand Japan's defense role. However, there was unease that her more nationalist instincts could create friction with South Korea or fuel debates over constitutional revision and nuclearization. At the same time, Japan faces several structural issues that will shape the country's long-term strategic outlook: demographic decline, labor shortages, an aging population, and fiscal constraints. These factors will place additional strain on public finances and could limit Japan's ability to sustain expanded defense spending over the long term.

In the U.S., participants lamented over how deep polarization, increasing populism, and transactional foreign policy are reshaping alliance relationships. Participants worried not only about U.S. capability, but also about U.S. intent. The perception that foreign policy is becoming more self-interested, less institutional, and more driven by domestic political interests has raised questions in Tokyo about the long-term durability of U.S. commitments to the region. Many participants argued that the U.S. is unlikely to return to a "pre-Trump" approach to global leadership, and that allies must prepare for a future in which American politics remains more inward-looking and more cautious about alliances.

Economics and Security Intertwined

One of the most significant shifts highlighted during the conference was the growing integration of economic policy, politics and national security. The alliance is no longer defined by troop deployment alone, but by energy projects, industrial investments, technology, and critical minerals, among others. Japan remains the largest foreign investor in the U.S., and firms continue

² Fact Sheet: Trump and Takaichi Summit, *The Whitehouse*: <https://www.whitehouse.gov/fact-sheets/2026/03/fact-sheet-president-donald-j-trump-strengthens-u-s-japan-alliance-for-the-benefit-of-all-americans/>

to view the American market as essential. Still, they are frustrated by tariffs, labor shortages, regulatory unpredictability, and rising costs.

When discussing the \$550 billion U.S.-Japan strategic investment framework, Japanese and American interlocutors saw both opportunity and a source of concern. Some viewed the initiative as a way to reinforce alliance ties and support U.S. industrialization. In contrast, others worried that many of the proposed projects are insufficiently studied or difficult to implement. Namely, there was skepticism about the feasibility of large-scale projects in Ohio, Texas, and Georgia. Participants expressed concerns about politicization of economic policy. Trade disputes, tariffs, and investment negotiations have created new tensions between allies, and some participants warned that poorly coordinated economic policies could undermine alliance cohesion.

The conference also highlighted growing frustration over Chinese economic coercion. Chinese restrictions on tourism, technology exports, and critical materials were, for example, used in the wake of PM Takaichi's comments in the Diet on Taiwan.³ These punitive measures have strengthened support for “de-risking” supply chains and reducing dependence on China in strategically sensitive sectors. Several speakers called for the creation of a shared U.S.-Japan economic security doctrine to better coordinate responses to Chinese coercion, export controls, and technology competition. Others discussed the possibility of an “economic NATO” model, though most believed formalizing such a structure would be difficult. Instead, many argued that the more realistic path is to deepen cooperation through existing institutions such as Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), regional trade frameworks, and targeted industrial partnerships.

Japan's Evolving Security Role in A Changing Global Order

The discussants made clear that Japan is undergoing one of the most significant shifts in its postwar security posture. Tokyo is accelerating defense spending, expanded long-range strike capabilities, and pursuing a more robust multilateral defense cooperation with Australia, India, New Zealand, and NATO partners. PM Takaichi has already made strides toward spending 2 percent of GDP on defense ahead of the 2027 schedule, with discussions to move toward 3 percent or higher. Much of this increase is expected to go toward missile defense, long-range strike capabilities, unmanned systems, civil defense, and protection of remote islands.

Furthermore, Japanese interlocutors noted that these changes reflect concerns about intensifying regional security threats, including China's military expansion and the looming cross-Taiwan Strait contingency. North Korea's deepening interest in tactical nuclear weapons and its military alignment with Russia and China create a complex escalation environment that pressures Japan to respond. Doubts over whether the U.S. will continue to back South Korea have also sparked a renewed nuclear debate in Seoul and left Tokyo questioning its stance regarding U.S. military protection. Even if U.S. capabilities remain formidable, ambiguity about intent, prioritization, and escalation thresholds threatens perceptions and allies' policy plans, as there is no clear doctrine

³ Takaichi's Taiwan Tumult, *Japan Times*:
<https://www.japantimes.co.jp/news/2025/12/03/japan/explainer/explainer-japan-existential-crisis/>

for the U.S.'s approach to North Korea and China. Organizations like the World Trade Organization, the United Nations, and regional trade frameworks continue to play an important role in facilitating cooperation and managing disputes. Participants emphasized that most countries still rely on these institutions and have a strong interest in preserving them. Interlocutors widely viewed Japan as well-positioned to play a leadership role in this area, noting that Japan's engagement with the Global South and the CPTPP demonstrates its capacity to support multilateral cooperation even when U.S. leadership is uncertain.