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Japan Clarifies U.S. Trade Deal Excludes Currency Terms

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Japan’s Ministry of Finance has confirmed that foreign exchange provisions were not included in its latest trade agreement with the United States. The clarification follows growing speculation about currency discussions potentially influencing the deal’s terms.

Finance Minister Katsunobu Kato, speaking to reporters in Tokyo, addressed recent reports that suggested foreign exchange (forex) measures may have been part of broader trade negotiations. According to Kyodo News, Kato made clear that the matter of forex rates, specifically concerns regarding the Japanese yen, was discussed separately from the finalized agreement on tariffs and goods. This direct response comes as welcome news to market observers and trade analysts who were concerned the U.S. might pressure Japan to artificially strengthen its currency to ease the American trade deficit.

The speculation largely stems from past comments made by President Donald Trump, who has long criticized Japan for what he perceived as deliberate efforts to keep the yen weak to boost exports. Those accusations had previously raised expectations that Washington would push for explicit currency-related clauses in trade pacts. However, Kato's comments dispel those concerns and reinforce Japan's stance on maintaining sovereign control over its monetary policy.

Further, Kato revealed that while he has engaged in dialogue with U.S. Treasury Secretary Scott Bessent on exchange rate matters, these conversations were held independently of the formal trade deal framework. This separation signals Japan's intent to draw a firm line between standard trade negotiations and financial policy sovereignty.

The clarity from Japan's leadership provides much-needed stability for currency markets and confirms that fiscal tools such as foreign exchange rates remain beyond the purview of this bilateral agreement. The approach is likely to be viewed favorably by free-market proponents who support less government interference in monetary matters. For now, both nations appear focused on mutually beneficial terms centered around goods and tariffs, leaving financial levers like currency exchange to be handled through separate diplomatic channels.