

Trump signs off on US Steel-Nippon Steel merger, while doubling steel and aluminum tariffs

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In a warmongering and nationalist speech, President Trump announced an increase in tariffs on imported steel to 50 percent at a rally Friday evening, celebrating his approval of the buyout of United States Steel by Nippon Steel. Earlier in the week, Trump reversed his previous opposition to the deal, which he called a “partnership.”

Later Friday evening, Trump issued a tweet on social media saying he was doubling the tariffs on aluminum to 50 percent as well.

Before a hand-picked audience of Republican officeholders and officials, along with a few dozen steelworkers from the US Steel Irvin Works mill just outside of Pittsburgh, Trump declared that steel was needed for a strong military.

“You can’t make a military. What are we going to do, say ‘let’s go to China’ for the army tanks and boats and ships?”

“A strong steel industry,” announcing his increase on steel tariffs to 50 percent, “is above all a matter of national security.”

Throughout his nearly 90-minute speech, Trump repeatedly returned to this theme and made clear that he saw China as the main target of US imperialism and that tariffs were needed to restructure US industry to be able to fight a massive war against the world’s second-largest country.

Significantly, Trump’s Pittsburgh speech occurred at the same time that US Defense Secretary Pete Hegseth gave a speech demanding that Asian countries drastically increase their defense spending and line up with the United States against China.

At the same time, Trump and Treasury Secretary Scott Bessent both claimed that China is not living up to the trade deal negotiated last month and that increased tariffs targeting China were on the way.

In his talk, Trump also repeated his typical fascist talking points, attacking the Democrats as wanting to “wreck this great country,” slandering immigrants as inmates from “prisons and mental institutions” and “drug dealers and drug pushers, rapists and murderers,” and attacking judges ruling against his flagrantly unconstitutional moves as “radical liberals who hate this country.”

The United Steelworkers (USW) union has been relatively quiet about Trump’s announcement. The USW’s top leadership has campaigned vigorously against the deal over the past year, promoting anti-Japanese demagoguery and so-called “national security” concern.

As with bureaucrats in other major unions across the US, officials from the USW are fully in line with the would-be Führer’s tariff policies, falsely presenting them as good for jobs. In fact, they are already leading to mass layoffs. USW President David McCall is a supporter of trade war, saying only that they should be targeting China instead of Canada, which has also been targeted by Trump.

The political economy of the merger

Nippon Steel has been seeking to purchase US Steel for over the past year, offering nearly \$15 billion for one of the largest and oldest steelmakers in the United States.

Then-President Biden and Trump opposed the deal last year, claiming that selling the company to a Japanese firm would jeopardize national security. Biden ordered a security review of the deal and in January of this year and denied the merger only days before leaving office. However, he left it open for Trump to make the final decision, who extended the deadline and ordered a second national security review.

The exact reason why Trump reversed himself and agreed to the Nippon Steel buyout was not given. According to reports, the deal was worked out with Nippon Steel and US Steel officials repeatedly flying to Washington on sleepless flights and holding late-night meetings in parking lots and garages.

In explaining his reversal, Trump called it a “partnership” and noted that Nippon Steel agreed to invest \$15 billion in US Steel. This includes \$2.5 billion that the company had already promised to invest in US Steel’s dilapidated Mon Valley works and some smaller investments at the other mills throughout the country.

“Truck loads of money” would be poured into the Mon Valley, Trump said.

Neither US Steel nor Nippon Steel has confirmed this statement from Trump although both have been careful not to contradict Trump and cause him to cancel the deal.

Trump also claimed both at the Pittsburgh rally and in social media posts that the company would keep its headquarters in Pittsburgh, that it would keep producing steel in the United States and that the majority of the board of directors would be American.

All of these are provisions that Nippon Steel had already agreed to during negotiations with both the Biden administration and the United Steelworkers union in an attempt to win their approval.

The one new aspect of the deal that Trump announced is that the federal government would own something called “golden shares” in the new company. Trump has presented these as giving the United States ownership, or at least veto rights over any decision that Nippon Steel management made.

While “golden shares” do give the government additional authority over the company, their authority is very specific. “Golden shares” can allow the government to block strategic decisions, such as mergers, dissolution or foreign ownership stakes in the company.

However, their details have to be very specifically spelled out in legal filings and are certainly not the broad control Trump implied. Some Wall

Street analysts have questioned why US Steel and Nippon Steel have not made public statements clarifying the role of the “golden shares,” pointing out that they may be breaking US laws.

Government regulations require that a publicly traded company make timely and accurate statements regarding issues that could substantially affect its value. Certainly, how much and what type of control the US government has over the new company meets the “substantially affect” threshold.

US and global steel production

At the rally, Trump stated several times that US Steel was only a week away from collapsing and everyone losing their jobs until he stepped in and saved the day. Whether this was true, or Trump’s typical boasting, is not known.

What is known is that US Steel has been declining for years and does not have the money for the capital improvements needed to upgrade its outdated and aging facilities. In 2020, US Steel finished construction of and began production at its state-of-the-art electric arc furnace (EAF) at its Fairfield Works facility in Alabama. While profitable, this improvement has not been enough to turn the company around.

When searching for a buyer, US Steel had no other credible bidders outside of Nippon Steel. Cleveland-Cliffs, the largest producer for flat rolled steel in the United States, had said it had wanted to buy the company and offered \$8 billion, just a little over half of the Nippon Steel offer.

It is doubtful, however, that Cleveland-Cliffs could even have done so. The company’s stock has been falling as investors flee the company, and last month, in a major reorganization, the company laid off over 2,200 steelworkers and iron miners and closed mills in several states.

Nippon Steel Corporation is Japan’s leading steelmaker and the fourth-largest steel producer in the world. In fiscal year 2023, Nippon Steel’s crude steel production was approximately 40.5 million tons.

However, it is not able to compete against the much larger and more efficient steel producers in China. With Japan’s economy stagnating, Nippon Steel is betting on the purchase of US Steel and greater entry into the US market.

Disastrous impact of trade war

In announcing the tariffs, Trump made the claim that when he imposed a 25 percent steel tariff in 2018, he saved the steel industry from collapse at that time. In reality, the steel tariffs resulted in layoffs, as will the new tariffs.

Already since Trump took office, steel prices in the United States have climbed 18 percent and are currently the highest in the world. In April, steel prices reached a high of over \$900 per metric ton. This compares to Europe, where steel costs around \$700 per metric ton, and in China, where it is just over \$400 per metric ton.

The new tariffs will have a devastating impact on the auto industry, which is already reeling from Trump’s initial tariffs. The highly integrated global production process in car manufacturing, particularly between the United States, Mexico and Canada, is being ripped apart and will lead to higher prices, lower sales and layoffs.

Canada is the largest current exporter of steel to the United States, selling approximately 6 million metric tons of steel each year to its

southern neighbor, about 6 percent of all steel in the United States. For Canada this represents almost half of its steel production.

A little over half of Canada’s steel is produced using older blast furnaces. While more efficient at full capacity than the newer electric arc furnaces, they do not scale down as well. Blast furnaces operate profitably against electric arc furnaces only when operating above 80 percent capacity.

Thus, losing half of its market, many of Canada’s steelmakers will be forced to shut down, leading to mass layoffs. Currently there are 20,000 workers employed in steel production in Canada and about another 100,000 workers employed in jobs related to its production, most of whom will be affected as well.

Likewise, Mexico will also see a sharp decline. Last year, nearly 4 million metric tons of steel were imported into the United States from Mexico, in addition to Mexican steel that ends up in cars and appliances also imported into the United States.

Union bureaucrats promote nationalism

Just prior to Trump’s announcement, USW President David McCall stated that the union remains “unalterably opposed” to the \$15 billion bid by Nippon Steel. Since the announcement McCall has said that the union has not yet seen the details of the partnership and has questions about the “golden shares.”

While the bureaucrats falsely claim that tariffs are good for “American” jobs, in reality, they have spent decades helping US corporations destroy millions of jobs. The USW has helped the steelmakers close facilities in the Chicago area, Detroit, Cleveland, Youngstown, Pittsburgh, Buffalo, Bethlehem and Baltimore. Steel mills were shut down in the name of helping US companies remain “competitive” in the world market.

During this time, the USW promoted nationalism, blaming the layoffs not on the Wall Street bankers and corporate owners, but on the steelworkers of Japan, South Korea and Brazil. In this way they worked to divide and weaken workers everywhere.

In supporting Trump’s tariffs, the unions are endorsing his fascist program as a whole. Economic nationalism is bound up with his plans to rip up democratic rights and convert the United States and North America into an armed fortress for launching world war.

Steelworkers must reject the toxic nationalism of the USW in favor of a global strategy uniting steelworkers in every country against the corporate oligarchs in each country. Workers must reject the slogan of “America First” in favor of the slogan, “Workers of the World, Unite!”

This requires a fight against the corrupt union apparatus, building the International Workers Alliance of Rank-and-File Committees (IWA-RFC) as the new organizing center in a fight to transfer power from the union officialdom to the shop floor.



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