

Gangster-like US-Japan “deal” sows the seeds of war

Nick Beams**12 September 2025**

When the so-called trade deal between the US and Japan was announced on July 22 it contained vague provisions that Japan would invest \$550 billion in the US.

The details of how this investment would be made were not spelled out. Last week they were in a series of documents—an executive order by US president Trump, two White House Fact Sheets and a Memorandum of Understanding (MOU)—which together set out some of the most extraordinary arrangements in economic history.

In essence, in return for having crippling tariffs imposed by Trump on Japanese cars and auto products reduced from 27.5 percent to 15 percent, Japan will supply \$550 billion for investment in the US in industries determined by the president and from which the US will take 90 percent of the profits once the initial cost has been recouped.

The main document setting out how the investments will operate was the MOU signed by US commerce secretary Howard Lutnick and the lead Japanese trade negotiator, Ryosei Akazawa, on September 4.

It states that the investments must be made before the scheduled end of Trump’s second term on January 19, 2029. Also they will be directed to sectors that advance the economic and national security interests of the US, including shipbuilding, semiconductors, critical minerals, artificial intelligence among others.

Where the funds go will be determined by an investment committee, chaired by the US commerce secretary and other US officials under the direction of Trump. It will not include any Japanese representatives. Their only input will be through a much less powerful consultative committee that will sign off on the final recommendations to be made to Trump.

Trump has made no bones about the operation of this mechanism, saying he had “complete discretion” over Japan’s investments and where the money would be spent.

Under the MOU, Japan “may in its sole discretion” elect not to fund an investment demanded by the US. But if it does so it could be subject to a major hit.

“In the case where Japan elects not to fund, the United

States may also impose tariff rate or rates on Japanese imports into the United States at the rate determined by the President,” the MOU states.

After the president has determined which investment projects are to be funded by Japan it must provide the funds in US dollars.

Each investment will be carried out via a special purpose vehicle (SPV), set up the US. The SPV will distribute the cash generated on a 50-50 basis between Japan and the US until what the MOU called a “deemed allocation amount” has been reached, after which 90 percent will go to the US and 10 percent to Japan.

The only “concession” obtained by Japan is the commitment by the US to reduce auto tariffs to 15 percent and that there will be no “stacking”—that is, tariffs imposed on all auto products would not be added to the 15 percent across the board reciprocal tariff.

This has been the major economic weapon used by the US. The Japanese auto industry makes up about 21.5 percent of all Japanese exports and directly and indirectly employs some 8.3 percent of the workforce. After the initial announcement of the agreement in July, tariffs on autos and auto parts were still in place with an estimated cost of \$20 million a day.

In a post on X, Lutnick, in conjunction with what was described as a “gloating” appearance on the business channel CNBC, said the agreement was an “absolute game changer” for the US. It was “exactly what the America First trade agenda is all about” and that for the “first time ever” Trump would “literally direct these investments for the benefit of America.”

The personalised character of the agreement—a feature of all the measures being put in place by Trump to establish a dictatorship in the US—was underscored in a Fact Sheet issued by the White House on September 5. In general, official documents refer to governments, countries, state institutions with individuals designated not by their names but their titles. Not in this case.

The Fact Sheet said Japan had committed to provide

“president Trump with \$550 billion to invest into the United States towards critical industries of importance to our national security.” The money would be invested in US projects “selected by president Trump.”

In his executive order announcing the “agreement,” Trump said it was “necessary and appropriate” to address the “national emergency” he had invoked in imposing the sweeping reciprocal tariffs first announced on so-called “liberation day” in April.

Trump claimed these powers under the International Emergency Economic Powers Act of 1977 (IEEPA). But two courts—the Court of International Trade and a Federal appeals court—have found that he exceeded his authority and that the IEEPA did not contain the words tariff or any of its synonyms.

The case has now gone to the Supreme Court on appeal with initial hearings to begin in November. In its submission, the Trump administration maintained that if the president’s action were struck down it would be “catastrophic” for the US, possibly triggering an economic crisis on the scale of the 1930s.

Within the exaggerated rhetoric, as we have noted previously, there is an element of objective reality. It is that such is the weakened economic position of the US—expressed not least in the fact that it has a \$37 trillion government debt—it is driven to function in the global economy in the manner of a Mafia gangster extracting tribute from the rest of the world.

There has not been a great deal of coverage of the US-Japan agreement in the so-called mainstream press. However, a recent comment piece by Leo Lewis in the *Financial Times* did point to its extraordinary character and broader implications.

“The MOU set out an arrangement which, on one reading, reeks of coercion: a sovereign nation forced to funnel private and public-sector investment to a much richer one under a structure unashamedly directed by the US president,” he wrote. Moreover, as he indicated in his conclusion, it is a sign of what is to come.

Just as Trump sought to circumvent Congress, he wrote, so in his dealings with allies he was circumventing “normal channels.” The MOU “in its invisibility and construction-by-cabal, is a useful blueprint of that process in its early stages.”

The far-reaching implications of the diktat against Japan emerge from a consideration of history.

At the end of the 19th century as the imperialist epoch emerged, the nascent Japanese capitalist class was faced with a stark alternative: Either be carved up by the great powers as China had been and be reduced to colonial status, or embark on the road of imperialist conquest and become a

great power. What was excluded was a period of peaceful, organic, development of capitalism.

It took the latter course, leading eventually to a war with the US. With its defeat in 1945, Japan developed within the reconstructed framework of capitalism, organised by the US. But after years of steady erosion, that framework has now been overturned by the Trump regime, never to return, and so all the old historical issues, which had seemingly been locked down, arise again.

It will not have escaped the attention of the Japanese ruling class, and its not inconsiderable militarist layers, that the agreement imposed on it by the US bears a striking resemblance to the “unequal treaties” inflicted on China in the latter part of the 19th century and the opening years of the 20th and that once again Japan is being confronted with the need to fight for its place in the world imperialist order.

Rumblings are already being heard. There is media commentary to the effect that Japan has abdicated financial sovereignty to the US.

Masahiko Hosokawa, a former official at the country’s trade ministry told the *New York Times* that while Japan had been forced to agree to the terms dictated by the US as “damage control” in order to secure lower auto tariffs, the process was not likely to unfold in the way envisaged by Trump.

“It’s a mistake to think that America will just ask for something and Japan will just give it,” he said. “Japan did not become America’s ATM.”

The agreement will have been carefully noted by the European Union as its battle with the US unfolds and that the MOU is very much the “blueprint” for future US-EU relations requiring a response.

Trump hailed the agreement as a “new era in US-Japan trade relations.” It is that—and not only with Japan. The agreement contains within it the seeds of a new inter-imperialist war.

How fast those seeds take to germinate, and sprout will be revealed in the conflicts to come but they have definitely been planted in the fertile ground established by the US imperialist rampage.



To contact the WSWS and the
Socialist Equality Party visit:
wsws.org/contact