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Biden blocks US Steel sale to Nippon Steel



President Joe Biden speaks at the United Steelworkers Headquarters in Pittsburgh, Wednesday, April 17, 2024. [AP Photo/Gene J. Puskar]

On Friday, as expected, President Biden blocked the sale of US Steel to Japan's largest steelmaker, Nippon Steel, for \$15 billion, on "national security" grounds.

"We need major US companies representing the major share of US steelmaking capacity to keep leading the fight on behalf of America's national interests," Biden said in announcing the decision.

Biden required the companies to abandon the deal within 30 days unless the Committee on Foreign Investments in the United States (CFIUS), a panel made up of cabinet and other government officials, which has been reviewing the sale, extends the time frame.

The CFIUS had been unable to reach a unanimous decision on how to move forward. However, the *Washington Post* earlier reported that the committee had said that allowing

Nippon to purchase US Steel “could lead to a reduction in domestic steel output, which would represent a ‘national security risk.’”

Under the law passed by Congress creating the CFIUS and the review process, the decision then moved to the President, who had 15 days to approve or deny the sale.

US Steel and Nippon Steel denounced the decision. “Instead of abiding by the law, the process was manipulated to advance President Biden’s political agenda,” they said in a joint statement.

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. US Steel is a major producer for the US auto industry, and the Biden administration’s infrastructure and clean energy acts have poured billions into massive construction projects that require large amounts of steel.

Just over a year ago, Nippon Steel offered to buy US Steel and all its operations for \$14.9 billion. The Nippon offer amounted to \$55 a share, almost double what the company was trading for. In addition, the company said it planned to invest \$1.5 billion into US Steel’s aging mills.

Over the past year, the Biden administration along with the United Steelworkers union (USW) had repeatedly said they opposed the sale on nationalist grounds. In response to Biden’s decision, USW President David McCall declared, “We’re grateful for President Biden’s willingness to take bold action.”

In opposing the deal, the Biden White House and the unions have been aligned with the incoming Trump administration. The fascist Trump is mooting plans to annex Greenland, reclaim the Panama Canal, “jokes” about Canada being the “51st state” and is reportedly considering an invasion of Mexico.

These plans are aimed at securing the western hemisphere for US imperialism to prepare for global economic and military conflict to secure its status as the world’s superpower. Fissures are rapidly opening up not only with official enemies such as Russia and China, but also against so-called allies among the other imperialist powers.

In early December, Trump declared: “I am totally against the once great and powerful U.S. Steel being bought by a foreign company, in this case Nippon Steel of Japan.”

Trump went further, in what can only amount to a threat against Nippon Steel, stating “Buyer Beware!!!”

Shigeru Ishiba, the newly elected prime minister of Japan and former defense minister, called the opposition to the deal “very unsettling” to US-Japanese relations, in a statement last fall.

“I find what the United States is saying [about Nippon Steel] to be very unsettling, making such statements or actions that could undermine the trust of its allies,” he said.

“Recently the U.S. is tending to impose deals and threats even on its allies, this is true not only with NATO countries but also now with Japan. I question whether that is really a fair approach. It is extremely important for the Japanese government to discuss these matters sincerely, earnestly and logically.”

The fact that Biden blocked Nippon Steel’s bid on “national security” grounds, even though Japan has been a key US ally since 1945, after its defeat in World War II, shows that both capitalist parties, and not just Trump, are in basic agreement with this aim. Democratic presidential candidate Kamala Harris had also supported blocking the merger.

Trade war measures

The decision is part of the realignment of major industries, including auto, chip manufacturing, power generation and artificial intelligence to name a few, as part of the growing global trade war.



The United States Steel Mon Valley Works Clairton Plant in Clairton, Pennsylvania, is shown on Monday, February 26, 2024. President Joe Biden is opposing the planned sale of U.S. Steel to Nippon Steel of Japan. [AP Photo/Gene J. Puskar]

Just a few weeks ago, Honda and Nissan announced that they would merge by 2026, creating the world’s third-largest auto group after Toyota and Volkswagen. The merger is seen by the automakers as necessary to combat China’s threatened dominance of the electric vehicle market, although the merger would also create a major new competitor to US and European automakers.

With Japan's economy stagnating, Nippon Steel relies heavily on exports. In 2023, Japan's total iron and steel exports amounted to about 32.36 million metric tons. The primary destinations for Japan's iron and steel exports include: South Korea, \$6.54 billion; Thailand, \$4.92 billion; China, \$4.82 billion; Indonesia, \$2.33 billion; and Vietnam, \$2.24 billion.

But China, which produces over half the world's steel, is viewed as the main target of US imperialism. In 2023 China *exported* approximately 94.3 million tons of steel, about as much as all the steel *produced* in the United States. China's primary export markets include Southeast Asia, the Middle East and India, with a growing presence in Africa and even South America.

During his first election campaign, Trump promised to revive the steel and coal mining industries, and as president he imposed a 25 percent tariff on steel imports from China, which have continued under the Biden administration. Upon taking office in January Trump says that he will immediately increase those tariffs to 35 percent while imposing 25 percent tariffs on Canada and Mexico.

This past fall, China held its biannual summit of the Forum on China-Africa Cooperation, with leaders of 53 nations in Africa, to discuss expanding China's investment in the continent, building massive ports and transportation infrastructure.

In recent years, the steel market has undergone significant changes. The COVID-19 pandemic initially disrupted supply chains and reduced demand, but there has since been a recovery driven by infrastructure spending and increased manufacturing activity.

US Steel faces several key challenges, including fluctuating raw material costs, competition from domestic and international steel producers, and the ongoing impact of trade policies. Additionally, the company is grappling with the need to modernize its operations.

Over the past several years, US Steel has cancelled several billion dollars in planned improvements to these facilities, which are badly needed to keep them up to date and safe. The merger with Nippon Steel would have given it access to investment in more advanced technologies and production techniques.

USW bureaucrats promote "America First"

The USW bureaucracy has been the most vocal opponent of the deal. In a series of letters, statements and text messages sent to members over the past year, the union promoted anti-Japanese demagoguery and pushed national security as their top concern.

The claim that these measures will benefit American workers, which is promoted by both parties and by the corrupt USW bureaucracy, is absurd. In reality, torpedoing the merger will almost certainly lead to mass layoffs. US Steel, which employs 16,000 workers, has been

floundering for the past six years and has warned that, if the takeover is not approved, the company will be forced to cut back operations in many parts of the country.

The United Steelworkers union is concerned not with the interests of workers, but of US capitalism. It has worked with the steel manufacturers for decades to destroy tens of thousands of jobs as steel mills in Chicago, Gary (Indiana), Detroit, Cleveland, Youngstown, Pittsburgh, Buffalo, Bethlehem, and Baltimore were shut down in the the name of helping US companies remain “competitive” in the world market.

More recently, they have pushed through one concession contract after another for the thousands of remaining steelworkers at Cleveland-Cliffs and US Steel while overseeing the destruction of hundreds of more jobs.

The USW, as with the other major US trade unions, functions as an extension of corporate management and the government. In 2022, it worked with the Biden White House to impose a national contract for oil refinery workers which then-USW president Tom Conway boasted did not contribute to “inflation,” i.e., did not keep pace with cost-of-living increases.

The Biden administration relied heavily on the trade union bureaucracy to limit strikes, impose sub-inflation conflicts and contain social discontent, especially as it backed unpopular new wars in Ukraine and the Middle East. Their apportioned role is to guard US supply chains against threats from below, from the working class.

The bureaucracy is preparing to continue its role under Trump. While the union had endorsed Harris and at least officially opposed Trump, the USW rushed to praise the aspiring dictator after his recent tweet opposing the deal:

“The USW thanks President Trump for his continuing opposition to the USS-Nippon deal. It’s clear he knows the danger it poses to our national security, our steel industry and communities it supports,” the union said. “USS must be kept domestically owned and operated!”

This is part of a rush by union bureaucrats to line up behind Trump’s nationalist policies. Some, like Teamsters General President Sean O’Brien, effectively backed Trump for months before the November election, while others, such as United Auto Workers President Shawn Fain, have pledged to work with Trump on his “America First” policies.

This is the inevitable outcome of their bankrupt nationalism. A real fight in defense of jobs anywhere in the world requires the international unity of the working class on the basis of a common strategy. Only through global actions can the working class face off against US Steel and Nippon Steel and their wealthy shareholders, who are waging a war for profits and market share all over the world.

Workers must reject the slogan of “America First” in favor of the slogan, “Workers of the World Unite!” The International Workers Alliance of Rank-and-File Committees is fighting to build a world movement in opposition to the nationalist poison promoted by corporate politicians and union bureaucrats in each country.