

Marubeni Washington Report**Is the Trump Administration shaping a “Capitalism with American Characteristics”?****New Government Intervention Following Tariffs**

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- The intervention in companies by the Trump administration is brought about by a structural policy shift away from neoliberalism since the 2010s and a response to the rising China, combined with President Trump's intuitive preference for deals and his close aides.
- Nippon Steel commits to worker protection and large-scale investments, MP Materials to eliminating China's influence, Nvidia and others to maintaining US hegemony in semiconductors and revenue share, and Intel to securing semiconductor foundry business within the United States.
- Such interventions by the U.S. government in corporate management, like tariff policies, are likely to continue and expand despite various twists and turns. Corporate managers need to fully recognize the sectors potentially targeted by the Trump administration and the policy tools at its disposal, and consider contingency plans in advance.

Nippon Steel, MP Materials, Nvidia, Intel — all are companies targeted for deals influenced by the Trump administration's exertion of power. In response to this series of government interventions in companies, there has been a sudden increase in the view that "the United States is shifting toward state capitalism." On the internet, there are even criticisms calling it "Mao-a-Lago-ism" (a pun combining President Trump's Mar-a-Lago estate and Maoism). The question is whether these movements represent a major shift that shakes the market capitalism that underpins the U.S. economy, or if they should simply be seen as individual moves by deal-loving President Trump. Also, what kind of response will private companies be forced to undertake? This paper will attempt an analysis from various perspectives.

The Trump Administration's Intervention in Business

This paper analyzes the four cases in which the second Trump administration intervened in companies.. The first case is the US Steel acquisition plan by Nippon Steel. Although President Trump expressed opposition to this plan even before the 2024 presidential election, after taking office, he caused Nippon Steel to double down its investment plan through direct and indirect negotiations. Furthermore, he acquired a golden share to block changes to the headquarters, business location, company name, and the \$14 billion short-term investment plan declared by Nippon Steel, and then approved the acquisition.

The second case is the investment and financing in MP Materials, the only company in the United States that mines and produces rare earths, aimed at securing rare earth magnets for military use, along with providing price and purchase guarantees. The Department of Defense obtained the right to acquire up to 15% of the company's shares for \$750 million, as well as a loan commitment of \$150 million, a price guarantee of \$110/kg—nearly twice the market price at the time—for neodymium-praseodymium (NdPr) products produced and sold by the company, and a purchase guarantee for all products from a new

magnet factory under construction by the company, each for ten years. As a result, the Department of Defense could become the largest shareholder of the company.

The third is an agreement with U.S. semiconductor companies Nvidia and Advanced Micro Devices (AMD) to pay 15% of their revenue generated from sales to China to the U.S. government in exchange for easing semiconductor export restrictions to China. Following the U.S. China semiconductor export controls introduced by the Biden administration in October 2022, both companies developed semiconductors for China with limited performance to fall outside the regulations. Nvidia sold a model called "H20," and AMD sold one called "MI308" to China. However, the Trump administration banned exports of both models to China in April 2025. When Nvidia's CEO Jensen Huang directly requested deregulation from President Trump, the above agreement was made.

The fourth is an agreement to acquire about 10% of shares in the U.S. semiconductor company Intel, and furthermore, to obtain the right to acquire an additional 5% of shares if the company relinquishes its semiconductor manufacturing interests within the United States. President Trump suddenly demanded the resignation of Intel's CEO Mr. Tan, citing strong ties to China and concerns about conflicts of interest. In response, Mr. Tan hurriedly met with the Trump administration. It was proposed that the Commerce Department acquire shares, funded by subsidies decided under the CHIPS Act during the previous administration, and the company agreed (Figure 1).

Figure 1: Examples of corporate intervention by the Trump administration

case	date	Pre-intervention overview	Government intervention	Contact between the government and businesses
Nippon Steel acquires US Steel	6/13	Nippon Steel announced a plan to acquire US Steel in December 2023. Ahead of the 2024 U.S. presidential election, then-candidate Trump expressed opposition. Former President Biden also voiced opposition during the acquisition review, and in January 2025, a formal decision was made by the Biden administration not to approve the acquisition.	Increase pressure to raise investment plans in Nippon Steel. In response to the US government's demand for oversight of investment execution, Nippon Steel proposed to grant the US government a golden share that restricts headquarters relocation, company name changes, changes to the \$14 billion investment plan, overseas job outflow, and factory closures within a certain period, reaching an agreement.	On April 1st, Vice Chairman Mori of the company met with Secretary of Commerce Lutnick
Department of Defense invests in rare earths producer MP Materials	7/10	Until recently, the company exported the ore it mined to Shenghe Resources, a Chinese company that is also a shareholder, for refining. China's restrictions on rare earth product exports have increased the risk of supply chain problems for both military and civilian use.	In December 2017, during the first administration, a presidential order was issued to address the supply chain risks of critical minerals. In October 2020, a state of emergency was declared. Since then, including during the previous Biden administration, the DoD and the DoE have provided various support measures to the company. This time, the Department of Defense acquired the right to acquire up to 15% of the company's shares and granted a price guarantee of \$110/kg for rare earth ore as well as a purchase commitment for the magnets.	

Semiconductor companies Nvidia and AMD to collect export license fees to China	8/11	Following the semiconductor regulations against China in October 2022, Nvidia released the China-exclusive semiconductor A800, which was not subject to regulations, and announced the H20 in 2023. Similarly, AMD sold the MI308 for China. In April 2025, the Trump administration restricted exports of both models to China.	On August 6, the CEO of Nvidia, Mr. Hwang had a meeting with President Trump. Three days later, the Department of Commerce began issuing licenses. Nvidia and AMD agreed to pay 15% of their semiconductor sales to China to the US government as the price for maintaining export licenses to China. It appears that President Trump initially demanded 20%.	Since April, Mr. Hwang has met with President Trump and AI Advisor Sacks. AMD CEO Su has also been spending more time in DC, and participated in the AI Action Plan announcement event in July.
Acquires 10% of Intel shares	8/22	Under the CHIPS Act during the Biden administration, a maximum subsidy of \$8.5 billion was obtained. Mt. Tan (a Malaysian Chinese immigrant, now a U.S. citizen), who took office in March 2025, had invested heavily in the Chinese semiconductor industry before taking office, and in July it was confirmed that one of subsidiaries Tan has invested had violated U.S. export regulations. In response, Senator Cotton and others expressed concern about the company. Subsequently, former President Trump demanded the resignation of the CEO.	Based on the CHIPS Act, using unpaid subsidies and other funds totaling \$8.9 billion, acquire 9.9% of the company's shares and become the largest shareholder. Additionally, acquire a 5% warrant. However, this warrant is limited to a five-year term and can only be exercised after the company stops holding more than 51% equity interest in the foundry business in the US.	Mr. Tan met with President Trump on August 11th

Source: Compiled by the Washington Office based on company announcements and various media reports

In response to this series of moves, there has been a surge of evaluations saying that it is unusual for a Republican administration, which has endorsed "small government" and "market fundamentalism," to intervene in private companies in this way. Wall Street Journal's chief economics commentator, Greg Ip, has [mocked](#) the Trump administration by playing on the Chinese Communist Party's slogan of "socialism with Chinese characteristics," writing that "President Trump is imitating Chinese Communist Party by extending political control ever deeper into economy" "So call this variant "state capitalism with American characteristics." However, rather than another Trump administration's irritating policy, these series of government interventions should be seen as an inevitable result brought about by the structural changes in U.S. political economy that began to appear before the first Trump administration, which has been pushed further by President Trump and his aides' obsession with deals.

The structural changes in political economy that began to become visible in the 2010s are twofold: "the end of neoliberalism" and "the China threat theory." These have been covered numerous times in the Marubeni Washington Report, so I omitted them in this discussion. However, it was President Trump who captured these structural changes and won the 2016 presidential election. Market fundamentalism has failed to solve social problems such as economic disparity, community decline, and supply chain defects, and since China, with its vastly different socio-economic system, has become an uncontrollable threat in terms of security and geopolitics, there is a shared recognition across party lines that different political and economic approach is necessary to address these issues. Riding on this, President Trump, who surrounded himself with yes-men, has been proposing unconventional deals, which likely represents the structure of a series of government interventions.¹

¹ For example, on the end of neoliberalism: "[America Forced to Reconsider 'Neoliberalism'](#)" (April 2021, Japanese only),

The First Case of Government Intervention: Nippon Steel's Acquisition of US Steel

For example, regarding Nippon Steel's acquisition of US Steel, it is undeniable that it became a political battleground coinciding with the 2024 presidential election, but the fact that candidates from both the Democratic and Republican parties felt compelled to show a stance appealing to workers can be seen as a consequence of the end of neoliberalism. And yet, although there were strong elements of baseless accusations, one of the reasons cited for opposing the acquisition was Nippon Steel's presence in China, likely because the theory of the China threat was shared in places like Congress as a legitimate reason to oppose the acquisition. Even through the process leading to the completion of the acquisition, it was not only President Trump who took a distinctive stance. Initially, then-candidate Trump opposed it, and subsequently former President Biden also took the unusual step of showing opposition despite the Committee on Foreign Investment in the United States (CFIUS) review still being underway. After the election ended, although it seemed that the acquisition was no longer a political issue, former President Biden formally prohibited the case on the grounds that Nippon Steel, through the acquisition "might take action that threatens to impair the national security of the United States"

Leveraging the pressure on Nippon Steel already exerted by the previous Biden administration, the Trump administration has pushed Nippon Steel to increase the investment plan of US Steel after its acquisition of the company from the initial scale of \$1.4 billion (which had already been raised to about \$2.7 billion at the start of the second Trump administration) to \$14 billion. Furthermore, in response to the Trump administration's demand to oversee this investment plan, Nippon Steel proposed issuing a "golden share" that grants various veto rights to the U.S. government, which convinced President Trump. It is not unprecedented for the government to intervene in acquisition plans of U.S. companies by foreign firms or to demand remedies to minimize national security risks. However, direct involvement by the president or cabinet members in negotiations and interventions that directly affect corporate management have been rare until now. Looking at the three subsequent cases, the deal with Nippon Steel can be considered the first instance of corporate intervention under the second Trump administration.

Complete Exclusion of China: The Case of MP Materials

The "transformative public-private partnership" between MP Materials and the Department of Defense, announced in July 2025, is another case of the intervention which has dragged the established by the previous Biden administration and further deepened in response to the supply chain and security threats posed by China. MP Materials develops the Mountain Pass mine in California, the largest rare earth mine in the Western Hemisphere, and is currently the only company mining rare earths within the United States. The company's predecessor, Molycorp, began mining the mine in the 1950s and once boasted a high share of the global rare earth supply market, but due to market price competition with China, it went bankrupt in 2016. In other words, U.S. rare earth production can be seen as a typical sector that lost out to market forces and competition with China. MP Materials restarted operations at the mine in 2018, but having

["American Industrial Policy, Trump 2.0, the "Abundance Agenda", and the Emerging Political Order"](#) (March 2025), and the New Right series (Parts [1](#), [2](#), and [3](#), May–June 2025). On the China threat narrative: ["Are the U.S. and China in a New Cold War?"](#) (August 2022, Japanese only), among others.

almost no refining facilities, it exported 80-90% of the mined ore to China. Amid escalating U.S.-China disputes and supply chain concerns over rare earths, the U.S. government could not overlook this situation. Based on the presidential executive order “[A Federal Strategy To Ensure Secure and Reliable Supplies of Critical Minerals](#)” issued by the first Trump administration in December 2017 and the Defense Production Act (DPA), the Department of Defense signed a Technology Investment Agreement with MP Materials in November 2020, providing [\\$9.6 million](#) to support the construction of light rare earth refining facilities. The subsequent Biden administration also allocated [\\$3 million](#) in May 2021 through the Department of Energy to MP Materials and others for feasibility studies (F/S) of projects recovering rare earths and other materials from by-products at coal mines. In February 2022, the Department of Defense again announced \$35 million in support for MP Materials to build heavy rare earth separation facilities. In addition, General Motors decided in December 2021 to purchase products from a new magnet factory MP Materials constructed in Texas (which began commercial operation in January 2025). Thus, in order to build a domestic rare earth supply chain in the U.S., MP Materials has received bipartisan government support and commitments from private companies.

Since April 2025, as the trade conflict between the US and China intensified and China finally began full-scale export restrictions on rare earths, the second Trump administration, as previously mentioned, announced commitments to invest in and finance MP Materials, guarantee prices, and purchase products. But why did they go beyond conventional government support to the point of investing? Presumably, it was because they could not eliminate China's influence over MP Materials without going that far. In fact, one of the major shareholders of the company is Shenghe Resources, a Chinese state-owned resource company. The shares of MP Materials held through its overseas subsidiaries was [8.4%](#) ranked as the third largest shareholder before the partnership with the US Department of Defense, following BlackRock and the Australian resource company Hancock, and the shareholding exceeds that held personally by MP Materials' CEO, James Litinsky. Additionally, Shenghe Resources holds exclusive sales rights for most of MP Materials' sales to China. Furthermore, Shenghe Resources and MP Materials jointly invest in a rare earth company in Vietnam. In other words, for MP Materials, Shenghe Resources is a major shareholder, the most important customer, and an investment partner, wielding significant influence. The situation where the United States' only rare earth mining company is so heavily influenced by a Chinese state-owned enterprise likely had to be resolved urgently.²

With this partnership, the Department of Defense became the largest shareholder, and the agreement also included the cessation of sales under the offtake contract with Shenghe Resources. The offtake contract is valid until January 2026, but MP Materials decided to stop further sales under this contract. Additionally, the investment in the Vietnamese company was already sold as of May. Furthermore, the sale of rare earth magnets manufactured by MP Materials to Chinese companies has been banned under this agreement. Even though this is to eliminate Chinese influence, the idea of binding a company's management so

² After Molycorp, which owned the Mountain Pass mine until 2015, went bankrupt, MP Materials was established in 2017 under the leadership of James Litinsky—then head of the investment firm that was one of Molycorp's creditors and now CEO of MP Materials. At that time, one of the co-investors, alongside other U.S. investment firms, was an overseas subsidiary of Shenghe Resources, whose largest shareholder is China's Ministry of Natural Resources.

thoroughly might stem from the experience of acquiring the golden share in Nippon Steel. Alongside the collaboration with the Department of Defense, private financial institutions JP Morgan and Goldman Sachs set up a \$1 billion loan facility, and Apple also committed to purchasing MP Materials' products. This case also demonstrates that government intervention can further mobilize private capital and purchasing power.

Security and Economy: The Conflict Between Government and Private Sector – The Cases of Nvidia and AMD

While the investment aimed at thoroughly excluding China from MP Materials seems clear-cut, the case of allowing semiconductor exports to China by Nvidia and AMD at first glance appears to promote the threat from China. What is the objective of this deal? Like the previous two cases, I would like to explore this while tracing the background.

This case also originated before the second Trump administration. Following the Biden administration's initiation of advanced semiconductor regulations toward China in October 2022, Nvidia developed semiconductors like the A800, which were exempt from these regulations by limiting data transfer speeds between chips. However, when the administration further tightened regulations the following year, Nvidia developed the H20 semiconductor with reduced power performance early in 2024. Similarly, AMD developed the MI308 for the Chinese market and continued sales there. The Chinese market accounts for roughly 20% of both companies' revenues, suggesting that they wish to continue sales there even at reduced performance. It may have been difficult even to negotiate for regulatory relaxation with the Biden administration, which was said to have distance from the business community. Regarding the provisional final rule on AI semiconductor export controls (AI Diffusion Rule) announced in January 2025 near the end of the Biden administration, Nvidia criticized it by [saying](#), "Rather than mitigate any threat, the new Biden rules would only weaken America's global competitiveness, undermining the innovation that has kept the U.S. ahead. ... As the first Trump Administration demonstrated, America wins through innovation, competition and by sharing our technologies with the world — not by retreating behind a wall of government overreach." expressing not just criticism but hope for the second Trump administration.

However, Nvidia's expectations were not easily realized. Shortly after the second Trump administration took office, it [surfaced](#) that the H20 would also be subject to export controls to China, and this was formally notified in April. CEO Jensen Huang sought to approach the Trump administration, and through Commerce Secretary Howard Lutnick's arrangements, participated in a Mar-a-Lago dinner meeting, making multiple contacts³ with President Trump while [announcing](#) massive investments in the US. Huang emphasized during these lobbying efforts that "the US maintains its competitiveness by having the world use US-made semiconductors just as it does the US dollar." Particularly, the fact that China's Huawei is developing systems to replace US semiconductors lent credibility to Huang's claims, with David Sacks, the White House aide in charge of AI and cryptocurrencies, agreeing. On July 10, in a meeting including

³ As far as confirmed by media reports, Mr. Huang met with President Trump on [January 31st](#), [April 4th](#), [April 30th](#), [May](#) (trip to the Middle East), [July 10th](#), and [August 6th](#).

Sacks and President Trump, the resumption of H2O sales to China was almost guaranteed, but on the condition that 15% of revenues from the semiconductor be paid to the government. President Trump initially demanded 20%, but he himself explained the agreement was reached at 15%.

Whether selling US-made semiconductors to China benefits or harms US security and competitiveness is debated even in Washington, but it is certain that Huang's claims were accepted by the Trump administration. Behind this, to counter China's rare earths card in trade negotiations, the US side apparently used semiconductors as a counter-card, and as a result of compromise to prevent escalation, the US was forced to ease semiconductor exports. For Nvidia, the above claims may be regarded as sophistry to protect the crucial Chinese market. For the Trump administration, it was a deal that formally addressed security concerns based on claims like those of CEO Huang while increasing revenues. This case can be said to be the result of a conflict of interests between security and economy, government and private sectors.

Will This be a Model for Future Government Intervention? - The Intel Case

Like previous cases, the Intel case clearly shows the nature of structural change and a deal. Intel is the only company in the United States capable of vertical production from semiconductor design to manufacturing and has enjoyed a high share of the central processing units (CPUs) used in personal computers. However, it has fallen behind in semiconductors for smartphones and AI, leading to poor performance in recent years. In response to competition with China in AI and semiconductors, the Biden administration decided to provide up to \$8.5 billion in support through the CHIPS and Science Act.

On the other hand, Lip-Bu Tan, Intel's CEO since March 2025, has long invested in the Chinese semiconductor industry, and in July 2025, a subsidiary of the investment company he managed admitted to exporting to Chinese companies in violation of US sanctions. Following this, Senator Tom Cotton, a China hawk, sent a [letter](#) expressing concerns to the company on August 6. President Trump, who learned of this on TV news the next day, immediately demanded Gelsinger's resignation via social media. According to a WSJ's [report](#), President Trump posted this five minutes after seeing the TV news. It is doubtful whether he considered a subsequent deal with Intel within those five minutes, but given that Trump has previously closed deals in three cases mentioned above, it is possible he saw leverage for a new deal. The following Monday, August 11, Mr. Tan swiftly secured a meeting with President Trump, and according to Trump's [Truth Social](#), discussions were held between Mr. Tan and Trump administration officials, resulting in a proposal to Trump. On August 22, it was agreed that, backed by subsidies from the CHIPS and Science Act, the Department of Commerce would purchase Intel stock.

According to the report, the deal was led by Commerce Secretary Lutnick. Initially, they tried to extract a further commitment from Intel to increase domestic investment, but recognizing that this was difficult given the company's current situation, an idea was proposed to purchase shares using subsidies from the CHIPS Act, which is under the jurisdiction of the Commerce Department and has already been allocated to Intel. The Trump administration's insistence on maintaining domestic foundry operations can also be seen in the inclusion of a clause for the additional 5% stock acquisition rights that required Intel to reduce

its domestic foundry business. The secretaries present at the meeting on the 11th were "Commerce Secretary Lutnick and Treasury Secretary Bessent." When these two ministers are mentioned, it is usually the Treasury Secretary's name that comes first due to the presidential succession order, and until now, Treasury Secretary Bessent's name has always appeared first on Trump's Truth Social. However, in this particular post, Commerce Secretary Lutnick's name appears first. It is believed that Lutnick was also heavily involved in the Nvidia deal and that he established the "National Security Economic Initiative" within the Commerce Department, leading such deals. As a loyalist creating deals favored by President Trump, Lutnick's actions will continue to be worth watching.

Should We Be Wary of These Deals?

A Golden share to commit investment in Nippon Steel, investment in MP Materials to eliminate Chinese influence, security and revenue pressure on companies like Nvidia using export controls, investment in Intel to secure domestic semiconductor foundry business following threats from the CEO—each of these inherits policies reflecting on the overreliance on neoliberalism and structural reforms to counter China, which has come to threaten the U.S. The government is using every leverage to establish deals that allow it to exert influence over companies. President Trump and various officials have repeatedly expressed their desire to expand these deals to other companies.

Surprisingly, Senator Bernie Sanders, a left-wing Democrat, [applauded](#) the Intel's case. For Sanders, who supports government intervention but opposes giving unlimited subsidies to large corporations, the Intel deal might represent an ideal model. On the other hand, Oren Cass of the New Right, who fundamentally supports government intervention, shows [caution](#) regarding government ownership of equity but [suggests](#) that sovereign funds can be a useful tool for reindustrialization, representing another form of government involvement. Additionally, there is a policy to redirect funds from the U.S. International Development Finance Corporation (DFC) ⁴, which is responsible for development finance, toward domestic investments for critical mineral development within the U.S., and the use of CHIPS Act funds has also been [proposed](#). In other words, in U.S. politics, government intervention in companies is no longer a completely rejected policy but rather a situation in which various tools can realistically exist.

This structure is very similar to tariff policy. Under the claim that "traditional trade policies do not resolve trade imbalances and weaken national power," measures such as high tariffs and uniform tariffs on China, initially thought impossible, have been forcibly implemented using ambiguous interpretations of the law. Although these actions have been met with resistance both domestically and internationally and have resulted in legal disputes, they have gradually become routine under both Republican and Democratic administrations. Companies are therefore burdened with significant responsibilities, responses, and compelled compliance with the administration. While the scope of government intervention in corporate management might not be extensive, the degree of intervention is greater than that of tariffs. It is necessary not only for foreign governments but also for companies themselves to understand what tools in the

⁴ The Trump Administration issued the [Executive Order](#) on March 20th, 2025 in which the President delegates the Defense Production Act's loan authority to the CEO of DFC for to implement provide loans for the domestic production and facilitation of strategic resources.

administration's disposal and which sectors it may target, and to learn how to effectively navigate "the Capitalism with American Characteristics."

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