



The Daily Dish

Nippon Steel Follies

DOUGLAS HOLTZ-EAKIN | DECEMBER 16, 2024

The *Financial Times* (FT) is reporting that:

The Treasury department, which chairs the Committee on Foreign Investment in the US [CFIUS], wrote to Nippon Steel and US Steel on Saturday to explain that the nine agencies on the CFIUS panel were struggling to reach agreement ahead of a December 23 deadline to send a recommendation to Biden, according to several sources familiar with the talks.

If CFIUS remains split, the decision falls to President Biden, who – without bothering with the information gathering or due diligence – long ago announced his intention to block the deal. (President-elect Trump has also announced his opposition to the acquisition.) Meanwhile, those most directly affected – the U.S. Steel workers – [rallied](#) in favor of the transaction.

The decision is supposed to revolve around national security, so you would think that the approval of the State Department and Pentagon (according to the FT reporting) would seal the deal. But evidently the United States Trade Representative (USTR) – sadly the most protectionist voice in the federal government – is strongly opposed. The FT quotes a former official in the Biden CFIUS as saying:

Tai is playing a game that exposes the CFIUS process to becoming a permanent tool of politicians, unreasonably expands the scope of what is considered national security and will force the US to put in writing that Japan is a national security threat, which is simply untrue and detrimental to American security.

Here's the irony of the situation: The process is "right" either way. If CFIUS permits the

deal, it will prove to have no national security implications. If President Biden blocks the deal, it will sour relations with Japan and create national security implications. Is this a great process, or what?