The Daily Dish

Nippon Steel Nonsense

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You're not going to believe this, but President Trump flipped 180 degrees on an issue of international economics. No, I'm not talking about pausing reciprocal tariffs – apparently to allow time for negotiations – after initially pledging there would be no delay to these permanent levies. I'm talking about his recent comments regarding the proposed acquisition of U.S. Steel by Nippon Steel: "We don't want to see it go to Japan," he said, adding, "We love Japan."

Of course, that was on Wednesday. On Monday, the president ordered a new security review of the deal by the Committee on Foreign Investment in the United States (CFIUS). After a previous CFIUS review, former-President Biden blocked the acquisition in January. For the record, President Trump may not need the information from a CFIUS review; he came out in opposition to the deal during the presidential campaign and prior to any review.

The flip-flopping is maddening; the substance is worse. Nippon Steel poses no threat. Japan is a friend of the United States, at least as close as one can get to having friends now that the president has picked a fight with the entire globe. Oh, and by the way, Japan is the largest source of foreign direct investment (FDI) into the United States. FDI creates jobs and higher wages; the Nippon acquisition would do exactly that for U.S. Steel workers. It's a trifecta: no security threat, support capital flows, and save jobs. To deny the deal was an absolute perversion of the CFIUS process. To oppose it prior to another review is simply senseless.

It reminds Eakinomics of the statement jointly issued by Nippon Steel and U.S. Steel in January that noted:

Nippon Steel and U. S. Steel are confident that our transaction would revitalize communities that rely on American steel, including in Pennsylvania and Indiana, provide job security for American steelworkers, enhance the American steel supply chain, help

America’s domestic steel industry compete more effectively with China and bolster national security. Nippon Steel is the only partner both willing and able to make the necessary investments – including at least $1 billion to Mon Valley Works and approximately $300 million to Gary Works as a part of $2.7 billion in investment that it has already committed – to protect and grow U. S. Steel as an iconic American company for the benefit of the communities in which it operates and the entire American steel industry. Blocking this transaction means denying billions of committed investment to extend the life of U. S. Steel’s aging facilities and putting thousands of good-paying, family-sustaining union jobs at risk. In short, we believe that President Biden has sacrificed the future of American steelworkers for his own political agenda.

What agenda is President Trump pursuing?