



The Daily Dish

The Nippon Steel Disgrace

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On Friday, President Biden blocked Nippon Steel's acquisition of U.S. Steel. For an administration whose actions regularly are devoid of any reasonable policy rationale, it was a new craven nadir. There has already been a spate of critiques of the decision (see, especially, [this](#) spot-on *Wall Street Journal* editorial), but it bears repeating that this is a disgraceful act of protectionism and political cronyism.

The Committee on Foreign Investment in the United States (CFIUS) exists to scrutinize foreign purchases in the United States to maintain: (a) an economy open to and benefitting from flows of foreign capital, and (b) the nation's safety against purchases that are harmful to U.S. citizens.

The president's [executive order](#) asserts:

There is credible evidence that leads me to believe that...[a list of Nippon Steel legal entities]...through the proposed acquisition by the Purchasers of United States Steel Corporation, a Delaware corporation (U.S. Steel), might take action that threatens to impair the national security of the United States; and

(b) Provisions of law, other than section 721 and the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), do not, in my judgment, provide adequate and appropriate authority for me to protect the national security in this matter.

In other words, this acquisition, the president believes, is a grave threat to the nation and there is no other possible way to protect the national security.

The problem is that Nippon Steel poses no threat. Indeed, Japan is a friend of the United States, especially in confronting China. In fact, the day before the president's

announcement, the State Department [announced](#) its approval of the sale of advanced missiles to Japan:

The State Department has made a determination approving a possible Foreign Military Sale to the Government of Japan of AIM-120D-3 and AIM-120C-8 Advanced Medium-Range Air-to-Air Missiles (AMRAAM) and related equipment for an estimated cost of \$3.64 billion. The Defense Security Cooperation Agency delivered the required certification notifying Congress of this possible sale today.

Let's get this right. It is perfectly okay to accept their yen so they can acquire advanced killing technologies, but it is not okay to accept their yen to improve competition in U.S. steel markets and save some steel jobs. This "logic" simply makes no sense and is a public affront to a key ally.

This is failed leadership, both by the president and his political masters - the leaders of the unions. The steel workers' union leadership had opposed the transaction despite the overwhelming support of the workers in the affected facilities in Indiana and Pennsylvania. (And Nippon's promise to do anything asked to assuage fears of job loss.) This is a reminder that one of the key reasons private-sector [unionization](#) dropped from 16.8 percent to 6.1 percent over the past 40 years is that union leaders have pursued their political agendas at the expense of the rank-and-file that pay their salaries. Union leaders and the Biden Administration are a match made in heaven.

So, there is no national security threat, but there is also evidently no interest in saving actual workers' jobs. What about protecting capital flows? Perhaps the president might peruse his own Department of Commerce [study](#) on foreign direct investment (FDI) into the United States, which documents its importance - especially in manufacturing. Oh, and he might check out Figure 5 that document showing that Japan - yes, Japan - is the largest source of FDI.