

# BIDEN WILL DECIDE ON US STEEL ACQUISITION AFTER INFLUENTIAL PANEL FAILS TO REACH CONSENSUS - ASSOCIATED PRESS

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*Photo: The United States Steel logo is pictured outside the headquarters building in downtown Pittsburgh, April 26, 2010. (AP Photo/Gene J. Puskar, File)*

A powerful government panel on Monday failed to reach consensus on the possible national security risks of a nearly \$15 billion proposed deal for Nippon Steel of Japan to purchase U.S. Steel, leaving the decision to President Joe Biden, who opposes the deal.

The Committee on Foreign Investment in the United States, known as CFIUS, sent its long-awaited report on the merger to Biden, who formally came out against the deal in March. He has 15 days to reach a final decision, the White House said. A U.S. official familiar with the matter, speaking on condition of anonymity to discuss the private report, said some federal agencies represented on the panel were skeptical that allowing a Japanese company to buy an American-owned steelmaker would create national security risks.

Monday was the deadline to approve the deal, recommend that Biden block it or extend the review process.

Both Biden and President-elect Donald Trump have courted unionized workers at U.S. Steel and vowed to block the acquisition amid concerns about foreign ownership of a flagship American company. The economic risk, however, is giving up Nippon Steel's potential investments in the mills and upgrades that might help preserve steel production within the United States.

Under the terms of the proposed \$14.9 billion all-cash deal, U.S. Steel would keep its name and its headquarters in Pittsburgh, where it was founded in 1901 by J.P. Morgan and Andrew Carnegie. It would become a subsidiary of Nippon Steel, and the combined company would be among the top three steelmakers in the world, according to 2023 figures from the World Steel Association.

Biden, backed by the United Steelworkers, said earlier this year that it was "vital for (U.S. Steel) to remain an American steel company that is domestically owned and operated."

Trump has also opposed the acquisition and vowed earlier this month on his Truth Social platform to "block this deal from happening." He proposed reviving U.S. Steel's flagging fortunes "through a series of Tax Incentives and Tariffs."

The steelworkers union questions if Nippon Steel would keep jobs at unionized plants, make good on collectively bargained benefits or protect American steel production from cheap foreign imports.



"Our union has been calling for strict government scrutiny of the sale since it was announced. Now it's up to President Biden to determine the best path forward," David McCall, the steelworkers' president, said in a statement Monday. "We continue to believe that means keeping U.S. Steel domestically owned and operated."

Nippon Steel and U.S. Steel have waged a public relations campaign to win over skeptics.

U.S. Steel said in a statement Monday that the deal "is the best way, by far, to ensure that U.S. Steel, including its employees, communities, and customers, will thrive well into the future."

Nippon Steel said Tuesday that it had been informed by CFIUS that it had referred the case to Biden, and urged him to "reflect on the great lengths that we have gone to to address any national security concerns that have been raised and the significant commitments we have made to grow U. S. Steel, protect American jobs, and strengthen the entire American steel industry, which will enhance American national security."

"We are confident that our transaction should and will be approved if it is fairly evaluated on its merits," it said in a statement.

A growing number of conservatives have publicly backed the deal, as Nippon Steel began to win over some steelworkers union members and officials in areas near its blast furnaces in Pennsylvania and Indiana. Many backers said Nippon Steel has a stronger financial balance sheet than rival Cleveland-Cliffs to invest the necessary cash to upgrade aging U.S. Steel blast furnaces.

Nippon Steel pledged to invest \$2.7 billion in United Steelworkers-represented facilities, including U.S. Steel's blast furnaces, and promised not to import steel slabs that would compete with the blast furnaces.

It also pledged to protect U.S. Steel in trade matters and to not lay off employees or close plants during the term of the basic labor agreement. Earlier this month, it offered \$5,000 in closing bonuses to U.S. Steel employees, a nearly \$100 million expense.

Nippon Steel also said it was best positioned to help American steel compete in an industry dominated by the Chinese.

The proposed sale came during a tide of renewed political support for rebuilding America's manufacturing sector, a presidential campaign in which Pennsylvania was a prime battleground, and a long stretch of protectionist U.S. tariffs that analysts say has helped reinvigorate domestic steel.

Chaired by Treasury Secretary Janet Yellen, CFIUS screens business deals between U.S. firms and foreign investors and can block sales or force parties to change the terms of an agreement to protect national security.

Congress significantly expanded the committee's powers through the 2018 Foreign Investment Risk Review Modernization Act, known as FIRRMA.

In September, Biden issued an executive order broadening the factors the committee should consider when reviewing deals — such as how they impact the U.S. supply chain or if they put Americans' personal data at risk.

Nippon Steel has factories in the U.S., Mexico, China and Southeast Asia. It supplies the world's top automakers, including Toyota Motor Corp., and makes steel for railways, pipes, appliances and skyscrapers.

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Levy reported from Harrisburg, Pennsylvania. Associated Press writer Fatima Hussein contributed to this report.

