

Amid US Steel blowback, Biden (and Trump) tread cautiously

Leaders in both parties have been more restrained than some rank-and-file lawmakers — a sign of the countervailing economic and political dynamics at play.

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President Joe Biden expressed skepticism Thursday about the sale of one of the country's leading steel companies to a Japanese buyer, a deal that could emerge as a flashpoint in the 2024 election.

The president “believes the purchase of this iconic American-owned company by a foreign entity — even one from a close ally — appears to deserve serious scrutiny in terms of its potential impact on national security and supply chain reliability,” White House national economic adviser Lael Brainard said [in the administration's most extensive comment](#) yet on the more \$14 billion-plus deal, which was announced Monday.

The statement comes after the White House spent several days declining to comment on Nippon Steel's acquisition of U.S. steel, citing a potential government review.

While rank-and-file lawmakers on the right and left have sharply criticized the deal, Biden and other leaders in both parties have been considerably more restrained — a sign of the countervailing economic and political pressures involved.

Potential 2024 presidential rival, former President Donald Trump, has remained silent despite his embrace of protectionist policies. So have Democratic and Republican congressional leaders.

Senate Majority Leader Chuck Schumer told POLITICO he hadn't reviewed the sale, while Minority Leader Mitch McConnell, Speaker Mike Johnson and House Democratic Leader Hakeem Jeffries haven't commented on the deal to date.

That caution underscores the conflicting politics at play in an election that is expected to hinge, in large part, on the candidates' records protecting American industry and American workers. In the case of the U.S. Steel sale, those two goals may be at odds.

As Christine McDaniel, a senior research fellow at the libertarian, pro-free market Mercatus Institute, pointed out, Japanese investors are responding to the U.S. government's massive investment in domestic manufacturing in recent years, via

funding in the CHIPS Act and Inflation Reduction Act, Democrats' marquee climate bill, among others.

"They want a piece of that," McDaniel said.

Nippon Steel's \$14.1 billion cash offer is [nearly double what fellow American steelmaker Cleveland Cliffs](#) offered to pay for U.S. Steel in a merger bid in August. U.S. Steel's [stock price jumped 26 percent](#) after the sale was announced Monday.

But lawmakers, particularly those from U.S. Steel's home base of Pennsylvania and other Rust Belt states, are pressuring the White House to use all the powers at its disposal to block the deal, arguing it will hurt unionized workers. Pennsylvania Democratic Sens. John Fetterman and Bob Casey and Rep. Chris Deluzio, laid out their opposition Tuesday [in a letter to](#) Treasury Secretary Janet Yellen, who serves as head of the Committee on Foreign Investment in the United States, a panel of top executive branch officials tasked with reviewing foreign investment for potential threats to national security.

Sherrod Brown (D-Ohio), the influential chair of the Senate Banking Committee, echoed the call for a review [in a letter to Biden](#) sent Wednesday. Brown is one of the most endangered Democratic incumbents up for reelection in 2024. Casey is also up for reelection in what could face a competitive contest.

Both Fetterman and Brown are warning Biden that the sale could hurt Democrats with organized labor.

"The acquisition of U.S. Steel by a foreign company is wrong for workers and wrong for Pennsylvania," Fetterman said in [a video posted from the roof of his home](#) across the street from a U.S. Steel plant in Braddock, Pennsylvania. "I'm going to do everything I can to block it."

Brown pointed out in his letter to Biden that Nippon Steel did not engage with United Steelworkers before completing the acquisition, evidence, he wrote, that "they intend to be a company that ignores rather than embraces the voice of workers."

The union, which represents more than 850,000 American workers in a variety of industries, also ripped into the companies for [agreeing to the deal](#) without notifying them.

USW President David McCall called the deal "greedy" and promised to "exercise the full measure of our agreements to ensure that whatever happens next with U.S. Steel, we protect the good, family-sustaining jobs we bargained."

The steelworkers union endorsed Biden in 2020, but has yet to make its pick in the 2024 presidential contest. Both Biden and Trump are assiduously courting blue-collar workers.

White House Council of Economic Advisers Jared Bernstein made clear in an interview with Politico Wednesday that steelworkers' interests are a priority for the White House. "I can tell you that the President shares the steel workers' commitment to protecting American manufacturing and that supports family sustaining union jobs," Bernstein said. "So I think it's really important that the union connection remains firm here."

In her statement, Brainard indicated that the CFIUS panel is likely to review the transaction on national security grounds.

"This Administration will be ready to look carefully at the findings of any such investigation and to act if appropriate," she said.

U.S. Steel and Nippon Steel also indicated in an SEC filing this week that they expect the acquisition to be reviewed by CFIUS.

Industry analysts are skeptical, however, that the company's sale will be ruled a genuine national security threat. The Defense Department's top concern from a national security perspective is making sure there is adequate steel production in the United States for its military needs, which previous estimates have put at about [three percent of](#) domestic production, Jeff Schott, a senior fellow at the Peterson Institute for International Economics, said.

It's understandable that "some politicians would try to block the sale using whatever tools are at their disposal, if it favors their constituents," Schott said. "But should the entire steel industry be subject to a blanket national security protection? If you ask the Pentagon, they probably would say 'no.'"

If CFIUS rules the sale is not a security threat, it would put Biden in a particularly awkward position at the worst possible time — the depths of a heated presidential race. Rejecting Nippon Steel's purchase would please labor groups and some industry protectionists but would inflame relations with a key ally and send a negative signal to foreign investors, writ large.

Brainard's statement nods at those tensions. The president, she says, "has been clear that we welcome manufacturers across the world building their futures in America with American jobs and American workers." Brainard also notes how "the Bipartisan Infrastructure law, Inflation Reduction Act, and Chips and Science Act are fueling a Made in America manufacturing rebound."

Trump has seized on other examples of foreign companies taking advantage of U.S. manufacturing incentives under Biden. But he has been uncharacteristically quiet on the U.S. Steel sale. His campaign did not return multiple requests for comment, even as lawmakers warned the sale would undermine national security tariffs imposed during his administration.

His former U.S. trade representative and current campaign adviser Robert Lighthizer also declined to comment on the deal. Lighthizer represented U.S. Steel for a number of years in litigation against foreign suppliers, including Nippon Steel.

That stands in contrast with calls from a number of Trump allies in Congress, who've channeled the former president's protectionist views in their call for the U.S. Steel sale to be blocked. Three national Republican figures wrote to Yellen on Tuesday demanding she intervene to block the sale.

"Trade protections can and should induce foreign investment that expands domestic production and creates American jobs," Sens. Marco Rubio (Fla.), J.D. Vance (Ohio) and Josh Hawley (Mo.) [wrote in](#) a letter to Yellen sent Tuesday. "Allowing foreign companies to buy out American companies and enjoy our trade protections subverts the very purpose for which those protections were put in place."

Former Trump Commerce Secretary Wilbur Ross, however, told Fox Business News earlier this week there was no reason other than "xenophobia" to reject the sale. He also derided national security concerns expressed by lawmakers as "silly" and said opponents of the sale were "just people in swing states pandering to the union."

Adam Cancryn contributed to this report.