



## AAF: Political Protectionism Costs Jobs

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**TOPLINE:** The Biden-Harris Administration is on the verge of blocking Nippon Steel’s purchase of U.S. Steel, costing thousands of good American jobs and [closing](#) factories across the United States. Policymakers have a duty to protect American industry from malicious foreign actors—not to nanny struggling industries in a bid to win an election.

### **The Art of the Deal:**

- Nippon Steel (a Japanese company) has offered \$15 billion for U.S. Steel.
  - This is 40% more than U.S. Steel’s share price.
  - The second-highest bidder, Cleveland-Cliffs (an American company), has offered less than half that amount: \$7 billion.
- When put to a vote, 98% of U.S. Steel shares supported the acquisition.
- The deal leaves in place existing labor contracts with U.S. based workers and retains U.S. Steel’s name and headquarters in Pittsburgh, Pennsylvania.
- Nippon has promised to invest billions in factories located in PA and IN.

### **Politicians are Putting Unions Over Basic Economics:**

- United Steelworkers opposed Nippon’s offer, offering typical union concerns.
- The Biden-Harris Administration followed suit, [telling](#) Japanese diplomats that it was necessary “to win United Steelworkers union support in the November election.”
- The decision to block the deal reduced U.S. Steel’s stock by ~20% in the past month.
- U.S. Steel warns that it may now have to close its PA headquarters and other plants.

### **National Security Considerations**

- China now produces more than half of the world’s steel and Russia produces almost as much steel as the U.S.
  - Other critical resources like pharmaceuticals, rare earth minerals, microchips, and semiconductors are produced almost exclusively outside the U.S.
- Japan is an American strategic ally for countering China’s ambitions.
  - The U.S. military is obligated to [defend Japan](#) if it is attacked, and stations nearly 55,000 U.S. personnel in Japan.
- The U.S. only needs [3%](#) of domestic steel production for national security.

**BOTTOMLINE:** American policymakers are right to be on guard for malicious foreign actors, particularly China, attempting to buy up American industries, land, and cultural institutions but Nippon Steel is not that malicious actor.

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