

Biden to Block Sale of US Steel to Japanese Company

The outgoing president made the announcement on Jan. 3.



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President Joe Biden announced on Jan. 3 that he is blocking the proposed takeover of U.S. Steel by Japanese company Nippon Steel.

“We need major U.S. companies representing the major share of US steelmaking capacity to keep leading the fight on behalf of America’s national interests,” Biden said in a statement detailing the reasoning behind his decision. “As a committee of national security and trade experts across the executive branch determined, this acquisition would place one of America’s largest steel producers under foreign control and create risk for our national security and our critical supply chains.”

Nippon Steel had proposed paying \$15 billion to take over US Steel.

The Committee on Foreign Investment in the United States was unable to decide whether the deal should go through and referred the matter in December 2024 to Biden.

Biden had 15 days following the referral to block or approve the deal. If he had not acted, the deal would have been approved.

Nippon’s 2023 agreement included several concessions, including giving the U.S. government veto power over changes to output.

U.S. Steel shareholders voted in 2024 to approve the acquisition, though the proposal was opposed by the United Steelworkers union.

“We are dismayed by President Biden’s decision to block Nippon Steel’s acquisition of U. S. Steel,” Nippon Steel and U.S. Steel said in a joint statement.

The companies alleged that the decision violates federal law and that Biden’s statement did not “present any credible evidence of a national security issue, making clear that this was a political decision.”

“Following President Biden’s decision, we are left with no choice but to take all appropriate action to protect our legal rights,” they stated. Nippon Steel previously threatened legal action if the deal was blocked. U.S. Steel has warned that thousands of jobs would be at risk without the deal. Shares of U.S. Steel were down 5.5 percent to \$30.75 on the New York Stock Exchange.

Japanese industry and trade minister Yoji Muto also expressed disappointment over Biden’s decision, saying it was both difficult to understand and regrettable.

“There are strong concerns from the economic circles of both Japan and the U.S., and especially from Japanese industry regarding future investments between Japan and the U.S., and the Japanese government has no choice but to take this matter seriously,” he said in a statement via email.

President-elect Donald Trump, set to assume office on Jan. 20, had said that he would block the proposed acquisition. “I am totally against the once great and powerful U.S. Steel being bought by a foreign company,” Trump said at the time.

It is unclear whether another buyer will emerge. U.S. Steel has reported nine consecutive quarters of falling profits amid a global downturn in the steel industry. U.S.-based Cleveland-Cliffs, which previously bid for the company, has seen its share price fall to the point where its market value is lower than that of U.S. Steel.