AMERICAN CONSUMER INSTITUTE

STEELING AMERICAN COMPETITIVENESS:

PROTECTING CONSUMERS AGAINST BAD COMPETITION & INDUSTRIAL POLICY

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Summary

Once an American manufacturing titan, U.S. Steel used to produce 67 percent of all domestically produced steel, but today only produces about 18 percent.[1] The company fell out of the Standard and Poor (S&P) 500 in 2014,[2] continues to lay off workers,[3] and is grappling with declining profits.[4] In short, the company is a shell of its former self. Mix these meager economic realities with the prospect of higher future profit margins for companies leveraging advanced technologies in steel manufacturing, and it quickly becomes clear why U.S. Steel is ripe for corporate merger activity—despite efforts by politicians to interfere.

Recent reporting details that the Biden administration plans to block an agreed merger with Japanese-owned Nippon Steel, likely in hopes that U.S. Steel will merge with Ohio-based Cleveland Cliffs instead.[5] That would be a mistake. A Nippon Steel merger is good for steel workers, good for global economic competitiveness, and good for consumers of steel products. Unfortunately, government meddling through competition policy is neither pro-consumer nor sound policy, and industrial intervention risks worsening the decline in manufacturing that politicians seek to solve.

To show this, our analysis calculates the steel market concentration using the Herfindahl-Hirschman Index and finds that neither of the potential mergers (U.S. Steel-Cleveland Cliffs or U.S. Steel-Nippon Steel) pose a serious concentration concern that justifies government intervention. However, if an increase market concentration should be averted, the Cleveland Cliffs merger with U.S. Steel concentrates the domestic market significantly more than a merger between U.S. Steel and Nippon Steel.

* The Authors are with the American Consumer Institute, an educational and research nonprofit organization. For more information about the Institute, visit www.TheAmericanConsumer.org or follow us on X @ConsumerPal.

[1] Len Boselovic, "Steel Standing: U.S. celebrates 100 years," Post-Gazette, February 25, 2021, https://web.archive.org/web/20181012210047/http://old.post-gazette.com/businessnews/20010225ussteel2.asp; "The Long, Strange History of U.S. Steel," Engineering.com, February 8, 2024, https://www.engineering.com/the-long-strange-history-of-u-s-steel/; and Anjali Bhat, "Nippon Steel Buying US Steel Corporation is Not a National Security Threat," March 1, 2024, https://chargedaffairs.blog/2024/03/01/nippon-steel-buying-us-steel-corporation-is-not-a-national-security-threat/.

[2] Scott Lincicome, "Japanic! at the Steelco," The Dispatch, January 4, 2024, https://www.cato.org/commentary/japanic-steelco.

[3] Sarah Samora, "US Steel lays off more than 1K as it indefinitely idles Illinois plant," Manufacturing Dive, November 30, 2023, https://www.manufacturingdive.com/news/us-steel-idles-granite-city-illinois-plant-lay-off-over-1000/701023/.

[4] United States Steel Gross Profit 2010-2024 | X, MacroTrends, Last visited September 5, 2024, https://www.macrotrends.net/stocks/charts/X/united-states-steel/gross-profit#:~:text=United%20States%20Steel%20gross%20profit%20for%20the%20twelve%20months%20ending,a%2025.32%25%20decline%20from%202021.

[5] David J. Lynch and Jeff Stein, Biden preparing to Block Nippon Steal purchase of U.S. Steel, Washinton Post, September 4, 2024. https://www.washingtonpost.com/business/2024/09/04/biden-prepares-reject-us-steel-deal/?utm_source=twitter&utm_campaign=wp_main&utm_medium=social.

Second, from a broader economic policy perspective, our analysis shows that foreign direct investment from a potential Nippon Steel merger benefits American consumers and workers alike. By blocking investment from Uncle Sam's largest inward investment partner and critical ally in Asia, U.S. policymakers risk doing the exact opposite of their goals—discouraging further investment in the U.S., worsening the decline of U.S. Steel, and discouraging steel manufacturing productivity and competitiveness, all while damaging America's reputation with a critical ally abroad. Rather than intervening in the Nippon Steel merger, policymakers should be looking for opportunities to attract more investment, especially from allied nations like Japan.

The Manufacturing of Political Involvement in the U.S. Steel Merger

U.S. Steel currently finds itself in political limbo, uncertain if its preferred merger with Nippon Steel will be allowed to proceed. Importantly, U.S. Steel did not seek this opportunity at the outset.[6] It was the recipient of an unsolicited offer by Cleveland Cliffs to acquire the company for $35 a share, which then sparked U.S. Steel to seek additional opportunities, including an offer at $55 a share from Japanese firm Nippon Steel that U.S. Steel would like to accept.[7] Unfortunately, that agreement has been met by intense political opposition.

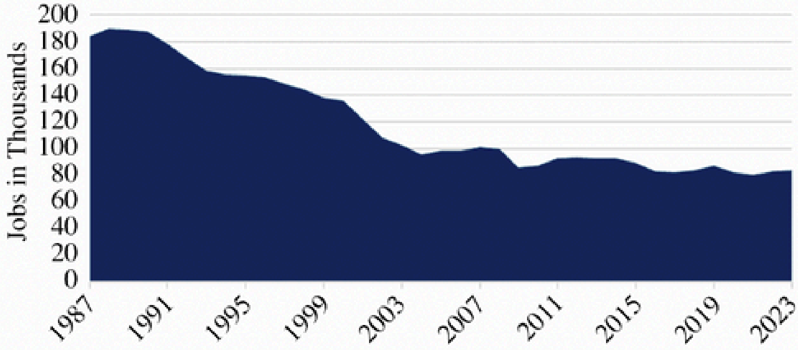
Nippon Steel has made concessions to increase the likelihood of approval [8]—including an offer to honor all existing union agreements and to move the U.S. headquarters from Nippon Steel's location in Houston, TX to the U.S. Steel location in Pittsburgh—but the Department of Justice (DOJ) has yet to approve the merger.[9]

The steel industry's cultural importance remains strong despite dwindling U.S. employment numbers for the steel and iron industry (Figure 1).[10] With a century-long history in steel production, domestic pride has spurred political meddling in the merger and acquisition process in favor of the Cleveland Cliffs' offer, creating an additional hurdle for U.S. approval of the Nippon Steel merger.[11]

[6] "U.S. Steel Confirms Receipt of Unsolicited Proposals from Cleveland-Cliffs and Multiple Other Parties; Reaffirms Competitive Strategic Review Process to Maximize Stockholder Value," United States Steel, August 13, 2023, https://d1io3yog0oux5.cloudfront.net/_766df9bb2d5142701d6d3575d297801b/ussteel/news/2023-08-13_U_S_Steel_Confirms_Receipt_of_Unsolicited_641.pdf.
[7] Cleveland-Cliffs Proposed to Acquire U.S. Steel, "Cleveland-Cliffs Proposes to Acquire U.S. Steel," news release, August 13, 2023, https://www.clevelandcliffs.com/news/news-releases/detail/600/cleveland-cliffs-proposes-to-acquire-u-s-steel; and Nick Lazzara, "US Steel, Cleveland Cliffs spar over Nippon deal, misinformation allegations," S&P Global, May 21, https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/metals/052124-us-steel-cleveland-cliffs-spar-over-nippon-deal-misinformation-allegations#:~:text=In%20December%202023%2C%20the%20Pittsburgh,for%20Nippon's%20assumption%20of%20debt.
[8] U.S. Steel, "Nippon Steel Corporation (NSC) to Acquire U.S. Steel, Moving Forward Together as the 'Best Steelmaker with World- Leading Capabilities,'" news release, December 18, 2023, https://investors.ussteel.com/news-events/news-releases/detail/659/nippon-steel-corporation-nsc-to-acquire-u-s-steel.
[9] "Nippon Steel North America, Inc." Nippon Steel, accessed September 3, 2024, https://www.nipponsteel.com/en/company/offices/north-central-and-south-america/.
[10] U.S. Bureau of Labor Statistics, Employment for Manufacturing: Iron and Steel Mills and Ferroalloy Production (NAICS 3311) in the United States [IPUEN3311W200000000], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/IPUEN3311W200000000, August 28, 2024.
[11] U.S. Steel, "U.S. Steel Corporation Announce Receipt of All Non-U.S. Regulatory Approvals," news release,, May 30, 2024, https://investors.ussteel.com/news-events/news-releases/detail/681/u-s-steel-and-nippon-steel-corporation-announce-receipt.

Figure 1

U.S. Jobs Have Declined for Iron and Steel Mills and Ferroalloy Production



In an interview with Bloomberg News, Cleveland Cliffs CEO Lourenco Goncalves explained how he leveraged relationships with worker unions and the Biden administration to try and stop the U.S. Steel merger and force through a low-balled offer of $30 per share, which is lower than the initial bid.[12] If union favor should prove insufficient to change U.S. Steel's decision, the Biden administration is also exerting its own political pressure. In his spring trip to Pittsburgh, President Biden remarked that U.S. Steel "has been an iconic American company for more than a century and it should remain totally American."[13] Despite political interference, merger approval falls under the umbrella of antitrust. Given the competitive landscape of domestic steel, neither merger justifies government intervention.

Cleveland Cliffs Merger Would Increase Concentration

The Clayton Act, a fundamental piece of federal antitrust law, prohibits mergers that would "substantially" reduce competition.[14] Despite economic problems with a structuralist framework, current leadership at the Federal Trade Commission (FTC) and DOJ increasingly use concentration as an inverse proxy for competition. The Herfindahl-Hirschman Index (HHI), a tool used to measure market concentration, illustrates this shift.[15]

[12] The Editorial Board, "Steel-Making in the Swamp," Wall Street Journal, March 17, 2024, https://www.wsj.com/articles/cleveland-cliffs-lourenco-goncalves-joe-biden-u-s-steel-nippon-steel-a2c4c7d1; and Anirban San, "Cleveland-Cliffs CEO mulls much lower bid for US Steel if Nippon deal falls apart," Reuters, March 15, 2024, https://www.reuters.com/markets/commodities/cleveland-cliffs-ceo-mulls-much-lower-bid-us-steel-if-nippon-deal-falls-apart-2024-03-15/.

[13] Chris Megerian and Will Weissert, "Biden vows to shield US steel industry by blocking Japanese merger and seeking new Chinese tariffs," AP News, updated April 17, 2024, https://apnews.com/article/biden-china-steel-tariffs-union-workers-0399b0450b67086ca86edc43ac45e5e.

[14] "The Antitrust Law," Federal Trade Commission, accessed September 3, 2024, https://www.ftc.gov/advice-guidance/competition-guidance/guide-antitrust-laws/antitrust-laws.

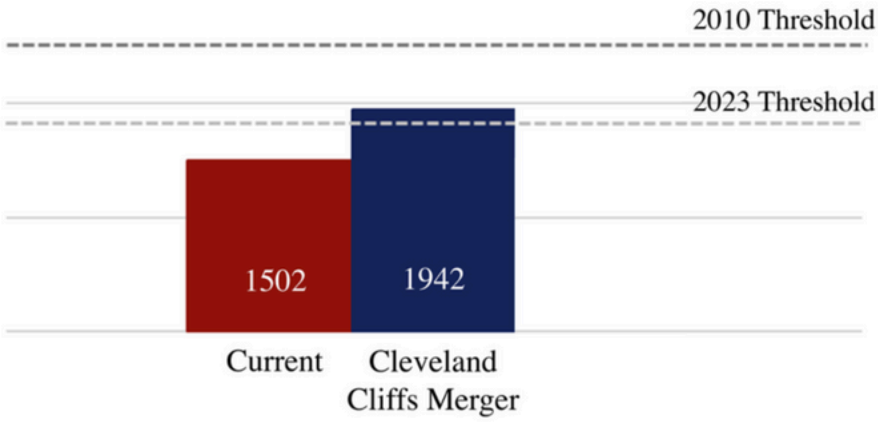
[15] The Herfindahl-Hirschman Index (HHI) illustrates market concentration by industry. To calculate it, the market share of each firm in the relevant market is squared and then summed. The scale has a max score of 10,000, which represents a monopoly market with only one producer.

Before revisions under current leadership, the 2010 horizontal merger guidelines considered markets to be highly concentrated if they had an HHI of 2,500 or higher, and mergers would have to increase this number by over 200 points before it was presumed likely to increase market power.[16] The revised merger guidelines, released in 2023, dramatically decreased this threshold.[17] According to the new standards, markets with an HHI of 1,800 are highly concentrated, and mergers only need to increase the index by 100 points to be significant.

This report uses the fifteen largest U.S. steel companies by market capitalization and the 2023 annual revenues/net sales from annual reports to estimate the HHI for the industry.[18] Boasting a 1,502 HHI score, the steel market of U.S. producers is currently competitive. A Cleveland Cliffs-U.S. Steel merger increases the HHI concentration score by nearly 440 points–raising the final concentration score to 1,942, because a significant domestic market competitor would be eliminated.

Figure 2

U.S. Steel Production Concentration by Merger Outcome



Alternatively, the Nippon-U.S. Steel merger would have a minimal impact on concentration since U.S. Steel's domestic production would remain a competitive option to Cleveland Cliffs. In fact, when looking at domestic production, and given Nippon Steel's stated commitment to investing in and expanding the capacity of U.S. Steel, the impact of the merger would increase competition and reduce concentration in the domestic production of steel even if done under a non-U.S. company.[19]

[16] U.S. Department of Justice and the Federal Trade Commission, "Horizontal Merger Guidelines," August 19, 2010. https://www.justice.gov/atr/file/810276/dl?inline.
[17] U.S. Department of Justice and the Federal Trade Commission, Merger Guidelines, December 18, 2023, https://www.justice.gov/d9/2023-12/2023%20Merger%20Guidelines.pdf.
[18] "Largest steel industry companies by Market Cap," Companies Market Cap, accessed July 8, 2024, https://companiesmarketcap.com/steel-industry/largest-companies-by-market-cap/.
[19] Nippon Steel Corporation, "Nippon Steel Announces Transformative Investments at U. S. Steel's Mon Valley Works and Gary Works," news release, August 29, 2024, https://www.nipponsteel.com/en/news/20240829_100.html.

Unfortunately, after reporting revealed that the Biden administration is preparing to block the agreed Nippon Steel merger, U.S. Steel CEO David Burritt announced that U.S. Steel would likely not only move company headquarters out of Pittsburg if the deal is blocked, but also shutter steel mills in the city.[20] In that case, blocking the Nippon Steel merger would likely increase market concentration due to output declines.[21]

The American Consumer Institute has previously argued against the increase in competitive presumptions using the HHI, and the U.S. Steel merger is no exception. However, suppose market concentration in the steel industry is to be foreseen and averted, which is a consistent theme in the current administration's strategy.[22] In that case, the Cleveland Cliffs merger increases domestic industry concentration, while concentration from a merger with Nippon Steel would be insignificant and potentially decrease.

Nippon Steel Merger Would Reduce Monopoly Risks

While the overall HHI suggests that concentration in the steel market is not a major concern, some critics would push for a narrower market definition that distinguishes between different steel production methods.

The Wall Street Journal Editorial Board argues that "A Cleveland-Cliffs-U.S. [sic] Steel merger would control 100 percent of blast furnace production in the U.S. and 65 percent to 90 percent of domestic steel used in vehicles."[23] Within the steel industry, blast furnaces and electric arc furnaces are the main steel production methods. A primary difference between the two methods is that blast furnaces are capable of melting raw iron ore, meaning they can be used to produce new steel.[24] Comparatively, electric arc furnaces can only be used to recycle existing steel products. If the two production types are divided into different markets, a merger between Cleveland Cliffs and U.S. Steel would result in competitive concerns as they are the only domestic steel companies that use blast furnaces.[25] The result could lead to higher automotive steel prices and ultimately higher consumer prices.

[20] David J. Lynch and Jeff Stein, "Biden preparing to Block Nippon Steel purchase of U.S. Steel," Washinton Post, September 4, 2024, https://www.washingtonpost.com/business/2024/09/04/biden-prepares-reject-us-steel-deal/?utm_source=twitter&utm_campaign=wp_main&utm_medium=social
[21] Ibid.
[22] Isaac Schick, "Determined to Sue: Novel Legal Theories Are Failing," American Consumer Institute, March 2024. https://www.theamericanconsumer.org/wp-content/uploads/2024/02/Determined-to-Sue-Novel-Legal-Theories-Are-Failing-2.pdf.
[23] The Editorial Board, "Steel-Making in the Swamp," Wall Street Journal, March 17, 2024. https://www.wsj.com/articles/cleveland-cliffs-lourenco-goncalves-joe-biden-u-s-steel-nippon-steel-a2c4c7d1.
[24] "Electric Arc Furnaces vs. Traditional Blast Furnaces," Service Steel Warehouse, September 8, 2022. https://www.servicesteel.org/resources/electric-arc-furnace-vs-blast-furnace#:~:text=Material%20source%20%E2%80%93%20blast%20furnaces%20can,use%20electricity%20to%20accomplish%20this.
[25] Nick Lazzaro, "US Steel, Cleveland Cliffs spar over Nippon deal, misinformation allegations," S&P Global, May 21, 2024. https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/metals/052124-us-steel-cleveland-cliffs-spar-over-nippon-deal-misinformation-allegations#:~:text=US%20Steel%20and%20Cliffs%20are,suppliers%20to%20the%20automotive%20industry.

Cleveland Cliffs and U.S. Steel own and operate most iron ore mines in the U.S.—including the top five mines.[26] Iron ore is the critical raw material used in blast furnace production. The resulting consolidation of these critical inputs would typically raise major concerns with regulators. In 2023 the U.S. produced an estimated 44 million metric tons of iron ore, exported 11 million metric tons of iron ore products, and only imported 3.5 million metric tons of iron ore products.[27] Given the lack of substantial imports of iron ore, the large ownership of iron mines by one company would significantly reduce competition in mining and blast furnace production.[28]

Within antitrust, the *Brown Shoe Co., Inc. v. United States* decision provided a legal test to determine when additional submarkets, like blast furnace steel, would be required.[29] The test lays out seven considerations, not all of which must be satisfied. Relevant indicators include whether the industry recognizes the products as distinct, or there is a shared customer based.

There is competing information regarding the distinctness and customer base of recycled and non-recycled steel, specifically in automotive manufacturing. According to reporting from CNN, recycled steel is not a major competitor for the high quality needed for automobiles.[30] The Alliance for Automotive Innovation supports this claim by reporting that a Cleveland Cliffs merger would result in the combined firm producing between 65 and 90 percent of different vehicle components.[31] However, the specifics of interchangeability are still unclear as recycle steel is used in the broader automotive industry, thus potentially creating a shared customer base.[32]

Operating on the best information, it appears that a Cleveland Cliffs and U.S. Steel merger could raise anticompetitive concerns if the market is defined as blast furnace steel for the automotive industry. Additional data would add clarity as to the appropriate relevant market.

Both the HHI and the analysis of potential submarkets demonstrate that the DOJ should not intervene in the Nippon Steel merger for competitive concerns. However, the justification for the merger does not end there. Attracting Foreign Direct Investment (FDI) is a win for consumers, the steel industry, and the overall economic activity.

[26] "Five Largest Iron Ore Mines in the U.S. in 2020," Mining Technology, September 21, 2021, https://www.mining-technology.com/marketdata/five-largest-iron-ore-mines-the-us-2020/.
[27] Candice Tuck, "Mineral Commodity Summaries," U.S. Geological Survey, January 2024. https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-iron-ore.pdf.
[28] "The five largest iron ore mines in operation in US," Mining Technology, June 18, 2024. https://www.mining-technology.com/marketdata/five-largest-iron-ore-mines-the-us/.
[29] Brown Shoe Co., Inc. v. United States, 370 U.S. 294 (1962), https://supreme.justia.com/cases/federal/us/370/294/.
[30] Chris Isidore, "US Steel's shareholders just voted to end more than a century of American ownership. It may not matter," CNN, April 12, 2024. https://www.cnn.com/2024/04/12/business/us-steel-nippon-steel-deal/index.html.
[31] Alliance for Automotive Innovation. 2023. Washington D.C. https://www.autosinnovate.org/posts/letters/Auto%20Innovators%20Letter%20to%20Congress%20on%20Cleveland-Cliffs%20U.S.%20Steel%20October%202023.pdf.
[32] Dan Carney, "Mercedes-Benz Goes All-In on Green Steel," Design News, July 6, 2023. https://www.designnews.com/automotive-engineering/mercedes-benz-goes-all-in-on-green-steel.

The Importance of Foreign Direct Investment

Foreign countries park more than $5.3 trillion in foreign direct investment (FDI) in the United States, with more than 40 percent of that investment buttressing the U.S. manufacturing sector. No country is a larger benefactor of that FDI than Japan,[33] which accounts for more than 16 percent of inward investment stock in the U.S. manufacturing sector, or $370 billion.[34]

FDI can take two forms: 1) greenfield investment, the creation of new factories, facilities, or new companies abroad; or 2) mergers and acquisitions, where foreign investors purchase already existing facilities, often intending to build out capacity and catalyze plans for research and development.[35] In the United States, mergers and acquisitions far outpace greenfield investment–with more than 90 percent of FDI in the United States channeled through mergers and acquisitions–but that is not cause for concern.[36]

Foreign investing firms must successfully test their metal abroad before gaining enough scale and capacity to invest stateside. That competitive process means that foreign firms investing in the United States are among the most economically competitive firms in the world. Increasing that kind of investment in the United States is important[37] because foreign firms investing in the United States, "disproportionately account for more than five percent of all private-sector employment, 6.5 percent of U.S. GDP, 16 percent of new non-residential private sector capital investment, 17.1 percent of federal corporate federal taxes, and more than 23 percent of U.S. exports."[38]

Since foreign investing firms are already successful, mergers and acquisitions often happen when the industry anticipates expansion opportunities in the American market, spots places to increase efficiency,[39] or finds opportunities to invest in advanced technologies.[40] As Atlantic Council Resident Senior Fellow Sarah Bauerle Danzman notes, Nippon Steel has "ambitious goals to increase its global production to one hundred million tons a year," which likely means Nippon Steel plans to expand plants and factories that will create new jobs in a sector notorious for employment declines (Figure 1 and Figure 3).[41]

[33] Dan Ikenson, "Thank You, Japan. Love, US Manufacturing," Forbes, April 10, 2024. https://www.forbes.com/sites/danikenson/2024/04/10/thank-you-japan-love-us-manufacturing/.
[34] Ibid.
[35] "Types of investment," European Commission, accessed August 28, 2024, https://trade.ec.europa.eu/access-to-markets/en/content/types-investment.
[36] Bureau of Economic Analysis, "New Foreign Direct Investment in the United States, 2023," news release, July 12, 2024, https://www.bea.gov/news/2024/new-foreign-direct-investment-united-states-2023#:~:text=Greenfield%20investment%20expenditures%E2%80%94expenditures%20to,investment%20($6.0%20billion)3.
[37] Daniel J. Ikenson, "The Economic Bedrock of Foreign Direct Investment," Cato Institute, October 17, 2018. https://www.cato.org/commentary/economic-bedrock-foreign-direct-investment.
[38] Logan Kolas, "Policy Solutions for More Innovation: Modernizing Ohio's Policies to Seize New Economic Opportunities," Buckeye Institute, March 21, 2022. https://www.buckeyeinstitute.org/library/docLib/2022-03-21-Modernizing-Ohio-s-Policies-to-Seize-New-Economic-Opportunities-policy-report.pdf.
[39] Ignat Stepanok, "Cross-border Mergers and Greenfield Foreign Direct Investment," Review of International Economics, 111-136, https://doi.org/10.1111/roie.12157.
[40] Deborah L. Swenson, "Foreign Mergers and Acquisitions in the United States," In Foreign Direct Investment, ed. Kenneth A. Froot (University of Chicago Press, 1993), 255. https://www.nber.org/system/files/chapters/c6540/c6540.pdf.
[41] Sarah Bauerle Danzman, "The US Steel deal is a test of friendshoring—and the US is failing," New Atlanticist, January 8, 2024.

That is a common story of foreign investing firms. In looking for opportunities to invest and expand in other markets, businesses looking to park their investment dollars in the United States have largely bucked the trend of manufacturing employment decline, instead increasing total manufacturing employment since the beginning of the 21st century (Figure 3). Those mergers free up resources for increased economies of scale and efficiencies, increased American economic competitiveness, and improved worker outcomes. In the case of Nippon Steel, it welcomes all of these economic benefits while strengthening the U.S. relationship with Japan, a critical ally in Asia, and gives them an opportunity to diversify their supply chains away from China.[1]

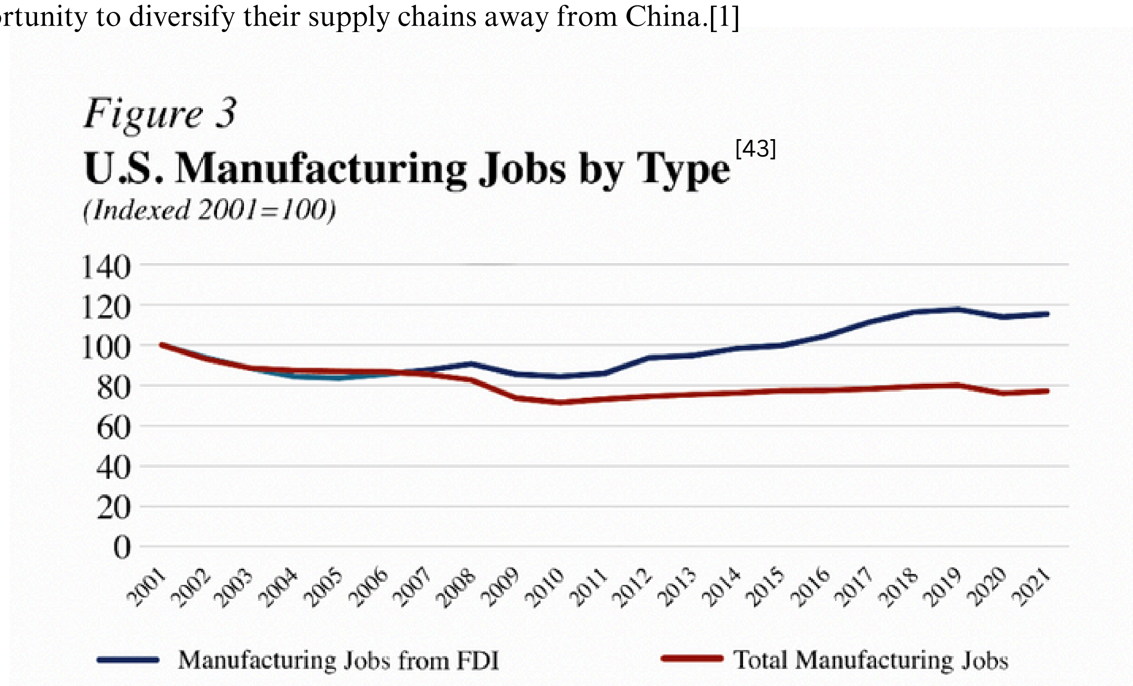
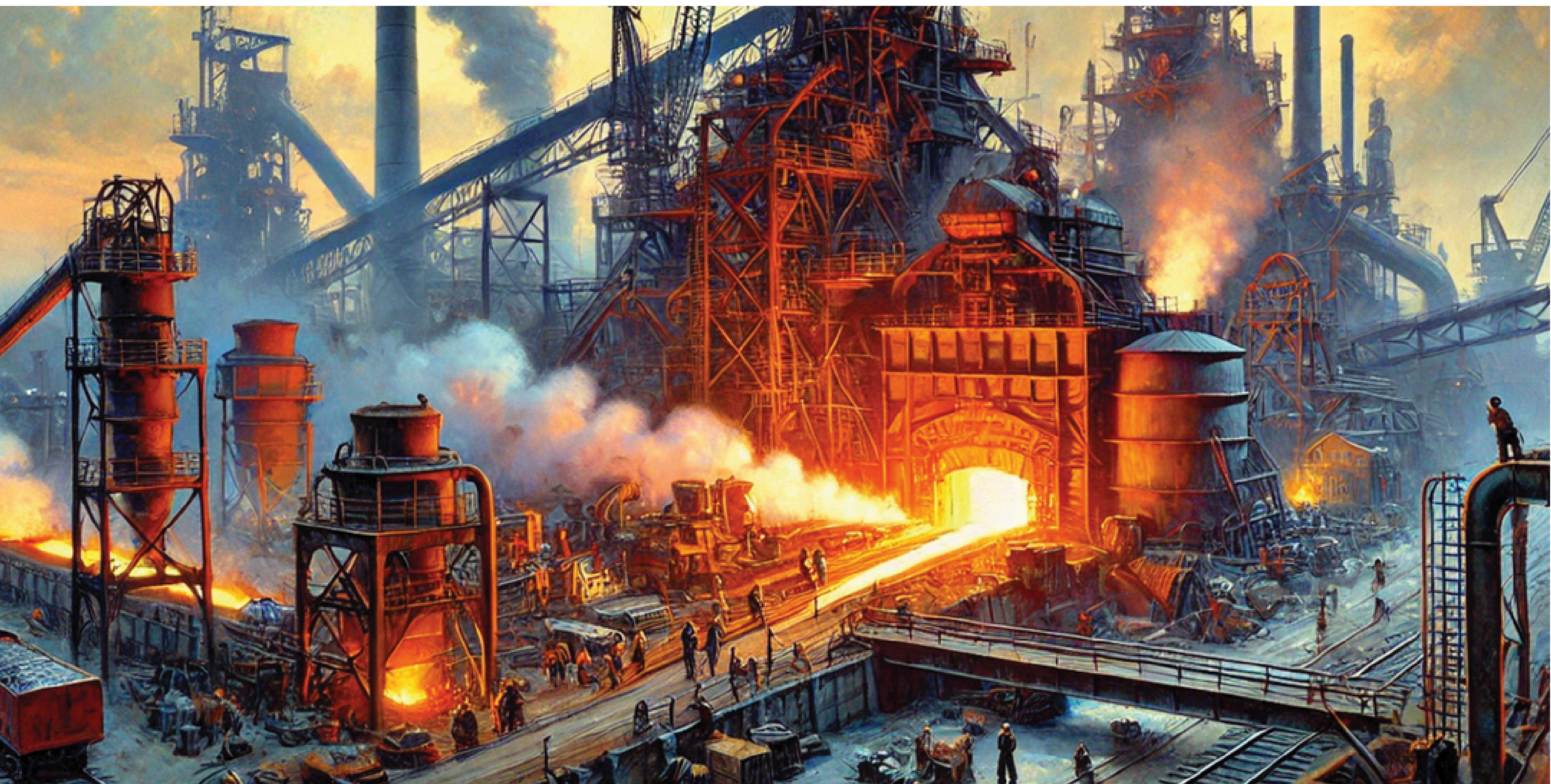


Figure 3
U.S. Manufacturing Jobs by Type[43]
(Indexed 2001=100)

[42] Ibid, https://www.atlanticcouncil.org/blogs/new-atlanticist/the-us-steel-deal-is-a-test-of-friendshoring-and-the-us-is-failing/#:~:text=Such%20a%20merger%20could%20unlock,in%20the%20global%20steel%20industry.

[43] Source: The United States Bureau of Economic Analysis, Total Manufacturing Employment, CAEMP25N, Total Full-time and Part-time Employment by NAICS Industry (Last visited August 28, 2024); and The United States Bureau of Economic Analysis, Data on Activities of Multinational Enterprises, All Nonbank U.S. Affiliates (data for 1997 - 2006) and All U.S. Affiliates (data for 2007 and forward), Full and Part-time Employees at Year's End (Last visited August 28, 2024).



Conclusion

Support for intervention in the U.S. Steel merger highlights the dangers of public policy being hijacked by the special interests of select private actors. Neither the manipulation of competition policy nor an industrial policy designed to deter investment activity in the United States is in the best interest of American consumers. Based on market concentration, the Nippon Steel merger does not pose competitive concerns that justify government involvement. To the extent that the government meddles in this case, it will worsen the problems it seeks to solve. State and federal policymakers should avoid intervention in the U.S. Steel merger case and instead look for policy reforms to attract investment.

In the face of growing capital mobility–where investors have more options, the United States remains the top country for inward FDI. Still, its share of that prize is volatile and faces stiff international competition—erratically fluctuating between 17 and 40 percent since 1999.[1] FDI is an accomplishment to be celebrated, not feared. Rather than shun and scapegoat investments from firms headquartered in allied nations, like Nippon Steel in Japan, state and federal policymakers in the United States should instead reform state and federal policies to create economic conditions that make the United States a more attractive destination for investment: strengthening worker training programs to equip workers with in-demand skills that attract employers; streamlining regulations and improving the tax code; promoting legal transparency; and maintaining a strong, consistent rule of law.[2]

In summary, a merger between Cleveland Cliffs and U.S. Steel will increase steel market concentration and limit competition in iron ore and automotive steel production. Alternatively, a merger between Nippon and U.S. Steel will positively impact competition and will lead to increased production, investment, and American jobs. Whatever the outcome, U.S. regulators must evaluate its decisions based on solid empirical evidence and avoid political pandering that obfuscates and deters international investment decisions, strains relations with allies, and sends a signal to investment partners that the United States may not always be open for business.

[44] "Foreign Direct Investment [FDI]," U.S. Department of Commerce, accessed August 28, 2024, https://www.commerce.gov/tags/foreign-direct-investment-fdi#:~:text=According%20to%20United%20Nations%27%20statistics,to%2024%20percent%20in%202016; and Global Business Alliance, "Foreign Direct Investment in the United States," 2022, https://z7l927.p3cdn1.secureserver.net/wp-content/uploads/2023/03/GBA_FDI_in_the_USA_2022.pdf.
[45] Daniel J. Ikenson, "More and Better Foreign Direct Investment," Cato Institute, November 21, 2014. https://www.cato.org/cato-online-forum/more-better-foreign-direct-investment.