

Nippon Steel/US Steel approval raises questions over politics, precedent and process

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Donald Trump's apparent approval of a restructured *Nippon Steel/US Steel* deal has reignited debate over political interference in foreign investment reviews, raising fresh questions about the credibility and consistency of the national security process.

The president announced via Truth Social last Friday that he would allow the previously blocked transaction to proceed, describing the revised tie-up as a “planned partnership” that preserves US control over the Pittsburgh-based steelmaker. He is expected to outline further details at a rally in Pennsylvania in two days.

His announcement came after the Committee on Foreign Investment in the United States was reportedly unable to reach a unanimous recommendation on the \$14.9 billion deal. Trump **directed** a fresh review last month after former president Joe Biden **blocked** the

transaction on his way out of office earlier this year, prompting a [legal challenge](#) by the parties.

Legal practitioners said Trump's Truth Social post likely signals a political green light, even though neither company has confirmed the revised structure or the final terms of the deal.

Rather than a full buyout, Nippon Steel appears poised to make a \$14 billion investment in US operations, including \$4 billion toward a new steel mill. The restructured deal also reportedly includes a golden share for the US government, an American chief executive and a board majority of US citizens.

Colin Costello, a CFIUS advisor at Freshfields, said the case is not a meaningful precedent but rather a one-off shaped by election-year posturing and personal brand politics. He described it as the culmination of a long-running campaign narrative in which Trump now casts himself as the dealmaker and his predecessor as legally overreaching.

Costello said the Biden administration's original prohibition relied on arguments that closely mirrored those made by Trump while campaigning in 2024. The reversal, he added, should be viewed in that political context rather than as a broader policy shift.

The saga has affected the committee's credibility, even if the reversal restores some institutional trust, Costello said. He argued that the initial prohibition stripped away the "plausible deniability" that once shielded CFIUS from allegations of politicisation.

He also pointed out that this is the second instance, after the TikTok litigation, where parties challenged a questionable CFIUS decision and the committee ultimately stepped back rather than risk a court ruling that might result in "much brighter lines around CFIUS's famously nebulous and expansive interpretation of its own jurisdiction and authorities".

Jonathan Gafni, a former CFIUS official, said the situation remains too fluid to draw firm conclusions, noting that neither company has publicly confirmed the restructured deal and the specific terms of any national security agreement remain undisclosed.

"That said, the process leading to then-President Biden's order blocking the transaction, coupled with President Trump's reopening of the case and apparent reversal of the decision, should raise concerns about the introduction of political interference to a historically technocratic process," said Gafni, now a senior counsel at Linklaters.

He added that while this case may be atypical, future headline-making transactions during politically sensitive periods could again draw CFIUS into the spotlight. The outcome should prompt broader reflection on how the process balances national security risk, legal consistency and political pressure, he said.

David Plotinsky, a partner at Morgan Lewis & Bockius and former official at the Department of Justice, said the block issued last year rested on weak national security rationale. The critical test now is whether the revised deal meaningfully addresses those risks or whether the government's motivation has shifted toward securing new investment and political capital.

Hrishikesh Hari, a partner at Dechert, said the case reinforces the long-held view among foreign investors that political context can affect CFIUS outcomes in a small number of cases. He advised against drawing broad conclusions but said the episode reflects how executive branch priorities can shape sensitive reviews, especially during high-profile election cycles.

Hari noted that the vast majority of CFIUS reviews proceed predictably when investors engage early, structure deals thoughtfully and address risk mitigation proactively. The public nature of the Nippon Steel case has been unusual, while providing both transparency and uncertainty, he added.

For most allied investors, Hari said, the case still sends a broadly consistent message: deals in sensitive sectors remain viable if national security concerns are addressed and the final structure falls short of a controlling acquisition.

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