FTC Should Do More to Prevent Foreign Business Takeovers from Conflicted Countries

March 10, 2024 | **Robert Weiner and Ben Kearney** | **LaborPress**

The Federal Trade Commission (FTC) should interfere on business acquisitions that have allowed for foreign takeovers of U.S.-based companies from countries that the nation shares conflicts with. This is a huge danger that the Foreign Affairs and Banking committees aren't focused on solving despite the large amount of money being exchanged to complete such large-scale business deals.

China, a current nation with conflicts for example, bought the iconic Waldorf Astoria in New York for $1.94 billion in 2014 and closed the hotel to partially convert the rooms to condos, with price tags up to $18 million according to a 2023 New York Post article. However, the insurance company used to make the purchase was thrown into disarray in 2018 when its chairman was sentenced to 18 years in prison on corruption charges. Recently, a Chinese company planned to build a milling plant in May 2023 near an Air Force base in Grand Forks, North Dakota, until the Pentagon and lawmakers scrapped the project. This potential danger is proof of why the FTC needs to take precautions further.

Some acquisitions might be to the benefit of the nation– or not. US Steel, the Pittsburgh steel producer, potentially is going to be acquired by Japan's Nippon Steel — to be concluded in the 2nd or 3rd quarter of this year — at approximately $14.1 billion. Nippon hopes the deal will "bring its total annual crude steel capacity to 86 million tons and help it capitalize on growing demand for high-grade steel, automotive and electrical steel," according to the Associated Press. This could help compete with the production from China, whose companies hav steel production. According to the World Steel Association, 54% of th produced annually across the globe, comes from China.

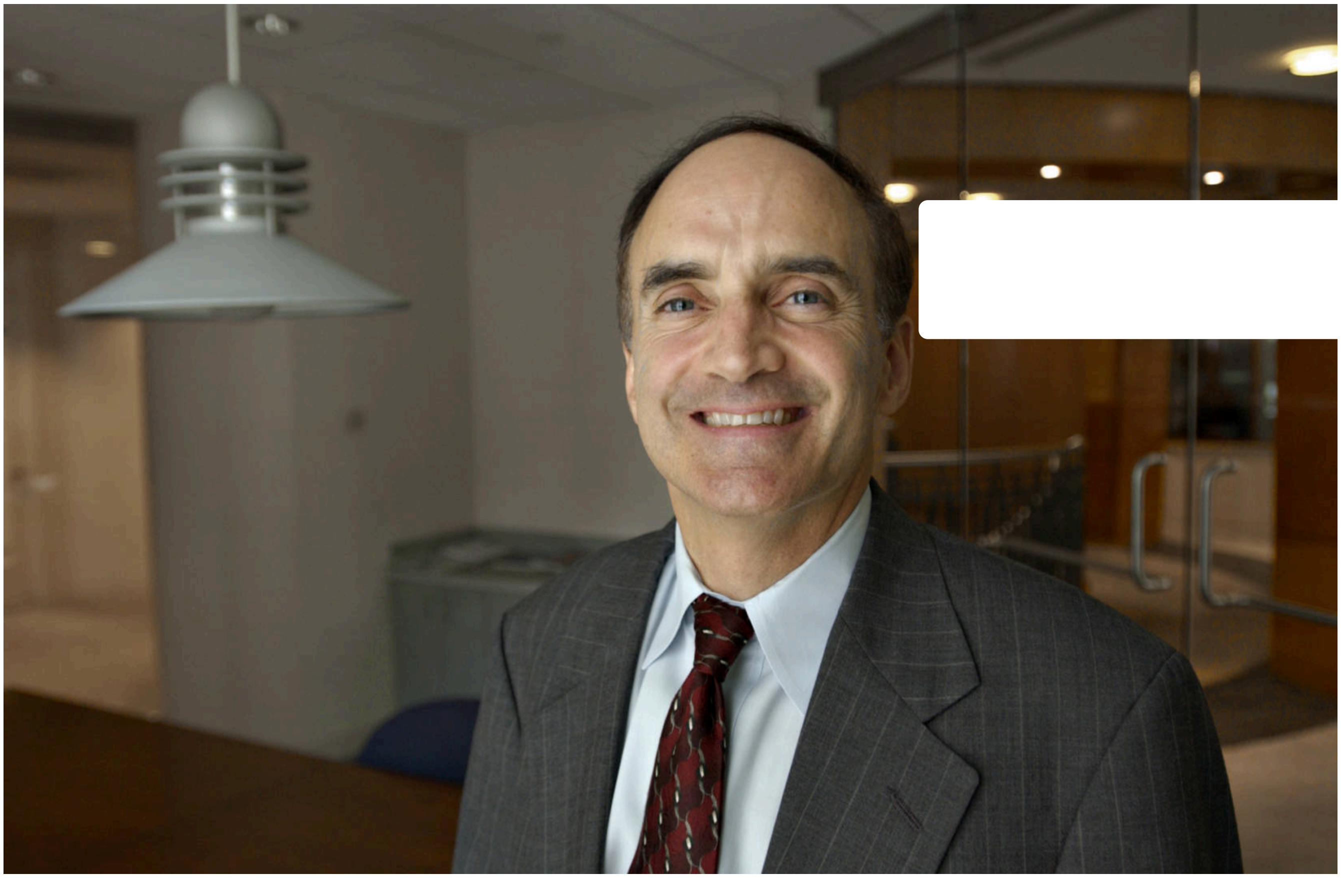
But China isn't the only nation to take concern over. Saudi financing of the "merger" of LIV Golf, the PGA Tour, and Europe's DP World Tour in June 2023 proves a secret deal being fulfilled behind people's backs. It's caused the new term "sportswashing." As golf channel commentator Eamon Lynch said,"If they (the PGA leadership) did not actively recruit 9/11 families (to protest LIV), they were happy to hide behind them. They were happy to hide behind the grieving family of Jamal Khashoggi. They were happy to hide behind human rights organizations that protested Saudi abuses until it came time to burrow their noses into the trough themselves."

Then, there's Russia's purchases of luxury properties in Florida. A March 2017 Reuters article noted "at least 63 individuals with Russian passports or addresses have bought at least $98.4 million worth of property, according to public documents, interviews and corporate records." While the review completed by Reuters found none of these buyers to be "within Putin's inner circle," these investments may have continued to occur since the start of the war with Ukraine in 2022.

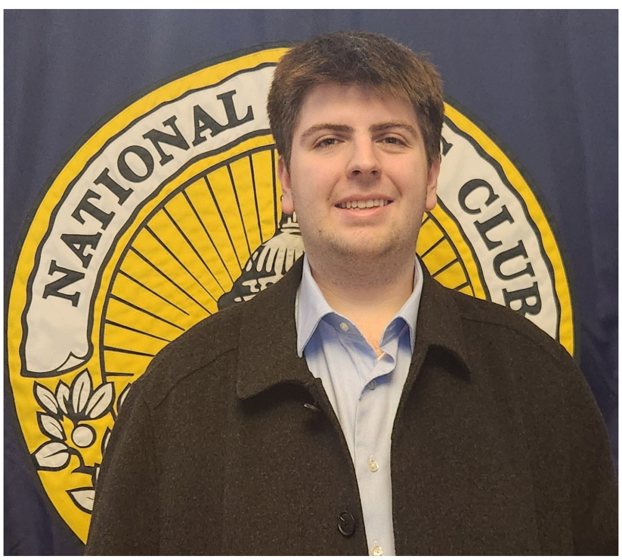
The FTC should implement the Sherman Act more intensely on foreign acquisitions. Passed in 1890, the law outlaws "every contract, combination, or conspiracy in restraint of trade," and any "monopolization, attempted monopolization, or conspiracy or combination to monopolize." These takeovers may or may not have violated the Sherman Act, but where is the investigation? If it looks, smells, and acts like a rat… And where is the message about any future similar deals?

Unless the nation wants these foreign takeovers to occur while we turn a blind eye, the FTC needs to pay attention to deals otherwise we may one day put ourselves in danger — if we have not done so already.

Robert Weiner was a spokesman in the Clinton and George W. Bush White Houses. He was Communications Director of the House Government Operations Committee, and Senior Aide to Four-Star Gen/Drug Czar Barry McCaffrey and Reps. John Conyers, Charles Rangel, Claude Pepper, and Ed Koch. Ben Kearney is a Policy Analyst and Writer at Robert Weiner Associates and Solutions for Change.



Robert Weiner



Ben Kearney

March 10, 2024