



June 27, 2024

USW SOLIDARITY WILL DETERMINE THE FUTURE OF U.S. STEEL, NOT SELLOUT EXECUTIVES OR FOREIGN MANAGERS

Dear Brothers and Sisters,

This week has been eventful as our struggle continues to protect our jobs, earnings, benefits and communities from an ill-advised merger of USS into Nippon Steel.

SENATORS CALL FOR EXECUTIVE ACTION

On Tuesday, June 25, U.S. Senators Sherrod Brown (OH), Bob Casey (PA), and John Fetterman (PA) raised the alarm that Nippon's proposed purchase of U.S. Steel would destabilize America's trade enforcement system – and in the process threaten American industry, workers, and national security.

"Nippon's acquisition of U.S. Steel poses a grave threat to the international trade system that seeks to protect American manufacturers and workers from those who would unfairly dump steel into the American market. Given the clear and present threats that a Nippon Steel acquisition poses to American workers and a critical industry, we believe executive action to block this deal is urgent," wrote the senators.

In a letter to Treasury Secretary Janet Yellen, Commerce Secretary Gina Raimondo, U.S. Trade Representative Katherine Tai, Senators Brown, Casey, and Fetterman warn that Nippon Steel's well-documented record of dumping steel products in the U.S. presents a clear conflict with our ability to continue to defend our domestic steel industry – and call on the administration to urgently block the deal.

By controlling U.S. Steel, Nippon could use U.S. Steel's status as an "American company" to undermine trade cases from the inside and oppose efforts to either sustain or bring new suits against Japanese steel makers, potentially granting foreign steelmakers unprecedented and unfettered access to the U.S. market.

These concerns are not hypothetical: the International Trade Commission has documented how Nippon steel joined other Japanese producers to oppose the continuation of tin plate dumping duties which would have negatively impacted U.S. Steel production.

LOCAL LEADERSHIP UPDATE

On June 25, we met at the International Headquarters with Local Union leaders from the U. S. Steel mills and mines and updated them about the significant events of the recent months.

U.S. Steel publicly announced the merger on Dec. 18, 2023, without providing the USW any notice in violation of the parties' Basic Labor Agreement. Our union filed grievances in January challenging U.S. Steel's violations of the Successorship provisions of the Basic Labor Agreement,

provisions that we bargained more than 20 years ago to protect our members' rights and benefits in a merger such as the one that U.S. Steel and Nippon have announced. We have an arbitration hearing scheduled before the three-member U.S. Steel Board of Arbitration on August 15 in Philadelphia.

The Successorship agreement requires the ultimate parent of any potential buyer must assume the Basic Labor Agreement and all of the other associated collective bargaining agreements, including agreements concerning pensions and retiree insurance. Assuming an agreement means becoming a signatory and agreeing to become bound by the contractual obligations. Nippon Steel has not done so, deciding instead to distance itself from the contractual obligations by relying upon U.S. Steel to remain the party bound to the agreements and setting up its shell company, Nippon Steel North America, to stand between it and the obligations owed to our members and retirees.

Of course, this is not the story that U.S. Steel and Nippon are telling to company employees in plant meetings and to the public in their costly and misleading media campaign. [It is for that reason we have included copies of numerous letters sent between President McCall and Director Millsap and Nippon executives since last December.](#) Nippon has called its commitments "ironclad" when it is anything but ironclad, and their letters, in particular their March 27 letter, puts to rest those deceptive claims.

For example, Nippon's well-publicized claim that it would invest \$1.4 billion in our facilities from 2024 through 2026 has no substance. Nippon has admitted to us that it has no specific plans in mind and, in fact, its March 27 letter merely commits Nippon to making a "good faith" and "detailed" operational analysis of the "potential deployment" of new capital expenditures. No one can take-to-the-bank these empty promises to study capital projects. Similarly, Nippon's promise to share "leading-edge technology" with our plants will only occur if Nippon decides that it is "economically and technically feasible."

Likewise, Nippon's well-publicized promise of no layoffs, plant idlings, and shutdowns through the expiration of the BLA on September 1, 2026, nevertheless allows Nippon to lay off workers and idle operations in the event of unanticipated and significant downturns in business conditions – always a threat in the steel industry – and does not apply to decisions that U.S. Steel has already made, or will make before closing, to lay off employees or idle plants.

Nippon also promises to give the USW an independent right to audit U.S. Steel's financial statements. However, Nippon has also told the Union that because U.S. Steel will no longer be a publicly traded company, the Union's ability to share financial information with our members will be severely limited, unlike the case today where U.S. Steel's financial statements are literally an open book.

On trade issues, Nippon pledges to "protect the best interests of U.S. Steel in trade matters," but only to the extent that protecting U.S. operations from dumped steel "supports the Company's business plans" as these plans "may be revised" following the merger. Of course, Nippon will control U.S. Steel's business plans and Nippon's actions in the tin trade cases show Nippon's true colors on fair trade.

And, importantly, all of these so-called commitments were conditioned upon the USW withdrawing the Successorship grievances, renouncing our opposition to the deal, and joining Nippon in actively supporting the transaction. In short, in order to get these "promises," Nippon

demands we approve and agree with the transaction irrespective of our concerns.

Our concerns about the many violations of our labor agreements go hand-in-hand with our significant concerns regarding the negative impact of the transaction on U.S. critical infrastructure supply chains and our national security.

[The attached document – “Domestic and Global Impacts of Nippon Steel’s Unfairly Traded Goods” - highlights the many serious and negative impacts on public interests.](#)

On the day that U.S. Steel and Nippon announced the merger, Takahiro Mori, Representative Director and Executive Vice President of Nippon Steel boldly stated that it was Nippon’s intention to continue U.S. Steel’s years-long efforts to transfer production from blast furnaces to a new electric arc furnace operation once it is commissioned later this year in Arkansas. Nippon’s many promises – that, as we explained above, are the opposite of “ironclad” – are consistent with Mori’s earlier statements. Not only will such a move hurt USW represented facilities, but it will also significantly impact the company’s ability to produce virgin steel, ultimately reducing its steelmaking capacity in the United States.

This is just a first step in a long-term reduction and destabilization of the U.S.-based steelmaking processes that will eventually lead to the United States being reliant on imports of slabs and hot band material critical to infrastructure and national defense. The reality is that there are certain crucial products that simply cannot be made without blast furnaces, including those used in automotive, energy, and national security applications.

Our concerns are rooted in a wealth of evidence. Nippon Steel has a long history of strategically importing both substrate and finished products into the United States and countries as it offloads its 16 million tons of over-capacity in Japan and China, all to the detriment of American steelmaking and American steelworkers. The report attached to this letter illustrates Nippon’s approach to this effort.

Nippon and U.S. Steel have initiated an all-out public relations campaign focused on achieving approval for its transaction from the USW, the Committee on Foreign Investment in the United States (CFIUS), state and federal legislators, other government officials and the general public. Their slick commercials portraying the merger as good for American steelmaking and American steelworkers do not make their claims true.

As you can see, there remain stark inconsistencies between the public pronouncements and the actual documents that Nippon sent to the USW. Nippon’s track record, married to its empty promises, would leave both our economic and national security vulnerable and show this merger must not occur.

In Solidarity,



Mike Millsap
District 7 Director &
Chairman of the Negotiating Committee



David McCall
International
President