Dear Brothers and Sisters,

There are a few things we want to make sure you as USW members know as we navigate U.S. Steel’s announced proposed sale to Nippon, which was sprung on the union on Dec. 18.

First of all, neither Nippon or USS contacted the union prior to the announcement, which is a violation of many sections of our labor agreement that require USS to provide us information about critical developments.

We all know that USS has a history of broken commitments, including shutting down steelmaking and other operations at both Great Lakes and Granite City. They broke their promise of more than $1 billion in new and updated technology in the Mon Valley, and instead decided to buy Big River. They have shut down the East Chicago Tin Mill, the UPI Tin Mill and other operations and idled tin operations at the Gary plant. In addition, USS has shut down Lone Star Steel, the Lorain Ohio plant and coke batteries at Clairton.

This rocky start and lack of communication only deepens our concerns that Nippon would be no better than USS.

Simply saying Nippon Steel North America (a U.S.-based office of Nippon Steel in Japan) will accept our labor agreements does not satisfy the conditions of the Basic Labor Agreement. Our contracts include extensive commitments to pensions and retiree health care, promised capital expenditures, Program of Insurance Benefits, local agreements, past practices and more.

**We intend to enforce the full measure of our current contracts**, and obviously we are also concerned about any buyer making promises to stand behind our benefits.

**MEETING UPDATE**

We met today at the USW Headquarters in Pittsburgh with Hiroshi Ono, a representative of Nippon Steel North America, and his team. This was an introductory meeting and presentation from Ono. While they promised to give us publicly available information about Nippon, they didn’t make any other commitments.

We asked questions about the future of our operations, and they didn’t have any answers. They also told us they would not publicly report financial results for U.S. Steel, which has direct impact on our ability to verify Profit Sharing payments. We told them that we would make an information request regarding other aspects of the sale and schedule a follow-up meeting after a review of that information.
WHY DID THE USW ASSIGN OUR BID RIGHTS TO CLEVELAND-CLIFFS?

Early on in the process the union came out strongly supporting Cleveland-Cliffs on acquiring USS because Cliffs committed to President Conway that if a sale of USS occurred to Cliffs, no USW member would lose their job.

They also committed to continuing to make steel in America and operating blast furnaces. Cliffs further would commit to much needed capital investment in our facilities and adhere to all our contract provisions, including pensions, health care and profit sharing.

NIPPON HAS UNFORTUNATELY NOT MADE THESE PROMISES

Rather than make the same commitments, a Nippon Steel Vice President told investors on Dec. 18 that Nippon would continue to follow the current USS production plan.

We also have concerns about our existing relationship with Nippon. At a steel plant in Calvert, Alabama, one of their joint ventures refused to honor the union organizing neutrality agreement and hired anti-union lawyers in an attempt to have our contractual rights thrown out.

We also have contracts with Nippon at Standard Steel in District 10 and Wheeling-Nissan in District 8, and our relationship includes a backlog of grievances and NLRB charges filed by the local unions.

Finally, Nippon’s lack of commitment to capital expenditures coupled with its representatives’ stated intentions to shift production from USW-represented facilities to non-union Big River and curtail operations at USW facilities are obviously also of grave concern to us, especially given its status as a foreign-owned company.

WE NEED TO ALSO FOCUS ON THE FUTURE OF U.S. STEELMAKING

We are asking our elected representatives to ensure that the proposed transaction will be subject to strict government scrutiny for its impact on global trade and on domestic steelmaking. Our government must also scrutinize this investment by a foreign steelmaker for its potential impact on national security and supply chain reliability.

For many years, Japanese steel producers have harmed the American industry by dumping their products into the U.S. market at unfair prices.

The United States currently has twelve (12) antidumping orders on steel products from Japan.

In each one of these cases, the U.S. Department of Commerce (Commerce) found that imports from Japan were dumped into the United States at unfair prices. In each one, the U.S. International Trade Commission (ITC) found that the dumped imports from Japan had caused or threatened material injury to domestic producers.

Some of these orders go back more than 20 years and have remained in place because Commerce repeatedly found that revocation of the order would lead to more unfair trade, while the ITC repeatedly found that the resumption of unfair trade would lead to continuation or recurrence of material injury.
USS has been an active participant in these anti-dumping cases. We should question if Nippon Steel gets control of U.S. Steel, it could use its status as a “domestic producer” to work against the trade cases from the inside.

U.S. Steel makes many of the products currently under order, including seamless pipe, tin mill, cold-rolled steel, and hot-rolled steel. In these cases – or any others where U.S. Steel may have an interest – Nippon Steel could order U.S. Steel to change its longstanding position and support revocation of the antidumping order.

Altogether, the proposed sale seems to be bad for workers, our communities and the domestic industry – as well as our national security, critical infrastructure and domestic supply chains.

Rest assured, we are doing everything we can to get the answers to our outstanding questions and ensure our employment security, economic security and retirement security are protected in any proposed transaction and sale process.

In the near future, as we receive more information, we will call a meeting of the local union Presidents to share information and discuss next steps.

Mike Millsap
District 7 Director &
Chairman of the Negotiating Committee

David McCall
International
President