

# United States Senate

WASHINGTON, DC 20510

March 19, 2024

David Burritt  
President & CEO  
United States Steel Corporation  
600 Grant Street  
Pittsburgh, PA 15219

Eiji Hashimoto  
President  
Nippon Steel Corporation  
2-6-1 Marunouchi, Chiyoda City  
Tokyo 100-8071, Japan

Dear Mr. Burritt and Mr. Hashimoto:

As Nippon Steel Corporation pursues the purchase of United States Steel Corporation (U.S. Steel), we write to express our grave concern that both companies are falling short of their commitments and obligations to Pennsylvania's workers, demonstrating a troubling disregard of the commitments you have each made to workers and the union representing them at U.S. Steel, the United Steelworkers (USW). In so doing, your companies, in the pursuit of profit, continue to sideline one of our domestic steel industry's greatest assets: Pennsylvania workers.

We are concerned that, in seeking to speed this deal along without the proper consultation of its workers, U.S. Steel may have flouted commitments made to workers under the Basic Labor Agreement (BLA) it holds with USW. This agreement, which was negotiated and agreed to by both U.S. Steel and USW, serves to protect workers' rights, safety, financial security, and wellbeing. In particular, we are concerned that as U.S. Steel has sought to sell the United States' preeminent steel company to a foreign firm, the company may have failed in its obligations to its workers in two ways.

First, by failing to notify USW of the proposed sale, U.S. Steel has failed to fulfill the basic responsibility to its workers to consult with them about major changes to the business. Despite discussions of this sale beginning in August 2023, many workers only found out about the sale of their employer in the news months later, on the day it became public information. When USW requested information about Nippon Steel, they received little to aid their efforts to assess the financial soundness of their potential new employer.

Second, we are concerned about reports that U.S. Steel is structuring this transaction with Nippon Steel in a way that would violate or evade the successorship clause of the BLA. The successorship clause was negotiated to help preserve the enforceability of the BLA in the event of a sale. By having a Texas-based subsidiary of Nippon Steel gain ownership of U.S. Steel, the company could transfer its contractual obligations to workers—such as pensions, profit sharing, and retiree health care—to a shell company, making them harder to enforce. This type of corporate structuring may also transfer liability away from the main corporation. This kind of strategy has been used by large corporations time and time again to jettison their legal responsibilities and rob workers of their hard-earned benefits, like in the case of Peabody Energy and Patriot Coal.<sup>1</sup>

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<sup>1</sup> <https://inthesetimes.com/article/victory-for-mineworkers-in-battle-against-patriot-coal-peabody-energy>

We have seen a number of statements by leadership at both U.S. Steel and Nippon Steel that the parties will adopt and maintain current labor agreements and that no attempts are being made to structure the transaction in a way to reduce, alter, or eliminate these commitments. If that is the case, we expect that Nippon will promptly be able to produce binding legal commitments to maintain these agreements, protect workers, and alleviate concerns about successorship.

In addition to our specific concerns above, we have broader reservations about the potential for disinvestment in Pennsylvania's U.S. Steel assets. Recent corporate filings have revealed that Nippon Steel is primarily interested in nonunionized U.S. Steel assets elsewhere in the country, having made repeated offers to acquire U.S. Steel's mini mill segment.<sup>2</sup> Beginning in September 2023, Nippon Steel had submitted a series of offers for only U.S. Steel's mini mill operation and the Keetac mine to support those mills, which reached \$10.6 billion. In combination with Nippon Steel's low valuation of integrated steel facilities and alignment with U.S. Steel's plans to shift investment to mini mills, this demonstrates a clear disinterest in continued investment in Pennsylvania U.S. Steel assets. Actions by Nippon Steel to minimize investment in Pennsylvania steel operations, such as idling or completely shuttering them in the near future, could lead to the loss of 15,000 direct and indirect jobs in Pennsylvania. History has shown that Pennsylvania workers can outcompete anyone when given the tools to do so and a level playing field. Any moves to disinvest in the steel industry in Pennsylvania would be misguided, a loss for the industry, and a loss for Pennsylvania workers and their families.

It is imperative that any company operating or seeking to operate in Pennsylvania's robust steel market recognizes the critical role of the working men and women in building communities, supporting families, and creating one of our Nation's strongest industries. U.S. Steel must engage in the grievance process with USW with fairness and respect. Nippon Steel Corporation must make binding legal commitments to Pennsylvania workers and industry that protect their jobs, benefits, and communities.

Thank you in advance for your attention to this important matter. If you have any questions, please feel free to contact our offices directly.

Sincerely,



Robert P. Casey, Jr.  
United States Senator



John Fetterman  
United States Senator

CC: Hiroshi Ono, President of Nippon Steel North America

<sup>1</sup> <https://inthesetimes.com/article/victory-for-mineworkers-in-battle-against-patriot-coal-peabody-energy>

<sup>2</sup> <https://investors.ussteel.com/sec-filings/all-sec-filings/content/0001104659-24-006070/0001104659-24-006070.pdf>