Nippon Steel acquires US Steel for $14.9 billion

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Nippon Steel Corporation, the largest Japanese-based steelmaker, announced Monday that it would acquire US Steel for $14.9 billion. The acquisition will be completed as an all-cash transaction at $55.00 per share of US Steel's remaining stock.

The sale of the 122-year-old Pittsburgh-based steelmaker, at one time the world's largest company, is a further sign of the decades-long decay of American capitalism and loss of industrial dominance.

US Steel was formed in 1901 after US financier JP Morgan funded the merger of smaller companies owned by Andrew Carnegie, Elbert Gary and other steel barons. It played a central role in the history of labor struggles, including the 1919 Great Steel Strike.

The acquisition takes place as the US intensifies its economic and military conflict with China and expands military operations around the world to grab up markets and raw materials and offset its economic decline.

The sale was met with anti-Japanese chauvinism and militarism from Democratic and Republican politicians and the United Steelworkers union, which have long used nationalism to divert the anger of workers over the destruction of jobs and living standards by the capitalist steel owners and their "partners" in the USW bureaucracy.

"Today, a critical piece of America's defense industrial base was auctioned off to foreigners for cash," US Senator J.D. Vance, Republican from Ohio, said in a statement. "I warned of this outcome months ago and will oppose it in the months ahead."

"It's absolutely outrageous that US Steel has agreed to sell themselves to a foreign company," Pennsylvania Democratic Senator John Fetterman said in a statement. "Steel is always about security—both our national security and the economic security of our steel communities. I am committed to doing anything I can do, using my platform and my position, to block this foreign sale."

"We strongly urge government regulators to carefully scrutinize this acquisition and determine if the proposed transaction serves the national security interests of the United States and benefits workers," the United Steelworkers President David McCall said in a statement.

A White House press spokesperson stated Biden was aware of the deal and that it could face "regulatory review," leading to a 3 percent decline in US Steel's share values. While it is not clear if the Biden administration will block the deal, it sees Japan as a close ally in American imperialism's economic and military conflict with China.

The acquisition is part of the global restructuring of the steel and auto industry (US Steel is a major supplier to the auto industry), which threatens the jobs, wages and conditions of workers throughout the world.

The Granite City Works mill near the Illinois-Missouri border was part of the deal with Nippon (NSC), and the future of the now-idled facility is uncertain. Four hundred workers were laid off in September 2023 as part of the process of preparing the corporation for sale and idling the last blast furnace at the plant. Six hundred more workers were laid off in November following the indefinite idling of Granite City Works, linking them in struggle with thousands more who have lost their jobs in the US and around the world as part of an international end-of-year jobs bloodbath.

The announcement of NSC's takeover comes six months after US Steel began to look for buyers privately, courting a slew of rival steelmakers. US-based Cleveland Cliffs offered to acquire US Steel in private talks on July 28, before the company publicly announced its "strategic alternatives" process on August 13. The offer "proposed acquiring 100 percent of the outstanding stock of U.S. Steel for a per share value of $17.50 in cash and 1.023 shares of Cliffs stock," according to the website Business Wire.

The proposal would have created a virtual monopoly blast furnace (raw) steel producer in the US and the only American steel company in the top 10 worldwide and top four outside China. Raw steel production, though being outpaced by electric arc furnace (recycled) steel production, remains important to the interests of construction and vehicle manufacturing due to its quality.

The majority of US Steel's steel manufacturing output has been produced through a raw steelmaking process, creating steel from iron ore and coke in blast furnaces. In recent years, it has invested in electric arc furnaces to produce steel from recycled material, in many ways a more labor- and cost-efficient process. Because the very nature of recycled steel production requires far less coal than blast furnaces, electric arc furnaces bolster the amount of government subsidies that corporations can win for meeting carbon caps.

There is an overall shift toward what is referred to as "decarbonisation" among steelmakers in the US and the competition for government subsidies for meeting carbon caps. Like the shift to electric vehicles in the auto industry, this is not driven primarily by environmental concerns but by the US government's geo-political, economic and military conflicts with China.

A 2023 report by Global Energy Monitor found that the industry is falling far short of efforts to cut carbon emissions required to meet the goal of keeping global warming below 1.5 degrees Celsius, outlined by the International Energy Agency (IEA) Net Zero by 2050 scenario.

The report found that "the iron and steel industry account for 11 percent of global carbon emissions and 7-9 percent of global greenhouse emissions," and that steel industry emissions total more than all the emissions from passenger cars in the world combined. GEM called for no further reinvestment in blast furnace steelmaking by 2025. US Steel's commitment to moving toward restructuring around hybrid electric arc and raw steel production likely made the sale attractive to a major buyer like Nippon.

The United Steelworkers union strongly backed the acquisition bid from US-based Cleveland Cliffs, just as it backed Cliffs' acquisition of the majority of ArcelorMittal USA's operations in 2020. The USW announced it would back only Cliffs' proposal and no others, exposing both its role as a business partner of the corporations and their assault on steelworkers' jobs and conditions.

Cloaking the bureaucracy's own financial interests behind hypocritical concerns for workers' rights, USW President McCall said, "To say we're disappointed in the announced deal between U.S. Steel and Nippon is an understatement, as it demonstrates the same greedy, shortsighted attitude that has guided U.S. Steel for far too long."

McCall complained that neither US Steel or Nippon Steel "reached out to our union regarding the deal, which is in itself a violation of our partnership agreement that requires US Steel to notify us of a change in control or business conditions." He said the union did not know whether NSC "has the capacity to live up to our existing contract. This includes not just the day-to-day commitments of our labor agreement, but also significant obligations to fund pension and retiree insurance benefits that are the most extensive in the domestic steel industry."

The existing contracts for 11,000 USW members, as rank-and-file steelworkers know from their day-to-day struggles, do not keep workers protected from injury or death on the job, from retaliation for raising safety concerns, and do even less to protect retirement benefits as multiple benefit tiers have been created with the help of the USW in order to "keep domestic jobs competitive."

In a company press release Monday, US Steel said all of its "commitments with its employees, including all collective bargaining agreements in place with its unions, will be honored and NSC is committed to maintaining these relationships uninterrupted."

In other words, Nippon Steel intends to maintain the "partnership" with the USW, which has rammed through decades of concessions contracts that have benefited the profit interests of shareholders. The low labor costs enforced by the USW were undoubtedly a selling point for giant corporations like NSC.

The past two national collective bargaining agreements between the USW and US Steel were pushed through behind the backs of workers in 2018 and 2022. Both included real-wage cuts, deepening the financial instability that steelworkers and their families have faced for decades, and neither contract contained a single protection for workers' jobs, while at the same time expanding the companies' rights to hire contract workers in their drive to cut labor costs.

The 2018 contract was ratified under conditions in which the union blocked a nationwide strike against US Steel and ArcelorMittal USA, which has since sold its US operations to Cleveland Cliffs. The USW defied unanimous strike votes and signed a four-year deal, which did not include a single protective measure for workers' jobs.

US Steel has seen its most profitable periods in the years following, a result of the 2018 betrayals by the USW leadership and the significant wage and benefit cuts that workers suffered. From 2020 to 2021, US Steel's gross profits increased over 30-fold, rising from $183 million in 2020 to $5.74 billion in 2021, surpassing even its profits in 2018 and 2019.

One year after the 2018 deal was signed—with many workers still not having received the full contract—US Steel announced plans to lay off a total of 1,745 workers at its Great Lakes mill south of Detroit and to idle the mill, shifting remaining operations to Gary Works in Indiana, following job cuts earlier in 2019.

The USW has also played a critical role in blocking struggles that would disrupt the war plans of US imperialism. This is exposed by the late former USW President Tom Conway's secret talks with Biden in February 2022 to block a national strike by 30,000 oil refinery and petrochemical workers for better pay and working conditions, and to push through a deal that Conway boasted "did not add to inflationary pressures." The aim of the talks was to ensure that no strike action by workers would hinder energy production that the Biden administration would need in order to continue its proxy war against Russia in Ukraine.

NSC is a global corporation, with operations in the United States, India, Thailand, Indonesia, Vietnam, Brazil, Mexico, Sweden and China. The acquisition of US Steel by NSC links thousands of US Steel workers to their class brothers and sisters in these other countries. This underscores the need for the formation of rank-and-file committees to transfer power from the union apparatus to workers in the mills, and to coordinate their struggles across national boundaries through the expansion of the International Workers Alliance of Rank-and-File Committees (IWA-RFC).

United together under an international and socialist program, aimed at putting the control of major industries in the hands of workers to produce for the needs of society and not private profit, the international working class can prove itself an unstoppable force against all corporate rule.

Workers who do not want to see an endless spiral of job cuts in the future, nor their sons and daughters killed for capitalist profits, can only fight by rejecting the national chauvinism of the USW, undertaking an international program to coordinate global strikes to end wage and job cuts, and stop arms manufacture and shipments that are destined for global war.