Examining the Breakdown of the US Steel-Nippon Steel Merger: An Executive Summary

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14 February 2025

A brief history

In late 2023, the next US presidential election was well underway. President Joe Biden and former president **Donald Trump** were competing in what was shaping up to be a close election (Goldmacher, 2023). Around the same time, another competition was just getting started. An American steel company, Cleveland-Cliffs, tried to buy its struggling rival, **US Steel** (Pete, 2024b). This set off a bidding war, with the offer being rebuffed in favor of one by a Japanese steelmaker, **Nippon Steel**, for marginally more money (Schumpeter, 2024). Concerned that the Cleveland-Cliffs merger — which would create a near monopoly that, among other things, would produce 65-90% of the steel used by US carmakers (Wall Street Journal [WSJ] Editorial Board, 2024) — would be blocked on antitrust grounds, US Steel decided to sell to Nippon, announcing the deal on December 18, 2023 (Schumpeter, 2024).

It looked like the deal was set. Unfortunately for Nippon and US Steel, there was one party they forgot to account for — the **United Steelworkers** union (USW). Just prior to announcing the deal, the union claimed, US Steel had told them for the first time about the negotiations with Nippon. USW claimed that not getting advance notification about a management change violated an agreement between the firm and the union, and began to lobby against the merger, declaring it a threat to national security (Davis, 2024). This rapidly turned political. Sensing a chance to snag a major union's endorsement in the crucial swing state of Pennsylvania, Trump soon announced that he would block the merger if elected, causing Biden to make the same commitment (WSJ Editorial Board, 2024). USW eventually endorsed Biden — and, after he stepped down, his successor, Vice President Kamala Harris, who echoed the promise (Steavenson, 2024).

Over the ensuing 10 months, negotiations were at an impasse, with the threat of the block looming large over the prospect of the merger ("Deal no longer", 2024). In this time, Harris lost the presidential election and Trump began preparing to take office. Then, on January 3, 2025, in one of his last major acts as president, Biden officially blocked the deal ("What next", 2025). Nippon and US Steel filed several lawsuits to try to sustain it and, a week later, the deadline for the merger to be dropped was extended to June (Narioka, 2025). Since taking office, Trump has made attempts to resolve the deal, most recently calling for Nippon to take a minority stake in US Steel (Hunnicutt & Bose, 2025). The conflict remains unresolved.

Some key interests and positions

That is the state of affairs leading up to the time of this writing. To try to pinpoint areas where a resolution can be found, it could be helpful to look at the interests of several of the parties involved — US Steel, Nippon Steel, USW, and Trump.

First, there is US Steel and Nippon Steel. These two corporations very much support the merger succeeding, for the obvious reason of being the two companies that agreed to it. But, despite broadly being on the same page, the two corporations' interests differ.

The interests of US Steel are themselves really those of two separate parties — its owners and its employees. Both sides are linked by US Steel's struggles to keep afloat in the modern steel market, where it faces stiff competition ("Deal no longer", 2024). Many of its rivals are small-scale firms that are much more efficient and employ non-union workers (Schumpeter, 2024). For management, being bought by Nippon is beneficial in two ways. First, part of the agreement entails US Steel becoming Nippon's American subsidiary, continuing to be based in Pittsburgh and retaining its employees (Pete, 2024b). Executives at US Steel would support this state of affairs: They keep their jobs without having to relocate to another part of the US, as they likely would if the company were bought by Cleveland-Cliffs, which is based in Ohio. Second, Nippon Steel is much more efficient than US Steel, earning "more profit per tonne of crude steel than any of its big rivals" ("What next", 2025). With such a productive firm in charge, the American steelmaker could itself become more efficient and thus more likely to stay open in the long term.

This is where the employees' interests intersect with those of the management. Under the Nippon agreement, no steelworker would lose their job and ongoing union contracts would be honored (Pete, 2024b). In the scenario where the deal collapses, US Steel's CEO stated that plants would close, as its recent revenue has so sharply fallen (Steavenson, 2024). This is against the interests of the workers, as some would lose their jobs, union-protected or not. Even if purchased by Cleveland-Cliffs, the workers would not be certain of their job stability — in April 2024, Cleveland-Cliffs laid off 900 workers at a West Virginia steel plant (WSJ Editorial Board, 2024).

It is clear then why both the executives and the workers at US Steel would wish to be purchased by Nippon. The question remains: Why would Nippon want to buy a struggling American steel manufacturer? Since Nippon is a thriving company, its primary interest is to profitably grow. By acquiring US Steel, efficiency struggles and all, Nippon would become the second largest steelmaker in the world. Since it is currently the fourth (Pete, 2024b), this would be a large leap forward. Furthermore, Japanese demand for steel has fallen (Davis, 2024). This means that to increase its sales, Nippon has to look outside of its home market. Foreign markets are more accessible to a company that is based in that country, simply by the expedience of having staff there. Owning an American company would help Nippon increase sales in the US, the world's third largest consumer of steel — its consumption is admittedly dwarfed by China's, which used more than 9 times as much between 2019 and 2023 (World Steel Association, 2024). And, if the deal falls through, Nippon would still have to pay — for nothing — $565 million to US Steel ("What next?", 2025). This is a small fortune for a company worth only about $20 billion (Stock Analysis, 2025), further incentivizing Nippon to close the deal. In fact, so keen is Nippon to acquire US Steel that, in addition to agreeing to pay nearly $15 billion to buy it (Narioka, 2025), it has promised to spend around $3 billion more to modernize its mills (Wilkins, 2025).

These concessions, however, have not been enough to overcome USW's objections to the deal. Despite USW's various claims of the deal's national security concerns (McCall, 2024) and its risk of increasing foreign "steel dumping" into the US (Pete, 2024b), these are not their interests. At heart, USW's underlying reasons to block the deal appear to be twofold. If Nippon acquires US Steel, USW would be negotiating with a foreign company. USW has stated that it fears that if Nippon succeeds, union jobs and pensions would be threatened (Steavenson, 2024). Some workers also subscribe to this belief; Steavenson (2024) quotes an employee concerned about whether Nippon will fire union workers after their contracts expire. These are valid concerns, although Steavenson found that union workers mostly seemed to support the takeover.

USW would much prefer to work with Clifford-Cliffs, a unionized company with which it has a history of cooperation, including lobbying together for a tin tariff in 2022 (Pete, 2024a). This relationship was so strong that Nippon's main justification for not disclosing the impending deal to USW was out of fear that USW would leak it to the Ohio-based company (Davis, 2024). Nippon's lack of disclosure seems to also be playing a part in USW's interest for the deal to fail. David McCall, USW's chief, was quoted by Davis (2024) as saying that while the union had previously not been told about certain deals, it had never happened "'in this completely dismissive kind of way'". This indicates that USW's leadership may also have taken offense at having been brought on to the deal so late, so part of the incentive for their position is having had their pride hurt. This could be a useful angle to use in a negotiation.

Trump would also need to take care not to hurt USW's pride by backtracking on his campaign-trail opposition to the merger, which could risk a USW-driven public backlash. However, it is important to note that when running for election, Trump was building a worker's coalition to propel him to the White House. Part of this included his pursuit of USW's endorsement by standing against the merger, in line with USW's interests. But USW never endorsed him and Trump, beyond being a notoriously good spin doctor, is notorious for reneging on promises. Since he cannot run for president again, USW's support is probably no longer a top interest.

Additionally, Trump, the president, has different interests to Trump, the candidate. As president, Trump has a larger profile of objectives. One of these is to maintain American industry. As Davis (2024) notes, one reason that lawmakers are against the deal is that US Steel, a "storied 123-year-old … company", being acquired by a foreign one moves away from this goal. However, US Steel is slowly, but steadily, failing. In preventing the deal, Trump would close off a major avenue of acquisition for the company. Foreign corporations would be hesitant to make an offer, fearful of sharing Nippon's fate. An American acquisition is also unlikely: Cleveland-Cliffs is low on funds and still risks an antitrust suit ("What next", 2025). This would lead to the situation where US Steel is left to its own devices, and its employees get laid off, as threatened by its CEO. Large-scale layoffs would hurt Trump's image among workers, whose support he craves.

By allowing this merger to occur, Trump would also achieve another of his long-term aims — weakening China. As Davis (2024) notes, the joint corporation formed by the merger would become a major player in global steel production, an industry dominated by Chinese firms.

Potential solutions

Clearly, this is a highly complex merger, with disparate views among the different parties. One solution to the situation, proposed mainly by politicians on both sides of the aisle (Pete, 2024b), is to let the deal collapse. In a time of rising bipartisan protectionism, this is in their interest, as it keeps American steel manufacturers, well, American. However, as noted before, US Steel is struggling and, without the deal, likely has no way to make a more favorable deal. This would be bad for the US economy and USW, as US Steel would start closing mills, leaving thousands of workers unemployed (or working at non-unionized firms) and damaging the local economies of the towns where the mills are located (Steavenson, 2024).

The alternative solution, which has been proposed by Mike Pompeo (2024), Trump's former secretary of state, *The Wall Street Journal* Editorial Board (2024), and *The Economist* ("What next", 2025), is for the deal to be allowed to take place. This probably makes sense for most of the stakeholders mentioned; the only difficulty would be for it to happen.

Since Biden initiated the block, there only appear to be two ways for the deal to occur. The first is if the lawsuits that US Steel and Nippon filed, alleging that politics undermined the national-security-review process used by Biden to block the merger ("What next", 2025), win in court. This is possible, yet would leave the merger up to the whims of a judge, and even if successful appealed, would only lead to a further review for national security concerns (Narioka, 2025).

The alternative is for Trump himself to walk back the deal's blocking. Biden's order came after a national-security-review board was inconclusive as to whether there was a threat, and instead left the decision to the president ("What next", 2025). Since taking office, Trump has had no problem walking back Biden's agenda, reversing 67 of Biden's executive orders on his first day as president ("The first 100 days", 2025).

Recommendations towards a mutually beneficial solution

The challenge, then, is to create a situation where Trump can shield himself from political damage while walking back the block. This is something that does not seem to have been treated in much detail, so I will have a stab at it here. There are two main points of concern with Trump's undoing of the block. The first is that by reneging on his campaign-trail promise to prevent the merger, he might lose credibility in his supporters' eyes and the potential support of USW. However, since he never has had USW's backing, and will not need it in a future campaign, the latter part of this concern is not too concerning, although if he learns Nippon's lesson and includes USW in a negotiation, it may go smoother. Regardless, it would be in USW's best interests for the deal to close, as it is the best way for US Steel's workers to keep their jobs. The former part, however, would require a bit of spin. Trump could frame his reversal to increase his working-class appeal, maybe saying that he had a change of heart when steelworkers brought to his attention the fact that they would lose their jobs without the merger.

The second point of concern stems from the political considerations of a highly protectionist president, who intends to impose massive tariffs on foreign goods to improve — in his view — American trade relations with other countries (Swanson, 2025), choosing to allow a foreign company to acquire a famed American one. Here, again, there are arguments that Trump could make, including that if the deal does not go through, the American company would be worse off, and that the merger would create a powerful rival to companies from his great adversary — China. Further, Trump could also use the opportunity to extract further concessions on behalf of American workers, perhaps guaranteeing that Nippon keeps its union contracts.

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