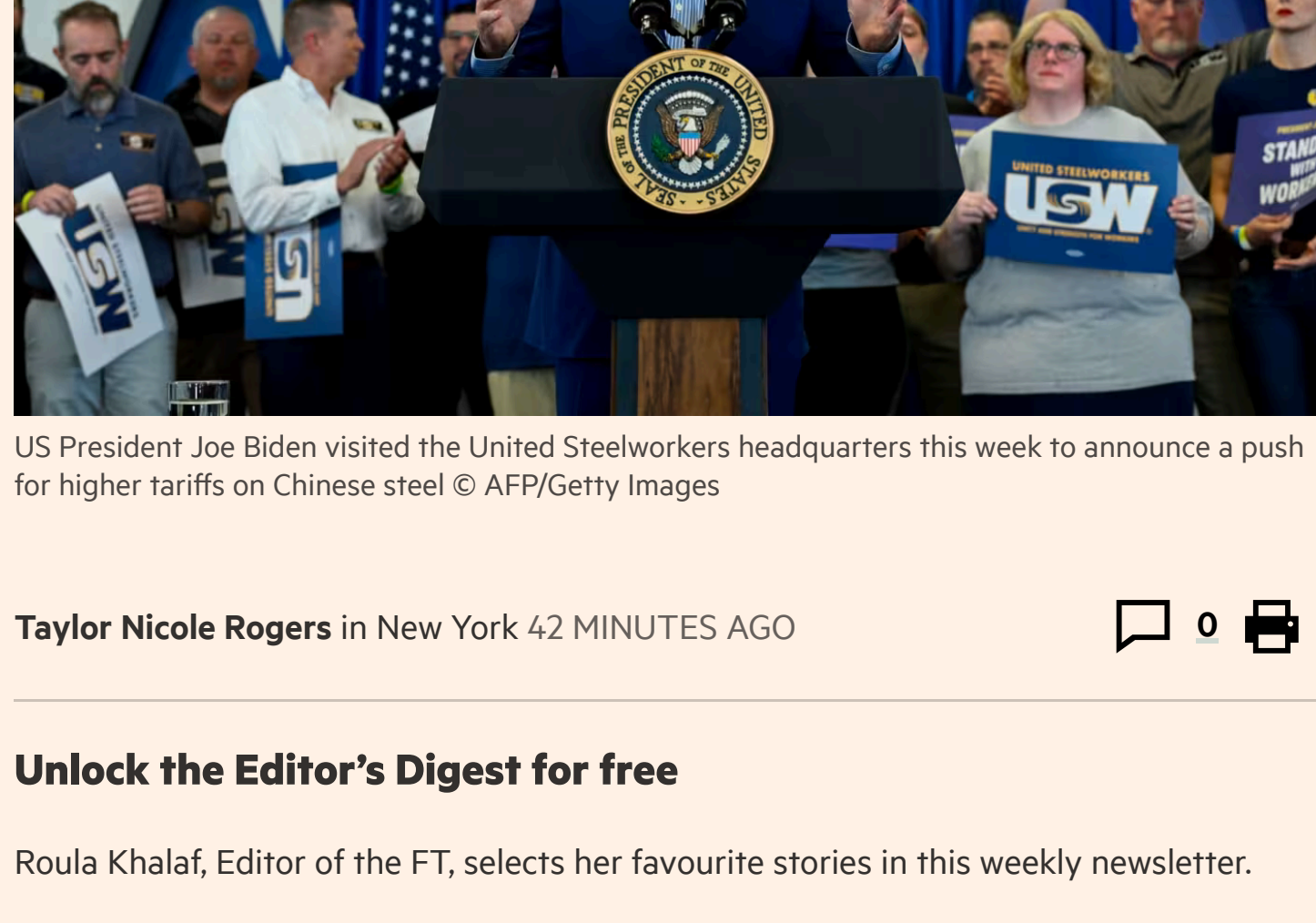


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# How a union for 60,000 steel workers became a force in US politics

The USW has inserted itself into the election, US-China relations and a \$14.9bn cross-border deal



US President Joe Biden visited the United Steelworkers headquarters this week to announce a push for higher tariffs on Chinese steel © AFP/Getty Images

Taylor Nicole Rogers in New York 42 MINUTES AGO



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The economy of Pittsburgh, Pennsylvania, has grown far beyond its steel industry roots. Yet when President Joe Biden visited on Wednesday, his only stop was to the headquarters of the United Steelworkers.

The labour union's base provided a fitting backdrop for the president to announce a push for higher tariffs on imported Chinese steel. China's heavily subsidised steel and aluminium makers have flooded global markets with discounted metals, costing Pennsylvania jobs, he said.

But Biden had a second message as he addressed the cameras, flanked by workers holding USW signs: that US Steel, the Pittsburgh-based American industrial icon, should remain "American-owned, American-operated by American union steelworkers — the best in the world".

The event underscored how the USW, which has just 60,000 members in the steel industry, has inserted itself into the presidential election and Washington's relations with its biggest geopolitical rival.

By flexing its political muscle to block Nippon Steel's proposed \$14.9bn takeover of US Steel, the union has also complicated the relationship with one of Washington's closest diplomatic allies, Japan.

Biden and Donald Trump, his rival in November's presidential election, have both opposed the Nippon deal as they court blue-collar workers — and their union representatives — in swing states such as Pennsylvania. USW president David McCall, a vocal critic of the Japanese group's bid, was invited to a White House state dinner last week in honour of Fumio Kishida, Japan's prime minister. Biden hailed McCall on Wednesday as "a friend of mine".

The USW has worked for decades to influence mergers and acquisitions in an attempt to preserve jobs, backing the companies it saw as more worker friendly. But members say this fight feels different inside a union that is under threat as the broader American steel industry shrinks.

"I have worked at US Steel for 23 years and I have never felt nervous about my job until now," said Don Furko, president of USW Local 1557, which represents US Steel employees in Clairton, Pennsylvania.

Nippon offered \$55 a share in cash for US Steel in December, months after the American company had rebuffed a lower offer from US-based Cleveland-Cliffs. Soon afterwards, Nippon said it did not plan to close plants or lay off staff before the USW's employment contract expired in 2026.

Furko said that rather than appeasing the steelworkers, Nippon's comments had the opposite effect.

"It was just shocking," he said. "If right out the gate, before we even have negotiations or anything, you're mentioning the possibility of lay-offs or plant closures, we don't want this deal to go through. It's just a stupid thing to say."

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David McCall, the USW president, was invited to a White House state dinner for Japanese prime minister Fumio Kishida © Getty Images

Of the USW's 1.2mn members, only about 11,000 work for US Steel. Their fear is that Nippon will close the ageing blast furnaces where most of them work. After years of closures, only five of these remain open.

Nippon is still one of the world's largest operators of blast furnaces, but it has closed several of its own in Japan in recent years to cut costs and emissions, laying off thousands of workers. Originally, Nippon proposed purchasing only US Steel's electric arc furnace "mini-mills" in Arkansas, where workers are not represented by a union.

"US Steel says, 'Oh, it'll be good for your members because they're going to invest'," McCall said in an interview. "But they won't tell us where. If they're going to invest in building another EAF down in Arkansas, that doesn't help our members."

USW leaders have also criticised the Japanese group for not contacting the union before submitting its bid to US Steel's board, in contrast with other interested parties, including Ohio-based Cleveland-Cliffs and Pennsylvania's Esmark. Nippon has said in a regulatory filing that it had wanted to meet the USW before signing an agreement, but had been prevented by US Steel's legal advisers.

Nippon said in a statement: "From the outset, our goal has been clear — to protect and grow US Steel in the US market for the benefit of all of its stakeholders through increased financial investment and the contribution of our advanced technologies. We look forward to collaborating closely with US Steel to move forward together as the 'best steelmaker with world-leading capabilities'."

The fight over the future of the century-old steelmaker comes after decades of decline at US Steel, once the world's most valuable company. Its relationship with the union that represents half of its workers has soured over the past decade as the company expanded into Arkansas, where unions are rare, McCall said.

Employment at US iron and steel mills more than halved between 1990 and 2022, to just 83,200 jobs, according to the labour department. The declining payrolls have left the union in a fight for relevance and forced it to redefine itself by adding members in transport, healthcare and education. But recruiting dues-paying members from new sectors is costly and often takes years.

### US steel industry jobs have been disappearing for decades

Total employment in iron and steel mills and ferroalloy production (000s)



Source: US Bureau of Labor Statistics © FT

"Unions are very successful at organising right now, but they are often losing members faster than they are adding them because plants are closing," said Anne Lofaso, a professor who studies labour at West Virginia University College of Law.

Art Wheaton, the director of labour studies at Cornell's School of Industrial and Labor Relations, added: "Everybody would agree that US Steel has been declining, declining, declining, and the workers would all benefit from significant investment, but there is a lot of political influence involved."

McCall formally endorsed Biden on the union's behalf last month, after the president spoke out against the Nippon deal. McCall credited the Biden administration's pro-industrial economic policies with creating more job and retirement security for his members.

Rank-and-file steelworkers are not necessarily in line with their union, however. In Furko's local chapter, support for Trump is "overwhelming", he said.

"They just feel that Donald Trump has more of our interests at heart," Furko said, adding that the tariffs the former president imposed on Chinese imports "did help us out at first".



US Steel's Edgar Thomson Works steel mill in Braddock, Pennsylvania © Bloomberg

There is also another factor explaining the USW's resistance to Nippon's proposed expansion in the US: what experts call a years' long charm offensive by Cleveland-Cliffs.

In an industry where relationships between workers unions and employers are notoriously fraught, Cleveland-Cliffs has touted the union jobs it preserved after past acquisitions. Last August, the USW said it would not endorse any other bidder for US Steel, hailing the Ohio-based company as "an outstanding employer".

"We have a very, very strong partnership with the USW," Cleveland-Cliffs chief executive Lourenço Gonçalves told CNBC last month, predicting that Nippon would never manage to agree a deal with the union.

Asked by the Financial Times if there was anything Nippon could do to win over his members at the USW, McCall's answer was firm: "No."

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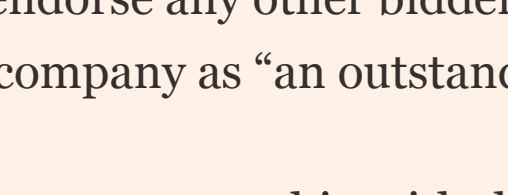
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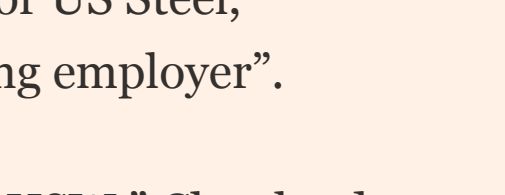
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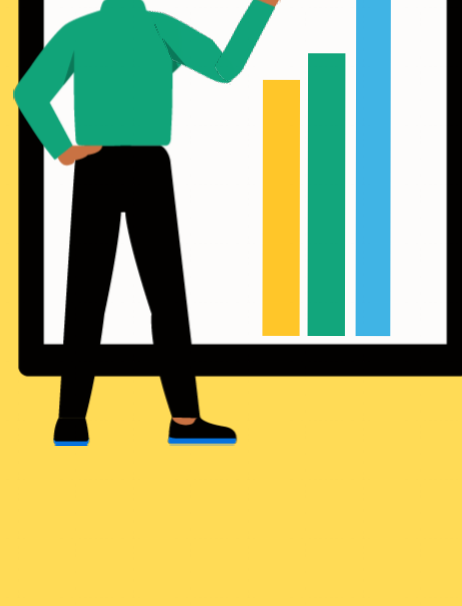
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