National Urban League

Empowering Communities.
Changing Lives.
For An Equitable Future.

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Committee on Foreign Investment in the United States (CFIUS)
Department of the Treasury
1500 Pennsylvania Ave NW
Washington, DC 20220

Subject: National Urban League Opposes the Acquisition of U.S. Steel by Nippon Steel

Dear Committee Members,

On behalf of the National Urban League, a historic civil rights organization with 92 affiliates across 36 states and the District of Columbia, and the communities we represent, I write to express our grave concerns and opposition to the proposed acquisition of U.S. Steel by Nippon Steel. This transaction, if allowed to proceed, threatens the socio-economic fabric of Black communities and would have profound negative implications for working-class communities and communities of color across the United States, representing a dire concern for the National Urban League and our mission to ensure economic empowerment and equity.

1. **Impact on Employment and Communities of Color**

The United Steelworkers Union has highlighted the potential for significant job losses as a direct result of this merger, including the jeopardizing of "family-sustaining jobs" during the transition. The National Urban League is particularly concerned about the disproportionate impact these job losses will have on communities of color, which historically have relied on the steel industry for stable, middle-class employment.

Historically, U.S. Steel has played a crucial role in providing employment opportunities for African-American workers and other communities of color, helping them to achieve economic stability and ascend to the middle class. The proposed acquisition threatens to unravel this progress, potentially leading to a spike in unemployment and economic disenfranchisement among these historically marginalized groups.

2. **Plant Closures and Community Impact**

The acquisition raises the specter of plant closures in communities that can least afford it. These communities, already facing numerous challenges, rely heavily on the jobs and economic activity generated by U.S. Steel facilities. The closure of these facilities would not only lead to job losses but would also have a cascading effect on local economies.

U.S. Steel facilities are not just workplaces; they are the lifeblood of the communities they inhabit. Many of these facilities are located in areas with a significant Black population, making them crucial to the economic stability and growth of these communities:

- Fairfield, AL (Fairfield Tubular Operations): 92.6% Black population
- Gary, IN (Gary Works): 77.6% Black population
- East Chicago, IL (Part of Gary Works): 38.4% Black, with a significant Latino majority population
- Osceola, AR (Big River Steel): 54.4% Black population
- Ecorse/River Rouge, MI (Great Lakes Works): 46% Black population

The proposed merger puts at risk the jobs and livelihoods of countless members of these communities, exacerbating already existing economic disparities, pushing these communities further into economic insecurity, and hindering community development.

3. Threats to Black Suppliers and Economic Disinvestment

Beyond the direct impact on jobs, the proposed acquisition threatens the broader ecosystem that supports and is supported by U.S. Steel, including Black suppliers and small businesses. These entities depend on the economic activity generated by U.S. Steel's operations and employees. A reduction in workforce or a shift in supplier preferences towards international or non-community-focused entities could lead to significant economic disinvestment in these communities.

This disinvestment would not only harm the current generation of Black business owners and workers, but would also stifle the growth of future entrepreneurs, thereby perpetuating a cycle of economic disenfranchisement and inequality. The loss of U.S. Steel as a community stakeholder could lead to a decrease in philanthropic contributions, community development investments, and participation in local economic initiatives that have been vital for the sustainability and growth of Black communities around these facilities.

4. National Security and Economic Implications

Beyond the social and economic concerns, this transaction poses significant national security risks. The potential diversion of critical resources, like iron ore, and the weakening of the nation's capacity to produce essential steel for infrastructure and defense, cannot be overlooked.

5. Call to Preserve Community Integrity and Economic Opportunities

In light of these concerns, it is imperative that CFIUS considers the full scope of potential negative impacts the acquisition of U.S. Steel by Nippon Steel would have on predominantly Black communities and the interconnected network of Black suppliers and small businesses. The National Urban League urges a comprehensive review that prioritizes the preservation of jobs, community integrity, and the continued investment in Black communities that have historically benefited from the presence of U.S. Steel facilities.

We advocate for a decision that aligns with the best interests of these communities and the nation, ensuring economic opportunities are not stripped away but are protected and nurtured for future generations.

We are committed to engaging in dialogue and providing further insights to assist the committee in understanding the depth of potential repercussions this merger holds for Black communities across the United States. Our hope is that, together, we can find a path forward that safeguards the economic wellbeing of our communities.

Sincerely,

Marc H. Morial
President and Chief Executive Officer
National Urban League

cc: Secretary Janet Yellen
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