U.S. Steel Bought by Japanese Rival, Ending Long Takeover Saga

The $14.1 billion deal comes after months of uncertainty about the future of the century-old steel maker.

By Michael J. de la Merced
New York Times

U.S. Steel agreed on Monday to sell itself to Nippon Steel for $14.1 billion, capping months of speculation about the fate of the American industrial heavyweight.

U.S. Steel, which was formed more than a century ago from a part of Andrew Carnegie's industrial empire, has been weighing several takeover bids, including by domestic rival, Cleveland-Cliffs. A little-known steel producer, Esmark, made an even larger bid — that was light on details — before withdrawing days later.

In the end, U.S. Steel chose an offer by one of its biggest global competitors that was worth significantly more than Cleveland-Cliffs' initial offer: Nippon Steel will pay $55 a share in cash, compared with the $35 a share cash-and-stock bid that Cleveland-Cliffs made in August.

The combination with Nippon Steel would create "a truly global steel company with combined capabilities and innovation capable of meeting our customers' evolving needs," David B. Burritt, U.S. Steel's chief executive, said in a statement.

The company, whose creation was led by the business magnates John Pierpont Morgan and Charles Schwab, has vastly reduced sway since its heyday and for years has fallen behind its domestic competitors.

The acquisition is a further consolidation of the industry in the United States, which is now dominated by three major companies: Cleveland-Cliffs, Nucor and Steel Dynamics. Steel has enjoyed a recent boom period as part of a revitalization of U.S. manufacturing, spurred by tariffs against China, the world's largest producer of steel, and legislation like the Chips Act and the Inflation Reduction Act, which has helped drive up steel demand, and prices, by limiting competition from foreign markets.

The sale of U.S. Steel is a symbolic coda for a major player in the growth of the U.S. economy in the first half of the 20th century. Feats of American architecture and engineering like the Willis Tower in Chicago, New River Gorge Bridge in West Virginia and United Nations Building in New York were all built from products made by U.S. Steel.

But the company has faced challenges for decades as the industry faced intensifying competition from outside the United States. In an effort to diversify, U.S. Steel acquired an oil company — Marathon Oil — in 1982, only to spin it off in 2001.

The United Steelworkers union, which represents most of the workers from U.S. Steel, had said that it would only accept offers from Cleveland-Cliffs, which is also represented by the same union. The union ratified a four-year contract with U.S. Steel in December 2022, which states that a buyer has to come to terms on a new labor agreement before it completes the purchase.

In the deal announcement on Monday, Nippon Steel said it would honor all agreements between U.S. Steel and the union, including collective bargaining pacts.

Henry Farber, a professor of economics at Princeton University who studies industrial relations, said that workers at U.S. Steel had faced difficulties associated with globalization and outsourcing, like their counterparts in other industries. But a tightening labor market has given those workers more power in recent times, he said.

“In the last couple of years, the shape of the labor market has changed a bit and the unions are exercising, at least for now, a little more clout than they had before,” Mr. Farber said.

Lauren Hirsch and Santul Nerkar contributed reporting.