



March 29, 2024

The Honorable Lael Brainard
Director
National Economic Council
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Director Brainard:

On behalf of Alliance for Automotive Innovation, the association representing auto manufacturers producing most vehicles sold today in the United States, I write regarding recent developments related to the ownership of United States Steel Corporation (U.S. Steel).

We understand the Committee on Foreign Investment in the United States is reviewing Nippon Steel's offer to acquire U.S. Steel.

Earlier this month, President Biden [stated](#) it is "vital for [U.S. Steel] to remain an American steel company that is domestically owned and operated." In December, you said that "...[this] purchase... by a foreign entity – even one from a close ally – appears to deserve [serious scrutiny](#)."

Public reports suggest that Cleveland-Cliffs Inc. (Cleveland-Cliffs), which unsuccessfully attempted to acquire U.S. Steel in 2023, has mobilized a campaign against Nippon Steel's purchase. Cleveland-Cliffs continues to pursue an acquisition of U.S. Steel, despite the rejection of its initial offer that valued U.S. Steel at \$7.25 billion – significantly lower than Nippon Steel's \$14.9 billion offer.

Media reports also [indicate](#) that "Biden administration officials earlier this year studied brokering a sale of U.S. Steel to Cleveland-Cliffs instead, before deciding it wasn't feasible..."

That was an appropriate conclusion and it should remain the administration's official policy toward any attempt by Cleveland-Cliffs to acquire all or parts of U.S. Steel in the future. In fact, given the current holdings of Cleveland-Cliffs, any combination between it and U.S. Steel deserves at least the same or more antitrust scrutiny.

Cleveland-Cliffs is the largest supplier of steel to the automotive industry in North America. Automakers accounted for 31 percent of the company's 2022 revenue.

As I [wrote](#) to Congress, the Department of Justice, and the Federal Trade Commission in October:

In addition to owning nearly all U.S. iron ore mining and processing facilities, a combined Cleveland-Cliffs and U.S. Steel would have *total or near total control* of steel manufacturing in the U.S. – including 100 percent of blast furnace production in the U.S.

A consolidation of the two companies would also place 65 to 90 percent of steel used in vehicles under the control of a single company. This includes 100 percent of the domestic electrical steel (e-steel) needed for electric vehicle (EV) motors and EV production.

That result could lead to anti-competitive pricing of materials used by steel-reliant manufacturers like the auto industry, drive up the cost of both steel and e-steel, and ultimately increase the cost of finished vehicles (including EVs) for American consumers.

The latter should be of particular concern to the administration after the Environmental Protection Agency just finalized new emissions standards requiring a major increase in U.S. EV sales between model years 2027-2032.

As the administration knows, the automotive industry supports nearly 10 million jobs coast-to-coast and contributes five percent to U.S. GDP.

In Ohio, for example, automaking [employs](#) more than 305,000 workers (4.5 percent of the state's total workforce) and contributes more than \$20 billion in labor income. In Michigan, the auto industry [employs](#) 392,000 workers (7.2 percent of the total workforce) and more than \$28 billion in labor income.

These are American jobs that rely on a fair and competitive steel industry too.

If the administration has concerns about the Nippon Steel deal, it must seriously consider alternative outcomes. One option that should not be on the table is an arrangement that creates a market concentration of domestic steel production in a single company.



Beyond the antitrust implications, this move would expose the broader manufacturing sector to possible supply chain interruptions or shortages – disruptions that could undermine the administration’s signature initiatives.

I look forward to discussing this important issue with you or your staff.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Bozzella".

John Bozzella
President and CEO
Alliance for Automotive Innovation

Cc: The Honorable Chuck Schumer
Majority Leader, U.S. Senate

The Honorable Mitch McConnell
Republican Leader, U.S. Senate

The Honorable Mike Johnson
Speaker of the U.S. House of Representatives

The Honorable Hakeem Jeffries
Minority Leader, U.S. House of Representatives

The Honorable Jake Sullivan
National Security Advisor

The Honorable Gina M. Raimondo
Secretary of Commerce

The Honorable Jonathan Kanter
Assistant Attorney General, Antitrust Division
U.S. Department of Justice

The Honorable Lina M. Khan
Chair, Federal Trade Commission