

SHERROD BROWN
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United States Senate
WASHINGTON, DC 20510 - 3505

April 1, 2024

President Joseph R. Biden
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500

Dear President Biden:

As you know, I have made clear my deep-seated opposition to the potential merger of U.S. Steel and Nippon Steel. This deal is bad for American workers and bad for our economic and national security.

I have previously raised the alarm regarding Nippon's failure to engage with union workers and history of poor trade practices. It is also imperative that Nippon's relationship with and exposure to the Chinese steel industry is thoroughly examined as well.

The attached report, "Forged Friendship: Nippon, China, and Industrial Base Risks," raises serious concerns about several matters including Nippon's: 1) entanglement with and prioritization of the Chinese steel market, 2) joint ventures with entities that may meet the definition of a "Chinese Military Company" provided in Section 1260H of the fiscal year 2021 National Defense Authorization Act, and 3) possible violations of the Uighur Forced Labor Protection Act.

In 1978, Nippon Steel reached a deal with China to build what was described as "China's first fully modern steel complex."¹ As a result, for nearly fifty years, Nippon Steel has been fundamentally intertwined with China's steel industry. According to the report, Nippon operates 9 facilities in whole or in part in mainland China and maintains partnerships with several upstream and downstream entities such that their presence in the state-controlled Chinese steel sector is pervasive. As such, part of Nippon's corporate strategy is to prioritize the Chinese market.

Nippon's connection to the Chinese steel ecosystem and industrial policy agenda has concerning implications regarding ties to China's military-civil fusion strategy and quest for global economic power. One of Nippon's joint ventures, Beijing Shougang International Engineering

¹ <https://www.nytimes.com/1978/12/06/archives/japanese-to-build-giant-steel-mill-for-chinese-in-203-billion-deal.html>

Technology Co., Ltd., is a subsidiary under the parent company Beijing Shougang Co., Ltd., which – according to the attached report – meets the definition of a “Chinese Military Company” provided in Section 1260H of the fiscal year 2021 National Defense Authorization Act. If true, Nippon is directly partnering with entities whose goal is to make the People’s Liberation Army of the Chinese Communist Party the most powerful and advanced military in the world.

The report also references concerning ties between Nippon and the most horrifying of Chinese state policies, the forced labor of the Uighur population. Due to Nippon’s initial set-up of Baowu Steel’s predecessor company and continued partnership with the Chinese steel industry, Baowu Steel has grown to the largest steel maker in the world. Baowu has proudly advertised their role in carrying out Chinese government policies against the Uighurs.² Disturbingly, the linkage between Nippon and forced labor may go even deeper, as the report states there is evidence that Nippon has an office in Xinjiang. Potential violations of the Uighur Forced Labor Prevention Act must be considered in the case of this merger.

As you examine this deal, I urge you to thoroughly investigate the allegations raised in this report and examine Nippon’s ties to the Chinese government and the danger this merger poses to American national and economic security. We cannot allow our U.S. industrial base to be compromised through further entanglement with one of our biggest national security threats, and our largest economic competitor that we know does not follow our trade laws.

Sincerely,



Sherrod Brown
United States Senator

² <https://www.nytimes.com/2022/12/06/business/economy/global-car-supply-chains-xianjiang-forced-labor.html>