



June 13, 2024

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

Dear Director Brainard,

I write today regarding the pending merger between U.S. Steel and Nippon Steel. As the President and CEO of Autos Drive America, the leading association representing the U.S. operations of international automakers, my members and I are concerned that the rhetoric around this proposed merger will have negative impacts on future foreign direct investment (FDI) into the United States. Such investment by our closest allies and partners is a driver of economic growth and job creation in the United States and has a positive impact on the communities where those investments are made.

Autos Drive America represents the U.S. operations of 13 international automakers and suppliers who operate 31 manufacturing plants, employ over 156,000 Americans, and support an additional 2.1 million American jobs. International automakers are a leading driver of foreign direct investment in the United States, with over \$37 billion of investments announced over the past two years. Autos Drive America's members are continually investing in the United States as the automotive manufacturing industry undergoes the shift to electrification. Subsequently, our members will need their suppliers to also continue their investment as they supply automakers with the specialized goods needed to support the transition.

Japan has been a steadfast ally of the United States for decades. Our strong diplomatic, economic, and security relationships have continually contributed to the stability and prosperity of both nations. Fostering FDI from a trusted ally like Japan grows our economic partnership, helps to diversify supply chains, and creates new opportunities for economic growth. It also has the potential to bring with it cutting-edge technology and products that are not currently produced in the United States.

The notion that U.S. national security is threatened by a merger between U.S. Steel and a firm headquartered in an allied nation is questionable at best. Strengthening the economic ties between allies enhances U.S. national security by increasing America's ability to compete with China, by ensuring robust competition in U.S. manufacturing and improving the country's technological capabilities. Nippon Steel has been operating in the U.S. for nearly 40 years with eight production bases in seven different states. Our understanding is that this investment will modernize and expand U.S. Steel's facilities and, if the sale to Nippon Steel were to be approved, will enhance productivity, drive innovation, and support the overall competitiveness of the U.S. steel industry on the global stage. Investments that expand production capabilities in the United States only bolster our national security capabilities.

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Furthermore, the U.S. automotive industry stands to benefit from this transaction. Nippon Steel is renowned for its advanced production techniques and high-quality steel products. By leveraging Nippon Steel's expertise and resources, U.S. automakers will have access to superior steel materials, enabling them to source more steel from the United States. This, in turn, will reinforce the competitiveness of American car manufacturers and support domestic supply chains, and may potentially lead to increased exports of American-made automobiles.

Finally, we must raise concerns about further consolidation of the American steel industry. If a merger between Cleveland Cliffs and U.S. Steel were to be approved, it would place between 65 to 90 percent of steel used in the automotive industry under the control of a single firm. This would likely result in anti-competitive pricing of materials used by the automotive industry, ultimately driving up the costs of finished vehicles for American consumers.

In conclusion, the merger between U.S. Steel and Nippon Steel is not just a business transaction but a strategic investment that would strengthen our economy, create jobs, and enhance the capabilities of key industries. I strongly urge the administration remove the politics from the approval process and recognize the benefits it will bring to the United States.

I am confident that with your leadership, we can continue to foster mutually beneficial economic relationships with our international allies.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer M. Safavian".

Jennifer M. Safavian
President and CEO

CC:

The Honorable Janet L. Yellen
The Honorable Merrick B. Garland
The Honorable Antony J. Blinken
The Honorable Gina M. Raimondo
The Honorable Katherine C. Tai