

Steelworkers, U.S. Steel Reach Tentative Contract Agreement

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United Steelworkers rally in August in Clairton, Pa. Photo: Steph Chambers/Associated Press

By

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The United Steelworkers union and U.S. Steel Corp. ~~X -1.18%~~ struck a tentative agreement for a new labor contract covering at least 14,000 workers, breaking a three-year wage freeze.

The union and company issued statements Monday afternoon confirming the initial deal, but representatives for both sides declined to comment on contract terms.

Workers for the Pittsburgh-based steelmaker have been pushing for raises in a new contract amid 25% tariffs on steel imports implemented by the Trump administration. Those tariffs have helped U.S. Steel raise prices, as the U.S. economy has expanded.

The new deal would last four years, according to the company, and likely raises compensation, including wages, for employees. On a company website dedicated to the negotiations, U.S. Steel touted increases in base wages over a six-year term. The union fought a contract of that length, however.

Under that scenario, a worker in the company's lowest wage tier would earn \$20.45 per hour now, but that same position would pay \$24.66 per hour by September 2023, a roughly 21% increase. The union maintained that the raises offered, however, would largely be offset by costs for health insurance coverage proposed by the company.

U.S. Steel believes the tentative agreement is “fair and in the best long-term interests of our employees and their families, as well as U.S. Steel’s customers, stockholders and other stakeholders,” David Burritt, the company’s chief executive, said in prepared remarks.

Shares in U.S. Steel fell 2.3% to \$27.97 on Monday but ticked up 0.5% in after-hours trading.

Unionized workers at the company had previously authorized union leaders to call a strike if negotiations faltered. The previous agreement expired Sept. 1, but employees continued to work as negotiators for both sides worked on an agreement.

“This group of workers stood up to a hugely profitable company and demanded a piece of the success they helped to create,” Tom Conway, chair of the union’s bargaining committee, said in prepared remarks.

Around 14,000 workers at U.S. Steel would be covered by the contract at facilities around the country, the company said in its statement. The union said, however, that the proposed agreement would cover 16,000 members. Neither side could immediately explain the discrepancy.

With the tentative agreement in place, workers will now review the proposal and then vote on it. A union spokesman said the organization’s bargaining committee recommended that its members ratify the deal.

In the last collective-bargaining agreement between U.S. Steel and its unionized workforce, employees agreed to a wage freeze, as the company was then losing money.

The industry is on healthier footing now. In August, U.S. Steel reported that net sales for the second quarter rose 15% from the year earlier to about \$3.6 billion, though profits fell 18% to \$214 million.

ArcelorMittal SA management and employees represented by the United Steelworkers also are bargaining over a new contract.

ArcelorMittal and U.S. Steel account for 40% of U.S. production capacity of flat-rolled steel that is used across the industrial sector.

—Bob Tita contributed to this article.

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