# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

|  |  |
| --- | --- |
| **TITLE** | **Tata Steel UK Ltd** |
| **DATE** | **19 January 2024** |
| **BY** | **Vaughan Gething MS, Minister for Economy** |

Today’s announcement by Tata Steel UK (TSUK) leaves thousands of workers and their families, in Tata Steel and across the wider supply chain, facing an uncertain future.

TSUK currently employs directly more than 6500 employees in Wales and a further 1500 in the rest of the UK.

The Welsh Government has worked closely with TSUK and the recognised steel trades unions for many years to safeguard these vital jobs and the long-term future of steel production in Wales.

Steel is one of the most important materials in any modern economy and Wales and the rest of the UK are better off and more secure with significant, sovereign steelmaking capabilities.

The Welsh contribution to the UK steel sector is decisive and the industry is part of our nation’s story. It represents an economic strength with global reach and serves as a marker of Welsh excellence.

The scale of the operation at Port Talbot brings together a vibrant mix of cutting-edge skills and specialisms that ought to be understood, promoted and respected at every level of government. The workforce boasts the skills, experience and know-how to unlock an ambitious green transition that exploits new technologies and the enormous demand a low carbon economy will command. Our rapidly changing economy will need more steel and unless UK Ministers and TSUK act together with urgency, less of that steel will be produced in Wales as we become increasingly reliant upon imports.

In choosing not to pursue a modern industrial strategy with steel at its core, the UK Government has damaged our ability to create the long term, reliable growth that would turn net zero measures into more sustainable, green jobs in Wales.

We have repeatedly urged the UK Government to act at scale with the investment needed to support the move to greener methods of steel production and for the Company to lead on a fair and just transition for its workers and those UK companies within its extensive supply chain.

Today’s announcement presents a social and economic body-blow with profound and far-reaching implications for Wales. It is our firm view that the Prime Minister and his cabinet do have levers at their disposal that could prevent the worst case scenario and the scale of economic loss we now face. UK Ministers must now work rapidly in the coming hours and days to convene talks that explore all avenues to bring about a longer, fairer transition that supports a larger, more secure steel industry.

I have raised my concern on the need to act at this level with the Secretary of State for Business and Trade, Kemi Badenoch MP and Minister of State, Nusrat Ghani MP.

It is a matter of deep regret that the UK Government - and in particular the Department for Business and Trade – has to date demonstrated no recognition of the strategic importance of the sector. Unlike previous Business Secretaries, the current UK Secretary of State for Business and Trade has refused to meet with Welsh Ministers at a time of unrivalled uncertainty and risk for the sector. This has allowed opportunities for earlier shared action that could have prevented today’s announcement to be missed.

In September 2023, TSUK and the UK Government finally announced a joint agreement on a proposal to invest in state-of-the-art electric arc furnace steelmaking at the Port Talbot site, with a capital investment of £1.25bn including a grant from the UK Government of up to £500m. The proposals included a restructuring of the existing TSUK business followed by an investment in electric arc technology.  The Welsh Government was not party to any discussions around this agreement.

Whilst the announcement contained significant investment for the longer term, it was inevitable that TSUK employees, and their families, became extremely anxious for their jobs and the social impact they and their communities would have to bear should workers lose the dignity of employment. In both direct meetings and public statements, I have cautioned against UK Government Ministers basing assumptions on the worst case scenario because such actions actively undermine negotiations that require space, time and expertise. These requests were not heeded, and I am deeply concerned at the confused and, at times, indifferent approach adopted by the UK Government on this matter.

Today’s announcement has realised the workforce’s fears with the news that around 2,500 jobs could be lost across Tata’s Welsh sites, and this is before the impact on the Company’s supply chain is fully understood.

It is by now clear that the case set out for a future that does not require the scaling back covered in today’s announcement has not been fully explored.  A key recommendation, that of operating one blast furnace for a significantly longer period was both economically convincing and underpinned a fair and just transition for TSUK.  This proposal highlighted that the Company could have maintained a significant workforce whilst remaining commercially viable. Both TSUK and the UK Government must fully consider the options that exist to maximise the jobs the Port Talbot site can support with a sustainable plan for the future. We are yet to see a compelling account from UK Ministers or the Company that sets out why alternative options are not deliverable.

It is essential that TSUK conducts a meaningful consultation with its employees and the trade unions about their chosen transition course. As Tata Steel has stated, any agreement is subject to relevant regulatory approvals, information and consultation processes, and the finalisation of detailed terms and conditions. We urge the Company not to make any irreversible choices based on the current levels of UK Government support.

Any decision will have a profound impact on TSUK’s supply chain and the wider region, particularly across a manufacturing sector with ambitious plans for maximising the net zero opportunities presented around the Celtic Freeport.

I spoke with trade union representatives and senior management from the Company yesterday. The First Minister requested an urgent call with the Prime Minister to discuss the action that could still be taken to secure a more ambitious future for this important sovereign asset.

The Welsh Government will continue to work closely with the trade unions and the Company to do everything we can to minimise job losses.

I plan to make an Oral Statement regarding this matter on Tuesday 23rd January.