# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

|  |  |
| --- | --- |
| **TITLE**  | **The Steel Industry in Wales** |
| **DATE**  | **24 October 2019** |
| **BY** | **Ken Skates, Minister for Economy and Transport** |

Recent events in the steel industry across the UK and in Wales, including the proposed closure of the Cogent Orb Electrical Steels site in Newport have highlighted the considerable challenges and pressures facing the industry right now.

The Welsh Government has fought tirelessly over recent years to ensure that our steel industry has a bright and sustainable future. I want to reaffirm to Members the Welsh Government’s ongoing commitment to fight to secure a sustainable future for the steel industry and to keep steel production and steel jobs here in Wales.

The proposed closure of Orb is of considerable concern and we continue to engage with Tata, its loyal and dedicated workforce and the trade unions to understand more behind this decision and potential next steps. In terms of direct support for the workforce, plans are already in train via our ReAct scheme to provide support to those affected by the proposed closure.

Steel is a strategically important industry that sits at the foundation of many supply chains including automotive, construction, energy, domestic goods and packaging. The steel industry across Europe is operating in an extremely challenging environment with significant global overcapacity, rising raw material prices, slowing markets and rising imports.

In addition to these Europe wide issues, the environment for UK steel makers is exacerbated by additional disadvantages. Chief among these is the electricity price disparity between UK steel companies and their European counterparts that adversely impacts on their ability to compete internationally and invest in their businesses. The sector’s trade body, UK Steel, last month issued their annual analysis of electricity prices. This indicates that UK steelmakers paid 80% more than in France and 62% more than in Germany for their electricity.

We continue, as we have done since 2016, to press the UK Government to better support energy intensive industries facing this hugely difficult situation. Action that needs to be taken now if we are secure a sustainable future for this vitally important industry to Wales and the UK.

The sector also faces Brexit related trade issues, particularly in the event of No Deal. These include the prospect of 25% tariffs on steel imports into Europe and the loss of tariff free access to markets currently covered by free trade agreements. Additional non-tariff and administrative barriers to trade would cause significant problems for the sector and the Welsh Government has warned about these consistently since the 2016 referendum.

Amid this uncertainty there is the very real threat that customers will seek alternative suppliers. My colleagues and I continue to work closely with the steel industry to understand their trade concerns and raise these issues with UK Government Ministers.

I discussed these issues with the Secretary of State for Business, Energy & Industrial Strategy on 17 October and pressed on her the importance of working with the Welsh Government to address the issues facing this critical UK sector.

I asked the Secretary of State to convene an urgent meeting of the UK Government, Devolved Administrations and the steel industry, along the lines of the Steel Council which was convened in 2016 but which has not sat since June 2018. I am pleased to say that as a result of this request this meeting will now take place on 24 October and I will be taking part on behalf of the Welsh Government.

At that meeting I will be raising these issues which are critical to the future of the sector here in Wales.