# WRITTEN STATEMENT

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# THE WELSH GOVERNMENT

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| **TITLE** | **Update on Tata Steel** |
| **DATE** | **14 May 2019** |
| **BY** | **Ken Skates, Minister for Economy and Transport** |

Last Friday Tata Steel and Thyssenkrupp announced that they do not expect the European Commission to approve the proposed joint venture to combine their European steel business. I spoke with Tor Farquhar, Executive Director, Tata Steel Europe as well as trade union representatives, on Friday following the announcement and I will continue to work closely with Tata to discuss how we can best support the company in light of this recent development.

I also wrote to Greg Clark, the Rt. Hon Secretary of State for Business, Economy and Industrial Strategy on Friday and spoke to him in person yesterday to understand how the UK Government can support steelmaking in Wales and across the UK following this news.

This is clearly a worrying time for those that work in the steel industry in Wales. I want to make it very clear to Members that as the Welsh Government stood by our steel industry through the crisis of 2016, we will again work collaboratively with the industry, with its supply chain and with recognised trade unions to support our steelworkers and the communities around them through this important next period.

As the trade unions have acknowledged it will be important that Tata Steel takes time to reflect on the next steps and that Tata Steel Europe’s shareholders do not make any hurried decisions on the future and continue to engage fully with employee representatives. It is also important that the company continues to pursue and invest in its transformation plan for Tata Steel UK. I have made clear to Tata that it is important that their steel operations in Wales stay intact and that I will work with them to protect jobs and production here in Wales.

The Welsh Government has, over the last three years, provided significant investment to support the industry in key areas. It is important to recognise how significant those commitments have been.

On a recent visit with the First Minister to the steelworks in Port Talbot to celebrate completion of the major investment made in the relining of Blast Furnace 5, Tata themselves recognised the role Welsh Government had played in supporting the industry through the last, difficult few years. However it is essential that the UK Government now works with us, Tata, unions and our wider steel sector partners to support the important next steps we need to take.

In my conversation with the Secretary of State I made clear that I felt there were two areas where the UK Government could meaningfully provide rapid support. First, in urgently progressing a comprehensive Steel Sector Deal that can provide the foundation for a sustainable industry for the future right across the UK.

Second, on energy costs and decarbonisation. Steel sits at the foundation of a number of industries in the UK, including construction and automotive. The manufacture of iron and steel is very energy intensive and one of the central challenges is ensuring that the sector finds a sustainable way to reduce energy costs for the industry. I believe that there is a way we can do that by helping the industry to decarbonise its manufacturing processes where technically and economically possible to do, and also through the products it manufactures. To achieve this we need the urgent help and support of the UK Government on energy costs and decarbonisation to help put the industry onto a more sustainable footing for the future and help tackle the climate change challenge we face.

The development of higher strength steels offers the potential to reduce the amount of steel used in downstream manufacturing industries, for example advanced lightweight steels in automotive can reduce vehicle carbon emissions. Steel is also the most recycled material in the world and according to Worldsteel the proportion of steel that ends up in landfill is below 1%.

The Committee on Climate Change (CCC) ‘Net Zero’ Report published on 2 May describes credible pathways to process decarbonisation. Importantly the CCC states the scenarios for reducing UK industrial emissions are dependent on retaining our industrial base and decarbonising it rather than offshoring emissions to other countries (i.e. carbon leakage). Driving industry overseas would not help to reduce global emissions and would be damaging to the UK economy. The CCC recognises this will require either consumers or taxpayers to bear much of the cost of decarbonisation of industrial subsectors or sites so long as they are at risk of carbon leakage.

Kirsty Williams, the Minister for Education, and I issued a statement on 26 March updating members on research and development for the steel sector including a number of initiatives in Wales designed to support the sector in reducing its carbon emissions.

I will keep Assembly Members updated as matters with Tata progress. It is my intention to meet with Tata Steel Europe executives in the Netherlands at the earliest opportunity and to meet with the Secretary of State Greg Clark to ensure a transformational Sector Deal is progressed rapidly.