



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

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[Y Pwyllgor Menter a Busnes](#)

[The Enterprise and Business Committee](#)

05/04/2016

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mick Antoniw Bywgraffiad Biography	Llafur Labour
Rhun ap Iorwerth Bywgraffiad Biography	Plaid Cymru The Party of Wales
Mohammad Asghar Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
Keith Davies Bywgraffiad Biography	Llafur Labour
Yr Arglwydd/Lord Elis-Thomas Bywgraffiad Biography	Plaid Cymru The Party of Wales
William Graham Bywgraffiad Biography	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
John Griffiths Bywgraffiad Biography	Llafur (yn dirprwyo ar ran Jeff Cuthbert) Labour (substitute for Jeff Cuthbert)
Eluned Parrott Bywgraffiad Biography	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
David Rees Bywgraffiad Biography	Llafur (yn dirprwyo ar ran Gwenda Thomas) Labour (substitute for Gwenda Thomas)
Joyce Watson Bywgraffiad Biography	Llafur Labour

Eraill yn bresennol
Others in attendance

Tony Brady	Swyddog Cydlynu Rhanbarthol, Unite Regional Co-Ordinating Officer, Unite
Rob Edwards	Prif Drefnydd, Cymuned Lead Organiser, Community
Virinder Garg	Prif Swyddog Gweithredol, Liberty Steel Newport Ltd Chief Executive Officer, Liberty Steel Newport Ltd
Chris Hagg	Pennaeth Materion Allanol, Celsa Steel Head of External Affairs, Celsa Steel
Edwina Hart Bywgraffiad Biography	Aelod Cynulliad, Llafur (y Gweinidog yr Economi, Gwyddoniaeth a Thrafnidiaeth) Assembly Member, Labour (the Minister for Economy, Science and Transport)

Steve McCool	Swyddog Cenedlaethol ar gyfer Dur, Cymuned National Officer for Steel, Community
Tim Morris	Pennaeth Materion Allanol, Tata Steel Europe Head of External Affairs for Tata Steel Europe
Steve Phillips	Prif Weithredwr Cyngor Bwrdeistref Sirol Castell- nedd Port Talbot Chief Executive of Neath Port Talbot County Borough Council
Haydn Swidenbank	Cyfarwyddwr Gweithrediadau, Liberty Steel Newport Ltd Operations Director, Liberty Steel Newport Ltd

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Martha da Gama	Clerc
Howells	Clerk
Rachel Jones	Dirprwy Glerc Deputy Clerk
Ben Stokes	Y Gwasanaeth Ymchwil Research Service

Dechreuodd y cyfarfod am 09:58.
The meeting began at 09:58.

Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **William Graham:** Good morning and welcome to positively the last meeting of the Enterprise and Business Committee of this Assembly. May I welcome Members, witnesses and any members of the public? We have apologies from Gwenda Thomas and Jeff Cuthbert; we're grateful to David Rees and John Griffiths for their attendance today. The meeting is bilingual, and headphones can be used for simultaneous translation from Welsh to English on channel 1 or for amplification on channel 2. The meeting is broadcast, and the transcript of the proceedings will be published. I remind witnesses that there's no need to touch the microphones; they should come on automatically. In the event of a fire alarm, would people please follow directions from the ushers?

[2] May I enquire whether any Members have any declarations to make?

- [3] **David Rees:** Chair, can I declare that I'm a member of Unite the Union?
- [4] **John Griffiths:** I'm a member of Unite the Union and Community trade unions, Chair.
- [5] **William Graham:** Thank you. Mick.
- [6] **Mick Antoniw:** Chair, I'm a member of GMB.
- [7] **William Graham:** Thank you very much. Joyce.
- [8] **Joyce Watson:** I'm a member of Unite.
- [9] **William Graham:** Thank you very much.

09:59

**Cynrychiolwyr Diwydiant—Cymorth ar gyfer y Diwydiant Dur yng
Nghymru
Industry Representatives—Support for the Steel Industry in Wales**

[10] **William Graham:** May I express the committee's thanks to the witnesses for coming today? I know you've had to rearrange your diaries to come, so we're most grateful to you. I'm going to start the questioning, if I may. Since our last meeting with you on 3 March, really, the committee is trying to get an idea of your reaction to the developments that have taken place since that time, and particularly your views on the actions taken by both the Welsh and United Kingdom Governments—perhaps particularly from Tata Steel on the progression of the work stream that the Welsh Government's ministerial taskforce is presently undertaking. Tim, perhaps you could begin.

[11] **Mr Morris:** Good morning. Thank you very much again for the interest of the committee in the steel sector; it's very much valued. I think, in general, one would say that the situation remains very challenging for the steel sector—well, certainly the established steel sector. Since the last meeting, clearly Tata Steel has made a number of announcements, or notably one principal announcement. Work is very much ongoing with the Welsh Government in terms of our public engagement as part of the taskforce programme. We've found that a useful forum for taking forward a number of actions that are useful for us, but also the sector in general and a number of

actions that are useful, we hope, for the communities in which we operate. The enterprise zone in the Port Talbot area will be a notable example of that.

10:00

[12] We continue an active dialogue with the Welsh Government, and we find the Welsh Government to be an active and engaged participant in the discussions and deliberations that the company undertakes. And we continue to find the political environment in general in Wales a supportive one for the steel sector, and we thank all parties for their interest in that.

[13] We also continue a very active dialogue with the UK Government on a range of different areas, both general policy areas but also opportunities and challenges specific to our own situation.

[14] **William Graham:** Thank you. Any other comments?

[15] **Mr Swidenbank:** Having looked at the minutes of the last meeting—because I obviously wasn't present—the burning issues, really, are energy and, I would say, business rates, plus whatever assistance that is possible. Those three, I would say, are still our areas of concern. From our point of view, there is the compensation package, or compensation scheme, for the renewable energy obligations. We have applied for that particular scheme, and we find the rules et cetera—there's nothing certain that we would actually be able to benefit from it. So, at this precise moment, we see no benefits arising, although I think I agree with Tim that, verbally and in spirit, the Welsh Assembly obviously are very, very pro the Welsh steel industry. But we don't really see fantastic evidence of something changing.

[16] **Mr Hagg:** Thank you very much indeed for inviting us again to give evidence to the business committee; it was, what, 3 March when we last came in front of you. My fundamental comments and asks are really pretty unchanged from what we said just over a month ago, but the key message that I think I would want to put across today to both the UK and the Welsh Governments is that we need proactivity—real proactivity—from both Governments. We've got a lot of words of support from all parts of the political spectrum, but there's an increasing sense that the speed at which Governments are working is not in line with the pace of change that is going in in our industry and around us in the markets.

[17] So, to me, there are four key asks that I have today—some have

already been mentioned—but the first one is about electricity cost. We've talked about this before; we have the energy-intensive users' compensation package, which was passed back in December. We're still waiting for the cash payment to come through, but that will happen, we're assured, during the course of this month. But there is still a disparity that exists between the cost of electricity for a steel company in this country in comparison with steel companies in, for example, France and Germany, and the factor is double the cost. So, we still, even after the energy-intensive industries' compensation package, are paying double the cost for our energy in the UK in comparison with near countries. And that's because they have moved—their Governments have done things to change the picture so that things have moved on. We need the Governments to work with us in terms of equalising and making sure that we're on that level playing field again.

[18] The second point I want to make is about business rates, which is where the Welsh Government can particularly help us. Again, we presented information previously to this committee and to the Government that says that the cost of business rates in this country is up to 11 times what our own companies are paying elsewhere in Europe, and we need something to happen on that. The Secretary of State said very clearly, 'This is now devolved'. Well, we need some help on that. We need, again, to equalise that position.

[19] The third area where we need action is really on procurement. We've got guidelines that are written about procurement, which say, 'Yes, we would like consideration to be made of using locally-sourced domestic steel'. What we need is a proper monitoring and control system to make sure that the Government's will is enacted and is put through the whole of the industry. So, we need some real action on that to call contractors—everybody within the supply chain—to account.

[20] The fourth area is all about the dumping of Chinese in particular, but, by the way, it's not going to be just the Chinese that are going to be the spectre because they have an impact everywhere in the world. So, we need the whole trade defence mechanisms to be amended. We need speed in all of this process.

[21] So, those are the four key areas that I see that we need to work on. It is just over a month since we were here. Are the messages any different? No, they're not any different from what we said last time, but, unfortunately, we've had another month and, frankly, I see no real progress. So, we've got

to get through this point of reacting to the bad news that's coming from the industry. We've got to be proactive to make sure that there are no more job losses within the whole industry. The reactive measures tend to be very, very expensive, and they're sticking plasters. They're not going to work in the long term unless we address the fundamental issues that the industry has. Some of these cost issues are purely the difference between what is happening in this country and what's happening with our near neighbours. So, I think we've been consistent throughout the industry over a long period of time. Give us the tools necessary. We can do the rest. We can compete. But, if not, we'll continue to export the jobs and import the carbon dioxide.

[22] **William Graham:** Thank you very much. John.

[23] **John Griffiths:** Diolch. I was just going to pick up on what Tim said. In terms of recent developments, Tim, I think you said that it has been a supportive environment in Wales in terms of Welsh Government and the relationship with Welsh Government. In terms of UK Government, I think you said that, obviously, dialogue, communication, is continuing, and you weren't quite as warm, I felt, in your description of relationships with the UK Government. So, I know that there has been a lot of speculation in terms of the emerging support from UK Government, not just recently but over a period of time in terms of understanding the issues, as has been mentioned, because, obviously, these factors have been around for quite some time, and Tata has made a lot of investment in its UK operations. So, I just wondered if we could tease out of you a little more in terms of what you consider to be the adequacy of that relationship with the UK Government and the response of the UK Government, not just to the current crisis but to the issues that have existed over a period of time.

[24] **Mr Morris:** Okay. I'm going to resist the temptation to comment on your interpretation of my relative warmth over references to various Governments, but what I would say is—and I think there's clear evidence of this—the UK Government's attitude towards steel has changed quite significantly, probably since the very difficult developments at SSI in Redcar in September and through into October over the year. You've seen, and we've seen—. We've experienced an increase in interest and an increase in focus. At that point there have been changes, positive changes, in terms of some of the issues that my fellow witnesses spoke about. We have now received—just received—the first payment of the new element_of the energy-intensive industries compensation package. So, that has happened.

[25] The UK Government has taken a more supportive view towards some specific cases in the European Union about dumping, and Chris can talk more about the rebar case in particular, I imagine. However there are still areas where, in general policy terms, there is considerable area for improvement. As Chris has quite rightly said, and also Liberty, business rates are an issue that we've been talking about for some time, and bringing forward real evidence of what has happened, and action on business rates for large manufacturers was completely absent in the Chancellor's budget, for example. And while both the industry and the UK Government are probably on the same page about the need to use the current anti-dumping rules more swiftly and robustly than they have been used in history, there is a significant difference between the Government and the industry on the need for fundamental reform of the trade defence instruments, as Chris has said, and there is quite a grey space between the industry and the UK Government about the position of China, notably in terms of granting it market economy status.

[26] So, I think, yes, there is a trajectory there, and, yes, it was true to say that there is more focus. However, there are still significant areas for improvement.

[27] **William Graham:** Rhun.

[28] **Rhun ap Iorwerth:** Very briefly, because I am aware of time pressing on, just on the dumping issue in particular, we heard from Mr Hagg the four asks, if you like. So that we're clear, where does the dumping issue sit when it comes to Tata's decision in Mumbai last week?

[29] **Mr Morris:** There are a range of different factors that took us to the decision that was made in Mumbai. Some of these factors have been a long time in the making. You know, there are structural issues about the steel industry and the nature of Tata Steel in the UK, in terms of the dispersion of sites in Wales, as well. However, what you have is this car crash of long-term trends—macroeconomic, perhaps, trends, as well as industry trends—meeting a real crunch time in terms of the current levels of market prices, which have been declining to unsustainable levels for some time, and a key factor within that sort of commercial environment has been the impact of dumping from China, but also in terms of other imports that have been displaced by China around the world.

[30] **Rhun ap Iorwerth:** And what would be your assessment of where we're

at now in terms of measures to address this, in terms of investigations into dumping, in terms of moves towards putting the correct mechanisms in place to protect your industry as much as possible?

[31] **Mr Morris:** Just very quickly, I would say that there has been positive progress. I think in my previous answer I indicated some areas where the industry would like to see significantly greater progress. On some of these areas, we're absolutely on the same page as the UK Government. Other ones, we remain a distance apart.

[32] **Rhun ap Iorwerth:** Can you go just one step deeper into that? What are the issues that separate you, perhaps, from—?

[33] **Mr Morris** I think the need for fundamental reform of certain parts of the current trade defence—the anti-dumping rules, which systematically disadvantage European producers, and, if we were going to get into the technical jargon, there's a particular issue around something called the lesser duty rule, which systematically lowers the tariffs that you would place on dumped material versus what you might experience elsewhere in the world. So, yes, good news that we're taking more action, more pragmatic action, and the UK is supporting some cases; more to do in terms of what's required in terms of the actual rules and frameworks themselves.

[34] **Rhun ap Iorwerth:** But certainly measures or steps taken by UK Government to stop the European Union from taking a harder line on imports would have been detrimental to your businesses.

[35] **Mr Hagg:** Well, I do think there has been a very significant change in UK Government position in the last nine months, which is very welcome, and we have seen their efforts to speed up the way that the process works and take quicker dumping actions. And, actually, when we specifically talk about the rebar case and the Chinese material, in the very first part of this year, we've got some fairly encouraging news that we're not seeing more Chinese material arriving in the UK right now.

10:15

[36] The only thing about that is we've got a lot of stock that's sitting at the docks, so that came at the back end of last year. We are now starting to see a bit of evidence of other countries, who may be displaced from other markets, who are now attacking our markets again. So, it's maybe not the

Chinese, as I said before; it can be other countries that are coming on the scene. In particular, we're starting to see Belarus appearing in the UK.

[37] **William Graham:** John, a short question, because we're short of time.

[38] **John Griffiths:** Very short, Chair. Just in terms of this debate involving the UK Government, the European Union and, of course, the steel industry, I just want to ask Tim, really, in terms of the recent tariffs announced by the Chinese Government in terms of certain grades of steel, which I think would include the electrical steels that your works produce in my constituency of Newport East, to what extent is that significant in this debate and a new factor that might lead to a change, perhaps, of opinion of the UK Government or at European Union level?

[39] **Mr Morris:** We continue to make the case every time one of these cases comes up, either here or in Europe, or indeed in North America, for example, about the relative different treatment that the steel industry gets worldwide. I think we've made the case previously on a product called cold rolled, where the tariffs into Europe on Chinese steel were at the 13 to 16 per cent level, and in the USA they were north of 260 per cent. Now, if you had a boatload of steel on the water and you were going to chance your arm about where you were going to send it, I think with those relative numbers it's pretty clear where you'd think of selling it. In terms of the electrical steel case in particular, it doesn't directly impact the business in Orb, which produces very high-quality electrical steels for sale throughout the world. Not an enormous amount goes directly to China, so the impact on Orb is probably more indirect, as we look at where the displaced volume, therefore, goes. So, it's that step apart, but, again, it's another example of how steel makers here in Europe and here in the UK don't face a level playing field on some of these issues.

[40] **William Graham:** Thank you. Joyce.

[41] **Joyce Watson:** I want to move swiftly on to the market economy status of China that is being talked about, and whether you've had any discussions with either Government on giving market economy status to China, which I think follows on quite nicely from the conversation that we've just had on dumping.

[42] **Mr Morris:** I think—no, I don't think, I know—that the steel industry, both at a European level and the UK level, has made strong representations

to the Governments at national and European level about our concerns about the granting of market economy status. 'Granting of market economy status' sounds a little technical. In practice, it means that anti-dumping cases would be more difficult to bring against dumped steel from China and it would be more difficult to achieve more robust measures against that steel if the case is proven. So, that's our concern about it. A number of us joined with colleagues from the trade union movement and steelworkers from across Europe recently to march through the streets of Brussels and really take that message home to policy makers that we think that the granting of market economy status is unwarranted and poses a very great threat to the steel industry here in Wales, here in the UK and throughout Europe.

[43] **Joyce Watson:** Yes. Would you go so far as to say, in terms of any other actions that follow, that granting that is probably one of the biggest threats from flooding the market here from China?

[44] **Mr Morris:** I think I've described it previously as almost like Europe sleepwalking into making what is currently a very challenging situation even worse.

[45] **Joyce Watson:** Thank you.

[46] **William Graham:** Dafydd, and then Mick.

[47] **Lord Elis-Thomas:** Can I ask another question that is related to European Union policies and whether you've had discussions about these in particular? Reference was made by Mr Hagg to the issue of business rates. Clearly, there are state issues involving the amount of support for business rates. This would also arise, clearly, in any package to retain employment in the steel industry generally. We'll come to that, no doubt, in a few minutes, but have you had any discussions as organisations representing the steel sector in the UK with the European Commission and with MEPs, and indeed with Ministers—UK Ministers, mainly—in their relationship with Europe, raising these issues?

[48] **Mr Hagg:** Not directly with Europe, but we've had lots of discussions in the UK. I think the secret here, in my opinion, is that we need to be looking at innovative different solutions for how we achieve the objective. I do hear a lot about, 'If we give business rates, it's going to have a massive impact on all industries', and we want something that is addressing the issues that we're encountering inside the steel industry. I think that's where we've got to

be a bit more thinking-outside-the-box about how we achieve that. We've come up with a number of suggestions; I think, in the paper before the previous representation, we gave some ideas that could involve things like recycling, which are possibilities, and I would like to see the Governments actually explore these opportunities to help the industry as far as these business rates are concerned.

[49] **Lord Elis-Thomas:** This could also have an implication on the electricity costs, the energy cost issues, and on the procurement issues. In other words, if there was incentive there to produce greener steel—I'm not just talking about one process now, but steel where the energy costs are borne in a different way—there then might be an incentive for production and, indeed, for procurement in the public sector, because it was seen to be a greener process.

[50] **Mr Hagg:** Absolutely, I agree.

[51] **Lord Elis-Thomas:** Are there any particular aspects you'd think it would be useful for us to emphasise, because this is not just an exercise? We will be, hopefully, writing, certainly to the First Minister of Wales, in support of his actions today and yesterday, and also probably to the Prime Minister of the United Kingdom. That's a matter for this committee to decide after we've seen all our witnesses, including our own Minister. But we will put some of these issues to the Minister. If you have any specific points that you think we should be emphasising now, we're very happy to do that.

[52] **Mr Hagg:** I would take you back to my first point, which was that the first thing that we've got to address is this competitiveness. So we've got to address the issue of the difference between the cost in the UK and some of the costs elsewhere. Now, we can do that in different ways, and we as an industry, I think, are coming up with lots of different ideas about how we can suggest ways of doing it. What we need is for the Governments to pick those ideas up and reshape them—I mean, obviously, there's more knowledge elsewhere than this side of the table about what are the rules, and which rules can be used. But, some time ago, Government Ministers were saying, 'We need to be thinking a little bit more like the French in the way that we're adopting our issues.'

[53] **William Graham:** The microphone will come on automatically.

[54] **Mr Garg:** On the business rates, one specific request or proposal that

we can put forward is to exclude plant and machinery as part of the package of what you consider. That will significantly help us directly. That is one specific thing we can propose on the business rates.

[55] **Mr Morris:** I think, if we were going to be specific on some of these issues, I think there was some commentary in the press over the weekend that the UK Government has made progress in terms of issuing new guidelines around procurement, so that they are able to take greater account of environmental and social factors in their decision making. Now, that is a positive step forward, and there are some specific things around that, such as the use of well-known standards such as BES 6001 in terms of procurement decisions. I think Chris made a very valid point in his remarks that that's fine; you know, let's get those guidelines out there, let's ensure that they're well known, and let's track and report progress against that, because there is a win for everybody here in that. By using these guidelines effectively, what you get is you increase economic activity in the UK, which is generally using building materials or steel that's more environmentally responsible in its production, and you have an environmental win as well, and you have a truly sustainable solution, hopefully, going forward.

[56] **Lord Elis-Thomas:** With monitoring, which I think—

[57] **Mr Morris:** Absolutely right, yes.

[58] **Mr Hagg:** Sorry, can I come back on one thing there? As a company, we've been thinking of ways of how can we make sure that the procurement issue is actually taken forward, because we've had the industry come to us and say, 'Look, sometimes it's quite difficult with some of your products to tell which products are maybe UK made or made somewhere else'. And so, we've actually come up with an idea, which is that, on our rebar, which we now produce in Cardiff, we are putting 'UK' on all our rebar—sorry, I'll pass this round. But we're putting 'UK' on all our rebar. This is repeated every—well, depending on the size, but, at a maximum, every metre and a half, this is repeated on the length of the bar. So, everybody in the supply chain will be able to see that this is produced in the UK.

[59] **Lord Elis-Thomas:** I'm very familiar with that. This is the 'Welsh lamb' solution, isn't it? Stamp it on very clearly.

[60] **William Graham:** Mick, did you have a short question?

[61] **Mick Antoniw:** Two very short questions. Just clarification of what you're saying, because you said there's been a significant change in UK Government position over the past nine months. Just in two aspects of that: with regard to the market economy status, has there been movement or change in the UK Government position, as far as you're aware, since the various representations you make, or are you aware that that's changing? And the other one was a point that you made when you were last here, which was that one of the big procuring areas was the MOD, and I think the response was that it would be good if they were at the table, et cetera. Has there been any movement in terms of the MOD, in terms of engagement in the procurement process?

[62] **Mr Morris:** I would say that the UK Government's relationship with China and its attitude towards MES remains a carefully considered geopolitical one, and that hasn't changed. And I think, in terms of bringing the MOD to the table, we look to engage with all elements of Government about how they operate within the procurement rules, and although we haven't seen it yet, that may be a factor of just the fall of contracts in the short time since this started. So, I can't report progress on that, but neither can I say that there's been any particular blockage in the period that we're talking about.

[63] **Mick Antoniw:** Okay, just taking that first answer, which was presented very diplomatically, effectively, what you say is that UK Government's position has not changed. The UK Government position previously was in favour of market economy status for China. As far as you're aware, there's been no change in that position.

[64] **Mr Morris:** Not as far as I'm aware.

[65] **Mick Antoniw:** Does that have implications for the long-term interests of the steel industry?

[66] **Mr Morris:** I think I responded to one of your colleagues about the industry's substantial concern about the granting of market economy status to China.

[67] **Mick Antoniw:** Okay.

[68] **Mr Swidenbank:** Mr Chairman, what I would come back with is, really, we are concerned with imported steel, obviously, but that's not our

fundamental problem. Our fundamental problem is getting our costs the same as Europe, competitive with Europe. You know, it's an annoyance, the fact that you have Chinese steel, which has flooded Europe, but having a tariff war against China, for whatever reason, isn't going to solve the problem of getting our costs right.

[69] **William Graham:** David.

[70] **David Rees:** Thank you, Chair. Now, you were here on 3 March, as we know, and you're back here now. You're back here for one very specific reason, and that's the announcement last week that affects the Tata Steel UK operations. Clearly, as the Assembly Member for Aberavon, in which the Port Talbot site sits, I have a serious worry about the future of steel making, and I'm going to focus particularly on Tata in this case, and I don't apologise for that, for obvious reasons. It's also strange that we have two of the witnesses today, one perhaps representing a business that may be looking at buying from the other business. I think that needs to be pointed out.

[71] Now, in Tata Steel's written evidence to us for 3 March, I'm quoting:

[72] 'The strategic relationship between Tata Steel and Wales is highlit by the positive focus of the company on the Welsh operations despite the crisis.'

[73] Less than four weeks later, that relationship seems to have broken down, because it's now up for sale, effectively. Can you tell us, really, what has happened in those four weeks to change the attitude of Tata Steel from having a good relationship with Wales to one where it now wishes to basically exclude Wales from its operations?

[74] **Mr Morris:** Firstly, Mr Rees, I wouldn't expect you to do anything else than robustly represent your constituents.

10:30

[75] **David Rees:** And you'll get some tough questions coming your way.

[76] **Mr Morris:** I would hope it's not a surprise to anybody that the Tata Steel business in the UK, as indeed many parts of the UK steel sector, has been under very considerable pressure for some time. I think the board has been going through a process of looking at the various options being put in front of it, and setting those against the other options and challenges it has

globally. I don't think there has been any change in terms of our attitude toward Wales as a place to do business. In a specific sense, I don't think there's been a great change in terms of our view of our business in Wales. Unfortunately, it sits within the broader consideration of the sector as it stands, and the performance of the steel business around the world. So, what has changed is not a change of attitude; it's the enforcement of a time for Tata to make a decision.

[77] **David Rees:** Well, clearly, the plan that was put forward—or, as the workers know it, the 'bridge'—which was submitted to the board in that meeting in Mumbai, was, I assume, supported by Tata Steel UK—I assume it was.

[78] **Mr Morris:** Is that a question or an assertion?

[79] **David Rees:** It's a question, first of all.

[80] **Mr Morris:** I think the business, supported not just by the workforce, but also the trade unions, did its very best job to come up with the very best plan that it could to submit to the board.

[81] **David Rees:** If it believed that plan was a viable proposition for the sustainability, definitely in the short term, of the operations within Wales, do you have an indication as to why the board did not agree with you?

[82] **Mr Morris:** Well, I think the board released a statement after the meeting about its view of the plan. The difference is clearly that the board looks at challenges and opportunities across the world, whereas the business in Port Talbot—in Wales, in the UK—is focused on delivering the best job it can within its operations and its plans for the UK. So, putting that, then, in the context of what has to be a global decision-making process, means that a different set of decisions, and portfolio decisions, may have to be made. So it's a difference of in which context are you looking at the plan.

[83] **David Rees:** In that particular context, then, obviously you've talked about the portfolio, and the portfolio previously included Dutch plants as well, and that's now been hived off, effectively, to a separate part, and the UK operations are a separate part. Why didn't they do the portfolios as a collective, and say it's actually a package across Europe, and not just simply take away the UK elements? Is it purely an economic and financial argument that the board considered?

[84] **Mr Morris:** I think the board considered a number of different factors in coming to its decision. Clearly, economics and business are one of those. But I know for a fact that the board weighed heavily the responsibilities it feels it has for the workforce, for communities et cetera, which is why we have, of a number of options that could have been considered, decided to embark on a process to attempt to find new ownership or explore a number of different strategic alternatives for the operations throughout the UK, not just, obviously, in Wales.

[85] **David Rees:** I appreciate that. I suppose—. Could I just clarify one point? Do you represent Tata, or Tata UK?

[86] **Mr Morris:** That's a very good question. If I was going to get my business card out now, it would say 'Tata Steel Europe'. I believe I'm technically employed by Tata Steel UK. I don't know quite where that leaves me, but let's just say I'm here to represent Tata Steel.

[87] **David Rees:** Okay, I just wondered about the position there. In the light of the plan, which has been rejected, which I think was a wrong decision, personally, clearly it is important now that we seek a buyer so that we keep a viable steel industry here in Wales. But to do that—and we'll have some questions later about the time available; I'll leave those to my colleagues, although I might come in on that later on—I suppose what I want is to make sure—. What plans have Tata put into place to ensure the separation of the Dutch and the UK operations, particularly the stock orders, and particularly the order books, so that the UK operations can be seen to be an individual operation, clearly focused on the books, and there is no possibility of orders being lost to other parts of Tata as it is now? Steelworkers are very concerned, I will be honest with you, that there may be an opportunity to cherry-pick some of the best orders, and perhaps look at the procurement aspects as well for the stock, because the stock areas are apparently dwindling in the works at the moment.

[88] **Mr Morris:** Okay. I think that what is happening right now—and, I mean, literally right now—is that, having digested the decision from the board, there now has to be quite an organisationally complex process, a governance process, of ensuring that the right allocations are made to the right parts of the business, and that the right allocations are made in an equitable way that reflects the reality of what happens with the business, that makes sure that each business has the right orders for its business, and that

the UK has the right capabilities and orders so that it is, effectively, a saleable prospect for whoever it is that may or may not come in to look at it. So, a carefully governed process for ensuring that there is an equitable split of resource or orders—call it what you will—is now being put in place in order to ensure that your concerns are absolutely met.

[89] **David Rees:** One final point before I let others come in. Yesterday, it was quite clear—the intricacies and the interlinking between the various sites. You have actually mentioned this morning, in fact, that that is one of the problems of the structure of the site for the business, but that's the way it was and that's the way it is. But is there concern for the other sites if Port Talbot is not sustained, and are you even looking at—? I read the written statement, and it referred to UK operations, or part of. Now, are you looking at the UK operations, full stop, end of story? Or, are you looking at, perhaps, having different parts of the UK operations sold as separate entities?

[90] **Mr Morris:** The process that we've embarked upon looks at the UK as a whole. You can never be completely clear or certain as to how that process will unfold because various options will be looked at and various different people express interest. We will review those different scenarios as they become more apparent, but our going-in position is that we start with the UK as a whole.

[91] **David Rees:** We started off with a question as to what has changed in the four weeks since we last met, effectively. You mentioned earlier that there were some issues that—. You had warmth of words for the Welsh Government, and I think my colleague Mick Antoniw said that you had maybe not so warm words for the UK Government. Has Tata lost faith in the UK Government, and is that one of the reasons that, perhaps, it took the decision to no longer operate in the UK?

[92] **Mr Morris:** No. We haven't lost faith in the UK Government. We haven't lost faith in the Welsh Government. Both Governments continue to be very important stakeholders, among other stakeholders, as we try to find the best solution for our UK operations over the coming period.

[93] **William Graham:** Thank you. Very quickly, on that point.

[94] **Lord Elis-Thomas:** Yes, indeed. Clearly, I have an interest in the situation at Shotton. I see your rolled steel going up to Shotton regularly on the line, and I think: what will happen, if Port Talbot goes, to Shotton?

[95] **Mr Morris:** Sorry, if you could ask the question again.

[96] **Lord Elis-Thomas:** What will happen if Port Talbot is no longer the blast furnace that produces the rolled steel? What will happen to Shotton?

[97] **Mr Morris:** I think that, as I said, our going-in perspective to the current process that we are at is that we look at the UK as a whole. There are clearly synergies and important industrial linkages between the various parts of our operations in Wales, but the businesses, in themselves, might be considered as being independently successful and attractive. But what we are doing now is that we are starting a process that starts with, 'Let's look at the UK as a whole. Let's look at the value chains as a whole, together.' As the process unfolds, we will take a view on what comes forward and what scenarios come forward, but that's our going-in position.

[98] **William Graham:** Thank you. Eluned.

[99] **Eluned Parrott:** Thank you. Just a further couple of points on the transformation plan—the bridge that's been discussed. I wonder if you can tell us what physical investments that plan required in order to make the Port Talbot site profitable in the future.

[100] **Mr Morris:** I would have to check. I would have to go back and check what level of internal business planning is disclosable in an open session. Clearly, if you're running an integrated steelworks, or if you're running any large manufacturing operation, the investment requirements are significant. When the board looked at the plan, clearly, the required investments going forward were one of the features of their consideration. There's a certain quite substantial—we're talking tens of millions of pounds of investment a year of what you might call absolutely necessary, steady-state investment in order to support the plant without actually growing or improving it. So, that needs to be borne in mind as well as any additional improvement investment.

[101] **Eluned Parrott:** In terms of the detail of the plant, clearly there are significant commercial sensitivities around that, and I recognise that in your answer, but will you make detail of that plan available to the UK and Welsh Governments so that, as they are planning for the future, as they are working with potential buyers, they are aware of the work that has gone on in terms of looking at different viable options for the future?

[102] **Mr Morris:** Both Governments have asked for access to the underlying business planning of the business, not just here in Wales, at Port Talbot, but across the UK. There's some technical work, or legal work, going on about what level of disclosure is possible, but, in general, our process is that, if it's helpful to people who want to help us find a good solution for the UK, then we would certainly look at all possible opportunities to make that happen.

[103] **Eluned Parrott:** Thank you. One of the potential options for the future that's been discussed previously is a management and worker buy-out or some kind of takeover. Now, clearly, that may take some time to put into place. Can you tell us whether or not there have been discussions with the management about that kind of option?

[104] **Mr Morris:** It's not our standard practice to go into details about what particular discussions we've been having. What I would say is that we are embarking on a meaningful process to try and find a future, as far as we can, for steel making in Wales. We are open to approaches from all credible parties who are interested in playing a role in that, whether that be other companies' management buy-outs, or some other form of collective that I can't think of off the top of my head right now, but, if they are credible players, and they have a credible plan and they have credible backing, then we are more than prepared to engage with them.

[105] **Eluned Parrott:** Thank you for that. I just wonder—we can't talk specifics, so let's talk in a little bit more abstract terms—are there any other examples of this having been done in the steel industry previously?

[106] **Mr Morris:** We are well-advanced in discussions with a party about the sale of what's called our long products business, so, our business in the north of England. There was recently—. I forget the name of the detail, there was recently a transaction—I say recently, within the last two weeks—in North America about a collection of steel assets being sold to another company, to an investor company. So, there are transactions that are happening around the world. So, there are things going on, and we are embarking on a process to try and find a similar solution, hopefully, for the rest of our activities here in the UK.

[107] **Eluned Parrott:** If we were looking to some kind of a mutual or co-operative future, if you like, what kind of financial underpinning would you anticipate would be required for the business?

[108] **Mr Morris:** We're now getting a little bit into a hypothetical situation, but I think, in general, as I've said, if there is a credible group with a credible plan, with credible financing arrangements behind that plan, the exact nature of that group is less important to us than the fact that they have those three things in place.

[109] **Eluned Parrott:** Okay. Thank you.

[110] **William Graham:** We have to move on. We're running out of time. Keith, please.

[111] **Keith Davies:** Thank you, Chairman. Good morning. In getting the report to Tata Steel Europe, you were told to produce possible divestment of Tata Steel UK. My interest in divestment—because it further states then that this should be done in a time-bound manner, so I assume that the time-bound manner is related to whether different parts are sold and how long they can keep going, but perhaps you can explain to me what Tata Steel see as a time-bound manner.

10:45

[112] **Mr Morris:** I think the emphasis we have right now is running a meaningful process to try and find a sustainable future for our operations in the UK, in whole or part. The board has not set a particular timeline for that specific timeline—for how long that process will take. However, the uncertainty that the process leads to amongst employees, customers, suppliers, et cetera, means that we are very interested in undertaking and completing that process as quickly as we can. Also, obviously, there's an underlying business reality about the conditions of the industry and the conditions of the operations that mean that, once again, this cannot be an infinite process. It's going to be meaningful, but it can't go on forever.

[113] **Keith Davies:** Obviously, there's an important meeting in Downing Street, I assume, this morning, between the Welsh and UK Governments. Are they involved in trying to find buyers for you or, in fact, they could be buyers themselves, so what kind of discussions have Tata had with the Governments as far as finding buyers are concerned?

[114] **Mr Morris:** We've had a number of discussions with both Governments. I anticipate there will be more discussions with both Governments going on. They cover a range of different options or roles that each Government can

play within this, hopefully, collective enterprise that we're engaged in of trying to find a good solution for our UK operations in whole or part.

[115] **Keith Davies:** What would happen, for example—because months ago I was told that Tata Steel were not really interested in selling Port Talbot, they were interested only in closing it, so that they couldn't have people competing against them for business. So, if they decided, in the end, that no buyer was sufficiently prepared to buy Port Talbot, would Tata Steel say 'Okay, well, we'll just close it?'

[116] **Mr Morris:** I think what we've started now is a meaningful process to try and find a new owner, a new future, for our activities here in the UK. If parties come forward that have the three key elements that I think I've already described, whether they are a competitor or not is less important to us than the fact they are credible people with a credible plan and credible financing. If they come forward and a deal can be done, we are very open to numbers of different types of organisations or collectives, or even competitors.

[117] **Keith Davies:** Okay, fine. Thank you.

[118] **William Graham:** Oscar.

[119] **Mohammad Asghar:** Thank you, Chair. I think you—[*Inaudible.*]—you've taken the action that is useful to you, I mean Tata. That sums up every question that we are asking here, anyway, which is 'useful to Tata'; that's how the decision has been taken. So, we are here talking about Port Talbot, a very big plant, a lifeline for many, many thousands of people. The thing is, now, we want to keep it and maintain it in Wales. This is our objective, as politicians: to keep it. So, we're hoping that if Government, like Scotland—two plants were sold there in Lanarkshire to Liberty. So, in the same pattern, what happens is Government takes it over for the short or long term to do the same thing in Wales and keep this plant going exactly the way it is, or improve it.

[120] **Mr Morris:** I would say in general that, as I said, we are in discussions with Governments, both at a Westminster and a Wales level, about what role is appropriate, useful and compliant for them to play in the process. So, there are a number of ongoing discussions about that. What we're interested in is a solution that is a good outcome for the business in the UK, and we don't get particularly hung up in the ideology of it. I think that there are

some important differences in the actual specifics of the situation between Scotland and Wales in terms of the relative size of the business and the fact that, at that point, there was already an interested buyer—my industry cousins on the left in Liberty. So, there are limits to how far you can push the parallel, but, as I said, we are engaged with Governments; we want to continue to be engaged with Governments to, hopefully, collectively find a good solution for our activities here in the UK, in whole or part.

[121] **Mohammad Asghar:** The whole point is: just what are the prospects of keeping this plant running until a prospective buyer is found?

[122] **Mr Morris:** We're engaged in a process. We've started it. We want it to be a meaningful process. I'm not sure I can guarantee a particular outcome to that process. We know what we want to work towards, which is to find a new future for those plants, in the same way that Scottish plants, hopefully, now have a future under Liberty. We were in discussions with Greybull about the future for the business in the north of England, the Scunthorpe business, potentially with Greybull, and that's what we are working towards intensively for our other operations in the UK, including those in Wales.

[123] **William Graham:** In terms of the operation of the Scottish plants, do you have a comment on that—how that came about?

[124] **Mr Garg:** On the Scottish—. It came as a good opportunity for us. We'd already restarted our strip mill in Newport, so that was making synergy in the flat products for us, so we went for it. It's a domestic market that we're looking at, either from Newport or from Scotland. We want to continue to cater for the domestic market in the UK.

[125] **William Graham:** Thank you very much. John.

[126] **John Griffiths:** Obviously, Tim, tens of thousands of people in the UK, and many thousands in Wales, are dependent on the Tata Steel operations, and it's the people directly employed in the plant, the contractors, the suppliers, and the spend in local economies. So, obviously, it's very, very important for Wales as a whole, particularly in certain parts of Wales, as you know—obviously, you're very much aware. I know that Tata prides itself in terms of its corporate social responsibility in terms of the history of the company, and I just wonder if you can say what that means for Tata in these circumstances in terms of the workforce.

[127] **Mr Morris:** Okay. I can absolutely assure you that the consideration of the workers, their families and the communities plays a role in the board's thinking. We would like to think that we have behaved responsibly to date. We have invested over £1.5 billion in the UK. We've put more financial support into the UK through, for example, working capital arrangements. The board, or the company, has incurred around £2 billion-worth of write-downs during that period on its investment in the UK, but we have attempted to maintain investing and developing in the business. So, I think that's—we would like to see that as part of our responsibility. What we are committed to doing is acting as responsibly as we can, even in the very difficult situations such as the one we find ourselves in now. As I've said, the board have viewed the plan. They viewed it in the context of the other global challenges and opportunities they've seen. I think it might almost be fair to say that Tata Steel is as disappointed as a range of different stakeholders that we've come to this point. This is not the intention that the company had when it bought Corus. It has not been the intention behind why we've invested in the business going forward. What we now have to do is act responsibly, and we are committed to doing so by running a meaningful process to try and find someone else, a different solution, to stand behind the plan that the board has reluctantly decided that it is not able to do.

[128] **William Graham:** Our final question, David, please.

[129] **David Rees:** Thank you, Chair. I suppose there are a lot of questions that are still to be answered. As to timescales—there's a lot of unknowns still going on. There's a lot of flux in the system at this point in time. A couple of points, I think. The timescales you talked about: has the Mumbai board actually given you a set timescale? Because there is a lot of talk that there are set timescales—six weeks is being mentioned—to actually find expressions of interest—not the sale, but expressions of interest. Do you believe—? Take your Tata hat off now and take it as a steel industry, as a businessman, do you believe six weeks is actually sufficient time for that to happen, based upon the size and the complexity of the operations? If you say—. I don't think it is. But if you think, you know—. What is the position—? What would you expect the Government to do to actually support the industry? You've indicated today that you believe there's a future for steel based in the UK. I strongly believe there's a future for steel in the UK. The question is: do we have the time and do we have the support to ensure that future can take place?

[130] **Mr Morris:** I start with the point about flux and uncertainty, and that's

recognising that that is actually one of the important facts about why we feel we need to have to move through this process quickly. I can say that the board has not set a fixed timeline for how long this process can take. However, I'm compelled to make the point, which is, to a degree, self-evident, that it cannot be an endless process. It needs to be one that's undertaken urgently, due to the uncertainty factors that you mentioned, but, obviously, also the industry conditions. The board are committed, within the constraints that they have, to running as meaningful a process as possible to find a good solution for Tata Steel's operations in the UK, in whole or part, to the greatest extent that we can.

[131] **David Rees:** As John has said, thousands of workers across Wales—4,000-odd in Port Talbot directly—their families, contractors and the whole businesses of the region are going to be impacted upon if we can't get somewhere with this, move forward and, basically, keep the steelworks open.

[132] **Mr Morris:** That's absolutely understood, in terms of the social aspects of what's being considered. If you went to India and went to Jamshedpur where our steelworks are there, you would again see, as you do in Port Talbot or Scunthorpe, a town effectively built around a steelworks. So, the social aspects of it are well understood. We are not in a position that, as a company, we wanted to be in. It's not a position that we've been working towards. However, it is a position that we find ourselves in, given the broader context of not just the steel industry, but the challenges and opportunities that the board looks at globally.

[133] **David Rees:** Okay, thank you. I just want to make a final point: my town is under threat, full stop.

[134] **Mr Morris:** That's well understood.

[135] **William Graham:** Thank you very much for your attendance today. We're most grateful for your evidence. Thank you for coming.

11:01

**Cynrychiolwyr Undebau—Cymorth ar gyfer y Diwydiant Dur yng
Nghymru
Union Representatives—Support for the Steel Industry in Wales**

[136] **William Graham:** May I welcome the witnesses? Thank you very much

for your attendance today? May I ask you just to give your names and titles for the record?

[137] **Mr Brady:** Tony Brady, regional officer for Unite, and lead officer for steel in Wales.

[138] **Mr McCool:** Steve McCool, national officer for Community union for steel.

[139] **Mr Edwards:** Robert Edwards, lead organiser, Community, south Wales.

[140] **William Graham:** Thank you very much. If I may, I'm going to start, and ask you to discuss some of the major developments that have taken place since we last met on 3 March, and for your views on the actions taken by both the Welsh and United Kingdom Governments, and to understand your views on the progression of the work stream that the Welsh Government's ministerial taskforce is presently taking.

[141] **Mr Edwards:** I think the taskforce has been very productive. We've seen some good work coming out of it with regard to procurement. Also, it's sort of fed in to the various other taskforces that have existed across the UK, both in the Scunthorpe area and in Scotland. As a consequence, there seems to be a joined-up approach now with regard to procurement.

[142] **Mr McCool:** Okay, I can add to that. Obviously, I've been involved with the Scottish taskforce at length over the meetings that took place. On the twenty-third, they announced that the sale was likely to go ahead to Liberty Steel. Furthermore, they announced that, because we were, again, arguing the point about a joined-up procurement policy within the UK among all the decision makers, and Fergus Ewing announced at that meeting that the A96 relief road in Aberdeen was going to be supplied by Celsa Steel. So, that was a real positive outcome regarding the trade unions' pressure in relation to actually getting that material supplied by a UK supplier.

[143] **Mr Brady:** I'd just reiterate what both have said. The taskforce on Monday, with the Secretary of State for Wales there, was a little bit more productive, I thought, with a little bit more not hope, but, you know, I think both Governments are now being seen to work together, and that can only be helpful.

[144] **William Graham:** That's very helpful. Thank you very much. John.

[145] **John Griffiths:** In terms of major developments recently, I just wonder whether you've seen anything that would, in your view, adequately respond to some of the criticisms that have been in place for a long time in terms of the lack of a proper industrial strategy in the UK that really does value manufacturing and understand the issues that manufacturing and basic, fundamental industries like the steel industry have. Obviously, there are many different aspects to that. I think the UK Government would say that they do have an industrial strategy, a manufacturing strategy, in place, and in responding to this crisis in steel they made various pronouncements recently. So, what I'd like to know, really, is: do you hear anything from the UK Government that convinces you that there is now an understanding of the needs of industry in the UK—fundamental industries like the steel industry—and we can have some confidence that we will develop and progress from this point on?

[146] **Mr McCool:** Just to answer that, in relation to the crisis that we're faced with, it started some time ago when we saw the demise of Sahaviriya Steel Industries in the north-east of England, and steadily things have got worse. We know the reasons for this: it's all the dumping within the European Union that's causing this, because originally the plans for sustainable strip, which accounts for most of the businesses in south Wales, was a very good plan, and I think that's something that's got to be examined more in detail to see what opportunities exactly that can offer us. Because what we've developed over the piece is we went from a position recently of going to the Mumbai board to say that there's a recovery plan here, when the original plan was about building a sustainable industry.

[147] What we haven't heard, and I agree with you—I don't think there has been enough action on what should be a manufacturing road map or strategy for the whole of the UK. They've been very, very slow to come to this—all decision makers have been slow to come to this—because we again had to push the Scottish Government into actually making an announcement as well, that they were going to underpin the good work that's been carried out up there with the manufacturing action plan, as they named it, and that that was going to be something that would now grow momentum once we had secured the future of the two plants in Scotland.

[148] Further to that also is the procurement angle. Really now, we've only got a short window to actually start underpinning this industry, because it's not just about the steel industry—it's manufacturing as a whole; it's the

foundation industry that leads into so many, many other jobs in the UK. So, it's vital that we actually start planning this properly, and whatever pressure can be brought on decision makers to actually get people around the table, particularly those in industry. Because what became very apparent with all these bodies was the lack of knowledge out there about the amount of different commodities that go into steel making, and indeed the products that they actually produce, and how valuable it is to the actual overall chain in the UK. There's got to be an extensive piece of work that actually can justify that these major plants, including Port Talbot, are vital to the UK economy, not only in terms of the normal things that we see in terms of, say, yellow goods and other aspects of manufacturing, but ultimately defence, and people are not getting this. We need a steel industry at the heart of anything that we do to secure the future stability and defence of this nation.

[149] **Mr Brady:** I'd just like to add to that. I think the question was around 'Are we convinced that UK Government has grasped this manufacturing strategy?' No, I'm not convinced they've grasped it. However, I think they're getting there. I think that they're starting to realise, they're saying the right things, but, again, we've said before that it's all talk. We need to see decision makers and we need to see actions. Now, they talk about they'll do everything possible and different things that they'll think about, but we need someone to come out and say, 'This is what we're doing and this is the plan of action'. So, no, I'm not convinced.

[150] **William Graham:** Okay, thank you. David.

[151] **David Rees:** Thank you, Chair. Clearly we're back here because of the announcement last week in Mumbai relating to the sell-off of the UK steel operations of Tata and the crisis that it has put the steel industry in across the UK—and let's not hide the fact that it is across the UK. The biggest impact of that decision is here in Wales, particularly in Port Talbot in my constituency. I don't want to ask you about the morale of the workforce—I know the morale of the workforce, because I meet with them quite regularly. I suppose, in a sense—. I also want to appreciate the work done by both unions, and obviously all the unions, including UCATT and GMB—I won't exclude them. I think their support and their collaborative approach has been tremendous in looking to the future of the steel industry. What I want to know is: what are your views on the factors that led up to Mumbai making that decision to actually reject the transformational plan, the bridge, and to sell off its plant here in the UK, clearly indicating they're hiving off the Dutch operations and it's only the UK operations that initially they're selling off?

[152] **Mr McCool:** Well, when Tata originally purchased the company way back, they did actually pay well over the odds in relation to the purchase—probably they assessed they paid about £2 billion more than it was actually worth at that time. So, again, running into what has been one of the most deep economic crises we've seen since 2008, it posed a lot of questions over the ability of any steel plant in Europe to actually break even on occasions, because that is the problem we've got: even the best of the best are just breaking even at this current point in time.

[153] The change in landscape of this has been so quick it's been unbelievable, because only at the end of 2014 when they made the announcement that they wanted to divest themselves of the long-products businesses, that whole announcement was based on creating a sustainable strip business in the UK. That is what they wanted to do in terms of the future—the long-term future, I may add. Within that—and I think I said it at the last meeting we had—Syndex was an independent group of experts in the steel industry in Europe that did an extensive piece of work around that announcement to divest long products, but also, as part of the overall picture, a sustainable strip business. Now, that sustainable strip business did have a plan of spending approximately £1.5 billion over a 10-year period, and that was then gauged into taking us into a new era of steel production. So, all the signs at that point in time, late 2014, were very positive.

[154] The problem was that the recession deepened, the factor of the Chinese impact and their economy slipping, hence dumping a lot of material around the world, and then towards now, when the European Union has not acted quickly enough to impose proper sanctions to defend European industry. You look at—certainly, I've read figures of 240 per cent tariffs put on in the USA. I heard the other day that it was something like 266 per cent. Now, every major global steel producer has put on some form of penalty on dumping, and unfortunately, the European Union hasn't, to any great degree. Now, you talk about 266 per cent in America, and you look at the penalty that was imposed on the rebar dumping, which was only about 9 per cent; it doesn't meet the requirements of defending our industry.

[155] So, all these factors—the foreign exchange rate didn't help us, either, in the UK. For a while there, it really was complicating things even further. So, it did create a perfect storm against the UK producers, even in comparison to their Dutch counterparts, who have better business rates, better energy costs, and all the rest of it in comparison to the UK. So, it is a

bit of a perfect storm, but that's how quickly it changed, and that's what happens in this industry. It does change very, very quickly on occasions, and it's about holding your nerve to protect the national interest here and developing the manufacturing strategy around about that for the future. Now, if you asked for or commissioned some work from Syndex as to the viability to Port Talbot and the downstream chains within the steel industry, they would tell you that you have got a good asset. But it needs to go back to underpinning it with the investment that was seen in 2014, which they identified in the Syndex report, to the tune of £1.5 billion. Now, that could be on a number of projects. We heard about the power station, things like that. These are all crucial pieces of the jigsaw that need to be put in place, and as soon as you put them in place, you have got a long-term strategy for steel making in the UK. Without a doubt, that is the case. So, there's been a whole host of factors that we've all read about in terms of Chinese dumping, the cheap stuff coming from Ukraine and indeed Russia, and the lesser duty rate should be scrapped. We should be looking at putting in more extensive penalties that would protect our industry. A number of measures can be taken to try and redress this, and that would be about investment.

[156] **David Rees:** Two points—*[Inaudible.]* Can I first of all start with the EU issue—the tariffs, obviously? As I said, the board's clearly indicated it's divesting itself of the UK steel operations, not the Dutch steel operations, so clearly there's a question as to how the tariffs will affect both of those plants. So, are there specific problems in the UK on energy and business rates that the board feel actually put the costs in the UK out of proportion and unacceptable now?

[157] **Mr Brady:** I keep coming back to the same problem. I think it was the inactivity of the UK Government. I think it was the delay. This meeting that took place last week changed the world for us. Now, your question was, again, 'Why did they come to that decision?' I believe they came to that decision because the UK Government wasn't giving the right messages out. Now, we've heard since then that they've been having meetings with Mumbai, and they've been trying to do things behind the scenes, but I think it was the complete inactivity from the UK Government. There was no—not so much 'guarantee'; there was no sort of—there was nothing said to them that would reinforce what Steve's already said about investment et cetera in the timescale needed. Was it a panic decision? Possibly it was. But there was no encouragement from our UK Government.

[158] **Mr McCool:** The main thing is there are differences in terms of our

business rates and those of our European colleagues, and indeed the energy costs. With the energy costs, there could be anything between 40 per cent and 60 per cent difference.

11:15

[159] The business rates could be anything between five and 10 times what's offered to UK operators. The speed of implementing things is the problem. The Scottish Government did take action where they got some money from Europe to help with the business rates. Now, it is a total different level of support in that sense, because, obviously, the steel industry in south Wales is massive in comparison to what is left in Scotland. But, when they got £160,000 from Europe to actually give rate relief this year, that was a third of their rates bill, so it was a decent impact in trying to assist that. It probably could have been the catalyst—not, maybe, that one element, but maybe a number of levers put in place like that, about the retraining and everything else—that probably encouraged Liberty Steel to take the plunge and actually see that there was a good business there to back in Scotland, and thankfully so. When you're talking about business rates and energy costs, it's a package. All these things, on their own, cannot solve the problem. They can help. It can help, as an overall strategy to help manufacturing in the UK, if we've got reasonably placed business rates and energy costs to help our industries, not hinder them, which is currently the case. But it would only be as part of an overall package.

[160] **William Graham:** Okay. We need to move on a bit. Rhun, please.

[161] **Rhun ap Iorwerth:** Yes, it's a package, you are absolutely right. It struck me yesterday that the £30 million in cash that the Welsh Government was putting on the table was quite small considering the scale of the industry that we are trying to save. It is £30 million cash compared with—well, it is a £30 million loan as well on top of that, isn't it? So, it's £30 million in cash. They paid £50 million for Cardiff Airport. So, it strikes me as being, considering the scale of what we are trying to save, perhaps surprisingly low.

[162] **Mr McCool:** Well, look, I can only go with our experience in these taskforces up and down the country at this point in time. I'm pretty positive that we can find a solution to all this. We have got a sale for the Scottish plants. We are now balloting our members from the unions in relation to long products, and we will know that result on the 19th of this month. Hopefully, that then would be the catalyst for Greybull to put pen to paper on that sale.

Think about this: these are positive messages out here. This can only help us in actually finding a responsible buyer. Now, it comes down to the fact that we are going to have to offer some sort of assistance to any potential buyer once we get somebody, an interested party, to come forward. I have no doubt that there will probably be a number of interested parties in this, because I do believe in this industry, as my colleagues do. It's a valuable asset. It's a valuable asset but it needs the investment that it has been starved of for decades. It has been starved for decades. So, if we find that we've got a buyer, then it is about the pieces of the jigsaw to give them a package of, say, rate relief or energy costs or whatever else. And indeed, more importantly, it is about how we can be creative in using the funds through green investment and all those types of things that can underpin the power plant. A power plant is a massive amount of investment. You get that on that site, and that gives you a long-term future. You don't put a power plant on there for 10 years. That creates 50 years of ability there. The current power plants would be at least 50, 60 or even 70 years old. So, you make that type of investment—. So, what I would suggest is, once we know who any potential buyers may well be, then it is incumbent on all parties to work here, together, to actually go forward with any ideas that will underpin or lever a sale possible in any new responsible buyer.

[163] **William Graham:** What exactly are you balloting your members on?

[164] **Mr McCool:** What's happening in the Longs UK situation is the same thing that's probably been shown to this audience regarding the bridge to try to get to a sustainable strip at this point in time. The same thing has happened in long products in Scunthorpe and the north-east. As a part of all those cost savings, there's an element of commitment from the unions, okay? We're all stakeholders, and it's not just about the Governments or the decision makers being able to do something to assist. The workers themselves want to take a stake in this. So, what's happening currently is that Greybull has asked for a number of changes, particularly around the pensions, but that's natural because they become deferred pensioners anyway, but that's a cost saving of several millions, along with other savings that we've looked at. They originally wanted £36 million of savings from employee costs. We've managed to negotiate that to about £20 million, which is getting put to the workforce to see if they support the union's position of buying into the Greybull plan.

[165] **William Graham:** Okay. And if that was necessary in terms of Port Talbot—

[166] **Mr McCool:** The unions, as a whole, within the steel industry have met every challenge we've ever had to deliver on, whether it might be Step Up and Save or Path to Profit. Another area is Project Ark. The union as a whole, within the steel industry, in my experience—and Tony might want to say about his broader experience—is that we're very proactive in trying to save our industries, but we've always been like that. We will always look at anything as a challenge that can be overcome, rather than being defeated by them.

[167] **William Graham:** Excellent. Thank you.

[168] **Mr Brady:** I think I'd like to add to that. In recognising this taskforce, the unions have been proactive and they are seen as looking for change. We are working with the management of the industry. So, we consider most things that are needed to save the business.

[169] **William Graham:** I want to get Keith now to ask about time, please.

[170] **Keith Davies:** Yes. When I looked at the plan for the foreseeable future, the severity of the funding is the reason I think that the Tata management said, 'We can't do it, it's too expensive in the foreseeable future', and that's why they've gone to look at now selling it to buyers. When they say that, they say that they want to do it in a time-bound manner. Now, I'm not sure what a time-bound manner is. What do the unions think of this?

[171] **Mr McCool:** Well, when you look at when they first announced the sale of long products, that was back in late 2014. We're now just balloting on trying to get over the line now. You cannot do these things in a short timescale, because not only would any potential buyers want to come in and do what's necessary in terms of due diligence, the unions themselves would be wanting to carry out due diligence in any new buy-out to make sure that they're not asset strippers and that they actually have got the long-term interest of these works in south Wales. So, there are lots of checks and balances, and that cannot be done in a short timescale. You've got to be aware that Tata have spent a lot of money in the UK—there's no doubt about that—over the years, but it's how far it can stretch and their ability to actually do it. As I said, as late as 2014, the plan, when we changed to the British Steel Pension Scheme and everything that was happening around the pension scheme, was to actually give them the affordability to spend that £1.5 billion on sustainable strip. Unfortunately, it changed that quickly. Basically, it was

money going down the drain, to be honest. They've not got the capacity any longer. Crucially, it's about making sure that we all say to them about being a responsible seller and giving us the time to get the interested parties to the table and allow us to sustain the business in south Wales and its downstream industries. It will take, in our view, as long as it takes. We pragmatically know that this is a crisis, but we need to keep pressing Tata to be the responsible seller that they have been with long products. Now, we want them to repeat the same exercise and the same commitment for the plants of south Wales.

[172] **William Graham:** So, what you're saying is that it's going to take time. Are you confident that Tata will allow that time? And if they're not, would you therefore see a role for Government?

[173] **Mr McCool:** Obviously, you'll be aware that the Scottish Government did take some action to expedite the sale to Liberty in Scotland and for albeit a short period of time, that's what they did. We would be looking at Government to take positive intervention in anything that happens here. This is in the national interest for steel making to be retained, and that ability to be retained in the UK. So, that is where we're at with this. We really do need Government to act responsibly to sustain what would be a national asset.

[174] **Keith Davies:** Looking at what's happening, it seems to me that we need to retain UK manufacturing of steel. That is, take the iron ore and it's converted to steel. When I look at some of the plans of potential buyers, I'm really concerned. Now, that that could be lost. In order for that to be retained, the UK Government's got to come in and support it significantly, not the £50 million for Cardiff Airport, that's peanuts, really, compared with what's needed to make sure that we retain a UK manufacturing industry for steel.

[175] **Mr Brady:** I think that's what I was talking about earlier—we have to have this decision made by the UK Government that they're prepared to do that. It's about their manufacturing strategy. What is the strategy? We don't actually know what the strategy is yet. When we know that and when a buyer is identified, then, as Steve said, the time has to be given for that buyer to be investigated or helped, and a plan put together with the UK Government of what protection can be given until the sale has taken place.

[176] **William Graham:** Dafydd and then David.

[177] **Lord Elis-Thomas:** I've been very impressed by the way you've

described yourselves as stakeholders, and stakeholders that want a greener industry so that it survives and is sustainable. This is exactly the way that I approach this issue. Would you say that the sustainable steel industry is still possible, despite the world conditions, the recession and all the setbacks that the policy has had?

[178] **Mr McCool:** Of course it is. The power plant would be one of the most efficient power plants that would be brought about. It would be state of the art. Not only that, it does then add value to the existing plant that's there. It makes the blast furnace use more efficient. It would actually necessitate, maybe, another coke oven, but this then would be an asset to generate, even, electricity for the surrounding areas. So, there is a catalyst there to a future and, certainly, even if there was a relining there of the furnace, it would allow us to actually make it much more environmentally friendly, even to the most modern advantages of technology as it stands at this point in time.

[179] **Lord Elis-Thomas:** And this could continue around the chain, so that it would become green procurement, so there would be an incentive then for the public sector or other private sector buyers to be able to say, 'We are buying this because it is greener steel' so that would give you really genuine new green jobs in the heavy end of Welsh manufacturing.

[180] **Mr McCool:** Well, exactly. When we talk about a power station, that's fine. Okay, it's a large sum of money that's required to actually put that investment in. There's other parts of investment that would be around research and development to do exactly what you're saying. It's about creating the next generation of steel. We're talking about an investment in Scotland at this point in time, it's going to be called clean pipe. Clean pipe going into the oil industry. There are specialised coatings in that that allow it to last longer and so on and so on. So, the R&D side of this—and, again, this is what we can do in terms of supporting these activities that won't be harmed through state aid. This is what we can invest in to, again, give Port Talbot and its downstream industries a future.

[181] **Lord Elis-Thomas:** Thank you.

[182] **William Graham:** David and then Rhun.

[183] **David Rees:** Thank you, Chair. You've mentioned the power plant a lot this morning and I started to talk about this area in the timescales factor.

Now, I don't know if you share my concerns over the timescales and that we may be rushing into a sale at this point in time, because it seems as if Liberty are the serious pretender at this point, but they are talking about getting rid of the blast furnaces and the coke ovens and, therefore, that power plant becomes no longer viable. So, do you share their concerns that we actually need that integrated plant to remain an integrated plant, as it is, so that we can go forward with those projects? Do you think, therefore, that the timescales—? The UK Government, in particular, because of the costings, have to get involved and, basically, step up to the plate.

[184] **Mr McCool:** They do need to step up to the plate and help us and assist us in these projects. There's no doubt about it. There can be a public-private investment in relation to this power plant, there is no doubt about it, and it does add value, as I've already stated. But I think, sometimes, when we hear the views of, say, potential buyers, that they themselves need to talk more to the unions that are born and bred in this industry. We know it as well as anybody, in relation to what is the best outcome in relation to blast furnaces versus electric arc furnaces. In actual fact, there have been a number of ideas over the years about having both on a site so that you can flex between the different costs of raw materials to that of scrap value, so that you use it in a weighted measure to give you the best economic return for the production of slab. So, you could actually say you should be sitting with the ability to have a blast furnace, and, when the blast furnace ore prices and that are really, really high, you then flex towards the electric arc model to compensate for the additional cost. And that's the way this does it. It's like a set of scales, and any forward-thinking manufacturing strategy would underpin that type of risk.

11:30

[185] **William Graham:** Okay. Rhun.

[186] **Rhun ap Iorwerth:** And on the power plant and the point I was making earlier about the possibility of a larger capital investment by Welsh Government than is currently on the table, there are elements of the help that's needed that are beyond Welsh Government, and UK Government could step in on guarantees and liabilities and so on. But the power plant is one that Welsh Government could decide, 'This is something that is worth putting our hands into our pockets very deeply on in order to ensure the long-term viability of steel at Port Talbot'.

[187] **Mr McCool:** Part of this Syndex report was saying that you needed £1.5 billion to actually invest over 10 years, but, in actual fact, the value of the site itself would probably be up over £4 billion by that time, so you'd actually invest in something that could actually have a massive return for you. Now, whoever funds these things—because the one thing that I've got to keep re-emphasising here is you cannot use the amount of steel that's produced in Port Talbot in Wales alone. You've got to have a joined-up strategy across the UK, because it's the same situation with Scotland; it's not big enough to use the amount of steel that is required. But, together, with all the projects—high-speed rail 2, all the bridge building that's going on—these are the projects that we need to have a combined manufacturing strategy for for the UK, and that's where the pressure has to be brought upon the UK Government to act more responsibly than they currently are. As Tony says, they're starting to listen, but we need to make sure we get it over the line.

[188] **William Graham:** Joyce, please.

[189] **Joyce Watson:** If I can pick up from what you've just said and carry on, we did agree a procurement policy—the Minister and the industry—for the construction industry, and I'm sure that it would be fairly easy to translate that into the steel industry, but I want to pick up the point that you said about a UK-wide industrial and manufacturing policy. If you look at the figures for GDP at the moment, it's only around a 2 per cent increase in the GDP. If you add in—and this is for Wales. If you added in the proposed spend in the public sector, it rises to over 6 per cent, and, within that, a large percentage would be steel production that would be needed within all of those projects. So, I don't know whether you've investigated—and I'm sure you have—the proposals about spending some money instead of this increased austerity that we are currently experiencing, so that we actually do produce some jobs, real jobs, that then go on to support our economy, but, as a first step, perhaps, bringing some of those projects forward, like the Labour Government did in 2010, and also building on that from there on, which doesn't only sustain the steel industry, but the future of those communities behind it, because you know there is a steel industry.

[190] **Mr Brady:** Again, as I said before, it's about decision making from this UK Government. Now, we've talked about procurement. We know there are infrastructure plans and projects that are waiting for approval, if you like. We keep asking them again, 'Make the decision for these plans; bring them forward'. You've got Swansea bay lagoon, you've got HS2. There are

numerous, numerous infrastructure projects in the planning, but the decision hasn't been made to bring them forward or whether or not they'll take off or not. Now, you're right, part of this whole manufacturing strategy we talk about includes that promise about making a decision and giving the confidence to prospective buyers that the Government are going to do something about it and there is something worth buying into. And I think it goes along with what you're saying about procurement. The decision has to be made.

[191] **Mr Edwards:** There has to be a national approach to this. There has to be a joined-up approach. We can't be parochial about it, and it's good for the businesses throughout the UK as well. For example, the steel that will go into the Swansea bay development with regard to creating green energy, the steel will predominantly come from Scotland. It'll come from those two plants that Liberty have now bought up. That grade of steel is not made in Wales. So, we have to have a national dimension to the argument.

[192] **William Graham:** So, your argument is things like Crossrail, where 76 per cent of the steel was British, yes?

[193] **Mr McCool:** Yes, yes.

[194] **William Graham:** Eluned.

[195] **Eluned Parrott:** Thank you. I wanted to talk about potential futures, such as, for example, a management buy-out. I wondered if you could give us any indication of whether there is discussion within your membership about potential co-operative futures for the business and, if so, what kind of financial support and underpinning that's going to require—from Government, presumably.

[196] **Mr McCool:** To be honest, that's a very difficult question to answer in that sense, because the steel industry—. What we're now talking about is the largest chunk of what is the steel industry in the UK. Although, yes, we would be looking for stakeholder participation from, say, the workforce and whatever else, this is going to need an industrial input from experts out there. Now, whether it's Liberty steel or whoever else that may well be interested in this, one thing that's sure from it all is that they would be buying or purchasing a skilled workforce second to none that are going to do everything in their power, and we've seen over the piece in the media over the last couple of days that they're willing to commit to maximising or

securing the future of this industry.

[197] It's an enormous task. When we're talking about the money that's involved here, a management buy-out or employee buy-out looks very, very difficult in that sense. Greybull has actually floated an idea of doing share options for their new employees if they actually get over the line in terms of that business. Whether there's something behind that that creates a greater stakeholder involvement with the workforce remains to be seen. I just think it would be difficult. We really are needing, as we said in Scotland for the Scottish plants, but in this as well—and, again, I want to create a mood of being positive here—is visionaries. There is a sustainable steel industry here. There is no reason why it can't be underpinned by some sort of Government positive intervention or whatever it may well be, but a sale, a management or employee buy-out, to me, although it wouldn't be discounted, probably wouldn't be the first course of action that we would want to take.

[198] **Lord Elis-Thomas:** This is not Tower Colliery, is it?

[199] **Mr McCool:** It's not; it's a massive operation.

[200] **William Graham:** Keith.

[201] **Keith Davies:** We've talked about America and we've talked about China and the UK, but I've been told that one of the companies that are interested in a buy-out is ThyssenKrupp engineering from Germany. I'm also told that some steel plants in Germany actually produce power for the community. I just wonder whether there are examples like that that one could push, so that you support the community as well as supporting the steel plants.

[202] **Mr McCool:** There have been a number of activities now trying to examine how that can actually happen. Ijmuiden is the Dutch plant currently, and they're looking to actually put solar panels across the whole of the roof space, which will generate enough energy to run a town. In actual fact, they're contemplating doing that with the two Scottish plants—well, the one in Motherwell—and they reckon that the surplus energy provided by it will run the local Wishaw General Hospital. So, there are all these types of things that we could be looking at with other stakeholders, again, about our green footprint to actually add value. Now, whether that's wood pulp burning energy or whatever it may well be, this is about the joined-up manufacturing strategy, again, that can add value to the community and the people who live

in that community.

[203] **William Graham:** John Griffiths.

[204] **John Griffiths:** Obviously, it's a time of tremendous anxiety for the workforce and much wider than that, because of the dependence of local and regional economies on the steel plants in Wales and beyond. I just wonder, in general terms, whether you think there's anything the Welsh Government or UK Government should be doing at this stage in terms of planning and forward thinking in terms of what the workforce might need, whether it's retraining or any element of a support package. I know it's difficult, because we want to retain what's there, and that's our focus and that's what we all want to see, but I just wonder about your views on contingency planning in terms of workforce needs as we go forward.

[205] **Mr McCool:** My colleagues will want to come in after this, but my view would be that we focus the goal on saving the plants. Contingency plans and whatever else—I don't think we should really be examining these at this point in time. It's about projecting a positive mood here to potential buyers, no matter where they come from, that they UK steel industry is an opportunity that somebody should be investing in. This is what happened in the Scottish taskforce. We said, 'Look, shelve all your planning in terms of retraining and whatever else, what we're looking for is to make sure that we actually make these plants sellable', and we achieved it. Now, we're almost at a point where we can sell off or get a sale for the long products division. Keep the positive momentum going. There's a time and place for us to look at other things in relation to retraining and whatever else; I would just caution that it's not now.

[206] **Mr Brady:** Rob and I, as part of the Welsh arm of it, are involved in all the sub-groups looking at training, looking at procurement, and looking at contingency plans, as you said. But Steve's right: the announcement came out last week and the focus must be on keeping these plants open. I do agree that the contingency plan needs to be looked at, but it's got its place. So, we don't focus on that, because we're not accepting that we've lost this industry yet.

[207] **Mr Edwards:** With regard to the training element we were examining on the taskforce, what you've got to remember is that the events have overtaken what we were initially looking at: we were looking at reacting to the redundancies. So, I concur with my colleagues.

[208] **Mr McCool:** There was one point—because, obviously, we’re studying all the media interest in this just now—when I was at the point of very nearly putting my foot through a television when I heard somebody from Scotland talking about how many people were retrained when Ravenscraig closed. Rubbish. They never replaced the jobs. Okay—*[Inaudible.]* I know the guy, I know who it was who was on television, and I won’t name him, but he actually turned around and said, ‘Oh, the success that we had in retraining all these steelworkers in whatever else.’ No, it’s never been replaced. There’s no value in Motherwell in comparison to what that steel industry used to provide for it, and that is what you’re fighting for. Do not let it go the same way as what happened in Scotland.

[209] **William Graham:** We’re almost out of time. Very quickly.

[210] **Mohammad Asghar:** Yes, Chair, thank you very much. I think the union’s members were actually accompanying Mr Kinnock when he met Tata officials in Mumbai last week. Have you had any feedback from them? Did you tell them your concern that, in this country, you can’t sell a house in six weeks, so how could you sell a big industry of that magnitude in such a short period? A timescale should be given for it.

[211] **Mr McCool:** Yes, the unions went out to Mumbai last week, regarding the 29 March board meeting that was there. There were, as we’d been told, meetings later on that night, where it was put quite clearly to Cyrus Mistry that we needed time, we needed them again to commit to being a responsible seller. We haven’t quite got that commitment as yet, so it’s incumbent upon all parties to try and force that and pressurise that commitment. Cyrus Mistry gave us that in writing for long products, so why isn’t he forthcoming in the same way here? I think they will. I think, if we use our collective strength and powers of persuasion to actually get this commitment, we will.

[212] We need the time to get this sale. It will not—as you rightly say—happen in four weeks, it won’t happen in four months, but we need the confidence that this business is an asset. It is. Why did Tata want to hold onto it in the first place? They wanted to sell longs in order to focus all their investment in sustainable strip. It’s just that market conditions have taken everybody by surprise. We just need to get over this period. Once we’re over it, and we get the right type of investment through green initiatives and whatever else, you will be able to take the leap forward in terms of the next

generation of steel production for the car industry in the UK, of which, currently, we've only got about 40 per cent of the market share. Why haven't we got 60 per cent, 65 per cent, or 70 per cent? This is where the manufacturing strategy comes up. We need to apply it. This is an awakening. Nobody's got this before, until this crisis. It's now an awakening, and we need to get all our collective voices behind this. No matter what colour of party we are, it's about our manufacturing base and we need to get behind it.

[213] **William Graham:** David, the last question from you, please.

[214] **David Rees:** Thank you, Chair. I think some of us did get it, but the problem is some others in a position of responsibility or power who could act upon it didn't. I think that's the fair thing to say.

11:45

[215] Just one point, on the taskforce: should it now be expanded? The taskforce was initially set up to look at the job losses announcement, but, of course, things have changed. Should we be asking the Welsh Government to change the emphasis or to expand the taskforce to also look at the actions it can take to help to sustain the industry here in Wales?

[216] **Mr Brady:** I would agree with that. I mean, as I said before, the world changed last week, so the focus of the groups within the taskforce should now widen. I'd certainly agree with that. The last one we went to, the Secretary of State for Wales was present. I think there should be a UK Government presence at every single taskforce going forward, because we need the decision maker there when we're asking questions.

[217] **David Rees:** Should the Secretary of State for business be there, because—

[218] **Mr Brady:** Yes. I mean, again, the Secretary of State for business has promised to be at these meetings—I'd assumed it was to go to the one previous—and he didn't turn up. So, yes, that's the sort of pressure we need to put on them.

[219] **Mr Edwards:** I agree. The work that the taskforce has done, as I highlighted earlier, has been really positive, and there's been some really good, you know, decisions made out of it. However, I agree it should extend its scope and it should be far more joined up with UK Government-wide to

try and find what the solutions are. I'm sure Steve can say a little bit more about the national dimension than I could.

[220] **Mr McCool:** I think it has to be expanded, but it must be more to do with the procurement projects and whatever else. There is a massive amount out there that we could put to good use in terms of UK steel makers. It's there. We probably need to think about who's involved in it and how we expand it. My colleagues at the national level from Unite, Harish Patel, and Dave Hulse from GMB, we need to get them along as well, because they're involved in other sectors at a national level—the oil and gas industry, and all these other things. We need to explore where the synergies are for the long term. We need to link it up across the Scottish Government, the Welsh Assembly and Westminster in order to keep the momentum going here, because if we don't we're going to miss opportunities. For instance, as I said, Fergus Ewing announced that the rebar supply will come from Celsa, because they listened. Up until then, it wasn't; there was a threat that that was going to be supplied elsewhere. They listened and they acted. There is a number of small ferries getting built for Caledonian MacBrayne, and that is getting supplied by the plate from the Scottish plants. We need to start linking all this up, and once we've done that we will see real success. But let's go on the front foot of any taskforce goals or objectives; look at the positives, look at driving forward the manufacturing strategy for the UK. Let's not look at retraining. I've told you—it doesn't happen. Once you lose these plants, they never return. That's what we're fighting for; 3 per cent is what it adds to the Welsh GDP. Do not lose that. Lose that at your peril.

[221] **William Graham:** Thank you very much for your evidence today. The committee has previously resolved that we will write to all the Ministers we've identified today with the results of our committee. We're most grateful for your evidence and your attendance today. Thank you very much. The committee will recess for 10 minutes.

Gohiriwyd y cyfarfod rhwng 11:48 a 12:01
The meeting adjourned between 11:48 and 12:01

**Gweinidog yr Economi, Gwyddoniaeth a Thrafnidiaeth—Cymorth ar
gyfer y Diwydiant Dur yng Nghymru
The Minister for Economy, Science and Transport—Support for the
Steel Industry in Wales**

[222] **William Graham:** Welcome back to our last evidence session this morning. Could I welcome the Minister and Steve Phillips, and ask you to give your names and titles for the record?

[223] **The Minister for Economy, Science and Transport (Edwina Hart):** Thank you, Chair. Edwina Hart, Minister for Economy, Science and Transport.

[224] **Mr Phillips:** Steve Phillips, chief executive, Neath Port Talbot County Borough Council.

[225] **William Graham:** Thank you very much. You can understand that our evidence session today is really arising out of what has happened over the last few weeks. We've had some good sessions this morning. Could we try with you to understand the nature of the relationship between the Welsh Government and all parts of the steel industry in Wales?

[226] **Edwina Hart:** Yes, we do have a good relationship with the steel industry within Wales. We've had a close relationship over the years with Tata, both at the level within Wales and the UK, and of course internationally. The First Minister has of course had regular contact with Tata within Mumbai. With the rest of the steel industry, of course, Celsa's had its problems, and I think Celsa would acknowledge that it's been very close to us, and that we've helped Celsa through some particularly difficult times. Also, in terms of some of the small steel companies that exist, we also have relationships with them. So, we see our relationships as being very good at all levels in terms of officials meeting them, myself, the First Minister and of course other Cabinet members, because we have tried to do a lot in terms of the education and training agenda where it's been necessary in terms of the steel industry.

[227] Obviously, in terms of Tata, you would probably say that the relationship isn't as close as it should have been because we were only actually aware of the announcement on the Tuesday night of their decision to sell, after the Tata board meeting. But indications to us previously had been that there was no question of a sale, and they were happy to work with us to look at the turnaround plan. We worked very hard with the management,

particularly in Port Talbot, on the turnaround plan, and as the First Minister indicated yesterday, we've put money on the table. Obviously, Members didn't know about the money that had been put on the table, and they probably thought we were being difficult when we were talking about business rates and plant and machinery. It wasn't actually; it was because we were looking at an offer that was required in terms of turnaround of £60 million. So, that was done at that particular time. That was welcomed because, at the end of the day, we've now got to go to a different stage in the relationship with Tata.

[228] As you're aware, the Secretary of State is out to Mumbai today, and the First Minister has of course met the Prime Minister, and I'm awaiting detailed feedback from my officials on what took place at that particular meeting, in order that we can say, 'How can we now, with the UK Government, put in place the necessary levers that will be required for a positive sale of the business?' If I could say here in terms of that, we have to say that this isn't just about Port Talbot, even though Steve has joined me, because Steve is also secretary of the city region board and will be secretary to the new enterprise zone board. It's important to recognise this has to be a package as a whole in terms of the UK, because steel making is a strategic industry for the UK. We require it, as shown by the various points made by people around this table yesterday. We cannot be a manufacturing nation without having steel produced in the UK. We're also as well a country that spends a great deal of time helping with peacekeeping duties and other things across the globe. We've got the whole defence industry, and I also believe we've got a future with the nuclear industry. But, work came out yesterday on nuclear, I have to say, Chair, and concerns were expressed about the relationships on Hinkley with Chinese steel, which make people a little bit concerned about where we are going in terms of steel. So, I am pleased with the statements now being made by central Government—they were certainly made by Alun Cairns yesterday in the taskforce—that steel is a strategic industry for the UK, and we have to support it with whatever mechanisms that we can.

[229] **William Graham:** Quite. We had evidence this morning from the trade unions saying that we need, collectively, to give a very positive—

[230] **Edwina Hart:** Absolutely.

[231] **William Graham:** We also heard that it might be difficult to give a timescale as to when the plant could possibly be sold, or some other solution

found. So, would you be able to support, Minister, a way in which we could influence the United Kingdom Government—you probably have—as the only ones with sufficient resources to sustain that use of Port Talbot as it presently exists?

[232] **Edwina Hart:** Well, yesterday, we discussed that. The steel taskforce now has been dealing with the immediate issues of the job losses. I did indicate to the steel taskforce yesterday that they have to carry on with that job, but we'll probably get another group in, together, to look at the issues around how we work with the UK Government and what we do. We are open to all suggestions on this. But it's quite clear to the UK Government that we made our position quite clear. The pensions issue has to be resolved. I have to say that it has actually been extremely helpful having a former Cabinet Minister in administration on the radio from elsewhere talking about the pensions issue, because pensions do need to be resolved if you're going to make it viable for selling. Also, we need to understand the nature of the pensions issue, because there's quite a lot of different information coming out on pensions. So, it's important to recognise that any prospective purchaser would like the pensions issue resolved. That is in the gift of the UK Government. It might be a different situation to the Post Office, where we were able to ensure the sell-off of the Post Office to indicate that we could do something about pensions, and I think that that is quite important.

[233] The other issues, which the First Minister outlined yesterday, are also important in this. It's the energy issues. Obviously, they're looking at their energy issues, and I think we do have to up the ante on the discussion about what power plant is required and what support and assistance that can have, because that will help in terms of the viability of that particular business, which I think is absolutely essential. That is a dialogue with the UK Government that we've had previously, but I think we need to have more of a dialogue.

[234] I also think that, in terms of what the UK Government needs to undertake, we can all talk about tariffs, all right? I've heard the economists talking about why we shouldn't do this, why we shouldn't do that, but a Government is elected to stand up for an industry, and you've got to stand up. At the end of the day, sometimes you've got to stand up and say, 'Well, if you can do that to us, we are going to do that for you'. I know it's tit for tat, but at the end of the day you understand that you just can't walk over everything. So, it's very important that the UK Government doesn't stop Europe doing anything and encourages Europe to do more. I don't want to be

critical about that, because I do understand the arguments on this. But sometimes you've got to be there, saying, 'I'm flying the flag for British steel—Welsh steel—and we intend to have an even playing field', and I think that that is particularly important. I think, in terms of what we can do, we've obviously, in terms of the turnaround plan, had a figure in mind. It's a question of what other resources we could make available as part of any deal with the UK Government. But we need to get hold of—. The Secretary of State, I know—because I did speak to him on Friday—will be asking for this. We need to see the McKinsey plan that was commissioned by Tata about the turnaround of the industry. Yes? We need to see that, as a Government. We don't need to have little bits of slides that are given to us and presentations. The UK management can't release it, because it's a matter for Tata in Mumbai. We need to see that, because then we have something to work from to say, 'There's so many million here, there's so many million there. We get to break even at a certain date', and 'What support do you put in until you get to break even, and how can you do it?'

[235] Now, we need that information. Otherwise, we'll have to start from scratch without knowing all the business of Tata to actually do it. So, I think, as a responsible seller, they should be giving the UK Government—and I hope they will give it to the Secretary of State—all this particular information so that we can then know what to put in. Because they've got very successful businesses, Tata, in the UK. What we don't want is any thought that those can go and Port Talbot will be abandoned. It is a whole. I think it is all interlinked, as Members were saying yesterday, and that's the key element that Tata have to understand: that we're not in favour of anything that's going to break up. We want to bring it all together. Because there is a future for this industry. I actually, yesterday, commissioned some further work on the future of the industry about whether we could actually have a definitive list of what's produced in the industry in the UK. That was a point that I think you were making yesterday, Eluned, and in the morning we discussed it. There is some work going on, nationally, I think the civil servant said. They've been talking to the steel operators about getting that list. Then I said that the second job of work that we wanted undertaken was: where is the high-worth steel produced and what would it take to produce the specialist steel in the UK? Would it be economically viable? What type of plant and equipment do you require from it? So, we've started a series of work on that yesterday—I've commissioned it, because I think we need to know. Because if we are contemplating having any public intervention at all and there's Welsh Government money involved, we need to know what enhancements we can actually bring into Welsh steel making so we can go for products. Because

people mention, sometimes, the military goes out for Swedish steel, but, actually, it goes out for quite a small proportion of specialist steel and the rest of the steel is British. It would be nice to know if it was viable and if it was good business, when you're horizon-scanning in the future about having a successful industry, about whether we could do that here. So, these are some of the areas that were pursued yesterday within the steel taskforce that we are taking forward.

[236] The other interesting point, if I may, which was a point you made particularly, Chair, was about the quality of the steel. We have started the scoping on that, and we have discussed with Swansea University about undertaking the work, because I think it is important we know about the quality issues. I think Mohammad Asghar was talking about quality issues on steel yesterday, as well. What worries me, when we're building infrastructure projects, is the quality of the steel. I'm not saying it's poor quality, but I want to be assured that if we're putting bridges in and we're doing all this type of work that's required, that it is the quality—. When you think about the nuclear industry, we've got to be absolutely certain about the quality that's going in. We've got a population in Wylfa that wants Wylfa B, we've got a population in Trawsfynydd that would like the small nuclear reactors in and they've got to be assured that the quality will be going in. The one thing that we can say about British steel, never mind the problems they've had over making money and what's happened—they've had a hell of a battering in terms of what's happened globally—they make a quality product that we need to be proud of, and we need to use.

[237] **William Graham:** Very good. Eluned.

[238] **Eluned Parrott:** Thank you. I wanted to ask, if I might, about the actions that have been taken by the Welsh Government now. Clearly, it's barely a month since we were last sat in this room having very similar discussions to this, and yet, clearly, events have moved very quickly. We wrote to you on 4 March with some suggested areas and you responded to us yesterday with some further details of what's happened in the interim.

[239] So, I wanted to talk about business rates, in the first instance. Yesterday, the First Minister announced a business rates package as part of his statement. Can I ask you to confirm whether this is solely for the enterprise zone and, if so, whether or not there are any steelworks in the enterprise zone limits?

[240] **Edwina Hart:** Well, in terms of the enterprise zone, it is, of course, within the enterprise zone—we haven't yet finalised the boundaries of the enterprise zone. We're in the process of doing that. In fact, I've had some maps I've been looking at today with the chief executive of Neath Port Talbot. That is a scheme that is designed for small and medium-sized enterprises. I think what you need to have a look at is the further information that the First Minister gave in answer to questions about the discussions we've been having with the valuation agency about what we can do and the nature of the reports, because you have pages and pages on business rates. They haven't got the data they require. He did indicate to us that the discussions would come forward, and I think that we will be able to do something useful by 2017.

[241] If this was an easy solution, don't you think that we would have grabbed it? The answer to that is 'yes'. It is a very difficult area and we've got it right. It is interesting to note that all across the UK nobody's actually done anything on this particular issue. Even the Secretary of State will tell you that it is a de minimis issue; it's €200,000 over—. You know, they will tell you that and everybody, as well, elsewhere. We know the Scots have looked at this issue and they'll be looking towards how they are going to do it in terms of 2017. But as the First Minister indicated, this is work that we are undertaking in terms of what we're doing there. The de minimis issue—Tata weren't interested in de minimis, I can assure you on that. On plant and machinery, of course, I've indicated to you I think the First Minister clearly explained all that yesterday.

[242] **Eluned Parrott:** Can I ask—? Clearly, again, in your response to us, you've talked about your discussions with the Valuation Office Agency. Removal of business rates from plant and machinery across manufacturing in Wales, not just targeted at one industry where it may incur state aid rules, was recommended by your review into business rates 18 months ago. Can I ask when you began your discussions with the Valuation Office Agency with regard to this?

[243] **Edwina Hart:** Well, we did give due consideration to those reports that came forward, my officials started an early dialogue, and they've carried on a dialogue.

[244] **Eluned Parrott:** When you say 'an early dialogue' what kind of timescale are we talking about? How much—

[245] **Edwina Hart:** I'd have to check with my officials, because they deal with the issues surrounding discussions on this when we have had the appropriate dialogue. No concerns have been raised by any businesses about the time we've taken.

[246] **Eluned Parrott:** I'm just trying to understand how long a piece of work it is to work out how to make this happen and when that piece of work began.

12:15

[247] **Edwina Hart:** You need to have the appropriate Government agency in, then, to discuss that, because it's actually how they will actually deal with matters. They're the ones that have indicated how complex it is to us and what work has to be done, and I think, perhaps if the Members are concerned about that, perhaps they're the appropriate people to deal with. All I know is that we have dealt with this issue. We've had the dialogue, we know fairly certain where we going in terms of this, but we've also got to recognise that it is important that we put a package on the table that was worth far more than any of this in terms of how we try to help and assist Tata. It's very important also to recognise that I made clear all the way through these discussions on business rates I did want to know what the UK Government was going to do on business rates, and we've only recently been enlightened on some of the issues around business rates.

[248] These things take time if they're to be done properly, if they're not to be challenged in terms of the courts process. And, to be honest, I won't brook any criticism on time I may have taken on business rates when, in fact, all the time, we knew what we had to do in terms of Tata turnaround to help and assist them. I realise the business rates issue will help manufacturing more generally, and I think that's important as we continue to develop the manufacturing strategy.

[249] **Eluned Parrott:** Okay. Thank you for that answer. Can I ask you with regard to procurement? It's something that wasn't specifically mentioned in the statement yesterday. It wasn't mentioned in your response to us yesterday either, but it is one of the five points of the five-point plan that the steel industry brought forward in October, and it is obviously something that is within your purview. Can I ask—? You mentioned just now that you're commissioning work into, if you like, the key selling points, the capabilities of British steel and how that compares to the rest of the market, which I

think is very important, and I'm grateful that you've done that, but this is something that we've been talking about since October. So, again, there is a timeline issue there. Can I ask whether there has also been a piece of work looking at an audit of Welsh public buying to see whether or not they are making attempts at the moment—the contracts that are currently open—making attempts to match the capabilities of British steel?

[250] **Edwina Hart:** Yes. The procurement work stream has actually been looking at them, mapping the steel requirements on major publicly funded projects. That's led by the private sector, and it includes all the projects that are in the Wales infrastructure investment pipeline. As a result, obviously, of what's happened and emerged now, we'll also be looking further afield at projects in terms of the UK. We'll have a dialogue with the UK Government on that, because they feel very strongly, and I think Alun Cairns indicated yesterday, that we have to look at all public sector projects, particularly some of the rail projects outside Wales and within Wales, and that they would take that on board.

[251] **Mr Phillips:** Just to add to that, there is a lot of work going on on the procurement side. The situation is complex. There are value-for-money considerations overlaying a number of those debates, but, for me, I think one of the key issues around procurement is to actually get a pipeline of projects that can support the Welsh steel industry, and No. 1 on my list is the lagoon. It has been in the UK Government's national infrastructure plan since 2014. It was granted planning consent in June of last year. We don't need it next month or next year; we need now, and I do not see any reason why that decision cannot be accelerated. The Swansea bay tidal lagoon company have been in detailed conversations with the UK Government for the best part of a year at least. The key figures around the contract for difference, or strike price, are in the public domain. They are competitive against other sources of sustainable energy. It is a project that would be on the doorstep of Port Talbot, and I think it should have a green light yesterday.

[252] **Edwina Hart:** And we felt very strongly in the steel taskforce yesterday that there was a lot of criticism of this, wasn't there, Steve?

[253] **Mr Phillips:** There was.

[254] **Edwina Hart:** People really felt that having a review, carrying it on—we can understand why you want to look at the wider issues, but that this should be a project that should be given the green light in view of those

discussions, and I have to say that they did feel that in the taskforce yesterday that was something immediately the UK Government could bring forward in terms of a project that would help in terms of steel development. So, in other things as well, public contracts: we are very keen, and Jane Hutt has revised procurement rules, but it won't be about the cheapest price; it'll be about all the other factors. And of course, we're talking about green steel in Port Talbot, that they produce—one of the best processes in the world—and how they've taken in sustainability and everything to the core of their business. So, we are quite keen.

[255] Also as well, we're involved as a Welsh Government in the UK Government's steel procurement working group as well. We've done a lot of work on there, and they're looking at how they're procuring steel for major projects, but I do come back that I do think it's important that we indicate that we don't expect foreign steel to come in for some of these projects. I know you're not supposed to say that, but the 'buy local' policy is quite important on environmental grounds and in the economic interests of our country. So, I think it's very important that we get that message across. It might be unlawful to tell them 'you've got to do this', but at the end of the day they should be passionate enough to recognise that we're keeping an industry going by doing it and it's a quality product. I do think it's unacceptable, if deals are done on foreign investment, that part of the deal does allow, immediately, access, perhaps, to foreign steel to these shores, rather than going through a proper, perhaps, procurement thing that would probably ensure that British steel came out on top.

[256] **William Graham:** Good. Thank you. David.

[257] **David Rees:** Thank you, Chair. Before I start, can I put on record my appreciation for the work you've been doing, because I know we've had meetings over the issue of steel for quite a while now? I also put on record my thanks for the First Minister's statement yesterday. I think he was quite clear in his direction of where we want to take the steel industry.

[258] You've identified today that, in fact, you were unaware of the decision of Tata Steel until the announcement from the Mumbai board, effectively, on the Tuesday night. I assume from that that your discussions with Mumbai before that were more, 'Where do we go next with the development of a sustainable industry here in Wales?' But, since last Tuesday, what actions have been going on to ensure that—or have you had discussions with Mumbai, basically, to see where they're going? Because this tight timescale

they're talking about is, to be honest, in my view, ridiculous. We need a bit more. Have you had discussions, or has the First Minister had discussions, with Mumbai to actually look at the timescales?

[259] **Edwina Hart:** I know the First Minister's been in regular contact with Mumbai. One of his concerns has been the timescales that are in the public domain. We're exceptionally worried about a timescale that even talks about the interim as being three or four weeks for expressions of interest. If you are going to be a responsible seller, you've got to give time for people to digest the information. I will be interested to see this prospectus from Tata, because what is this prospectus going to show? I think it's very important that it is a prospectus that holds out hope for a buyer and doesn't make it a prospectus that makes it difficult for a buyer to show they're interested.

[260] I am particularly concerned as well about aspects that are going on now that we aren't being made aware of for the workforce—about stuff that's now going into Holland that might have been dealt with in Port Talbot. So, this is a very difficult time, because I also think we need to say, in terms of Tata Steel, 'Please don't change the arrangements you've got currently with Port Talbot with the people who purchase off it and let anything go to Holland', because anybody who purchases would have to recapture those markets and that could be extremely difficult. I know the First Minister was raising all these issues with the Prime Minister today. These are also the issues that we raised in discussion with the Secretary of State, as well, so they are aware of this, and this is, hence, the reason the Secretary of State is actually out in Mumbai.

[261] Can I say, in terms of Mumbai, it's a very difficult relationship for a regional government, in terms of the fact the Secretary of State, I think, on *The Andrew Marr Show*, indicated that he probably knew far more than we did when he was interviewed on Sunday? We've always felt we've had honest and open discussions, but we are talking about a multinational corporation that's now determined to divest itself of what it sees as the unprofitable part of its business. When you look, I suppose, historically at what's gone on in Europe over the last few years, and what's happened to the Dutch plant with the levels of investment, what they're able to do there and everything, it's almost ready for that to be the profitable bit of Tata. But we were always assured that it was about a turnaround plan and that if we could help and lay something out it would make a difference. So, I think it was a bolt from the blue when the news came out that they were looking to sell.

[262] However, at one time, we were assured that they wouldn't close, because we said closure wasn't an issue that we wanted to go anywhere towards. We always felt that, when closure was mooted around in circles, not necessarily with Tata—people said, 'Oh, they'd rather close than have competitors'. These are all the things that bubble around, but the truth of the issue is that we've been in close contact with Mumbai and close contact with the UK Government, who are now taking the principal lead on some of this, because they have to, because they have the cash, as I think the Chairman said yesterday—they're the ones that have actually got the financial wherewithal to actually bring about a successful purchase.

[263] So, this is not easy. This is not easy, because—. In Karl Koehler finishing—at least when we had Karl Koehler in Europe, you had somebody who knew the whole history of steel in Europe that you could pick up the phone to. But the Tata board are absolutely determined about this now, so I think it's very important that the Secretary of State has gone to raise these issues right in their faces, as it were, to say, 'This is what we need to be done now if we're to have an opportunity to get us somebody to purchase'.

[264] **David Rees:** I have two questions, in a sense. Based upon what you've just said, and the fact that they're putting this prospectus together—and that shouldn't be done in a short space of time; that needs time—is it therefore concerning, perhaps, that Tata seemed to be preparing all of this prior to the announcement last week, so, in discussions with you, they weren't telling the full truth?

[265] **Edwina Hart:** Well, I wouldn't want to make a judgment like that, if I'm absolutely frank, because Tata have been a good employer. I think we've got to recognise that with the investment that they put into Port Talbot. But you are getting the sense that perhaps it isn't as it always seems, now. On the other hand, I want to ensure that Tata puts together a good prospectus, that they are prepared to listen about issues around pensions and other things, and that we get an appropriate buyer. Even though you might feel like saying something, some unguarded comments, I don't think it would be helpful, because my job, at the end of the day, is to work with the UK Government to ensure the successful purchase of this business.

[266] **Mr Phillips:** Can I just add one point that I think is important, which is that the turnaround plan may have been rejected in Mumbai last week, but, as far as a number of people are concerned, it is still valid and it is still a basis for discussions and one of the options going forward? I believe that the

workforce in Port Talbot and elsewhere, the trade unions and the local community—as David, I’m sure, will accept—have great faith in the management of Port Talbot. They have worked hard on that turnaround plan. We don’t have all the information that is necessary to take it forward as an option, for the reasons the Minister outlined earlier, but, as far as I’m concerned, there is validity in that plan. It represents one possible option. There are others, but we need to have, if Tata are to be a responsible seller, full disclosure of that information so we can assemble a Welsh Government/UK Government intervention package as necessary, based on some hard numbers.

[267] **Edwina Hart:** Because, on the afternoon, at the meeting we attended, we were there with the workforce, and the people who had been working on the bits of the turnaround and what they’ve done, their passion for ensuring that that business stays open in Port Talbot was there, but also, as well, their commitment to the project. Not one of them doubted that they could make the turnaround plan a reality. We’re talking about very passionate people—engineers, and all others. They knew that they could make that work, they just needed the time to make that. The point that they made to us was: if Government can buy time, it’s important that Government buys time, and, if Government has to buy time by ensuring state intervention into the industry, it should buy time that way. But they were convinced that they could actually turn that around. It was that type of passion that makes me realise why we’ve got so much to fight for in terms of the steel industry, and why we’ve got to make it our absolute priority now to do it.

[268] The management there, you can’t put—I shouldn’t say this, should I, the health Minister will tell me off, but you couldn’t put a cigarette paper between unions, management, the local community, or anything, because they’re all as one on this. In fact, when we’ve had other meetings, people have said—from London, you know, civil servants—that they can’t believe the closeness of us all, Government and all of us working together, and how passionate we are about the industry. I think that is why the industry will survive, that it’s not about closure, it’s about ensuring we have a viable product for the future and that we work together. So, I think that, if we can get everything we need out of Tata, that will bolster what we’ve seen in the turnaround plan, so we can be assured, and central Government, that this works. We think it does, from what we’ve been told. That is why Tata do have to be a responsible seller.

[269] **Mr Phillips:** It also enables us to buy time to look at other financial

mechanisms, which we're exploring with Roger Maggs, the newly appointed chair of the enterprise zone.

[270] **David Rees:** Just one point on the transformation plan: you highlighted earlier on that your package was to support the transformation plan.

[271] **Edwina Hart:** Yes.

[272] **David Rees:** Therefore, you've obviously been in discussions with the management locally about that plan and what it needs. Are you still in discussion with local management to say whether that plan now needs additional support to what you've already put in place?

[273] **Edwina Hart:** Local management are now in a very difficult position by the decision of Tata to sell their UK business. Therefore, we don't embarrass local management over and above the discussions we've had in terms of dialogue, because we think now the dialogue has to be with Tata Mumbai, and they have to give us access to all the information. They are still employees of Tata; it's very important we recognise they have a loyalty to the company, and everything. When we were able to discuss the turnaround plan, when we were saying to Tata that we wanted to do something, that was fine, but, at the moment, this is difficult, and I wouldn't want to make life difficult for managers who are employed by Tata. That's why I'm so pleased the Secretary of State is going out there and asking, 'Can we have the information as Governments?', because Governments now need to assess what's in that turnaround plan.

12:30

[274] As Steve indicated, we're not just talking about Government money; we've appointed a very good chair to chair the enterprise zone board. We've got Sir Terry Matthews, who is also enormously interested. We've got Lord Davies helping us about other investment opportunities. So, there are people out there that know people that can afford to actually come in to this business, and people who come in to the business to make a profit out of it, but not strip the assets.

[275] **Mohammad Asghar:** Thank you very much, Chair. I think that what I'm going to tell you now is probably going to take the heat out of this committee. The First Minister just tweeted within the last—when you were here, within five minutes. There are three bullet points. One is constructive

talks with David Cameron, have some buyers, and a lot of work to be done. So, that is three bullet points, so I think that answers a lot of questions—

[276] **Edwina Hart:** I think those are the absolute three that are important.

[277] **Mohammad Asghar:** —and that's within the last half an hour.

[278] **William Graham:** Thank you very much. Rhun.

[279] **Rhun ap Iorwerth:** Just to continue, I think most of the questions that I wanted to ask on the transformation plan have been asked and answered already, and I'm grateful for your thoughts on the continued viability of that transformation plan, which, of course, should be read alongside what will, hopefully, be a positive prospectus for Strip Products UK. Are you able to give us any more information about the context in which you were making the £60 million available in terms of the scale of investment that is foreseen under that transformation plan?

[280] **Edwina Hart:** They had several little plans, as it were, that were quite small in terms of the investment they required just in terms of what they wanted to do. I don't have the full details with me, because they were quite little headings all the way along on this. That's going to have to be upped, I'm afraid, now, when we go into this period. I think the important thing—and, Rhun, I'm sorry that I haven't got all the information on that; I'm not sure whether I could share it, because I've got to keep everything ready so that we can go into any commercial dialogue that we will need to with the UK Government with any purchasers. So, I don't want to show too much of it. But they were very happy with what we proposed, the local management at the time, and they thought it would make a difference in Tata Mumbai, but obviously it didn't.

[281] **William Graham:** Keith, time available?

[282] **Keith Davies:** Yes, one of the issues that's been of concern, I suppose, to everybody, including the unions, is the time bound.

[283] **Edwina Hart:** Oh, yes.

[284] **Keith Davies:** And, you know, what discussions have you had with Tata on what they consider to be a reasonable time bound before they sell off to somebody else?

[285] **Edwina Hart:** Yes, because Alun Cairns actually yesterday at the steel taskforce—and Steve will correct me if I say anything that’s not correct—indicated he thought that the three to four weeks they were talking about originally was about getting the prospectus together and expressions of interest, and then afterwards there would be the time when there’d have to be due diligence on all sides. And I can understand why the Secretary of State said that, because I well recall on the Murco stuff, when we were having a discussion with Murphy Oil, we had two expressions of interest—Murphy Oil, which they did quite quickly, then Murphy Oil chose which one and then that took months, but it didn’t come to fruition. And it’s really probably about what we’re reading in the press on the Scunthorpe position, is there’s been an expression of interest and there’s dialogue going on. However, you are right—the unions are very concerned, as we are, that this could be up really quickly. Now, you can’t have an expression of interest, in my opinion, unless you have a proper prospectus, and we can’t help anybody with an expression of interest as—. I know it will be a dialogue between Tata and those that express interest, but we can’t then as Governments, unless we have a proper prospectus or have seen the McKinsey report, know what we are then able to help and assist with. So, the Secretary of State, I know, has this in mind when he’ll be speaking to them in Mumbai, because these are the points that we’ve all been making within Government.

[286] **Keith Davies:** So, would that include, for example, some potential buyers that might not want to buy Port Talbot, but the other plants—

[287] **Edwina Hart:** Yes, but we made it clear, and I have to say that Alun Cairns agreed yesterday, and we made it absolutely clear, and I don’t think there’s any doubt coming out from the Prime Minister’s office, that this is about the steel industry in the UK. It is about all the assets, and how they will all work together, that are available, because once you split off—. I think it’s important to recognise and I think it came out very well in discussion in Plenary yesterday—you know, Shotton looks very nice, doesn’t it, and it has been making a profit, but where are they going to get the steel from? You know, what’s going to happen to their—? We’ve got to recognise this. This is an entire package for us; you take out one, you’ve lost the whole, in my opinion. And I think that the UK Government understands this—certainly, Alun Cairns confirmed that yesterday—and I have no doubt it’s probably been confirmed with the First Minister and the Prime Minister today.

[288] So, what we’ve got to hold on to is the fact that you’re giving an entire

entity out there, and it's important to recognise that. Also it's important to recognise that there will be interest—and I think that was made quite clear—obviously, in the management in the UK, about what they can do to help and assist. You know, there's been talk in the press about management buy-outs, whether workers would be involved in this, and whether there any mechanisms where people could then support any business et cetera. Those are all issues that quietly, I know, people are talking about and exploring, but we need the time. Time is not on our side if they go quickly, but on the other hand, Tata have other business interests in the UK, and they have a reputation to consider globally. They've always sold themselves as having good corporate social responsibility. Well, this is now the time that you don't just talk about it, you do it.

[289] **Mr Phillips:** Also, I think it's worth making the point that, on the face of it, at least, exiting an operation like the UK steel industry is going to take time, anyway. There are huge remediation liabilities on the Port Talbot site alone. I would imagine it's the same at Llanwern, Trostre and elsewhere. There's the pensions issue the Minister has mentioned, and other factors. So, I would hope that the prospectus would be the start of a genuine process that could lead to a proper dialogue with a prospective buyer or an alternative proposition, but I can't see that it's going to happen in a matter of weeks. We're talking months here, as I think the First Minister said yesterday.

[290] **Edwina Hart:** Yes.

[291] **Keith Davies:** And as the Minister said, what I think is important is the manufacturing.

[292] **Mr Phillips:** Yes, exactly.

[293] **Keith Davies:** It's not just using the steel products, but actually manufacturing the steel.

[294] **Edwina Hart:** And the more that we can manufacture within the UK, the more we can export as well, which is very important—to be exporting quality steel.

[295] **William Graham:** Dafydd—state aid.

[296] **Lord Elis-Thomas:** Thank you. Minister, I'd like to explore two areas

briefly. The first is the role of the European Union in relation to the steel industry, and the whole state-aid issue, but relating to that, I would like to say that we had some very inspirational evidence this morning from Steve McCool, the national officer for steel for the Community union, in which he described clearly a much smaller-scale problem in Scotland where he had had support from the Scottish Government, and he named Fergus Ewing, the Minister, on a number of occasions, in relation to procurement, where he said that a decision had been made on—I think it was the A6—further road building in Scotland, where the steel would be procured from Celsa, obviously, in that case, with the deal that's happened there. So, clearly there are issues here that we need to address in terms of procurement, and which have been addressed already.

[297] But I would like also to ask the more general question here, and he was very clear about this as well. I'm very keen to see a green steel industry in Wales for the future, and all the work that was done on sustainable strip in 2014 has all been overtaken by the convulsions that we've seen in terms of recession and so on. But, clearly, the trade union side are convinced that all the arguments that they were part of then still apply today. So, I would ask for an assurance from yourself on behalf of the Welsh Government that what you're looking for is precisely that—the establishment of a green steel industry with public sector support, which can fall within the framework of European aid.

[298] **Edwina Hart:** Yes, absolutely, because it's important. This state-aid stuff, I think, has driven me mad ever since I've been a Minister in Government—state-aid rules. It's a restricted sector—this is the problem with steel—but it's not restricted on environmental research and development measures, so that's the area that of course we can definitively assist on. I think there should be more flexibility in terms of state-aid rules on steel now, because the steel industry, since the rules were set up, has changed dramatically across the globe, and particularly in Europe. So, I think we need to look at that.

[299] Also, as well, the sad thing is, you know, when we talk about the state taking over, or the community having ownership, it doesn't affect a jot anything to do with state aid that you've got a different model. So, I can confirm that absolutely, and I can also confirm that, in terms of procurement projects in my department on the transport side, we will be using the appropriate steel, and we've already indicated that.

[300] **Mr Phillips:** Could I just add to that, in the sense that—?

[301] **Edwina Hart:** You're good on state aid, you are.

[302] **Mr Phillips:** It drives me as mad as it drives the Minister, by the sound of it. I think, yes, there are rules on restructuring the steel industry, and rescue bids and so forth, but I think in the UK—this is a pop at the legal profession—we need to be a bit more innovative and a bit more bold in terms of how we apply these rules, because I'm getting heartily bored listening to seminars on what you can't do under state-aid rules, whereas in other countries—France, Italy, Germany—and in the steel industry, we have seen in recent times the rules applied more creatively. Yes, it is the law of the land, as it were, and, yes, some of those practices are being considered or challenged by the European Commission, but, when you're in the sort of situation we're in, you take a punt on it, frankly, and you don't sit around listening to the same old arguments—you can't do x, you can't do y—and, as Lord Elis-Thomas has just said, if we're looking for a green steel industry going forward, that inherently provides much more flexibility in my opinion—

[303] **Edwina Hart:** Yes, definitely.

[304] **Mr Phillips:** —and those issues need to be explored at the UK level in the same way they've been explored in other European countries.

[305] **Lord Elis-Thomas:** Thank you for that answer, and one final question on this. I've always been concerned about the arguments on subsidising energy costs, when it seems to me that what we need to be looking for is power generation and reduction of emissions that bring about a genuinely competitive, sustainable steel industry. That was all discussed two or three years ago, and before that. Are you convinced that it is possible for us to go down that direction and that we will have the flexibility to do it within European policy?

[306] **Edwina Hart:** Oh, yes.

[307] **Mr Phillips:** Yes, and I listened to one potential buyer this morning talking about those selfsame issues, talking about potential green forms of sustainable energy, very adjacent to the Port Talbot plant and, indeed, adjacent to Llanwern. There is a clear and obvious synergy and fit as far as I'm concerned, and I think this needs to be part of the equation going forward.

[308] **Lord Elis-Thomas:** There's also one related issue, which is, it seems to me, the centrality of the blast furnace and the heavy end and the hot end of production, because, clearly, there must be ways, in terms of the scientific development of steel making, that we can retain the capacity to produce the quality of rolled steel that I see, when I go up on the train every week, going to Shotton to be coated—that the centrality of that process is still there and that we do not have a steel industry that is only about production from recycling, although that's obviously very important, but that we have still a proper steel industry that includes the heavy end of production. Is that possible, do you think?

[309] **Mr Phillips:** I think so. I don't profess to be an expert on the economics of it, but my understanding is that the dynamics have changed, or the numbers have changed significantly, because of commodity prices. So, effectively, what you've got is a situation where the heavy end of Port Talbot and elsewhere has been importing iron ore and other commodities essential to the production process, whereas, when these plants were established, they were all sourced from within the UK, or largely sourced from within the UK. But I don't see that as another insurmountable issue. It's another reason, going back to what the Minister said earlier, why we need to get a full understanding of the full economics of the turnaround plan and other possible options going forward so we can work through those issues.

[310] **Lord Elis-Thomas:** Thank you.

[311] **William Graham:** Mick.

[312] **Mick Antoniw:** The UK Government has moved quite considerably in terms of the options it's prepared to consider—I suspect that may be a product of discussions that have been taking place—even to the extent that they've been prepared to say that, although they're not keen on it, they would not rule out direct state intervention or even public ownership and so on. What are the discussions that have taken place with the UK Government? How far do you think they are actually prepared to go? Are they prepared to, effectively, ensure the continuation of steel production within the UK?

[313] **Edwina Hart:** I have no doubt from the discussions that I've had—I've had discussions with the Secretary of State recently—that he understands fully, and the UK Government accepts, that this is a strategic industry that's got to be maintained in the UK. I don't think there was any diversion from

that view when we met the Secretary of State for BIS on Friday, either, and I know that these are the issues that the First Minister is discussing with the Prime Minister. I think there is now an understanding that is really—this is not just about a plant closing down, this is the demise of an industry, which, if we are going to be the economy we are, we are going to, of course—. Defence, all those issues, we can't—. So, I do see that. Also, as well, of course, the word 'nationalise'—it is state intervention that's the preferred option, because, at the end of the day, what we want to do is to get a business perhaps stabilised with state intervention so that we can find an appropriate buyer. Then we will have an industry that will make a profit and keep people in employment. So, I think it's important that we recognise that there has been movement on this in terms of the public statements, and I think that there is an understanding that we can bring something to the table as a Government in the Welsh context, but they have more resources to bring forward.

12:45

[314] I think an example of the seriousness with which it was regarded was when we made our request, when we only knew about the job losses in Port Talbot, for an enterprise zone, and we made the request to the Chancellor. We had really quick dialogue on that in terms of capital allowances, enhanced capital allowances, wanting to know. That was an indication to me, when I look back, that they understood the importance of what was happening, the industry and how they had to help an area. I think probably, hopefully, that discussion has carried forward.

[315] The point is that there are a lot of quiet discussions that go on and a lot of points are made, and I know the unions have made a lot of points directly on all of this, but I think there's a general understanding—and I think there's a general understanding with public opinion, I have to say, and the electorate across Wales and the UK—that the steel industry cannot be allowed to fail because the Government's not prepared to put its hand in its pocket.

[316] **Mr Phillips:** Yes, and we're talking about the steel industry, but we're talking about 5 per cent plus of the Welsh economy.

[317] **Edwina Hart:** We've got a lot to lose.

[318] **Mick Antoniw:** Following that on, from the comments that were made

earlier about state intervention and so on, and state aid rules and so on, I certainly agree that we spend more time trying to listen to people saying what can't be done rather than working out the way in which we do something. But presumably there are discussions that are taking place with the European Commission.

[319] **Edwina Hart:** Yes, the UK Government obviously has dialogue with the Commission. I've made my views known about looking at state aid and we're pursuing these issues because I do think it's rather inflexible and I think the industry's moved on. But I think there's an awful lot we can do without worrying about European state aid. I think there's a lot we can do in terms of the power plant and the support you can give to R&D, because that is the future, because we can make a vibrant new industry. I very much take on board Dafydd Elis-Thomas's points: we are producing green steel in Port Talbot and what we need to do is to have an industry that's got the highest standards and, of course, is energy efficient in the way that it can be, but get an energy industry that responds to it. There are a lot of things, as we've said earlier, that can be done on our doorstep that can actually help in terms of this.

[320] **Mick Antoniw:** Well, one of the areas, of course, where—[*Inaudible.*]—has been very successful is the research and innovation and development, Horizon 2020, European funding and so on. Now, Tata, as I understand it, is already a leader.

[321] **Edwina Hart:** They are.

[322] **Mick Antoniw:** There are units—. There are leaders within that area. To what extent are we going to be able to actually protect that intellectual property, that work, but also to build on it and develop it to make it a core for the future of the Welsh steel industry?

[323] **Edwina Hart:** Because they've done a lot of work, actually, with Swansea University as part of their innovation and the university are key to looking at the issues around this, and have been helping and assisting us as part of our discussions within the taskforce. So, there is work going on in that area. Also, as well, some of the innovations coming out of steel could actually provide opportunities for smaller businesses and other businesses to relocate to the enterprise zone as well, to take on that technology aspect that will actually help. So, that is an issue that we are well aware of.

[324] **Mr Phillips:** And there are a number of those businesses already there and, in terms of the university, they are an integral part of the proposition that we put forward as a city region for a city deal, which covers these selfsame issues.

[325] **Mick Antoniw:** So, are the concerns you have over the ownership of that area, because that is almost as important an area for the future, not something that—?

[326] **Edwina Hart:** I think some of it—. We'd have to check with the vice-chancellor, but some of the ownership does lie here.

[327] **Mr Phillips:** Some of the ownership lies with Government, some of these joint—. They're joint ventures effectively. So, if you take the specific project at Baglan, there are other investors: Tata is one of them, but NSG Pilkington, BASF, and other companies have also invested in that technology. So, there may well be intellectual property and ownership issues, but I think they differ from project to project.

[328] **William Graham:** Okay. Joyce.

[329] **Joyce Watson:** I want to ask, Minister—. Again, I want to thank you for all the work that you've put in, in taking this forward for many, many months now. One of the ideas that's being implemented is the enterprise zone at Port Talbot waterfront. Indeed, it's very welcome. But, following on from the announcements that we've now had that this is all of British Steel, have there been any discussions to widen the scope of that enterprise zone and perhaps geographically to take it in other areas that could be affected?

[330] **Edwina Hart:** Well, we decided on the enterprise zone in Port Talbot as a result of the immediate job losses in Tata, so we were actually influenced by 1,000 job losses across the piece. I'm not prepared, really, to think about anything anywhere else, because as far as I'm concerned, the plants are staying open and we're going to get the deal done for them. At the end of the day, I don't want to be saying, 'I'll put one down by Trostre because it's going to close', because it's not going to close. So, I think it's almost chicken and egg. We need to do a lot, but I'm not preparing for the closure of these plants—it might sound naïve—I'm preparing to work with the UK Government to get the sale of the plants. The workforce wants us to talk in that positive vein about the sale of the plants, well skilled—. We mustn't give up on this, because if we can't find a buyer, there are actually other options, because I'm

sure the management in the UK could actually run the plants for us if we chose to get them to run the plants until time moves on. So, I don't think we rule anything out on this. I think we've got to be positive all the way through. We did the enterprise zone in respect of another announcement. This other one now is about a sale—it's not about a closure. So, let's concentrate on getting all viable bits in, to get it to be a successful sale, to protect all the jobs in the plants across the UK.

[331] **Joyce Watson:** I'm quite pleased with your answer, because actually that's what the trade unions said: 'Let's not talk about anything else, let's talk about saving it.'

[332] **Edwina Hart:** Yes. We've got to win.

[333] **Joyce Watson:** So, in terms of 'let's talk about saving it', let's talk about the potential benefits of the enhanced capital allowances announced in the UK Government's budget earlier this month. Is there anything that you would like to comment on?

[334] **Edwina Hart:** No, I think it's very important that we've had the enhanced capital allowances for the enterprise zone, and it was very welcome. Now it's our job, with the chair of the enterprise zone and the board, to go out and ensure that we get the right boundaries in, because we're looking at those now, and that we get the right companies in. Because all across Port Talbot and wider south Wales and elsewhere, we've got all these other companies that are now struggling that are suppliers into Tata. We've done a lot of work now on the supply chain. In fact, we're looking at people who have been laid off in the supply chain; they will have the same support as we've been giving to Tata workers who have been made redundant. So, the taskforce has extended all that work. Also as well, in terms of the supply chain, there's going to be a lot of vital work done with them now as a result of just this, about how they, locally, can benefit from what other industry can come in. We've got all that in hand, Steve—haven't we—in terms of discussions.

[335] **Mr Phillips:** We have, and, as I mentioned earlier, there are—potentially, at least—other financial mechanisms that can be brought in on the back of the enterprise zones. So, for example, Roger Maggs and I, and others, have been talking about an extension of the enterprise investment scheme, which effectively allows for a 30 per cent tax break for investors in small companies. It would need primary legislation at Westminster to change

that regime, because I think it's limited to companies with less than £15 million-worth of assets—

[336] **Edwina Hart:** And 250 employees.

[337] **Mr Phillips:** —and 250 employees. But there is no reason, in our view, why that can't morph into a scheme that can be applied to Port Talbot and elsewhere, potentially, to allow for small investors, the workforce, the communities and others to take a bit of ownership of this issue financially. Easier said than done, but there is scope for it. You know, frankly speaking, the EIS as it currently stands is designed as a tax haven for rich investors. If it can be adapted to be applied to raising capital for one or other of the turnaround options or sales that we're talking about this morning, then I think it should be explored.

[338] **William Graham:** John, then David.

[339] **John Griffiths:** In terms of what you said, Minister, about viewing Tata's operations in Wales as a whole, and indeed staying positive, that's very much the message I've had from the workforce and unions at Llanwern and the Orb works in Newport. And they're very keen for recognition of the value that they bring to the overall operations—the Zodiac plant at Llanwern, the electrical steels at Orb, for example—because they see that as a very positive part of the overall package that can be sold. So I just wonder if you could say a little bit—because they've brought it up with me on various occasions the need for those positives to be recognised and stated—whether you could reinforce those points.

[340] **Edwina Hart:** Well, I think we do have to be positive about all the other plants that are involved. Llanwern has been through a massive restructure, when you look at it, and it's come out the other end, in terms of the products that it's producing, doing very well. It's an awful thing to say, but it's probably a compliment to Orb that we've got all these measures against them, because of the quality of the product that they're actually producing—that the Chinese don't want it in their market and people choosing to take it, even though it's very small. I share that with you very much, because I've visited, obviously, all the plants, and then you think about Trostre, and how they feel down there that they've done a good job. They were in a terrible position with Metalbox, as it was known, in Neath, and that's had an impact. But they've all kept their heads raised and said, 'We can look for new markets.'

[341] I was very impressed when I went to Wrexham, to Shotton; they just feel there are markets out there. It's an awful thing to say, but Tata are controlled very centrally from Europe in terms of what people were able to do, and you look at the Shotton example, if they could have been allowed to go out to sell, they could have done more, and therefore they would have had more steel from Port Talbot. I think that these plants are capable of marketing much better themselves and getting a better customer base in, but always it was done from the centre there and, therefore, who got contracts? They went into Holland and everything. That's what I think has been a terrible problem in terms of the management of Tata in recent years, because we have to accept that Tata Steel is quite a small operation as part of the Tata global empire, and we were part of Tata Europe, and I'm not certain that it's done us any favours in the last few years.

[342] **William Graham:** David.

[343] **David Rees:** Thank you, Chair. Well, on that point, Tata Steel clearly is trying to be responsible, and it's important that we continue to operate as best we can, not just in Llanwern, but obviously in Port Talbot as well. The heavy end has been talked about a lot, and you've mentioned yourself the power plant this morning. Now, clearly the current talk is an arc furnace instead of the blast furnaces. That's been discussed by Mr Gupta, who's been this morning on the radio. The steel unions came in and actually were quite innovative and said, 'Well, you can have two styles of furnace, an arc and a blast furnace, so you can actually look at where the market was going'. What's the position of the Welsh Government in relation to the Port Talbot works and the possible loss of the heavy end, because if the heavy end goes, then the coke ovens go, and the sinter plant goes, and the docks effectively become very weak, and the energy plant will be a non-starter? So, what are you doing to ensure that, in fact, the plant is sold as an integrated plant, as it stands, and will operate as it stands and not be—

[344] **Edwina Hart:** Well, obviously, the unions are very concerned about this particular issue, because they're concerned about possible job losses that would arise from the changes. Obviously, we are aware of proposals that are floating around on this particular agenda, and I think when we get to the situation of Tata producing their prospectus, proper interested bidders coming in and discussions, these are the points that we will make. But there's obviously no doubt that there is an opinion about that that could make it a viable industry by doing that, and the unions recognise there's got

to be a discussion on these things. But it's not more than discussion. In terms of the power plant, you see, it needs refurbishing or replacing, and we're talking about £60 million to over £110 million on that power plant, but of course things will change if the nature of that business changes. But I think that's all for dialogue when you get prospective purchasers who will really need to have a dialogue with Tata, and will also know what the UK Government's position is, on what basis they're going to give their support. You can't say anything until you know what's happening.

[345] **David Rees:** Do you hope to be involved in discussions on that?

[346] **Edwina Hart:** I am highly unlikely, myself, to be involved in discussions on these matters. However, I think in recent weeks we've had a good dialogue at official level and at ministerial level, and I think it's quite clear from the tweet that's been read out by the Member that it's been very productive in terms of our joint working. That's the way we've got to go forward. We've got to recognise that there can't be any difference between us and the UK Government on this, because we've both got to step up to the plate with what we can do to ensure that the industry survives. We talk about Port Talbot and we talk about Welsh steel, but we're talking about the UK now, and I think it's important to recognise that. It's us as a nation, our status. I'm sure they'll be laughing all over Europe if the steel industry closes down.

[347] **William Graham:** Thank you very much, Minister, for your attendance today, as ever, and Steve as well.

[348] **Edwina Hart:** Thank you very much.

12:59

Papurau i'w Nodi Papers to Note

[349] **William Graham:** I'd like to ask you now to consider the papers to note, item 5. Do we note the petition? Thank you very much. The public meeting is now closed.

*Daeth y cyfarfod i ben am 12:59.
The meeting ended at 12:59.*