

The Right Honourable Theresa May MP
Prime Minister
10 Downing Street
London
SW1A 2AA

20 October 2016

Dear Prime Minister,

The steel industry in Wales

On 19 October 2016, the Economy, Infrastructure and Skills Committee of the National Assembly for Wales held a review of progress on dealing with the crisis in the steel industry in Wales. We took evidence from steel companies (Tata, Celsa and Liberty, plus UK Steel); trade unions (Unite, GMB and Community) and First Minister Carwyn Jones AM. We also invited Nick Hurd MP, the Minister of State at BEIS with responsibility for steel, who instead provided a written update.

While there was praise for the response from both governments in early 2016, and a welcome for action on tariffs and anti-dumping measures, the First Minister and other witnesses presented the view that that momentum appears to have been lost when it comes to UK Government action on steel.

First Minister Carwyn Jones told us:

“Since the referendum in June I do get the impression that the steam has run out of this in London.

“We’re not seeing the same level of momentum, or personal involvement by the Ministers, which does trouble me.”



Chris Hagg, Head of External Affairs for Celsa Steel, said:

“We put a suite of recommendations forward [to reduce energy costs]. And, unfortunately, since June we have seen no real progress. And we’re still waiting for answers as to whether any of those recommendations are likely to be either accepted or rejected.”

The Committee heard that falling exchange rates have brought some short-term relief to steel companies in Wales, and across the UK, but it was also clear to us that the underlying structural problems for the sector – most notably high energy costs and the British Steel pension scheme– remain. The steel crisis has not passed, and urgent action is still required to remedy this.

Following the announcement of job losses at Tata in January 2016, one of the great strengths of the reaction was the effort made by Governments at both ends of the M4. When my predecessor as committee chair William Graham AM wrote to David Cameron on 5 April 2016 he said:

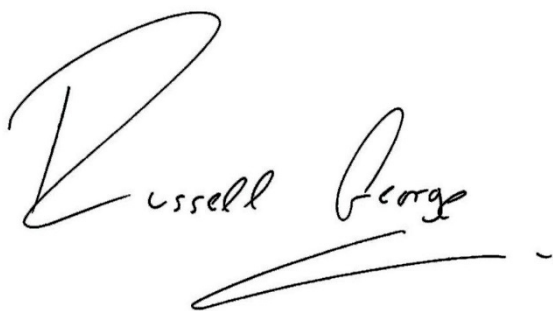
“We recognise the considerable efforts being made by both Governments to support the industry since the announcement of the sale of Tata Steel UK. However, we feel that more could and should be done.”

The personal commitment of the previous Prime Minister was influential in ensuring that co-ordinated response prior to the referendum.

Steel production is a strategically important industry, and remains a significant employer in Wales. The committee and I would be grateful for your confirmation of support and engagement with this process as a matter of priority so that action can be taken swiftly to secure a sustainable future for steel production in Wales and the wider UK.



Russell George AM

A handwritten signature in black ink that reads "Russell George". The signature is written in a cursive style with a large, looping initial 'R' and a long horizontal flourish at the end.

Chair,

EIS Committee,

National Assembly for Wales

Cc

Alun Cairns MP, Secretary of State for Wales

Nick Hurd MP, Minister of State at the Department of Business Economy and
Industrial Strategy

