



**Cynulliad Cenedlaethol Cymru
Pwyllgor Datblygu Economaidd**

**The National Assembly for Wales
Economic Development Committee**

**Cynigion Ailstrwythuro Corus
Corus's Restructuring Proposals**

**Cwestiynau (1-93)
Questions (1-93)**

**Dydd Mercher 21 Mawrth 2001
Wednesday 21 March 2001**

Aelodau o'r Cynulliad yn bresennol: Val Feld (Cadeirydd), Rosemary Butler, Alun Cairns, Christine Chapman, Brian Gibbons, John Griffiths, Alison Halford, Brian Hancock, Tom Middlehurst, Dafydd Wigley, Phil Williams.

Tystion: Nick Cragg, Rheolwr-Gyfarwyddwr, Corus Strip Products, Port Talbot; David Jackson, Cyfarwyddwr Cysylltiadau Masnachol; Tony Pedder, Aelod o'r Bwrdd Gweithredol ar gyfer y Strip Group; Alwyn Jones, Cydffederasiwn y Crefftau Haearn a Dur.

Assembly Members present: Val Feld (Chair), Rosemary Butler, Alun Cairns, Christine Chapman, Brian Gibbons, John Griffiths, Alison Halford, Brian Hancock, Tom Middlehurst, Dafydd Wigley, Phil Williams.

Witnesses: Nick Cragg, Managing Director, Corus Strip Products, Port Talbot; David Jackson, Corporate Relations Director; Tony Pedder, Executive Board Member for the Strip Group; Alwyn Jones, Iron and Steel Trades Confederation.

*Dechreuodd y cyfarfod am 9.35 a.m.
The meeting began at 9.35 a.m.*

[1] **Val Feld:** Good morning and welcome. I remind everyone that they are welcome to speak in Welsh or English. Headsets are available for those who require access to the simultaneous translation.

I have received a number of apologies. Tom Middlehurst is substituting for Ron Davies, and John Griffiths is substituting for Christine Gwyther. Mike German, the Deputy First Minister and Minister for Economic Development, has had to go to launch the new tourist charter in relation to the foot and mouth disease problems. Glyn Davies is also unable to attend. Brian Hancock has not yet arrived; he may be stuck in the snow.

Brian Gibbons and Rosemary Butler are not members of Committee but are present because they have a constituency interest in this meeting.

We have an hour for our initial discussion with Corus's management. We are grateful to the witnesses for attending. After that, we will have a shorter discussion with trade union representatives. We are conscious that Corus has already spoken to committees in the House of Commons and we have had the benefit of their information. There will, therefore, be a number of issues that we want to raise with you, which we know have already been discussed.

[1] **Val Feld:** Bore da a chroeso. Atgoffaf bawb bod croeso iddynt siarad yn y Gymraeg neu'r Saesneg. Mae clustffonau ar gael i'r rhai y mae arnynt angen gwranddo ar y cyfieithu ar y pryd.

Derbyniais nifer o ymddiheuriadau. Mae Tom Middlehurst yn dirprwyo dros Ron Davies, ac mae John Griffiths yn dirprwyo dros Christine Gwyther. Mae Mike German, Dirprwy Brif Weinidog Cymru a'r Gweinidog dros Ddatblygu Economaidd, wedi gorfod mynd i lansio'r siarter twristiaeth newydd mewn perthynas â phroblemau clwy'r traed a'r genau. Nid yw Glyn Davies yn gallu bod yn bresennol ychwaith. Nid yw Brian Hancock wedi cyrraedd eto; gallai fod yn sownd yn yr eira.

Nid yw Brian Gibbons a Rosemary Butler yn aelodau o'r Pwyllgor ond maent yn bresennol am fod ganddynt fuddiant etholaeth yn y cyfarfod hwn.

Mae gennym awr ar gyfer ein trafodaeth gychwynnol â rheolwyr Corus. Yr ydym yn ddiolchgar i'r tystion am fod yn bresennol. Wedi hynny, cawn drafodaeth fyrrach â chynrychiolwyr undebau llafur. Yr ydym yn ymwybodol bod Corus eisoes wedi siarad â phwyllgorau yn Nhŷ'r Cyffredin a chawsom fudd o'r wybodaeth sydd ganddynt. Felly, bydd nifer o faterion y dymunwn eu codi gyda chi, y gwyddom eu bod wedi'u trafod eisoes.

I ask the witnesses to introduce themselves to the Committee, so that we know what your functions and responsibilities are.

Mr Pedder: I am Tony Pedder. I am an executive director and main board member of Corus. My responsibilities include the strip products businesses of Corus, which are, essentially, our strip businesses here in the UK, and our strip business in the Netherlands. With me are Nick Cragg, who is managing director of that strip business in the UK, and David Jackson, who is director of corporate relations for the Corus group.

[2] **Val Feld:** Thank you. We are grateful to you for attending. We have a number of questions that we wish to ask you. I will kick off and then we will go around the board. I think that we have given you an indication of the kind of issues that we want to raise. In order to set the scene, could you very briefly run through for us the rationale behind the proposed redundancies at Llanwern, Ebbw Vale, Shotton, Blaenau Gwent and Bryngwyn in Swansea? In doing that, could you explain to us why the company found it necessary to make a series of redundancy announcements? We are very conscious in Wales that you announced a number of redundancies, on, I think, 16 June last year. Further redundancies were announced on 30 August, and then this very major announcement—which you will understand has come as a huge blow to us—was made at the beginning of February. I would be grateful if you could explain to us not only why you feel it necessary to shed this number of staff and close whole plants, but why that was announced in these stages.

Mr Pedder: Let me start by painting a very general picture of the industry. Steel, as you will know, is a fiercely competitive business. We face competition from around the world. The margins on our products are generally extremely tight, where they are positive, and quite often we have to fight in situations where our margins are anything but positive. We have a relatively high transport cost to get our product to its markets and, obviously, the further that we transport, the more we

Gofynnaf i'r tystion eu cyflwyno eu hunain i'r Pwyllgor, fel y byddwn yn gwybod beth yw'ch swyddogaethau a'ch cyfrifoldebau.

Mr Pedder: Tony Pedder wyf fi. Yr wyf yn gyfarwyddwr gweithredol yn Corus ac yn aelod o'i brif fwrdd. Mae fy nghyfrifoldebau'n cynnwys busnesau cynhyrchion strided Corus, sef, yn y bôn, ein busnesau strided yma yn y DU, a'n busnes strided yn yr Iseldiroedd. Gyda mi y mae Nick Cragg, sydd yn rheolwr-gyfarwyddwr ar y busnes strided hwnnw yn y DU, a David Jackson, sydd yn gyfarwyddwr cysylltiadau corfforaethol i grŵp Corus.

[2] **Val Feld:** Diolch i chi. Yr ydym yn ddiolchgar i chi am fod yn bresennol. Mae gennym nifer o gwestiynau y dymunwn eu gofyn i chi. Dechreuaf fi ac wedyn awn o gylch y bwrdd. Credaf ein bod wedi rhoi arwydd i chi o'r math o faterion y dymunwn eu codi. Er mwyn disgrifio'r cefndir, a allech fynd yn fyr iawn er ein mwyn ni drwy'r sail resymegol i'r diswyddiadau arfaethedig yn Llanwern, Glynebwy, Shotton, Blaenau Gwent a Bryngwyn yn Abertwe? Wrth wneud hynny, a allech egluro i ni pam yr oedd y cwmni'n ei chael yn angenrheidiol gwneud cyfres o ddatganiadau diswyddo? Yr ydym yn ymwybodol iawn yng Nghymru eich bod wedi cyhoeddi nifer o ddiswyddiadau ar, fe gredaf, 16 Mehefin y llynedd. Cyhoeddwyd diswyddiadau pellach ar 30 Awst, ac wedyn gwnaethpwyd y cyhoeddiad pwysig iawn hwn—y byddwch yn deall iddo ddod fel ergyd anferth i ni—ddechrau Chwefror. Byddwn yn ddiolchgar os gallech egluro inni nid yn unig pam y teimlwch fod angen colli'r nifer staff hwn a chau gweithfeydd cyfan, ond pam y cyhoeddwyd hynny yn y camau hyn.

Mr Pedder: Gadewch imi ddechrau drwy dynnu llun cyffredinol iawn o'r diwydiant. Mae dur, fel y byddwch yn gwybod, yn fusnes ffyrnig o gystadleuol. Wynebwn gystadleuaeth o bob rhan o'r byd. Mae maint yr elw ar ein cynhyrchion yn gyfyng dros ben ar y cyfan, lle y mae'n bositif, ac yn eithaf aml yr ydym yn gorfod brwydro mewn sefyllfaoedd lle y mae ein helw ymhell o fod yn bositif. Mae gennym gost cludiant cymharol uchel i fynd â'n cynnyrch i'w

tend to have to pay in transport costs and the more that erodes the available margin. Against that background, you can understand that we are fighting a continuing battle to maintain the maximum capability that we profitably can in our business.

For many years we have been looking at an erosion of our UK customer base and, against the background that I have described, you can understand that, like most companies, we are only as good as our customers. Certainly, our ability to export raw steel, for the reasons that I have said, is increasingly difficult, meaning that we are increasingly in the position of being only as good as our UK customers. We need to have a good core of profitable, healthy companies consuming our products near to us. If we do not have that, we must increasingly export our products against the background of the difficult environment that I have described. We have been fighting those factors for some time and, particularly over the last couple of years or so, the pressure on us to maintain our productive capacity profitably has worsened. You saw the results that we announced a week or so ago where the company disclosed a very serious financial position, particularly in UK steelmaking assets. It is against that background that, regrettably, we have found that it is impossible to continue with the capacity that we have had for the recent period and that we must tailor that capacity more to the markets that we can access sensibly. That is the basic background to the announcements that were made on 1 February.

As far as timing and the issues through 2000, clearly these are not easy decisions. We, as the management, are determined to try to avoid sliding down that slope that I described at anything other than the slowest pace and, if at all possible, we want to go in the other direction. Where we find that we are under pressure and we have to trim our costs, we try to do that as sensibly as we can and with the minimum impact possible. That was the situation that we faced in 2000. We tried hard to get our cost base to a situation where it could more sensibly match our position. Regrettably, as we got to the end of 2000 and

farchnadoedd ac, wrth reswm, po bellaf y byddwn yn ei gludo, mwyaf yw'r costau cludiant yr ydym yn dueddol o orfod eu talu a mwyaf y mae hynny'n erydu maint yr elw sydd ar gael. Ar y cefndir hwnnw, gallwch ddeall ein bod yn ymladd brwydr barhaus i gadw'r gallu mwyaf a allwn yn ein busnes a bod yn broffidiol.

Ers blynyddoedd lawer yr ydym yn gweld erydu ar ein sylfaen cwsmeriaid yn y DU ac, ar y cefndir a ddisgrifiais, gallwch ddeall nad ydym ni, fel y rhan fwyaf o gwmnïau, ond cystal â'n cwsmeriaid. Yn sicr, mae ein gallu i allforio dur crai, am y rhesymau a nodais, yn gynyddol anodd, sydd yn golygu ein bod yn gynyddol yn y sefyllfa o fod cystal â'n cwsmeriaid yn y DU yn unig. Mae angen inni gael cnewyllyn da o gwmnïau iach, proffidiol yn defnyddio ein cynhyrchion yn agos i ni. Os nad yw hynny gennym, rhaid inni allforio'n cynhyrchion fwyfwy ar gefndir yr amgylchedd anodd a ddisgrifiais. Yr ydym yn ymladd yn erbyn y ffactorau hynny ers cryn amser ac, yn enwedig dros y ddwy flynedd diwethaf fwy neu lai, mae'r pwysau sydd arnom i gadw'n capasiti cynhyrchu yn broffidiol wedi gwaethygu. Gwelsoch y canlyniadau a gyhoeddasom tua wythnos yn ôl lle y datgelodd y cwmni sefyllfa ariannol ddifrifol iawn, yn enwedig yn asedau gwneud dur y DU. Ar y cefndir hwnnw, gwaetha'r modd, cawsom ei bod yn amhosibl parhau â'r capasiti a fu gennym yn y cyfnod diweddar a bod yn rhaid inni addasu'r capasiti hwnnw'n fwy ar gyfer y marchnadoedd y gallwn gael mynediad sylwedol iddynt. Dyna'r cefndir sylfaenol i'r cyhoeddiadau a wnaethpwyd ar 1 Chwefror.

O ran amseru a'r materion drwy 2000, mae'n amlwg nad penderfyniadau hawdd yw'r rhain. Yr ydym ni, fel y rheolwyr, yn benderfynol o geisio osgoi llithro i lawr y llethr honno a ddisgrifiais ar ddim heblaw'r cyflymder mwyaf araf ac, os oes modd o gwbl, dymunwn fynd i'r cyfeiriad arall. Lle y cawn ein bod o dan bwysau ac yn gorfod torri ein costau, ceisiwn wneud hynny mor synhwyrol ag y gallwn a chyda'r effaith leiaf posibl. Dyna oedd y sefyllfa a wynebasom yn 2000. Ymdrechasom yn galed i droi ein sylfaen costau at sefyllfa lle y gallai gyfateb yn fwy synhwyrol i'n sefyllfa. Gwaetha'r

into 2001, we found that that was not sustainable and more major surgery was required. That is the background to the situation, Chair.

[3] **Val Feld:** You must understand that to us, it looks like somewhat of a rollercoaster. We had the first series of redundancy announcements, then there was an announcement that you would be investing in the blast furnace in Llanwern, so we thought that everything was all right. At the start of your merger—you know that much has been made of the £700 million that you gave to shareholders—it all looked very hunky-dory. Suddenly, we then find ourselves in what you must appreciate is a devastating position for us in Wales. How can a major company like yours change tack so frequently in such a short space of time?

Mr Pedder: I do not believe that the company has changed tack frequently and I think that the signals and messages about the environment that our company is facing have been there for many years. I have been in the industry for long enough to remember the time when we had plants up and down the country. We had customers consuming our products all over the place. We have seen that decline. Sadly, it has been a continual decline. I would like us to look forward and see how we as UK Limited can stop that decline. However, I do not think there has been a change of tack, and, as I said, we try very hard not to hit major changes of our configuration such as the ones that we have had to announce. We have tried to trim and be more effective, but, unfortunately, you do get to the point every now and then where the position is just not sustainable and more major surgery is required. I have been around long enough to remember the closure of Ravenscraig and many other plants, which happened as a result of them losing their customer base. That is the situation that we have faced again.

[4] **Dafydd Wigley:** You referred to the accounts that you published fairly recently. Looking at those accounts, if one takes the two periods of six months that make up 2000 together, and take out the exceptional items

modd, wrth inni gyrraedd diwedd 2000 a mynd i 2001, cawsom nad oedd modd parhau felly a bod angen rhagor o lawdriniaeth helaeth. Dyna'r cefndir i'r sefyllfa, Gadeirydd.

[3] **Val Feld:** Rhaid ichi ddeall ei bod, i ni, yn ymddangos braidd fel taith wib. Cawsom y gyfres gyntaf o gyhoeddiadau diswyddo, wedyn yr oedd cyhoeddiad y byddech yn buddsoddi yn y ffwrnais chwyth yn Llanwern, felly credasom fod popeth yn iawn. Ar ddechrau'ch cyfuniad—gwyddoch fod llawer wedi'i wneud o'r £700 miliwn a roesoch i gyfranddalwyr—yr oedd popeth yn ymddangos yn ardderchog. Yn sydyn, cawn ein hunain wedyn yn yr hyn sydd, y mae'n rhaid ichi ei ddeall, yn sefyllfa o ddistryw i ni yng Nghymru. Sut y gall cwmni mawr fel eich un chi newid cwrs mor aml mewn cyn lleied o amser?

Mr Pedder: Ni chredaf fod y cwmni wedi newid cwrs yn aml a chredaf fod yr arwyddion a'r negeseuon am yr amgylchedd y mae'n cwmni yn ei wynebu yno ers blynyddoedd lawer. Yr wyf wedi bod yn y diwydiant yn ddigon hir i gofio'r adeg pan oedd gennym weithfeydd ar hyd a lled y wlad. Yr oedd gennym gwsmeriaid yn defnyddio'n cynhyrchion ym mhob man. Gwelsom ddirywiad yn hynny. Gwaetha'r modd, bu'n ddirywiad parhaus. Hoffwn inni edrych ymlaen a gweld sut y gallwn ni fel y DU Gyfyngedig atal y dirywiad hwnnw. Fodd bynnag, ni chredaf fod newid cwrs wedi bod ac, fel y dywedais, ymdrechwn yn galed iawn i beidio â dod at newidiadau mawr yn ein cyfluniad fel y rhai y bu'n rhaid inni eu cyhoeddi. Ceisiasom docio a bod yn fwy effeithiol ond, gwaetha'r modd, yr ydych yn cyrraedd y man bob hyn a hyn lle nad yw'r sefyllfa'n un gynaliadwy ac mae angen rhagor o lawdriniaeth helaeth. Yr wyf wedi bod o gwmpas yn ddigon hir i gofio cau Ravenscraig a llawer o weithfeydd eraill, a ddigwyddodd o ganlyniad i golli eu sylfaen cwsmeriaid. Dyna'r sefyllfa a wynebasom eto.

[4] **Dafydd Wigley:** Cyfeiriasoch at y cyfrifon a gyhoeddasoch yn weddol ddiweddar. Wrth edrych ar y cyfrifon hynny, os yw rhywun yn cymryd y ddau gyfnod o chwe mis sydd yn ffurfio 2000 gyda'i gilydd,

that have been written in, it is virtually a situation of breaking even. In fact, you make a £12,000 loss on this massive turnover for the whole of the year. Given that these exceptional write offs are anticipating what will happen in the main, the £966,000 part of it particularly, is it not reasonable to suppose that you are as a group—whatever is happening within the group—more or less breaking even? You have taken your decision against the background of breaking even, not against a background of going to the wall.

Mr Pedder: You are correct to look at it in that way, but we also have to look at the fact that in our UK steel assets we are losing £1 million a day. That situation has been with us for some time. It continues to be so. The market environment is no better since the turn of the year, since these accounts were closed off—indeed it is worse. It is unsustainable to carry on on that basis. While we do have a group situation, and we have to look across the whole group, we also have responsibilities to try to invest and protect the assets of all the parts of the group as sensibly as we can. If one part of the group is bleeding very heavily it can not be sustained for long, and that is the situation that we are facing.

[5] **Dafydd Wigley:** May I press you on the question of the marketing angle that you use as part of your rationale? Am I right in saying that the global market for steel, overall, is still increasing?

Mr Pedder: The global market for steel certainly has increased and tends to be increasing year on year. Right now I would say it is probably, in the short-term, going through a fairly difficult period because of what is happening in the United States and the impact of that on global demand. However, generally, year on year, there has been a trend of increase.

[6] **Dafydd Wigley:** So if there is a trend of global increase, and we are unable to sustain the share of the global market that we have had historically, to what extent is that because we are uncompetitive? Apart from the transport costs and the geographical mix, are we uncompetitive on production costs, or

ac yn tynnu allan yr eitemau eithriadol a gynhwyswyd, mae bron yn sefyllfa o dalu'ch costau. Mewn gwirionedd, yr ydych yn gwneud colled o £12,000 ar y trosiant anferth hwn ar gyfer y flwyddyn gyfan. O dderbyn bod y dileadau eithriadol hyn yn rhagflaenu'r hyn a fydd yn digwydd yn y brif ran, y rhan £966,000 ohoni'n benodol, onid yw'n rhesymol tybio eich bod fel grŵp—beth bynnag sydd yn digwydd oddi mewn i'r grŵp—yn talu'ch costau fwy neu lai? Gwnaethoch eich penderfyniad ar gefndir o dalu'ch costau, nid ar gefndir o fynd i'r wal.

Mr Pedder: Yr ydych yn iawn wrth edrych arni felly, ond rhaid inni hefyd ystyried y ffaith bod ein hasedau dur yn y DU yn colli £1 miliwn y dydd. Yr ydym yn y sefyllfa honno ers peth amser. Mae'n dal i fod felly. Nid yw amgylchedd y farchnad yn ddim gwell ers dechrau'r flwyddyn, ers cau'r cyfrifon hyn—yn wir, mae'n waeth. Ni ellir parhau ar y sail honno. Er bod gennym sefyllfa grŵp, a rhaid inni edrych ar draws y grŵp cyfan, mae gennym gyfrifoldebau hefyd i geisio buddsoddi a diogelu asedau pob rhan o'r grŵp mor synhwyrrol ag y gallwn. Os yw un rhan o'r grŵp yn colli gwaed yn drwm iawn, ni ellir ei chynnal yn hir, a dyna'r sefyllfa a wynebwn.

[5] **Dafydd Wigley:** A gaf bwysio arnoch ar fater yr agwedd marchnata a ddefnyddiwyd yn rhan o'ch sail resymegol? A wyf yn iawn wrth ddweud bod y farchnad fyd-eang ar gyfer dur, at ei gilydd, yn dal i gynyddu?

Mr Pedder: Mae'r farchnad fyd-eang ar gyfer dur wedi cynyddu, yn sicr, ac mae'n tueddu i gynyddu flwyddyn ar ôl blwyddyn. Ar hyn o bryd dywedwn ei bod, yn y tymor byr, yn mynd drwy gyfnod eithaf anodd, yn ôl pob tebyg, oherwydd yr hyn sydd yn digwydd yn yr Unol Daleithiau ac effaith hynny ar y galw byd-eang. Fodd bynnag, ar y cyfan, flwyddyn ar ôl blwyddyn, bu tuedd iddi gynyddu.

[6] **Dafydd Wigley:** Felly os oes tuedd o gynydd byd-eang, a ninnau'n methu â chadw'r gyfran o'r farchnad fyd-eang a fu gennym yn hanesyddol, i ba raddau y mae hynny oherwydd ein bod yn anghystadleuol? Ar wahân i'r costau cludiant a'r cymysgedd daearyddol, a ydym yn anghystadleuol ar

are we uncompetitive because of the parity of currency?

Mr Pedder: I think that it is an extremely good question, and it brings me back to the point that I made earlier. In our industry, we operate normally on very tight margins, and you have to look at those margins relative to the cost of getting the product to distant markets. It is almost impossible to sustain an industry like ours, which makes basic products, if a vast proportion of what you sell has to travel long distances. It is why we desperately need a consuming industry around us of a significant size and capability, which itself is growing, which itself is profitable and which can sustain the supply from us. If we were to try to support our business on a very heavy diet of exports we could not do so.

[7] **Dafydd Wigley:** Do you not accept, however, that a significant proportion of the loss of business that you may have had in the UK home market, is for exactly the same reason as you are suffering, that is, the parity of currency? If there is some adjustment in the parity of currency over the next two years and if indeed we move towards the euro—and it would be necessary for us to go in at an appropriate level—then not only would that be beneficial to you, but it would be beneficial for your customers in the UK, and there could well be an upturn in the UK demand arising from those circumstances.

Mr Pedder: There could well be, but we are talking about short-term and long-term phenomena. The impact of the possible, speculative changes in currency that you are talking about may well impact on our customers over a period of time. There is no evidence of that to date; the trends over the last many years have been that the customer base for us in the UK market has declined.

[8] **Dafydd Wigley:** I have one final question, if I may, Val, on this part. If indeed that is the pattern, and there is an upturn in the UK market in due course and you have gone ahead with the changes that you are now planning, is it not possible that you will find yourself meeting UK demand with steel

gostau cynhyrchu, ynteu a ydym yn anghystadleuol oherwydd paredd arian?

Mr Pedder: Credaf fod hynny'n gwestiwn da iawn, ac mae'n dod â mi'n ôl at y pwynt a wneuthum yn gynharach. Yn ein diwydiant ni, gweithredwn fel arfer ar feintiau elw cyfyng iawn, a rhaid ichi edrych ar y meintiau elw hynny yn eu perthynas â chost anfon y cynnyrch i farchnadoedd pell. Mae bron yn amhosibl cynnal diwydiant fel ein hun ni, sydd yn gwneud cynhyrchion sylfaenol, os oes rhaid i gyfran anferth o'r hyn a werthwch deithio'n bell iawn. Dyna pam y mae arnom daer angen diwydiant defnyddio o'n cwmpas o faint a gallu sylweddol, sydd yn tyfu ei hun, sydd yn broffidiol ei hun ac a all gynnal y cyflenwad oddi wrthym. Pe baem yn ceisio cynnal ein busnes ar ddiet trwm iawn o allforion, ni allem wneud hynny.

[7] **Dafydd Wigley:** A ydych yn derbyn, fodd bynnag, fod cyfran sylweddol o'r golled busnes a gawsoch o bosibl ym marchnad gartref y DU wedi digwydd am yr union un rheswm ag yr ydych yn ei ddioddef, sef paredd arian? Os bydd rhywfaint o newid mewn paredd arian dros y ddwy flynedd nesaf ac, yn wir, os symudwn tuag at yr ewro—a byddai'n angenrheidiol inni fynd i mewn ar lefel briodol—yna byddai hynny nid yn unig yn fanteisiol i chi, ond byddai'n fanteisiol i'ch cwsmeriaid yn y DU, ac mae'n ddigon posibl y byddai cynnydd yn y galw yn y DU o ganlyniad i'r amgylchiadau hynny.

Mr Pedder: Mae'n ddigon posibl, ond yr ydym yn sôn am ffenomenâu tymor byr a thymor hir. Mae'n bosibl iawn y byddai'r newidiadau damcaniaethol, posibl mewn arian yr ydych yn sôn amdanynt yn effeithio ar ein cwsmeriaid dros gyfnod o amser. Nid oes tystiolaeth o hynny hyd yn hyn; y tueddiadau dros flynyddoedd lawer yw bod ein sylfaen cwsmeriaid ym marchnad y DU wedi dirywio.

[8] **Dafydd Wigley:** Mae gennyf un cwestiwn olaf, os caf, Val, ar y rhan hon. Os hynny, yn wir, yw'r patrwm, a bod cynnydd ym marchnad y DU yn ei dro a chithau wedi mynd ymlaen â'r newidiadau yr ydych yn eu cynllunio'n awr, onid yw'n bosibl y byddwch yn cael eich bod yn ateb y galw yn y DU â

that you have manufactured overseas, that you would otherwise have manufactured in the UK? Can you give any guarantee that you will not in fact be importing steel into the UK, displacing steel that is being made in the UK now?

Mr Pedder: I cannot give that guarantee, nor would I wish to. We will seek to serve the most sustainable share of the UK market that we can from our UK facilities. We believe that we have taken the right decisions to tailor that accordingly. I do not believe that there is evidence of a short-term upswing in demand for our products from the UK because I believe that this decline is part of a long-term trend. That long-term trend of decline is visible for all to see. If there are any short-term upturns, then we have capacity and capability available to meet that where we can, and we will look at what is economic to do. We do have a plant in the Netherlands, and it may well be sensible for us to use that on occasions, but that is not the long-term intention because it faces the same issues.

[9] **Phil Williams:** I want to go back to this question of productivity and the efficiency of the different plants. I have a letter here from the House of Commons Library that quotes Corus as saying that in the south Wales plants of Llanwern and Port Talbot, output was 952 tonnes per worker per year and in IJmuiden it was 750. Would you agree that, on technical grounds, separate from transport costs, the actual plants that are being threatened in south Wales are at least as efficient, if not more so, as some of the others in the group?

Mr Pedder: This has not been an issue of productivity. You have not heard any of us—Sir Brian Moffat or anyone—criticise the productivity of our workforce. This is about the sustainability of the scale of our operations in relation to the available market. We believe that our workforce has done an excellent job in terms of productivity. That is not the issue. In fact, part of the problem is that their extra productivity, because there has not been a UK demand to sustain it, has had to find markets overseas. People like me,

dur a gynyrchasoch dramor, y byddech fel arall wedi'i gynhyrchu yn y DU? A allwch roi unrhyw sicrwydd na fyddwch mewn gwirionedd yn mewnfario dur i'r DU, gan ddisodli dur a gynhyrchir yn y DU yn awr?

Mr Pedder: Ni allaf roi'r sicrwydd hwnnw, ac ni ddymunwn wneud ychwaith. Byddwn yn ceisio gwasanaethu'r gyfran fwyaf cynaliadwy o farchnad y DU ag y gallwn o'n cyfleusterau yn y DU. Credwn ein bod wedi gwneud y penderfyniadau cywir er mwyn eu haddasu'n unol â hynny. Ni chredaf fod tystiolaeth o gynnydd tymor byr yn y galw am ein cynhyrchion o'r DU oherwydd credaf fod y dirywiad hwn yn rhan o duedd tymor hir. Mae'r tuedd tymor hir hwnnw o ddirywiad yn weladwy i bawb. Os oes unrhyw welliannau tymor byr, mae'r capasiti a'r medr ar gael gennym i ateb hynny lle y gallwn, a byddwn yn ystyried beth y gellir ei wneud yn economaidd. Mae gennym waith yn yr Iseldiroedd, ac mae'n bosibl iawn y bydd yn synhwyrol inni ddefnyddio hwnnw o bryd i'w gilydd, ond nid hynny yw'r bwriad tymor hir oherwydd mae'n wynebu'r un materion.

[9] **Phil Williams:** Dymunaf fynd yn ôl at y cwestiwn hwn o gynhyrchiant ac effeithlonrwydd y gwahanol weithfeydd. Mae gennyf lythyr yma oddi wrth Lyfrgell Tŷ'r Cyffredin sydd yn dyfynnu Corus yn dweud bod y cynnyrch yng ngweithfeydd de Cymru yn Llanwern a Port Talbot yn 952 tunnell y gweithiwr y flwyddyn a'i fod yn 750 yn IJmuiden. A gytunech, ar sail dechnegol, ar wahân i gostau cludiant, fod y gweithfeydd hynny sydd o dan fygythiad yn ne Cymru mor effeithlon o leiaf, os nad yn fwy effeithlon, â rhai o'r lleill yn y grŵp?

Mr Pedder: Nid yw hyn wedi bod yn fater o gynhyrchiant. Ni chlywsoch yr un ohonom—Syr Brian Moffat na neb—yn beirniadu cynhyrchiant ein gweithlu. Mae hyn yn ymwneud â maint ein gweithrediadau mewn perthynas â'r farchnad sydd ar gael. Credwn fod ein gweithlu wedi gwneud gwaith rhagorol o ran cynhyrchiant. Nid hynny sydd dan sylw. Mewn gwirionedd, rhan o'r broblem yw bod eu cynhyrchiant ychwanegol, am na fu galw yn y DU i'w gynnal, wedi gorfod dod o hyd i

and several others, have spent a lot of time fighting for export orders. Anyone who has done that will know that having won export business you are very reluctant to give it up. You cling onto it even if it is making losses for a while in the hope that it will come back. It is devastating when somebody like me has to give up export orders, but you cannot go on exporting and losing money.

[10] **Phil Williams:** I have one supplementary question. I want to press you on this because I see that you have plants of comparable productivity or, possibly, in terms of those in Wales, even higher productivity, and when I look to the world scene I see that every major steel-producing country is increasing its output. I want to focus on what are the special issues in the UK. It seems there are problems in the UK that are not problems elsewhere. I see, for instance, that Corus is leading a consortium to re-establish steelmaking in Australia. If you go through the list of all the major steelmaking countries, they are sharing in the increase of capacity in a strategic industry. What are the special factors that mean that we in Wales are losing our market and, despite having very productive plants, are unable to compete?

Mr Pedder: I would like to correct you because your statement was incorrect. The Organisation for Economic Co-operation and Development member countries are not increasing their capacity. In fact, they face similar situations to ours. The German industry is contracting, a potential merger has recently been announced between the French, Luxembourg and Spanish industries and as a result it has already been stated that there will be rationalisation of capacity as they are carrying too much for their available markets. The Japanese industry is looking at consolidation because there is no growth in demand for its products without major export. Eleven United States steel companies are in chapter 11. Regrettably, this is not just a UK phenomenon. There is a UK phenomenon, but that has to do with the size of our customer base. We should all be concerned about that, irrespective of party

farchnadoedd dramor. Mae rhai fel myfi, a nifer o rai eraill, wedi treulio llawer o amser yn ymladd i gael archebion allforio. Bydd rhywun a wnaeth hynny'n gwybod eich bod, ar ôl ennill busnes allforio, yn amharod iawn i'w ildio. Yr ydych yn dal eich gafael ynddo hyd yn oed os yw'n gwneud colledion am ychydig yn y gobaith y daw'n ôl. Mae'n dorcalonnus pan yw rhywun fel myfi'n gorfod ildio archebion allforio, ond ni allwch ddal i allforio a cholli arian.

[10] **Phil Williams:** Mae gennyf un cwestiwn atodol. Dymunaf bwysio arnoch ar hyn oherwydd gwelaf fod gennych weithfeydd â chynhyrchiant tebyg neu, efallai, yn nhermau'r rheini yng Nghymru, gynhyrchiant uwch byth, a phan edrychaf ar y sefyllfa fyd-eang gwelaf fod pob gwlad cynhyrchu dur o bwys yn cynyddu ei chynnyrch. Dymunaf ganolbwyntio ar beth yw'r materion arbennig yn y DU. Ymddengys bod problemau yn y DU nad ydynt yn broblemau mewn mannau eraill. Gwelaf, er enghraifft, fod Corus yn arwain consortiwm i ailgychwyn cynhyrchu dur yn Awstralia. Os ewch drwy restr o'r holl wledydd cynhyrchu dur o bwys, maent yn cyfranogi o'r cynnydd yng nghapasiti diwydiant strategol. Beth yw'r ffactorau arbennig sydd yn golygu ein bod ni yng Nghymru'n colli ein marchnad ac, er bod gennym weithfeydd cynhyrchiol iawn, yn methu â chystadlu?

Mr Pedder: Hoffwn eich cywiro oherwydd yr oedd eich gosodiad yn anghywir. Nid yw aelod wledydd y Gymdeithas Cydweithrediad a Datblygiad Economaidd yn cynyddu eu capasiti. Mewn gwirionedd, maent yn wynebu sefyllfaoedd tebyg i'n rhai ni. Mae'r diwydiant yn yr Almaen yn crebachu, cyhoeddwyd cyfuniad posibl yn ddiweddar rhwng diwydiannau Ffrainc, Lwcsembwrg a Sbaen ac o ganlyniad i hynny datganwyd eisoes y bydd rhesymoli yn y capasiti gan eu bod yn cynnal gormod ar gyfer y marchnadoedd sydd ar gael iddynt. Mae'r diwydiant yn Siapan yn ystyried cyfuno am nad oes twf yn y galw am ei gynhyrchion heb allforio'n helaeth. Mae 11 o gwmnïau dur yr Unol Daleithiau ym mhennod 11. Gwaetha'r modd, nid ffenomen yn y DU yn unig mo hon. Mae ffenomen yn y DU, ond mae a wnelo hynny â maint ein sylfaen cwsmeriaid. Dylem oll bryderu ynghylch hynny, beth

politics. As an industrialist, I find that unacceptable.

As for Australia, which I think you mentioned, we have offered consultancy support there. We are not investors in a consortium there but we have people there to possibly advise on the design of a plant that someone has decided that he or she may build. We have a choice as to whether or not we participate and earn fees as consultants. That is not about investment.

[11] **Brian Gibbons:** In your reply to Dafydd Wigley, you mentioned that your main concern about the currency issue was that it was a fluctuating situation. In the mid 1990s, when the exchange rate was quite profitable, British Steel was able to make a profit of £1 billion. Presumably, if you were in that situation with a favourable currency, we would not be looking at this scale of redundancies. The corollary of the argument is that the currency issue is very important to the company and its profitability and as the currency improves you will move into a much better and more profitable situation such as that which existed in the mid 1990s.

Mr Pedder: That is a good point. I think that you have to look at what happens overall in terms of the implications of changes in currency. For example, what will that do for relative steel prices across our markets and for the competitiveness of our customers? If there were likely to be a sustained period at a different currency level that would bring investment back into the UK so that we had a customer base that could sustain our capabilities, the situation might be different. However, there were a lot of 'might's' in the statement that I just made. What we face now is not that at all. We are facing a trend of decline. Looking at the figures, our exports have been forced to rise year on year. In 1979 0.8 million tonnes were exported, in 1989 the figure was 1.6 million tonnes and in 1999 it was 2.6 million tonnes. I can assure you that, in 2000, exports were at that level and made no money. They made losses. That is regrettable to people who fought to win those export orders. However, they cannot be sustained on that basis.

bynag am wleidyddiaeth bleidiol. Fel diwydiannwr, yr wyf yn cael hynny'n annerbyniol.

Am Awstralia, y credaf ichi ei chrybwyll, yr ydym wedi cynnig cymorth ymgynghori yn y fan honno. Nid ydym yn fuddsoddwyr mewn consortiwm yn y fan honno ond mae gennym rai yno i gynghori, o bosibl, ar gynllun gwaith y mae rhywun wedi penderfynu y gallai ei godi. Mae gennym ddewis o ran a fyddwn yn cymryd rhan ai peidio ac yn ennill ffioedd fel ymgynghorwyr. Nid yw hynny'n ymwneud â buddsoddi.

[11] **Brian Gibbons:** Yn eich ateb i Dafydd Wigley, dywedasoch mai'ch pryder pennaf ynghylch y mater arian oedd ei bod yn sefyllfa gyfnewidiol. Ganol y 1990au, pan oedd y gyfradd gyfnewid yn eithaf proffidiol, yr oedd British Steel yn gallu gwneud elw o £1 biliwn. Yn ôl pob tebyg, os oeddech yn y sefyllfa honno gydag arian ffafriol, na fyddem yn edrych ar ddiswyddiadau ar y raddfa hon. Canlyneb y ddafl yw bod y mater arian yn bwysig iawn i'r cwmni a'i broffidioldeb ac wrth i'r arian wella y byddwch yn symud i sefyllfa lawer gwel a mwy proffidiol fel yr hyn a oedd yn bod ganol y 1990au.

Mr Pedder: Mae hynny'n bwynt da. Credaf fod yn rhaid ichi edrych ar yr hyn sydd yn digwydd yn gyffredinol o ran goblygiadau newidiadau mewn arian. Er enghraifft, beth a wnaiff hynny i brisiau dur cymharol ar draws ein marchnadoedd ac i gystadleuolrwydd ein cwsmeriaid? Os oedd yn debygol y byddai cyfnod estynedig ar lefel arian wahanol a ddeuai â buddsoddiad yn ôl i'r DU fel bod gennym sylfaen cwsmeriaid a allai gynnal ein medrau, gallai'r sefyllfa fod yn wahanol. Fodd bynnag, yr oedd llawer o 'be bai' yn y gosodiad yr wyf newydd ei wneud. Nid hynny yw'r hyn yr ydym yn ei wynebu'n awr o gwbl. Yr ydym yn wynebu tuedd dirywiol. Gan edrych ar y ffigurau, mae ein hallforion wedi gorfod cynyddu flwyddyn ar ôl blwyddyn. Yn 1979 allforiwyd 0.8 miliwn o dunelli, yn 1989 y ffigur oedd 1.6 miliwn o dunelli ac yn 1999 yr oedd yn 2.6 miliwn o dunelli. Gallaf eich sicrhau bod yr allforion ar y lefel honno yn 2000, ac ni wnaethant arian. Gwnaethant gollodion. Mae hynny'n destun gofid i'r rhai a ymladdodd i ennill yr

archebion allforio hynny. Fodd bynnag, ni ellir eu cynnal ar y sail honno.

[12] **Alun Cairns:** May I first of all at least thank you for coming. We appreciate that you are not obligated or obliged in any way to come to the Assembly to explain the actions that you have taken in relation to Corus. We are grateful. I also accept the right of private organisations to react to their environment. However, I hope that you respect that there is public concern and that we are seeking to strike a balance between the freedom of a private enterprise to react to its environment and the public concern and outcry about this.

[12] **Alun Cairns:** A gaf yn gyntaf oll o leiaf ddiolch i chi am ddod. Gwerthfawrogwn nad oes rheidrwydd na gorfodaeth arnoch o gwbl i ddod i'r Cynulliad i egluro'r camau a gymerasoch mewn perthynas â Corus. Yr ydym yn ddiolchgar. Derbyniaf hefyd hawl cyrff preifat i ymateb i'w hamgylchedd. Fodd bynnag, gobeithiaf eich bod yn derbyn bod pryder cyhoeddus a'n bod yn ceisio cadw'r ddysgl yn wastad rhwng rhyddid menter breifat i ymateb i'w hamgylchedd a'r pryder a phrotest cyhoeddus am hyn.

Can you tell me a little bit more about the macroeconomic factors to which you have had to react? You have talked about the decline in the UK market for steel. In order to help us get a better understanding of that, can you perhaps tell us a little bit more about the trends? How long has the market been falling, do you expect it to continue to fall or do you ever expect to see an upturn? Also, can you possibly offer an explanation for why the UK market has been declining? Is it because there has been movement into other materials?

A allwch ddweud ychydig mwy wrthyf am y ffactorau macroeconomaidd y bu'n rhaid ichi ymateb iddynt? Soniasoch am y dirywiad yn y farchnad i ddur yn y DU. Er mwyn ein helpu i ddeall hynny'n well, a allwch ddweud ychydig mwy wrthym efallai am y tueddiadau? Ers pa bryd y mae'r farchnad yn gostwng, a ydych yn disgwyl iddi barhau i ostwng neu a ydych yn disgwyl gweld cynnydd o gwbl? Hefyd, a oes modd ichi gynnig esboniad am y dirywiad ym marchnad y DU? A yw hynny am fod symudiad at ddeunyddiau eraill?

Mr Pedder: Let me give you some statistics that I think may help you. The import of steel in manufactured goods into the UK in 1979 was the equivalent of 3.2 million tonnes. In 1989, it was 5.0 million tonnes and in 1999 it was 8.4 million tonnes. Growth in the actual consumption of steel-containing manufactured goods has taken place. However, that has been on the back of imports of items which we, as consumers, have bought. That has come from countries whose steel industries, presumably, have supplied the factories that have supported those industries. It is against that background that you can see how our customer base has shrunk.

Mr Pedder: Gadewch imi roi rhai ystadegau y credaf y gallent fod o gymorth i chi. Yr oedd y mewnfurio dur mewn nwyddau gwneuthuriedig i'r DU yn 1979 yn cyfateb i 3.2 miliwn o dunellau. Yn 1989, yr oedd yn 5.0 miliwn o dunelli ac yn 1999 yr oedd yn 8.4 miliwn o dunelli. Mae'r twf yn y defnydd gwirioneddol o nwyddau gwneuthuriedig yn cynnwys dur wedi digwydd. Fodd bynnag, bu hynny yn sgîl mewnfurio eitemau yr ydym ni, fel defnyddwyr, wedi'u prynu. Daeth hynny o wledydd y mae eu diwydiannau dur, yn ôl pob tebyg, wedi cyflenwi'r ffatrioedd a gynhaliodd y diwydiannau hynny. Ar y cefndir hwnnw y gallwch weld sut y mae ein sylfaen cwsmeriaid wedi crebachu.

As far as the forecast is concerned, I wish you would tell me. When you look at a trend like that over that period of time, do you see it coming to an end? You asked me for the reasons for it. I think that there are many. However, I think that, if I try to put a line under all of it, the question is whether we have had an industrial policy from any

O ran y rhagolygon, byddai'n dda gennyf pe gallech ddweud wrthyf fi. Pan edrychwch ar duedd fel hwnnw dros y cyfnod hwnnw, a ydych yn rhagweld y daw i ben? Gofynasoch i mi am y rhesymau amdano. Credaf fod llawer ohonynt. Fodd bynnag, credaf, os ceisiaf roi llinell o dan y cwbl, y cwestiwn yw a gawsom bolisi diwydiannol gan unrhyw

government of any colour which has recognised that factor and sought to address it. It is about us as UK Limited being competitive in support of the ability of manufacturers to invest. You can look into all sorts of areas. You can look at the taxation burden on industry, you can look at energy prices, you can look at the climate change levy and transport infrastructure—major issues of that sort, which I think need to be addressed. I think that good things do not come out of a restructuring such as that we are going through in steel unless people ask what the background to it is, what the factors are that have caused it and what we should be doing to stop this slide. If we do not stop it, we will be around this table again in another 10 years with another set of statistics.

[13] **Alun Cairns:** Thank you for that. I want to return to some of the specific points that you have made, but I first want to clarify what you are saying. The decline in UK manufacturing has obviously led to the decline in the demand for steel in the UK domestic market, which has then led to the redundancies in this period. Is that a fair summary of the position?

Mr Pedder: That is a fair summary of the position.

[14] **Alun Cairns:** Thank you. You mentioned the taxes and so on. Can you tell me the impact that the climate change levy will have on the steel operations in the UK?

Mr Pedder: The climate change levy looks like—it is still being finalised—it will have an impact of the order of £8 million on us as a company.

[15] **Alun Cairns:** As an organisation in the UK?

Mr Pedder: Yes.

[16] **Alun Cairns:** What about the influence on Wales and the remaining plants?

Mr Pedder: That is a good question. I do not have that number in my head. However, it

lywodraeth o unrhyw liw sydd wedi cydnabod y ffactor hwnnw ac wedi ceisio ymdrin ag ef. Mae'n ymwneud â ni fel y DU Gyfyngedig yn bod yn gystadleuol wrth gefnogi gallu ein gweithgynhyrchwyr i fuddsoddi. Gallwch ymchwilio i bob math o feysydd. Gallwch edrych ar y baich trethiant ar ddiwydiant, gallwch edrych ar brisiau ynni, gallwch edrych ar y dreth newid hinsawdd a'r seilwaith trafndiaeth—materion pwysig o'r math hwnnw, y credaf fod angen ymdrin â hwy. Credaf na ddaw pethau da o ailstrwythuro fel yr hyn yr ydym yn mynd drwyddo yn y diwydiant dur oni bai fod pobl yn gofyn beth yw'r cefndir, pa ffactorau a'i hachosodd a beth y dylem ei wneud i atal y dirywiad hwn. Os nad ataliwn ef, byddwn o gylch y bwrdd hwn eto ymhen 10 mlynedd gyda set arall o ystadegau.

[13] **Alun Cairns:** Diolch i chi am hynny. Yr wyf eisiau dod yn ôl at rai o'r pwyntiau penodol a wnaethoch, ond yn gyntaf yr wyf eisiau rhoi gwedd eglurach ar yr hyn a ddywedwch. Mae'n amlwg bod y dirywiad mewn gweithgynhyrchu yn y DU wedi arwain at ostyngiad yn y galw am ddur ym marchnad fewnwladol y DU, sydd wedi arwain wedyn at y diswyddiadau yn y cyfnod hwn. A yw hynny'n grynodedeg teg o'r sefyllfa?

Mr Pedder: Mae hynny'n grynodedeg teg o'r sefyllfa.

[14] **Alun Cairns:** Diolch i chi. Soniasoch am y trethi ac yn y blaen. A allwch ddweud wrthyf beth fydd effaith y dreth newid hinsawdd ar y gweithrediadau dur yn y DU?

Mr Pedder: Ymddengys y caiff y dreth newid hinsawdd—mae'n dal i gael ei chwblhau—effaith o tua £8 miliwn arnom fel cwmni.

[15] **Alun Cairns:** Fel corff yn y DU?

Mr Pedder: Ie.

[16] **Alun Cairns:** Beth am y dylanwad ar Gymru a'r gweithfeydd sydd yn aros?

Mr Pedder: Mae hynny'n gwestiwn da. Nid yw'r ffigur hwnnw gennyf yn fy mhen. Fodd

will be proportionate to the steelmake—it is around half of that number.

[17] **Alun Cairns:** So what proportion would that add to your costs?

Mr Pedder: It is a small percentage. It is relatively small. May I just make the point that, if you look at that number in isolation, it is a small percentage. It is drips on a stone. However, we have competitors in countries elsewhere who do not face that charge. If you add that to the list of things that I think make up a coherent industrial strategy, then you have the reason why there is pressure on us. The climate change levy, which is particular to us as a steel industry, is not really the major issue. The major issue is the industrial climate that is affecting our customers.

[18] **Alun Cairns:** Thank you for that. Can you tell me—

[19] **Val Feld:** This will have to be your last question.

[20] **Alun Cairns:** I have a number of minor points, but I can probably cover them all in one question.

[21] **Val Feld:** Keep going.

[22] **Alun Cairns:** Can you tell me a little bit more about your costs in relation to the weakness of the euro, and what impact that has had on your operations? Can you also tell me about the transport costs? You have talked about the infrastructure. There have also been increases in fuel costs overall. Which factors have hit you hardest and where would you like to see changes? If there had been some redundancy protection or additional regulations in terms of negotiations and consultation with employees and unions, as there are in some parts of Europe, would that have had a difference on the numbers of redundancies that you announced?

Mr Pedder: Let me take the last question first. You cannot walk away from the overall industrial and business climate. While there

bynrag, bydd mewn cyfrannedd â maint y dur a gynhyrchir—mae tua hanner y ffigur hwnnw.

[17] **Alun Cairns:** Felly pa gyfran a ychwanegai hynny at eich costau?

Mr Pedder: Mae'n ganran fach. Mae'n gymharol fach. A gaf wneud y pwynt, os edrychwch ar y ffigur hwnnw ar ei ben ei hun, ei fod yn ganran fach. Diferion ar ben carreg ydyw. Fodd bynnag, mae gennym gystadleuwyr mewn gwledydd mewn mannau eraill nad ydynt yn wynebu'r tâl hwnnw. Os ychwanegwch hynny at y rhestr o bethau y credaf eu bod yn ffurfio strategaeth ddiwydiannol gydlynol, dyna ichi'r rheswm pam y mae pwysau arnom. Nid y dreth newid hinsawdd, sydd yn arbennig i ni fel diwydiant dur, yw'r mater pwysig mewn gwirionedd. Y mater pwysig yw'r hinsawdd ddiwydiannol sydd yn effeithio ar ein cwsmeriaid.

[18] **Alun Cairns:** Diolch i chi am hynny. A allwch ddweud wrthyf—

[19] **Val Feld:** Bydd yn rhaid i hyn fod yn gwestiwn olaf gennych.

[20] **Alun Cairns:** Mae gennyf nifer o fân bwyntiau, ond gallaf eu cynnwys oll mewn un cwestiwn yn ôl pob tebyg.

[21] **Val Feld:** Daliwch i fynd.

[22] **Alun Cairns:** A allwch ddweud ychydig mwy wrthyf am eich costau mewn perthynas â gwendid yr ewro, a pha effaith a gafodd hynny ar eich gweithrediadau? A allwch hefyd ddweud wrthyf am y costau cludiant? Yr ydych wedi sôn am y seilwaith. Bu codiadau hefyd mewn costau tanwydd yn gyffredinol. Pa ffactorau sydd wedi'ch bwrw'n galetaf ac ym mhle y carech weld newidiadau? Pe buasai rhyw amddiffynfa rhag diswyddo neu reoliadau ychwanegol o ran negodiadau ac ymgynghori â gweithwyr ac undebau, fel a geir mewn rhai rhannau o Ewrop, a fyddai hynny wedi peri bod gwahaniaeth yn nifer y diswyddiadau a gyhoeddaso?

Mr Pedder: Gadewch imi gymryd y cwestiwn olaf yn gyntaf. Ni allwch fynd oddi wrth yr hinsawdd ddiwydiannol a busnes

may be some differences in the style and tempo of job change measures as they affect different countries, the outcome is inevitably the same, because business has to respond to the health of its customer base and its ability to supply it. Therefore, that, in itself, is not a factor.

On your earlier question, we have made submissions and we could send them to the Committee to give you some details. UK Steel Enterprise Limited has also made a submission to this body. There is some evidence there. There are big factors, namely the competitiveness of the UK energy environment, electricity prices, massive changes in gas costs—which seem to be distorted at the moment—and transport infrastructure. Importing raw materials to our plant in Holland costs us a fraction of what it costs in the UK. There are also great differences in the cost of transporting goods across the country. One issue that we will be facing in our new configuration is a significant transport movement between our Teesside plant and Wales. We are obviously in discussion with rail companies about that. A large part of what we will pay will be a Railtrack facility charge. That needs to be considered in the context of whether it is at a sensible, coherent level to justify what is really the cost to Railtrack. All these things add up and they create an environment, not just for ourselves, but, probably more importantly, for our customers.

[23] **Val Feld:** I remind everyone that the Trade and Industry Select Committee concluded that there was nothing in the UK Government's economic policies that would have made a difference to Corus's decision. Do you accept that?

Mr Pedder: Yes. I spoke to the Trade and Industry Select Committee. This goes back to an answer that I gave to an earlier question. What we are facing is a long-term situation which, year on year, has worsened the position for our customers and ourselves. Had the Department of Trade and Industry come forward with a legal package of measures—and there are restrictions on what it could have done—in the short term, as we got to the point where our position became

gyffredinol. Er y gall fod rhai gwahaniaethau yn arddull ac amseriad mesurau newid swyddi fel y maent yn effeithio ar wahanol wledydd, yr un yw'r canlyniad yn anochel, oherwydd rhaid i fusnes ymateb i iechyd ei sylfaen cwsmeriaid a'i allu i'w chyflenwi. Felly, nid yw hynny'n ffactor ynddo'i hun.

Ynghylch eich cwestiwn cynharach, cyflwynasom sylwadau a gallem eu hanfon at y Pwyllgor i roi rhai manylion i chi. Mae UK Steel Enterprise Cyfyngedig wedi cyflwyno sylwadau i'r corff hwn hefyd. Mae rhywfaint o dystiolaeth yno. Mae ffactorau mawr, sef cystadleuolrwydd amgylchedd ynni'r DU, prisiau trydan, newidiadau anferth i gostau nwy—yr ymddengys eu bod wedi'u hystumio ar hyn o bryd—a'r seilwaith trafndiaeth. Mae mewnfario deunyddiau crai i'n gwaith yn yr Iseldiroedd yn costio cyfran fach i ni o'r hyn y mae'n ei gostio yn y DU. Mae gwahaniaethau mawr hefyd yng nghost cludo nwyddau ar draws y wlad. Un mater y byddwn yn ei wynebu yn ein cyfluniad newydd yw symudiad trafndiaeth mawr rhwng ein gwaith yn Teesside a Chymru. Yr ydym mewn trafodaeth â chwmnïau rheilffyrdd am hynny, wrth gwrs. Rhan fawr o'r hyn a dalwn fydd tâl cyfleuster Railtrack. Mae angen ystyried hynny yng nghyd-destun a yw ar lefel resymol, synhwyrol i gyfiawnhau beth yw'r gost wirioneddol i Railtrack. Mae'r holl bethau hyn yn adio at ei gilydd ac maent yn creu amgylchedd, nid yn unig i ni'n hunain ond, yn bwysicach yn ôl pob tebyg, i'n cwsmeriaid.

[23] **Val Feld:** Atgoffaf bawb bod y Pwyllgor Dethol dros Fasnach a Diwydiant wedi dod i'r casgliad nad oedd dim ym mholisiau economaidd Llywodraeth y DU a wnaethai wahaniaeth i benderfyniad Corus. A ydych yn derbyn hynny?

Mr Pedder: Ydwyf. Siaredais â'r Pwyllgor Dethol dros Fasnach a Diwydiant. Aiff hyn yn ôl at ateb a roddais i gwestiwn cynharach. Yr hyn yr ydym yn ei wynebu yw sefyllfa dymor hir sydd, flwyddyn ar ôl blwyddyn, wedi gwaethygu'r sefyllfa ar gyfer ein cwsmeriaid a ni'n hunain. Pe bai'r Adran Masnach a Diwydiant wedi cyflwyno pecyn cyfreithiol o fesurau—ac mae cyfyngiadau ar yr hyn y gallasai fod wedi'i wneud—yn y tymor byr, wrth inni gyrraedd y man lle'r

unsustainable, it would not have reversed that graph at anything like a pace that would have changed the fundamentals of our decision.

[24] **Val Feld:** Is that the reason why you would not talk to your workers or to the Assembly or the Government?

Mr Pedder: I would challenge your saying that we would not talk to our workers. One issue that we faced is that we wanted to talk to our workers first. We were under some pressure from various government organisations to substantiate rumours that were circulating in the media about our plans. We decided very consciously that it would be wrong to do that until we had talked to our workforce and explained the situation to it.

[25] **Val Feld:** The unions have told us that they did not get any advance notice. On a number of occasions during the run-up to, and during, the period of announcements, we asked the Minister for Economic Development in this Committee about discussions with Corus. We were regularly told that he could not get any information about Corus's plans and could not have the kind of negotiations that we would normally expect to have with businesses to see whether we can offer help and avoid redundancies.

Mr Pedder: With respect, that is a question of the spin that people want to put on certain issues. We had discussions with our trade unions. I know that one of my senior colleagues met trade union officials late last year to explain how serious the situation was becoming. We have talked continually to various government bodies about the plight of our customer base and the pressures on industry. We have issued publications and statements in our annual report. In terms of the very specifics and the final decisions about which plants would be affected, we wanted to talk to our workforce first and we believe that that was the right and proper thing to do.

[26] **Val Feld:** We will move on to discuss the plants. John, did you want to discuss

oedd ein sefyllfa'n un na ellid parhau â hi, ni fuasai wedi gwrthdroi'r graff hwnnw'n ddigon cyflym o bell ffordd i newid hanfodion ein penderfyniad.

[24] **Val Feld:** Ai hynny yw'r rheswm pam na siaradech â'ch gweithwyr neu'r Cynulliad neu'r Llywodraeth?

Mr Pedder: Byddwn yn herio'ch gosodiad na fynnem siarad â'n gweithwyr. Un mater a'n hwynebai oedd ein bod yn dymuno siarad â'n gweithwyr yn gyntaf. Yr oeddem o dan rywfaint o bwysau gan wahanol gyrff llywodraeth i gadarnhau sïon a oedd yn cylchredeg yn y cyfryngau am ein cynlluniau. Penderfynasom yn ymwybodol iawn mai anghywir fyddai gwneud hynny hyd nes yr oeddem wedi siarad â'n gweithlu ac egluro'r sefyllfa iddo.

[25] **Val Feld:** Mae'r undebau wedi dweud wrthym na chawsant unrhyw rybudd ymlaen llaw. Ar nifer o achlysuron yn y cyfnod cyn, ac yn ystod y cyfnod o gyhoeddiadau, gofynasom i'r Gweinidog dros Ddatblygu Economaidd yn y Pwyllgor hwn am drafodaethau â Corus. Dywedwyd wrthym yn rheolaidd na allai gael unrhyw wybodaeth am gynlluniau Corus ac na allai gael y math o negodiadau y disgwyliem eu cael fel arfer gyda busnesau i weld a allwn gynnig cymorth ac osgoi diswyddiadau.

Mr Pedder: Gyda pharch, mae hynny'n fater o'r wedd y mae pobl yn dymuno ei rhoi ar rai materion. Cawsom drafodaethau â'n hundebau llafur. Gwn fod un o'm cydweithwyr uwch wedi cwrdd â swyddogion undeb llafur ddiwedd y flwyddyn ddiwethaf i egluro pa mor ddifrifol oedd y sefyllfa erbyn hynny. Yr ydym wedi siarad yn ddi-dor â gwahanol gyrff llywodraeth am gyflwr ein sylfaen cwsmeriaid a'r pwysau ar ddiwydiant. Yr ydym wedi dosbarthu cyhoeddiadau a datganiadau yn ein hadroddiad blynyddol. O ran yr union fanylion a'r penderfyniadau terfynol ynghylch pa weithfeydd a gâi eu heffeithio, dymunem siarad â'n gweithlu'n gyntaf a chredwn mai hynny oedd y peth iawn a phriodol i'w wneud.

[26] **Val Feld:** Symudwn ymlaen i drafod y gweithfeydd. John, a oeddech yn dymuno

Llanwern?

[27] **John Griffiths:** Yes. First, if I may, Chair, I would like to ask why have we had recent announcements about local management rejecting unions' plans with regard to specific plants, such as Llanwern, Ebbw Vale and Shotton? Why have we not had the process that we understood would take place? We understood that an overall decision would be taken on 27 March once all the proposals had been put forward. Why has that process not taken place? Why has local management pronounced its verdicts on individual plant plans?

Mr Pedder: To correct you, the situation was that, following the last major trade union meeting with Sir Brian Moffat, it was put back to local plants and businesses to discuss local proposals in as constructive a way as possible. I believe that we have complied with that and continue to do so. There are meetings happening this week in this area to talk about the proposals that local unions and officials have to change some of the decisions that we have taken, and present us with alternative proposals. We are looking at those sensibly and constructively. If we find something that is sensible and significant that improves the position, we will take that on board. On 27 March there will be a wrap-up meeting with the chairman and senior officials to receive feedback from those local discussions. It may well be that a number of those local discussions have concluded that there are, or there are not, changes that they wish to make. Those discussions are ongoing and they are being tackled, in my view, with the right spirit and approach.

I would not want to delude anyone that there are major significant changes coming forward that are likely to affect our decision. It is not that we have a closed mind. We have taken our responsibilities very seriously. We looked at many options and the possibilities of going in different directions before we made our announcement. It would be a great surprise to me if some rabbit were to be pulled out of a hat that we have not considered. However, we are looking at everything that comes to us. As I say, those discussions are still ongoing this week.

trafod Llanwern?

[27] **John Griffiths:** Oeddwn. Yn gyntaf, os caf, Gadeirydd, hoffwn ofyn pam y cawsom gyhoeddiadau diweddar ynghylch rheolwyr lleol yn gwrthod cynlluniau'r undebau gyda golwg ar weithfeydd penodol, fel Llanwern, Glynabwy a Shotton? Pam na chawsom y broses yr oeddem wedi deall y byddai'n digwydd? Deallasom y byddai penderfyniad cyffredinol yn cael ei wneud ar 27 Mawrth ar ôl cyflwyno'r holl gynigion. Pam na ddigwyddodd y broses honno? Pam y mae'r rheolwyr lleol wedi cyhoeddi eu dedfrydau ar gynlluniau gweithfeydd unigol?

Mr Pedder: Er mwyn eich cywiro, y sefyllfa oedd, ar ôl cyfarfod mawr diwethaf yr undebau llafur â Syr Brian Moffat, fod hyn i fynd yn ôl i weithfeydd a busnesau lleol i drafod cynigion lleol mor adeiladol â phosibl. Credaf ein bod wedi cydymffurfio â hynny a'n bod yn dal i wneud. Mae cyfarfodydd yn digwydd yr wythnos yma yn yr ardal hon i drafod y cynigion sydd gan undebau a swyddogion lleol i newid rhai o'r penderfyniadau a wnaethom, a chyflwyno cynigion eraill i ni. Yr ydym yn edrych ar y rheini'n synhwyrol ac yn adeiladol. Os canfyddwn rywbeth sydd yn synhwyrol ac yn bwysig sydd yn gwella'r sefyllfa, byddwn yn ystyried hynny. Ar 27 Mawrth bydd cyfarfod cwblhau gyda'r cadeirydd a'r uwch swyddogion i dderbyn adborth oddi wrth y trafodaethau lleol hynny. Mae'n ddigon posibl bod nifer o'r trafodaethau lleol hynny wedi dod i'r casgliad bod newidiadau y dymunant eu gwneud, neu nad oes. Mae'r trafodaethau hynny'n parhau ac ymgymerir â hwy, yn fy marn i, gyda'r ysbryd a'r ymagwedd gywir.

Ni hoffwn gamarwain neb i gredu bod newidiadau sylweddol o bwys yn dod ymlaen sydd yn debygol o effeithio ar ein penderfyniad. Nid oes gennym feddwl caeëdig. Buom yn dra difrifol ynghylch ein cyfrifoldebau. Ystyriasom lawer o ddewisiadau a'r posibiladau o fynd i wahanol gyfeiriadau cyn inni wneud ein cyhoeddiad. Byddai'n syndod mawr i mi pe tynnid rhyw gwningen o het nad ydym wedi'i hystyried. Fodd bynnag, yr ydym yn edrych ar bopeth a ddaw atom. Fel y dywedaf, mae'r trafodaethau hynny'n dal i fynd ymlaen yr

wythnos yma.

[28] **John Griffiths:** I will move on to Llanwern, as it is in my constituency of Newport East. Many of the workers at Llanwern have a fairly jaundiced view about the future of the plant, as you state it to be. They believe that if the heavy end closes, there is not much of a future for the plant. People routinely say 'I'll give it two years'. They cite, for example, transport costs, which you have stressed this morning as being very important. You mentioned the significance of those in terms of transporting from Teesside to south Wales and back. Many people say that that is absolute nonsense and does not stack up over the medium to long term. What do you say to that?

Mr Pedder: To state the obvious quite bluntly, that is the wrong way to approach this. We have not set up this proposed structure for the future to give the plant two years of life. That would be a ridiculous thing to do and it is not what we have done. We have chosen to concentrate on our quality assets. We have a blast furnace in Teesside that is as good as anything in the world. It has been recently relined and is very efficient and low-cost. We have to transport slab from that steelmaking facility to south Wales, but we believe that we can do that very effectively. We would certainly welcome Railtrack being a little more flexible on some of its charges, but we are working on that. We believe we can do that very effectively and we believe that, compared with continuing with less efficient production facilities in the steelmaking end in Llanwern, it is the better option. We have not done that to set it up as a two-year situation and then retreat. Far from it. I have responsibility in this area, as does Mr Cragg, and we will fight with everything that we have to make that work.

[29] **John Griffiths:** You will know that the workforce at Llanwern has recently voted for industrial action and that, obviously, there is a great deal of strong feeling, which I think that we can all understand, about the actions that you have taken and the decisions that

[28] **John Griffiths:** Symudaf ymlaen at Lanwern, gan ei fod yn fy etholaeth i, Dwyrain Casnewydd. Mae gan lawer o'r gweithwyr yn Llanwern farn eithaf chwerw ynghylch dyfodol y gwaith, fel y disgrifiwch ef. Credant, os bydd y pen trwm yn cau, nad oes llawer o ddyfodol i'r gwaith. Mae'n arfer gan bobl ddweud 'Rhoddaf ddwy flynedd iddo'. Cyfeiriant, er enghraifft, at gostau cludiant, yr ydych wedi pwysleisio'r bore yma eu bod yn bwysig iawn. Soniasoch am eu pwysigrwydd yn nhermau cludo o Teesside i dde Cymru ac yn ôl. Mae llawer yn dweud mai nonsens llwyr yw hynny ac nad yw'n gwneud synnwyr dros y tymor canol a hir. Beth a ddywedwch yn ateb i hynny?

Mr Pedder: A dweud yr hyn sydd yn amlwg yn blwmp ac yn blaen, dyna'r ffordd anghywir o fynd ynghylch hyn. Nid ydym wedi sefydlu'r fframwaith arfaethedig hwn ar gyfer y dyfodol i roi dwy flynedd o oes i'r gwaith. Byddai hynny'n beth chwerthinllyd i'w wneud ac nid hynny a wnaethom. Yr ydym wedi dewis canolbwyntio ar ein hasedau o safon. Mae gennym ffwrnais chwyth yn Teesside sydd heb ei hail drwy'r byd. Fe'i hail-leiniwyd yn ddiweddar ac mae'n effeithlon iawn ac yn isel ei chostau. Rhaid inni gludo slabiau o'r cyfleuster gwneud dur hwnnw i dde Cymru, ond credwn y gallwn wneud hynny'n effeithiol iawn. Byddem yn sicr yn croesawu ychydig mwy o hyblygrwydd gan Railtrack ar rai o'r taliadau y mae'n eu codi, ond yr ydym yn gweithio ar hynny. Credwn y gallwn wneud hynny'n effeithiol iawn a chredwn, o'i gymharu â pharhau â chyfleusterau cynhyrchu llai effeithlon yn y pen cynhyrchu dur yn Llanwern, mai hwn yw'r dewis gwell. Ni wnaethom hynny i'w sefydlu fel sefyllfa ddwy flynedd ac wedyn cilio. Dim o gwbl. Mae gennyf gyfrifoldeb yn y maes hwn, fel sydd gan Mr Cragg, a byddwn yn ymladd â phopeth sydd gennym i beri i hynny weithio.

[29] **John Griffiths:** Byddwch yn gwybod bod y gweithlu yn Llanwern wedi pleidleisio'n ddiweddar dros weithredu diwydiannol ac, wrth gwrs, fod llawer o deimladau cryf, y credaf y gallwn oll eu deall, ynghylch y camau a gymerasoch a'r

you have announced. What can you do to assure people there that there is a real future for the steel industry at Llanwern and in Wales in general? We hear talk of future investment being concentrated overseas but very little of investment in Wales, for example. What can you do to assure people who work at Llanwern and elsewhere in the steel industry in Wales that you see a future for steel and that you have positive plans to develop it and take things forward?

Mr Pedder: I have two or three points. There has not been a vote for industrial action in Llanwern of which I am aware, and I would urge the workforce not to think in those terms. That would be incredibly high risk and damaging. All the evidence of industrial action in industries like ours shows that you come out of industrial action far worse than you went into it. I lived through the 1980 steel strike. I do not think that anybody should give any credibility to that course of action.

[30] **John Griffiths:** May I interrupt there? Obviously, it is not a decision that any set of workers takes lightly. We all understand that it is indicative of the strength of feeling. There has been a vote—it is subject to legal requirements as far as the ballot is concerned—but the initial vote, as far as I understand, is in favour of industrial action.

Mr Pedder: May I ask Mr Cragg about this?

Mr Cragg: To clarify the point, there has not been a request for a ballot for industrial action—

[31] **John Griffiths:** No, it has not reached that stage yet.

Mr Cragg: A well-defined procedure must be followed in law before any party gets to that stage and we are clearly not at that stage. There has not been a vote for industrial action in any part of Llanwern.

[32] **John Griffiths:** Not in terms of legal

penderyniadau a gyhoeddasoch. Beth y gallwch ei wneud i roi sicrwydd i bobl bod dyfodol gwirioneddol i'r diwydiant dur yn Llanwern ac yng Nghymru'n gyffredinol? Clywn sôn am ganolbwyntio buddsoddi dramor yn y dyfodol ond ychydig iawn am fuddsoddi yng Nghymru, er enghraifft. Beth y gallwch ei wneud i roi sicrwydd i bobl sydd yn gweithio yn Llanwern ac mewn mannau eraill yn y diwydiant dur yng Nghymru eich bod yn gweld dyfodol i ddur a bod gennyh gynlluniau cadarnhaol i'w ddatblygu a bwrw ymlaen â phethau?

Mr Pedder: Mae gennyf ddau neu dri o bwyntiau. Ni fu pleidlais dros weithredu diwydiannol yn Llanwern y gwn i amdani, a byddwn yn annog y gweithlu i beidio â meddwl yn y termau hynny. Byddai hynny'n anhygoel o beryglus a niweidiol. Mae'r holl dystiolaeth am weithredu diwydiannol mewn diwydiannau fel ein hun ni yn dangos eich bod yn gadael gweithredu diwydiannol yn llawer gwaeth nag yr oeddech wrth ei ddechrau. Yr wyf wedi byw drwy streic ddur 1980. Ni chredaf y dylai neb roi unrhyw hygrdedd i'r cwrs gweithredu hwnnw.

[30] **John Griffiths:** A gaf dorri ar draws yn y fan honno? Wrth reswm, nid yw'n benderfyniad y mae unrhyw set o weithwyr yn ei wneud yn ddifeddwl. Yr ydym oll yn deall ei fod yn arwydd o gryfder y teimlad. Bu pleidlais—mae'n ddarostyngedig i ofynion cyfreithiol o ran y bleidlais gudd—ond mae'r bleidlais gychwynnol, hyd y deallaf, o blaid gweithredu diwydiannol.

Mr Pedder: A gaf ofyn i Mr Cragg am hyn?

Mr Cragg: Er mwyn egluro'r pwynt, ni fu cais am bleidlais gudd dros weithredu diwydiannol—

[31] **John Griffiths:** Naddo, nid yw wedi cyrraedd y cam hwnnw eto.

Mr Cragg: Rhaid dilyn gweithdrefn bendant yn ôl y gyfraith cyn y bydd unrhyw barti'n cyrraedd y cam hwnnw ac mae'n amlwg nad ydym ar y cam hwnnw. Ni fu pleidlais dros weithredu diwydiannol mewn unrhyw ran o Lanwern.

[32] **John Griffiths:** Nid yn nhermau

requirements, but I think that we can take it that there is a great deal of strength of feeling. I am sure that you can understand that. Could you deal with the other points?

Mr Pedder: Of course there is a strength of feeling but, I repeat, I do not think that anybody should in any way encourage that strength of feeling to go in the direction of industrial action.

[33] **John Griffiths:** It is a matter of recognising it.

Mr Pedder: We certainly recognise the strength of feeling. We live with it every day. We are doing our best to alleviate some of it. As I say, I think that industrial action would be a very unwise course of action for anybody to take because evidence shows that it does not help the situation at all. As for the future, I am there with them. I share it. I am a steel man and I have committed my life to this industry, as has Mr Cragg. I want to defend the line that we have drawn and I want to move on from there positively. I want a customer base that wants my products and that allows me to make a profit on selling to it, so that I can reinvest. At the moment, I do not have that. I believe that the actions that we have taken and the configurations that we have decided upon give the best chance to move forward. That is my belief. I have stated it here publicly and I hope that my workforce will listen to that, because I believe it.

[34] **Val Feld:** I want to bring in some other colleagues who live with this day by day. With due respect to you, Mr Pedder, and I appreciate that you are trying to reassure us about the future of the steel industry, but you live outside the area. We live with the consequences of this day by day and it is the Assembly that will have to pick up the pieces and deal with the consequences of the action that your board has taken.

[35] **Tom Middlehurst:** I am sure that you would agree that the trade unions, and indeed your workforce, have shown significant

gofynion cyfreithiol, ond credaf y gallwn dderbyn bod llawer iawn o deimladau cryf. Yr wyf yn sicr y gallwch ddeall hynny. A allech ymdrin â'r pwyntiau eraill?

Mr Pedder: Mae teimladau cryf, wrth gwrs, ond dywedaf eto, ni chredaf y dylai neb mewn unrhyw fodd gymell y cryfder teimlad hwnnw i gyfeiriad gweithredu diwydiannol.

[33] **John Griffiths:** Mater o gydnabod hynny ydyw.

Mr Pedder: Yr ydym yn sicr yn cydnabod y teimladau cryfion. Yr ydym yn byw gyda hyn bob diwrnod. Yr ydym yn gwneud ein gorau i liniaru rhywfaint ohono. Fel y dywedaf, credaf y byddai gweithredu diwydiannol yn gwrs gweithredu annoeth iawn i neb ei ddilyn oherwydd dengys tystiolaeth nad yw'n helpu'r sefyllfa o gwbl. Am y dyfodol, yr wyf yno gyda hwy. Yr wyf yn ei rannu. Un o wŷr y diwydiant dur ydwyf fi ac yr wyf wedi rhoi fy mywyd i'r diwydiant hwn, fel y mae Mr Cragg. Dymunaf amddiffyn y llinell yr ydym wedi'i thynnu a symud ymlaen o'r fan honno'n gadarnhaol. Dymunaf gael sylfaen cwsmeriaid y mae arni eisiau fy nghynhyrchion ac sydd yn caniatáu imi wneud elw wrth werthu iddi, fel y gallaf ailfuddsoddi. Ar hyn o bryd, nid yw honno gennyf. Credaf mai'r camau a gymerasom a'r cyfluniadau y penderfynasom arnynt sydd yn cynnig y cyfle gorau i symud ymlaen. Dyna fy nghred. Yr wyf wedi'i datgan yma'n gyhoeddus a gobeithiaf y bydd fy ngweithlu'n gwranddo ar hynny, oherwydd yr wyf yn credu hynny.

[34] **Val Feld:** Dymunaf ddod â rhai cydweithwyr eraill i mewn sydd yn byw gyda hyn o ddiwrnod i ddiwrnod. Gyda dyledus barch i chi, Mr Pedder, a gwerthfawrogaf eich bod yn ceisio rhoi sicrwydd i ni ynghylch dyfodol y diwydiant dur, ond yr ydych yn byw y tu allan i'r ardal. Yr ydym yn byw gyda chanlyniadau hyn o ddiwrnod i ddiwrnod a'r Cynulliad fydd yn gorfod codi'r darnau a thrafod canlyniadau'r camau a gymerodd eich bwrdd.

[35] **Tom Middlehurst:** Yr wyf yn sicr y cytunech fod yr undebau llafur, ac yn wir eich gweithlu, wedi amlygu cryn

maturity and responsibility in responding to the industry's needs. I hope that you take that as read. It is clear that, at this stage, they are feeling very badly let down. A succession of announcements over the last couple of years have further demoralised the workforce to such an extent that you have a mountain to climb in terms of restoring the confidence of those who will ultimately remain in the industry.

I represent Alyn and Deeside and we are no strangers to significant change in the steel industry in Shotton. I do not need to remind Nick, in particular, of the history in Shottonside. We now have a relatively small workforce in Shotton that is very co-operative and supportive of management. It has come forward with very significant, I think, proposals for retaining the viability of that plant in the face of the company's proposals, which it feels—and I must admit, I feel—are not sustainable and will undermine the long-term viability of the plant. There is a deep cynicism in Shotton that this is the beginning of the end. We need to be honest about that because the workers feel that. What is happening in Shotton in particular—and I am bound to speak for Shotton, because that is what I know best—is that this is the lead-up to the final closure of operations at Shotton. The proposals to close the cold mill and the electro-galvanizing number two line are very serious because that undermines the flexibility that exists there. How would you respond to the trade unions' view that, without the flexibility that currently exists, the plant seems to have a limited future?

Mr Pedder: I would respond in the way that I believe I have responded previously to questions from your colleagues. We believe that the capacity that we will have at Shotton will be that which is best matched to the available market. We do not believe that it is a temporary situation. We believe that it is a long-term sustainable situation, but it will—as ever—depend on the strength of our customer base. We are as good as our customers. I can only keep repeating that. However, we believe that, with the outlook that we have, that configuration will work

aeddfedrwydd a chyfrifoldeb wrth ymateb i anghenion y diwydiant. Gobeithiaf eich bod yn derbyn bod hynny'n wir. Mae'n amlwg, ar hyn o bryd, eu bod yn teimlo'n siomedig dros ben. Mae cyfres o gyhoeddiadau dros y ddwy flynedd diwethaf wedi digalonni'r gweithlu ymhellach i'r fath raddau fel bod gennyhych fynydd i'w ddringo o ran adfer hyder y rhai a fydd yn aros yn y diwydiant yn y pen draw.

Cynrychiolaf Alun a Glannau Dyfrdwy ac nid yw newid sylweddol yn y diwydiant dur yn Shotton yn beth newydd i ni o gwbl. Nid oes angen imi atgoffa Nick, yn arbennig, am yr hanes yn Shottonside. Mae gennym weithlu cymharol fach yn awr yn Shotton sydd yn gydweithredol ac yn gefnogol iawn i'r rheolwyr. Mae wedi cyflwyno cynigion pwysig iawn, fe gredaf, i gadw hyfywedd y gwaith hwnnw yn wyneb cynigion y cwmni, nad ydynt yn ei farn ef—a rhaid imi gyfaddef, yn fy marn i—yn gynaliadwy ac a fydd yn tanseilio hyfywedd tymor hir y gwaith. Mae sinigiaeth ddwfn yn Shotton mai dechrau'r diwedd yw hyn. Mae angen inni fod yn onest am hynny oherwydd mae'r gweithwyr yn teimlo hynny. Yr hyn sydd yn digwydd yn Shotton yn arbennig—ac yr wyf yn rhwym o siarad dros Shotton, oherwydd dyna'r hyn yr wyf yn ei wybod orau—yw mai dyma'r rhagarweiniad i gau'r gweithrediadau yn Shotton yn derfynol. Mae'r cynigion i gau'r felin oer a llinell electrogalfaneiddio rhif dau yn ddifrifol iawn oherwydd mae hynny'n tanseilio'r hyblygrwydd sydd yn bodoli yno. Sut y byddech yn ymateb i farn yr undebau llafur mai dyfodol cyfyngedig sydd i'r gwaith, yn ôl pob golwg, heb yr hyblygrwydd sydd yn bodoli ar hyn o bryd?

Mr Pedder: Byddwn yn ymateb yn y modd y credaf imi ymateb o'r blaen i gwestiynau gan eich cyd-Aelodau. Credwn mai'r capasiti a fydd gennym yn Shotton fydd hynny sydd yn gweddu orau i'r farchnad sydd ar gael. Ni chredwn ei bod yn sefyllfa dros dro. Credwn ei bod yn sefyllfa gynaliadwy dymor hir, ond bydd—fel erioed—yn dibynnu ar gryfder ein sylfaen cwsmeriaid. Yr ydym gystal â'n cwsmeriaid. Ni allaf ond dal i ailadrodd hynny. Fodd bynnag, credwn, gyda'r rhagolygon sydd gennym, y bydd y cyfluniad hwnnw'n gweithio ac y bydd yn effeithiol, a

and will be effective, and that is why we have proposed it.

[36] **Tom Middlehurst:** There is an accusation—and I would like you to answer this—that the whole consultation exercise is an elaborate charade. I am sure that you would not want to agree with that. However, that is the cynicism that is felt. Clearly, the proposals from the trade unions at Shotton are about maintaining a flexible response to customer needs. There is a strong feeling that the closure of the cold mill and the number two electro-galvanizing line will undermine the plant's ability to respond to customer needs. I sincerely hope that you will take the proposals that are coming from the trade unions, at Shotton in particular, very seriously.

Mr Pedder: I can only repeat that we will take very seriously and will discuss in detail at local level what our views are of that counter proposal. We hope that it will be understood that we are doing that and that, whatever the outcome, it will follow a full and proper evaluation.

[37] **Rosemary Butler:** Mr Pedder, you spent some considerable time at the beginning explaining in great detail why—as you said—more 'surgery' was needed. You used that word. It is obvious that you have made your decisions in a clinical way. The board has obviously been isolated and refrigerated in your boardroom somewhere else and you have made decisions that will benefit your shareholders. However, you must be aware of the strength of feeling here this morning and elsewhere and the devastating effect that those decisions have had on communities. I think that you now have a great moral responsibility to ensure that we have early sight of any plans you may have for redevelopment, development, environmental cleansing or whatever you are planning on these sites. These sites are right in the heart of our communities. There have been some very bad experiences in Wales of past devastation where industries have just closed and left. However, there have also been good experiences of redevelopment and Shotton was one example of that. Can I have your assurance that you will involve all the people that you have talked about just now—

dyna pam yr ydym wedi'i gynnig.

[36] **Tom Middlehurst:** Mae cyhuddiad— a hoffwn ichi ateb hyn—mai siarâd cywrain yw'r holl ymarfer ymgynghori. Yr wyf yn sicr na ddymunech gytuno â hynny. Fodd bynnag, dyna'r sinigiaeth a deimlir. Mae'n amlwg bod y cynigion gan yr undebau llafur yn Shotton yn ymwneud â chynnal ymateb hyblyg i anghenion cwsmeriaid. Mae teimlad cryf y bydd cau'r felin oer a llinell electrogalwaneiddio rhif dau yn tansilio gallu'r gwaith i ymateb i anghenion cwsmeriaid. Gobeithiaf yn ddiffuant y byddwch yn cymryd y cynigion sydd yn dod oddi wrth yr undebau llafur, yn Shotton yn arbennig, yn dra o ddifrif.

Mr Pedder: Ni allaf ond ailadrodd y byddwn yn cymryd yn dra o ddifrif ac yn trafod yn fanwl ar lefel leol beth yw ein barn ar y gwrthgynnig hwnnw. Gobeithiwn y deallir ein bod yn gwneud hynny a, beth bynnag fydd y canlyniad, bydd yn dilyn gwerthuso llawn a phriodol.

[37] **Rosemary Butler:** Mr Pedder, treuliasoch gryn amser ar y dechrau'n egluro'n fanwl iawn pam—fel y dywedasoch—yr oedd angen rhagor o 'lawdriniaeth'. Defnyddiasoch y gair hwnnw. Mae'n amlwg eich bod wedi gwneud eich penderfyniadau mewn modd clinigol. Mae'n amlwg bod y bwrdd wedi'i ynysu a'i reweiddio yn eich ystafell bwrdd yn rhywle arall a'ch bod wedi gwneud penderfyniadau a fydd o fudd i'ch cyfranddalwyr. Fodd bynnag, mae'n sicr eich bod yn ymwybodol o gryfder y teimlad yma y bore yma ac mewn manau eraill a'r effaith ddinistriol a gafodd y penderfyniadau hynny ar gymunedau. Credaf fod cyfrifoldeb moesol mawr arnoch yn awr i sicrhau y cawn weld yn fuan unrhyw gynlluniau a all fod gennyhych ar gyfer aildatblygu, datblygu, glanhau amgylcheddol neu beth bynnag yr ydych yn ei gynllunio ar y safleoedd hyn. Mae'r safleoedd hyn yng nghanol ein cymunedau. Cafwyd rhai profiadau gwael iawn yng Nghymru o lanestr yn y gorffennol lle y mae diwydiannau wedi cau a gadael. Fodd bynnag, cafwyd profiadau da hefyd o aildatblygu ac yr oedd Shotton yn un

your local partners—in early discussions on what you propose to do with these huge sites right in the middle of our communities?

Mr Pedder: I hope that, when you refer to devastation, you are not referring to Corus. If so, I would like to know. To answer your specific question, you can be assured that we will do what we have to do, we will consult fully and you will be aware of what ideas, plans and proposals are going forward.

[38] **Rosemary Butler:** At what stage will we be aware?

Mr Pedder: As soon as we are in a position to communicate. I cannot say more than that. That will unfold. These sites—which, as you say, in some instances are big sites—will require much examination of the options of the various plans that could go forward. As soon as we are in a position to discuss those, with whoever can help us to develop those ideas, we will. I cannot put a date on that because we are still in the process of doing other things.

[39] **Rosemary Butler:** It just does not fill us with great confidence that you will change the way of consultation that you used when you made the announcements of the actual closure and reduction of the steelworks. We need to be confident that you will come to us even before your plans are finalised, because it is at that point that we and the local authorities need to be involved.

Mr Pedder: I think that you would be mixing drinks to talk about consultation.

[40] **Rosemary Butler:** Sorry?

Mr Pedder: You would be mixing drinks to talk about consultation to make that comparison.

[41] **Rosemary Butler:** Mixing drinks?

enghraifft o hynny. A allaf gael sicrwydd gennych y byddwch yn cynnwys yr holl bobl yr ydych newydd sôn amdanynt—eich partneriaid lleol—mewn trafodaethau buan ar yr hyn y bwriadwch ei wneud â'r safleoedd anferth hyn yng nghanol ein cymunedau?

Mr Pedder: Gobeithiaf nad ydych, wrth gyfeirio at lanastr, yn cyfeirio at Corus. Os ydych, hoffwn wybod. Er mwyn ateb eich cwestiwn penodol, gallwch fod yn dawel eich meddwl y byddwn yn gwneud yr hyn y byddwn yn gorfod ei wneud, byddwn yn ymgynghori'n llawn a byddwch yn ymwybodol o'r syniadau, y cynlluniau a'r cynigion sydd yn mynd ymlaen.

[38] **Rosemary Butler:** Pa bryd y byddwn yn ymwybodol?

Mr Pedder: Cyn gynted ag y byddwn mewn sefyllfa i allu rhoi gwybod. Ni allaf ddweud mwy na hynny. Bydd hynny'n datblygu. Bydd angen llawer o ystyriaeth i ddewisiadau'r gwahanol gynlluniau a allai fynd ymlaen ar gyfer y safleoedd hyn—y mae rhai ohonynt, fel y dywedwch, yn fawr. Cyn gynted ag y byddwn mewn sefyllfa i allu trafod y rheini, gyda phwy bynnag a all ein helpu i ddatblygu'r syniadau hynny, fe wnawn hynny. Ni allaf roi dyddiad ar gyfer hynny oherwydd yr ydym yn dal wrthi'n gwneud pethau eraill.

[39] **Rosemary Butler:** Nid yw'n rhoi llawer o hyder i ni y byddwch yn newid y dull ymgynghori a ddefnyddiasoch wrth ichi wneud y cyhoeddiadau am gau a lleihau'r gweithfeydd dur. Mae angen inni fod yn ffyddiog y byddwch yn dod atom cyn cwblhau'ch cynlluniau hyd yn oed, oherwydd dyna'r adeg pan fydd angen i ni a'r awdurdodau lleol gymryd rhan.

Mr Pedder: Credaf y byddech yn cymysgu diodydd wrth sôn am ymgynghori.

[40] **Rosemary Butler:** Mae'n ddrwg gennyf?

Mr Pedder: Byddech yn cymysgu diodydd wrth sôn am ymgynghori, a gwneud cymhariaeth felly.

[41] **Rosemary Butler:** Cymysgu diodydd?

Mr Pedder: We are talking here about consultation with you, which, as I just said, we will carry out as soon as we are in a position to do so. We will talk to you about options and plans going forward. I do not think that I can say much more than that.

Mr Pedder: Yr ydym yn sôn yma am ymgynghori â chi, a gyflawnwn, fel yr wyf newydd ddweud, cyn gynted ag y byddwn mewn sefyllfa i allu gwneud hynny. Byddwn yn siarad â chi am ddewisiadau a chynlluniau sydd yn mynd ymlaen. Ni chredaf y gallaf ddweud llawer mwy na hynny.

[42] **Val Feld:** Presumably, you have costed this whole thing. You have made the decision to announce this enormous number of redundancies and take this drastic action on the basis of your financial position and the projection of your future market and customer base. Presumably, therefore, you have costed in all the redundancy packages. I would like to know whether you have costed in assistance, training and support for the people who will be made redundant to find alternative work. Also, have you put a figure on the reclamation and the rehabilitation of the land in the areas where you will close plants?

[42] **Val Feld:** Yr ydych wedi pennu pris hyn oll, yn ôl pob tebyg. Penderfynasoch gyhoeddi'r nifer anferth hwn o ddiswyddiadau a chymryd y camau eithafol hyn ar sail eich sefyllfa ariannol a'r amcanestyniad am eich marchnad a'ch sylfaen cwsmeriaid yn y dyfodol. Gellid tybio, felly, eich bod wedi cynnwys yr holl becynnau diswyddo yn y pris. Hoffwn wybod a ydych wedi cynnwys yn y pris gymorth, hyfforddiant a chefnogaeth i bobl a ddiswyddir i ddod o hyd i waith arall. Hefyd, a ydych wedi pennu ffigur ar gyfer adennill ac adfer y tir yn yr ardaloedd lle byddwch yn cau gweithfeydd?

Mr Pedder: We believe that we have made full allowance and have taken the best estimates we can for all elements connected with the actions that we as a company are having to take. That includes environmental elements. We have recent experience of this in other parts of the country and so we have some recent knowledge of clean-up issues, costs and remediation, and they have been factored into our thinking.

Mr Pedder: Credwn ein bod wedi cymryd i lawn ystyriaeth ac wedi cymryd yr amcangyfrifon gorau y gallwn ar gyfer yr holl elfennau sydd yn gysylltiedig â'r camau yr ydym ni fel cwmni'n gorfod eu cymryd. Mae hynny'n cynnwys elfennau amgylcheddol. Mae gennym brofiad diweddar o hyn mewn rhannau eraill o'r wlad ac felly mae gennym beth gwybodaeth ddiweddar am faterion glanhau, costau ac adfer, ac fe'u ffactoriwyd yn ein ffordd o feddwl.

[43] **Val Feld:** Can we be assured that there will be no costs left to the Assembly or the local authorities to pick up?

[43] **Val Feld:** A allwn fod yn dawel ein meddwl na adewir costau i'w talu gan y Cynulliad neu'r awdurdodau lleol?

Mr Pedder: We will meet our obligations as a company.

Mr Pedder: Byddwn yn cyflawni'n hymrwymiaidau fel cwmni.

[44] **Phil Williams:** May I come in on this?

[44] **Phil Williams:** A gaf i ofyn cwestiwn ar hyn?

[45] **Val Feld:** Is it on this particular point?

[45] **Val Feld:** A ydyw ar y pwynt arbennig hwn?

[46] **Phil Williams:** I want to ask about Ebbw Vale.

[46] **Phil Williams:** Dymunaf holi ynghylch Glynebwy.

[47] **Val Feld:** Brian has been waiting to

[47] **Val Feld:** Mae Brian yn aros i ofyn

come in, and then we will turn to Ebbw Vale, and then we need to pull it together after that.

[48] **Brian Gibbons:** Since we have just been talking about the future, you will probably be aware of press reports in the *Financial Times* and, presumably, elsewhere that Sir Brian Moffat said that this particular round of redundancies and so forth would represent a line in the sand as regards future job losses. Also, if we look at the annual report, we see that the major trend for future investment in the company is in downstream capacity. Following on from that, how confident can we be that this is actually a line in the sand, and that this downstream investment is likely to be in the United Kingdom? Is the company also committed to the necessary upstream capacity to make this line in the sand stick for the capacity that may be preserved after this tragic round of redundancies?

Mr Pedder: Sir Brian Moffat has referred to a line in the sand, and I think that I used those words myself earlier. We believe that this is a position that is sustainable, going forward. I can only repeat that the trend of recent years has seen the continual decline of the industrial consuming base of this country. I seriously hope that we arrest and reverse that. However, having said that, we believe that we are sustainable for as far as we can see ahead. That is why we have made that statement.

As far as investment in the upstream is concerned, it is our intention to maintain our productive capability upstream in as efficient a condition as we possibly can. We will invest where necessary. We intend to make that upstream capacity, wherever we have it, as competitive as it can be, because without it we create our own demise. We are conscious of that, and we will invest where we need to accordingly.

As far as downstream is concerned, the statement has been made that we see the future growth of the company more downstream of steelmaking assets, for all the

cwestiwn, ac wedyn trown at Lynebw, ac wedyn bydd angen inni grynhoi ar ôl hynny.

[48] **Brian Gibbons:** Gan ein bod newydd fod yn sôn am y dyfodol, byddwch yn ymwybodol, yn ôl pob tebyg, o adroddiadau'r wasg yn y *Financial Times* ac, yn ôl pob tebyg, mewn manau eraill, fod Syr Brian Moffat wedi dweud y byddai'r cylch arbennig hwn o ddiswyddiadau ac yn y blaen yn golygu llinell yn y tywod o ran colli swyddi yn y dyfodol. Hefyd, os edrychwn ar yr adroddiad blynyddol, gwelwn fod y tuedd mawr ar gyfer buddsoddi yn y cwmni yn y dyfodol yn y capasiti pen isaf. Gan ddilyn hynny, pa mor ffyddiog y gallwn fod mai llinell yn y tywod yw hyn mewn gwirionedd, a bod y buddsoddi hwn yn y pen isaf yn debygol o fod yn y Deyrnas Unedig? A yw'r cwmni wedi ymrwymo hefyd i'r capasiti angenrheidiol yn y pen uchaf er mwyn peri i'r llinell hon yn y tywod aros yn ei lle ar gyfer y capasiti y gellir ei gadw ar ôl y cylch trasig hwn o ddiswyddiadau?

Mr Pedder: Mae Syr Brian Moffat wedi cyfeirio at linell yn y tywod, a chredaf imi ddefnyddio'r geiriau hynny fy hun yn gynharach. Credwn fod hon yn sefyllfa sydd yn gynaliadwy, wrth fynd ymlaen. Ni allaf ond ailadrodd mai'r tuedd a welwyd yn y blynyddoedd diwethaf yw dirywiad parhaus yn sylfaen defnyddio diwydiannol y wlad hon. Gobeithiaf o ddifrif y gallwn atal a gwrthdroi hynny. Fodd bynnag, wedi dweud hynny, credwn ein bod yn gynaliadwy hyd y gallwn weld o'n blaen. Dyna pam y gwnaethom y datganiad hwnnw.

O ran buddsoddi yn y pen uchaf, ein bwriad yw cadw ein gallu cynhyrchu yn y pen uchaf mewn cyflwr mor effeithlon ag y gallwn. Byddwn yn buddsoddi lle y bo angen. Bwriadwn beri i'r capasiti hwnnw yn y pen uchaf, ym mha le bynnag y mae gennym, fod mor gystadleuol ag y gall fod, oherwydd hebdo yr ydym yn creu ein tranc ein hunain. Yr ydym yn ymwybodol o hynny, a byddwn yn buddsoddi lle y bo angen i ni yn unol â hynny.

O ran y pen isaf, gwnaethpwyd y datganiad ein bod yn rhagweld mai ym mhen isaf yr asedau cynhyrchu dur y bydd twf y cwmni, am yr holl resymau y clywsoch fi'n sôn

reasons that you have heard me talk about for the last hour. We will determine where those investments will be as we go forward. We have no specific plans or investment targets but we believe that, for the company to go forward and if we want to grow, those are the areas at which we must look.

[49] **Brian Gibbons:** May I ask a further question, Val?

[50] **Val Feld:** Yes.

[51] **Brian Gibbons:** Would it therefore be reasonable to say that press reports just after 1 February, such as that in *The Observer*, stating that the company had no further plans to invest in the United Kingdom to maintain upstream capacity, are wrong? Can you confidently say that the necessary investment in upstream capacity from Corus is assured?

Mr Pedder: The upstream capacity that we have in the UK and, indeed, in the Netherlands, we intend to maintain in a world competitive condition, as far as we can. We will continue to do that. It is unlikely—unless there is a change in the environment and our customer base—that we will seek to invest to grow that upstream capacity, for reasons that I have been through. There is enough capacity here to match those needs. However, we will certainly maintain it.

[52] **Val Feld:** Dafydd Wigley wants to ask a question. Is it on this issue?

[53] **Dafydd Wigley:** Yes. If Sir Brian Moffat has been emphasising the importance of investing in more added-value downstream processes such as strip-coating, as Brian mentioned, why is Corus closing Ebbw Vale and Bryngwyn and taking lines out of Shotton in these very downstream areas?

Mr Pedder: I do not believe that, in discussing downstream capacity, we have been specific about where that would be and in which areas it would be. I certainly do not believe that there is likely to be an increase in the capability of coating in the UK market. I do not see that there is a need for that.

amdanynt am yr awr ddiwethaf. Byddwn yn pennu ym mhle y bydd y buddsoddiadau hynny wrth inni fynd ymlaen. Nid oes gennym unrhyw gynlluniau neu dargedau buddsoddi penodol ond credwn, er mwyn i'r cwmni fynd ymlaen ac os dymunwn dyfu, mai'r rheini yw'r meysydd y mae'n rhaid inni edrych arnynt.

[49] **Brian Gibbons:** A gaf ofyn cwestiwn pellach, Val?

[50] **Val Feld:** Cewch.

[51] **Brian Gibbons:** A fyddai felly'n rhesymol dweud bod yr adroddiadau yn y wasg ychydig ar ôl 1 Chwefror, fel hwnnw yn *The Observer*, yn datgan nad oedd gan y cwmni gynlluniau pellach i fuddsoddi yn y Deyrnas Unedig i gynnal y capasiti pen uchaf, yn anghywir? A allwch ddweud yn hyderus fod y buddsoddi angenrheidiol yn y capasiti pen uchaf gan Corus yn sicr?

Mr Pedder: Bwriadwn gadw'r capasiti pen uchaf sydd gennym yn y DU ac, yn wir, yn yr Iseldiroedd, mewn cyflwr cystadleuol bydeang, hyd y gallwn. Byddwn yn parhau i wneud hynny. Mae'n annhebygol—oni cheir newid yn yr amgylchedd a'n sylfaen cwsmeriaid—y byddwn yn ceisio buddsoddi i dyfu'r capasiti pen uchaf hwnnw, am resymau a drafodais. Mae digon o gapasiti yma i ateb yr anghenion hynny. Fodd bynnag, byddwn yn sicr yn ei gadw.

[52] **Val Feld:** Mae Dafydd Wigley yn dymuno gofyn cwestiwn. A yw ar y mater hwn?

[53] **Dafydd Wigley:** Ydyw. Os bu Syr Brian Moffat yn pwysleisio pwysigrwydd buddsoddi mewn mwy o brosesau pen isaf â gwerth ychwanegol fel caenu stribedi, fel y soniodd Brian, pam y mae Corus yn cau Glynebwy a Bryngwyn ac yn tynnu llinellau o Shotton yn yr union feysydd pen isaf hyn?

Mr Pedder: Ni chredaf, wrth drafod capasiti pen isaf, ein bod wedi dweud yn benodol ym mhle y byddai hynny ac ym mha feysydd. Yn sicr, ni chredaf fod cynnydd yn debygol yn y medr caenu ym marchnad y DU. Ni welaf fod angen hynny.

[54] **Dafydd Wigley:** Do you not realise that somewhere like Bryngwyn is slightly different? Would you, whatever else you are doing, give an undertaking that you will look again at Bryngwyn's situation, as it seems to stand out?

Mr Pedder: As I said in response to an earlier question, we are continuing to look at the proposals coming forward. I know that there are meetings this week to discuss counterproposals at Bryngwyn. We will treat those counterproposals seriously.

[55] **Val Feld:** There are actually meetings going on right now, which is why the Amalgamated Engineering and Electrical Union representative is not here. You are not in a position to tell us what the outcome is.

Mr Pedder: No, I am not.

[56] **Val Feld:** Alison Halford wants to come in on this.

[57] **Alison Halford:** Your target for tinplate production is somewhat ambitious I am told, particularly in relation to Trostre. Will you expand on that please?

Mr Pedder: I do not believe that it is ambitious. Our target is to achieve a sustainable market share profitably off competitive assets. That is the background to the considerations that have faced us in our tinplate business and the decisions regarding Ebbw Vale. We believe that that is a correct and sustainable position.

[58] **Alison Halford:** A 53 per cent increase?

Mr Pedder: We believe that it is possible.

[59] **Alison Halford:** I am told that the Trostre mill has proved itself to be unreliable when pushed to its maximum. Is that true?

Mr Pedder: I do not believe that that is true at all. I am not able to substantiate that and I do not know from where that has come.

[60] **Alison Halford:** Can any of your

[54] **Dafydd Wigley:** Oni sylweddolwch fod rhywle fel Bryngwyn ychydig yn wahanol? A wnewch ymgymryd, beth bynnag arall a wnewch, y byddwch yn ailedrych ar sefyllfa Bryngwyn, gan ei bod yn ymddangos ei fod yn wahanol?

Mr Pedder: Fel y dywedais mewn ymateb i gwestiwn cynharach, yr ydym yn dal i edrych ar y cynigion sydd yn dod ymlaen. Gwn fod cyfarfodydd yr wythnos yma i drafod gwrthgynigion ym Mryngwyn. Byddwn yn trin y gwrthgynigion hynny o ddifrif.

[55] **Val Feld:** Mae cyfarfodydd yn mynd ymlaen ar hyn o bryd mewn gwirionedd, a dyna pam nad yw cynrychiolydd Undeb Arunedig y Peirianwyr a'r Trydanwyr yma. Nid ydych mewn sefyllfa i allu dweud wrthym beth yw'r canlyniad.

Mr Pedder: Nac ydwyf.

[56] **Val Feld:** Mae Alison Halford yn dymuno gofyn cwestiwn ar hyn.

[57] **Alison Halford:** Dywedir wrthyf fod eich targed ar gyfer cynhyrchu tunblat braidd yn uchelgeisiol, yn enwedig mewn perthynas â Throstre. A wnewch ymhelaethu ar hynny, os gwelwch yn dda?

Mr Pedder: Ni chredaf ei fod yn uchelgeisiol. Ein targed yw sicrhau cyfran gynaliadwy o'r farchnad yn broffidiol oddi wrth asedau cystadleuol. Dyna'r cefndir i'r ystyriaethau sydd wedi'n hwynebu yn ein busnes tunblat a'r penderfyniadau ynghylch Glynebwy. Credwn fod hwnnw'n safbwynt cywir a chynaliadwy.

[58] **Alison Halford:** Cynnydd o 53 y cant?

Mr Pedder: Credwn ei fod yn bosibl.

[59] **Alison Halford:** Dywedir wrthyf fod y felin yn Nhrostre wedi profi'n annibynadwy pan wthir hi i'r eithaf. A yw hynny'n wir?

Mr Pedder: Ni chredaf fod hynny'n wir o gwbl. Ni allaf gadarnhau hynny ac ni wn o ble y daeth.

[60] **Alison Halford:** A all unrhyw un o'ch

colleagues add to that?

Mr Pedder: If you would like us to, we could come back to you on that. We do not have anyone from the tinplate business here. However, there is nothing of which I am aware that says that that mill and that facility, after it has been restructured, will not be capable of meeting the needs that we have set for it.

[61] **Alison Halford:** It has been suggested that Ebbw Vale has consistently shown itself to be the most efficient plant and the one that produces the best tinplate. If it closes, you will have lost any safety net that you had. Is that wise?

Mr Pedder: We believe that it is essential, because we must have a competitive cost base to meet this very challenging market. If you look at what has happened to the customer sector that we face in that area, it has consolidated and has put pressure on our margins. We have to be as competitive as we can to meet that. Therefore, we favoured the asset that will give us the best prospect going forward, as we have across the rest of our facilities.

[62] **Phil Williams:** May I ask a question?

[63] **Val Feld:** Is it on this issue?

[64] **Phil Williams:** It concerns Ebbw Vale. You are no doubt aware of the social consequences, which will be heavy everywhere. The most serious are probably in Ebbw Vale, as it already has such a high level of unemployment and Corus was so essential. Looking at the various sectors, it would seem to me that the pressures that you have been describing are least acute in tinplate, because at least there is an increase and you recognise, by the transfer to Trostre, that there is a market. We have been told—but you could expand on this—that Ebbw Vale had a full order book. One wonders, again, what are the specific reasons why Ebbw Vale, which we are told is a very efficient plant with a full order book, in a sector where Corus expects to increase production in Europe, was picked for closure, when it is in an area where it will have the maximum

cydweithwyr ychwanegu at hynny?

Mr Pedder: Os dymunwch inni wneud hynny, gallem ddod yn ôl atoch ar hynny. Nid oes gennym neb o'r busnes tunblat yma. Fodd bynnag, nid oes dim y gwn i amdano sydd yn dweud na fydd y felin honno a'r cyfleuster hwnnw, wedi iddo gael ei ailstrwythuro, yn gallu ateb y gofynion yr ydym wedi'u pennu ar ei gyfer.

[61] **Alison Halford:** Awgrymwyd bod Glynebwy wedi profi'n gyson mai ef yw'r gwaith mwyaf effeithlon a'r un sydd yn cynhyrchu'r tunblat gorau. Os bydd yn cau, byddwch wedi colli pob rhwyd achub a oedd gennych. A yw hynny'n ddoeth?

Mr Pedder: Credwn ei fod yn holl bwysig, oherwydd rhaid inni gael sylfaen gostau gystadleuol i wynebu'r farchnad dra ymestynnol hon. Os edrychwch ar yr hyn a ddigwyddodd i'r sector cwsmeriaid a wynebwn yn y maes hwnnw, mae wedi cyfuno ac wedi rhoi pwysau ar faint ein helw. Rhaid inni fod mor gystadleuol ag y gallwn i wynebu hynny. Felly, ffafriasom yr ased a fydd yn rhoi'r rhagolygon gorau inni wrth fynd ymlaen, fel y gwnaethom ar draws gwddill ein cyfleusterau.

[62] **Phil Williams:** A gaf ofyn cwestiwn?

[63] **Val Feld:** A yw ar y mater hwn?

[64] **Phil Williams:** Mae'n ymwneud â Glynebwy. Yr ydych yn sicr o fod yn ymwybodol o'r canlyniadau cymdeithasol, a fydd yn fawr ym mhobman. Mae'r rhai mwyaf difrifol yng Nglynebwy, yn ôl pob tebyg, gan fod yno lefel diweithdra mor uchel eisoes ac yr oedd Corus mor hanfodol. Wrth edrych ar y gwahanol sectorau, ymddengys i mi fod y pwysau a ddisgrifiasoch ar eu lleiaf difrifol mewn tunblat, oherwydd mae cynnydd o leiaf a chydabyddwch, drwy'r trosglwyddiad i Drostre, fod marchnad. Dywedwyd wrthym—ond gallech ymhelaethu ar hyn—fod llyfr archebion llawn gan Lynebwy. Mae rhywun yn meddwl, eto, tybed beth yw'r rhesymau penodol pam y dewiswyd cau Glynebwy, y dywedir wrthym ei fod yn waith effeithlon iawn â llyfr archebion llawn, mewn sector lle y mae Corus yn disgwyl cynyddu cynhyrchu

social consequences?

Mr Pedder: If you look at the order book, you have to look at it, if I may say so, across the various plants because where we have capacity, we try to balance it and use it as effectively as we can. Therefore, you have to look at the financial result and the cost base across the whole business. We have tried to establish what is the sustainable market going forward, what is the cost base that we need to meet that market profitably, how many plants we need and where we should load our orders to meet and achieve that. The decision, after very careful thought, is that the assets that we need to load are those at Trostre and elsewhere that we have. Unfortunately, Ebbw Vale's cost base going forward will not help us to meet those market demands. I fully understand the position at Ebbw Vale.

[65] **Phil Williams:** In IJmuiden there will be quite an increase. Will that be using existing capacity or would that also be an investment in new capacity?

Mr Pedder: It is using existing capacity. We want to push our existing capacity to make our cost base competitive. That is what we have to do.

[66] **Val Feld:** You cannot be unaware of the strength of feeling and the real desperation, in many ways, about picking ourselves back up after this in a country that already has major problems of the sort that have merited us having Objective 1 status. Two things may assist us if you could reassure us about them now. The first point relates to the proposals that have been put to you from the trade union side and whether you would be willing to publish your responses to those so that people could see your reasons for rejecting them, assuming that you will continue to reject them—obviously, we hope that you will not—and how we are going to build trust with you in the future. I am conscious that

yn Ewrop, ac yntau mewn ardal lle y caiff yr effeithiau cymdeithasol mwyaf?

Mr Pedder: Os edrychwech ar y llyfr archebion, rhaid ichi edrych arno, os caf ddweud hynny, ar draws y gwahanol weithfeydd oherwydd lle y mae gennym gapasiti, ceisiwn ei gydbwyso a'i ddefnyddio mor effeithiol ag y gallwn. Felly, rhaid ichi edrych ar y canlyniad ariannol a'r sylfaen gostau ar draws y busnes cyfan. Ceisiasom ganfod beth yw'r farchnad gynaliadwy wrth fynd ymlaen, beth yw'r sylfaen gostau y mae arnom ei hangen i wynebu'r farchnad honno'n broffidiol, nifer y gweithfeydd y mae arnom eu hangen ac ym mhle y dylem lwytho ein harchebion er mwyn wynebu a chyflawni hynny. Y penderfyniad, ar ôl meddwl yn ofalus, yw mai'r asedau y mae angen inni eu llwytho yw'r rheini yn Nhrostre ac mewn mannau eraill sydd gennym. Gwaetha'r modd, ni fydd sylfaen gostau Glynebwy wrth fynd ymlaen yn ein helpu i gwrdd â'r gofynion marchnad hynny. Yr wyf yn llwyr ddeall y sefyllfa yng Nglynebwy.

[65] **Phil Williams:** Bydd eithaf cynnydd yn IJmuiden. A fydd hynny drwy ddefnyddio'r capasiti presennol neu a fyddai hynny'n golygu buddsoddi mewn capasiti newydd hefyd?

Mr Pedder: Mae hynny drwy ddefnyddio'r capasiti presennol. Dymunwn bwysu ar ein capasiti presennol er mwyn peri i'n sylfaen gostau fod yn gystadleuol. Dyna'r hyn y mae'n rhaid inni'i wneud.

[66] **Val Feld:** Ni allwch fod yn anymwybodol o'r cryfder teimlad a'r anobaith gwirioneddol, ar lawer ystyr, ynghylch codi ar ein traed eto ar ôl hyn mewn gwlad sydd eisoes â phroblemau mawr o'r math a'n gwnaeth yn gymwys i dderbyn statws Amcan 1. Gallai dau beth fod o gymorth i ni os gallech roi sicrwydd i ni amdanynt yn awr. Mae'r pwynt cyntaf yn ymwneud â'r cynigion a roddwyd i chi gan ochr yr undebau llafur ac a fydddech yn barod i gyhoeddi'ch ymatebion i'r rheini fel y gall pobl weld eich rhesymau dros eu gwrthod, gan gymryd y byddwch yn dal i'w gwrthod—wrth gwrs, gobeithiwn na fyddwch—a sut y byddwn yn meithrin hyder gyda chi yn y

there will still be production at Llanwern if all this goes ahead—we are still hoping that you will not do it—but if you do there will still be Llanwern, Shotton, Port Talbot and Trostre. Somewhere along the line, in terms of the Economic Development Committee and future work in Wales, we must rebuild trust and confidence in you. That is one point.

The second point is that we have talked about the site and you have said that you would not walk away from any obligations. Does that mean a bottom line obligation or will you be looking to invest some money to ensure that these sites are ready and developed so that new businesses can come straight on them so that your former workers—if they become that—have real opportunities of getting new jobs very quickly? Other companies are doing that. BP is pulling out after years and years, as you are, and is investing in the community so that it leaves a good legacy. Can you give us any indication of how you will continue your relationship with us?

Mr Pedder: Let me respond to your first question on trade union proposals. We are treating those proposals seriously and are responding in some depth and detail. Much of the information being discussed is confidential. We think that that is appropriate given the seriousness of what we are talking about. The likelihood of us publishing some of that confidential information is nil. We will not be able to do that. It would be wrong to promise that and I will not do so. We will talk very openly with our workforce and with their representatives. In so doing, we will inevitably stray into areas, which would be wrong to make public, about our overall competitive position. That is my response to that. I hope that that is not taken as a sign of being negative or anything to do with trust. If we are to respond properly to proposals at local level, we have to go into that sort of detail and I think that our workforce respects us for that. If we were not to do that and were just to give them a response that could be published, we would not be doing the right thing by them.

dyfodol. Yr wyf yn ymwybodol y bydd cynhyrchu o hyd yn Llanwern os aiff hyn oll yn ei flaen—yr ydym yn dal i obeithio na wnewch hyn—ond os gwnewch bydd Llanwern, Shotton, Port Talbot a Throstre yn dal i fod. Rywle ar hyd y ffordd, o ran y Pwyllgor Datblygu Economaidd a gwaith yn y dyfodol yng Nghymru, rhaid inni adfer ymddiriedaeth a hyder ynoch. Dyna un pwynt.

Yr ail bwynt yw ein bod wedi sôn am y safle ac yr ydych wedi dweud na fydddech yn cefnu ar unrhyw ymrwymadau. A yw hynny'n golygu ymrwymiad llinell sylfaenol neu a fyddwch yn disgwyl buddsoddi arian i sicrhau bod y safleoedd hyn yn barod ac wedi'u datblygu fel y gall busnesau newydd ddod yn syth iddynt fel y caiff eich cyn weithwyr—os hynny a fyddant—gyfleoedd gwirioneddol i gael swyddi newydd yn fuan iawn? Mae cwmnïau eraill yn gwneud hynny. Mae BP yn tynnu allan ar ôl blynyddoedd maith, fel chwithau, ac yn buddsoddi yn y gymuned fel ei fod yn gadael rhodd dda ar ei ôl. A allwch roi unrhyw arwydd i ni o'r modd y byddwch yn parhau â'ch perthynas â ni?

Mr Pedder: Gadewch imi ymateb i'ch cwestiwn cyntaf ar gynigion undebau llafur. Yr ydym yn trin y cynigion hynny o ddifrif ac yn ymateb yn eithaf trylwyr a manwl. Mae llawer o'r wybodaeth a drafodir yn gyfrinachol. Credwn fod hynny'n briodol o ystyried difrifoldeb yr hyn yr ydym yn ei drafod. Nid oes dim tebygolrwydd o gwbl y byddwn yn cyhoeddi rhywfaint o'r wybodaeth gyfrinachol honno. Ni fyddwn yn gallu gwneud hynny. Ni fyddai'n iawn addo hynny ac ni wnaf. Byddwn yn siarad yn agored iawn â'n gweithlu a chyda'u cynrychiolwyr. Wrth wneud hynny, mae'n anochel y byddwn yn crwydro i feysydd, y byddai'n anghywir eu gwneud yn gyhoeddus, ynghylch ein sefyllfa gystadleuol gyffredinol. Dyna fy ateb i hynny. Gobeithiaf na chymerir hynny fel arwydd o fod yn negyddol neu rywbeth yn ymwneud ag ymddiriedaeth. Os ydym i ymateb yn briodol i gynigion ar lefel leol, rhaid inni fynd i fanylder o'r math hwnnw a chredaf fod ein gweithlu yn ein parchu am hynny. Pe na wnaem hynny a dim ond rhoi ymateb y gellid ei gyhoeddi, ni fyddem yn eu trin yn iawn.

As for sites, it is premature to talk seriously about that. We are very much at the start of a process. We have environmental advisers who will work with us. We would like to work with you and others who can help us to define where we should go forward. We have a small related business called UK Steel Enterprise, which goes into areas affected by situations like this to help to create jobs and new businesses. That will be deployed, with money from the company, to be part of that process going forward in the affected areas. That again will be a subject that we would like to discuss with you at the right time when the situation becomes clearer. I hope that that is helpful. I do not want to give you premature indications about a situation that is, at this stage, speculative. We will do our best. We will deploy UK Steel Enterprise and together we will talk to you.

O ran safleoedd, mae'n rhy fuan siarad o ddifrif am hynny. Yr ydym ar ddechrau proses i raddau helaeth iawn. Mae gennym gynghorwyr amgylcheddol a fydd yn gweithio gyda ni. Hoffem weithio gyda chi ac eraill a all ein helpu i ddiffinio lle y dylem fynd ymlaen. Mae gennym fusnes bach cysylltiedig o'r enw UK Steel Enterprise, sydd yn mynd i ardaloedd a effeithir gan sefyllfaoedd fel hyn i helpu i greu swyddi a busnesau newydd. Defnyddir hwnnw, gydag arian gan y cwmni, i fod yn rhan o'r broses honno sydd yn mynd ymlaen yn yr ardaloedd amharedig. Bydd hwnnw hefyd yn bwnc yr hoffem ei drafod â chi ar yr adeg briodol pan ddaw'r sefyllfa'n eglurach. Gobeithiaf fod hynny o gymorth. Ni ddymunaf roi arwyddion cynamserol i chi am sefyllfa sydd, ar hyn o bryd, yn ddamcaniaethol. Gwnawn ein gorau. Byddwn yn defnyddio UK Steel Enterprise a chyda'n gilydd byddwn yn siarad â chi.

[67] **Alun Cairns:** You said that you would meet your obligations in relation to the sites. These sites are very contaminated and the reclamation costs could be quite extensive. Our concern now in terms of regenerating the community is to get these sites into a condition in which other enterprises could use them. It may well be more economic for you to leave a site derelict than to leave it in a more economic condition. However, if you pull out of a region, what guarantees can you give that you will not leave a site derelict, because it is more economic for Corus to do so?

[67] **Alun Cairns:** Dywedasoeh y byddech yn cyflawni'ch ymrwymiadau mewn perthynas â'r safleoedd. Mae'r safleoedd hyn yn ddifwynedig iawn a gallai'r costau adfer fod yn eithaf helaeth. Yr hyn sydd yn bwysig i ni'n awr o ran adfywio'r gymuned yw cael y safleoedd hyn mewn cyflwr fel y gallai mentrau eraill eu defnyddio. Mae'n ddigon posibl y bydd yn fwy economaidd ichi adael safle'n ddiffeithwch na'i adael mewn cyflwr mwy economaidd. Fodd bynnag, os tynnwch allan o ranbarth, pa sicrwydd y gallwch ei roi na fyddwch yn gadael safle'n ddiffeithwch, am ei bod yn fwy economaidd i Corus wneud hynny?

Mr Pedder: I can only repeat what I have said, I think, a couple of times. I do not believe that the word 'dereliction', or 'devastation' which was used before, would be applicable to Corus. We have met our obligations responsibly and work very well with local authorities. If you have any doubts about that, please go to Ravenscraig and see what we have done and continue to do there. We are responsible in that regard and will continue to be so. I can only repeat that as soon as we are in a position to have a sensible debate about tangible issues, rather than what, at this stage, are speculative ones, then we will be very willing and happy to come to talk to you—indeed we would like to do so—

Mr Pedder: Ni allaf ond ailadrodd yr hyn a ddywedais, mi gredaf, sawl gwaith. Ni chredaf y byddai'r gair 'diffeithwch', neu 'lanastr' a ddefnyddiwyd o'r blaen, yn berthnasol i Corus. Cyflawnasom ein hymrwymiadau'n gyfrifol ac yr ydym yn gweithio'n dda iawn gydag awdurdodau lleol. Os oes gennych unrhyw amheuan am hynny, ewch i Ravenscraig, os gwelwch yn dda, a gweld yr hyn a wnaethom ac a wnawn o hyd yn y fan honno. Yr ydym yn gyfrifol yn hynny o beth a pharhawn i fod felly. Ni allaf ond dweud eto, cyn gynted ag yr ydym mewn sefyllfa i allu cael dadl synhwyrol am faterion pendant, yn hytrach na rhai sydd, ar hyn o bryd, yn rhai damcaniaethol, y byddwn

about some of the ideas and thoughts that we both might have.

[68] **Christine Chapman:** I have a straightforward question. Bearing in mind the devastation and social consequences of the recent procedures of your company, have you learnt any lessons and would you do things differently in the future? I take Brian's point about the line in the sand and the future of steel in Wales. Do you feel now that you would want to do things differently? Would you be open enough to say whether you have thought of doing things differently?

Mr Pedder: I do not know which specific areas you have in mind about doing things differently. I think that we have tried to handle a very difficult situation professionally. I think that we have tried to liaise and communicate in as sensible a way as we felt we could while remaining responsible to our workforce and not allowing speculation through media or Government circles to precede the facts. If that is what you are referring to, there may well be lessons to learn when we look back, but I think that we have tried to treat the matter very professionally. If I can answer your question in a very different way, in going forward I personally will intensify my lobbying of anyone who will listen about investments to do with the manufacturing base of our country. I hope that this body will take that away. If I can ask you for help: please, please, we need customers. We need customers who consume our products. When you think about what you are going to encourage out of your Objective 1 funding or whatever, information technology companies and banks and insurance companies are wonderful and I have nothing against them, but they do not consume an awful lot of steel. Please may I leave you with a challenge, because we all have a duty to try to rebuild and grow the consuming base of this economy.

[69] **Val Feld:** Are there any final questions? I see that there are none. Thank you very much for coming. We clearly still hope that

yn barod ac yn fodlon iawn dod i siarad â chi—yn wir, hoffem wneud hynny—am rai o'r syniadau a meddyliau a allai fod gan y ddau ohonom.

[68] **Christine Chapman:** Mae gennyf gwestiwn syml. O gofio dinistr a chanlyniadau cymdeithasol gweithdrefnau diweddar eich cwmni, a ydych wedi dysgu unrhyw wersi ac a wnaech bethau'n wahanol yn y dyfodol? Derbyniaf bwynt Brian am y llinell yn y tywod a dyfodol dur yng Nghymru. A deimlwch yn awr yr hoffech wneud pethau'n wahanol? A fydddech yn ddigon agored i ddweud a ydych wedi ystyried gwneud pethau'n wahanol?

Mr Pedder: Ni wn pa feysydd penodol sydd gennych mewn golwg ynghylch gwneud pethau'n wahanol. Credaf ein bod wedi ceisio trafod sefyllfa anodd iawn mewn modd proffesiynol. Credaf ein bod wedi ceisio cysylltu a chyfathrebu mewn modd mor synhwyrol ag y teimlem y gallem tra'n parhau'n gyfrifol am ein gweithlu a pheidio â chaniatáu i ddyfalu drwy gylchoedd y cyfryngau neu'r Llywodraeth ddod o flaen y ffeithiau. Os at hynny yr oeddech yn cyfeirio, mae'n ddigon posibl y bydd gwersi i'w dysgu pan edrychwn yn ôl, ond credaf ein bod wedi ceisio trafod y mater yn broffesiynol iawn. Os caf ateb eich cwestiwn mewn modd gwahanol iawn, wrth fynd ymlaen byddaf fi fy hun yn dwysáu fy lobbio ar rywun a wnaiff wrando ynghylch buddsoddiadau sydd yn ymwneud â sylfaen gweithgynhyrchu ein gwlad. Gobeithiaf y bydd y corff hwn yn ystyried hynny ymhellach. Os caf ofyn am eich cymorth: os gwelwch yn dda, mae arnom angen cwsmeriaid. Mae arnom angen cwsmeriaid sydd yn defnyddio ein cynhyrchion. Pan ystyriwch yr hyn y byddwch yn hybu â'ch arian Amcan 1 neu beth bynnag, mae cwmnïau technoleg gwybodaeth a banciau a chwmnïau yswiriant yn ardderchog ac nid oes gennyf ddim yn eu herbyn, ond nid ydynt yn defnyddio llawer o ddur. Os gwelwch yn dda, a gaf eich gadael â her, oherwydd mae'n ddyletswydd ar bob un ohonom i geisio adfer a meithrin sylfaen defnyddio'r economi hon.

[69] **Val Feld:** A oes unrhyw gwestiynau terfynol? Gwelaf nad oes. Diolch yn fawr i chi am ddod. Yr ydym, wrth gwrs, yn dal i

you will reconsider your proposals. The overriding message that we want to send back with you is that it is our belief that the workers in the steel industry in Wales have, over many years, given a great deal to your company. The consequences to them, if you go ahead with these proposals, are devastating.

Although we will pick ourselves back up again, it will be a huge additional hurdle for us all to have to overcome. We will want to work with you in future and, frankly, our best chance of doing that is if you change your mind about some of these proposals. We can then consider how the Assembly can work most effectively with you. Finally, is there anything else that you want to say to us? Is there anything that we have not covered?

Mr Pedder: No, I think that we have covered the ground very fully. Thank you very much for listening.

[70] **Val Feld:** We hope that we will work with you in future in a position that will expand the steel industry in Wales and guarantee jobs for people. We are very grateful to you for coming.

[*Cafwyd egwyl goffi rhwng 10.43 a.m. ac 11.00 a.m.*]
[*A coffee break was held between 10.43 a.m. and 11.00 a.m.*]

[71] **Val Feld:** We will now resume. The second half of this session was arranged for us to talk to the trade unions. Unfortunately, Alwyn Jones from the Iron and Steel Trades Confederation is here on his own because Randall England of the Transport and General Workers Union and David Davies of the Amalgamated Engineering and Electrical Union are stuck in a snowdrift somewhere with Peter Law. So ISTC has the floor on its own, which puts us in an interesting position. First, I will give Alwyn an opportunity to make some comments to respond to what he has heard from Corus and explain how he perceives the current position. We will then ask him some questions about his views on what the Assembly can do and on other practical matters, which we can take back to the Economic Development Committee. Clearly, we are concerned to do what we can to stop the Corus proposals going forward

obeithio y byddwch yn ailystyried eich cynigion. Y neges bwysicaf y dymunwn ei hanfon yn ôl gyda chi yw mai ein cred yw bod y gweithwyr yn y diwydiant dur yng Nghymru wedi rhoi llawer iawn, dros flynyddoedd lawer, i'ch cwmni chi. Mae'r canlyniadau iddynt hwy, os ewch ymlaen â'r cynigion hyn, yn ddistrywiol.

Er y byddwn yn codi ar ein traed eto, bydd yn rhwystr ychwanegol anferth i bawb ohonom orfod ei oresgyn. Byddwn yn dymuno gweithio gyda chi yn y dyfodol ac, yn blwmp ac yn blaen, y gobaith gorau inni allu gwneud hynny yw os newidiwch eich meddwl am rai o'r cynigion hyn. Wedyn gallwn ystyried sut y gall y Cynulliad weithio'n fwyaf effeithiol gyda chi. Yn olaf, a oes rhywbeth arall y dymunwch ei ddweud wrthym? A oes rhywbeth nad ydym wedi ymdrin ag ef?

Mr Pedder: Nac oes, credaf ein bod wedi trafod y maes yn drylwyr iawn. Diolch yn fawr i chi am wrando.

[70] **Val Feld:** Gobeithiwn y byddwn yn gweithio gyda chi yn y dyfodol mewn sefyllfa a fydd yn ehangu'r diwydiant dur yng Nghymru a gwarantu swyddi i bobl. Yr ydym yn ddiolchgar iawn i chi am ddod.

[71] **Val Feld:** Ailddechreuwn yn awr. Trefnwyd ail ran y sesiwn hwn er mwyn inni siarad â'r undebau llafur. Gwaetha'r modd, mae Alwyn Jones o Gydffederasiwn y Crefftau Haearn a Dur yma ar ei ben ei hun am fod Randall England o Undeb y Gweithwyr Trafnidiaeth a Chyffredinol a David Davies o Undeb Arunedig y Peirianwyr a'r Trydanwyr yn sownd mewn lluwch eira yn rhywle gyda Peter Law. Felly mae Cydffederasiwn y Crefftau Haearn a Dur yma ar ei ben ei hun, sydd yn ein rhoi mewn sefyllfa ddiddorol. Yn gyntaf, rhoddaf gyfle i Alwyn wneud rhai sylwadau i ymateb i'r hyn a glywodd gan Corus ac egluro sut y mae'n gweld y sefyllfa bresennol. Wedyn byddwn yn gofyn cwestiynau iddo am ei farn ar yr hyn y gall y Cynulliad ei wneud ac ar faterion ymarferol eraill, y gallwn fynd â hwy'n ôl i'r Pwyllgor Datblygu Economaidd. Mae'n amlwg ein bod am wneud yr hyn a allwn i

and to give steel a good future in Wales.

Mr Jones: Good morning. Thank you for allowing me your undivided attention. I will see my colleagues later. That is the first thing that I wanted to say.

Obviously, I have sat here with interest this morning and have listened to Corus's senior management make its statements and respond to your questions. I must say that I did so with some interest, to say the least. I hope that I am not stating the obvious by saying that what is potentially on the cards for the steel industry, for Great Britain as a whole, and for Wales in particular, is potentially devastating. The social consequences of that are equally devastating. We are talking about human beings here, many of whom I know personally, as someone who has worked in the steel industry in Llanwern, in particular, for around 25 years before becoming a full-time trade union official. The point to make is that, as a workforce, those people are second to none. From the point of view of productivity, what more can they actually do than be world competitive? They feel that they are pawns in the business that Corus is trying to carry out at the moment. Obviously, apart from having my sympathies, I know that they are also uppermost in all of your minds.

I will move on to some specifics. I will deal with a point that was made by Mr Pedder this morning on consultation. I must say that his version of consultation and mine are not quite the same. Perhaps he had a different dictionary to the one with which I was brought up. As far as I am concerned, consultation means just that—that you enter into useful and meaningful dialogue with a quality workforce. That is not the case with all the redundancies that have been announced, particularly in the last 12 months. As you know, this is potentially just the culmination of appreciable earlier redundancies already announced over the last 12 months. What they did was to call us in, as the workforce and as the representatives of the workforce, and tell us that that was what was happening. I do not call that consultation. Corus could be a responsible

atal cynigion Corus rhag mynd ymlaen a rhoi dyfodol da i ddur yng Nghymru.

Mr Jones: Bore da. Diolch i chi am roi eich holl sylw i mi. Byddaf yn gweld fy nghydweithwyr yn ddiweddarach. Dyna'r peth cyntaf yr oeddwn yn dymuno'i ddweud.

Wrth gwrs, eisteddais yma â diddordeb y bore yma a gwranddo ar uwch reolwyr Corus yn gwneud datganiadau ac yn ymateb i'ch cwestiynau. Rhaid imi ddweud fy mod wedi gwneud hynny gyda pheth diddordeb, a dweud y lleiaf. Gobeithiaf nad wyf yn mynegi'r hyn sydd yn amlwg wrth ddweud bod yr hyn a allai ddigwydd i'r diwydiant dur, ym Mhrydain Fawr yn ei chyfanrwydd, ac yn Nghymru'n benodol, yn ddistrywiol o bosibl. Mae canlyniadau cymdeithasol hynny yr un mor ddistrywiol. Yr ydym yn sôn am fodau dynol yma, yr wyf yn adnabod llawer ohonynt yn bersonol, fel un a weithiodd yn y diwydiant dur yn Llanwern, yn arbennig, am oddeutu 25 mlynedd cyn dod yn swyddog undeb llafur llawn amser. Y pwynt i'w wneud yw bod y bobl hynny, fel gweithlu, heb eu hail. O safbwynt cynhyrchiant, beth y gallant ei wneud yn rhagor na bod yn gystadleuol drwy'r byd? Teimplant eu bod yn wystlon yn y busnes y mae Corus yn ceisio'i gyflawni ar hyn o bryd. Wrth gwrs, yn ogystal â'm cydymdeimlad i â hwy, gwn eu bod ar flaen meddyliau pob un ohonoch chithau.

Af ymlaen at rai pethau penodol. Ymdriniaf â phwynt a wnaethpwyd gan Mr Pedder y bore yma ynghylch ymgynghori. Rhaid imi ddweud nad yw ei fersiwn ef a minnau o ymgynghori yn hollol yr un peth. Efallai fod ganddo eiriadur gwahanol i'r un y'm magwyd arno. O'm rhan i, dyna'n union yw ystyr ymgynghori—eich bod yn dechrau deialog ddefnyddiol ac ystyrllon â gweithlu o safon. Nid felly y mae gyda'r holl ddiswyddiadau a gyhoeddwyd, yn enwedig yn y 12 mis diwethaf. Fel y gwyddoch, gallai hyn fod yn ddim ond diwedd glo i ddiswyddiadau cynharach sylweddol a gyhoeddwyd eisoes dros y 12 mis diwethaf. Yr hyn a wnaethant oedd ein galw i mewn, fel y gweithlu ac fel cynrychiolwyr y gweithlu, a dweud wrthym mai hynny oedd yn digwydd. Nid ymgynghori yw'r enw a roddaf ar hynny. Gallai Corus fod yn

employer and take the line of Ford, which certainly—from the point of view of investments in Bridgend—has taken the workforce with it. Why Corus cannot do that, I just do not know. It is not for the want of us asking to be part of a useful dialogue. So I dispute that most profoundly. There has not been consultation. I will illustrate that particularly by saying that, when the latest announcements were made, we were called in at 9.00 a.m. and told what was happening. There was not even the courtesy of telling us even half an hour before anybody else. If that is Corus's version of consultation, words fail me.

To respond to a specific point regarding the situation that was mentioned briefly this morning on parts of the workforce in Llanwern being in a dispute situation, I will clarify that position. The situation is that our members in the cold mill and the steel plant have taken a branch, majority decision, at this moment in time, to resist hard redundancies. I acknowledge the fact that we are in procedure at the moment and that there is one final meeting to hold with management to tell it that the workforce in those particular areas want to resist hard redundancies. Depending on the outcome of that meeting—it is not for me to say what the outcome is likely to be, and you can draw your own conclusions from what was said by management this morning about what the likely response to that will be—we will be in procedure and we will have to see where that takes us. I think that that is all that I want to say on that subject.

On the question of transport costs, Mr Pedder and his colleagues this morning talked about the prohibitive cost of moving material from Llanwern to mainland Europe, for instance—a market, which, in Llanwern, my colleagues consider almost to be a home market, I must say. It is a small world these days; perhaps Corus should realise that. On the one hand, Mr Pedder tells us that it is too expensive to export finished goods and material from Llanwern to the continent. However, in the next breath, he tells us that it is totally acceptable and that it certainly gives Llanwern a long-term future to have its feedstock transported 300 miles from

gyflogwr cyfrifol a dilyn llwybr Ford, sydd yn sicr—o safbwynt buddsoddiadau ym Mhen-y-bont ar Ogwr—wedi mynd â'r gweithlu gydag ef. Pam na all Corus wneud hynny, ni wn. Nid yw oherwydd diffyg dymuniad ar ein rhan ni i fod yn rhan o ddeialog ddefnyddiol. Felly heriaf hynny'n llwyr. Ni fu ymgynghori. Dangosaf hynny'n benodol drwy ddweud, pan wnaethpwyd y cyhoeddiadau diweddaraf, inni gael ein galw i mewn am 9.00 a.m. a'n hysbysu am yr hyn a oedd yn digwydd. Ni chafwyd hyd yn oed y cwrtseisi o ddweud wrthym hyd yn oed hanner awr o flaen neb arall. Os hynny yw fersiwn Corus o ymgynghori, mae geiriau'n fy methu.

Er mwyn ymateb i bwynt penodol ynghylch y sefyllfa a grybwyllwyd yn fyr y bore yma sef bod rhannau o'r gweithlu yn Llanwern mewn sefyllfa o anghydfod, rhoddaf wedd eglurach ar y sefyllfa honno. Y sefyllfa yw bod ein haelodau yn y felin oer a'r gwaith dur wedi gwneud penderfyniad drwy fwyafrif mewn cangen, ar hyn o bryd, i wrthwynebu diswyddiadau pendant. Cydnabyddaf ein bod ar ganol gweithdrefn ar hyn o bryd a bod un cyfarfod terfynol i'w gynnal gyda'r rheolwyr i ddweud wrthynt fod y gweithlu yn y manau penodol hynny'n mynnu gwrthwynebu diswyddiadau pendant. Yn ôl canlyniad y cyfarfod hwnnw—nid fy lle i yw dweud beth fydd y canlyniad tebygol, a gallwch ddod i'ch casgliadau eich hunain ar sail yr hyn a ddywedwyd gan y rheolwyr y bore yma am yr ymateb tebygol a fydd i hynny—byddwn ar ganol gweithdrefn a bydd yn rhaid inni weld i ble'r aiff hynny â ni. Credaf mai dyna'r cwbl y dymunaf ei ddweud ar y mater hwnnw.

Ar fater costau cludiant, soniodd Mr Pedder a'i gydweithwyr y bore yma am gost afresymol symud deunydd o Lanwern i dir mawr Ewrop, er enghraifft—marchnad y mae fy nghydweithwyr, yn Llanwern, yn ei hystyried yn farchnad gartref bron, rhaid imi ddweud. Mae'r byd yn fach y dyddiau hyn; efallai y dylai Corus sylweddoli hynny. Ar un llaw, dywed Mr Pedder wrthym ei bod yn rhy ddud allforio nwyddau gorffenedig a deunydd o Lanwern i'r cyfandir. Fodd bynnag, ar y gwynt nesaf, dywed wrthym ei bod yn gwbl dderbyniol a'i bod yn sicr yn rhoi dyfodol tymor hir i Lanwern i gludo ei ddeunydd crai 300 milltir o Teesside. Nid yw

Teesside. That does not stack up as far as I, or anyone who has a logical mind, is concerned. I wanted to make that point also.

There was some debate this morning on local proposals that we were asked to give on individual plants the last time that we met nationally, particularly on those in Wales, but also on the coil plate mill in Lackenby, Teesside. We have done that. We have come up with detailed proposals and spent a lot of time on them, and had a lot of help from professional people. We put those proposals to management on a 'confidential' basis—a word used by Mr Pedder this morning. However, that is not the whole plan. At the end of the day, our finished plan, on a national basis, will be presented to Corus's management on 27 March. When we talk about confidentiality, I must say that it was Corus's own public relations people who responded in detail to a number of those localised plans—it was not us; we kept our side of the bargain. If there was any break in confidentiality, it certainly did not come from our side. As responsible trade unions, we are saying that the detailed discussions of plant level are just part of the overall picture. Discussion of the actual national scene, which will tie all those together, will take place on 27 March, at the time that was already agreed with Sir Brian Moffat. So, I just want people to be mindful of how we see that scene developing.

To move on to Llanwern, I know that the point was made this morning, but it is worth re-emphasising at this particular time—and this is not in an effort to score points off our colleagues in the Netherlands—that Llanwern is not only European, but world competitive, and that has been the case for a number of years. It is, at the moment, some 20 per cent more efficient according to the normal industry indicator, which is expressed as man hours per tonne, than the IJmuiden plant. From a point of view of productivity, efficiency, man hours per tonne—call it what you wish—Llanwern is world competitive. We think that it is the economics of the madhouse to want to take away Llanwern's capacity as an integrated steel works, in other words to produce its own feedstock, its own hard iron, and then transport it 300 miles.

hynny'n gwneud synnwyr hyd y gwelaf fi, na neb arall sydd â meddwl rhesymegol. Yr oeddwn yn dymuno gwneud y pwynt hwnnw hefyd.

Yr oedd rhywfaint o drafodaeth y bore yma ar gynigion lleol y gofynnwyd inni eu rhoi ar weithfeydd unigol y tro diwethaf y cyfarfuasom yn genedlaethol, yn enwedig ar y rhai yng Nghymru, ond hefyd ar y felin plât coil yn Lackenby, Teesside. Gwnaethom hynny. Lluniasom gynigion manwl a threulio llawer o amser arnynt, a chael llawer o gymorth gan bobl broffesiynol. Cyflwynasom y cynigion hynny i'r rheolwyr ar sail 'cyfrinachol'—gair a ddefnyddiwyd gan Mr Pedder y bore yma. Fodd bynnag, nid dyna'r cynllun cyfan. Yn y diwedd, cyflwynir ein cynllun gorffenedig, ar sail genedlaethol, i reolwyr Corus ar 27 Mawrth. Pan soniwn am gyfrinachedd, rhaid imi ddweud mai pobl cysylltiadau cyhoeddus Corus eu hunain a ymatebodd yn fanwl i nifer o'r cynlluniau lleol hynny—nid ni; cadwasom at ein hochr ni o'r fargen. Os bu unrhyw tor-cyfrinachedd, yn sicr, ni ddaeth o'n hochr ni. Fel undebau llafur cyfrifol, dywedwn mai rhan yn unig o'r darlun cyffredinol yw'r trafodaethau manwl ar lefel y gweithfeydd. Trafodir y sefyllfa genedlaethol ei hun, a fydd yn cysylltu'r rheini i gyd â'i gilydd, ar 27 Mawrth, ar yr adeg y cytunwyd arni eisoes â Syr Brian Moffat. Felly, nid wyf ond yn dymuno i bobl fod yn ymwybodol o'r modd y gwelwn y sefyllfa honno'n datblygu.

A symud ymlaen at Lanwern, gwn fod y pwynt wedi'i wneud y bore yma, ond mae'n werth ailbwysleisio ar yr adeg arbennig hon—ac nid ymgais i ennill ar draul ein cydweithwyr yn yr Iseldiroedd mo hyn—fod Llanwern nid yn unig yn gystadleuol yn Ewrop, ond drwy'r byd hefyd, ac mae hynny'n wir ers sawl blwyddyn. Ar hyn o bryd, mae tua 20 y cant yn fwy effeithlon, yn ôl y dangosydd diwydiant arferol, a fynegir ar ffurf awr waith y dunnell, na gwaith IJmuiden. O safbwynt cynhyrchiant, effeithlonrwydd, oriau gwaith y dunnell—galwch ef beth a fynnwch—mae Llanwern yn gystadleuol drwy'r byd. Credwn mai economeg y gwallgofdy yw mynnu cymryd capasiti Llanwern fel gwaith dur integredig oddi wrtho, mewn geiriau eraill, cynhyrchu ei ddeunydd crai ei hun, ei haearn caled ei hun,

That just does not make sense. I can refer, in particular, again to our proposals, which were more or less rejected out of hand, to run Llanwern. If Corus did not want to run it—and we would rather that it did in all honesty, but if it did not want to run it—we had a properly-researched proposal to enter into a partnership and run it on behalf of our valid workforce. That was rejected out of hand and we are led to believe that one of the reasons that Corus rejected it was because it saw it as unfair competition. I ask you to make up your own minds as to the logic of that particular statement. It just does not stack up.

I am not going to get into detailed discussion about the later plans for Llanwern, but let me just say that it is a variation on a theme. We see that as equally viable, for Llanwern in particular. We also think that Ebbw Vale and Shotton's detailed plans are viable.

It is interesting that, when it suited Corus, it put all the emphasis on exchange rates. Now that the exchange rates are starting to return to a more natural level, all of a sudden—and I use Corus's words not mine—it said, 'We will talk about peripherals'. For example, energy costs, transport costs, rates and various other things were mentioned. I almost think that it makes them up as it goes along, but then perhaps I am a bit of a cynic.

At the end of the day, it has switched its argument from the one that suited it back in the summer. Again, we see no logic in this. Corus has engineered itself into a situation that means that it pays interest rates on its debts of some £1 million per week. That was not our doing. As recently as three years ago, it made a profit of £1.5 billion. Anyone who studies the steel industry, in particular, knows that by its very essence it is probably the most cyclical industry that you can have. It goes through extreme peaks and troughs. Any responsible organisation would account for that and, to put it in layman's terms, would keep a little bit back in the bank for the bad times. Corus chose not to do that in recent years. It paid out appreciable sums to its shareholders. It was, shall we say,

a'i gludo 300 milltir wedyn. Nid yw hynny'n gwneud synnwyr. Gallaf gyfeirio eto, yn benodol, at ein cynigion, a wrthodwyd yn syth fwy neu lai, i redeg Llanwern. Os na ddymunai Corus ei redeg—a byddai'n well gennym pe bai'n dymuno gwneud, a dweud y gwir, ond os na ddymunai ei redeg—yr oedd gennym gynnig yr ymchwiliwyd iddo'n briodol i ffurfio partneriaeth a'i redeg ar ran ein gweithlu dilys. Gwrthodwyd hynny'n syth ac fe'n harweinir i gredu mai un o'r rhesymau dros ei wrthod gan Corus oedd am ei fod yn ei ystyried yn gystadleuaeth annheg. Gofynnaf ichi benderfynu'ch hunain ynghylch rhesymeg y gosodiad arbennig hwnnw. Nid yw'n gwneud synnwyr.

Nid af i drafodaeth fanwl am y cynlluniau diweddarach ar gyfer Llanwern, ond gadewch imi ddweud yn unig eu bod yn amrywiad ar thema. Gwelwn fod hwnnw yr un mor ddichonol, yn achos Llanwern yn arbennig. Credwn hefyd fod y cynlluniau manwl ar gyfer Glynebwy a Shotton yn ddichonol.

Mae'n ddi-ddorol bod Corus, pan oedd yn gyfleus iddo, wedi rhoi'r holl bwyslais ar gyfraddau cyfnewid. A'r cyfraddau cyfnewid bellach yn dechrau dod yn ôl at lefel fwy naturiol, yn fwyaf sydyn—a defnyddiaf eiriau Corus, nid fy rhai i—dywedodd, 'Siaradwn am y pethau ffiniol'. Er enghraifft, soniwyd am gostau ynni, costau cludiant, trethi ac amryw o bethau eraill. Yr wyf bron â chredu ei fod yn eu dyfeisio wrth fynd ymlaen, ond wedyn, efallai fy mod yn dipyn o sinig.

Yn y diwedd, mae wedi troi ei ddadl oddi wrth yr un a oedd yn gyfleus iddo yn ôl yn yr haf. Unwaith eto, ni welwn unrhyw resymeg yn hyn. Mae Corus wedi creu sefyllfa iddo'i hun sydd yn golygu ei fod yn talu cyfraddau llog ar ei ddyledion o ryw £1 miliwn yr wythnos. Nid ni a wnaeth hynny. Mor ddiweddar â thair blynedd yn ôl, gwnaeth elw o £1.5 biliwn. Mae rhywun sydd yn astudio'r diwydiant dur, yn arbennig, yn gwybod mai ef o'i hanfod yw'r diwydiant mwyaf cylchol sydd yn bod, yn ôl pob tebyg. Mae'n mynd drwy frigau a phantiau eithafol. Byddai unrhyw gorff cyfrifol yn rhoi ystyriaeth i hynny ac, a'i roi yn iaith y lleygwr, yn cadw ychydig bach wrth gefn yn y banc ar gyfer yr adegau gwael. Dewisodd Corus beidio â gwneud hynny yn y blynyddoedd diwethaf.

imaginative with our joint pension fund and now, in our opinion, as responsible trade unions, it is reaping the harvest of those decisions. It has engineered itself into a tight corner but, even at this stage, we still think that the proposals that it has on the table are an expression of short-termism in the extreme.

I stress that we would not have come up with a plan for a consortium to run Llanwern if there was not a profitable market, even at this stage, for the material. It would only take more modest realignment of the pound and the euro for the British side of the industry to make appreciable profits. At the end of the day—and again I say this not in an effort to score points on Corus's operations in mainland Europe—even with all its advantages with the current exchange rate, it is only making modest profits on that side of the water. In a short space of time, it is not too hard to envisage that this side of the business, kept at its present capacity, could make either equal or greater profits. That is why we think that it is folly in the extreme. If it takes this production capacity out, it will be extremely difficult, if not impossible, to restore that capacity. This also has social consequences for our employees and our members—people who are world competitive. That is all that I want to say on a general basis.

[72] **Val Feld:** Thank you. Before Alun Cairns and Phil Williams ask their questions, I want to ask you a question about your union, although, if you know the views of other unions, that would also be helpful. Do you consider that the new proposals that you have submitted for each of the different plants are being seriously considered by Corus?

Mr Jones: It has considered them, but I am not totally convinced that it is doing them the justice that they deserve.

[73] **Val Feld:** When I pressed Tony Pedder about publishing these proposals, he said that publishing Corus's response would not be possible. You have given us information about your proposals anyway, but he said that, because of commercial confidentiality,

Talodd symiau sylweddol i'w gyfranddalwyr. Yr oedd, a ddywedwn ni, yn greadigol gyda'n cronfa bensiw ar y cyd ac yn awr, yn ein barn ni, fel undebau llafur cyfrifol, mae'n medi cynhaeaf y canlyniadau hynny. Mae wedi'i weithio ei hun i le cyfyng ond, hyd yn oed ar yr adeg hon, yr ydym yn dal i gredu bod y cynigion sydd ganddo ar y bwrdd yn fynegiad o ymagwedd tymor byr eithafol.

Pwysleisiaf na fyddem wedi dyfeisio cynllun ar gyfer consortiwm i redeg Llanwern os nad oedd marchnad broffidiol, hyd yn oed ar yr adeg hon, ar gyfer y deunydd. Ni chymerai ond ychydig o adlinio ar y bunt a'r ewro i ochr Brydeinig y diwydiant wneud elw sylweddol. Yn y diwedd—a dywedaf eto nad yw hyn yn ymgais i ennill ar draul gweithrediadau Corus ar dir mawr Ewrop—hyd yn oed â'i holl fanteision gyda'r gyfradd gyfnewid gyfredol, nid yw'n gwneud ond ychydig o elw yr ochr honno i'r môr. Mewn cyfnod byr, nid yw'n rhy anodd rhagweld y byddai ochr hon y busnes, o gadw ei gapasiti presennol, yn gallu gwneud elw o'r un maint neu fwy. Dyna pam y credwn ei fod yn ffolineb llwyr. Os bydd yn dileu'r capasiti cynhyrchu hwn, bydd yn anodd dros ben, os nad yn amhosibl, adfer y capasiti hwnnw. Mae canlyniadau cymdeithasol hefyd o hynny i'n gweithwyr a'n haelodau—pobl sydd yn gystadleuol drwy'r byd. Dyna'r cwbl y dymunaf ei ddweud yn gyffredinol.

[72] **Val Feld:** Diolch. Cyn i Alun Cairns a Phil Williams ofyn eu cwestiynau, yr wyf eisiau gofyn cwestiwn i chi am eich undeb chi er y byddai'n ddefnyddiol hefyd os oeddech yn gwybod barn undebau eraill. A ydych yn credu bod y cynigion newydd a gyflwynasoch ar gyfer pob un o'r gweithfeydd yn cael eu hystyried o ddifrif gan Corus?

Mr Jones: Mae wedi'u hystyried, ond nid wyf yn gwbl argyhoeddedig ei fod yn rhoi'r sylw haeddiannol iddynt.

[73] **Val Feld:** Pan bwysais ar Tony Pedder ynghylch cyhoeddi'r cynigion hyn, dywedodd na fyddai'n bosibl cyhoeddi ymateb Corus. Yr ydych wedi rhoi gwybodaeth i ni am eich cynigion, beth bynnag, ond dywedodd ef na fyddai'n bosibl

publishing its response would not be possible. That clearly implies that there will be a serious financial analysis of your proposals, which will then be provided to you, presumably. Are you expecting to receive the kind of analysis that will provide that rationale, even if that information is not published to the wider world?

Mr Jones: We, as a trade union movement, have to remain optimistic. Having said that, going on past dealings with Corus, I am not totally convinced that that will be the case.

[74] **Alun Cairns:** I want to question the purpose of this meeting. I am grateful to Mr Jones for making his presentation, but I am concerned that this part of the meeting does not become a post-mortem of the first part with Corus. We put a number of points to Corus, which I am sure that Mr Jones would have made, and perhaps he would have made them more effectively. I am concerned that many criticisms have been made and that the right of reply is not being offered. Corus was grilled by us, and now it is being grilled for a second time and is not being given the right of reply. That is a procedural point, on which I seek guidance.

My only question relates to the fact that Corus pointed out to us the declining market for UK steel. So, if the proposals that you make to Corus are successful—and, obviously, if the market is there then I hope that they are—how do you react to the past and, possibly, future trend of decline in the domestic market for steel, particularly given that the UK manufacturing base continues to reduce?

Mr Jones: If we go back to when British Steel was the name that was being used—in fact, if you go back 20, 30, 40 or even 50 years in the steel industry—exports always featured strongly as part of the production output of this country. We have dealt with the fluctuations in currency values as part of our industrial scene over a number of years.

[75] **Alun Cairns:** So, currency values have very little to do with the UK domestic market?

cyhoeddi ei ymateb oherwydd cyfrinachedd masnachol. Mae hynny'n awgrymu'n glir y bydd dadansoddiad ariannol difrifol o'ch cynigion, a roddir i chi wedyn, yn ôl pob tebyg. A ydych yn disgwyl derbyn y math o ddadansoddiad a fydd yn darparu'r sail resymegol honno, hyd yn oed os na chyhoeddir yr wybodaeth honno'n ehangach?

Mr Jones: Rhaid i ni, fel mudiad undebau llafur, ddal i fod yn obeithiol. Wedi dweud hynny, a barnu yn ôl ein hymwneud â Corus yn y gorffennol, nid wyf yn gwbl argyhoeddedig mai felly y bydd.

[74] **Alun Cairns:** Dymunaf gwestiynu pwrpas y cyfarfod hwn. Yr wyf yn ddiolchgar i Mr Jones am roi ei gyflwyniad, ond yr wyf yn bryderus nad yw'r rhan hon o'r cyfarfod yn mynd yn bost-mortem ar y rhan gyntaf gyda Corus. Rhoesom nifer o bwyntiau gerbron Corus, yr wyf yn sicr y byddai Mr Jones wedi'u gwneud, ac efallai y byddai wedi'u gwneud yn fwy effeithiol. Pryderaf fod llawer o feirniadaethau wedi'u gwneud ac na chynigir yr hawl i ateb. Croesholwyd Corus gennym ni, ond yn awr mae'n cael ei groesholi am yr eildro ac nid yw'n cael yr hawl i ateb. Pwynt trefniadol yw hwnnw, y gofynna am arweiniad arno.

Mae'r unig gwestiwn sydd gennyf yn ymwneud â'r ffaith bod Corus wedi tynnu ein sylw at y farchnad ddirywiol i ddur y DU. Felly, os yw'r cynigion a roddwch i Corus yn llwyddiannus—ac, wrth gwrs, os yw'r farchnad yno yr wyf yn gobeithio y byddant—sut yr ydych yn ymateb i'r tuedd dirywiol yn y farchnad fewnwladol i ddur, yn y gorffennol ac, o bosibl, yn y dyfodol, yn enwedig o dderbyn bod sylfaen gweithgynhyrchu'r DU yn dal i leihau?

Mr Jones: Os awn yn ôl at adeg defnyddio'r enw British Steel—mewn gwirionedd, os ewch yn ôl 20, 30, 40 neu hyd yn oed 50 mlynedd—yr oedd lle amlwg bob amser i allforion fel rhan o gynnyrch cynhyrchu'r wlad hon. Yr ydym wedi delio â'r amrywiadau mewn gwerthoedd arian fel rhan o fyd diwydiant dros nifer o flynyddoedd.

[75] **Alun Cairns:** Felly, nid oes llawer o gysylltiad rhwng gwerthoedd arian a marchnad fewnwladol y DU?

Mr Jones: At the end of the day, we have exported an appreciable amount of our material, and we have dealt with that over the years. We accept the fact that, at the end of the day, the home market is shrinking. That is an indisputable fact, but we can deal with that. We have dealt with it in the past and are confident that we can do so in the future.

Mr Jones: Yn y diwedd, yr ydym wedi allforio swm sylweddol o'n deunydd ac wedi delio â hynny dros y blynyddoedd. Derbyniwn y ffaith bod y farchnad gartref, yn y diwedd, yn crebachu. Mae honno'n ffaith ddiymwad, ond gallwn ddelio â hynny. Yr ydym wedi delio â hynny yn y gorffennol ac yr ydym yn ffyddiog y gallwn wneud hynny yn y dyfodol.

[76] **Phil Williams:** I want to question you on the proposal for taking over the running of, originally, Llanwern. I must say that, in any situation involving a dispute, one has to assess the strength of the argument on either side, and I am convinced on the matter of productivity and viability. However, the most convincing thing is that the union states that it is prepared to put into practice what it has argued. We could have expected the rejection of that by Corus on the grounds that it would have introduced competition, but that reads very strangely in terms of the rules that should apply in Europe.

[76] **Phil Williams:** Yr wyf eisiau eich holi ar y cynnig i gymryd drosodd y gwaith o redeg Llanwern, yn wreiddiol. Rhaid imi ddweud, mewn unrhyw sefyllfa sydd yn ymwneud ag anghydfod, fod rhaid i rywun asesu cryfder y dadleuon ar y ddwy ochr, ac yr wyf wedi fy argyhoeddi ar fater cynhyrchiant a hyfywedd. Fodd bynnag, y peth mwyaf argyhoeddiadol yw bod yr undeb yn datgan ei fod yn barod i roi'r hyn a ddadleuodd ar waith. Gallem fod wedi disgwyl gwrthod hynny gan Corus ar y sail y byddai wedi cyflwyno cystadleuaeth, ond mae hynny'n darllen yn rhyfedd iawn yn nhermau'r rheolau y dylid eu cymhwyso yn Ewrop.

Is it still the policy of the union that, if the negotiations to save jobs fail, it will put forward serious proposals for running the works? How far had the plans on that advanced? What business strategy had been developed? Had you begun to identify sources of finance? Most importantly, looking at this from the outside, it seems that the chances of success would be greatly enhanced with the active support of the Government. I know that, according to the rules of Europe, the Government is not allowed to offer subsidies to the steel industry. However, it could make finance available on commercial terms, or ensure that sufficient finance was available and, if Corus were not willing to negotiate, it could also take legislative steps. Above all, by speaking in support of a strategic industry, the Government could make the case in Europe. Those are three things that could help the people who work in industry and who are, after all, the experts, to prepare a serious bid and achieve, on a smaller scale, what happened at Tower Colliery. Will you tell us—I do not know how much of this is confidential at the moment—whether there

A yw'n dal i fod yn bolisi gan yr undeb y bydd, os metha'r negodiadau i achub swyddi, yn cyflwyno cynigion difrifol i redeg y gwaith? Pa mor bell yr oedd y cynlluniau ar hynny wedi mynd? Pa strategaeth busnes a ddatblygwyd? A oeddech wedi dechrau canfod ffynonellau cyllid? Yn bwysicaf oll, gan edrych ar hyn o'r tu allan, ymddengys y byddai'r gobaith o lwyddo'n fwy o lawer gyda chymorth gweithredol gan y Llywodraeth. Gwn, yn ôl rheolau Ewrop, na chaniateir i'r Llywodraeth gynnig cymorthdaliadau i'r diwydiant dur. Fodd bynnag, gallai ddarparu cyllid ar delerau masnachol, neu sicrhau bod digon o gyllid ar gael ac, os nad oedd Corus yn barod i negodi, gallai gymryd camau deddfwriaethol hefyd. Yn fwy na dim, drwy siarad o blaid diwydiant strategol, gallai'r Llywodraeth gyflwyno'r achos yn Ewrop. Dyna'r tri pheth a allai helpu'r bobl sydd yn gweithio mewn diwydiant a hwy, wedi'r cwbl, yw'r arbenigwyr, i baratoi cais difrifol a chyflawni, ar raddfa lai, yr hyn a ddigwyddodd yng nglofa'r Tŵr. A wneuch chi ddweud wrthym—ni wn faint o hyn sydd yn gyfrinachol ar hyn o bryd—a oes

are serious plans, as a last resort, to go ahead with this, and what support would you want from the Assembly and from the Government?

[77] **Val Feld:** Before Alwyn replies to that, I would like to hear the Committee's views on over-running. This meeting was due to end at 11.30 a.m. Are you content to continue for an additional 10 minutes? Otherwise, we will have to ask Alwyn a number of questions and get written responses.

[78] **Dafydd Wigley:** We could continue until 12 p.m.

[79] **Phil Williams:** This is so important.

[80] **Val Feld:** We will continue for an extra 15 minutes.

Mr Jones: In response to the three points of the question, yes, there is a continuing element of confidentiality. However, suffice to repeat what I have already said, it was well researched and we took advice from industry experts and people in all fields that were relevant to our decision that it was a runner to have a consortium to run Llanwern. I would not want to go into specifics.

Where we are at the moment remains to be seen. We must first get 27 March over and see where we go from there. I certainly cannot make a continuing commitment to the original proposals that were rejected by Corus. We will have to consider all options after 27 March, and will have to see where we go. So, I apologise that I cannot be more specific, but I think that you can understand why I am saying this. From the point of view of having certainly tentative support from the national Government, obviously that would be of great advantage. We do not feel that we would have to do a hard selling job from our point of view. We did not have to do so originally to get the Government's support, to be quite honest. We would not enter into something like this unless we had done our homework.

[81] **Phil Williams:** Would you be prepared to consider extending the proposal from just Llanwern—which I understand was the original proposal—to works such as Ebbw

cynlluniau difrifol, os daw i'r pen, i fynd ymlaen â hyn, a pha gymorth y dymunech ei gael gan y Cynulliad a chan y Llywodraeth?

[77] **Val Feld:** Cyn i Alwyn ateb hynny, hoffwn glywed barn y Pwyllgor ar or-redeg. Yr oedd y cyfarfod hwn i fod i ddod i ben am 11.30 a.m. A ydych yn fodlon mynd ymlaen am 10 munud ychwanegol? Fel arall, bydd yn rhaid inni ofyn nifer o gwestiynau i Alwyn a chael atebion ysgrifenedig.

[78] **Dafydd Wigley:** Gallem fynd ymlaen tan 12 p.m.

[79] **Phil Williams:** Mae hyn mor bwysig.

[80] **Val Feld:** Awn ymlaen am 15 munud ychwanegol.

Mr Jones: Mewn ymateb i dri phwynt y cwestiwn, oes, mae elfen gyfrinachol sydd yn parhau. Fodd bynnag, digon yw ailadrodd yr hyn a ddywedais eisoes: mae'n seiliedig ar ymchwil dda a derbyniasom gyngor gan arbenigwyr yn y diwydiant a rhai ym mhob maes a oedd yn berthnasol i'n penderfyniad ei bod yn ymarferol cael consortiwm i redeg Llanwern. Ni ddymunwn fynd i fanylion.

Rhaid aros i weld ymhle'r ydym ar y funud. Yn gyntaf, rhaid inni fynd heibio i 27 Mawrth a gweld i ble'r awn oddi yno. Yn sicr, ni allaf barhau i ymrwymo i'r cynigion gwreiddiol a wrthodwyd gan Corus. Bydd yn rhaid inni ystyried yr holl ddewisiadau ar ôl 27 Mawrth, a bydd yn rhaid inni weld i ble'r awn. Felly, ymddiheuraf na allaf fod yn fwy penodol, ond credaf y gallwch ddeall pam y dywedaf hyn. O ran cael cefnogaeth betrus, yn sicr, gan y Llywodraeth genedlaethol, mae'n amlwg y byddai hynny'n fantais fawr. Ni theimlwn y byddem yn gorfod gwerthu'n galed o'n safbwynt ni. Nid oedd yn rhaid inni wneud hynny'n wreiddiol i gael cefnogaeth y Llywodraeth, a bod yn gwbl onest. Ni ddechreuem rywbeth fel hyn oni bai ein bod wedi gwneud ein gwaith cartref.

[81] **Phil Williams:** A fyddech yn barod i ystyried ymestyn y cynnig o Lanwern yn unig—sef y cynnig gwreiddiol fel y deallaf—i weithfeydd fel Glynebwy?

Vale?

Mr Jones: Once again, at this particular stage, I would not like to comment on that. We will have to see what happens on 27 March. It would not be appropriate for me to comment.

[82] **Brian Gibbons:** I think that Mr Pedder said that banks and information and communications technology companies do not consume steel, but that steel actually consumes ICT and bank facilities. In developing a market for steel in Wales, which was one of his parting messages, on what sector of the economy do you think that we should concentrate, as part of the economic development strategy that we are discussing in the Assembly, in terms of indigenous industry—which we should be encouraging—and, in the short term, getting the International Development Association and such organisations to facilitate inward investment for steel-consuming manufacturing?

Mr Jones: I certainly concur with the view that a healthy steel market is, obviously, essential to any developed country. To go off on a tangent slightly, I do not accept that it is all bad news at the moment. We had some good news regarding Toyota, Nissan, Vauxhall, Ford at Bridgend and other similar plants. It is not all negative—far from it, specifically in Wales and throughout Great Britain. So I do not accept that we have not had some successes from that point of view. Those companies are all end-users of steel at the end of the day, and if we carry on down that path, there is some cause for optimism. We are getting it right some of the time.

[83] **Brian Gibbons:** I was impressed by the supporting documentation for this meeting. Would your research department explore manufacturing sectors that we should concentrate upon? We are trying to pick on growth areas or sector winners, both in terms of international companies and sector development.

Mr Jones: Yes. We are obviously looking at those things continuously. Our priorities are

Mr Jones: Unwaith eto, ar yr adeg benodol yma, ni hoffwn wneud sylw ar hynny. Bydd yn rhaid inni weld beth a ddigwydd ar 27 Mawrth. Ni fyddai'n briodol imi wneud sylw.

[82] **Brian Gibbons:** Credaf fod Mr Pedder wedi dweud nad yw banciau a chwmnïau technoleg gwybodaeth a chyfathrebu'n defnyddio dur, ond bod dur mewn gwirionedd yn defnyddio cyfleusterau TGCh a banciau. Wrth ddatblygu marchnad i ddur yng Nghymru, sef un o'i negeseuon wrth ymadael, ar ba sector o'r economi y credwch y dylem ganolbwyntio, fel rhan o'r strategaeth datblygu economaidd yr ydym yn ei thrafod yn y Cynulliad, o ran diwydiant cynhenid—y dylem ei hybu—ac, yn y tymor byr, cael gan y Gymdeithas Datblygu Rhyngwladol a chyrff o'r fath hwyluso mewnffuddsoddi ar gyfer gweithgynhyrchu sydd yn defnyddio dur?

Mr Jones: Yr wyf yn sicr yn cyd-fynd â'r farn bod marchnad dur iach, wrth gwrs, yn holl bwysig i unrhyw wlad ddatblygedig. A chrwydro ychydig oddi ar hynny, ni dderbyniaf mai newyddion drwg yw'r cwbl ar y funud. Cawsom newyddion da ynghylch Toyota, Nissan, Vauxhall, Ford ym Mhen-y-bont ar Ogwr a gweithfeydd tebyg eraill. Nid yw'r cwbl yn negyddol—dim o gwbl, yng Nghymru'n benodol a ledled Prydain Fawr. Felly ni dderbyniaf na chawsom rai llwyddiannau o'r safbwynt hwnnw. Mae'r holl gwmnïau hynny'n ddefnyddwyr dur terfynol yn y diwedd, ac os awn ymlaen ar hyd y llwybr hwnnw, mae rhywfaint o le i fod yn obeithiol. Yr ydym yn ei chael yn iawn rywfaint o'r amser.

[83] **Brian Gibbons:** Gwnaeth y ddogfen ategol ar gyfer y cyfarfod hwn argraff arnaf. A wnâi'ch adran ymchwil ystyried sectorau gweithgynhyrchu y dylem ganolbwyntio arnynt? Yr ydym yn ceisio dehol meysydd twf neu enillwyr sectoraidd, yn nhermau cwmnïau rhyngwladol a datblygu sectorau.

Mr Jones: Gwnâi. Yr ydym yn edrych ar y pethau hynny o hyd, wrth gwrs. Mae ein

perhaps focused elsewhere at the moment, but it is certainly something that we are looking at continuously.

[84] **Dafydd Wigley:** May I take on the question of the alternative at Llanwern and hopefully elsewhere? Would you accept that, for that to work, there has to be a positive involvement by Government? That has to be within the framework of European rules but I believe that there is a possibility for that to happen, because of the strategic importance of the industry. You cannot have an independent defence policy if you do not have independent steel-producing capacity. Is the Government featuring as a potential partner in your plans for Llanwern, if the company will go along with them?

Mr Jones: Again, I think that I have partially answered that question already. It is a bit early for me to get into specifics from that point of view. All I will say is that it would certainly be our desire to have the tacit support of the Government.

[85] **Dafydd Wigley:** The response so far from the company is that it seems to be reluctant to have Llanwern working in competition with it for the same market, which may be the position. Given that, when companies merge, the question of public interest arises, equally, there must be a question of public interest when you have a demerger, and the possibility of competition arising from that. Have you considered a challenge in Europe to the company's attitude in wanting to protect a cartel?

Mr Jones: Let me just say that we have taken, and continue to take, the relevant advice. I apologise if that sounds like a national politician's answer, but I have said it now.

[86] **Dafydd Wigley:** I will learn from that, Chair.

Obviously, we all hope that one of two things will happen. First, we hope that the company reconsiders and awaits the outcome of the round leading up to the UK entering the euro and the resulting parity of currency,

blaenoriaethau mewn mannau eraill ar y funud, o bosibl, ond mae'n sicr yn rhywbeth yr ydym yn edrych arno o hyd.

[84] **Dafydd Wigley:** A gaf ymdrin â chwestiwn y dewis arall yn Llanwern ac mewn mannau eraill, gobeithio? A dderbyniech, er mwyn i hynny weithio, fod yn rhaid i'r Llywodraeth chwarae rhan gadarnhaol? Rhaid i hynny fod oddi mewn i fframwaith y rheolau Ewropeaidd ond credaf fod posibilid i hynny ddigwydd, oherwydd pwysigrwydd strategol y diwydiant. Ni allwch gael polisi amddiffyn annibynnol os nad oes gennych gapasiti cynhyrchu dur annibynnol. A ystyrir y Llywodraeth yn bartner posibl yn eich cynlluniau ar gyfer Llanwern, os bydd y cwmni'n cyd-fynd â hwy?

Mr Jones: Unwaith eto, credaf fy mod wedi ateb y cwestiwn hwnnw'n rhannol eisoes. Mae braidd yn fuan imi fynd i fanylion o'r safbwynt hwnnw. Y cwbl a ddywedaf yw mai ein dymuniad yn sicr fyddai cael cefnogaeth ddealedig y Llywodraeth.

[85] **Dafydd Wigley:** Yr ymateb hyd yn hyn gan y cwmni yw ei fod yn ymddangos yn amharod i gael Llanwern yn gweithio mewn cystadleuaeth ag ef ar gyfer yr un farchnad, sef y sefyllfa a allai fod. O dderbyn hynny, pan yw cwmnïau'n cyfuno, mae cwestiwn y budd cyhoeddus yn codi; yn yr un modd, rhaid cael cwestiwn o fudd cyhoeddus pan gewch ddatgyfuno, a'r posibilid y bydd cystadlu'n deillio o hynny. A ydych wedi ystyried her yn Ewrop i ymagwedd y cwmni wrth fynnu amddiffyn cartél?

Mr Jones: Gadewch imi ddweud yn unig ein bod wedi derbyn y cyngor perthnasol, ac yn parhau i wneud hynny. Ymddiheuraf os yw hynny'n swnio fel ateb gwleidydd cenedlaethol, ond yr wyf wedi'i ddweud yn awr.

[86] **Dafydd Wigley:** Dysgaf oddi wrth hynny, Gadeirydd.

Wrth gwrs, yr ydym oll yn gobeithio y bydd un o ddau beth yn digwydd. Yn gyntaf, gobeithiwn y bydd y cwmni'n ailystyried ac yn disgwyl canlyniad y cylch sydd yn arwain at y DU yn ymuno â'r ewro a'r paredd arian a

notwithstanding that one Committee member might not want to see that happening. Failing that, the second thing is being able to take over and set up, as you have described. If both those options fail, the question of contingency planning arises. We are told by Government that we should not be talking about contingency planning at this point in time because negotiations are ongoing and the trade unions would not want their position undermined. Would you accept that it is important that there is contingency planning going on in parallel with those discussions so that we do not lose time in planning for alternatives?

Mr Jones: I think that I have to return to my original statement and say that a tremendous amount hinges on the meeting on 27 March.

[87] **Dafydd Wigley:** Right. Okay.

[88] **Tom Middlehurst:** I think that we probably have shared aims. The National Assembly, the Executive and the trade unions want to try to retain an integrated steel industry in Wales. Your proposals are obviously framed around that objective. As you say, we await the outcome of the meeting on 27 March with significant interest. Would you like to comment on the company's proposals with regard to Shotton, in which I obviously have a particular interest? The feedstock supply for Shotton will come along a pretty torturous route, will it not? Our fear is that that would probably lead to questions about the future viability of the whole operation there. Will you comment on that fear? It is a very serious concern. I am sure that your colleagues in Shotton, with whom I am in close contact, have made this clear to you. However, would you like to comment on that?

Mr Jones: Yes. Basically, it is a variation on a theme that I have already discussed. If it is of dubious value to bring feedstock 300 miles down to Llanwern, to start talking about dog-legs—for want of a better word—up and down to Shotton and various other places north, east, south and west is an equally relevant point to make. Therefore, yes, we

fydd yn dilyn hynny, er nad yw un aelod o'r Pwyllgor yn dymuno gweld hynny'n digwydd, efallai. Yn niffyg hynny, yr ail beth yw gallu cymryd drosodd a chychwyn, fel y disgrifiasoch. Os metha'r ddau ddewis hynny, mae cwestiwn cynllunio wrth gefn yn codi. Dywedir wrthym gan y Llywodraeth na ddylem sôn am gynllunio wrth gefn ar hyn o bryd am fod negodiadau'n mynd ymlaen ac na ddymunai'r undebau llafur weld tanseilio eu safbwynt. A dderbyniech ei bod yn bwysig bod cynllunio wrth gefn yn mynd ymlaen ochr yn ochr â'r trafodaethau hynny fel nad ydym yn colli amser wrth gynllunio ar gyfer dewisiadau eraill?

Mr Jones: Credaf fod yn rhaid imi fynd yn ôl at fy natganiad gwreiddiol a dweud bod llawer iawn yn dibynnu ar y cyfarfod ar 27 Mawrth.

[87] **Dafydd Wigley:** Iawn. O'r gorau.

[88] **Tom Middlehurst:** Credaf fod gennym nodau cytûn, yn ôl pob tebyg. Mae'r Cynulliad Cenedlaethol, y Weithrediaeth a'r undebau llafur yn dymuno ceisio cadw diwydiant dur integredig yng Nghymru. Mae'n amlwg bod eich cynigion wedi'u seilio ar yr amcan hwnnw. Fel y dywedwch, yr ydym yn aros canlyniad y cyfarfod ar 27 Mawrth â chryn ddiddordeb. A hoffech wneud sylw ar gynigion y cwmni mewn perthynas â Shotton, y mae gennyf ddiddordeb arbennig ynddo, wrth gwrs? Bydd y cyflenwad o ddeunydd crai i Shotton yn dod ar hyd ffordd eithaf troellog, oni fydd? Ein hofn yw y byddai hynny'n arwain, yn ôl pob tebyg, at godi cwestiynau ynghylch hyfywedd yr holl weithrediad yno yn y dyfodol. A wnewch sylw ar yr ofn hwnnw? Mae'n bryder difrifol iawn. Yr wyf yn sicr bod eich cydweithwyr yn Shotton, yr wyf fi mewn cysylltiad agos â hwy, wedi rhoi ar ddeall i chi am hynny. Fodd bynnag, a hoffech wneud sylw ar hynny?

Mr Jones: Hoffwn. Yn y bôn, mae'n amrywiad ar y thema a drafodais eisoes. Os oes amheuaeth am werth dod â deunydd crai 300 milltir i lawr i Lanwern, mae dechrau sôn am droadau cam—yn niffyg gair gwell—i fyny ac i lawr i Shotton ac amryw o leoedd eraill i'r gogledd, y dwyrain, y de a'r gorllewin yn bwynt sydd yr un mor

have concerns. We have concerns regarding feedstock for all the plants affected by these proposals. We share your concerns.

[89] **Tom Middlehurst:** I have one other question. The trade unions in Shotton recognise the gravity of the situation and are putting forward proposals that, effectively, and, if you like, progressively, acknowledge that the cold mill will probably be closed. They are working hard to maintain the second electro-galvanising line at Shotton. Does that not rather undermine the strategy of retaining an integrated industry? I have read the proposals very carefully. They refer to a phased run-down of the cold mill operation. Do you think that they are aiming to mothball it, at the very least, or are they recognising or accepting that the closure of that operation is almost inevitable?

Mr Jones: To return to my original point, I do not intend to discuss those proposals in detail at present because I do not think that it is appropriate. All I will say is that there is an element of sacrifice, shall we say, in all the plans that have been put forward by the trade unions. In other words, suffice to say that we are realists.

[90] **John Griffiths:** It seems to me and to many others involved in the steel industry in Wales, particularly in Llanwern in my patch, that there is a stark contrast between management and the workforce. The workforce, as we know, has up-skilled, retrained, adopted team working and has seen ongoing job losses, but has still made its plants among the most productive in the world. Management, however, seems to be in a position of managing decline rather than of setting out any strategy for development and advancement of the industry. It seems that there is a huge job to be done to win back the confidence of the workforce in terms of taking things forward. I think that we all know that the best way to ensure that that happens is for Corus to move away from its decisions to cut jobs and capacity, and take on board the union proposals. Regardless of whether it does that, do you see some way of restoring confidence among the workforce and its faith in management, to take this

berthnasol. Felly, oes, mae gennym bryderon. Mae gennym bryderon ynghylch y deunydd crai ar gyfer yr holl weithfeydd a effeithir gan y cynigion hyn. Rhannwn eich pryderon.

[89] **Tom Middlehurst:** Mae gennyf un cwestiwn arall. Mae'r undebau llafur yn Shotton yn cydnabod difrifoldeb y sefyllfa ac yn cyflwyno cynigion sydd, i bob pwrpas, ac, os hoffech, yn raddol, yn cydnabod y caiff y felin oer ei chau, yn ôl pob tebyg. Maent yn gweithio'n galed i gadw'r ail linell electrogalwaneiddio yn Shotton. Onid yw hynny'n tansailio braidd y strategaeth o gadw diwydiant integredig? Darllenais y cynigion yn ofalus iawn. Cyfeiriant at derfynu gweithrediad y felin oer yn raddol. A gredwch eu bod yn anelu at ei rhoi i'w chadw, o leiaf, neu a ydynt yn cydnabod ac yn derbyn bod cau'r gweithrediad hwnnw'n anorod bron?

Mr Jones: I fynd yn ôl at fy mhwynt gwreiddiol, ni fwriadaf drafod y cynigion hynny'n fanwl ar hyn o bryd oherwydd ni chredaf fod hynny'n briodol. Y cwbl a ddywedaf yw bod elfen o aberthu, a ddywedwn ni, yn yr holl gynlluniau a gyflwynwyd gan yr undebau llafur. Mewn geiriau eraill, digon yw dweud ein bod yn realwyr.

[90] **John Griffiths:** Ymddengys i mi ac i lawer o rai eraill sydd yn ymwneud â'r diwydiant dur yng Nghymru, yn enwedig yn Llanwern yn fy milltir sgwâr i, fod gwrthgyferbyniad llwyr rhwng y rheolwyr a'r gweithlu. Mae'r gweithlu, fel y gwyddom, wedi dysgu medrau uwch, wedi ailhyfforddi, wedi mabwysiadu gweithio tîm ac wedi gweld colli swyddi'n barhaus, ond daliodd i beri i'w weithfeydd fod ymhlith y rhai mwyaf cynhyrchiol yn y byd. Fodd bynnag, ymddengys bod y rheolwyr mewn sefyllfa o reoli dirywiad yn hytrach na nodi unrhyw strategaeth ar gyfer datblygu a hyrwyddo'r diwydiant. Ymddengys bod gwaith anferth i'w wneud i adennill hyder y gweithlu o ran mynd â phethau ymlaen. Credaf ein bod i gyd yn gwybod mai'r ffordd orau i sicrhau bod hynny'n digwydd yw i Corus symud oddi wrth ei benderfyniadau i dorri swyddi a chapasiti, a derbyn cynigion yr undeb. Ni waeth a yw'n gwneud hynny ai peidio, a welwch ryw fodd i adfer hyder ymysg y

industry forward? Would the management need to talk about the investment that it plans to make in Wales, within the UK steel industry, and to flesh out a development strategy and take things forward?

Mr Jones: The attitude of Corus, almost since the day that it was formed, has been extremely damaging to relations between the workforce, trade unions and management. We had a reasonable working relationship with British Steel, its predecessors this side of the water, and we wanted that situation to continue. Due to some of Corus's decisions over the past couple of years, those relationships have suffered, and that is not for the want of trying, certainly from our point of view, to foster relationships. As I said, I can only contrast the situation with the partnerships that are formed with the workforce in, shall we say, more enlightened companies. We realise that that is the way forward. It is all about partnership. When you talk about the company, you are also talking about your own livelihood. We realise that and we are responsible. We have amply demonstrated that, as representatives of the workforce. Even at this late stage, we would like to enter into useful dialogue.

Let me just make a subsidiary point. If Corus wanted to go down the same route in the IJmuiden plant—I know that this was mentioned earlier—it would legally have to enter into consultation, which would take a minimum of three years on that side of the water. I do not think that it is valid to say that, if we had legislation to that effect here, it would damage competitiveness, because that is obviously not the case in mainland Europe at the moment. There is no validity in that argument. All we ask for is meaningful dialogue and consultation and the opportunity for us perhaps occasionally to put forward counterproposals for the common good of everybody in the company. That is all that we are really asking for. In answer to your question, John, a lot of damage has been done. This is not a cop-out answer, but the ball is in Corus's court. Our door is always open to meaningful dialogue and we invite Corus to knock on that door.

[91] **Brian Hancock:** I was going to ask a

gweithlu a'i ffydd yn y rheolwyr, i fynd â'r diwydiant hwn yn ei flaen? A fyddai angen i'r rheolwyr sôn am eu buddsoddi arfaethedig yng Nghymru, oddi mewn i ddiwydiant dur y DU, a gwisgo cnawd am strategaeth datblygu a bwrw ymlaen â phethau?

Mr Jones: Mae ymagwedd Corus, ers diwrnod ei ffurfio bron, yn niweidiol iawn i'r cysylltiadau rhwng y gweithlu, yr undebau llafur a'r rheolwyr. Yr oedd gennym berthynas weithio resymol gyda British Steel, ei ragflaenwyr ar yr ochr hon i'r môr, a dymunem i'r sefyllfa honno barhau. Oherwydd rhai o benderfyniadau Corus dros y ddwy flynedd diwethaf, mae'r cysylltiadau hynny wedi dioddef, ac nid yn niffyg ymdrech, yn sicr o'n rhan ni, i feithrin cysylltiadau. Fel y dywedais, ni allaf ond gwrthgyferbynnu'r sefyllfa â'r partneriaethau a ffurfir â'r gweithlu mewn, a ddywedwn ni, gwmnïau mwy goleuedig. Sylweddolwn mai honno yw'r ffordd ymlaen. Mae'n ymwneud yn gyfan gwbl â phartneriaeth. Pan soniwyd am y cwmni, yr ydych yn sôn am eich bywoliaeth eich hun hefyd. Sylweddolwn hynny ac yr ydym yn gyfrifol. Yr ydym wedi dangos hynny'n helaeth, fel cynrychiolwyr y gweithlu. Hyd yn oed ar yr adeg hwyr yma, hoffem ddechrau deialog ddefnyddiol.

Gadewch imi wneud pwynt atodol. Pe bai Corus yn dymuno dilyn yr un llwybr yng ngwaith IJmuiden—gwn fod hyn wedi'i grybwyll yn gynharach—byddai'n gorfod dechrau ymgynghori yn ôl y gyfraith, a chymerai hynny o leiaf dair blynedd ar yr ochr honno i'r môr. Ni chredaf mai gwir yw dweud, pe bai gennym ddeddfwriaeth i'r perwyl hwnnw yma, y byddai'n niweidiol i gystadleuolrwydd, oherwydd mae'n amlwg nad yw hynny'n wir ar dir mawr Ewrop ar y funud. Nid oes dilysrwydd i'r ddadl honno. Y cwbl a geisiwn yw deialog ac ymgynghori ystyrion a'r cyfle inni weithiau gyflwyno gwrthgynigion efallai er budd cyffredin i bawb yn y cwmni. Dyna'r cwbl a ofynnwn mewn gwirionedd. Mewn ymateb i'ch cwestiwn, John, gwnaethpwyd llawer o niwed. Nid ateb i geisio dianc mo hwnnw, ond mae'r bêl yng nghae Corus. Mae ein drws yn agored bob amser i ddeialog ystyrion a gwahodddwn Corus i guro ar y drws hwnnw.

[91] **Brian Hancock:** Yr oeddwn yn bwriadu

question related to the plans, but I think that it has been covered. All I can say is, good luck for 27 March.

[92] **Val Feld:** In concluding, I have a couple of questions about what the Assembly can do. I am conscious that our discussions with you, and with Corus earlier in the meeting, have been important. These proposals have huge implications for Wales, for our national economic development strategy and for other strategies, such as those for community development and education. Do you think that there is anything that Assembly could usefully be doing now that it is not doing? As soon as things are clearer, we know that there will be a package of assistance—assuming the worst—and we will deal with that if it happens. In terms of the current situation, is there anything that you think that we can usefully do? Is there anything that you would wish to see the Economic Development Committee do, in relation to central Government or other players in this scenario? I am thinking particularly about Stephen Byers's review of consultation rights for workers. It seems perfectly legitimate that this Committee should take a position on the disadvantage that you perceive that you have experienced—most of us would endorse that—given the rights of workers in Holland. I seek your views, therefore, on whether there is any action that you would wish us to take and whether there is anything that the Assembly could usefully be doing at the moment.

Mr Jones: As regards the first point, it is patently obvious that we have worked closely with the Assembly and continue to do so. We positively welcome that. I must say that we in the trade unions welcome the help that we have had because, at the end of the day, it is of strategic importance to the steel industry in which we work, and to Wales and Great Britain as a whole. We have had help, and I am sure that we will continue to have useful dialogue and help in the future. You know that that takes many forms—through the Wales Trades Union Congress, the national TUC and through the all-Wales taskforce, which, as you know, is attempting to help in any way that it can at present. From that point of view, we are more than happy with the

gofyn cwestiwn ynghylch y cynlluniau, ond credaf ei fod wedi'i drafod. Y cwbl y gallaf ei ddweud yw, pob lwc ar gyfer 27 Mawrth.

[92] **Val Feld:** Wrth derfynu, mae gennyf ddau gwestiwn am yr hyn y gall y Cynulliad ei wneud. Yr wyf yn ymwybodol bod ein trafodaethau â chi, a chyda Corus yn gynharach yn y cyfarfod, wedi bod yn bwysig. Mae goblygiadau anferth yn y cynigion hyn i Gymru, i'n strategaeth datblygu economaidd cenedlaethol ac i strategaethau eraill, fel y rhai ar gyfer datblygu cymunedol ac addysg. A gredwch fod rhywbeth buddiol y gallai'r Cynulliad ei wneud yn awr nad yw'n ei wneud? Cyn gynted ag y daw pethau'n eglurach, gwyddom y bydd pecyn o gymorth—gan gymryd y bydd y gwaethaf yn digwydd—a byddwn yn trafod hynny os y digwydd. Yn nhermau'r sefyllfa bresennol, a oes rhywbeth buddiol y credwch y gallwn ei wneud? A oes rhywbeth y dymunech weld y Pwyllgor Datblygu Economaidd yn ei wneud, mewn perthynas â Llywodraeth ganolog neu actorion eraill yn y senario hwn? Yr wyf yn meddwl yn arbennig am adolygiad Stephen Byers o hawliau ymgynghori i weithwyr. Ymddengys yn gwbl deg y dylai'r Pwyllgor hwn gymryd safbwynt ar yr anfantais y gwelwch eich bod wedi'i phrofi—byddai'r rhan fwyaf ohonom yn ategu hynny—o ystyried hawliau gweithwyr yn yr Iseldiroedd. Gofynnaf am eich barn, felly, ynghylch a oes unrhyw gamau y dymunech inni eu cymryd ac a oes rhywbeth buddiol y gallai'r Cynulliad ei wneud ar y funud.

Mr Jones: Mewn perthynas â'r pwynt cyntaf, mae'n gwbl amlwg ein bod wedi gweithio'n agos gyda'r Cynulliad a'n bod yn dal i wneud hynny. Croesawn hynny'n bendant. Rhaid imi ddweud ein bod ni yn yr undebau'n croesawu'r cymorth a gawsom oherwydd, yn y diwedd, mae o bwys strategol i'r diwydiant dur lle'r ydym yn gweithio, ac i Gymru a Phrydain Fawr gyfan. Cawsom gymorth, ac yr wyf yn sicr y byddwn yn dal i gael deialog ddefnyddiol a chymorth yn y dyfodol. Gwyddoch fod llawer ffurf ar hynny—drwy Gyngres Undebau Llafur Cymru, y Gyngres Undebau Llafur genedlaethol a drwy dasglu Cymru gyfan, sydd, fel y gwyddoch, yn ceisio helpu ym mhob ffordd bosibl ar hyn o bryd. O'r

help that we have had from the Assembly.

Moving on to your second point, I have already touched upon what I call employment laws and consultation documents with Stephen Byers at the Department of Trade and Industry. You are, obviously, aware that we are very much desirous that there be legislation on a national basis to give employees some sort of say and protection if employers want to restructure. I do not see that as particularly reactionary—far from it. You only have to look across to mainland Europe to see that the model has been extremely successful. I cannot see any downside to that, to be quite honest. We would, therefore, welcome your lobbying national Government to move towards that end.

[93] **Val Feld:** Is the Committee content with that? It is.

Thank you for giving of your time and for your assistance, which we welcome. You will know that the Committee is concerned to support the steel industry in Wales and to support the trade unions in their fight to maintain the industry and secure its future. If there are any issues with which you think that we could help, we would be pleased if you were to come directly to us.

Finally, a verbatim record of these proceedings will be published. I think that John Grimes, the Clerk, and I will take a look at the record to see whether there are any conclusions or courses of action that might be appropriate, and bring them back to you.

safbwynt hwnnw, yr ydym yn fwy na bodlon ar y cymorth a gawsom gan y Cynulliad.

Gan symud at eich ail bwynt, yr wyf eisoes wedi trafod yr hyn a alwaf yn ddeddfau cyflogaeth a dogfennau ymgynghori gyda Stephen Byers yn yr Adran Masnach a Diwydiant. Yr ydych yn ymwybodol, wrth gwrs, ein bod yn awyddus iawn i weld deddfwriaeth genedlaethol i roi rhyw fath o lais ac amddiffyniad i weithwyr os yw cyflogwyr yn dymuno ailstrwythuro. Ni welaf fod hynny'n arbennig o adweithiol—dim o gwbl. Nid oes ond rhaid ichi edrych draw at dir mawr Ewrop i weld bod y patrwm wedi bod yn llwyddiannus dros ben. Ni allaf weld unrhyw anfantais yn hynny, a bod yn gwbl onest. Byddem, felly, yn croesawu lobiö gennych ar y Llywodraeth genedlaethol i symud at y nod hwnnw.

[93] **Val Feld:** A yw'r Pwyllgor yn fodlon ar hynny? Ydyw.

Diolch i chi am roi o'ch amser ac am eich cymorth, a groesawn. Yr ydych yn gwybod ei bod yn bwysig gan y Pwyllgor gefnogi'r diwydiant dur yng Nghymru a chefnogi'r undebau llafur yn eu brwydr i gadw'r diwydiant a sicrhau ei ddyfodol. Os oes unrhyw faterion y credwch y gallem fod o gymorth ynddynt, byddem yn falch pe baech yn dod yn syth atom.

Yn olaf, cyhoeddir cofnod gair am air o'r trafodion hyn. Credaf y bydd John Grimes, y Clerc, a minnau'n bwrw golwg ar y cofnod i weld a oes unrhyw gasgliadau neu gyrsiau gweithredu a allai fod yn briodol, a dod â hwy'n ôl atoch chi.

*Daeth y cyfarfod i ben am 11.42 a.m.
The meeting ended at 11.42 a.m.*