

The Rt Hon Kemi Badenoch MP,
Secretary of State for Business and Trade

18 May 2023

Dear Secretary of State,

The Senedd's Climate Change, Environment and Infrastructure Committee recently held an evidence session with representatives from Tata Steel UK and trade unions representing steelworkers. The session arose due to media reports about the ongoing negotiations between the UK Government and Tata Steel regarding funding for decarbonisation efforts. During the meeting, Tata and the unions raised several matters of concern that warrant your consideration and prompt action.

Decarbonisation is the most significant challenge the steel industry has seen in a generation. As a crucial contributor to the Welsh and UK economies, Tata Steel employs approximately 8,000 individuals, with 6,000 of them based in Wales. The steel produced at Port Talbot accounts for nearly 2% of the UK's anthropogenic carbon dioxide emissions and between 15-20% of Wales' carbon dioxide emissions. With climate change as the most significant concern facing the planet, addressing these emissions is vital.

The crux of the matter lies in two main areas: direct support for decarbonisation investment and competitive energy prices. Tata Steel and the union representatives were unanimous in emphasising that the UK Government must address these issues in a manner comparable to the support provided by other European governments to their steel industries. Such support is essential to establish a level playing field and ensure the continued competitiveness of the UK steel industry. You will also be aware that earlier this month Tata warned that its UK business faces "material uncertainty" due to inflation and uncertainty around government support for decarbonisation.

Tata Steel and the union representatives cited examples of European governments providing substantial funding packages to their respective steel industries, including more than €1 billion for Salzgitter in Germany, €450 million for ArcelorMittal in Spain, and around €1 billion for ArcelorMittal in

France. The UK industry is seeking government support, similar to the assistance provided to its European competitors. It is essential that the UK remains competitive and moves with the same momentum as its European counterparts.

Both Tata Steel and union representatives emphasised the importance of competitive electricity prices for the steel industry and other sectors. A competitive electricity price is critical for generating competitively priced hydrogen, which is essential for the future hydrogen-based economy. Union representatives highlighted the longstanding issue of uncompetitive prices in the UK, exacerbated by recent geopolitical events. They urged the UK Government to act swiftly, as other countries have done, to cap energy prices for industrial consumers, thereby alleviating the pressure on the steel industry.

Addressing these issues is critical for the future of the steel industry, the well-being of the workforce, and the overall economic growth of the UK. It is essential that the UK has access to domestically produced, green steel. The UK Government must take decisive action to secure the future of the steel industry in Wales, and to boost the green industrial revolution. I would be grateful for an update from you on how you intend to address the issues set out in this letter.

I am copying this letter to **The Rt Hon David TC Davies MP**, Secretary of State for Wales, **Vaughan Gething MS**, Minister for Economy, Wales and **Julie James MS**, Minister for Climate Change, Wales.

Yours sincerely,



Llyr Gruffydd MS,
Chair, Climate Change, Environment, and Infrastructure Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.