

Rt Hon David Cameron MP, Prime Minister  
Rt Hon Carwyn Jones AM, First Minister  
Rt Hon Alun Cairns MP, Secretary of State for Wales  
Rt Hon Sajid Javid MP, Secretary of State for Business, Innovation and Skills  
Edwina Hart MBE CStJ AM, Minister for Economy, Science and Transport

5 April 2016

Dear all,

### Support for the steel industry in Wales

The Enterprise and Business Committee of the National Assembly for Wales held a meeting today to discuss the ways in which the Welsh and UK Governments can support the steel industry in Wales. This session builds on work we undertook in our meeting of [3 March](#).

We heard evidence from representatives from Tata Steel UK, Liberty House Steel UK, Celsa Steel and the unions – Community and Unite. We also heard from the Welsh Government Minister for Economy, Science and Transport.

As a Committee we are absolutely convinced that it is in the national interest to maintain steel production in the UK and believe firmly in the future of the industry in Wales.

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

### UK industry strategy

We are calling for a proactive industrial and manufacturing strategy for the UK. One which sets out a pipeline of UK infrastructure and investment projects which



are able to take advantage of the quality and environmental benefits of using UK steel.

## **Procurement**

We welcome the procurement policy note issued by the UK Government on 30 October 2015. We are aware of the Welsh Government's views that this mirrors existing practice in Wales. We are calling for the creation of effective monitoring and control systems to hold all our public sector commissioners to account on their procurement activity and believe that both UK and Welsh Governments should make public the measures taken to implement and audit your respective policies.

## **Business rates**

We recognise that any action taken on business rates needs to be done properly to avoid being challenged by other EU Member States. However, we believe that a public update is needed from the Welsh Government on the progress of any proposals to exempt plant and machinery from business rates.

In particular we believe clarification on the policy direction in this area is needed and more detail on the timing of any discussion had with the Valuation Office Agency on this issue.

## **Tariffs**

We urge the UK Government to address the competitiveness of the UK steel industry by taking the lead in Europe to strengthen actions on trade defence measures.

## **Market economy status**

We urge the Welsh and UK Governments to resist calls for market economy status to be granted to China by the EU. This would only accelerate the difficulties faced



by the industry in addressing the dumping of below market-priced steel in the UK market.

## **The Tata Steel Taskforce**

We are calling for the scope and membership of the Welsh Government's Tata Steel Taskforce to be widened. It should focus on the long-term viability of the Welsh steel industry in the UK as a whole. As a minimum we are calling for Ministerial representation from the UK Government at each meeting.

## **Energy**

The representatives we heard from called for a level playing field for UK steel manufacturers. They particularly highlighted the high cost of energy to UK producers. They told us that even with the compensation package offered by the UK Government they face significantly higher energy costs than their competitors.

We recognise that there are a variety of mechanisms to bring down energy costs. Equally, there are opportunities for the UK steel industry to make greater use of energy from renewable sources, increase energy efficiency and generate energy on site. However, these initiatives require investment.

The UK and Welsh Governments should set out what efforts you are making to reduce the cost of energy to steel manufacturers and outline what support will be made available for the environmental sustainability of the UK steel industry.

## **Responsible seller**

We are calling on Tata Steel to act as a responsible seller. To this end, we urge Tata to share the McKinsey report with the UK and Welsh Governments in order to allow sufficient preparation to support prospective buyers. We also believe that Tata should make a public commitment to provide sufficient time to identify a viable purchaser for Tata Steel UK.

Finally, we would like to express our disappointment that no UK Government Minister was able to attend our meeting.



We strongly believe that this industry has a positive and viable future and call on both Governments to be proactive in tackling the issues it faces.

Yours sincerely,

A handwritten signature in black ink that reads "William Graham". The signature is written in a cursive style with a large, sweeping initial 'W'.

William Graham AM

Chair, Enterprise and Business Committee

