

# Minutes of the CPG on Steel

## Held on 16<sup>th</sup> July 2019

### National Assembly for Wales

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**Present:** David Rees AM, John Griffiths AM, , Robert Edwards – Community Union, Steve Smith – Tata Steel, Bobbie Davies – Tata Steel, Tony Brady – Unite, James Van Der Graff – Liberty Steel, Brian Edy – SaMI, Fliss Dolby - SaMI

**Apologies:** Huw Irranca –Davies AM, Suzy Davies AM, Craig Lawton office of Suzy Davies AM, Jeff Beck – GMB, Carwyn Jones AM, Llyr Hughes Griffiths AM, Jayne Bryant AM, Jack Sargeant AM, Chris Haag – Celsa Steel, Richard Warren – UK Steel, Chris Haag – Celsa Steel, Richard Warren – UK Steel, Paul Evans – Unite, Sean Parson – Liberty Steel

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**Chair: David Rees AM**

#### **Welcome**

**David Rees AM** welcomed members and representatives of the Steel Industry to the National Assembly for the CPG on Steel. The steel agenda is very interesting at the moment, especially with the current political climate but we need to look at the positives ahead.

#### **Item 3: Minutes of the Meeting held 22<sup>nd</sup> January 2019.**

Minor's changes to be made by AT.

**David Rees AM** minutes accepted as a true record with changes made.

#### **Item 6: Swansea University Steel and Metals Institute presentation.**

**Brian Edy** from Swansea University Steel and Metals Institute gave a presentation to the CPG on their work. Power Point slides of the presentation are available through AT.

There was a discussion on Funding and how SaMI is currently funded and what funding models it is looking at post EU funds.

**David Rees AM** noted that it is always interesting to be briefed upon the research agenda within the industry and it is exciting to see the work SaMI and its partners are undertaking to move this forward. Funding is clearly a concern and it was disappointing that there were 2 projects approved yesterday and this wasn't one of them. He was pleased to hear that they are having discussions on this and sought details as to how far off they were with those.

**Brian Edy** indicated that there are matters to be resolved, and it does depend on the appetite to move these projects forward. He would like to think that during the Autumn a business case will be finalised and by working in partnership it should be moving forward soon.

**David Rees AM** asked if the problem was land?

**Brian Edy** answered that it is location.

**David Rees AM** said that if we want a modern 21<sup>st</sup> century steel industry in the UK it is imperative that we support this work.

**John Griffiths AM** said that he had had an interesting event with Liberty Steel on their views relating to ARC furnaces and asked SaMI if they had been in discussion with them relating to the work Prof. Allwood had undertaken in his report 'Steel Arising'

**Brian Edy** stated that the issue for all steelmakers is economic and environmental sustainability.

**David Rees AM** noted that Prof Allwood had offered to come and present his report to the CPG. JVDG from Liberty Steel offered to facilitate this.

David thanked BE and FD for coming to the Senedd to meet with the CPG and give us an insight into the work they are doing.

#### **Item 5: Update from Welsh Steel Makers.**

**David Rees AM** asked Welsh Steel Makers to give the group an update.

Tata:

**Steve Smith** – Last time we met, we gave an update on the JV. Hans Fisher, wanted to see the JV work and move on. Now that the JV hasn't come, he has moved on (left 1<sup>st</sup> July 2019) Dr Henrik Adam has now taken over from him and has a background in steel and the automotive sector.

Tata CFO NK Misra has also retired and Sandip Biswas has taken over. He is highly regarded at Tata Steel.

Blast furnace no 5 has also been restarted; they are part way through the £30m improvement works on the boss plant with the new vessel going in - this won't be a cure but it will move the plant forward and shows a commitment to Wales.

Market demand has declined, partly because of stock piles but also EU demand is down 10%, and other Steel Industries have cut back production.

**John Griffiths AM** – asked about investment and how difficult is it for Tata to take production forward

**Steve Smith** – stated that it was difficult and Tata needs to be cash positive, however they have not deferred Capital Expenditure projects; still doing what they promised but it is looking more difficult in the 2<sup>nd</sup> half of the year. Positive news with the BOS Vessel and the Steel Crane.

**Rob Edwards** – Post JV concerns are still around particularly with ArcelorMittel and how they are looking at what transformation in Europe will look like. Also, there are concerns around what will come from a restructuring process.

**Steve Smith** – they are looking into transformation at the company and they will be reporting back. It is up to the company what they take up from the review, it does lead to uncertainty and fear but we need to see what the feedback is and we are not at that stage yet.

**Tony Brady** – The main concern is that the company looking into this are not steel people and it is inevitable that it will come to head count. McKinsey did it. What are they looking at with A&M

**David Rees AM** – this information is very helpful to understand this process and the challenges faced by the Industry. We are not here to discuss British Steel, but they are involved in this as we are seeing what is happening there currently.

Liberty:

**James Van Der Graff** – there have been leadership changes at Liberty Steel.

Growth on the continent with the acquisition of 7 OS Steel sites and Liberty are looking at the UK and the chairman is moving back to the UK permanently.

There are currently desperately unfair market conditions in the UK, we are gradually strengthening order books and customers.

**James Van Der Graff** thanked **John Griffiths AM** for sponsoring the launch of the report ‘Steel arising’ written by Prof. Allwood which considers ideas around ARC furnaces to replace traditional Blast Furnaces and how we have a sustainable steel industry. JVDG will arrange for Prof. Allwood to attend the next meeting of the CPG in the Autumn.

**David Rees AM** agreed to ask Prof Allwood to the next CPG and to discuss decarbonisation.

**Bobbie Davies** – Offered to arrange for Tata to have a representative at the CPG to discuss how Tata are working on decarbonisation also.

Union Update:

**Tony Brady** updated the group on British Steel after the APPG in Parliament. Believed there were up to 10 buyers interested, but no one is certain of the numbers.

It was believed that Greg Clarke will be leaving BEIS under a new Prime Minister and we wait to see who the new Secretary of State will be. Would be good if we could send a letter from the CPG to the new Secretary of State when they are in post to get the steel sector deal moving forward.

**David Rees AM** – the Steel Sector council was established during the crisis which led on to the sector deal. Will that group be re-established?

**Tony Brady** – Also a letter needs to be sent to whoever will be taking the deal forward.

Customers are sticking with British Steel, but suppliers are concerned they won't be paid.

**Rob Edwards** – The Steel Sector council was born of crisis and we almost had an Industrial Strategy, we need to build upon this to get this through. We are still discussing:

- Energy Prices,
- Business rates
- Procurement
- And now Brexit.

A sector deal is needed to take all of this on or we are facing a difficult future.

**Tony Brady** – It was understood that Government are taking over some assets, there is a concern this could happen with others.

**Rob Edwards** – ORB. Trade union view is that they are disappointed that we are in this position, cusp of something special with the ORB with the move to electrical vehicles. Innovation is required in the ORB, it is the only electrical steel site in the UK now and the car industry is reliant on outside competition. ORB needs investment. It comes back to the Rover and Aerospace innovation we require. By 2022 the sector is expected to explode production wise and the ORB needs to be in the chain. Welsh Government is not in a position to offer support, but Westminster certainly is.

**David Rees AM** – Intended to ask questions of the Minister for Economy and Transport and the First Minister as to what discussions they are having on this. The Welsh Government needs to have these conversations with Tata and Westminster.

**John Griffiths** – there is a great deal of frustration at the ORB because they believe that investment will make them world leading.

**David Rees AM** – We'll write to the Minister for Economy and Transport to ask what discussions he is having with BEIS regarding the Steel Industry.

**David Rees AM** – asked if there was anything to raise. There was no further business. David thanked everyone for the updates, it is good to hear the positives within the industry as well as the concerns.

There is clearly still uncertainty over Brexit and Energy costs and we need to address these to ensure a healthy steel industry in Wales. We need to keep up the pressure on Westminster to ensure that funding meant for the Steel Industry remains with the Steel Industry after we leave the EU.

**Bobbie Davies** – there is a funding period of 2 years after we leave the EU and then after the 2 years we have had no commitment from Westminster. With regard to the RFC&S, if there is a no deal the money would come back to the UK but this won't be ring-fenced.

**Rob Edwards** – this funding is vital and we need to ensure the funding is there.

David noted that the First Minister had been asked to come to this evenings meeting but he had a previous commitment, he sends his best wishes.

David thanked everyone for attending.

Meeting formerly closed.