



Ein cyf/Our ref: WQ91244

Andrew R.T Davies MS
Welsh Parliament
AndrewRT.Davies@senedd.wales

8 March 2024

Dear Andrew,

I write in response to WQ91244: What financial support does the Minister plan to offer to save steel jobs in Port Talbot?

I have written to successive UK Government Secretaries of State regarding Tata making clear that we were prepared to do what we can to support the company and its employees. The Minister for Finance and Local Government and the First Minister also raised the matter with the Chief Secretary to the Treasury and the Prime Minister respectively prior to Tata's January announcement, seeking a joint approach to the talks that Welsh Ministers have been excluded from.

It is a matter of serious concern that the Secretary of State for Business and Trade has chosen not to agree to meet with Welsh Ministers or include the Welsh Government in discussions with the business in order to seek a joint approach.

It is important to note that the company is undertaking an ongoing consultation on its proposals and is engaging with the workforce and their unions as part of this exercise. It is the firm view of the Welsh Government that there is a viable future for blast furnace steelmaking in Wales and that ongoing talks should focus on realising that objective in order to secure a longer, fairer transition. Where talks between government, unions and the company are able to secure a better deal, the requirement for government support could alter significantly. Any proposal will involve substantial costs to the Welsh Government but joint talks could allow for a partnership approach that reflects the budget possibilities across UK and Welsh Governments in order to prevent the economic loss currently proposed.

It is recognised by the business and steel trades unions as a matter of fact that the Welsh Government does not possess the requisite resources or powers that would allow it to intervene on the scale required for the transition necessary. The UK Government has to date offered £500m to secure the current deal with Tata Steel UK. This amount is equal to 2.2% of the annual budget Welsh Ministers are able to allocate directly. For context, 2.2% of the equivalent annual budget UK Ministers can call on is worth £11bn.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Given the disproportionate role the Welsh steel industry plays in the wider UK sector, it is well understood that the UK as a whole bears a responsibility for this sovereign asset. This reflects the balance struck across major developed economies where strategic support for virgin steelmaking is linked to broader defence and macro-economic considerations at a federal level. It is the Welsh Government's view that the UK Government ought to commit a greater level of UK financial support to provide for a longer, fairer transition.

In refusing to provide access to the talks prior to the announcement, the UK Government blocked the route to the joint approach requested in the representations made by Welsh Ministers to numerous UK Ministers and the Prime Minister.

In successive written and oral updates provided to the Senedd, I have provided further information on the approach the Welsh Government has taken to protect the steel industry and its workforce through incredibly challenging circumstances. From investing in the Steel and Metals Institute in Swansea University to the creation of the new Celtic Freeport – a move supported by Tata Steel UK - the Welsh Government has remained committed to using its levers to support the industry's transition and the jobs it can support.

We will continue to engage with the Company regarding interventions we have in place within our devolved responsibilities that could support the transition, including on skills development, and potentially on R&D and environmental improvements. The Senedd recently passed a unanimous motion in support of talks that secure the outcomes set out above and it is important that all parties work towards that goal.

Yours sincerely,

A handwritten signature in black ink, reading "Vaughan Gething". The signature is written in a cursive, flowing style.

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy