



Department for
Business & Trade

Alan Mak MP
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By email: SeneddEconomy@senedd.wales

29 April 2024

Dear Paul,

Thank you for your correspondence of 21 March, regarding the Welsh Parliament's Economy, Trade and Rural Affairs Committee's concern around Tata Steel securing sufficient scrap steel to supply their new electric arc furnace (EAF) at Port Talbot.

This Government recognises the impact that transforming the Port Talbot to EAF production will have on workers and the wider community. This is why we have established a Transition Board, with membership from the local authority, Welsh Government and Tata. The Board has £100 million of funding, £80 million from the UK Government and £20 million from Tata, for projects to support the communities affected.

Without this joint investment package, there was a risk of the whole business closing, which would have put all 8,000 jobs at Tata Steel sites around the country at risk along with thousands more in the supply chain. The deal we have reached with the company is expected to safeguard 5,000 jobs and secure a sustainable future for Port Talbot.

On scrap steel supplies, I can confirm that government officials continue to be in close contact with UK steel producers and metal recyclers on future scrap supply. UK Steel, the trade association for steel producers, convened a roundtable on scrap on 4 April, with the steel industry, metal recyclers, academics, UK Research and Innovation, and senior officials from the Department for Business and Trade (DBT) and DEFRA.

The UK currently produces 11 million tonnes of scrap a year but only utilises circa 2.7 million tonnes based on current domestic use. Even after the installation of Tata's EAF, there will remain a significant surplus of supply of scrap in the UK.

There will, however, need to be effective scrap sorting to make sure there is the appropriate quality of scrap, with low residuals. My officials are engaging with metal recyclers to understand what commercial progress is being made on developing higher quality scrap flows, helping to cut costs and significantly improve carbon efficiency.

We continue to engage closely with the sector on this important matter and pay close attention to how the scrap market is responding to these new domestic opportunities. We remain committed to assisting the sectors find a market-based solution to these challenges but will consider further options if necessary.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Alan Mak', is centered on the page.

Alan Mak MP

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