

Rt Hon John Healey MP



HOUSE OF COMMONS

LONDON SW1A 0AA

Rt Hon Sajid Javid MP
Secretary of State
Department for Business, Innovation and Skills
1 Victoria Street
London, SW1H 0ET

11 July 2016

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Support for potential buyers of Tata Specialty Steels and your Written Statement to the Commons today

I am dismayed and angry to read the written statement, Update on the UK Steel Industry you have made to the House of Commons today.¹

Tata announced late on Friday (8 July) that it was putting on hold the sale of its UK business as a whole but pursuing the separate sale of Tata's South Yorkshire-based Specialty Steels, with plants in Rotherham and Stocksbridge. This caused huge concern and further uncertainty for steelworkers, their families and their communities. They simply don't know where they stand or what future there is in South Yorkshire steel-making.

As it stands, you have announced a massive change in Government policy without acknowledging this, and the Government is turning its back on the steelworkers and steel communities of South Yorkshire.

And I write to ask for immediate confirmation of the support the Government is prepared to offer a responsible buyer in order to secure the long-term future of the Specialty Steels operations in both Rotherham and Stocksbridge.

Your statement today is totally at odds with your statement on 21 April 2016 when you announced: "A package of support worth hundreds of millions of pounds will be made available to potential buyers of Tata Steel UK."

This April statement spelt out the detail of substantial support that the Government was ready to provide:

¹ <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-07-11/HCW579/>

“The UK government has been clear that since Tata announced its intention to divest its UK operations, it is ready to support a credible private buyer of Tata Steel UK, offering financing on commercial terms to support the ongoing operations and deliver long-term investment in the future of the business.

The financial support package will be tailored to the purchaser’s strategy and financing needs. However, it is expected that all, or the large majority, will be through the provision of debt financing. Other options include:

- providing hybrid (convertible debt) or alternative forms of financing
- supporting a purchaser’s financing by taking a minority equity stake (up to 25%) acting in support of the purchaser; however, government will not acquire a material element of control over the business...

... In addition to the support package, the UK and Welsh governments will also be willing to consider additional grant funding support, for example to support the development of power plant infrastructure, energy efficiency and/or environmental protection measures, R&D and training.”²

There is no doubt at all in this statement that the Government’s concern and support extended to all Tata’s operations and all sites, as you were quoted in the press statement underlining this point: “Ministers have visited Tata Steel sites across the country and the pride and dedication of the highly-skilled men and women working there is obvious to see”.

Today’s statement completely cuts adrift 2000 of those ‘dedicated highly-skilled men and women’ who work in Rotherham, Stocksbridge and Hartlepool.

It refers to Tata’s announcement on 8 July and “its intention to sell separately its specialty steel business based in Rotherham and Stocksbridge, as well as two mills that produce steel pipes based in Hartlepool.” You say that the Government “will remain in close contact with Tata during the sale process for the specialty steel and pipes business units” but the only specific continuing commitment of support is confined to the strip business: “The Government’s offer of support via an equity stake and/or loans on commercial terms to a future owner of the strip products business, which includes the operations at Port Talbot, remains.”

I failed to persuade The Speaker this morning to grant me an Urgent Question today, in order to confirm that the Government support promised previously for potential buyers of the Tata UK business will be available if needed in the sale of Specialty Steels. Your ministerial statement was then published which confirmed my fears.

So can I ask for an immediate answer to the following central questions, arising directly from your written ministerial statement:

² <https://www.gov.uk/government/news/government-outlines-details-of-financial-support-for-tata-steel-uk-buyers>


What discussions did you have with Chairman of Tata Group in Mumbai on Friday about the sale of Specialty Steels?

Did you make clear to him that the Government's commitments of support for Tata Steel UK buyers – on financing, taking a minority equity stake, energy costs, R&D funding, training and power plant infrastructure – will not be available to support potential buyers of Specialty Steel?

What support – if any – did you pledge from the British Government to support a buyer willing to support the ongoing operations and make a long-term investment in Speciality Steels in Rotherham and Stocksbridge?

Did you discuss your statement with the Prime Minister before making it today, as he gave an important commitment three months ago that the Government would do "everything possible to secure the future of steel making at Port Talbot and elsewhere in the UK"?

I look forward to your urgent response.

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John Healey MP

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