

1 July 2014

Tata Steel to restructure UK Strip Products business to improve competitiveness

Tata Steel has today announced restructuring proposals to improve the competitiveness of its South Wales steelmaking business.

The proposed changes would enable the UK Strip Products business to compete in Europe's lower market demand era by reducing costs equivalent to the loss of about 400 jobs in Port Talbot.

Karl Koehler, Tata Steel's European chief executive, said: "We have invested more than £250 million over the last two years in state-of-the-art steelmaking technology in the Strip Products business. In addition, we are currently investing in our Hot Strip Mill in Port Talbot and we have upgraded our galvanising line in Llanwern enabling us to increase production of high-value automotive steels.

"These investments have created a stronger, more efficient and more reliable platform from which we can meet the needs of our customers, with an improved range and quality of products and services.

"But steel demand and prices are likely to be under pressure for some years. Our business rates in the UK are much higher than other EU countries' and our UK energy costs will remain uncompetitive until new mitigation measures come into effect.

"These proposed changes then are vital if we are to build a competitive future for our Strip Products business in the UK.

"We will, of course, engage fully with employees, trade unions and our political stakeholders during this restructuring process. And we will do everything we can to support our employees through this unsettling time."

Roy Rickhuss, Chair of the UK trade unions' steel committee which is made up of the Community, Unite and GMB unions, said: "We are obviously very concerned to hear this news and we will do all we can to support those affected by the announcement.

"We recognise the company has been dealing with a long-term downturn in European steel markets for more than five years. However we have also expressed our own concerns about possible undermanning within Strip Products and in Port Talbot in particular. Therefore, it is vital that this is not just an exercise to just reduce costs by cutting jobs but takes a considered and objective view as to the numbers required to run and maintain the plant to make steel safely and productively.

"This news also demonstrates that despite the Government's trumpeting of economic recovery, the steel sector remains under real pressure. This sector, vital for so much of British manufacturing, must be an area of real focus for the UK's industrial policy.

"We will be seeking an urgent meeting with the company to discuss our concerns about manning levels and reiterate our opposition to any compulsory redundancies."

Hridayeshwar Jha, Director of Strip Products UK, said: "This business has achieved some notable technical and engineering successes in recent years. We have introduced new high-value products for customers and we have proved we can produce reliably.

"But we need to improve our competitiveness and flexibility in a tough marketplace to help us further develop a sustainable steel industry in Wales. Today's proposals include a review of all our activities in manufacturing, engineering, technical and the support functions.

"We will be striving to achieve any redundancies voluntarily."

Alan Coombs, Chair of the Multi Unions committee at the Port Talbot steelworks, said: "It is vital that this business remains competitive in all market conditions. We will be working closely with the business for the benefit of its employees and to help develop a sustainable future.

"In the course of the prolonged economic downturn, employees have made sacrifices to sustain the business. With this in mind, we will be working with the company to ensure that a positive outcome is achieved for employees who may be looking to leave the business."

Mr Jha added: “We will work closely with our trade union colleagues and government at a national and local level to ensure we provide our employees with as much assistance and support as possible.”

A consultation process, which will take more than 45 days, will begin soon with affected employees and their representatives.

In the meantime, Tata Steel’s subsidiary [UK Steel Enterprise](#) – which has helped regenerate local economies for more than 30 years through the creation of 75,000 new jobs – will be on hand to provide further support to the South Wales business community.

-ends-

For further information, contact:

Tata Steel:

Bob Jones on T. +44 (0)207 717 4532 or +44 (0)7764 710340 or E. bob.jones@tatasteel.com

Robert Dangerfield on T. +44 (0)1639 603210 or +44 (0)7917 267795 or

E. robert.dangerfield@tatasteel.com

Community union:

Matt Ball T. +44 (0) 7799 772250 or E. mball@community-tu.org

About Tata Steel’s European operations

Tata Steel is Europe's second largest steel producer, with steelmaking in the UK and Netherlands, and manufacturing plants across Europe. The company supplies products and services to the most demanding markets, including construction, automotive, packaging, rail, lifting & excavating, energy & power and aerospace. The combined Tata Steel group is one of the world’s largest steel producers, with a steel capacity of 29 million tonnes and 80,000 employees across four continents.

Follow us



@TataSteelEurope



/company/tata-steel-europe



/TataSteelEurope