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Andrew RT Davies MS
Senedd Economy, Trade & Rural Affairs Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1NA

31 October 2025

Dear Andrew RT Davies,

Thank you for your letter dated 24 October.

I have addressed the questions raised below. Please do let me know if the Committee requires further information.

Operational Pauses

You will be aware, following the Committee evidence session on 9 October, that Tata Steel UK continues to operate in a very difficult market environment, with weak demand, volatile trading conditions and high energy costs putting sustained pressure on our operations.

This has been exacerbated by the recent announcement that the European Commission will cut steel quotas by 50% and introduce tariffs of 50% on products outside of those quotas.

We are urging the UK Government to move quickly to develop and communicate its own quota proposal, as proposed by UK Steel, to ensure fair competition and market stability. Negotiations can continue with the EU whilst the UK communicates its own proposal and sends a clear signal to the market.

In light of these challenges and continuing low market demand, we will be extending the planned Christmas production pauses at Trostre, Port Talbot Hot Rolled Products and Llanwern Pickle Line. During this period, employees will be considered for suitable alternative duties, utilise annual leave, time off in lieu or accrue pay-back hours and then, if these options are exhausted, the provisions of the existing Guaranteed Working Week (GWW) agreement. The GWW is a long-standing agreement that provides for employees to remain at home, rather than attend work, on 65% of their full normal pay. We are discussing these arrangements with Trade Union representatives and directly with affected employees so they fully understand the options available to them to mitigate any impact of the pauses. We are also working closely with suppliers and customers to make the necessary arrangements to ensure minimal impact during these periods.

Future Investments

Tata Steel UK continues to make positive progress with the £1.25 billion EAF project at Port Talbot. In the summer we commenced formal construction of the EAF Meltshop project and more recently have begun formal construction on the

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£200 million Pickle Line. National Grid have also mobilised on-site to begin initial work on the new grid connection as of 6 October.

Tata Steel has been clear that with the appropriate policy environment and sound and investible business cases it is open to further investment in the UK. Our focus on EAF technology is not the end of our decarbonisation transformation. However, further investment requires a supportive policy framework, substantive government financial support and the supporting infrastructure must be ready well before any investment decision is made. Despite extensive cost saving initiatives across our operations, Tata Steel UK has continued to make a significant financial loss since the start of the financial year, and we are therefore not able to consider further investments at this point.

Local Contractor / Tata Steel UK Utilisation in EAF Project

Tata Steel UK remain committed to maximising local contractors and suppliers in the project. At the peak of construction there will be around 1200 individual contractors on site – almost exclusively from the local area. Partners to date include:

- Andrew Scott
- Darlow Lloyd & Sons
- JES
- King Site Services
- Mii
- Scott
- Skelton Thomas
- Systems Group
- Wernick Buildings

As we increase work on-site over the coming months, put in place additional systems and move people into the new Wernick Building's welfare campus we will be better placed to provide additional insights.

It should be noted that this development is a large, technical infrastructure project – and certain elements of the design and build can only be undertaken by specialist companies. This is no different to under the previous heavy-end operations where certain skillsets were not available locally.

Almost 600 employees initially at risk of compulsory redundancy have been offered alternative TSUK opportunities. This includes 219 cross-matched into roles; and 267 direct appointments into vacant roles. Many of these roles will be on the project itself.

Furlough Scheme

The furlough scheme, announced as part of the restructuring of Tata Steel UK in January 2024, was put in place to support the retention of skills required for the strategic investment in EAF steelmaking, scheduled to come online by the end of 2027.

Tata Steel UK had initially earmarked potential roles that would not be required in the short-term but may need to be retained longer-term. We therefore agreed furlough terms to be available for up to 100 impacted employees with relevant skills to meet those requirements. The details of the scheme were widely briefed and discussed with impacted employees. We have seen individuals appointed to other roles within the business or exit the business through natural attrition, and ultimately, following all the discussions with employees a smaller number of impacted employees – 38 in total – chose to enrol on the furlough scheme.

I trust my comments above address the points raised.

Yours sincerely,

