



Wales Office  
Swyddfa Cymru

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Dear Andrew,

**Future of Welsh Steel – Written Evidence**

I am grateful for the work of your committee into the future of Welsh steelmaking. Since appearing in front of the committee in November 2024, the UK Government has made significant progress toward protecting and growing our steel industry, working in partnership with the Welsh Government.

Steel is at the heart of Wales's future, and this Government is standing up for Welsh steelmaking. Welsh steel is expected to account for half of future UK steelmaking. It is not only a vital part of the South Wales economy, but also a crucial part of the UK's industrial strategy, infrastructure capabilities and national security.

On 19 March, the UK Government published the UK's first ever steel strategy, an ambitious long-term plan to stabilise and rebuild the sector, return domestic market share to around 50%, attract new investment and position the UK as a world leader in clean, modern steel production. With a transition to electric arc furnaces (EAFs) the UK will be the first G7 country to fully transition from carbon intensive blast furnaces putting it on the front-foot of the growing global green steel market.

I am proud that 7 Steel in Cardiff has led the way in EAF steelmaking, producing up to 1.2 million tonnes of recycled steel each year. With the support of the Industrial Energy Transformation Fund, 7 Steel is undertaking studies to pursue further decarbonisation through assessing the viability of Hydrogen as an alternative to natural gas in their billet reheating processes.

We have listened to the concerns of Welsh steelmakers and are introducing a robust trade measure on products that can be made in the UK to ensure the viability of our steel sector and protect our national security. Out-of-quota tariffs will rise to 50%, and overall quota levels will be significantly reduced, countering the unprecedented and damaging effects of global overcapacity.



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We are also taking bold action across the business environment: tackling electricity prices and carbon leakage, increasing the use of UK steel in government-supported projects, including through the 2026 Clean Industry Bonus route for offshore wind developers, and making it easier for firms to invest and grow in future-facing, decarbonised technologies.

We are backing this transformation with major government investment. With up to £2.5 billion to secure new private sector co-investment, alongside the £500 million we have already committed to support Tata Steel UK's (TSUK) transition to EAF steelmaking at Port Talbot.

Wales is well positioned to take advantage of our commitment of up to £2.5bn to secure new private sector co-investment, either in existing steelmaking locations, or entirely new investment. To support this work, I will convene the National Wealth Fund (NWF) and the private sector in a new initiative to help unlock investment in Welsh steel projects, to support communities across Wales that rely on the industry.

Together, the strategy and trade measure will restore the long-term viability of Welsh steelmaking, strengthen our national and economic security and secure high-quality jobs for generations to come.

Over the past 20 months, the Transition Board has overseen the rapid delivery of support to the people and businesses affected by job losses at TSUK. In December, we announced a further £22 million for the Port Talbot Transition Board funds, bringing total investment to £122 million (£102 million from the UK Government and £20 million from Tata Steel), reinforcing the UK Government's ongoing commitment to the area, its people and its businesses.

Demand has been strong, particularly for the business-focused funds, demonstrating that support is reaching local people and businesses quickly and effectively. Progress to date is encouraging and as of February:

- 59 companies in TSUK's supply chain have received grants through the Supply Chain Transition Fund;
- 141 local businesses have been supported through the Resilience and Business Growth Funds;
- 85 new businesses have been created, with support for equipment, training and employability through the Start-Up and Skills and Employability Funds;
- 2,521 training courses have been procured and 1,100 qualifications and accreditations funded;
- The rapid deployment of UK Government funding has helped ensure there has been no increase in unemployment benefit take-up in Neath Port Talbot since September 2024.



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Looking ahead, the Economic Growth and Investment Fund has now opened to full applications. This fund, jointly financed with £6.78 million from the UK Government and £5 million from TSUK, is intended to support the creation of high-quality jobs and attract long-term private investment into the area. The launch of this final Transition Board intervention reflects a shift into the next phase for the Board, where the emphasis is increasingly on delivering longer-term investment and growth in Port Talbot and the surrounding areas.

The Welsh steel sector has a bright future, and this Government has and will continue to take the decisive action needed to support it.

Yours sincerely,

**Rt Hon Jo Stevens MP**  
Secretary of State for Wales  
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