

Eluned Morgan MS  
First Minister of Wales

The Rt Hon Jo Stevens MP  
Secretary of State for Wales

31 March 2026

Dear Eluned and Jo,

## **Port Talbot Transition and the Future of Welsh Steel**

As you will know since Tata announced it was closing the Port Talbot blast furnaces the Committee has been undertaking a long and wide-ranging piece of work into transition and the future of Welsh Steel. The committee held a final extraordinary session on this subject on 25 March.

With dissolution a matter of days away, there is not time to draft a formal report following this meeting, so I am writing to highlighting some of our findings. I hope these could be taken forwards by the UK Government and the next Welsh Government.

### **The Steel Strategy**

We were pleased to hear the industry and unions welcome the UK Government's steel strategy. However, it was clear that this is a first step. After a long wait for the Strategy, we want to see a clear plan that outlines a brighter future for the industry. We need to see serious backing for the steel industry, particularly in south Wales.

The long-term uncertainty around the future of Port Talbot Steelworks has caused emotional turmoil for steelworkers and their community for at least a decade. The UK Government and the next Welsh Government must build on the Steel Strategy by setting out a clear road map for steel in Wales with



deliverable milestones. This will help everyone, including the workforce, understand and have confidence in a thriving future.

The Steel Strategy notes that the Secretary of State for Wales will bring together the National Wealth Fund 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”. We would welcome the UK Government and Welsh Government setting out more detail on how that funding is intended to be used, and how you think it could be used to benefit the Welsh steel industry

We would also welcome more detail on how the £2.5 billion pledged in the Strategy was arrived at, as witnesses were unclear about this in our meeting on 25 March. What are the terms of reference for that funding, and what consideration has been given to ringfencing a proportion of the available funding for Wales as called for by the unions and the First Minister?

### **Representation on the Transition Board**

In October I wrote to both governments on the subject of Steel. One of the issues raised in that letter was the Committee's concern that local union representatives had not been included in the Transition Board. I wrote that letter as the Committee believe their expertise and local perspective would be invaluable to the work of the Board, and their exclusion undermines the Board's ability to secure buy-in for its work from local communities and deliver meaningful support. The Committee still stands by that point.

Secretary of State, you responded to that letter saying “Last month, I was pleased to again meet in-person with local union representatives, including members of the Multi-Union Committee, to hear directly about their experiences and concerns. I am keen to maintain an active and open dialogue with them and am committed to ensuring that the unions continue to have a strong presence on the Board.” I took that to mean local union representatives would be invited to sit on the Board alongside their national counterparts.

However, when we spoke to the local union representatives on 25 March they said they still have not been invited to Board meetings, although we appreciate they have met with you separately. They expressed frustration at this as they have an important local perspective and told us they “are fronting up to all of these workforce, on a daily basis, and we are getting the difficult conversations. No disrespect to the national officers, but I think we could have offered something different to that transition board”. The Committee agrees with their sentiment, and I would like to reiterate our request for them to be included in all future Transition Board meetings.

### **Grid Connection**

We are concerned about potential slippage with the new electric arc furnace in Port Talbot. The unions noted serious concerns regarding progress with the grid connection. They told us they had

initially been told there was a "a couple of weeks' delay" but "It's probably looking like a few months now."

I have written to National Grid raising these concerns. Given the critical importance of this project to Port Talbot and the wider Welsh economy, I hope you will both keep pressure on National Grid to deliver that connection when it is needed.

## **Skills**

We currently have a strong steel skills base in Wales but as people are made redundant and find work at other large projects outside of Wales that skills base is at risk. If we want the industry to be modern, innovative and to flourish, we need to ensure the skills are there to support it. We heard about the importance of further investment in skills from both 7 Steel and Tata. We believe the next Welsh Government should consider working with the industry to set up a Steel Skills School, with appropriate support from the UK Government, to help protect and grow the skills of our workforce.

## **Energy Prices**

We are concerned about the impact of the looming energy crisis on steel production in South Wales. Electric arc furnaces require a significant amount of power, with 7 Steel's furnace using the same amount of energy as the whole of Cardiff. Whilst both 7 Steel and Tata welcomed the supercharger, they also had concerns about energy prices.

7 Steel told us the Supercharger doesn't take "away from the underlying issue around wholesale energy costs in the UK, without the middle east increasing costs. We'd be looking, and UK Steel will be leading for us with Government, at addressing those UK energy prices." What considerations are being given to providing further support for the steel sector with wholesale energy costs, particularly in the current context?

We also feel, given the size of the site in Port Talbot, that Tata or another company could be using some of that space for energy generation. This would, on the face of it, seem like a good way to reduce reliance on mains electricity and mitigate some of the risk of turbulent energy prices. We believe this is an idea that the UK Government and the next Welsh Government should explore with Tata.

## **Scrap**

We were pleased to see a cross-departmental working group on securing scrap supplies will be formed by May. The unions underlined how important this work will be when they told us "We need proper controls on scrap. That's going to be our new raw material, going forward, and I welcome that meetings are going to be set up, but I think that needs to happen very quickly and we need to come to a solution. Because where the electric arc is going to come on in 2027-28, we're going to need to

source scrap a lot earlier than that, and our scrap industries in the UK and across the world know that we need that scrap, so you can see that prices are going to go up.”

Tata also told us “We need to be further developing the scrap supply chains in the UK, such that we can deliver on the goals that we've now got of circular steel products” they went on to explain that the UK was at an advantage for this because we have a “huge amount of scrap steel available”.

It is vital that the UK Government works quickly with the steel and scrap industry to take advantage of that scrap supply and create a truly circular steel industry. We look forward to hearing more information about the areas of work the cross-departmental group will prioritise, and the timescales for it to complete this work.

We covered a lot of other ground in our meeting with the steel unions and industry. I would implore you, and your officials, to either watch the video or read the full transcript of the meeting and I hope you will find this letter useful in your work on steel.

We must learn the lessons from past de-industrialisation and as the next Welsh Government prepares to take office, affected communities must be prioritised, treated with dignity and be meaningfully involved.

As the Committee dissolves with the Senedd on 8 April, please could you reply by 7 April so we can publish your letter. If that is not possible please send your response to the chair of our successor committee as these are vital issues for steel industry which I am sure our successor committee will be interested in.

As we will not be publishing a report, I have copied this letter to all the witnesses who attended our meeting on 25 March.

Yours sincerely,



Andrew RT Davies MS

Chair: Economy, Trade and Rural Affairs Committee

We welcome correspondence in Welsh or English