

Council for Economic Renewal communique - 01 February 2016

The Council for Economic Renewal met today (1st February) and its primary discussion was on the steel industry in Wales.

The Council was attended by the full range of social partners. The Wales TUC attended, accompanied by representatives from Unite and Community Unions. The business representatives included the CBI, FSB, IoD, the Chair of Commerce Cymru, ICAEW, the South Wales Chamber of Commerce, RICS and the Law Society. Social enterprises were represented by the Wales Co-operative Centre Ltd.

The Council received an update on the Tata Task Force, which had met for the first time, two days following the announcement. The second meeting of the Task Force is taking place this afternoon.

The swift and proactive action by the Welsh Government in taking early action and setting up the Task Force was acknowledged by the Council. The Council agreed that the priorities were to ensure that support was provided for those affected as well as addressing the impact on the local economy and supply chains.

However, the Council stressed that the critical issues affecting the steel industry were far wider than the Welsh Government's levers and immediate and visible action was needed from the UK Government on a range of critical issues, including the need for a longer term strategy to support the steel industry.

Specifically, the Council urged the UK Government to make an urgent application to the European Globalisation Fund to provide much needed assistance to those at risk of losing their jobs.

The current crisis follows continued pressure on the European steel process caused by cheap imports, particularly from China, but also now others including Russia, and the Council called for urgent anti-dumping measures on steel products.

The threat posed by China being formally recognised as a market economy was highlighted and the negative effect this would have on any anti-dumping measures.

Procurement was underlined as one of the most powerful levers. The Welsh Government was already taking action but the UK Government needed to commit to tangible actions on all major infrastructure projects such as the Swansea Bay Tidal Lagoon. This was important not only in regard to the impact of the volume and price on the steel industry in Wales but on safety grounds in cases where lower quality or substandard steel products may be imported for use in UK construction projects.

The impact of high UK energy prices has been raised in the Council for Economic Renewal over a number of years. Repeated calls had been made on the UK Government to address this issue. The effect of these high prices on the international competitiveness on the steel industry in Wales was all too evident today.

The Council was united in calling for urgent and demonstrable action from the UK Government to support the steel sector, recognising that the industry is at one of the most critical points in its history. The sector makes a significant contribution to GDP and sustains thousands of jobs across Wales and the UK. The Council pointed to the serious consequences of losing steel making capacity in the UK and becoming reliant on imports for such a critical commodity. Moreover, the impact of further decline in the steel industry would not be limited to those directly affected but would also have a knock on effect on manufacturing right across Wales.