

Britain: Corus announce over 6,000 steel jobs to go

Julie Hyland
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Anglo-Dutch steelmakers Corus announced 6,050 job losses in the UK on Thursday morning. The company employs more than 60,000 workers worldwide, almost half of whom are concentrated in England and Wales.

South Wales will be sharply affected by the losses, which are to be spread over a two-year period. Iron and steel making operations at the Llanwern plant, the Ebbw Vale tin-plating factory and the Bryngwyn plant are to close entirely. Unemployment in South Wales is particularly high. Once one of the main locations for heavy industry in the UK, it has already experienced the wiping out of most of its coalmines. The Llanwern and Ebbw Vale closures are expected to devastate the surrounding towns, where many other companies are dependent upon the steel producer for their own business.

All Corus facilities will feel the cuts to one degree or another—plants at Deeside and Teeside are to close and job losses will be implemented across all the UK plants.

The cuts, which involve more than one-fifth of the steel producer's British workforce, had been anticipated for months. Last year the company, formed out of a merger in 1999 between British Steel and the Dutch firm Hoogovens, axed 4,500 jobs following a decline in UK profits of £350m (\$513m). In December, the company's two joint chief executives resigned, after the firm announced a "major restructuring" of production at its loss-making plants. Corus said its aim was to make cost savings of up to £500m (\$732m), in response to a 20 percent fall in steel demand in the UK.

Nonetheless the scale of the job losses came as a shock to many workers, who were only informed of the precise numbers involved at the same time that the company issued a press release to the London Stock Exchange.

The announcement also brought an uncharacteristically sharp reaction from the Blair Labour government and the trade unions. A spokesman for the Amalgamated Engineering and Electrical Union (AEEU) accused the company of behaving like "19th century" employers, in ignoring entreaties by government and unions alike for negotiations. Prime Minister Tony Blair had met with Corus chairman Sir Brian Moffat earlier last week in an effort to find some means of softening the blow. But the Prime Minister's official spokesman, Alastair Campbell, described the meeting as "unhelpful," saying, "It's a pretty extraordinary state of affairs where, as the government, if you were to ask us when is this decision going to be announced we would say we don't know." This had meant that the government was not able to prepare the type of "emergency package" usually deployed in such circumstances, such as retraining schemes for those workers laid off.

Appeals to Corus by ministers from the devolved Welsh Assembly, created specifically to aid trade and investment within the region, were also rejected. Assembly First Minister Rhodri Morgan said that no stone had been left unturned in trying to reach a solution. Welsh Secretary Paul Murphy stated, "Corus have simply refused to discuss their plans with the government or the Welsh Assembly. They have been secretive and their behaviour has added to the climate of pessimism surrounding the steel industry".

In a last minute plea to the steel producer prior to its announcement, Murphy said, "it is still not too late for Corus to reconsider. I am sure that, together, we can find a path to a better future for steel—if only Corus will engage with that process." Presenting an emergency Commons statement on the job losses, Trade and Industry Secretary Stephen Byers also appealed for the

company to reconsider its decision.

“On behalf of 6,000 steelworkers, their families and the communities in which they live, I urge Corus to think again and work with us to identify a better way forward,” he said.

Llewellyn Smith, Labour MP for Blaenau Gwent, rejected the argument that Corus's decisions were motivated by “financial difficulties”. “Since they have been set up, Corus handed out £700m (\$1.03bn) to their shareholders, they appropriated £900m (\$1.3bn) from the workers' pension fund, they wasted £135m (\$198m) by buying companies abroad, they gave millions of pounds to sack chief executives and indeed massive wage increases to former Dutch managers,” Smith said.

In the weeks before the Corus announcement it was rumoured that the Iron and Steel Trades Confederation union (ISTC) had made the company an offer to take over the running of its Llanwern plant. Corus said that no firm offer had been made and that Moffat had written to ISTC general secretary Michael Leahy stating that the company did not welcome any new competition.

The unions argued that UK workers were amongst the most productive in the world, and that the job losses were the result of adverse currency exchange rates. The unions are in the forefront of those complaining that the pound's inflated exchange rate is pricing UK exports out of international markets. They are demanding the British government end Britain's continued exclusion from the European single currency, which they say is undermining UK manufacturing, and adopt the euro.

However, Corus insist that the high value of the pound was only one factor in its decision. Moffat said that just as important was weak domestic demand for the type of steel used by carmakers—a reference to recent decisions by Ford and Vauxhall car manufacturers to close several assembly plants in the UK— and an oversupply of steel on the European continent.

“The radical measures announced today will significantly improve the group's competitiveness and are crucial to the future of Corus's employees, customers and shareholders,” Moffat continued. The chairman also defended the company's decision not to divulge too much information on the restructuring package in advance of Thursday's announcement. The announcement was “price sensitive” Moffat said, in a

reference to the response of the stock markets. The Corus share price rose 8p to 82.75p (\$1.21) on news of the cutbacks.



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