

Over a thousand jobs to go at Welsh steel plants

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28 January 2016

Tata Steel have announced it is to shed a further 1,050 jobs in the UK. A statement given out by the company claims 750 jobs will go at the Port Talbot plant in South Wales, the biggest steel plant in Britain. A company statement went on to say that the action was taken to help save the rest of the site from closure or mothballing, and that the plant was losing £1million a day.

Another 300 jobs will be lost at steel mills at two other Welsh plants, at Llanwern near Newport South Wales and at the Trostre tinplate manufacturing facility located just outside Llanelli, West Wales. Jobs will also go at Hartlepool in the North East and at Corby in the East Midlands. In the October 2015 job cuts of 1,200, Tata announced that, although it was expected to be affected, the Corby plant was not involved.

During December 2015, Tata Steel entered into “advanced negotiations” to sell its Long Products Europe division to private equity company Greybull Capital. The Long Products business in Europe manufactures plates, sections, wire rod and semi-finished steel for various markets, including construction, ship-building, engineering and energy at plants in Teesside and Scunthorpe in the UK and at Hayange, north-eastern France. Job losses and wage cuts as well as cuts to pension entitlements are expected after the takeover is complete. The unions have already offered their help in seeing the takeover go ahead.

Within days of this latest Tata announcement, Yorkshire-based specialist steel makers Sheffield Forgemasters announced it was cutting 100 of its 700 jobs. The company specialise in steel castings for the energy and civil nuclear industry. Chairman Tony Pedder, who led a “buy out” in 2005, explained that the reason for the job cuts was “reduced activity in the traditional oil and gas sector, with oil prices down to a

level that is deferring much potential new investment. We have been working with our major customers, suppliers and in particular, our secured lender, with whom we have concluded an extension to our financing facility. This will provide adequate funding for the business through to the end of March 2017.”

The accounts covering the last 18 months and published on the day the job cuts were announced showed a loss of £9.4 million. This is the first loss since the buyout.

Politicians, union leaders and senior officials within the steel industry called the job cuts a “wake up call” for the government. The latest job cuts, as before, are blamed on the dumping of cheap Chinese steel, higher UK environment taxes and a strong pound. The unions made the usual threadbare demand that the Conservative government take “decisive action.” Roy Rickhuss, general secretary of the steel industry’s largest union, Community, said that “every sector of the UK steel industry is caught up in the current crisis. We keep saying that delays in implementation of support and a lack of swift and decisive action by government only puts more steel jobs at risk.”

In an earlier outburst Rickhuss declared, “The spectre of the UK’s cosy relationship with China hangs over the entire steel industry. The Prime Minister needs to stand up to China and stand up for our steel industry.”

No doubt many steel workers in Britain are, in contrast, asking when and where will Rickhuss and his cohorts in the steel unions take up a fight for steel workers.

The announced cuts in jobs pensions and conditions connected to the takeover of Tata Steels Long Products Europe division by Greybull Capital was met with the full co-operation of the steel unions. Community had earlier failed in an attempt to aid the selloff of the Long

Products division to the Klesch Group by hiring the French industrial consultancy company, Syndex, to report on how productivity at the Long Products division in Scunthorpe could be increased. In July Community engaged Syndex again to do a similar report at the black bar section based in Rotherham, South Yorkshire after Tata had claimed the plant to be unprofitable. Speaking to the media at the time, Stuart Sansome of Community said the French firm had a “good track record” of protecting workers.

There is no suggestion whatsoever of opposition from either the trade unions or the Labour Party.

Alan Coombs, president of Community at the Port Talbot plant, told the BBC the impact on the local community would be “devastating”. Workers at the Port Talbot plant are “obviously worried” about job losses, but have known for several years that the situation was worsening. “It’s been a slippery slope since 2008-09, but we are getting nearer to the edge all the time.”

Stephen Kinnock, the Labour MP for Aberavon, which includes Port Talbot, said job losses would be a “bitter blow” for the area and stressed only that support was needed for the workers made redundant.

Thousands of steel industry jobs were lost during 2015 with cutbacks and the closure of plants in England and Scotland involving Tata and other steel producers. In December it was confirmed that the planned cuts of 720 jobs in South Yorkshire would go ahead, including 350 compulsory redundancies, in spite of the unions previously claiming they wouldn’t accept compulsory redundancies.

Last year, the Redcar steel plant on Teesside, owned by the Thai company SSI, went into liquidation with the loss of 2,200 jobs. Tata Steel also announced nearly 1,200 job losses at its plants in Scunthorpe and Lanarkshire. Caparo Steel Industries, the steel products company that is part of Labour peer Lord Paul’s Caparo Group, filed for administration, putting 1,700 more jobs at risk. Sections of the company based in West Bromwich, Hartlepool, Wednesbury and Oldbury in the Midlands have been taken over by Liberty House Group.

The clamour to blame Chinese imports for the jobs cull in Britain is a smokescreen. China supplies half of the estimated 1.6 billion tons of steel a year. The slowdown in the Chinese economy has created a

surplus crisis. The international price of steel has plummeted by an estimated 45 percent over the past year, from £330 a ton (\$500) to £280, a 45 percent drop in nearly 12 months. Steel markets around the world are oversupplied relative to current demand. Cheap raw materials contribute to this.

Large profits are made by British companies and the state industries from purchasing imported steel, most of which comes from Europe and not China. Tata Motors based on Merseyside and the Midlands is a sister company of Tata Steel. It recently announced record production levels of its high end vehicles.

The drive for profits, extracting the most out of workers at the cheapest rate, is at the centre of the crisis in steel. Each steel producing country is in a battle with the rest. The extremely low level of wages paid out to Chinese steel workers means the slowdown in Chinese manufacturing has created a large surplus of steel.

The crocodile tears shed by UK politicians, unions and the media regarding “the dumping of cheap steel creating unemployment” has to be gauged against the commercial relationship Britain has with China, which shows how they benefit from the fruits of the super-exploitation imposed by Beijing.

A report by the economic research firm Rhodium Group and the Berlin-based Mercator Institute for China Studies, highlighted in the *Financial Times* in June 2015, states that between the years 2000 and 2014, Chinese companies invested €46 billion in the 28 EU countries, most of which came in the wake of the 2008-09 global financial crisis. Of this figure, the UK received a total of €12.2 billion, making it by far the biggest recipient of Chinese direct investment. Germany was second with €6.9 billion and France third with €5.9 billion.



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