

Liberty Steel plans to cut 450 UK jobs and downscale production

Simon Whelan
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Liberty Steel has placed almost 450 jobs at risk in the UK under plans to idle industrial production at three plants and restructure at others.

The company says it will restart production at the idled plants only “when the market and operating conditions allow”. It claims the UK’s high energy costs and stern competition from cheaper foreign imports make its current operations “unviable”, i.e. not profitable enough.

Liberty Steel employs 35,000 workers at around 200 locations globally. It is part of billionaire Sanjeev Gupta’s GFG Alliance. Most plants are in Europe, with the firm also employing 6,500 across several Australian states and 1,500 across 16 sites in the US. Liberty operates 11 plants in Britain employing around 3,000 workers and is the third largest steelmaker in the UK.

Under its new plans, production and processing facilities in South Wales will be idled, making 120 workers in Newport and another 35 in Tredegar redundant.

The West Bromwich site in England’s Midlands will also be made dormant, with 100 jobs to go. Liberty’s Performance Steel plant at West Bromwich will be transformed into a sales and distribution hub, with workers offered continued employment through a “retain, redeploy and reskill” programme.

Production will be reduced at the Rotherham, Scunthorpe and Dalzell plants.

This week the company confirmed that 185 jobs will be lost in Rotherham, South Yorkshire, by plans to cut the production of primary steel and instead use imported metals to manufacture higher-priced special alloy steels. They will be imposed following a 45-day “consultation” period.

The company will also focus on the production of higher-value alloy steel manufacturing at its other South Yorkshire plants in Brinsworth and Stocksbridge, abandoning cheaper “commodity grade” products for which there is tough global competition.

Liberty Steel has had cashflow issues since the collapse of its main financier, Greensill Capital, in 2021. Greensill was a financial backer of Gupta’s collection of companies

known then as Gupta Family Group. The steel and energy group controlled by Gupta has still not paid back a £7 million publicly funded loan it received in 2016.

Gupta’s operations face multiple problems, ranging from the resignation of the auditor of several key companies in September last year, to an investigation by the UK’s Serious Fraud Office and French police into “suspected fraud, fraudulent trading and money laundering”.

No campaign is being waged by the trade unions to oppose the job cuts. Their pro-company, corporatist perspective was expressed by Alun Davies, national officer at steelworkers’ union Community, who said mournfully that Liberty’s announcement was a “body blow to Liberty Steel’s loyal UK workforce, who couldn’t have done more to get the company through an exceptionally challenging period.”

He continued, “Since the collapse of Greensill Capital the trade unions have supported the company because we believed that delivering the company’s business plans, which were audited and backed by the unions’ independent experts, was the best route to safeguard jobs and the future of all the businesses.”

Davies complained, however, that “the plans we reviewed were based on substantial investment and ramping up production, including at Liberty Steel Newport, and did not include the ‘idling’ of any sites.”

Community has partnered with Liberty management throughout repeated restructurings, the pandemic, and earlier suspensions of production, always at the cost of its members.

Davies declared, “These are challenging times for all steelmakers but the company’s decision to change their plans, on which we based our support, and announce a strategy seemingly based on capacity cuts and redundancies is devastating.”

No jobs will be defended. Rotherham Community union rep Chris Williamson said the union would do its “utmost to ensure there are no compulsory redundancies,” leaving the door open for pressured “voluntary” schemes.

Davies demanded of the company only that “The consultation on these proposals must be meaningful and the

unions will be scrutinising the detail of plans to idle Newport, West Bromwich and Tredegar, including Liberty's commitment to restart the plants when conditions allow."

As the Rotherham redundancies were announced, the role of the unions as an industrial police force, isolating and dividing the working class for the benefit of the corporations, was underscored by the Unite union's response to the decision by Liberty Steel not to sell off its Stocksbridge plant. Stocksbridge is located only a few miles from the Rotherham plant where redundancies are being enforced.

In words that indistinguishable from a Liberty corporative executive, Doug Patterson of Unite union said of the Stocksbridge decision, "It appears the financing is on a sound footing and the trajectory is upwards. It probably ties in with growth in the markets for oil, gas and aerospace. It is the best news for years, although the cost of electricity remains a problem and there is no certainty about government support. They were supposed to be announcing an extension of support in January."

Community also insisted that in defence of the steel industry, the Conservative government "must play their part, stop the dithering and act to deliver the competitive energy prices our industry so desperately needs...steelworkers have had enough of warm words, it's past time for government to decide whether it wants a steel industry in this country." This appeal is made to a government waging a ruthless offensive against striking workers across all sectors.

It also seeks to tie steelworkers to a bankrupt nationalist programme. Community's campaign is headed with the moniker, "Britain, we need our steel". It's accompanying webpage is redolent with right-wing nationalistic sentiment boasting, "Steel is a great British industry and we are proud of its contribution to building our nation" and "It is critical to Britain's economic independence and our national security".

The right-wing essence of this campaign was made clear by Labour MP Stephen Kinnock, who chairs the All Party Parliamentary Group on Steel. He wrote on PoliticsHome that it was "critical that we recognise the absolute necessity that we make our steel here in Britain. In the age of Vladimir Putin's invasion and China's aggression, it is madness to surrender our sovereignty by off-shoring our steel-making capability to authoritarian regimes that wish Britain harm."

A "defence" of the steel industry on this basis cuts steelworkers off from the vital support of their coworkers internationally in a highly globalised industry and signs them up to Labour and Tories' trade and military wars.

Community is putting into practice the anti-working-class agenda of the entire union bureaucracy in connection with the NATO war on Russia.

At its conference last October, the Trades Union Congress (TUC) passed a motion calling on the "General Council to convene a major national initiative involving sympathetic manufacturers, unions, professional bodies and industrial area administrations to establish a national commission for manufacturing to oversee a revival in all sectors and plan a rejuvenation of production and skills development."

This rejuvenation would help to reverse the "run-down of UK defence manufacturing". The motion demands "immediate increases in defence spending". It insists that "defence contracts to be placed in the UK where possible and shipbuilding orders to be placed with UK yards."

Declaring its support for Britain's role ploughing billions worth of military hardware into Ukraine, the motion states, "Congress further recognises that defence manufacturing cuts have hindered the UK's ability to aid the Ukrainian people under brutal assault from Putin's regime." The motion denounced the previous TUC "policy carried in 2017 in favour of diversifying away from defence manufacturing" as "no longer fit for purpose."

In opposition to Liberty's attacks on steel workers' livelihoods and the unions' corporatist nationalism, workers must urgently organise their own fight against job losses through the formation of rank-and-file committees, democratically controlled by workers themselves. Operating independently of the trade union bureaucracy and advocating a socialist programme based on unifying workers in the steel industry and throughout the GFG Alliance internationally, this is the only means by which workers can conduct the necessary mass struggle against the employers.



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