



# Department for Business & Trade

**The Rt Hon Kemi Badenoch MP**  
**Secretary of State for Business & Trade**  
**President of the Board of Trade**  
**Minister for Women & Equalities**  
Department for Business and Trade  
Old Admiralty Building  
Admiralty Place  
Whitehall  
London  
SW1A 2DY

Vaughan Gething MS  
Minister for Economy  
Welsh Government

## **Tata Steel Transformation Support**

Dear Vaughan,

I am writing to you following the announcement that HM Government has agreed to provide £500m of capital expenditure support to Tata Steel's £1.25bn proposed project to move to low carbon steel making in Port Talbot, subject to the necessary information and consultation processes that will be led by the company.

The Conservative Government has been supporting the UK steel industry for many years. It will be no surprise to you that the industry has been acutely impacted by recent wider geopolitical and macro-economic developments that have made traditional, blast-furnace steelmaking financially unviable. The global steel market has become saturated with heavily subsidised, carbon-intensive steel, whilst Putin's invasion of Ukraine has dramatically increased energy costs. This Conservative Government will continue to stand by our steel industry, and this deal is part of our long-term plan for UK steel.

This ambitious transformation is the culmination of several years of negotiations between the Government and Tata Steel, and is one which has been backed by a majority investment by the company.

This transition has:

1. Secured continued production of steel at Port Talbot at a time when it was facing collapse;
2. Enabled the industry to take a significant step towards decarbonising; and
3. Provided a clear pathway towards a long-term financially and environmentally sustainable business model, removing the repeated need for Government intervention.

This agreement with Tata represents the best offer and result for the UK and the people of South Wales. This package represents one of the largest support offers in recent history and will secure long term jobs, not just in Port Talbot, but across all of Tata Steel's sites in England and Wales. It is a deal that not only safeguards jobs, but one that will help build greater resilience in the UK economy and will help create new opportunities in our construction, automotive and energy sectors.

However, this Government does not shy away from the fact that transformation projects carry uncertainty and the unfortunate reality of job losses as the business transitions towards a less labour-intensive model of production. This is why I have been working closely with the Secretary of State for Wales and the Secretary of State for Levelling Up, Housing and Communities to establish a new Transition Board that will support the regeneration of the local economy, and help to capitalise on some of the opportunities that it will create. We will continue to engage with local MPs and stakeholders in the affected areas going forward to ensure the project is a success.

The regeneration of Port Talbot will mean that there will be more opportunities for new businesses to emerge in areas such as scrap to support new production methods, and will build greater resilience in the economy as green steel begins to support our construction, automotive and energy sectors. This new era for Port Talbot will be a major development and will stimulate growth through creating new high-paid, high-quality jobs in new sectors and through the release of land for new industries.

Steel has always been a strategically significant industry which plays a vital role in the UK economy. Decarbonising UK industry is central to the UK's Net zero target to tackle climate change and modernise our steel industry for the 21st century and beyond.

I thank you for your continued interest in the steel sector and I will continue to work towards creating a more sustainable future for this important sector in the UK.

Yours sincerely,

A handwritten signature in black ink that reads "Kemi Badenoch". The signature is written in a cursive, flowing style.

**The Rt Hon Kemi Badenoch MP**  
Secretary of State for Business and Trade, President of the Board of Trade, and  
Minister for Women and Equalities