

Investment in Port Talbot cannot come soon enough, but it might be the last roll of the dice

Sajid Javid, Jacob Rees-Mogg, Greg Clark, Rishi Sunak, Grant Shapps and Kemi Badenoch: the list of Tory chancellors and business secretaries who have sought to unlock the puzzle of the British steel industry's future in recent years is almost as long as the number of active production facilities remaining in Britain.

And as the issue of steelmaking sovereignty has grown in prominence, so the need to identify a long-term solution to the financial troubles of the country's biggest producers has grown in urgency.

The fate of Port Talbot, Tata Steel's vast plant in South Wales, has hung in the balance for years.

Its Indian parent has tabled numerous proposals to secure government investment and made myriad threats (some veiled, others less so) to jettison the perennially loss-making UK business.

During his stint as business secretary in 2016, Mr Javid faced angry steelworkers at Port Talbot, telling MPs days later that "no option is off the table".

Now, [a favoured option at last looks to have emerged.](#)

After months of talks with Tata Steel's Indian parent about a £300m taxpayer support package, Whitehall appears to have blinked first.

More from Business



Government in advanced talks over £500m Tata Steel aid package



Mohamed Al Fayed: Former Harrods and Fulham FC owner has died at the age of 94



Mohamed Fayed's casual relationship with the truth held back his business achievements



Image:

Blast furnace at Tata Steel, Port Talbot

Negotiations over a revised deal that would contribute £500m of public money are, apparently, close to a successful conclusion.

Sources say a deal could be reached within weeks, although given the stuttering nature of previous discussions aimed at reaching an agreement, it would be wise not to trumpet an agreement too optimistically until the ink is dry.

Advertisement

Any deal would be likely to commit Tata Steel to Port Talbot for as long as electric arc furnaces – a greener steelmaking process than the use of blast furnaces – are commercially viable, which in turn would take the question of the plant's short-term survival off the table for the first time in many years.

It wouldn't be without cost, though – and not only in terms of the nine-figure sum being provided from the public purse.

Sources close to the negotiations say the government has

reluctantly accepted that in return for a long-term commitment to Port Talbot, thousands of job losses will, over time, become necessary.

These wouldn't be immediate, but well-placed observers say that a reduction in Tata Steel's UK workforce from 8,000 to around 5,000 is conceivable in the coming years.

That, some will say, is an acceptable price to pay for a key emblem of Britain's manufacturing industry remaining operational. Others, particularly those affected by future changes, will vehemently disagree.

But with figures from UK Steel, the trade body, showing that last year crude steel production declined to its lowest level since the Great Depression of the 1930s, one thing is clear: an investment by the government in Port Talbot cannot come a moment too soon; but it might end up resembling a last roll of the dice for a proud part of Britain's industrial heritage.