

20 October 2015

Restructuring announced at Tata Steel's Long Products Europe business

Tata Steel's Long Products Europe business today announced proposals to stop production of steel plate.

This comes in response to a shift in market conditions caused by a flood of cheap imports, particularly from China, a strong pound and high electricity costs.

As a result, Tata Steel has been forced to make changes to its Long Products Europe business. The proposed changes would lead to around 1,200 job losses – about 900 in Scunthorpe and 270 in Scotland as well as a small number at other Long Products Europe sites. Plate mills in Scunthorpe, Dalzell and Clydebridge would be mothballed while one of the two coke ovens at the Scunthorpe steelworks would be closed.

Karl Koehler, Chief Executive of Tata Steel's European operations, said: "I realise how distressing this news will be for all those affected. We have looked at all other options before proposing these changes.

"We will work closely with affected employees and their trade union representatives. We will look to redeploy employees, wherever possible, and minimise employee hardship.

"The UK steel industry is struggling for survival in the face of extremely challenging market conditions. This industry has a crucial role to play in rebalancing the UK economy, but we need a fairer system to encourage growth. The European Commission needs to do much more to deal with unfairly traded imports – inaction threatens the future of the entire European steel industry."

In the past two years, imports of steel plate into Europe have doubled and imports from China have quadrupled, causing steel prices to fall steeply. At the same time, a stronger pound has undermined the competitiveness of the business's Europe-bound exports, and encouraged more imports.

In response, Tata Steel is concentrating on higher-value markets with a focus on developing stronger and lighter products for its customers.

Bimlendra Jha, Executive Chairman of the stand-alone Long Products Europe business, said: "Today's proposals mark the next step in reshaping our business to give it the best chance of survival in this fiercely-competitive global marketplace. We are looking closely at the performance of all parts of Long Products Europe as part of a focus on returning to profitability."

The consultation process with Tata Steel employees and their trade union representatives begins today.

Tata Steel's subsidiary UK Steel Enterprise will look at how it can provide more support to the local communities affected by today's announcement and help stimulate new job creation in those areas. Over the last four decades the company has helped to regenerate local economies with £88 million of support and created more than 75,000 new jobs across the UK.

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For further information:

Damien Brook on T. +44 (0)795 1989490 or E. damien.brook@tatasteel.com

Bob Jones on T. +44 (0) 7764 710340 or E. bob.jones@tatasteel.com

About Tata Steel's European operations

Tata Steel is Europe's second largest steel producer, with steelmaking in the UK and Netherlands, and manufacturing plants across Europe. The company supplies high-quality steel products to the most demanding markets, including construction, automotive, packaging, rail, lifting & excavating, energy and aerospace. Tata Steel works with customers to develop new steel products that give them a competitive edge. The combined Tata Steel group is one of the world's largest steel producers, with a steel capacity of more than 28 million tonnes and 80,000 employees across five continents.

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