

Tata Steel Port Talbot unit secures £500 mn from UK

Company's share in £1.25 bn deal to be funded largely via internal equity

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The United Kingdom on Friday announced a joint investment package with Tata Steel worth £1.25 billion (about \$1.55 billion), including a government grant of £500 million (\$621 million,) to secure the future of Port Talbot operations in Wales — the country's largest steelworks — giving a fresh lease of life to the structurally weak business.

The joint investment package said to be the largest in the UK steel industry in decades would pave the way for greener steelmaking at the Welsh unit, by replacing coal-powered blast furnaces nearing the end of their effective life with a state-of-art 3 million tonne electric arc furnace (EAF).

Turn to Page 6 ▶

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▶ **£1.25 bn joint investment package** for switching to electric arc furnaces from coal-powered methods

▶ **50 mt targeted** direct emission reduction over a decade

▶ **36 months** after receiving regulatory and planning approvals, project to be operational



A GIANT: TATA STEEL UK

▶ Largest steel producer in the UK

▶ Primary steelmaking site: Port Talbot, Wales

Capacity:
5 mt

Workforce:
8,000

Exports...

On the brighter side, non-petroleum and non-gems and jewellery exports, also known as core exports, reversed their trend of contraction and grew 3.2 per cent in August to \$26 billion. Barthwal said that going ahead, firming oil prices might impact commodity prices, which, in turn, could impact exports.

Aditi Nayar, chief economist at ICRA, said that with the monthly merchandise trade deficit prints averaging much higher during July-August vis-à-vis April-June 2023, India's current account deficit is likely to widen in Q2FY24 from \$10-12 billion expected in Q1FY24.

Merchandise exports witnessed contraction in 15 out of the 30 key sectors in August. Key export items that dipped in August included petroleum products (-30.61 per cent), gems and jewellery (-21.94 per cent), readymade garments (-8.15 per cent), and organic and inorganic chemicals (-18.83 per cent). Among key sectors that experienced growth included electronic goods (26.29 per cent) and engineering goods (7.73 per cent). Merchandise imports contracted in 15 of the 30 sectors, including coal (-43.47 per cent), crude petroleum (-23.76 per cent), and precious stones (-15.82 per cent). On the other hand, after witnessing contraction for around a year, gold imports grew 38 per cent to \$4.9 billion, mainly due to the festival season. Federation of Indian Export Organisations President A Sakthivel said exports would start showing better growth numbers.

Tata Steel...

The move is aimed at reducing the UK's entire carbon emissions by around 1.5 per cent. The £500 million grant — one of the largest support packages from the UK government — is subject to relevant regulatory approvals and consultation processes. Tata Steel's share, about £700 million, would be funded largely through internal equity. Tata Sons Chairman N Chandrasekaran said the agreement with the UK gov-

ernment is a defining moment for the future of the steel industry and the industrial value chain in the UK. "It has been an absolute pleasure to work with His Majesty's Government and the Honourable Prime Minister Rishi Sunak in developing the proposed transition pathway for the future of sustainable steelmaking in the UK," he said in a press release by Tata Steel.

The proposed investment, he said, would preserve significant employment and it presents a great opportunity for the development of a green technology-based industrial ecosystem in South Wales.

UK Prime Minister Rishi Sunak on X posted the investment would modernise and secure a more sustainable future for the UK steel industry. "It will also protect thousands of skilled jobs in the long-term and help grow the economy."

The announcement, however, has raised concerns about potential redundancies of 3,000 jobs in the UK. Tata Steel UK employs over 8,000 people, including at Port Talbot. The UK government statement mentioned that the proposal had the potential to safeguard over 5,000 jobs across the UK. The company supports around 12,500 more jobs in the upstream supply chain. Tata Steel's Chief Executive Officer and Managing Director, TV Narendran, said: "We will undertake a meaningful consultation with the unions on the proposed transition pathway in the context of future risk and opportunities for Tata Steel UK."

Sensex...

Previously, the Sensex gained for 11 sessions in a row only on three occasions. During the peak of the 2007 bull market, the index surged 15 per cent in 11 trading sessions, also in September. This time, it has been a slow crawl for the market, with daily gains between 0.1 per cent and 0.86 per cent.

The Sensex was in the green in each of the trading sessions this month, even as foreign portfolio investors net sold shares worth nearly ₹5,000 crore. Domestic institutional investors provided a solid counterbalance to FPI outflows. DIIs have been net buyers to the tune of ₹8,292 crore in