AM: Sajid Javid joins me now. Good morning.
SJ: Good morning.
AM: Now, you have said – your own words – steel is ‘absolutely vital to UK manufacturing’. Can we therefore take it that you regard this as a vital strategic interest for the UK?
SJ: Yes, I do. It’s absolutely vital. As I’ve said, it’s vital of our economic security. I think it’s vital for our national security. Frankly, I don’t want to live in a country where we have to import all our steel, and that’s why we’ve been clear we will do everything we can to keep steel-making at Port Talbot and to help those workers.
AM: We’ll get into lots and lots of detail, but before we do, this plant is going to stay open so long as you are Business Secretary?
SJ: I will do everything I can to keep this plant open.
AM: Not quite the same thing, but –
SJ: As we get into this maybe we can talk some of the global challenges. There are some things that, frankly, the UK government cannot change. But there are a lot of tools that we’ve got in our box. We’ve been working on them for months and months. We’ve known about this kind of potential announcement for a while and that work, I think, will pay off.
AM: When did you know that Tata Steel were going to close Port Talbot?
SJ: Well, what we knew actually – a few weeks ago Tata had informed us that they were reviewing their entire steel business in the UK and with regard to Port Talbot itself they were actually considering closing it. That obviously would have been devastating had that happened, both obviously at the economic level – but also of course at the human level. When I first heard that my number one priority, and of course this was all behind the scenes, it’s very commercially sensitive, we couldn’t say anything,
was to work with Tata, whether in India, in the UK, and convince them that it’s not in their interest as a responsible company, it’s certainly not in our interest, and to allow a open sales process. And that’s what we managed to achieve.

AM: So you presumably knew that this Tata board meeting in Mumbai just after Easter was the crunch moment. Why, therefore, were you in Australia?

SJ: Well, what we actually knew was that it’s an important meeting, but when they made their announcement we didn’t anticipate that they would go that far with the news –

AM: So it was a surprise to you?

SJ: The strength of the announcement and how far they went, particularly in terms of timing, what they said about timing at the time, was much further than we expected, and that’s why I turned around and came straight back and my first visit was to Port Talbot.

AM: So I mean, Stephen Kinnock, the local MP, for instance, says everybody knew this was coming, everyone knew this was the crunch moment. He went to Mumbai and is still confused about why you didn’t go.

SJ: Well, Stephen Kinnock and others, they wouldn’t have been involved or known about even the discussions we’ve been having with Tata for weeks, since we first heard about their concerns over Port Talbot. And that’s why what we were anticipating was very different. But again, once we heard what they’ve said and how far they’d actually gone in their announcement, that’s why we’ve seen –

AM: And you came back of your own volition? You weren’t told to come back?

SJ: Of course my own volition. Any business trip I take you always have to be ready to change your plans, and that can happen at a moment’s notice, and exactly what I did here.

AM: So let’s look at the timescale at the moment. Tata have said there’s a four-week process and within six weeks they would expect to actually close the steel mill. The electricity will be off,
the workers will be out, the thing will be cooling down. It’s a very, very tight timescale.

SJ: Well, in terms of timescale, and that’s why I was actually worried when I first heard about the announcement, and actually they haven’t – as I’ve probed that and worked with them, they haven’t quite said that. What they’ve actually said and I’ve got clarified from them is that they know it will take time, they know it’s not just a matter of weeks. The weeks, when they talk about weeks, that’s the period you would take to get so-called expressions of interest, so find out who out there is actually interested. Then it will take much longer after that to work out a deal. And that will of course be with Tata itself. But of course it will involve me and the government too.

AM: So there is going to be clearly a period of time, probably months, when people are trying to find a deal, some way of saving this –

SJ: That’s right.

AM: Well, you are. During that period of time the company is losing a million pounds a day. Tata want to get out. You can’t stop them leaving, as it were, so there may be a period where you have to, as it were, temporarily nationalise the industry to keep it alive so that a buyer can come and buy it.

SJ: Well, Tata have shown already they’re a responsible company. They’re a responsible seller. And I see the process over the next few weeks, over the next three or four months, I see it working like this: you know, Tata will issue an offer document very soon, alongside that the UK government knows – I’ve known for a while – that we’re going to also have to offer support to eventually clinch that buyer and to give this steel plant a long term viable future.

AM: I want to come on to the details of that, but to be absolutely clear, if there is a period between Tata, as it’s saying, we wash our hands of this now, and a buyer coming along, will the government step in to pick up the wage bill and keep the thing going for a period of time?
SJ: Well, I don’t think nationalisation is a solution to this.
AM: Even for a short – even for a few weeks, even for a months?
SJ: Having said that, I also think it wouldn’t be prudent to rule anything out at this stage. But I think nationalisation is rarely an answer in these situations. I do feel, though, for lots of reasons, after talking to Tata and many others involved in this, that there will be enough time to find the right buyer, working with the government and being able to take this forward.
AM: Right, one last time, you can’t know that to be the case, what I’m wondering is whether the government will pick up the tab for a short period of time to allow a sale to go ahead that wouldn’t otherwise happen?
SJ: We will look at everything we can do to allow a sale going ahead, and I wouldn’t rule anything out at this stage.
AM: And since we’ve talked about ruling things out, there is a confusion about nationalisation because the Prime Minister and the Chancellor have said two things: one, everything is on the table, you’ve just said it yourself, we rule nothing out, but nationalisation isn’t the answer. Those two things can’t be entirely compatible can they? If everything is on the table, then nationalisation is also on the table.
SJ: What we’ve said, what I’ve said and the Prime Minister has said is that when you look at situations like this nationalisation is rarely the answer. You know, you heard a moment ago from John McDonnell. It seems to me that nationalisation is his priority, that’s his plan. That’s not our plan. Our plan is to find a commercial buyer. When you look at the best steel companies in the world they are all privately run. Every steel company in Europe is privately run. When you speak to the unions at Tata themselves, they know that their best hope for a long term viable future is with a good commercial operator.
AM: Okay. Now, at the moment we know of two potential buyers out there. We know of Liberty Steel, and they’ve been very, very clear they would like to buy some of the more specialist steel-working plant up and down the country, but they’re not so keen
on the blast furnace. Would an offer which cherry picked Tata’s steel operation be acceptable to you?
SJ: Look, I don’t think I can get into that detail now. What I want is I want to see steel-making continuing in Port Talbot. I want to protect as many jobs as possible.
AM: Does that include blast furnaces though?
SJ: I want to find a buyer for the whole of the business. Of course there will be help that needs to be provided. Because we’ve been working on this for weeks I’ve thought very carefully about the kind of help we can provide and there’s not much I can say about that but I can give you a flavour.
AM: Okay, I’d like you to, because Mr Gupta, for instance, has talked quite interestingly about potentially some kind of partnership whereby he buys the bits of the steel industry he wants, quite a lot of it in fact, but the blast furnaces – or they may be changed to electric arc furnaces – they stay in public ownership for a bit, so there’s a kind of joint private-public deal going on which allows the whole operation to continue. Would you be against that?
SJ: Well, I’m not going to talk about any potential buyer. I think it’s early days. Let’s get Tata to put out their official document and then we will engage with any willing buyer, any serious buyer. And of course all these buyers, they will come up with sort of various combinations of things they’d like, and I’ve made our interest clear, which is to protect Port Talbot, protect as many jobs as we can and make it viable for the long term. But let me give you – I’m very happy to share with you the kind of things we’ve been looking at for weeks, which I think any buyer that comes along they’re going to want to look at what I sort of refer to internally as the three Ps. They’re going to want to look at plant, they want to look at pensions, and they’re going to also want to look at power supply. And it’s clear, I mean, that’s all the –
AM: I’d like to talk about all of those.
SJ: And those three – you’re not going to get too much of out me on those issues, because a lot of them will be commercially sensitive. But just to give you a flavour, these are the kind of things we’ve already thought of, we’ve already started working on, and what I hope is that you will have, you know, the offer document from Tata, overlaid on top of that the help the British government can provide, and then you have the makings of a successful deal.

AM: Okay, well let’s talk about those three things then, since you introduced them. Power supplies or electricity. The green levy bears down very heavily on big British industries. It makes electricity about twice that the German competitors, for instance, to Tata’s British steel are paying. And you know, the Germans and the French and others are much sharper, if you like, more ruthless, about excluding their big heavy industries from higher energy prices caused by green policies than we are. Can you do something about that?

SJ: We’ve done it already. In fact, we’ve already started paying –

AM: Really?

SJ: Absolutely. We’ve already started paying to energy intensive energies, so not just steel producers, compensation for the climate change policy costs in their energy. We’ve paid £180 million already.

AM: But Tata’s energy costs are twice what they would be if they were in Holland or Germany.

SJ: Well, firstly let’s remember that energy in total is around sort of – depending on –

AM: The most expensive electricity in Europe.

SJ: It’s around five to ten per cent of production costs. But it is an important component of production costs and we have already started paying compensation.

AM: Can you do more though? I ask you, can you do more?

SJ: And that’s exactly what I’ve done already, is we wanted to move from compensation to total exemption from those policy costs and I announced that a few months ago and that’s already
in the works. But when that comes to Port Talbot, specifically to Port Talbot, I think more can be done on power. Again I can’t get into the detail, and I think any potential investor would want to see movement on that.

AM: Okay. You also mentioned plant. What the company wants, as you know very well, is something to be done about business rates, and there was an idea to exempt heavy plant investment from business rates, around the time of the budget it was being talked about. It never went into the budget. Perhaps because you didn’t lobby hard enough with your friend George Osborne, but that is a crucial thing that you now need to look at again, isn’t it? The business rate regime. Because again the continental steel companies have a totally different regime which is much more attractive for investment than Port Talbot.

SJ: Well, two things I’d say to that. I’m glad you brought it up. First of all, if we had done that it would have been England-wide, because, you know, the UK government is only responsible for England when it comes to the business rates, and the total cost would have been a couple of billion, but very little of that, very little would have gone to the steel industry. So it wouldn’t have been well targeted. And I prefer a more targeted approach. But when it comes to Port Talbot, that’s in the gift of the Welsh government, not the government sitting in London.

AM: Okay, final point, something everybody says is whether it’s Thyssenkrupps or any of the other potential buyers they’re very put off by the huge pension problem – not problem, but the huge cost of the pension bill at Port Talbot, generally speaking. Is it again, could the government step in and as it were, nationalise the pensions side of it to make the plant in every other way more attractive?

SJ: Well, to be clear, no one’s talking about nationalisation of pension schemes, but it is something I absolutely recognise is a challenge. I mean, this is a long-running pension scheme, it goes back to the British Steel days, it’s an expensive scheme the way it was originally set up, and it’s hugely important to retired workers,
to current workers, and we recognise that, so we don’t want to do anything that would jeopardise them and what they expect from it. But it is an issue and again we’ve been looking at it, and I recognise it’s one of these three Ps that we need to work on with a potential buyer.

AM: It’s said that Thyssenkrupp, the German company, wants to buy the whole lot so that it can use the Dutch plant that Tata operate and close down Port Talbot. What would be your message to them this morning?

SJ: Well, my message is clear to any buyer. What we want is that steel-making continues in Port Talbot just as it’s done for the last 100 years.

AM: And explain this ‘buy British’ policy that’s come out in the papers today. It seems to be a request to buy British, not an order, not a, you know, injunction. There’s going to be no sanctions of people who choose to carry on buying Swedish or Chinese steel.

SJ: First of all, there’s a change in procurement rules that began months ago, and again you know, when people say, as I’ve heard in the last few days, saying, ‘look, this government haven’t done anything about this until now,’ I mean, we’ve been doing so much. We’re talking about energy compensation, procurement policies. We became the first of the EU 28 countries to change our procurement policies to allow for economic and social factors to be taken into account. What it does as a result, is it makes it far, far more likely that when it comes to British purchases, British government purchases in infrastructure, for example, that British steel will be used. And that’s already been happening. When you look at national rail, 99 per cent of its steel is British. Crossrail, the biggest infrastructure project in Europe, 26 miles of track across London, all British steel.

AM: So that’s, if you like, that’s the domestic side. But we both know the big picture is the huge quantity of underpriced, cut priced and dumped Chinese steel.

SJ: That’s a big problem.
AM: Now, the Americans put up huge tariffs to protect their own steel industry. In Europe we haven’t done that, partly because the British government, you, as it were, has been leading the charge against new tariffs on Chinese steel.

SJ: That couldn’t be further from the truth. There is so much misinformation about this, and I’m glad you given me this opportunity to clear it up.

AM: I’m going to read you what Axel Eggert, who’s head of the European Steel Association says, ‘the UK is the ringleader in a blocking minority of member states preventing a European Commission proposal on the modernisation of Europe’s trade defence instruments.’

SJ: Yeah, let me –

AM: True?

SJ: As I said, there’s so much misinformation there.

AM: Is that true?

SJ: That is misleading. It is absolutely misleading.

AM: Right, okay, why?

SJ: And let me explain why. First of all, the UK has been the leader in getting more done when there is evidence of dumping and imposing tariffs. And where those tariffs –

AM: Small, small specialist tariffs, but they’re tiny compared to what the Americans or anybody else does.

SJ: Actually – well actually – well let’s actually first look at what’s been the result of those tariffs, where they’ve actually been introduced. If you look at Chinese wire rod, tariffs were introduced, imports down to virtually nil in the UK. If you look at stainless steel flat products, tariffs introduced, imports down 90 per cent. And just a few months ago the industry came to me about rebar, a particular product in particular from the steel sector, and they wanted tariffs imposed. I led the charge with Europe for that. They were introduced just months ago.

AM: It’s clearly nothing like enough. Is it?
SJ: But compared – let’s think about that, compared to last year, this time last year, imports of rebar from China down 99 per cent. So the tariffs –

AM: So they work and we need more of it.

SJ: The tariffs that have been introduced are working. What I do agree with is that the EU can work faster in its investigations –

AM: And we must help the EU to raise tariffs against dumping?

SJ: Where there’s evidence of dumping, absolutely.

AM: That means a change in policy, that means a change in direction.

SJ: No, it doesn’t, that’s where the misinformation is. The current policy, the sort of armour, the tools in the box that the EU has are enough to introduce the tariff. Because what they say is you can have any tariff at any level as long as it removes the injury to UK industry, and that’s what we want. Now, what that refers to –

AM: Are we going to see higher tariffs against Chinese steel?

SJ: You will see tariffs being imposed more quickly and you will see tariffs that are effective, just as the example I’ve given.

AM: Gareth Stace, who’s head of the UK steel industry body says ‘this a deeper crisis than we’ve seen for a generation, we need to scrap the lesser duty’ – well, you know all about this – ‘we need to see tariffs robust enough to stem that flow of Chinese steel’, because he says we are drowning in Chinese steel.

SJ: I think that Gareth and all others would agree with is that tariffs need to be high enough to prevent the dumping, to stop the injury, and we - 100 per cent we agree with that and we have pushed for more action than any other EU country on this. Just to sort of finish off, because you’ve raised the – you had your earlier quote, what that’s talking about, what other countries often talk about, are a wholesale rewriting of the tariff rules, and that’s not really about steel, that’s about, for those people, about having a more protectionist Europe, which is in no one’s interest, it’s not the interest of businesses, it’s not the interest of consumers. But action on steel itself.. steel is correct.
AM: You’re a free trader, you were talking about free trade in Australia. You would accept that it is not free trade at the moment. The Chinese are subsidising their steel to the extent that they’re destroying...
SJ: Absolutely, I accept that.
AM: And therefore tariffs are a completely separate problem.
SJ: Where there is evidence of dumping, and with China there have been many examples, we absolutely should level the playing field with the right level of tariffs. There’s no question about that.
AM: Would it be easier to save the steel industry if we weren’t inside the EU?
SJ: No.
AN: Then we could have our own –
SJ: No, actually if you listen to the industry itself, the UK steel is the industry body, the head of the industry – I think you just mentioned him, Gareth Stace just said a couple of days ago, because some people were suggesting that’s the case, I don’t know where that idea comes from, but he wanted to make it clear and said that if – he said that’s just a distraction and if Britain actually left the EU the steel industry, and he believed more widely industry would be worse off.
AM: I was re-reading your statement about why you were a remain supporter, and I don’t think I’ve ever read a more grudging kind of self-lacerating assessment of why a politician’s doing something. You said you don’t like Europe, you don’t like being part of it, if we were starting now we should certainly not join it, but on balance, agonising, a bit like Jeremy Irons, I suppose, it’s just about better to stay. Now, I put it to you that your side of the argument appears to be losing in the polls and so forth and that even David Cameron’s great election guru, Linton Crosby thinks there’s a strong possibility of the remain side losing this referendum. Are you, as a government, not heading towards a self-made catastrophe?
SJ: Well, first of all, I think Jeremy Irons is proof there’s a lot of people, I think probably a vast majority of the people in Britain,
have had to think about this carefully. And the result of the referendum, who knows what it’s going to be? I’m just pleased that we’re actually having the referendum. I think it’s absolutely the right decision. I would like us to remain, and I’ve set out the arguments, especially the economic arguments for that. But it’s going to be a decision for the British people. And as I’ve said all along –

AM: There’s a sense of creeping panic in the remain camp.
SJ: No, I think – look, as the Prime Minister has said, this has never been an argument about, you know, what makes Britain successful, it’s about what makes Britain better off. You know, I think Britain can be successful either way and the PM said that many times. It’s about what’s in the best interests of our prosperity, what makes us most prosperous, and for me the answer to that is clear.

AM: Final question. We’ve heard from Sajid Javid the politician, a lot of people have said in the papers that you are a steely hard-line Thatcherite free marketer, coming from a financial background, and you don’t really care very much about manufacturing, or steel in particular. What do you say to those people if they’re watching now?
SJ: I’d say it couldn’t be further from the truth. And just judge me on what I’ve actually done in the few months that I’ve had this job, coming up to a year. In the first – so look at the fiscal statements we’ve had and how it represents the policy of my department. In the first budget in June in the new government, I introduced the apprenticeship levy. Many people called that one of the most interventionist policies there’s ever been in the space of skills. And I think it’s a great example of how I want to turn skills round in this country. When it came to the spending review, more money in collaboration for the auto industry, for the aerospace industry, and also again a big change in terms of how we cooperate with industry.

(ends)