

Port Talbot shows the need for a just transition to net zero

*Port Talbot's Tata Steel, the UK's largest single carbon emitter, is set to close its blast furnaces this summer. While this closure is good news for national emissions, it would also result in approximately 2,800 direct job losses. **Nick Robins** and **Sangeeth Selvaraju** argue that this would constitute a prime example of an unjust transition towards net-zero, and offer suggestions for avoiding such devastating outcomes in Wales and the rest of the country.*

Fairness is a fundamental enabler of net zero success. This year's [Britain Talks Climate](#) survey of people's attitudes concluded that "it is non negotiable that the transition is fair, and feels fair." Turning this into reality is a core role for government and whoever wins the general election will need to put people as workers, consumers and citizens at the heart of their net zero policies. One sector where urgent action is needed to deliver a just transition is steel, highlighted by the case of Tata Steel's operations at Port Talbot in south Wales.

In January 2024, Tata Steel [confirmed](#) that it will close its two ageing blast furnaces at Port Talbot. In addition, Tata announced it will invest £1.25 bn in a new electric arc furnace (EAF) on the site (including a £500mn grant from the UK government) which would be powered by the UK's increasingly clean electricity grid instead of coal. Port Talbot is the UK's largest single carbon emitter and the closure would cut national emissions by about 1.5 per cent. But it would also result in around 2,800 of direct job losses, many more in the supply chain and the EAF would employ far fewer workers when it became operational, potentially in 2027. According to the Labour MP for Aberavon, Stephen Kinnock, this would be "[utterly devastating](#)" for the local community.

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The decision has been driven by the collision of two powerful forces. The first is financial viability with Tata losing an [estimated](#) £4bn since it acquired the operations in 2007. The

second is net zero, with the need to make a technological shift to phase out the use of fossil fuels. [Trade unions](#) at Port Talbot have rejected the company's plans and presented alternative proposals to avoid job losses through a phased approach to low carbon steel, keeping a blast furnace open while the EAF is being built and installing an additional direct iron reduction (DRI) facility that could eventually be fuelled by green hydrogen. But after discussions, Tata has concluded that this would not be feasible or financially affordable and is moving ahead with the closures. To mitigate the social dislocation, a further £230mn has been committed (including £150mn from Tata) and a multi-stakeholder [Transition Board](#) has been set up to support affected workers, businesses and communities.

Port Talbot could well be a flashpoint of the green transition in run-up to the UK general election on 4th July. The first blast furnace could close by the end of June, but the UNITE union has also announced that it will also be starting industrial action this month, potentially joined by other unions at the site. The Labour Party has urged negotiation of a new investment plan which would protect jobs and called for a [job support and training](#) guarantee. As part of its green plans, Labour has pledged public funding of £2.5bn for its [Plan for Steel](#) (in addition to the £500mn already committed at Port Talbot). Some of this could be deployed at Port Talbot as well as at the Chinese-owned [blast furnaces](#) at Scunthorpe which are also threatened with closure. What this could mean in practice will only be known after the election.

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Port Talbot exposes faultlines in Britain's transition, not least the inability to plan ahead and anticipate the human consequences of inevitable shifts. Assessing and then delivering just transition pathways for workers and communities takes time and needs to start as early as possible, involving those impacted from the outset. This is essential to make sure that potential negative impacts are minimised and managed, and the upside social opportunity of net zero is seized. At present, thousands risk being left behind in south Wales. But Port Talbot is not alone, with at least three other major facilities accounting for over 3 per cent of [2022 emissions](#) set to close operations in the near future, including the Scunthorpe blast furnaces, the UK's last coal-fired power station at [Ratcliffe on Soar](#) as well as the [Grangemouth](#) oil refinery.

To fix this, the UK needs a new social contract for net zero. For industry, a new

government should require the UK's top emitters to consult, negotiate and publish a just transition plan to show how the social dimension of net zero will be managed ahead of time. These site level plans should also be complemented by mandatory net-zero transition plans for all large firms, building on the guidance of the [Transition Plan Taskforce](#), with clear expectations for companies to set out how they will manage the workforce and stakeholder dimensions. This enhanced corporate foresight has to be matched by an assertive industrial strategy to increase public and private [investment](#) in sustainable and inclusive development by around 4 per cent of GDP. All net zero government spending should have clear provisions to generate social value (similar to that required by the US Inflation Reduction Act). Of course, Wales and the other nations and regions require their own strategies to prioritise the place-based needs and aspirations of specific communities. For Wales, this would be rooted in the Well-Being of Future Generations Act, which underpins its emerging [just transition framework](#) so that net-zero results in a prosperous, resilient, healthier and more equal country.

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Looking ahead, there's no doubt that a renewed Port Talbot steelworks could be a core part of a thriving green industrial cluster in South Wales around the [Celtic Freeport](#) and generating new jobs with fair work conditions and revitalised communities. But you wouldn't start from here. So far, Port Talbot risks becoming seen as an example of an unjust transition. Urgent action by business and workers, local and national government is needed in the coming weeks and months to make sure this isn't the case, not only in south Wales but across the country.

This piece is based on a Grantham Research Institute briefing on [Negotiating the social contract for net zero: Port Talbot, steel and the just transition](#). A version of this post was originally published in [Business Green](#).

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