



## Memo

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To	Balance of Competences Review, Department for Business, Innovation and Skills
From	Tata Steel UK Ltd
Reference	Trade and Investment
Date	6 <sup>th</sup> August 2013
CC	Dominic James, Department for Business, Innovation and Skills

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### Tata Steel context

1. The European operations of Tata Steel comprise Europe's second largest steel producer. With the main steelmaking operations in the UK and Netherlands, we supply steel and related services to the construction, automotive, packaging, lifting & excavating, energy & power, aerospace and other demanding markets worldwide.
2. In Europe approximately half of Tata Steel's assets are in the UK with the other half located in mainland Europe. In revenue terms approximately 50% of the steel Tata Steel produces in the UK is sold into continental Europe. Tata Steel in Europe is managed on a European basis with sales and product development activities focused around customer sectors rather than national geographies.
3. Tata Steel's UK operations directly employ around 18,500 people and indirectly support more than 100,000 jobs nationally. In many cases it is the largest local private sector employer and the development of its activities have been, and continue to be, integral to surrounding local communities.
4. The combined Tata Steel group is one of the world's largest steel producers, with an aggregate crude steel capacity of more than 28 million tonnes and approximately 80,000 employees across four continents.
5. Tata Steel is part of the Tata group which comprises over 100 operating companies in seven business sectors: communications and information technology, engineering, materials, services, energy, consumer products and chemicals. The group has operations in more than 80 countries across six continents, and its companies export products and services to 85 countries.

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## **International Trade and Investment Negotiations**

Question in this section:

What are the advantages and disadvantages of the EU's competence over trade and investment, particularly in relation to international trade and investment negotiations?

6. As the largest single market in the world, the EU has a strong bargaining position in trade negotiations. Conversely, on its own, as a relatively small market, the UK would not be as attractive for third countries to negotiate with and would not have the same bargaining power.
7. Outside Europe other countries are becoming more integrated and forming other trading blocs, and there would be a danger that the UK would find itself isolated and without the necessary power to successfully negotiate trade deals. Therefore for trade negotiations, competence at the EU level remains in the interests of the UK.
8. The European Commission devotes considerable resources to trade negotiations and the implementation of trade policy. It would be costly for the UK to replicate all these functions.
9. The Commission has also been effective in defending the EU's trade interests through the WTO dispute settlement procedures. Acting as a bloc the EU is in a much stronger position when tackling disputes with major economies such as the US and China than if the UK were acting alone.
10. The EU's application of WTO trade defence mechanisms (antidumping, countervailing and safeguards) is generally fair and effective. It is essential that these instruments are used robustly when needed, and the EU's approach ensures that a balanced approach is taken.
11. The repatriation of trade policy competences from the EU to Member States could threaten the integrity of the EU internal market. If each EU country is able to maintain its own external tariffs, its own rules, trade defence measures etc. trading within the EU would be vastly more complex and trade flows would become distorted.

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## **Trade and Investment Promotion**

Question in this section:

What are the advantages and disadvantages of having trade and investment promotion largely at the national level? How well has this delivered on UK objectives?

12. In contrast to trade negotiations where there are advantages in the collective strength of a larger group, trade and investment promotion are

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best handled at the national level, where the government can shape what it does to capitalise on the UK's particular strengths.

13. The UK is very successful in attracting investment from non-EU companies setting up facilities in Europe, and one of the selling points is access to the EU internal market.

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## **Export and Import Controls and Export Credits**

Question in this section:

What are the advantages and disadvantages of the current division of competence over export and import controls and export credits?

14. Most export control restrictions are derived from international export control regimes. Therefore, unless the UK decided to unilaterally withdraw from these regimes, a change in the balance of competence would have no effect on this issue.
15. Export licensing and the implementation of other export restrictions are the competence of EU Member States. There can be differences in the way different Member States apply such restrictions. Greater coordination and cooperation between EU Member States would help to ensure such restrictions are applied on a more consistent and equal basis.
16. In relation to export credits, the focus should be on continuing to strengthen UK Export Finance to ensure that UK exporters have access to the same level of support as their international competitors.

ENDS

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