UK: Dalzell steelworks reopened by commodities trader Liberty House Group

By Stephen Alexander
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The Dalzell steelworks in Motherwell, Scotland, recently reopened under new owners, the Liberty House Group, a global commodities trading and industrial firm.

Tata Steel UK mothballed the steel plate mill last winter together with an adjacent plant at Clydebridge in Cambuslang, bringing the last remnants of Scotland's steel industry to a halt. Combined, the facilities employed a workforce of 270, with most workers located at Dalzell producing steel plate used in shipbuilding, construction, mining, oil production and heavy vehicle manufacture.

The closures were part of a global jobs cull in the industry that has racked up at least 5,000 redundancies in the UK as private steel firms have moved to cut back their operations in response weak prices and oversupply.

Tata, the remaining large UK steel producer, initiated a further 1,500 redundancies across its plants in the North of England and South Wales, before putting its entire UK business up for sale, imperilling some 15,000 employees and a further 25,000 supply chain jobs.

The UK government and the devolved administrations in Scotland and Wales rapidly assumed control of parts of Tata's ailing business and instituted a raft of lucrative subsidies to attract a new buyer.

Liberty House is one of number of dubious companies that have moved in to pick up assets on the cheap. It was handed the Lanarkshire factories for a nominal sum back in April by the Scottish National Party government's Steel Task Force. The Task Force included representatives of local government and the trade unions.

The media universally hailed the takeover as a pivotal moment signalling a potential revival of the heavy industry in Scotland, with Scotland's First Minister, Nicola Sturgeon cast as the patron saint of steel workers.

Speaking as the guest of honour at Dalzell's reopening, Sturgeon remarked, "the steel industry looked as if it might be on its last legs in Scotland, but we made a commitment to the workers here that we would leave no stone unturned."

In reality, the reopening marks a continuation and a deepening of the Thatcherite policies that have made north Lanarkshire home to some of the most severely deprived areas in Scotland.

The region never recovered from the 1992 shutter of the Ravenscraig integrated steelworks in Motherwell, which cost 10,000 steel related jobs and shattered local working class communities. They are now to be hit again, threefold, by a hike in the exploitation of the remaining workforce, the looting of pensions and the diversion of social wealth to feed corporate profits.

Dalzell reopened with just 120 staff, little over half of its former workforce. Liberty House intends to rapidly ramp up production and expand the plant's former share of Britain's 700,000 tonne market for plate steel. They have pledged to reopen the Clydebridge facility and increase the combined workforce to 200 over the next 18 months, if market conditions permit.

The details of the takeover remain highly secretive and little is known of the deal concocted by the trade unions over wages and conditions. If the recent takeover of Tata's European Long Products Division by Greybull Capital is anything to go by, conditions will be harsh for the remaining workforce. In Scunthorpe, the steel unions primed the sale by recommending a three percent pay cut, productivity speed-up and the gutting of a final salary pension scheme.

Both firms have been insulated from any liability for the British Steel Pension Scheme, which was inherited by Tata when it took over the Anglo-Dutch conglomerate, Corus Steel, in 2007. The Conservative government has initiated plans to spin off the £16 billion fund into what one expert has referred to as a "zombie scheme"—one without any backer responsible for underwriting future shortfalls. This will immediately wipe out £2.5 billion off the pensions of 134,000 current and former steel workers, with some consultants estimating a further £3-4 billion of risk.

In what amounts to a conspiracy by Westminster and the devolved parliaments, together with the unions and a compliant media, the parasitic intentions of these firms is being systematically withheld from the working class. While Greybull is notorious for its aggressive slash and burn corporate turnaround strategies, most recently at Monarch Airlines where it profited handsomely after making 700 redundancies, the dealings of Liberty House are just as murky.

Remarkably, one has to look to the *Financial Times* for any sober reportage on Liberty's movements; and its objectivity principally serves the interests of would-be investors.

Owned by Indian-born businessman, Sanjeev Gupta, Liberty House reportedly has a turnover of £3.5 billion from global operations managed out of financial centres in London, Hong Kong, Dubai and Singapore. The firm's UK holdings are owned through a company registered in the Isle Man, a major centre for corporate tax dodging. The *FT* reported in April, that amid the near collapse of the British steel industry, Liberty's sister company, Simec, which is owned by Gupta's father, had established no fewer than 16 business entities at the same address in Newport, in South Wales.

While Gupta has sought to give his interests an air of permanence by moving his family from Dubai into a Welsh mansion house worth £4.5 million, his other UK concerns are based solely on exploiting conditions for short-term profit.

Liberty's business strategy, at its hot strip mill in Newport as well as the businesses it snapped up from the now bankrupt Caparo Industries, hinge entirely on working up cheap imported steel slab, rather than producing steel from scratch within the UK.

The strategy is already doubtless being undermined by the huge depreciation of the pound, which has plummeted by nearly 15 percent since June's referendum vote to leave the UK.

Given all that has happened, there can be no doubt that should their ability to reap profits be jeopardised that the Guptas will turn to the government for more handouts and the unions for a redoubled assault on steel workers, or dump their holdings entirely.

To add insult to injury, the deal to reopen Dalzell has been peddled as a boon to the environment and the public at large. Much has been made of the zero cost of the deal to the taxpayer and Liberty's "Greensteel vision" of melting down recycled metal and converting to low-carbon biomass energy. On all counts, this is a fraud.

What scant information that has emerged from the deal indicates that the firm will be exempt entirely from "green levies" on fossil fuels, with the Scottish government taking on environmental and clean-up liabilities potentially costing hundreds of millions of pounds. In the first place, the government takeover was arranged to shield Tata from losses approaching £1 million per day across its UK business. A further £195,000 was put up by the SNP administration to retain core staff on cut pay and for "upskilling".

It is ironic that the Dalzell plant will now focus partly on melting down decommissioned rigs from the North Sea oil and gas sector.

The SNP long promised that revenues from this industry would allow an independent Scotland to reverse Westminster's austerity policies and transform the country into one of the most prosperous and harmonious in the world. Here too the nationalists have worked closely with Westminster to bailout the profits of transnational corporations while they slashed tens of thousands of jobs along with wages and conditions.

It is little wonder that Sanjeev Gupta praised "the First Minister and the whole Scottish Government," as well as the trade unions for creating an "absolutely amazing" business environment.

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