

Minister for Business, Fair Work and Skills
Jamie Hepburn MSP



Scottish Government
Riaghaltas na h-Alba
gov.scot

T: 0300 244 4000
E: scottish.ministers@gov.scot

Mr Brian King
Managing Director
Liberty British Aluminium
Lochaber Smelter
North Road
Fort William
PH33 6TH
United Kingdom

1(a)

February 2019

Dear Brian

I would like to thank you for the very enjoyable and informative visit to the Lochaber Smelter on Friday 8 February. I would be grateful if you could convey my thanks in particular to [REDACTED] for taking the time to put in place the arrangements for the visit.

I found the visit to be incredibly useful as it helped deepen my understanding of the tremendous opportunities, and a number of challenges, that Liberty British Aluminium face. It is vitally important that we hear directly from business people about business in Scotland, so meeting with and hearing from your colleagues Tom Uppington and Brian Templeton was invaluable.

The Scottish Government is fully committed to growing the economy in a sustainable and inclusive way. We want Scotland to be the best place to live, work and invest, and Scotland has huge economic potential which we are determined to work with business to unlock. In that regard it was encouraging to get some insight into the careers of two of your young apprentices, [REDACTED] and [REDACTED] both of whom were extremely engaging individuals and clearly an asset to your company. It is clear they both really enjoy working for Liberty British Aluminium and feel they are challenged in the work they do, a great example of the sterling efforts you are making in engaging with the young people of the local community.

I look forward to seeing Liberty's continued progress and development in the near future.

Yours sincerely

Jamie Hepburn

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

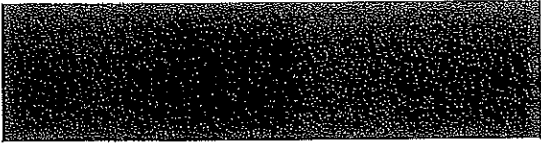


INVESTORS
IN PEOPLE

Accredited
Until 2020



1(c)



1) GFG Alliance and Jamie Hepburn on 8/2/19

THANK YOU LETTER FOR VISIT ATTACHED SEPARATELY

From: [redacted] gov.scot>
Sent: 04 February 2019 15:04
To: [redacted] @gov.scot>
Cc: [redacted] @gov.scot>; [redacted] @gov.scot>; [redacted] @gov.scot>; [redacted] @gov.scot>; Rollison R (Richard) <Richard.Rollison@gov.scot>
Subject: Mr Hepburn Smelter Briefing

Hi [redacted]

Please find attached our briefing pack for Mr Hepburn's Lochaber visit on Friday. Should you need anything further at this point just let me know.

Regards




[redacted]
Policy Executive, Strategic Industrial Projects
Innovation, Investment and Industries

Directorate for Economic Development
Scottish Government, 3rd Floor, Atlantic Quay, 150 Broomielaw, Glasgow G2 8LU



[redacted]@gov.scot

What	Meeting/Visit to the GFG Alliance Lochaber Smelter
Where	Liberty British Aluminium Lochaber Smelter Fort William PH33 6TH
When	Friday 8 th February 2019 10:30 am – 11:30 am
Key Message(s)	<ol style="list-style-type: none"> 1. We recognise, and value highly, the GFG Alliance's commitment to Scotland. 2. We have matched your commitment and operated with pace and creativity to help realise the industrial vision of the GFG Alliance. 3. We appreciate that GFG is meeting its commitments to Ministers and our high confidence is best maintained through delivery of the alloy wheels factory. 4. Clearly we want the GFG Alliance to optimise the Lochaber development but it's important too to maintain momentum.
Who	Brian King, Managing Director, Liberty British Aluminium, GFG Alliance Kerry McDonald, General Manager, Lochaber Smelter, GFG Alliance Tom Uppington Power Director, Lochaber Smelter, GFG Alliance James Graaf, External Affairs Executive, GFG Alliance
Why	<p>For the Minister to learn more about the GFG Alliance business plans/aspirations for their Lochaber Aluminium Smelter and show the Scottish Government's continued support for the company and the industry in Scotland.</p> <p>You will be meeting with local officials from the GFG Alliance to learn more about their existing operation at the Lochaber Smelter and their commitment to further economic development on site (proposed Alloy Wheels Factory).</p>
Supporting official (incl. mobile no.)	
Media Handling	Comms have been advised of the visit but no comms are planned
Social Media	During the visit you will have the opportunity to meet with apprentices working at the smelter #GFGAlliance #Economy
Greeting Party and specific meeting point on arrival	You will be met by the supporting officials at the site's Guard House and escorted to the office block.
Briefing contents	Annex A – Agenda & Attendees Annex B – GFG Alliance Background Annex C – Lochaber Smelter Annex D - Alloy Wheel Factory

AGENDA & ATTENDEES

Agenda

1. Arrival on site and introductions - Brian King & Kerry McDonald of Liberty British Aluminium
2. Presentation on current smelter plant - Kerry McDonald
3. Tour of power station / casting – NB potential photo opportunity with apprentices - Tom Uppington
4. Wheels factory update – Brian King

Attendees

Brian King - Managing Director, Liberty British Aluminium
Kerry McDonald – General Manager, Liberty British Aluminium
Tom Uppington – Director of Power Operations, SIMEC/Liberty British Aluminium
James Graaf – External Affairs Executive, GFG Alliance

Speaking Points

- The sale of Rio Tinto's assets to the GFG Alliance was great news for the community and especially, for the 150+ people working at the Fort William smelter. The sale safeguarded the existing jobs and has the potential to create hundreds more through planned investment.
- The Scottish Government by supporting the acquisition signaled our clear commitment to Scotland's industrial infrastructure, to a highly skilled workforce and to stronger sustainable economic growth.
- Now a new exciting chapter of industrial development is set to begin for Lochaber.
- We appreciate that GFG is meeting its commitments to Ministers and our high confidence is best maintained through delivery of the alloy wheels factory.
- Clearly we want the GFG Alliance to optimise the Lochaber development but it's important too to maintain momentum.

COMPANY BACKGROUND**GFG ALLIANCE**

The GFG Alliance is a London-headquartered international group of businesses, founded and owned by the British Gupta family. It combines energy generation, metal manufacturing, engineering, natural resources and financial services, working together to deliver a common business strategy. The Alliance has total revenues of approximately \$10 billion per annum [£7.5 billion], net assets of around \$1.5 billion and nearly 11,500 employees across more than 30 countries.

Recent developments

The GFG Alliance continues to seek opportunities for expansion via acquisitions. Recent significant transactions include:

- June 2017 - French alloy wheel maker AR industries joins the GFG Alliance
- 10 January 2018 – GFG's industrial arm Liberty House made a binding conditional offer to Rio Tinto to buy Europe's largest aluminium smelter based in Dunkerque, France. Statutory consultation with employees, European Works Council and stakeholders continues (Completed December 2018).
- 2 January 2018 – GFG Alliance announced that its SIMEC mining division had signed a binding agreement to acquire Glencore's high-quality Tahmoor metallurgical coking coal mine in New South Wales. The Tahmoor mine is an important supplier of coking coal to the Whyalla Steelworks.
- 31 August 2017 – The GFG Alliance completed the acquisition of Australia's leading integrated mining, recycling, steel manufacturing (Whyalla steelworks) and steel distribution business – Arrium. The business employs 6,000 people.

GFG Alliance in Scotland

- Liberty House Group has two main business interests in Scotland: Liberty Steel at Dalzell Clydebridge; and Liberty British Aluminum at Fort William.
- The GFG Alliance also has increasingly significant renewable energy interests in Scotland via its subsidiary SIMEC. SIMEC has acquired Green Highland Renewables (Scottish developer of hydro-electric schemes bought in December 2017) and Atlantis Resources which owns the MeyGen tidal energy project in the Pentland Firth. These two transactions have completed without SG assistance.
- The Group also owns a small bicycle manufacturer, Shand Cycles, in Livingston.
- SIMEC is the owner of the two large hydro-electric plants the GFG Alliance owns in Lochaber and they are developing plans for a large scale windfarm (around 170MWs) at Glenshero on the Lochaber estate. We expect the windfarm to go forward for planning permission in late summer 2018.

LOCHABER SMELTER

Background

- The Lochaber aluminium complex is the UK's last remaining aluminium smelter (the bulk of the UK's aluminium demand is met by imports) and the operation is a key component of Scotland's industrial capability and a major source of employment in the West Highlands. Although relatively small by global standards the smelter has benefitted from recent investment and its carbon emissions are significantly lower than the global average.
- In September 2016 its owners Rio Tinto (RTA) decided to sell its Lochaber business and entered into exclusive commercial negotiations with a preferred bidder (the GFG Alliance) these negotiations have now successfully concluded. The sale comprises of three elements – the aluminum smelter at Fort William, two hydro power stations (Fort William and Kinlochleven) and extensive estate lands (c.115,000).
- While the business as a whole is profitable RTA had considered options to dispose of the assets separately. The Government's focus was to avoid the fragmentation of the Lochaber complex, to secure the long-term viability of the aluminium smelter and to realise further industrial and employment opportunities on site. Total employment of the combined Rio Tinto operation is significant, supporting 306 jobs in Scotland – the majority of whom receive wages higher-than-average for the region (averaging £33,000 per FTE, compared with the Highlands and Islands average of £23,253 for all jobs and £29,627 for all full time jobs).
- SG supported the GFG Alliance in their acquisition with a guarantee of the smelter's power purchases over the next 25 years – which was necessary to sit behind the GFG's funding. SG underwrote this purchase as part of a clear commitment to Scotland's industrial infrastructure and rural economy and to inclusive and sustainable growth in the West Highlands.
- The guarantee was designed to support the continuing operation of the smelter and unlock construction of a new alloy wheels factory to serve the UK automotive sector. The continued operation of the smelter and further downstream investment provides a critical manufacturing anchor in Lochaber, creating opportunities for the local and national economy.
- Headcount: GFG's combined Lochaber operations directly employ around 170 people across the smelter, energy and estate businesses.
- Local organisations view the relationship with GFG Alliance as key for the future redevelopment of Fort William and Lochaber. Particularly for their Fort William 2040 (FW2040) masterplan. The involvement of GFG Alliance in this project is seen as very beneficial to their plans to reinvigorate the area, which also includes the relocation of Bedford Hospital.

ALLOY WHEELS FACTORY

- The GFG Alliance as part of their acquisition of the smelter, have committed to developing a new factory to produce alloy wheels at Fort William alongside the existing aluminium smelter. This development, which is underpinned by financial underwriting from Scottish Ministers, achieved planning consent in January 2018 with an original timeline for a completed operational factory by Q3 2019.

■ The planning consent specifies a maximum output of 2 million wheels and is subject to a range of pre-construction planning conditions that require to be addressed before any construction works can commence.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2(a)

2) GFG Alliance and Jamie Hepburn on 31/10/18

ATTACHED FILE TOO LARGE ATTACHED SEPARATELY

-----Original Message-----

From: [REDACTED]@gov.scot>

Sent: 26 October 2018 15:15

To: Minister for Business, Fair Work and Skills <MinisterBFWS@gov.scot>

Cc: McAllan M (Mary) <Mary.McAllan@gov.scot>; Rollison R (Richard)

<Richard.Rollison@gov.scot>; [REDACTED]@gov.scot>;

[REDACTED]@gov.scot>; [REDACTED]@gov.scot>;

[REDACTED]@gov.scot>

Subject: Steel - SSRT - Fourth Meeting - Introductory Ministerial Briefing - 181031

(A21821989)

Dear [REDACTED]

Attached is Mr Hepburn's brief for next Thursday's Steel Sector Round Table. Apologies for the length, there are a lot of issues that affect the steel sector and therefore I had to add in a bit of briefing about all of them. The really important part for Mr Hepburn is the Chair's brief - and then Annexes D, E and F. The other parts are more detailed background notes on the many issues surrounding steel.

Best wishes

[REDACTED]

[REDACTED]

Innovation, Investment & Industries
Economic Development Directorate
Manufacturing and Construction Team

5 Atlantic Quay
150 Broomielaw
GLASGOW
G2 8LU


[REDACTED]

(2)(c)

MINISTERIAL MEETING BRIEFING: JAMIE HEPBURN

Copied to: Mary McAllan, Richard Rolliso

<i>Engagement Title</i>	The Future of the Steel Sector in Scotland: Round Table Discussion
<i>Timing</i>	Normal
<i>Where</i>	Committee Room 3, The Scottish Parliament, Edinburgh
<i>Date & Time of Engagement</i>	Date: 31 October 2018 Time: 13:00 – 14:30
<i>Background/Purpose</i>	Bringing together public and private sectors and trades unions to discuss the future of the steel industry in Scotland.
<i>Main message to communicate</i>	The Scottish Government wishes to see a sustainable future for the steel sector in Scotland, building on the long and proud heritage of steelwork in Scotland.
<i>Round Table Agenda</i>	Annex A
<i>Attendee List</i>	Annex B
<i>Chairman's Brief</i>	Annex C
<i>Background to Round Table</i>	Annex: D
<i>Company Profiles</i>	Annex: E
<i>Main Issues Affecting Steel</i>	Annex: F
<i>UK Proposed Steel Sector Deal</i>	Annex: G
<i>US Steel & Aluminium Tariffs</i>	Annex: H
<i>Security of Steel Supply Post EU Withdrawal</i>	Annex: I
<i>Electricity Costs</i>	Annex: J

<i>Scottish Government Initiatives</i>	Annex: K
<i>Background to Liberty Purchase of Dalzell & Clydebridge Steel Mills</i>	Annex: L
<i>Briefing Note from UK Govt (BEIS)</i>	Annex: M
<i>Mins of Last Meeting</i>	Annex: N
<i>Official Support (incl mobile number)</i>	

THE FUTURE OF THE STEEL SECTOR IN SCOTLAND

ROUND TABLE DISCUSSION

31 October 2018 13:00 – 14:30
The Scottish Parliament, Committee Room 3
Edinburgh







A G E N D A

1. Welcome and introductions
Jamie Hepburn, MSP, Minister for Business, Fair Work & Skills
2. Steel Sector Deal
Jon Bolton, CEO, Liberty House UK and Chairman, UK Steel
3. US Tariffs on Steel & Aluminium
Jamie Hepburn, MSP, Minister for Business, Fair Work & Skills
4. Concerns Around Security of Steel Supply Post Withdrawal from EU
Jamie Hepburn, MSP, Minister for Business, Fair Work & Skills
5. Close

Meeting scheduled to end at 14:30

ANNEX B

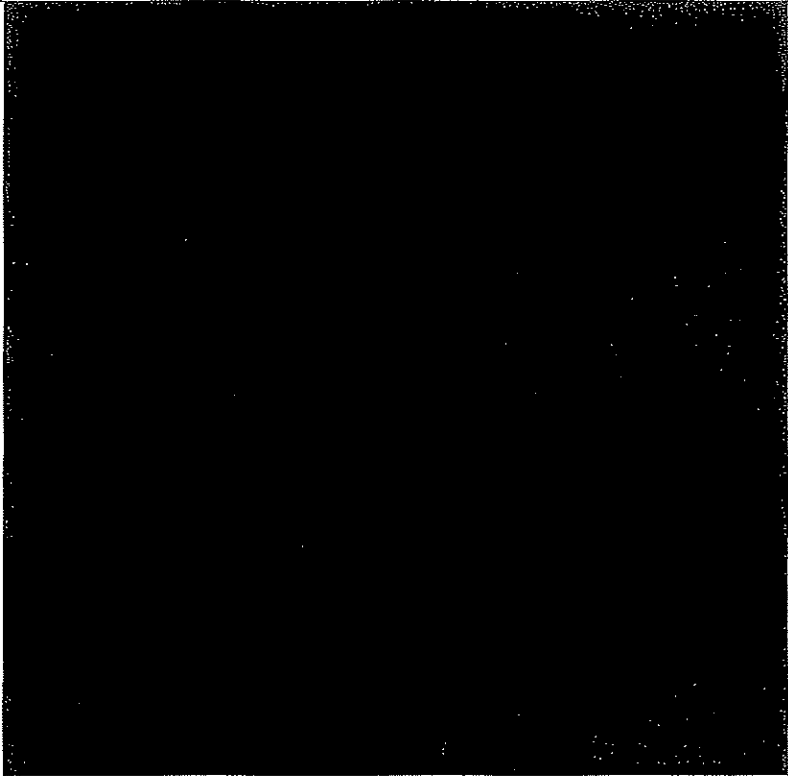
THE FUTURE OF THE STEEL SECTOR IN SCOTLAND: ROUND TABLE DISCUSSION: ATTENDEE LIST

Forename	Surname	Title and Company
Jamie	Hepburn	Minister for Business, Fair Work & Skills
Chris	Hagg	Commercial Director, CELSA Steel UK
Jon	Bolton	CEO, Liberty House UK and Chairman, UK Steel
Iain	Sinclair	Chief Business Development Officer, Liberty Steel
Dale	Young	Senior Business Development Manager, Edgen Murray
Colin	Clews	Business Development Manager, Midland Steel Reinforcement UK
Sean	Parsons	Head of External Affairs, SIMEC
Richard	Warren	Head of Policy and Representation, UK Steel
Steve	McCool	National Officer, Community Union
Tony	Brady	National Officer for Steel, Unite the Union
Ross	Murdoch	National Officer, GMB Manufacturing Section
Kenny	Jordan	Regional Officer, Unite the Union
Jerome	Finlayson	Lead Practitioner, Scottish Manufacturing Advisory Service (SMAS)
Steven	Hutcheon	Highlands and Islands Enterprise
Gail	Duff	Account Manager, Company Growth - Global, Scottish Enterprise
Gordon	McGuinness	Head of Industry & Enterprise Networks, SDS
Scottish Government		
		Head of Manufacturing & Construction
		Policy Manager, Construction
		Executive Officer, Manufacturing & Construction

Apologies have been received from:

Gordon	Reid	General Manager, Vallourec Oil & Gas
Christophe	Huot	Managing Director, Vallourec Oil & Gas UK Ltd
Stuart	Sharp	Director, Alexander (Scotland) & Co Ltd
Simon	Armstrong	Sales Director – Conductor & Domestic, Edgen Murray
Ronnie	Blake	Managing Director, the Blake Group
Nick	Leake	Deputy Director, Policy Delivery and Relationship Management, Scotland Office
Nick	Mackie	Metals and Advanced Materials, BEIS
Keith	Ridgeway	Executive Chairman, AFRC
Gordon	MacRae	MD, Liberty Steel Dalzell
Gareth	Stace	Director General, UK Steel
Nick	Shields	Managing Director, Scottish Manufacturing Advisory Service (SMAS)
Tony	Stumpf	Managing Director, CELSA Steel Service UK
Gary	Cook	Regional Officer, GMB Scotland
Paul	Warren	Regional Organiser, Community Union
Gerry	Tralongo	Director, Midland Steel Reinforcement UK Ltd

ITEM 1 [13:00-13:05]	CHAIR'S BRIEF - WELCOME AND PURPOSE OF MEETING
Introduced by	Jamie Hepburn
INTRODUCTORY REMARKS	<ul style="list-style-type: none"> • Delighted to see everyone here today to attend our fourth roundtable discussion on the future of the steel sector. • As you know Paul Wheelhouse has moved into a new ministerial role and I am now very happy indeed to take on responsibility for these round tables. I am Jamie Hepburn, I was previously Minister for Employability and Training until the reorganisation of portfolios at the end of June. • I would like to invite everyone around the table to introduce themselves and state which organisation they are representing. • Since the last meeting of the round table on 29th March there has been a meeting of the UK Joint Steel Council, in June, which Mr Wheelhouse attended. • At that meeting I believe that Jon Bolton agreed to meet further with Richard Harrington to discuss the progress of the Steel Sector Deal. • So I would now like to ask Jon to introduce agenda item 2 – an update on the Steel Sector Deal.

ITEM 2 [13:05-13:35]	CHAIR'S BRIEF – STEEL SECTOR DEAL
Introduced by REMARKS	Jon Bolton – CEO Liberty House UK 
Sensitivities OUTCOMES SOUGHT	<ul style="list-style-type: none"> • <i>An understanding of the progress made around proposals for a Steel Sector Deal and next steps.</i> • <i>Understand the key issues for the sector (if any).</i>

ITEM 3 [13:35 - 14:00]	CHAIR'S BRIEF - US TARIFFS ON STEEL AND ALUMINIUM
Introduced by	Jamie Hepburn
REMARKS	<ul style="list-style-type: none"> • On 1st June 2018 the United States imposed steel and aluminium tariffs on all steel and aluminium imported into the US from the EU. • The tariff on steel is 25% and that on aluminium is 10%. • The EU has agreed a list of countermeasures to target US products such as cranberry juice, jeans, motorbikes, and bourbon whisky. These countermeasures came into force on 22nd June 2018. • The then Cabinet Secretary for Economy, Jobs and Fair Work wrote to Greg Hands MP, who was at that time the Minister of State for Trade Policy in June 2018. Mr Hands is no longer a Minister. We have not, to our knowledge, received a response to that letter. <p><i>You may wish to ask about the following:</i></p> <p><i>Particular challenges companies are encountering following the imposition of tariffs.</i></p>
DISCUSSION	
SENSITIVITIES	<ul style="list-style-type: none"> • <i>BEIS have provided a note of their position in Annex M.</i> <div style="background-color: black; width: 100%; height: 80px; margin-top: 5px;"></div>
OUTCOMES SOUGHT	<ul style="list-style-type: none"> • <i>An understanding of the impact that the US tariffs are having on the industry.</i>

LETTER FROM KEITH BROWN TO GREG HANDS MP

Cabinet Secretary for Economy, Jobs and Fair
Work
Keith Brown MSP
T: 0300 244 4000
E: scottish.ministers@gov.scot
Rt Hon Greg Hands MP
Minister of State for Trade Policy
Department for International Trade
King Charles Street
LONDON
SW1A 2AH

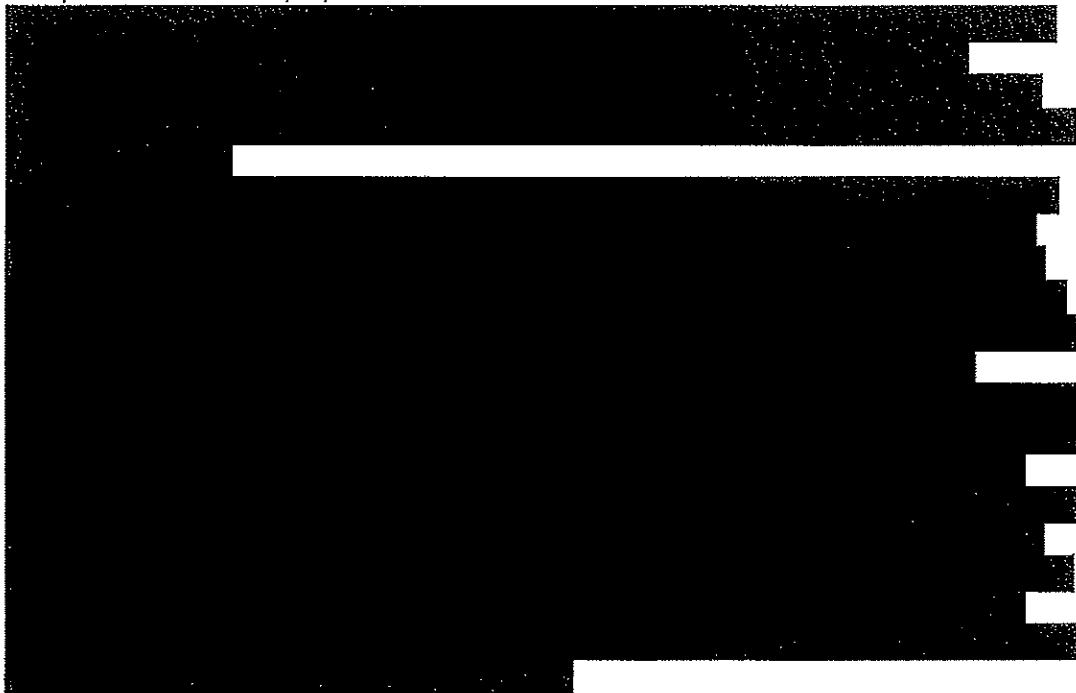


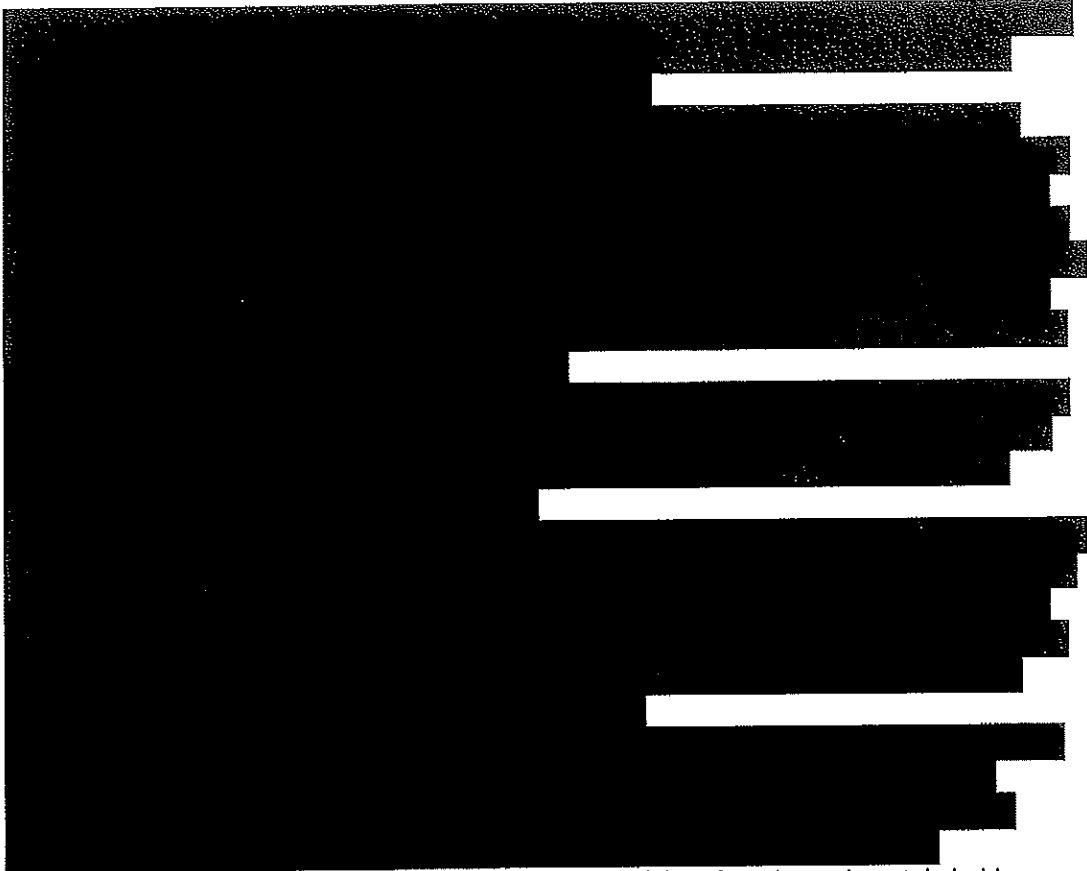
Scottish Government
Riaghaltas na h-Alba
gov.scot

14 June 2018

Dear Rt Hon Greg Hands MP

I was grateful for the brief opportunity to speak on 1 June about developments in the dispute with the United States on trade in steel and aluminium and for your letter of 11 June on the European Commission's proposed countermeasures.





As I am sure you recognise, your stance will require careful explanation to key stakeholders including the Scotch Whisky Association.

Should our fears be realised, and further tariffs be introduced by the US administration on Scotch Whisky or other key products, then we would look to the UK Government to mitigate, or compensate businesses for, the damage done to export markets.

I am copying this letter to David Mundell.

KEITH BROWN

BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK & SKILLS ON
STEEL SECTOR ROUND TABLE EVENT

ITEM 4 [14:00 – 14:25]	CHAIR'S BRIEF – CONCERNS AROUND SECURITY OF STEEL SUPPLY POST WITHDRAWAL FROM EU
Introduced by REMARKS	Jamie Hepburn <u>Scotland's Place in Europe: Our Way Forward presents the latest analysis by the Scottish Government of the implications of Brexit which indicates that¹:</u> <ul style="list-style-type: none"> • Aware that given the global nature of the steel industry the increased complexity of trading in Europe will have a significant impact on steel companies in Scotland. • The Centre for European Reform recently estimated that the UK economy was already 2.5% smaller as a result of the outcome of the EU referendum. • The UK Government's insistence on sticking to the main elements of the Chequers proposal as a template for our future relationship with the EU27 raises a very real risk that we will face a 'no-deal' outcome to the Brexit negotiations. • Invite comments from those in attendance – what impact, if any, would a No Deal Brexit have for the steel sector in Scotland.
SENSITIVITIES	
OUTCOMES SOUGHT	<ul style="list-style-type: none"> • An understanding of the likely impact of EU exit on the steel sector.

¹ <https://beta.gov.scot/publications/scotlands-place-europe-way-forward/>

BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK & SKILLS ON STEEL SECTOR ROUND TABLE EVENT

SUPPLEMENTARY NOTES ON WITHDRAWAL FROM THE EU

- The Fraser of Allander Institute reported that leaving the EU single market could cost the Scottish economy up to 80,000 jobs and see real wages drop by £2,000 a year.
- Analysis published by the Scottish Government on 23 August 2016 suggests that by 2030, Scottish GDP is projected to be between £1.7 billion and £11.2 billion per year lower than it would have been if Brexit does not occur. Tax revenue is projected to be between £1.7 billion and £3.7 billion lower.
- While the path ahead is uncertain, the Scottish Government's focus on the economy and business growth is now even more important at this time of uncertainty.
- That is why the Scottish Government has already taken action to support and stimulate Scotland's economy:
 - As part of the Programme for Government the First Minister announced that we will increase investment in Scotland's infrastructure by around £7 billion by 2026.
 - We will publish a new Economic Action Plan at the end of October. The plan will set out how our key economic initiatives are supporting the business community to deliver sustainable and inclusive economic growth. It will outline how we are working with business and industry to ensure success on the ground across all of Scotland.

BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK & SKILLS ON STEEL SECTOR ROUND TABLE EVENT

ANNEX D

BACKGROUND TO STEEL SECTOR ROUND TABLE

Following the Scottish Government's work to secure the future of the Dalzell and Clydebridge steel mills, trades unions and companies both suggested we should take the time to look at the future of the steel sector in Scotland.

As a response to that suggestion the Steel Sector Round Table was instigated as a twice yearly event.

DATES OF STEEL SECTOR ROUND TABLE MEETINGS

To date there have been three Steel Sector Round Table Meetings, chaired by the then Minister for Business, Innovation & Energy, on the following dates:

- 13th December 2016
- 24th August 2017
- 29th March 2018

LIST OF STEEL COMPANIES INVITED TO ROUND TABLE MEETINGS

(Those highlighted in red have yet to attend a round table event).

- Liberty Steel Ltd
- The Blake Group Ltd
- Edgen Murray Europe Ltd
- Celsa Steel UK
- Midland Steel Reinforcement Supplies (UK) Ltd
- Alexander (Scotland) & Co Ltd
- Vallourec Oil & Gas UK Ltd

EEF/UK STEEL

EEF/UK Steel is the trade association for the UK steel industry and represents the sector's interests to government and the public. Membership of UK Steel is open to all UK-based companies and organisations involved in the production of steel and downstream processes.

Formerly the British Independent Steel Producers Association it became UK Steel in 2001 and in 2002 the association underwent a large restructuring and merged with EEF, becoming a stand-alone division within the organisation.

BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK & SKILLS ON STEEL SECTOR ROUND TABLE EVENT

KEY STAKEHOLDER



Jon Bolton, CEO Liberty Steel

Jon has been in his current post since April 2016. Prior to Liberty acquiring the mothballed TATA sites in Dalzell and Clydebridge, Jon worked as a contractor for TATA. Prior to this he was Long Products Director for Tata Steel UK, since 2010, and prior to that Managing Director at Teeside Cast Products. He has been involved in the steelmaking business since he was 17, following graduating in Electrical Engineering from Newcastle Polytechnic. He is also currently the chair of the industry representative body UK Steel.

BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK & SKILLS ON STEEL SECTOR ROUND TABLE EVENT

ANNEX E

COMPANY PROFILES

Liberty Steel

For background on the purchase of Clydebridge and Dalzell by Liberty Steel see appendix H.

Key statistics



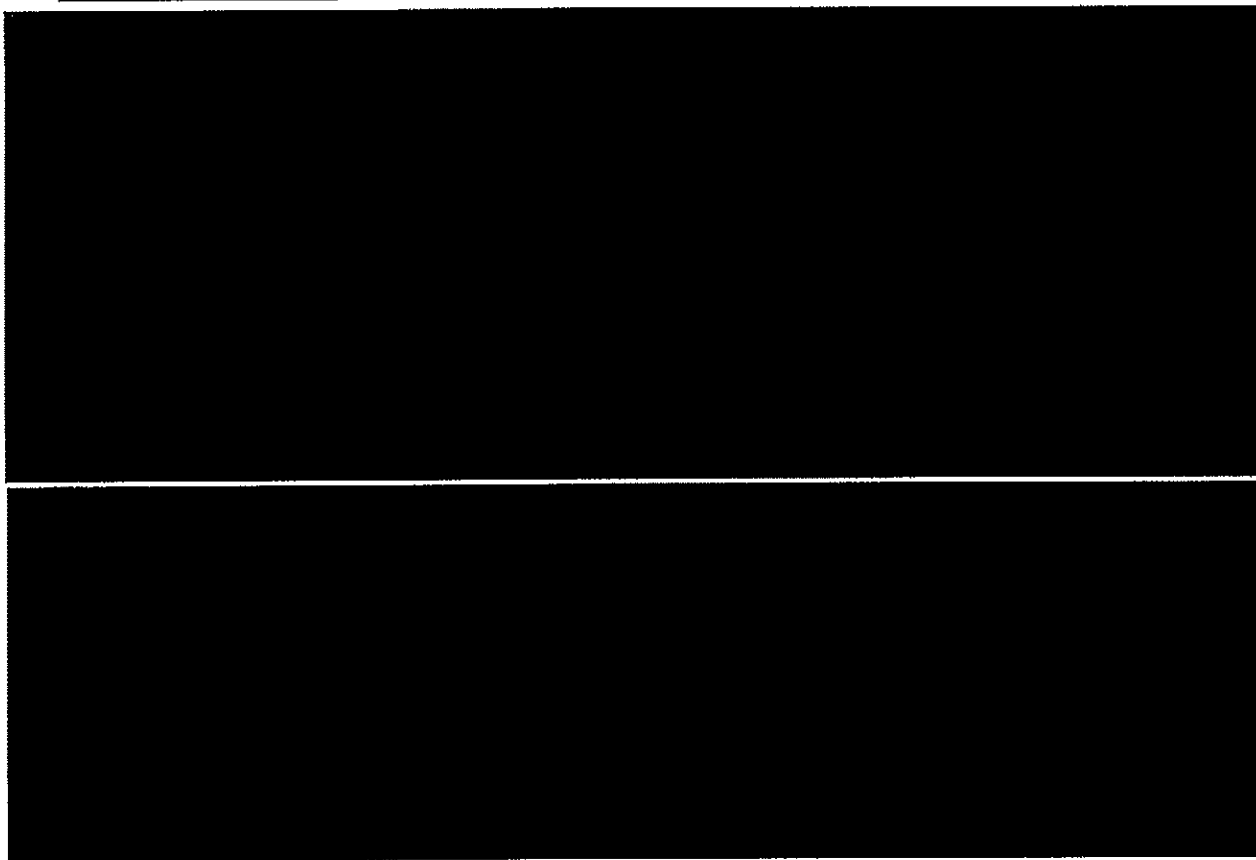
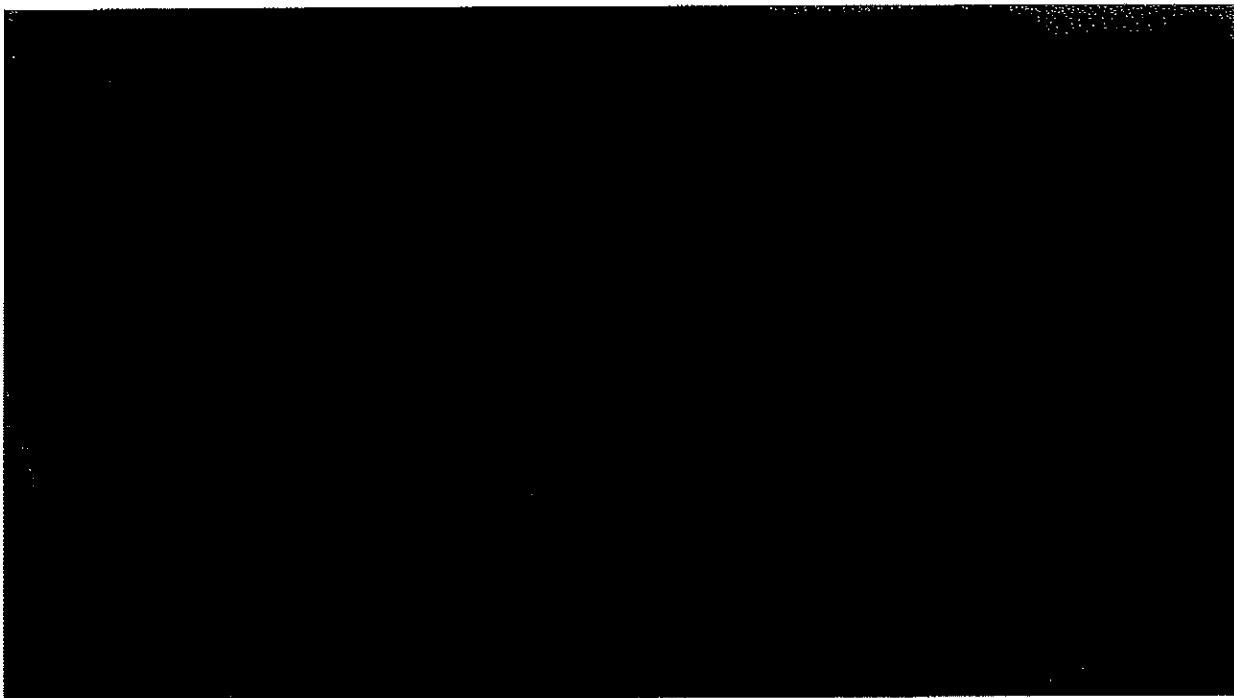
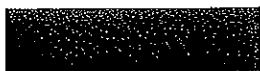
Activity in Scotland

Liberty Steel Group is focused on the production and distribution of a wide range of steel products including hot rolled coil, structural hollow sections, specialist steel plates, spiral welded tube, rebar and long steel products. Located across sites in the UK, Africa and India, this division serves customers in industries such as construction, automotive, defence and off highway vehicles. [REDACTED]

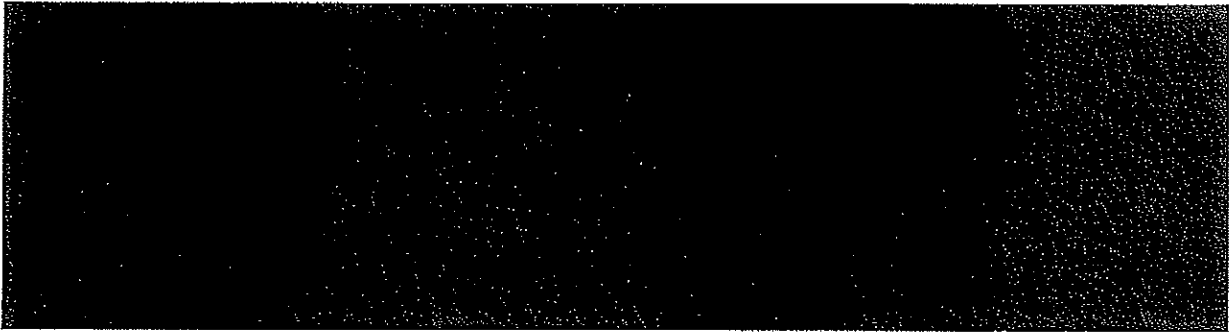
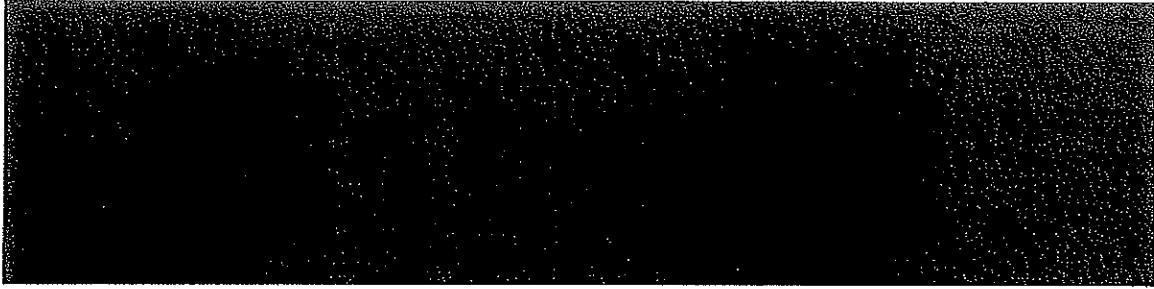
Scottish Enterprise engagement

- SE has a good relationship with local management and at an HQ level with the senior leadership team. SE is in dialogue about potential further support and is currently supporting Liberty Steel through the following support mechanisms:
- Liberty Steel was granted £1.97m of support from SE in November 2016 for their transformational change programme, which consists of Training Aid and Disadvantaged Aid (supporting the costs of salaries for under 25s, Over 50s and unemployed for over 6 months). First drawdown against this grant was in June 2017.
- In March 2017, SE provided Liberty Steel with a £7m, 3 year term loan to support their ambitious 3 year business plan to ramp-up production capacity from start-up and generate strong revenues, profitability and employment.

BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK & SKILLS ON
STEEL SECTOR ROUND TABLE EVENT



BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK & SKILLS ON
STEEL SECTOR ROUND TABLE EVENT



BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK & SKILLS ON STEEL SECTOR ROUND TABLE EVENT

ANNEX F

MAIN ISSUES AFFECTING THE STEEL INDUSTRY IN SCOTLAND

The steel industry in Scotland faces a number of challenges, which are listed below and discussed in further detail in the following appendices.

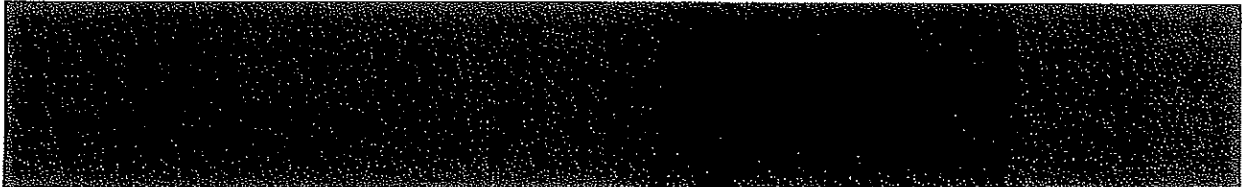
- Proposed UK Steel Sector Deal – Appendix G
UK Steel, the trade association for the steel industry presented a deal to UK ministers in September 2017. This deal has not yet been signed off.
- US Section 32 Tariffs – Appendix H
On 1st June 2018 the US imposed a tariff of 25% on all steel imported into the US from the EU.
- Energy Costs of production – Appendix J
Steel production is very energy intensive and UK electricity costs for extra-large industrial energy users are among the highest in Europe. The steel producers feel that they are at a disadvantage compared to their competitors abroad.
- Concerns Around Security of Steel Supply Post Withdrawal From EU – Appendix I
There was some discussion of this of the implications of the UK Withdrawal from the EU at the last Steel Sector Round Table in March 2018. Mr Wheelhouse offered to discuss this issue in confidence with any company who wished to meet him privately, as he was aware there might be commercial sensitivities in discussing this matter in a public forum. We are not aware that any company took him up on this offer.

BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK & SKILLS ON STEEL SECTOR ROUND TABLE EVENT

ANNEX G

PROPOSED STEEL SECTOR DEAL

- The proposed Steel Sector Deal was presented to UK ministers by EEF/UK Steel on 7th September 2017.

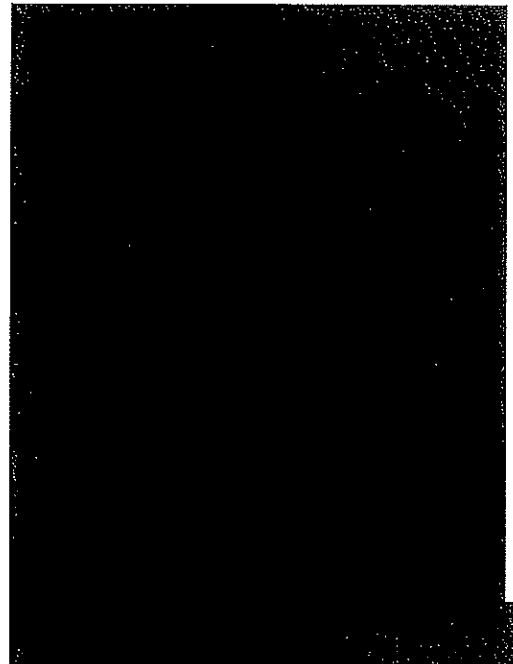


- EEF/UK Steel have been pushing for the Steel Council to be reconvened to address this issue and to investigate other ways of reducing the disparity between the costs that UK steelmakers bear compared to the lower costs that other European steelmakers bear.

Key Sector Commitments

- Increase investment from £200 to £300 million, £1.5 billion over five years.
- Increase 'online' production capacity from 10 million tonnes to over 14 million tonnes.
- Increase employment by 2,300 to 33,700.
- Provide £30 million/year of new matched R&D funding via a new "Future Steel Challenge Fund".
- Deliver end to end supply chain engagement through the architecture of the 'Future Steel Challenge Fund'.

Key Requests of Government



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The “Heart” of the Deal

- Two core actions were identified to form the core of the deal: action on electricity prices and the establishment of a 'Future Steel Challenge Fund'
 - **Electricity Prices:** Reducing the cost of electricity for steel companies was the most important intervention the government could make to help the sector.
 - **Future Steel Challenge Fund:** The proposal of establishing a new innovation fund to drive increased R&D in the development of steel products.
- The benefits of committing to the above could have increased investment from £200 to over £250 million a year increased employment by 2,000 to 33,000 a year, increased R&D spend from £40 million to £70 million a year and increased production capacity by 2 million tonnes compared to current production of 7.6 million tonnes.
- Mr Wheelhouse, the Minister for Business, Innovation & Energy, attended a meeting of the UK Joint Steel Council, in London, on 18th June 2018. At that meeting Mr Richard Harrington, the Parliamentary Under-Secretary of State for Industry & Energy agreed to have further discussions with Mr Jon Bolton, the chair of UK Steel on the future of the Steel Sector Deal.

Manufacturing & Construction

BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK & SKILLS ON STEEL SECTOR ROUND TABLE EVENT

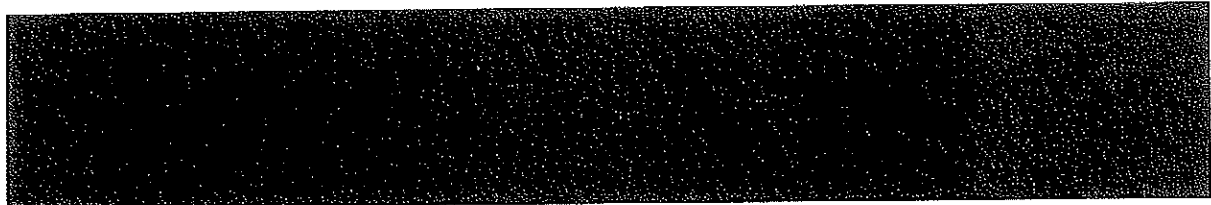
ANNEX H

US SECTION 232 TARIFFS

- On 1st June 2018 the United States imposed steel and aluminium tariffs on all steel and aluminium imported into the US from the EU.
- The tariff on steel is 25% and that on aluminium is 10%.

DIRECT IMPACT

- The Scottish Government believe the direct impact on Scotland of the US tariffs on steel and aluminium is relatively small and are working to minimise any potential impact on our steel and aluminium producers.



- The total value of US imports from the UK in 2017 of aluminium was £29m. The UK accounts for 0.1% of aluminium imports in 2017 in tonnage.



- Further the GFG Alliance's planned economic downstream development at Fort William envisages using the aluminium smelter's output in the manufacturing of alloy wheels for automotive manufactures. N.B. The US have now announced an S232 investigation into the automobile industry, but according to the press release issued by the EU after the Trump Juncker meeting on 26th July 2018 they have made a commitment to exclude the EU from any tariffs on cars and car imports.
- The industry has raised concerns at the potential for metal to be dumped in Europe which would put downwards pressure on the London Metal Exchange price. However the EU have introduced a surveillance regime in place to monitor imports of aluminium into the EU.

INDIRECT IMPACT

- US tariffs aims to reduce imports to the US by 13 million tonnes which will be diverted to other markets such as the EU.

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EU COUNTERMEASURES

- The EU has agreed a list of countermeasures to target US products such as cranberry juice, jeans, motorbikes, and bourbon whisky. **These countermeasures came into force on 22nd June 2018.**
 - On the 6th June the European Commission issued a press release stating that, "the College of Commissioners endorsed today the decision to impose additional duties on the full list of US products notified to the World Trade Organisation(WTO), as part of the EU's response to the US tariffs on steel and aluminium products".
 - The Commission notified the WTO of the list of proposed countermeasures on 18th May and launched a complaint against the US on 1st June.
- 

SAFEGUARDING

- The EU has finalised an investigation into potential EU-level safeguard measures to protect its own steel market from trade diversion resulting from US measures.
- **Provisional measures on steel came into force on 19th July 2018.**
- The steel safeguards are in force on a provisional basis primarily to protect the EU market against potential increased imports of steel from third countries (primarily China) which are feared as a result of global trade distortions arising from the US

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steel tariffs.

- The provisional measures concern 23 steel product categories and will take the form of a Tariff Rate Quota (TRQ). For each of the 23 categories, tariffs of 25% will only be imposed once imports exceed the average of imports over the last three years.
- The quota is allocated on a first come first serve basis, thus at this stage not allocated by individual exporting country.
- These measures are imposed against all countries, with the exception of some developing countries with limited exports to the EU. Given the close economic links between the EU and the European Economic Area (EEA) countries (Norway, Iceland, and Liechtenstein), they have also been exempted from the measures. These exclusions are compatible with both the EU's bilateral and multilateral World Trade Organisation (WTO) obligations.
- The provisional safeguard measures can remain in place for a maximum of 200 days with an opportunity for interested parties to comment on the findings of the investigation so far. The Commission will take these comments into consideration in order to reach its final conclusion, at the latest by early 2019 at which point a decision will be made as to whether definitive safeguard measures should be imposed.
- No decision has been made yet on the equivalent safeguarding investigation on aluminium but further news is expected in early Autumn.
- The Commission has put in place a surveillance system on imports of aluminium to have a strong information basis in case action becomes called for in that sector. The EU is now waiting for data to assess the risk of distortions/deflections of the supply of aluminium to the EU market in particular to identify the risk of dumping/unfair competition. The process relies upon pre-notification of imports, the advantage of this is that problems can be anticipated, but for now, primarily about capturing data to identify potential surges in supply before they arrive in the EU – nonetheless, this is a bureaucratic burden for importers.



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ANNEX I

SECURITY OF STEEL SUPPLY POST EU WITHDRAWAL²

The figures given below are UK figures as they are not disaggregated to Scotland level, but held at UK level. These are the latest figures available and they are a mixture of 2015 and 2016 statistics.

Volume

- In 2016, the UK produced 8 million tonnes of steel.
- In 2015, the UK exported 6.3 million tonnes of steel. In the same year it imported 6.2 million tonnes of steel³.

Value

- In 2016, the UK steel exports were worth £3.7 billion, down £1.1 billion or 24% on the 2015 figure.
- Steel imports were worth £5.2 billion, roughly the same as in 2015.
- The UK's steel trade deficit was worth £1.5 billion in 2016.
- This is the largest deficit in at least 20 years, four times larger than the next largest deficit recorded in 2012.

Origin and destination of traded UK steel

- In 2015, slightly over half of UK steel exports were to the EU, whilst almost two thirds of steel imports were from the EU:
 - 52% of UK steel exports were to the EU.
 - 69% of UK steel imports were from the EU.⁴

² <http://researchbriefings.files.parliament.uk/documents/CBP-7317/CBP-7317.pdf>

³ UK Steel/EEF, Key steel statistics 2016 , pp8,9

⁴ UK Steel/EEF, Key steel statistics 2016 , pp8,9

BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK & SKILLS ON
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ANNEX J

STEEL PRODUCTION – ENERGY COSTS

- Steel production is an energy intensive process. There are two principle means of producing steel: from iron ore using a blast furnace at an integrated site (like Tata Steel's site in Port Talbot), which consume large amounts of coal, electricity and some natural gas, or by recycling scrap steel in an electric arc furnace (like Tata Steel's plant in Rotherham or Celsa Steel's in Cardiff), which requires extremely large amounts of electricity and more modest amounts of natural gas. See diagram on page 17.
- The proportion of the total costs of steel production that are attributable to energy vary significantly, from site to site and from country to country. The World Steel Association has recently estimated it as high as 20-40%.
- UK electricity costs for extra-large industrial energy users are amongst the highest in Europe (primary driver is wholesale prices), but gas prices remain relatively low vis a vis the rest of the EU (third lowest in EU15). The sector also now benefits from a range of exemptions in climate change policy costs.
 - Net impact of carbon policies - support measures (compensation packages and exemptions) will reduce impact of policies on Energy Intensive Industries (EII's) energy bills by 80% by 2020. Policies added 15% to EII's electricity bills in 2014 but with the further support this will reduce to 7% by 2020. And as electricity only constitutes 3% of steel sector's costs, this means that by 2020 policies will add less than 0.5% to total costs. [See Table 1]

Policy	Policy Introduced	Cost in 2016/17 (£/MWh)	Protection Measure Introduced
Climate Change Levy (CCL)	2001	£5.50	Discount introduced in 2001 and a complete exemption provided in 2014
Renewable Obligation (RO)	2002	£14	Compensation available from Dec 2015 and exemption available from Apr 2017 (85% reduction in costs)
Feed in Tariffs (FITs)	2010	£5	Compensation available from Dec 2015 and exemption available from Apr 2017 (85% reduction in costs)
EU Emissions Trading System (EU ETS)	2013 (phase III)	£2.50	Compensation available from 2013 (approx 70% reduction in costs)
Carbon Price Floor (CPF)	2013	£9-10	Compensation available from 2014 (approx. 70% reduction in costs)
Contracts for Difference (CfD)	2016	<£1 (Will rise significantly)	Exemption committed to be in place by April 2017

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Industrial Decarbonisation and Energy Efficiency: Scotland

- The Scottish Iron and Steel Industry (SISI) is mainly limited to downstream processes and forging. There are approximately 15 different companies working in the sector and the different products they produce are either finished end-use products, such as steel vessels, or intermediate products such as galvanised steel. Compared to the UK as a whole, the Scottish industry emits considerably less CO₂, as there are no upstream steel making sites in Scotland.
- The SISI is well-placed to take full advantage of UK grid decarbonisation to reduce its overall emissions. Additionally, there is a considerable potential to save energy and reduce carbon emissions in many areas of the industry since few investments have been made in the last decade. Upgrading steam/power production systems, improving on-site energy management and process optimisation are all promising avenues for decarbonisation.

Clean Growth Strategy and 2050 Industrial Decarbonisation and Energy Efficiency Roadmap Action Plans

- The UK Government published its Clean Growth Strategy in October 2017 and industrial decarbonisation and energy efficiency shall play a key role in this initiative. Industrial Decarbonisation and Energy Efficiency Action plans for 7 energy intensive industries were also published in 2017 and outlined commitments to achieve the objectives set out in the Roadmaps. However, an action plan for the Iron and Steel Roadmap was not produced.
- The Scottish Government has considered the UK Action Plans to understand the specific implications for Scotland's industrial activity. Carrying this forward, we are now developing a package of work that will seek to work collaboratively with Scottish Industry, including the Iron and Steel sector, to build on existing programmes of support to encourage investment in energy efficiency and decarbonisation.

Business Energy Cost Review

The Dieter Helm Cost of Energy review was published in October 2017, putting forward views on how to reduce energy costs whilst also meeting the UK's climate change targets. At the last UK Energy Intensive Industry (EII) Forum, which SG officials attend, industrial stakeholders expressed a desire for the UK Government to formally respond to the conclusions of the review, particularly the point that UK Energy Intensive Industries pay higher bills, relative to other countries, for decarbonisation policies.

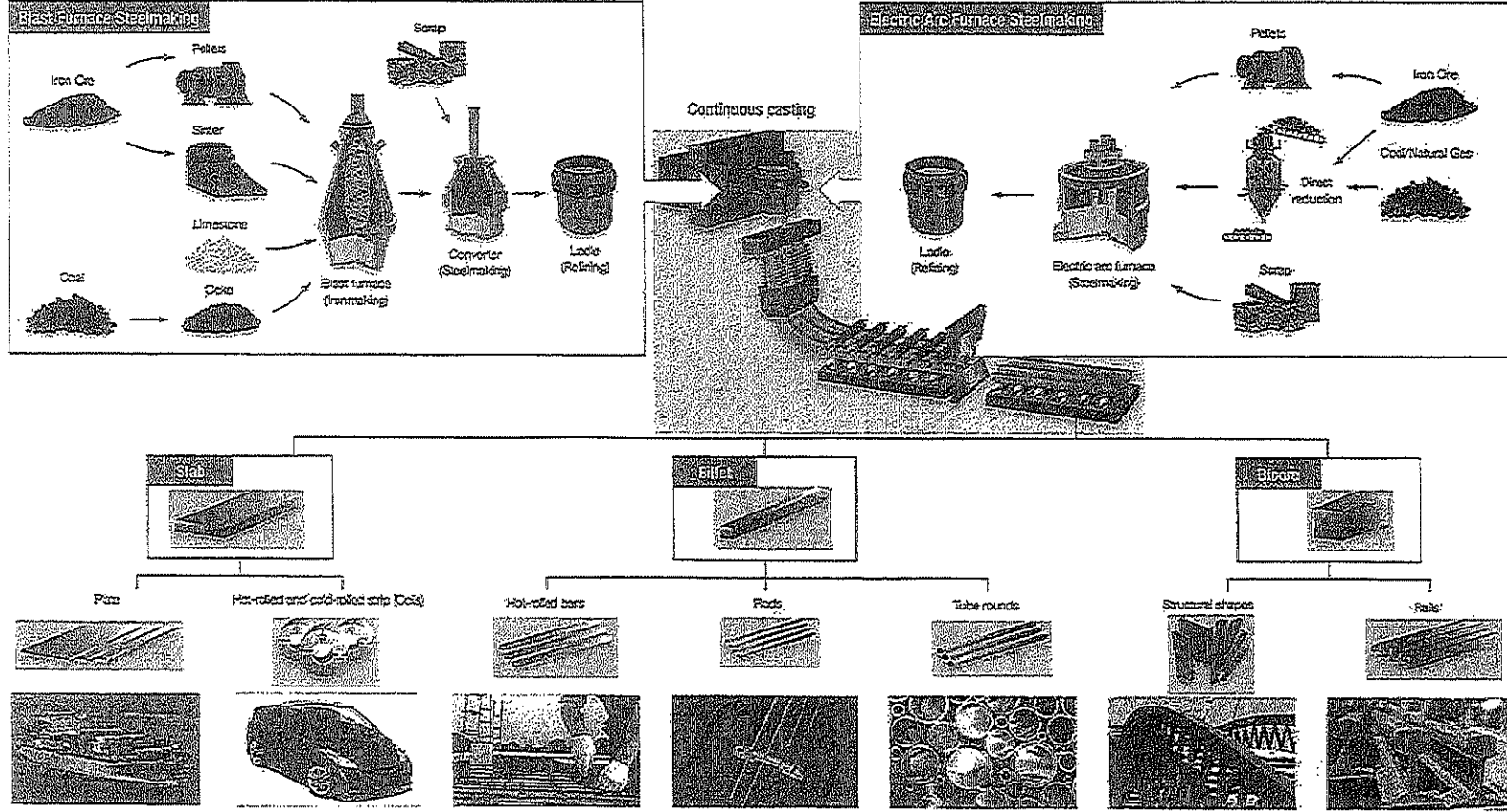
The UK Government is considering the proposals in the Helm Review, and responses to the recent call for evidence, and will respond in due course, understanding the need to provide clarity to industry on future electricity policy. This is balanced with the need to give consideration to the Review's proposals.

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The recommendations in this review are radical and far reaching. They call for a complete rethink of the way the electricity market is structured and regulated. The Scottish Government will consider its findings and engage with stakeholders to consider the implications for Scotland's energy system.

[REDACTED], Industrial Decarbonisation Team, [REDACTED]

OVERVIEW OF THE STEELMAKING PROCESS



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ANNEX K

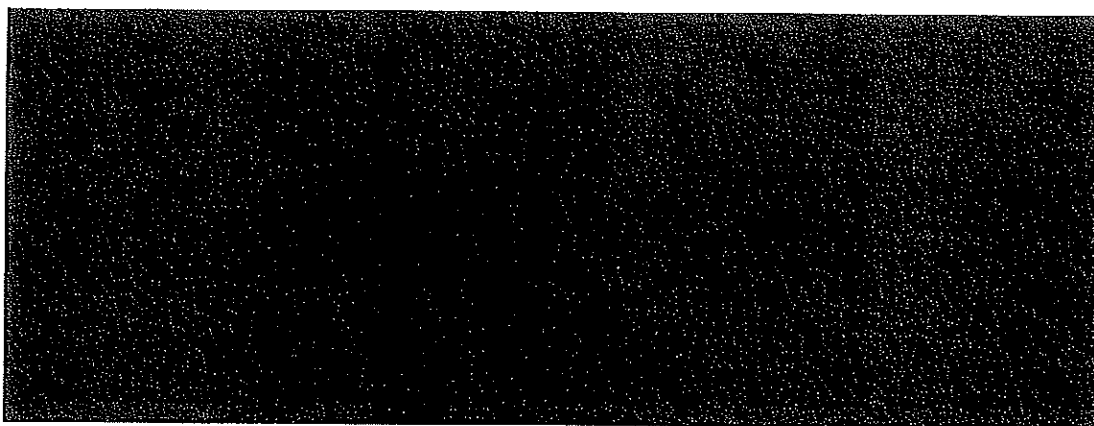
SCOTTISH GOVERNMENT INITIATIVES

Steel Commercial and Procurement Steering Group

The steering group met to discuss initiatives both from the public sector and businesses that could promote the use of steel manufactured in the UK.

The Steel Council Procurement sub-group met week ending 14th September 2018.

The agenda included: UK Steel Draft Charter, the documentation and steps for the Campaign Plan PowerPoint; Steel Pipeline; Reporting and Government Package.; and Steel Export Taskforce.



Scott Bell, Ext 40450, Scottish Procurement and Commercial Directorate, Procurement Development and Construction

THE RENEWABLES OBLIGATION (SCOTLAND) AMENDMENT ORDER 2017

- The Renewables Obligation ("RO") scheme is a policy designed to encourage investment in large scale renewable electricity generation to contribute to meeting the Scottish Government's target to generate the equivalent of 100% of Scotland's gross annual electricity consumption from renewable sources by 2020 and the UK's EU target to produce 15% of our energy from renewable sources by 2020.
- However, the costs of funding this policy expose Energy Intensive Industries ("EII's") to high electricity bills. As EII's operate in international markets these costs

BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK & SKILLS ON STEEL SECTOR ROUND TABLE EVENT

place them at a competitive disadvantage and increase the risk of investment leakage through businesses choosing instead to make investments in countries with less ambitious climate policies.

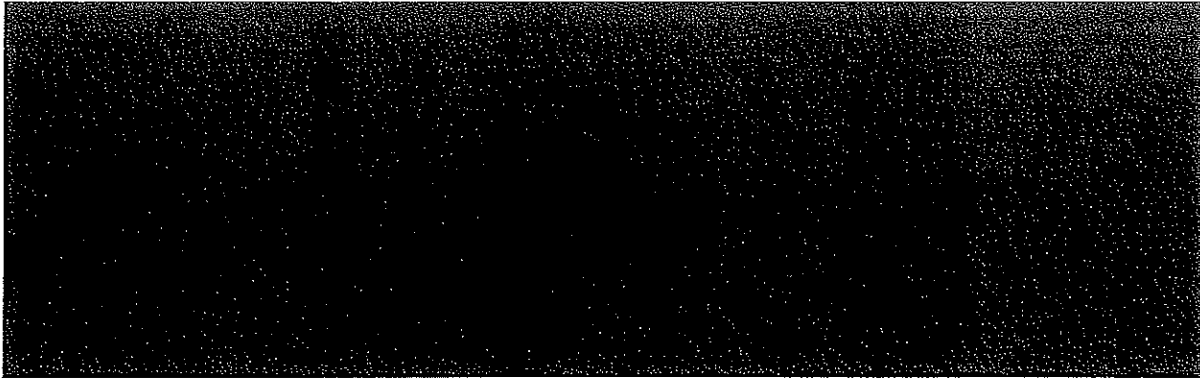
- The amending Order makes adjustments to the supplier obligation mechanism under the RO, which will have the practical effect of exempting eligible EIs from a proportion of the indirect policy costs of the RO scheme.
- A decision was made in 2015 by the UK Government to switch from a Renewables Obligation Compensation Scheme, to a Renewables Obligation Exemption Scheme. The Scottish Government published a consultation to explore the possibility of making a similar change to the Renewables Obligation (Scotland).
- During the course of 2017, the decision was taken, following consultation, to proceed with implementation of the Renewables Obligation exemption for Scotland. The Renewables Obligation (Scotland) Amendment Order 2017, No 432 was passed by the Scottish Parliament in December 2017. The scheme launched on 1 April 2018.
- Eligible businesses will have to meet an Electricity Intensity Threshold of 20% or above (electricity consumption must be 20% or more than GVA). These businesses will receive exemption for 85% of the costs of the Renewables Obligation.

Business Energy Cost Review

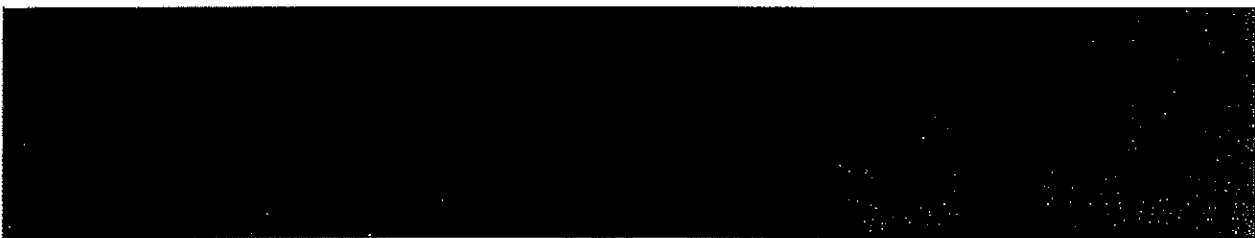
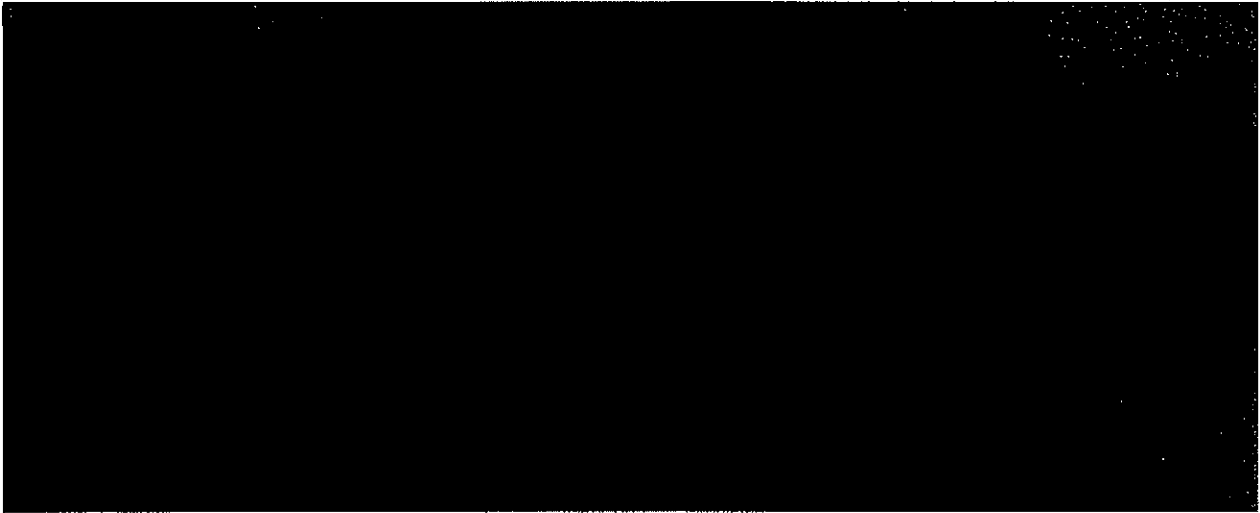
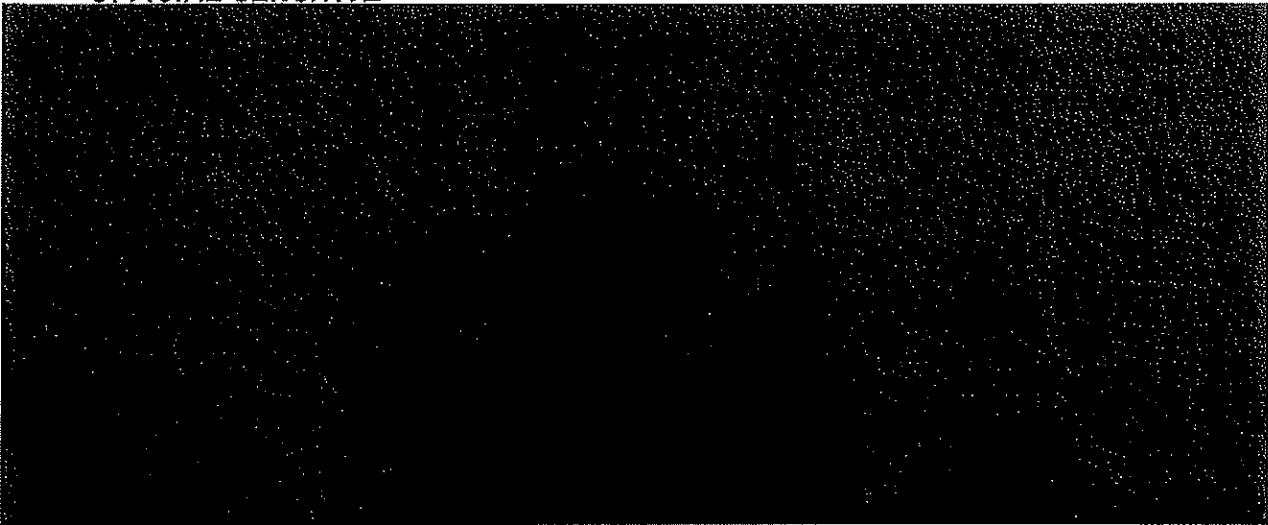
- The Renewables Obligation Scotland is in a process of consideration, given some concerns that the threshold for exemption eligibility may disadvantage those who are not eligible, but who compete directly with those who are.



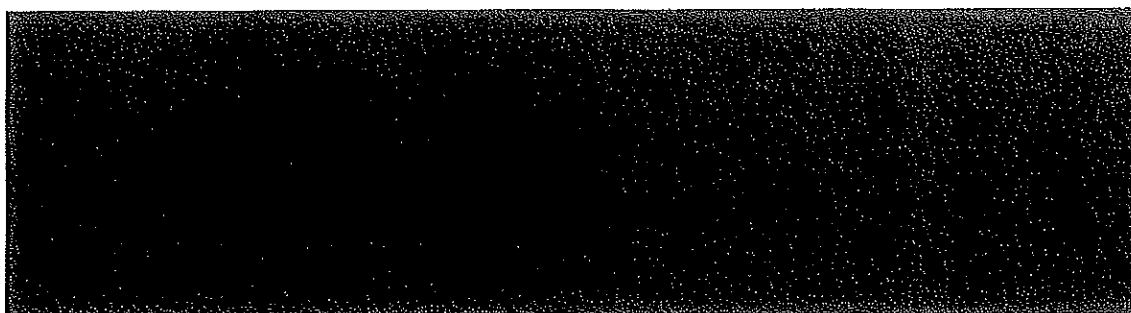
BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK &
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OFFICIAL-SENSITIVE



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[REDACTED], Offshore Oil & Gas Midstream Industries
[REDACTED], Energy Utilities, Markets and Network Policy

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ANNEX L

BACKGROUND TO LIBERTY PURCHASE OF DALZELL AND CLYDEBRIDGE

In autumn 2015 Tata Steel announced its decision to mothball plants at Dalzell and Clydebridge. In December 2015, Tata Steel UK ("TSUK") decided to implement a portfolio of restructuring of assets. In the context of the restructuring, TSUK decided to discontinue its European plate production, which led to the mothballing of the mills at the end of 2015.

On 23 March 2016 Scottish Ministers entered into a business purchase agreement with Longs Steel UK Limited and Tata Steel UK Limited; and a business sale agreement with Liberty Plate Mills DL limited and Liberty Industries Group PTE.

[REDACTED]

The transactions were completed successfully on 28 April 2016.

The Scottish Government entered into this 'back to back' deal to secure the two Scottish plants while Tata Steel was involved with negotiating the sale of the rest of its Long Products Division to Greybull. Our involvement facilitated a quicker and more certain re-starting of the mills to ensure that skilled workers could be re-employed and the previous customer base maintained.

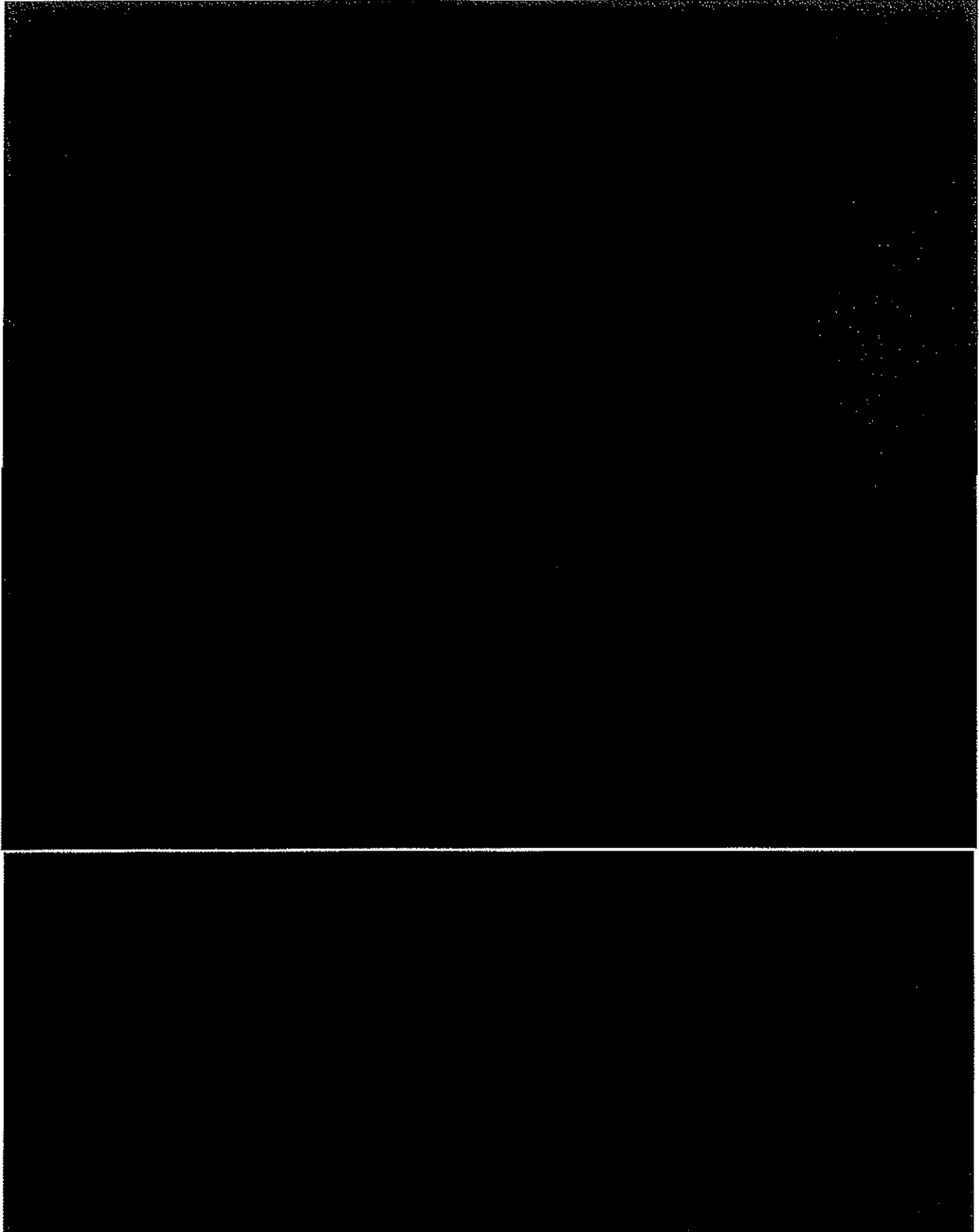
Liberty House is an international metals and industrial group, specialising in commodities, metals recycling, manufacture of steel, aluminium and engineering products. Liberty House Group also own the aluminium smelter at Fort William.

The Liberty House Group is one of the companies owned by GFG Alliance, an international group of businesses founded by the Gupta family.

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ANNEX M

Briefing Note From BEIS



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ANNEX N

Steel Sector Round Table – Third Meeting

The Scottish Parliament, Edinburgh

29 March 2018

MINUTES

Attendees

Paul	Wheelhouse	PW	Minister for Business, Innovation & Energy
Chris	Hagg	CH	Commercial Director, CELSA Steel UK
Jon	Bolton	JB	CEO, Liberty House UK and Chairman, UK Steel
Iain	Sinclair	IS	Chief Business Development Officer, Liberty Steel
Simon	Armstrong	SA	Sales Director – Conductor & Domestic, Edgen Murray
Dale	Young	DY	Senior Business Development Manager, Edgen Murray
Gerry	Tralongo	GT	Director, Midland Steel Reinforcement UK Ltd
Colin	Clews	CC	Business Development Manager, Midland Steel Reinforcement UK
Sean	Parsons	SP	Head of External Affairs, SIMEC
Steve	McCool	SMc	National Officer, Community Union
Tony	Brady	TB	National Officer for Steel, Unite the Union
Gary	Cook	GC	Regional Officer, GMB Scotland
Nick	Shields	NS	Managing Director, Scottish Manufacturing Advisory Service (SMAS)
Alastair	Gillen	AG	Skills Development Scotland
Gail	Duff	GD	Account Manager, Company Growth - Global, Scottish Enterprise
			Head of Manufacturing & Construction
			Policy Manager, Construction
			Executive Officer, Manufacturing & Construction
			Senior Project Manager, Strategic Industrial Projects

Apologies have been received from:

Gordon	Reid	General Manager, Vallourec Oil & Gas
Christophe	Huot	Managing Director, Vallourec Oil & Gas UK Ltd
Stuart	Sharp	Director, Alexander (Scotland) & Co Ltd
Kenny	Jordan	Regional Officer, Unite the Union
Ross	Murdoch	National Officer, GMB Manufacturing Section
David	Skilling	Policy Manager, Scotland Office
Nick	Mackie	Metals and Advanced Materials, BEIS
Luke	Reynolds	Metals and Advanced Materials, BEIS
Keith	Ridgway	Executive Chairman, AFRC
Adrian	Charman	MD, Liberty Steel Daizell
Gordon	McGuinness	Head of Industry & Enterprise Networks, SDS
Donna	Chisholm	Regional Head of Sectors, Highlands & Islands Enterprise
Ronnie	Blake	Managing Director, the Blake Group

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Richard Warren Head of Policy and Representation, UK Steel
John MacKenzie Highlands and Islands Enterprise

1. Welcome & Introductions

The Minister welcomed everyone to the meeting, particularly those attending for the first time.

2. Steel Sector Deal

Mr Wheelhouse summed up the known position of the Steel Sector Deal in autumn, when it was submitted to Whitehall, and then invited Mr Bolton to provide an update on that position.

- Jon Bolton (JB) delivered a presentation on the progress of the Steel Sector Deal. Initially the proposed deal was well received in Whitehall, but slipped down the agenda due to the focus on other issues such as Brexit.
- The Chair of British Steel met Claire Perry (the Minister in post before Richard Harrington) to discuss the Sector Deal, and, in particular, the sector's request for government action to create a level playing field on energy prices - this action on energy prices has not been agreed. As a result UK Steel have asked for the UK Joint Steel Council to be reconvened to provide other ways of reducing the disparity.
- The Ofgem review on transmission charging is going to weaken the steel companies' position in comparison to their competitors in other countries.
- UK Steel was also looking at the scope for R & D funding through the Industrial Strategy Challenge Fund.
- Procurement guidelines do not apply to Contracts for Difference (CfD). There was a clear role for public procurement policies to support the steel sector. There was a feeling that the UK Procurement Guidelines do not go far enough.
- SMcC made the point that trades unions are aligned with UK Steel and working with them on the Sector deal. He felt that it was a good proposal and wanted parliaments to support.
- CH was disappointed that there is no formal response to the Sector Deal proposal yet. He felt that on procurement transparency was needed on what is happening in the marketplace.
-

BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK & SKILLS ON STEEL SECTOR ROUND TABLE EVENT

- PW indicated that there was work on renewables to strengthen supply chain contracts for Scotland and UK. There are not many legal levers although use of best practice from Oil & Gas could be instigated.
- CH felt that it was important to strengthen the supply chain and improve the reporting mechanism.
- IS: There is an opportunity to work closely and to understand how decisions are made in order to improve intelligence . There are great opportunities for the Offshore Wind Industry Group (OWIG) to work together with the Steel Sector eg. Data capture, shared knowledge, level of accountability, how each operator makes decisions.
- PW: The supply chain working group for offshore wind had identified various projects where there was scope for Scottish steel to be used, including Beatrice and Moray East.
- SP: There is an appetite in Renewables for co-operation and using British steel; though Contract for Difference (CfD) is the subsidy model that is being used and the driving factor in the CfD is the reduction in the strike price from last year's auction, which has the potential for developers to look further afield for cheaper supply chain companies .
- PW: The UK Government needs to look at total value added of the sector e.g quality as well as price, whilst still abiding by competition rules.
- SMCc: The energy part of the sector deal is vital. We should be looking at decommissioning as well. The Electric Arc Furnace (EAF) route in Celsa has enabled growth and UK Investment. We should not be sending scrap to Southern Europe, most of the steel in the North Sea that is being decommissioned was made in the UK and we could recycle it here.
- PW commented that there was scope for synergies between different sector deals including Steel, Oil & Gas and Renewables. The Oil & Gas ILG chair (Melfort Campbell) is having decommissioning discussions and should tie in Steel.
- JB: The Energy Efficiency Fund has been cancelled as well which was worth £50 million per annum. There was going to be discussions with CEO's of other steel companies to discuss other ideas such as bringing forward tax losses to support investment.
- PW suggested it might be worth investigating if it was possible to do something via business rates to offset some of this £50 million – Bearing in mind proposals around business rates would need to attempt to be revenue

BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK & SKILLS ON STEEL SECTOR ROUND TABLE EVENT

neutral.

- JB: This could include the treatment of plant and machinery. It was noted that discussions between Tata and the Welsh Government on plant and machinery were already taking place.
- TB: Scottish & Welsh governments were very helpful in contrast with the UK government. The Save Our Steel campaign was successful. We needed to look at the next steps for the Steel Sector Deal with £47 million a year available for businesses to apply for at the next UK Joint Steel Council meeting.
- PW made the point that as an example of available government support the Scottish Government has increased funding for R & D grants through Scottish Enterprise by 70% from £22m per annum to £37m per annum.

Actions

There would be some value in encouraging lead partners of different sector deals to work together. JB agreed and saw particular opportunities for co-operation around R & D projects. JB indicated that he had taken this forward with Offshore Renewables and agreed to explore with UK Steel the prospect of cooperation with other sectors.

3. US Announcement of Tariffs on Steel & Aluminium

The Minister provided an overview of the current position on the US steel and aluminium tariffs situation.

- JB: The last time tariffs were used in the US it resulted in the loss of American jobs and American business closures. The tariff imposition has a (i) direct and (ii) indirect impact. The concern is that the EU will negotiate a quota instead of a tariff. [REDACTED]
- CH: The indirect implications are a bigger worry than the direct impact. The additional steel that would have gone to the US may be dumped in the EU. The temporary exemptions are on 22 million of 35 million tonnes, so that leaves 13 million tonnes to be disposed of. As regards EU Safeguard Measures – the EU are investigating all steel products affected, but after the investigation measures need to be taken quickly.

BACKGROUND BRIEFING FOR MINISTER FOR BUSINESS, FAIR WORK & SKILLS ON STEEL SECTOR ROUND TABLE EVENT

- JB: The onus is on customers to apply for product exemptions. There are 26 products identified and the EU is working on safeguards.
- SMcC: There is serious concern as the commercial world moves quickly any measures need to happen timeously, but all interested parties have to lobby the EU to bring in defence measures quickly. Any serious recovery could be scuppered by dumping and the excess product is already being diverted.
- TB: There needs to be a united EU approach on this as it is not just China that is dumping steel.

Action

- **Sector to provide update on the scale of the dumping of cheap steel into the UK and EU markets.**

4. Implications of UK Withdrawal from EU

The Minister invited all those present to give their thoughts and concerns on the implications of the UK's decision to withdraw from the EU.

- JB: These are linked to the discussions around trade. The tariffs issue has highlighted the problem of the UK being in a weakened negotiating position when we are outside the EU. There is an impact on moving materials across open borders.
- PW: there is also the impact of the knock-on effect on lead times if there aren't open borders.
- JB: UK Steel wants continued free movement of products. In the short-term there is an economic hit on the UK but in the longer-term there is an opportunity. We may see the development of complete supply chains inside the UK.
- It was noted that we import 6.7 million tonnes of End of Mill products; 12 million tonnes if including finished goods such as white goods and vehicles.
- PW: Queried whether there had been any studies on reshoring.
- IS: The Steel Procurement Group are looking at supply chains and trying to identify the gaps, but this is in the early stages.
- PW made the point that he was aware there are commercial sensitivities around discussing such issues in a public forum so he was happy to speak

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privately with companies if they wished.

- CH: The sector needed investment but uncertainty was inhibiting investment. Celsa had a plant in Norway so they are used to operating outside the EU and that isn't a big concern for them. Business has to have the right business environment for investment to happen and Brexit is an opportunity to provide the correct business environment to encourage investment.
- PW: Other sectors are all facing the same issues. There is regret over leaving the EU for social and economic reasons. The SG is pushing for a customs union plus the single market or as close to that as possible. The SG is keen to take any steps it can to offset the impact e.g. procurement. While accepting that business rate changes had to be revenue neutral the Minister indicated that he would discuss the business rates issue with Derek Mackay should the sector have a particular proposal.

5. Closing Remarks

- PW: Thanked everyone for coming and indicated that he appreciated their candour in the discussions.

Link to the updated Steel Sector Pipeline as promised at the meeting :

<http://www.gov.scot/Topics/Government/Finance/18232/IIP/SteelPipeline2018>

(3)(a)

3) GFG Alliance and Derek Mackay on 13/9/18

ATTACHED PRESENTATION SEPTEMBER 2018

From: [REDACTED]
Sent: 11 September 2018 11:36
To: Cabinet Secretary for Finance, Economy and Fair Work <CabSecFEFW@gov.scot>
Cc: McAllan M (Mary) <Mary.McAllan@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; Rollison R (Richard) <Richard.Rollison@gov.scot>; Maxwell S (Stewart) (Special Adviser) <Stewart.Maxwell2@gov.scot>; Communications Economy <CommunicationsEconomy@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED]
Subject: GFG Alliance - Cab Sec Meeting with Jay Hambro - 13 September 2018

[REDACTED] apologise please find attached the updated briefing for the above meeting
Cab Sec is attending on Thursday.

[REDACTED]

[REDACTED] | Innovation, Investment and Industries Division | Directorate for
Economic Development | Scottish Government | 5 Atlantic Quay | 150 Broomielaw |
Glasgow | G2 8LU |



year of young people
2018

From: [REDACTED] <[REDACTED]@gov.scot>
Sent: 12 September 2018 11:25
To: Cabinet Secretary for Finance, Economy and Fair Work <CabSecFEFW@gov.scot>
Cc: McAllan M (Mary) <Mary.McAllan@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; Rollison R (Richard) <Richard.Rollison@gov.scot>; Maxwell S (Stewart) (Special Adviser) <Stewart.Maxwell2@gov.scot>; Communications Economy <CommunicationsEconomy@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>; [REDACTED]
Subject: RE: GFG Alliance - Cab Sec Meeting with Jay Hambro - 13 September 2018

[REDACTED] please find attached the presentation that the GFG wish to present to Mr
Mackay at tomorrow's meeting, I would be grateful if you can include this with Cab
Sec's briefing pack for the meeting.

[REDACTED]

[REDACTED] | Innovation, Investment and Industries Division | Directorate for
Economic Development | Scottish Government | 5 Atlantic Quay | 150 Broomielaw |
Glasgow | G2 8LU |



1000000000
year of young people
1000000000 na h-Alba
2018

From: Sean Parsons [REDACTED]
Sent: 11 September 2018 16:16
To: [REDACTED] <[REDACTED]@gov.scot>; James Graaf [REDACTED];
[REDACTED];
Cc: [REDACTED] <[REDACTED]@gov.scot>; [REDACTED]
[REDACTED] <[REDACTED]@gov.scot>
Subject: RE: SG Ministerial Meeting

[REDACTED] – sorry for delay!

Attending is Jay, Douglas, Duncan and me.

The meeting is in St Andrews House and sticking with time of 8.30am – 9.30am

Agenda – follows the presentation –

- Section 1: GFG Update
- Section 2: GFG in Fort William
- Section 3: Jahama Highland estates
- Section 4: Dalzell update
- Section 5: [REDACTED]
- Section 6: [REDACTED]
- Section 7: [REDACTED]

Presentation attached.

Look forward to seeing you (or [REDACTED]/both) Thursday morning

Cheers,
Sean

Sean Parsons | Head of External Affairs

M: [REDACTED]
E: [REDACTED]

Liberty House Group



From: [REDACTED] <[REDACTED]@gov.scot> [REDACTED] <[REDACTED]@gov.scot>
Sent: 10 September 2018 12:10

To: James Graaf [redacted]; Sean Parsons

Cc: [redacted]@gov.scot; [redacted]@gov.scot

Subject: RE: SG Ministerial Meeting

Sean are you able to respond in Jame's absence?

[redacted]

[redacted] | Innovation, Investment and Industries Division | Directorate for
Economic Development | Scottish Government | 5 Atlantic Quay | 150 Broomielaw |
Glasgow | G2 8LU |



suir-obair
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2018

From: [redacted]

Sent: 10 September 2018 12:07

To: 'James Graaf' [redacted]; Sean Parsons

Cc: [redacted]@gov.scot>; [redacted]

[redacted]@gov.scot>

Subject: RE: SG Ministerial Meeting

Hi James following on from your email below I would be grateful if you could today send the completed presentation over and if you could also confirm attendees and any agenda?

[redacted]

[redacted] | Innovation, Investment and Industries Division | Directorate for
Economic Development | Scottish Government | 5 Atlantic Quay | 150 Broomielaw |
Glasgow | G2 8LU |



suir-obair
year of young people
blàr-dùna na h-òigridh
2018

From: James Graaf [redacted]

Sent: 05 September 2018 16:58

To: [redacted]@gov.scot>; Sean Parsons [redacted];

Cc: [redacted]@gov.scot>; [redacted]

Subject: RE: SG Ministerial Meeting

Hi [redacted]

Apologies in the delay in getting back to you – Duncan and I have a session working on presentation slides for the meeting tomorrow so will get them over to you once complete as quick as we can.

Best,

James van der Graaf | External Affairs Executive

M: [REDACTED]
E: [REDACTED]

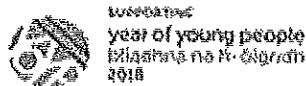
From [REDACTED]@gov.scot [REDACTED]@gov.scot]
Sent: 05 September 2018 09:53
To: Sean Parsons [REDACTED]; James Graaf [REDACTED]
Cc: [REDACTED]@gov.scot [REDACTED]@gov.scot
Subject: SG Ministerial Meeting

Hi Sean, James, in advance of Jay's meeting with Mr Mackay next week grateful if you could provide any agenda and presentation slides for the meeting?

[REDACTED]

[REDACTED] | Innovation, Investment and Industries Division | Directorate for Economic Development | Scottish Government | 5 Atlantic Quay | 150 Broomielaw | Glasgow | G2 8LU |

[REDACTED]



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Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri

GFG Alliance: SCOTLAND

Presentation to Derek Mackay MSP

Cabinet Secretary for Finance, Economy & Fair Work

3(1)



www.gfgalliance.com

September 2018

Agenda



- 1 GFG Alliance update
- 2 GFG Alliance in Fort William
- 3 JAHAMA Highland Estates



Section 1: GFG Alliance Update

A global alliance focused on bringing industrial, energy, resources, infrastructure and finance companies together to form a long-term economically and environmentally sustainable future


GFG Alliance pillars

GFG Alliance continues to grow and diversify





 c. 19,000 employees worldwide

 200 Global Locations


Global presence in **30+** Countries 

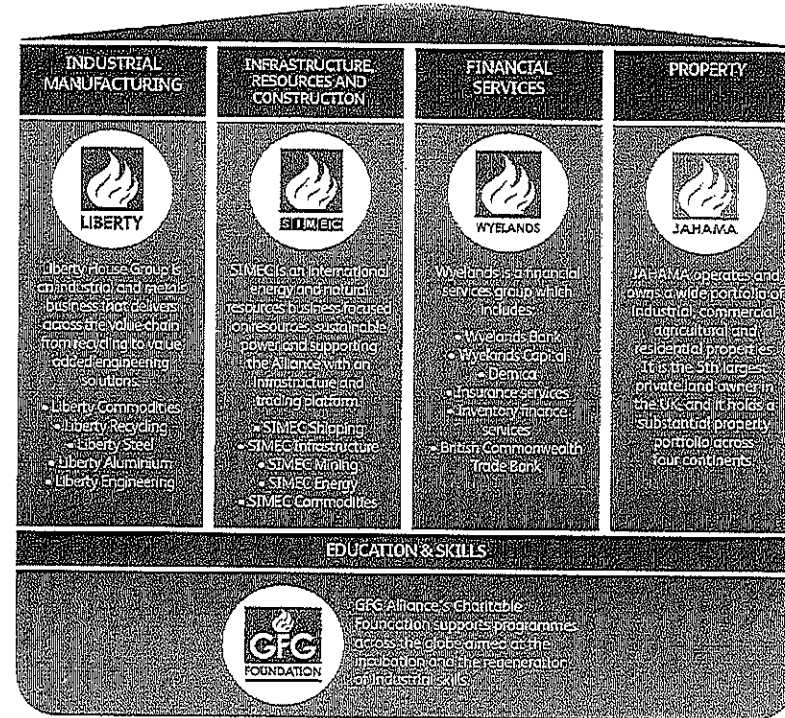
10 million tonnes of steel traded every year by GFG Alliance 

#1 steel supplier to engineering, construction, residential and non-residential construction in Australia 

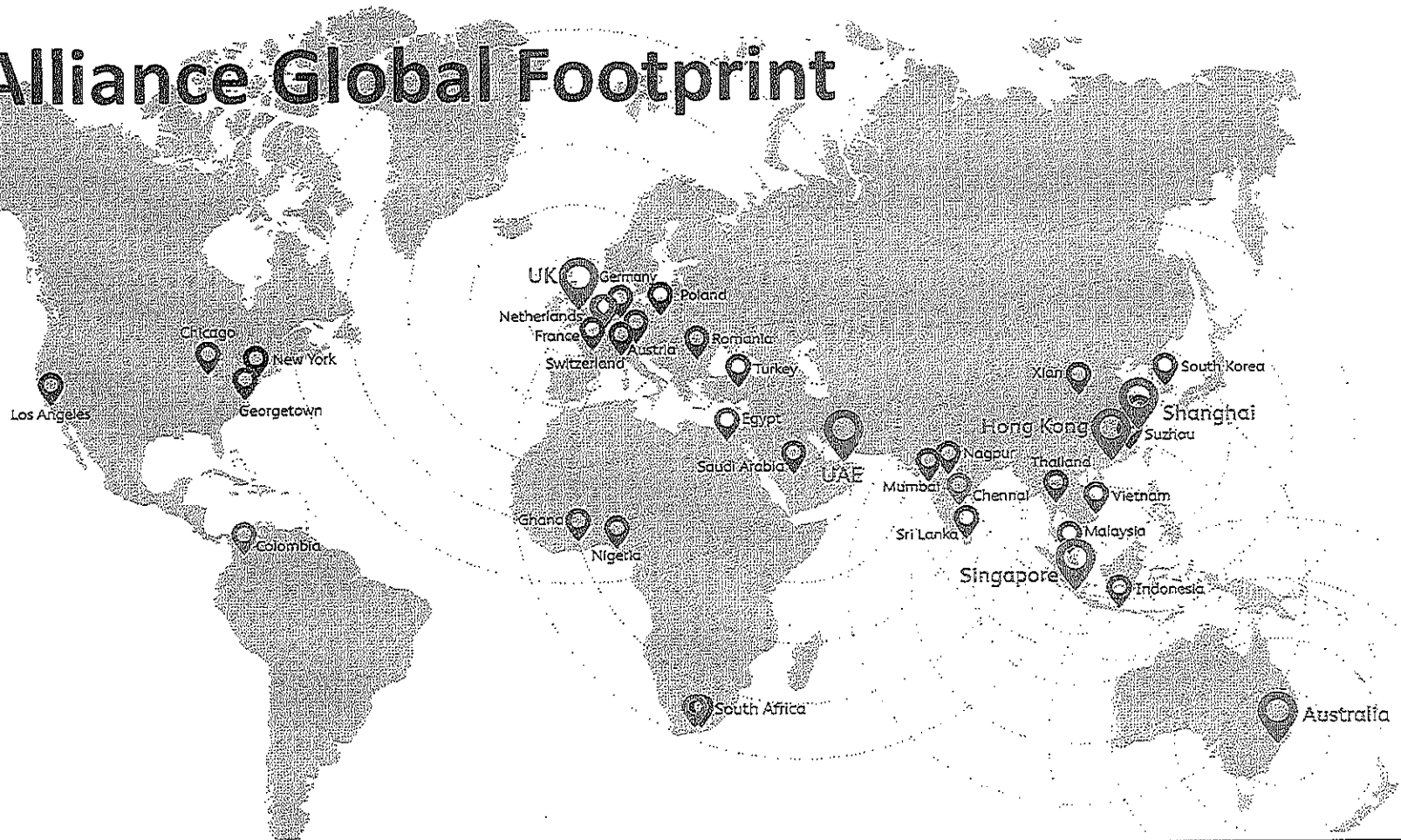
 **Every 8 seconds** in the UK, a car is produced with a Liberty component on it

 **3 million tonnes** of recycled steel per annum largest in the UK and Australia

 **Every 3 seconds** undercarriages manufactured by the Alliance land a civil aircraft round the globe



GFG Alliance Global Footprint



GFG Alliance's UK footprint



Liberty Steel UK

- Liberty Steel now employs c.3000 people on 11 sites in the UK
- 1.3Mtpa of melting capacity and over 2Mtpa of rolling capacity
- Creating end-to-end supply chain solutions: plate-to-pipe, strip-to-tube, scrap-to-engineering steels
- Steel assets and strategy aligned to the UK Government steel strategy

Liberty Engineering Group (LEG)

- Liberty Engineering employs c.2500 people across 19 sites in the UK, making it the UK's largest private engineering company
- LEG's Aluminium and Steel businesses span Primary production, recycling, rolling, stamping, casting, forming and fabrication and increasingly contribute to "closed loop" environmentally efficient production
- A major Tier 1 supplier to all UK and overseas OEMs
- LEG's UK businesses play a key role in meeting the UK Government's automotive metals component re-shoring targets which in turn supports the Government's Industrial Strategy goals

SIMEC Energy UK

- GFG Alliance's SIMEC is now one of the largest developers of renewable energy in the UK
- With >600MW of UK current available capacity and a stated target of reaching over 1GW, SIMEC is leading the race to build a green power revolution in the UK
- Global developers and operators of hydro; biodiesel; pumped hydro; wind; biomass; waste2energy; solar; and tidal assets

GFG Alliance's position in Scotland



- GFG continues to grow in Scotland
- We now employ c.400 direct employees in 6 different sites
- Investments >UK£500m to date
- Scotland's only producer of steel and aluminium
- One of the largest owners of Scottish hydropower stations
- GFG Foundation now a registered charity in Scotland





Section 2: GFG Alliance in Fort William

An excellent second year of progress since acquisition in December 2016

Positive evolution of hydroelectric, smelter and estate businesses with substantial investment from GFG Alliance

Liberty Aluminium



Expansion into Europe

- Jan18 - Liberty agreed to acquire Aluminium Dunkirk, Europe's largest aluminium smelter
- c.570 employees and one of the most technically advanced smelters in the world, provides significant synergies for Lochaber
- New French hub for GFG Alliance formed and follow-on strategic deals such as Liberty Wheels France are planned.



Support from President Xavier Bertrand and his team for GFG's industrial vision and investment plans in France



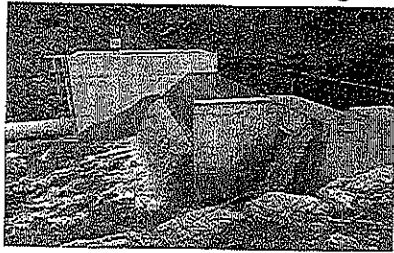
Acquisition of Aluminium Dunkerque by Liberty is welcomed by the management team and widely hailed by the media

Acquisition of Aluminium Dunkerque offers significant upside for Liberty British Aluminium

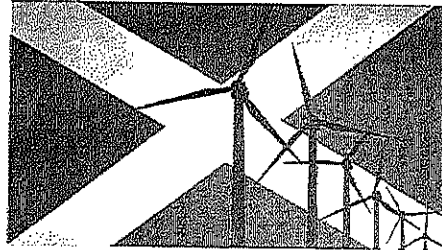
SIMEC Energy – development update



SIMEC investing in new green power generation at Lochaber and on the broader highland estates



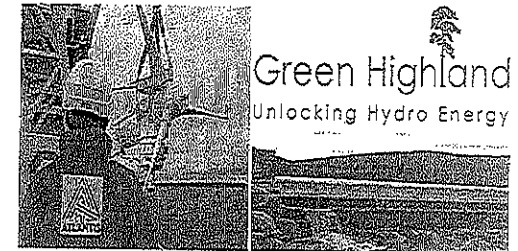
- 7 new small hydro station being progressed at Lochaber & Kinlochleven
- Power generation of up to c.9MW



- C.168MW of energy from 39 turbines
- Local community positive and reviewing co-investment options



- 18MW of biofuel generation installed at Lochaber
- Ongoing review of CHP generation

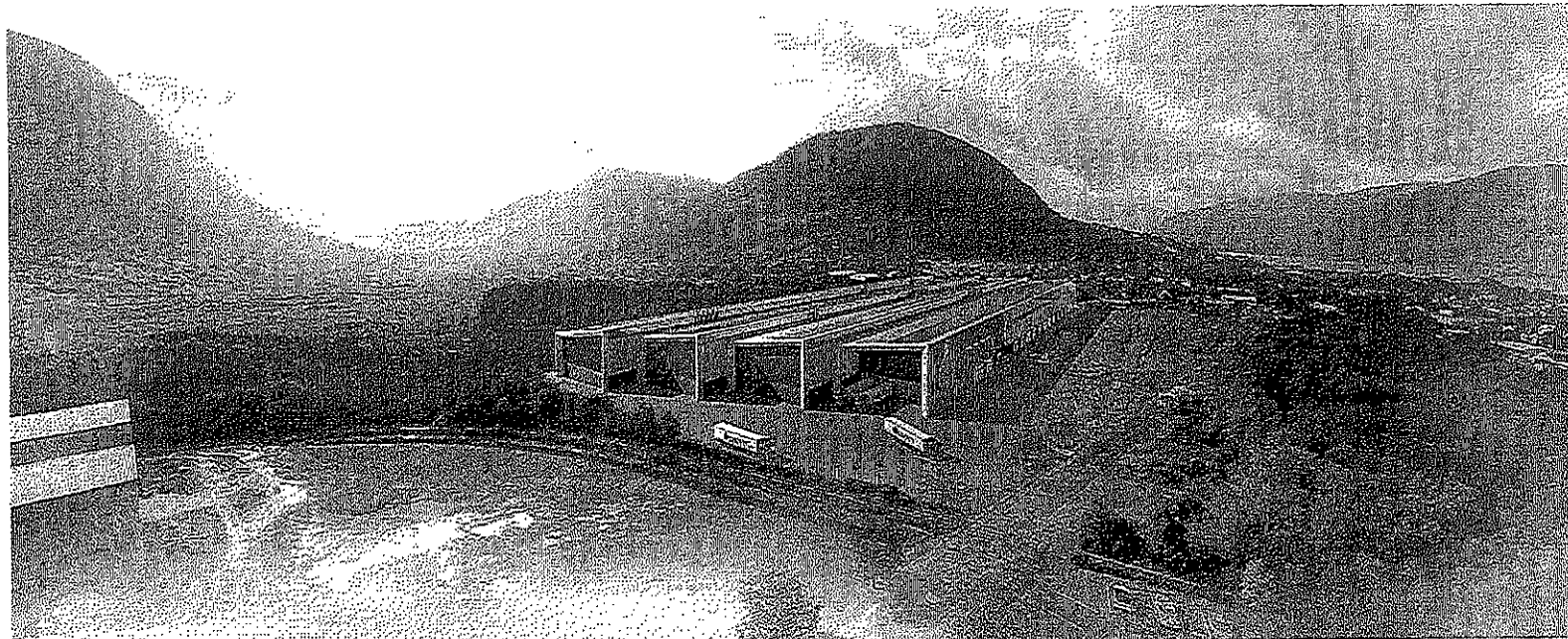


- SIMEC acquired 100% of GHR & 49.99% of Atlantis
- Boosting Scottish clean power generation

Liberty British Aluminium – Project ACE



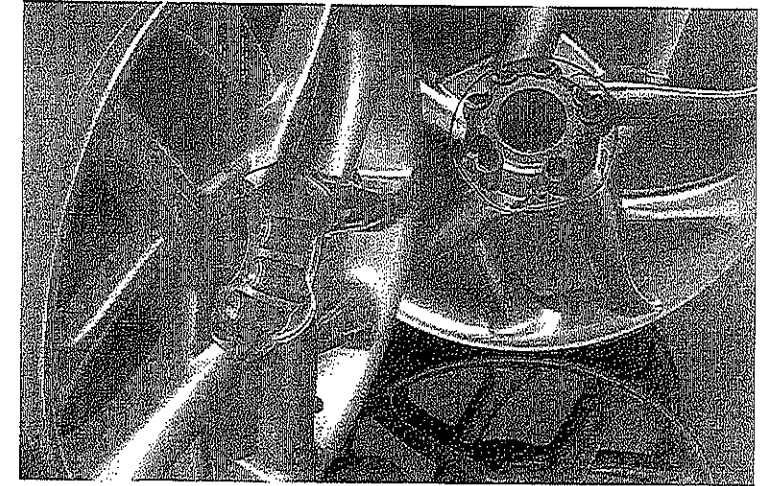
- Project ACE is the plan to create a flow of molten aluminium from the Lochaber smelter for the casting of at least two million wheels per annum.
- ACE has moved from concept to a fully considered design.



Project ACE market analysis



- Liberty is now a key supplier of both steel and aluminium parts to all the key UK Automotive OEM's
- Acquisitions of AMTEK UK and CovPress (Re-branded Liberty Pressing Solutions and Liberty Aluminium Technologies) added breadth and capacity to Liberty's existing automotive and aluminium assets
- Strong interest in a UK-to-UK supplier of aluminium wheels



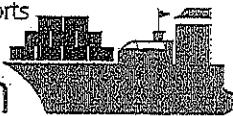
Significantly lower
carbon footprint
per alloy wheel set



Security
of SUPPLY



In 2016 net UK imports
of alloy wheels were
c.£264m

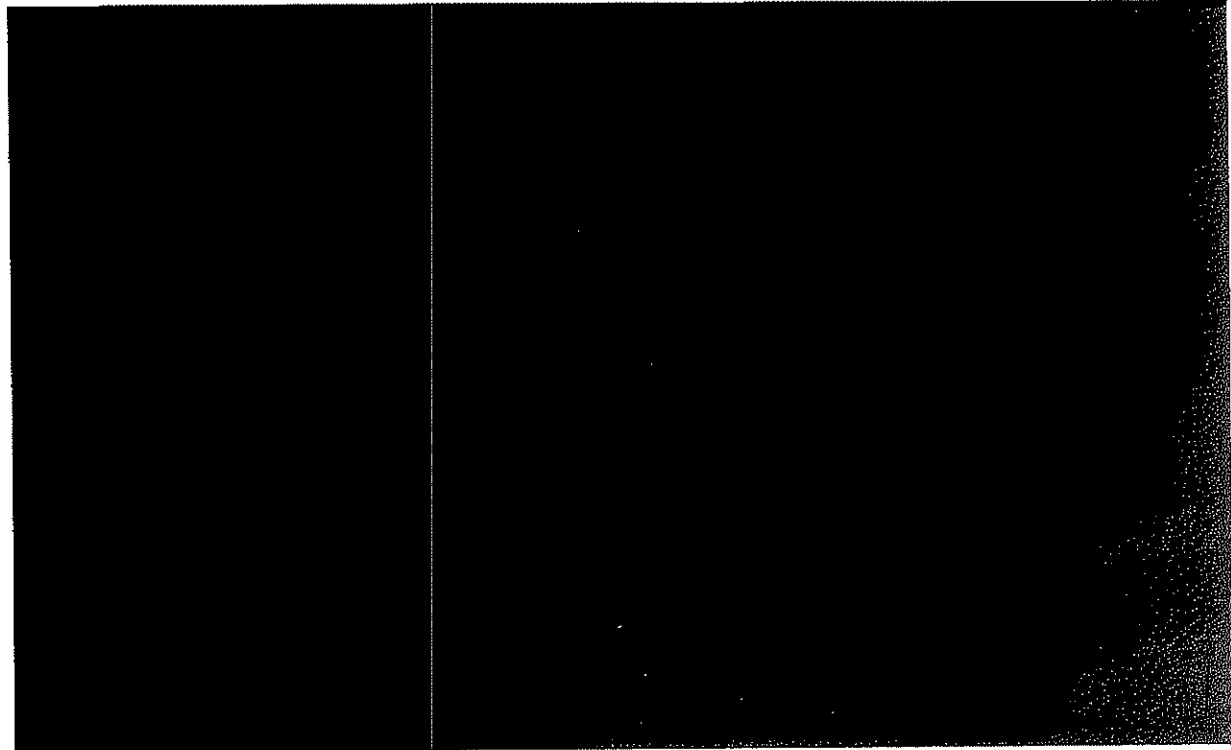


50 %
of these wheels came
from outside of the EU

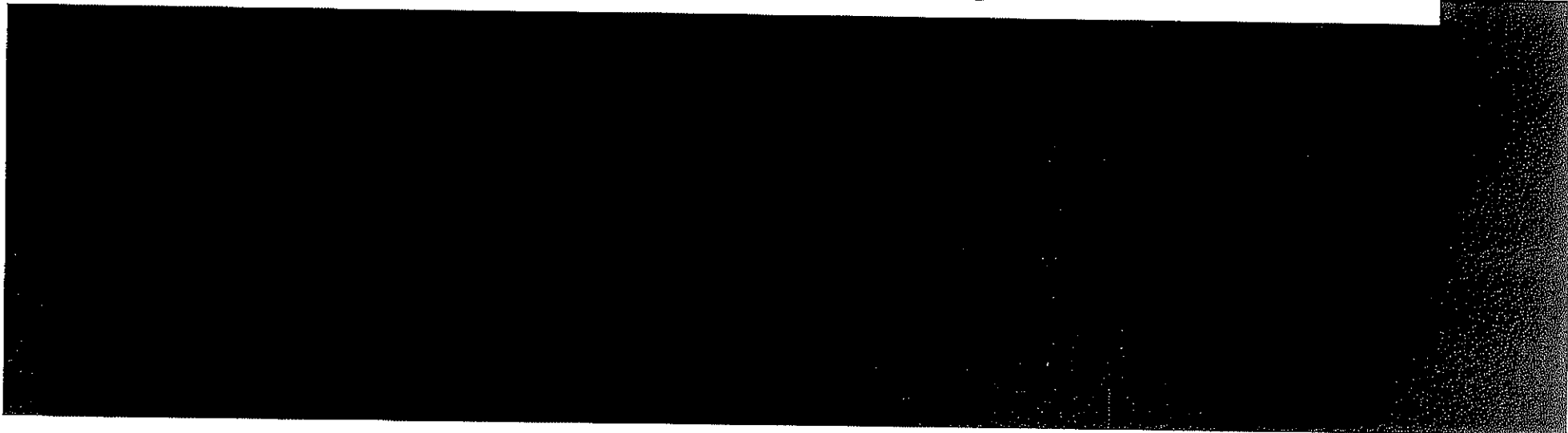


UK producer
to support UK OEMs

OEM ENGAGEMENT WHEELS



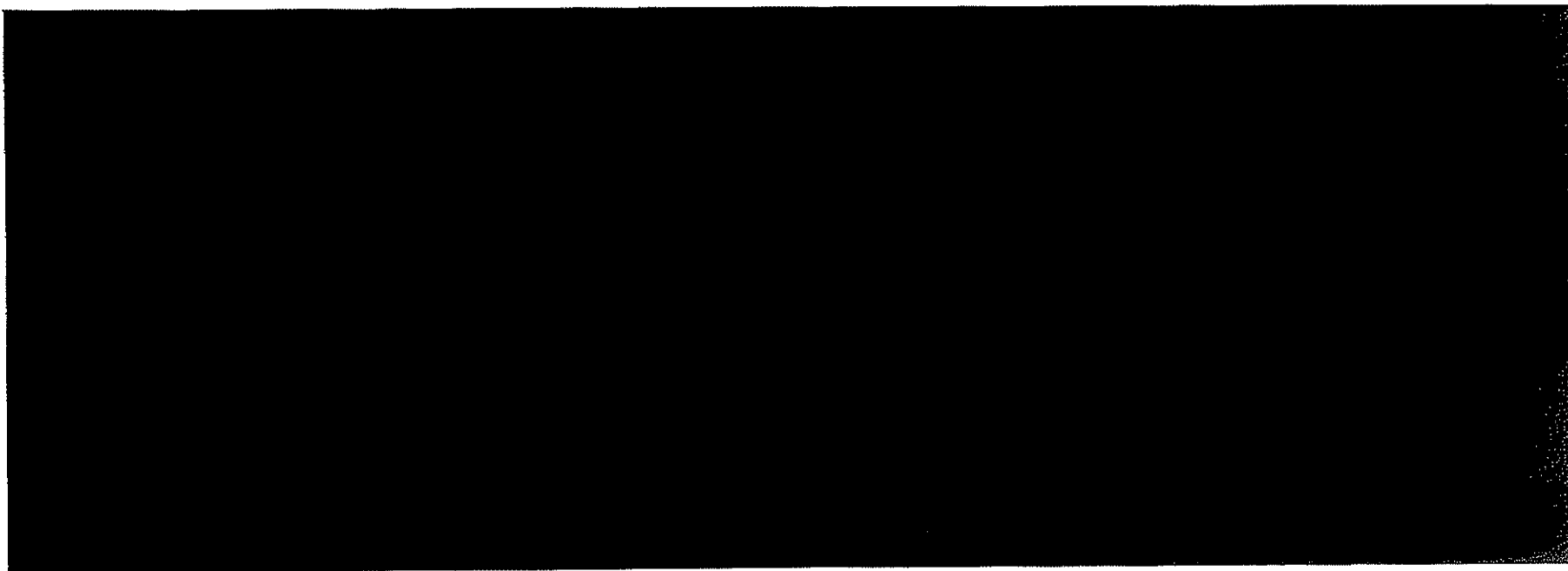
OEM ENGAGEMENT WHEELS

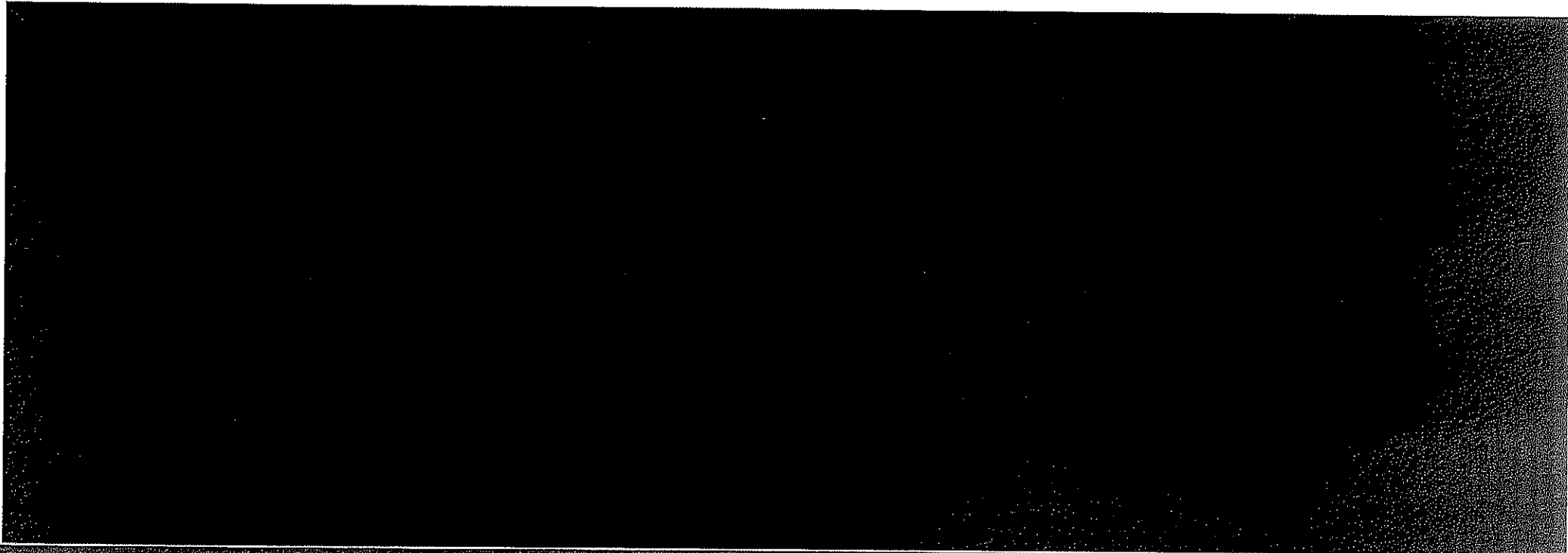


- Liberty are now members of the European Union Wheels Association (UWA0) and are engaging with the other EU major wheelmakers through this channel



FUTURE PROOFING OPPORTUNITY

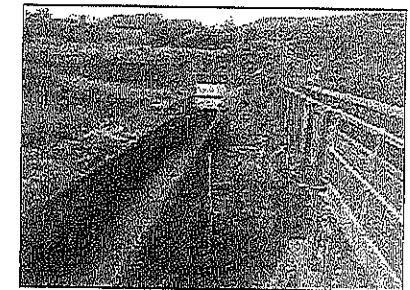
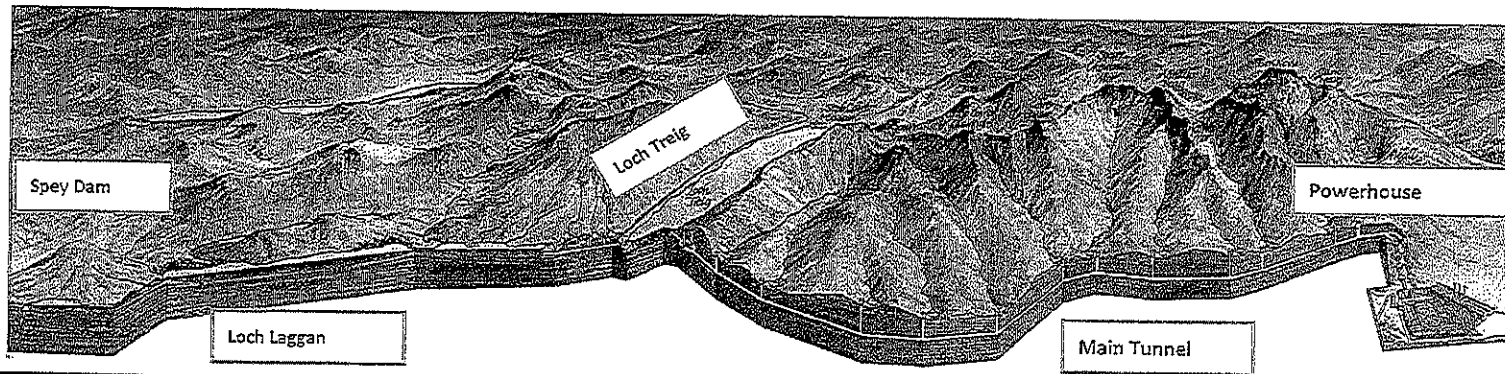
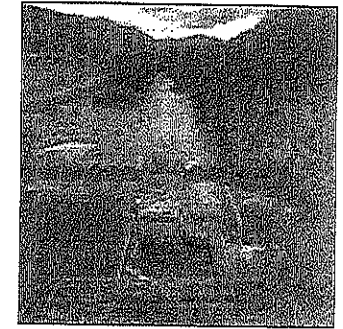
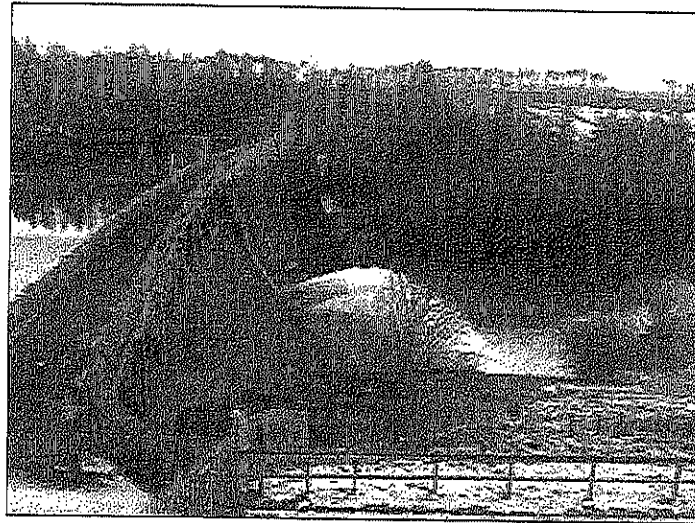
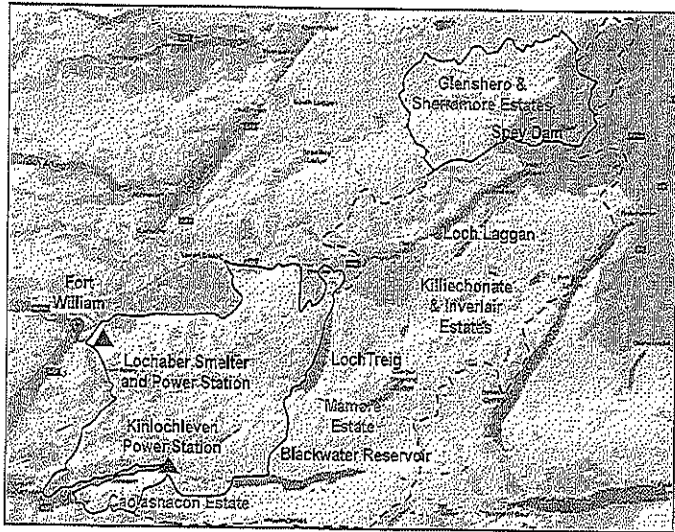






Section 3: JAHAMA Highland Estates

A model for estate ownership



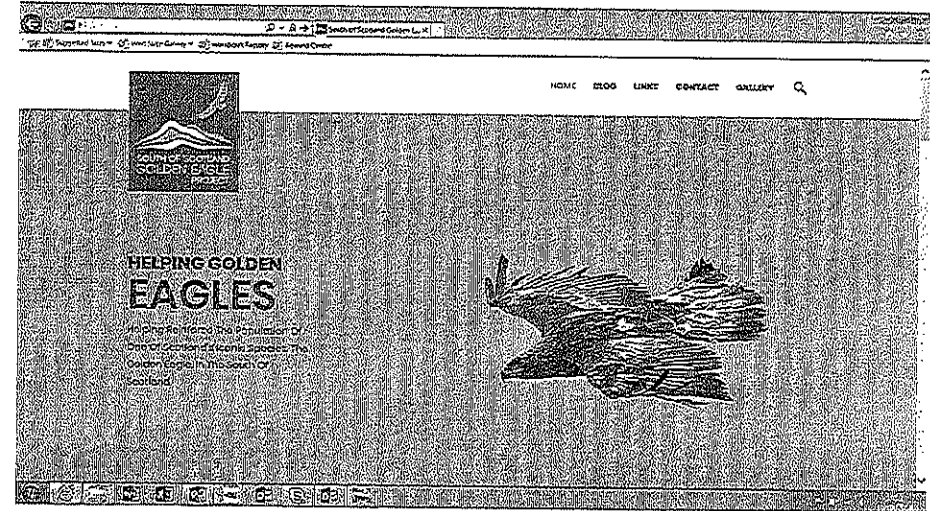
Estate Management

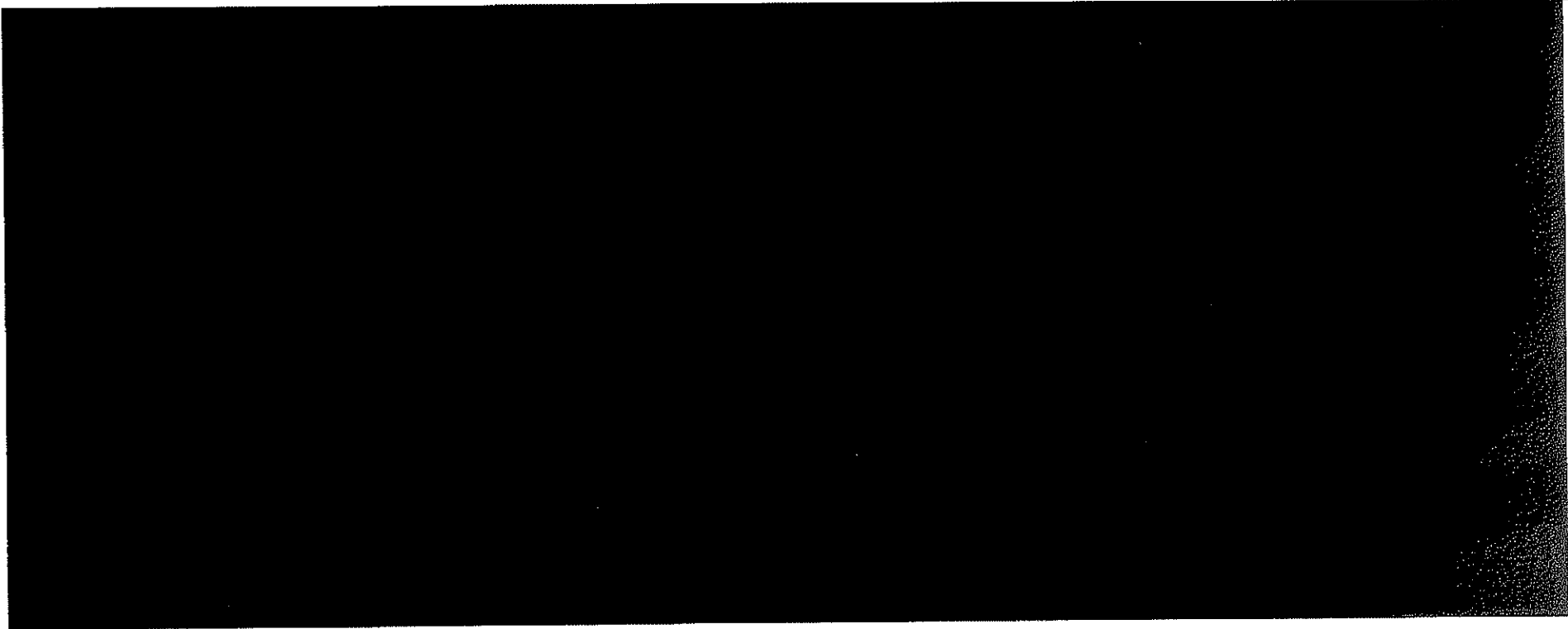


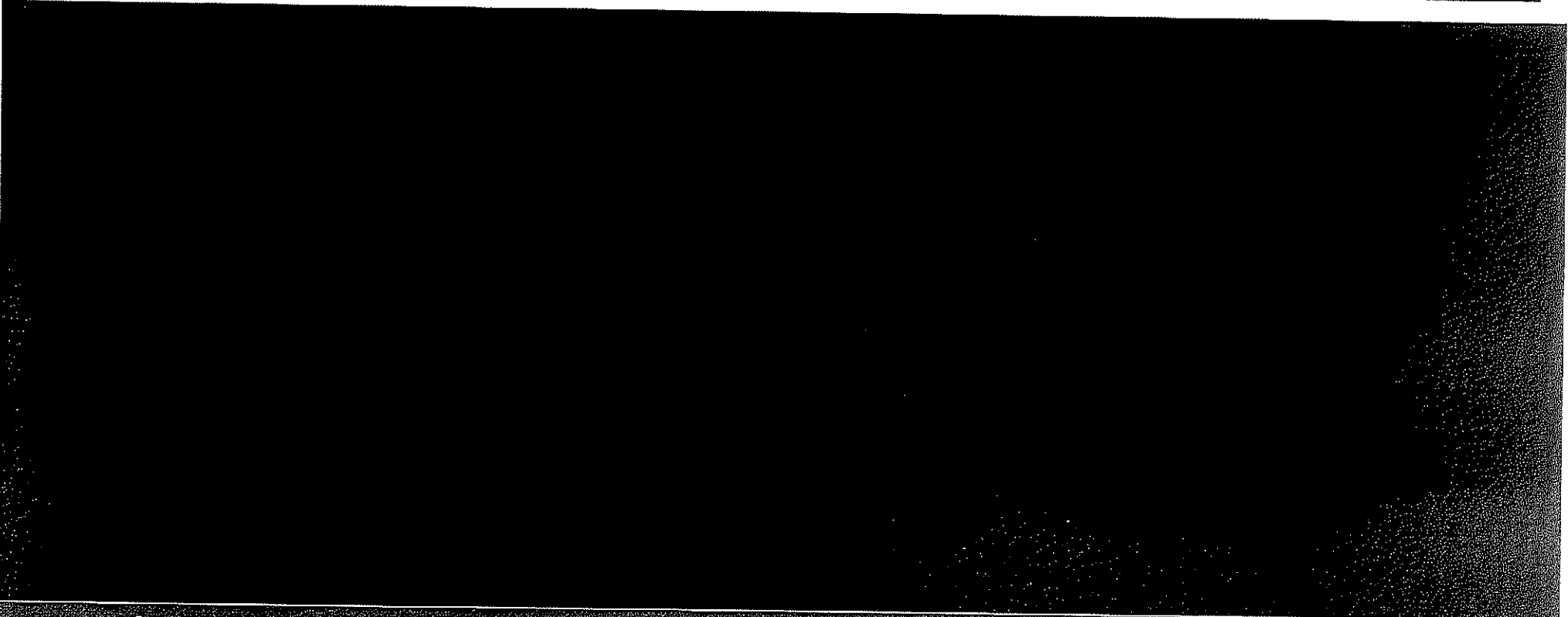
- Renovation and Restoration of housing stock
 - Works underway at Glenshero and Sherramore Lodges, staff accommodation at Killiehonate
 - Condition surveys complete throughout
 - Killiehonate Lodge – potential renovation for staff accommodation
 - Mamore Lodge – looking for operator/partner
- Estate Staff
 - Accommodation changes at Glenshero
 - Review of Terms & Conditions to align with Smelter
 - Operations Manager recruited
- Hydros & Windfarm
- Community Land Transfer
 - Scottish Government discussions ongoing
- Spey Dam
 - Commissioned joint review of scientific data with SEPA and Spey Fisheries Board
- MoD – Review of lease and Hostel
- Events – Mountain Bike World Champs, Skyrunner, Trials Bikes x 3, Enduro World Champs Bid
- Zipwire - Kinlochleven
- Branding & Marketing
 - New website live, tweed and tartan worn by team

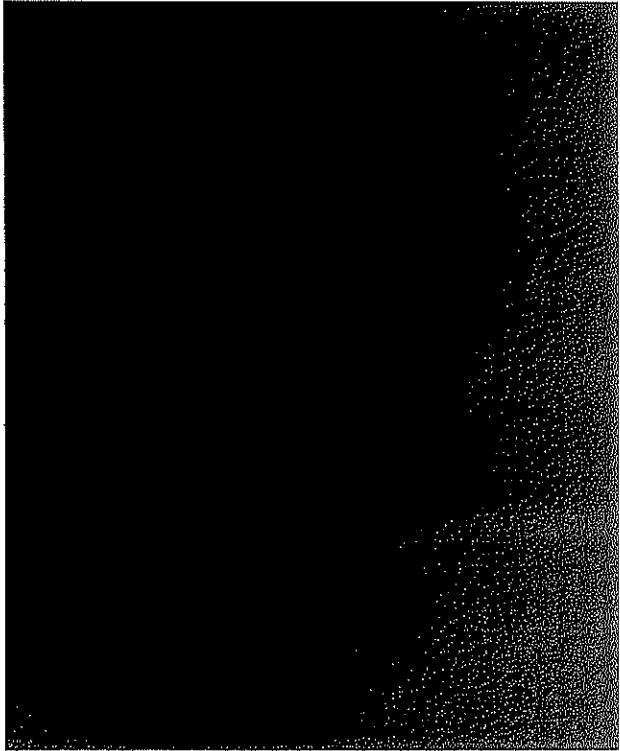
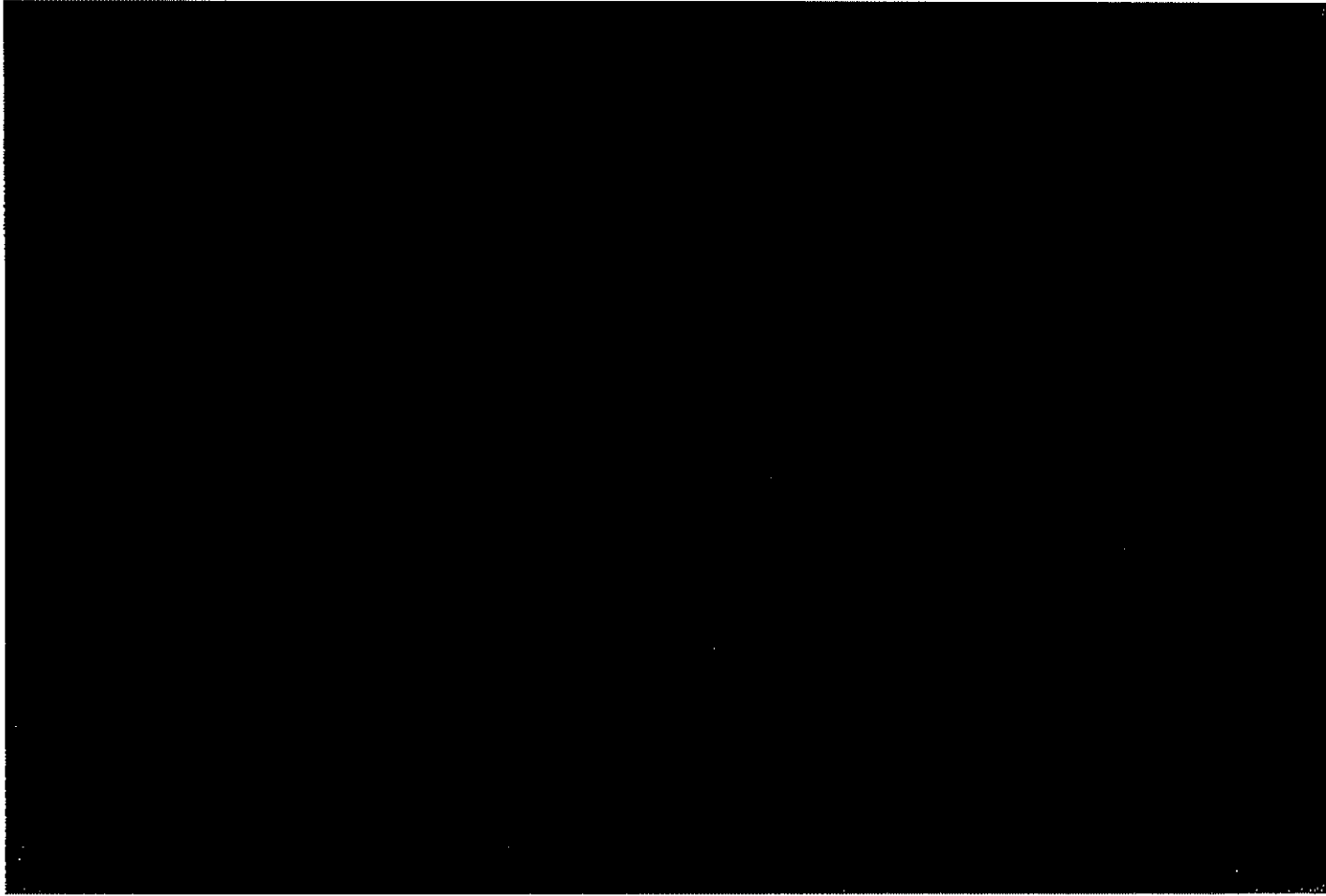


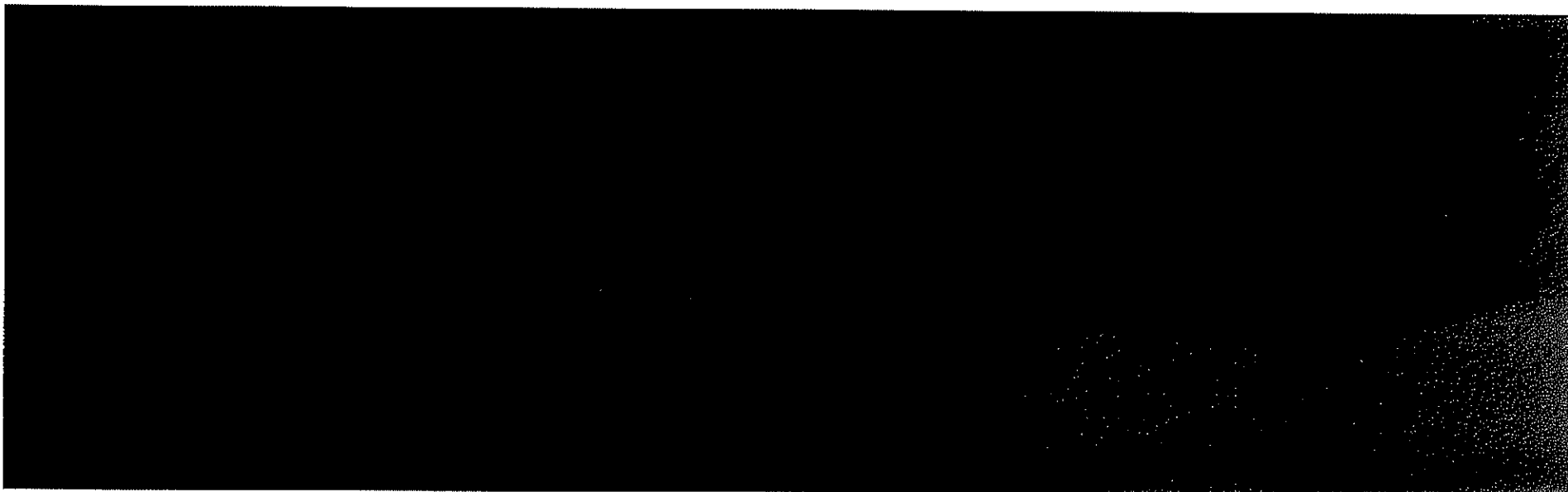
Jahama Eagles move South

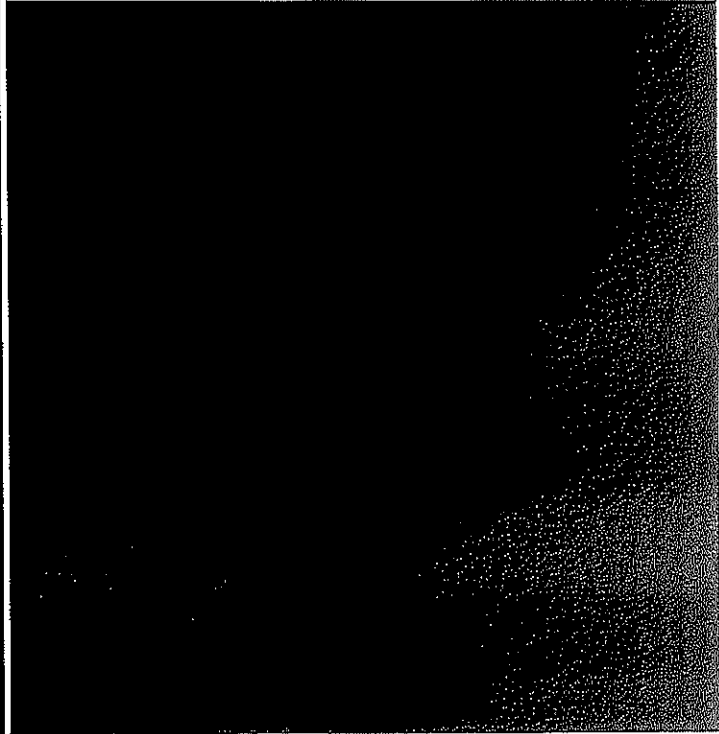
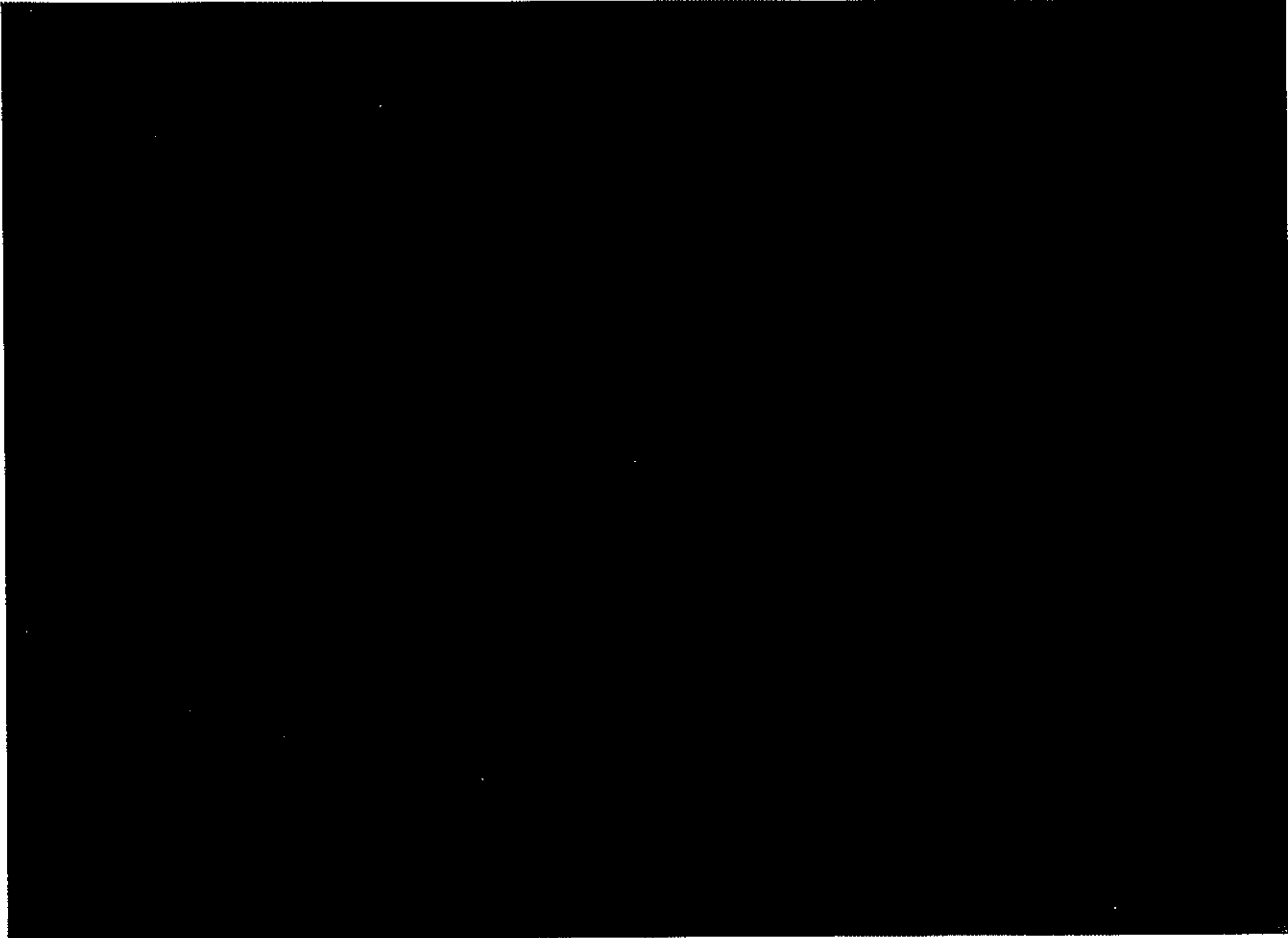


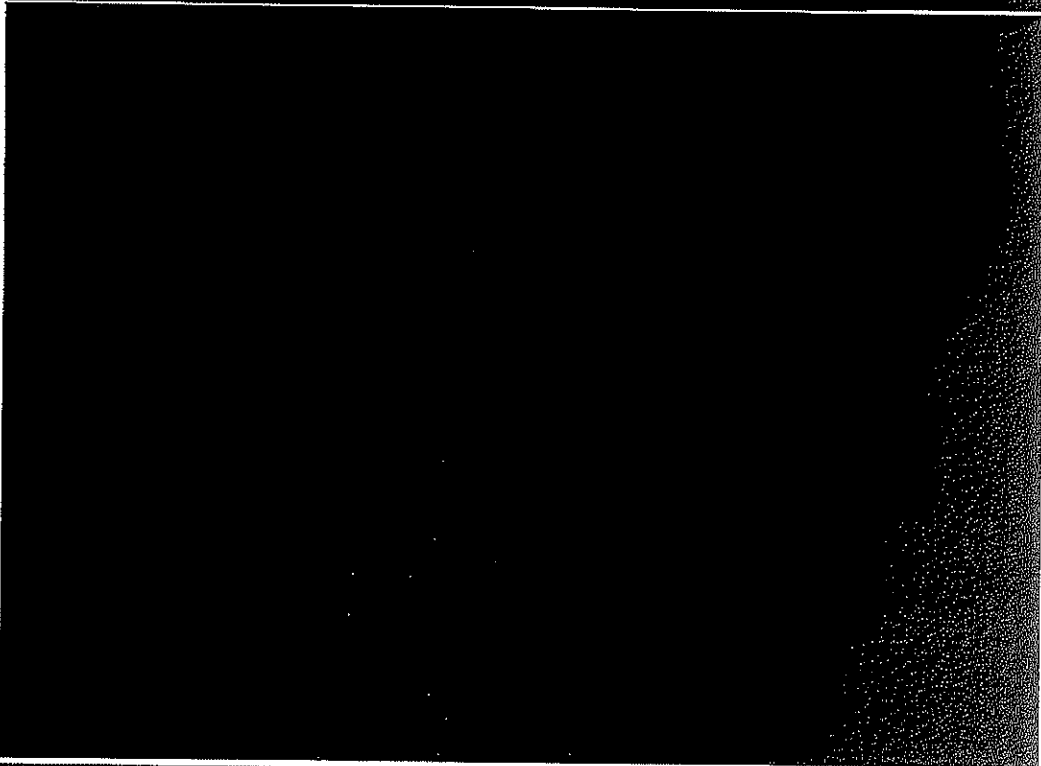
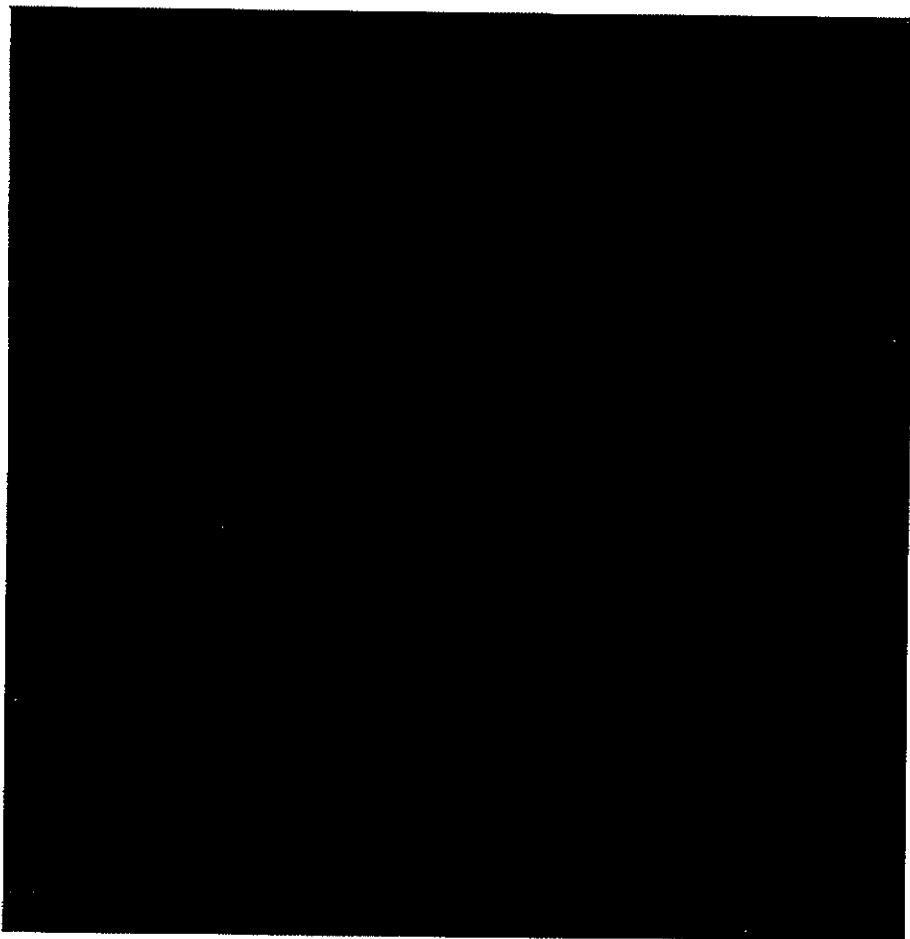


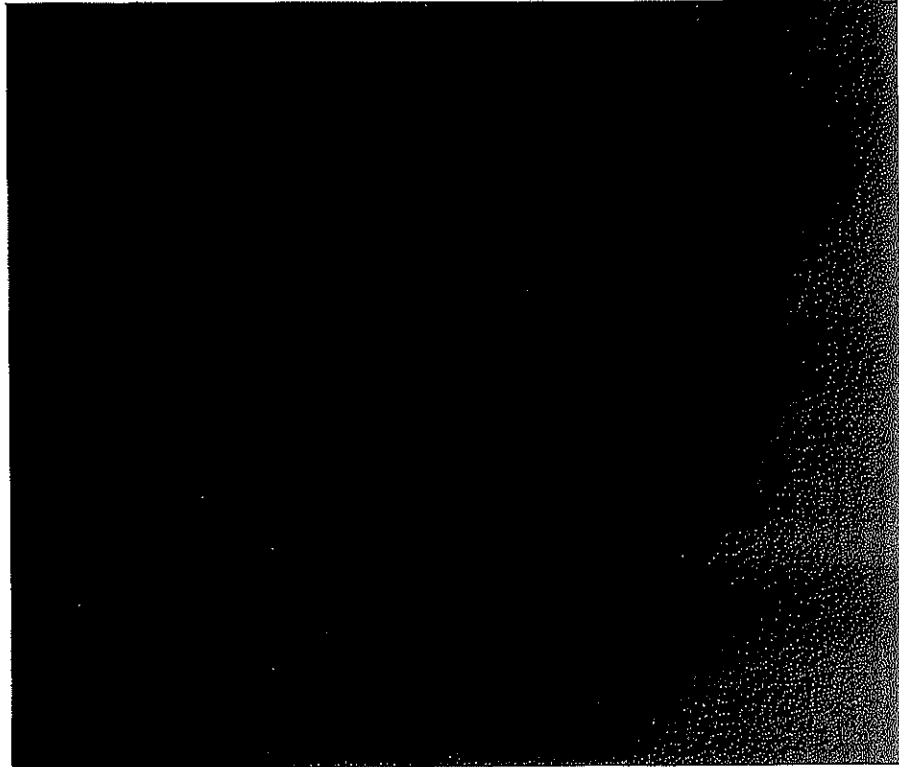
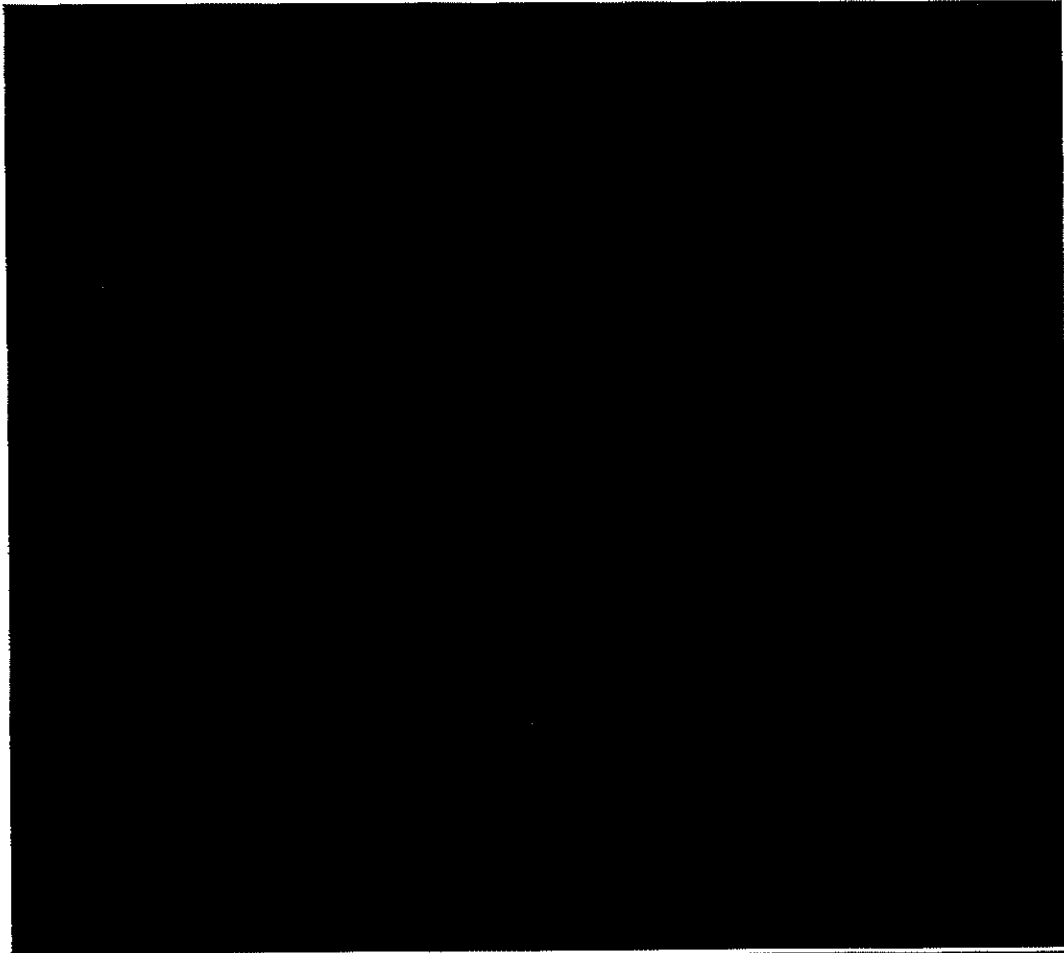


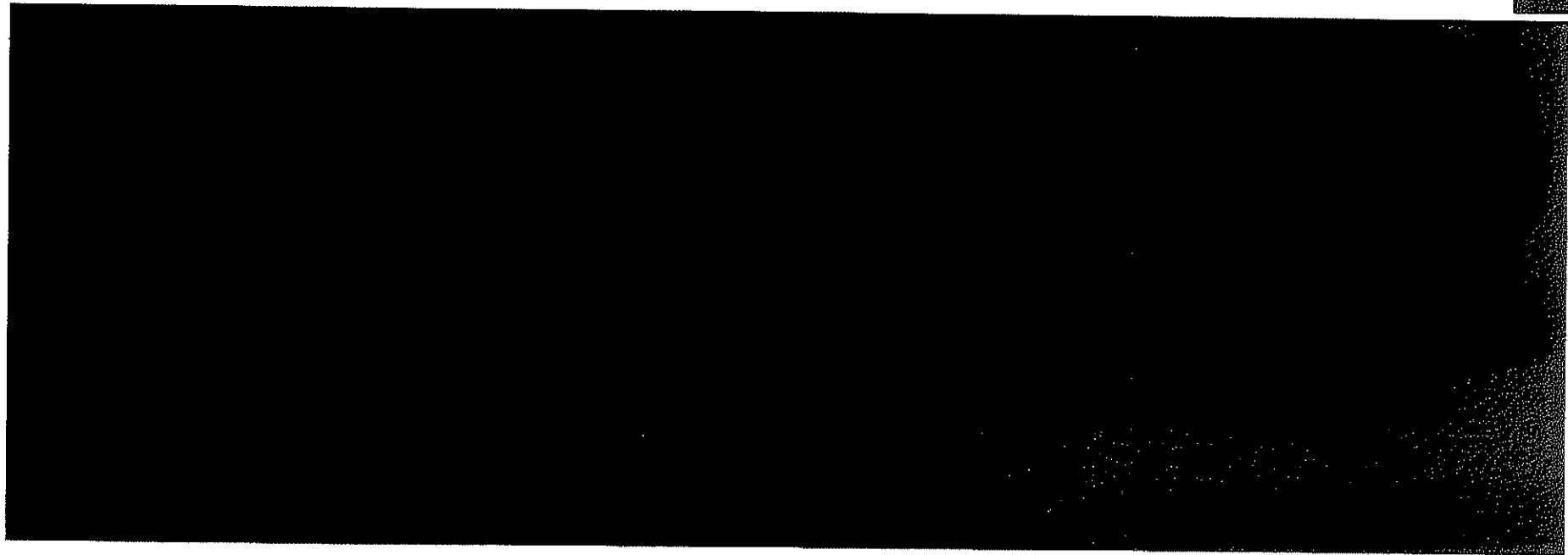


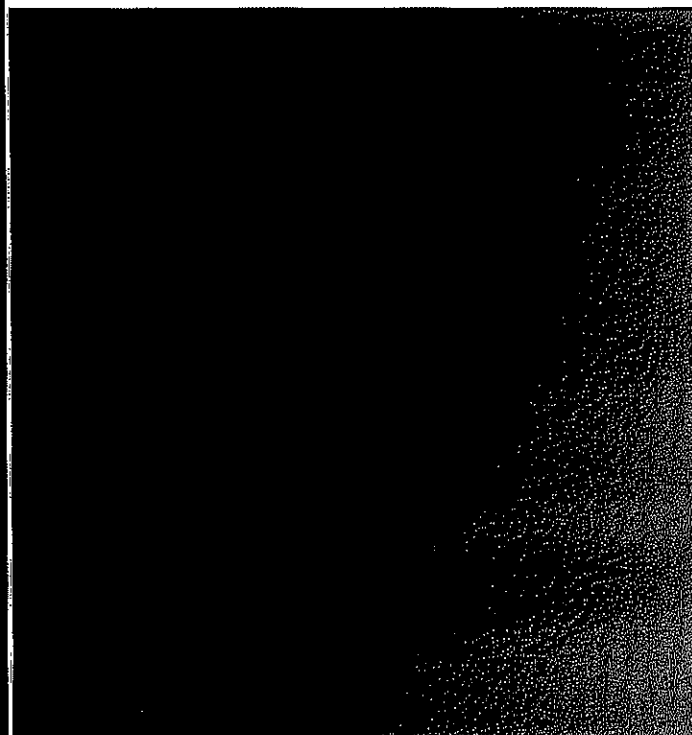
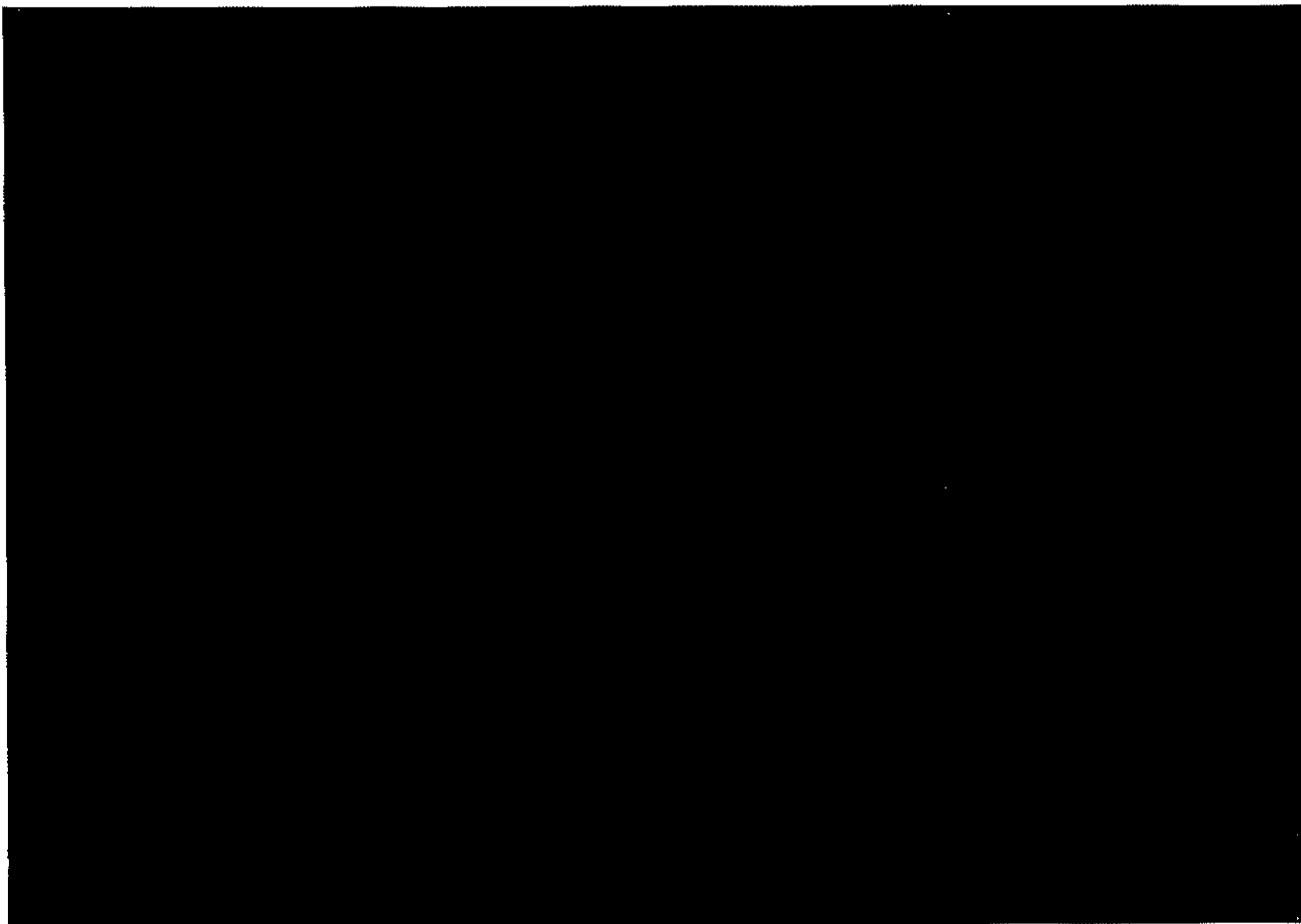


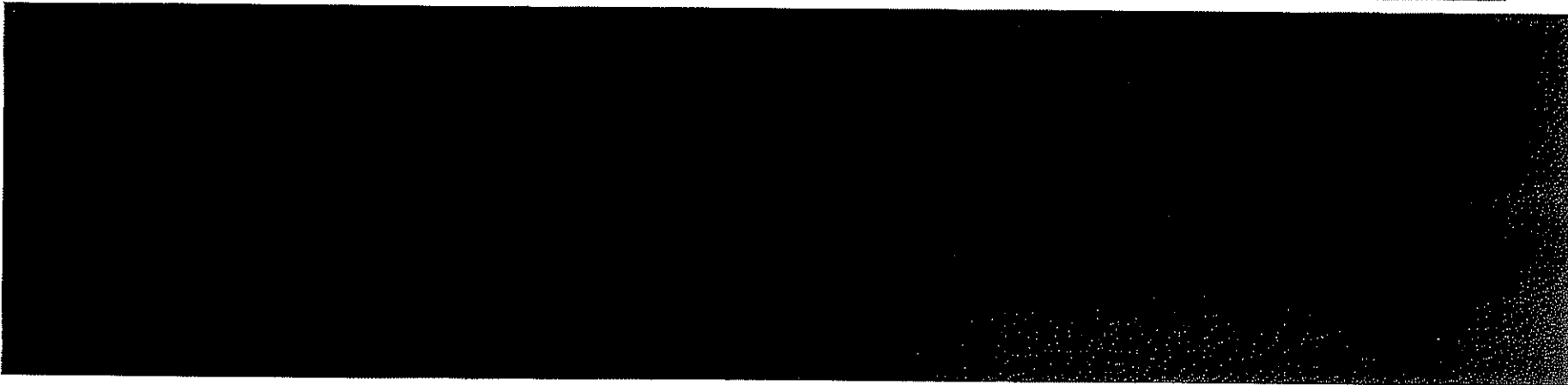
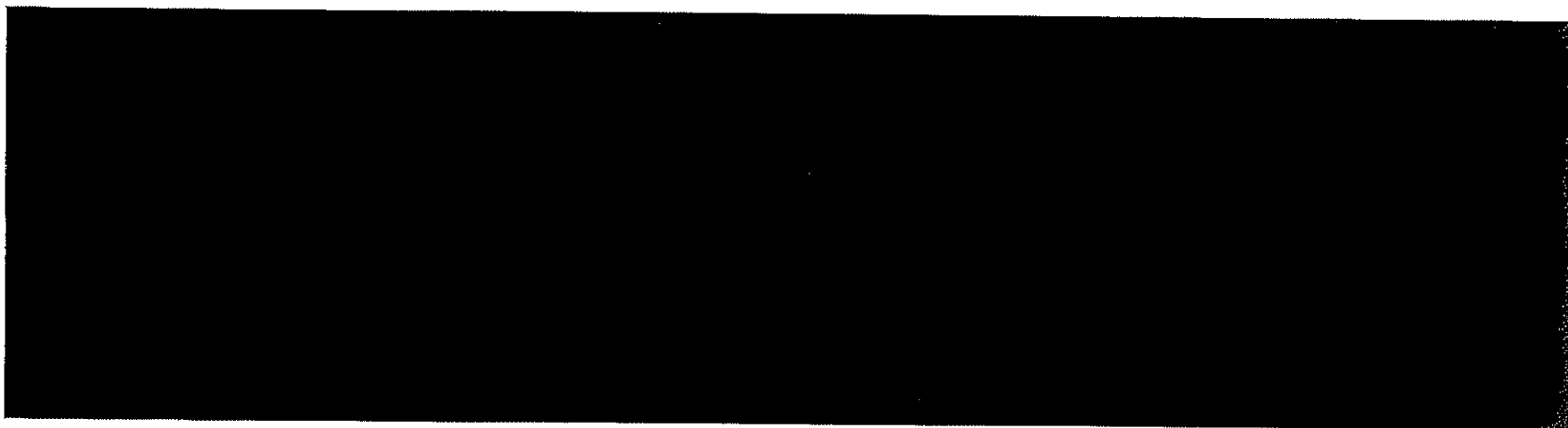


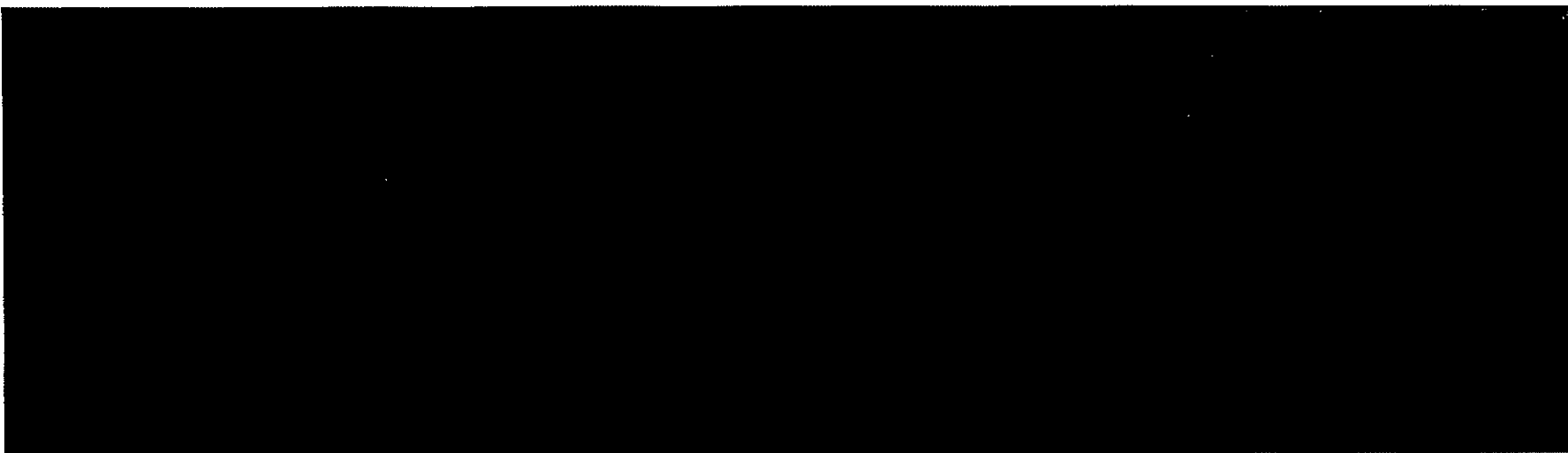


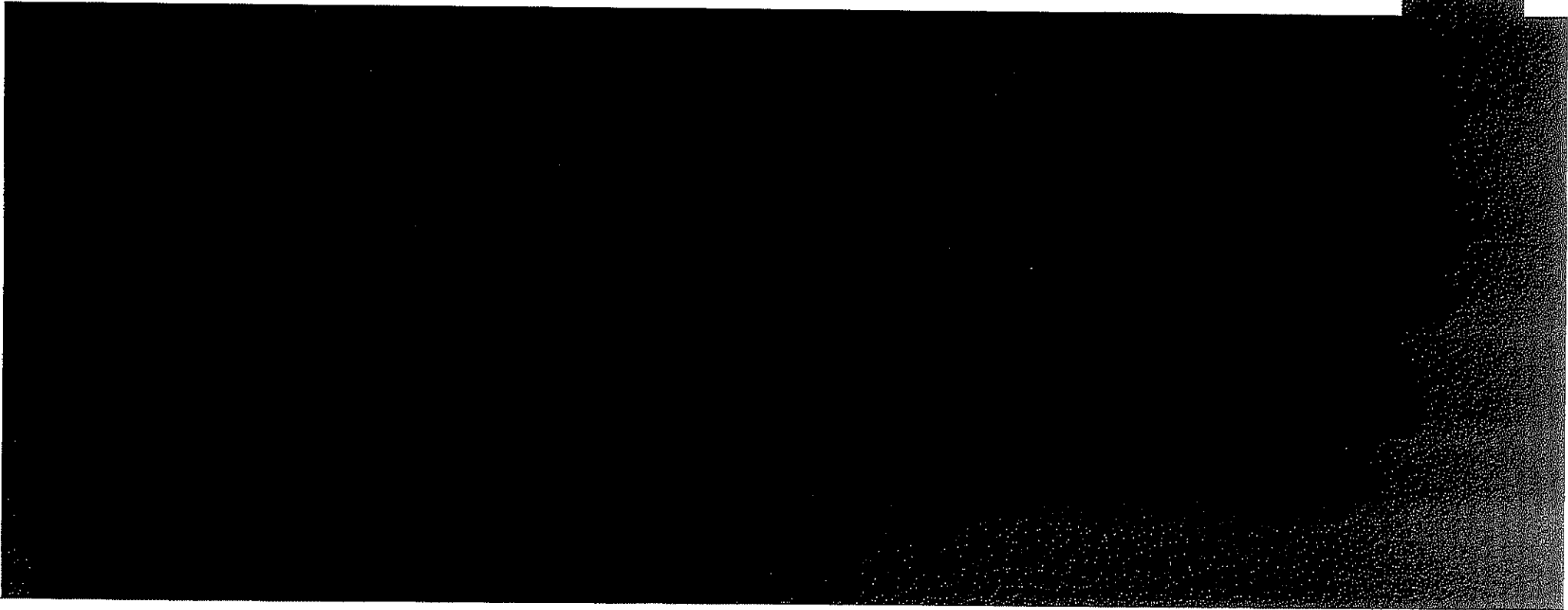


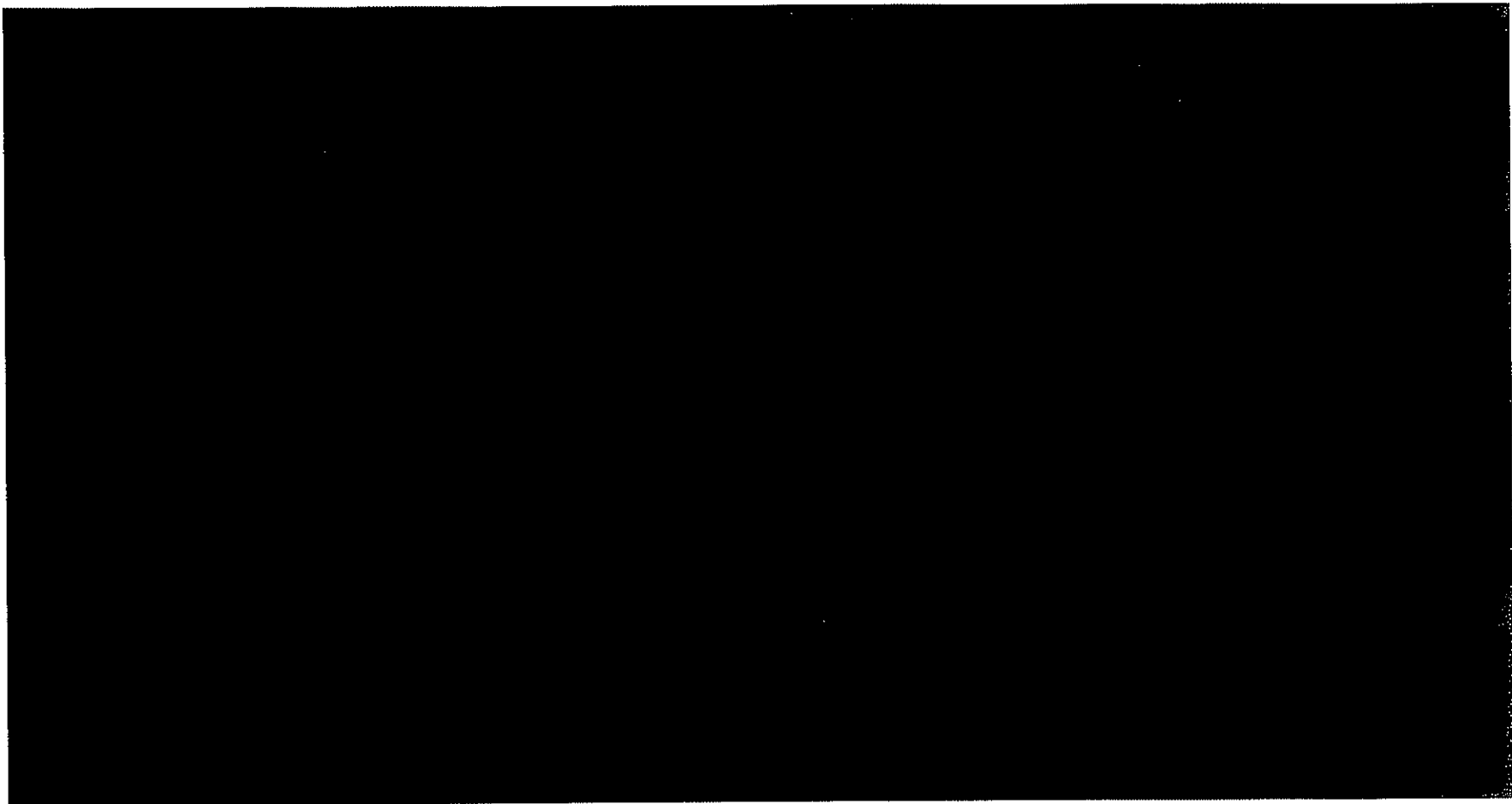


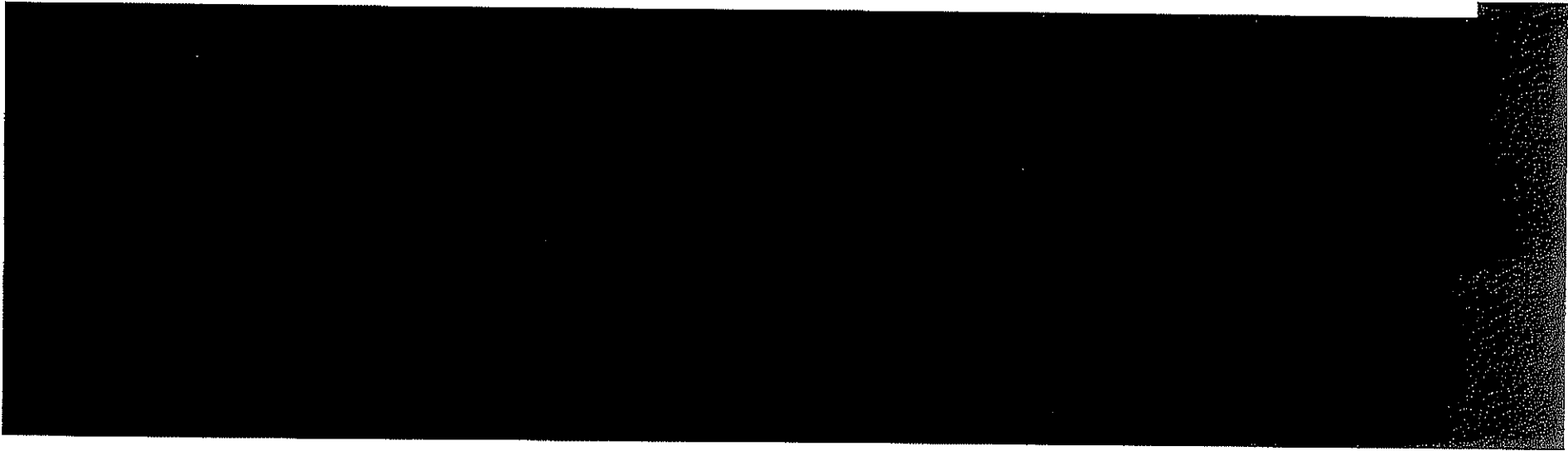


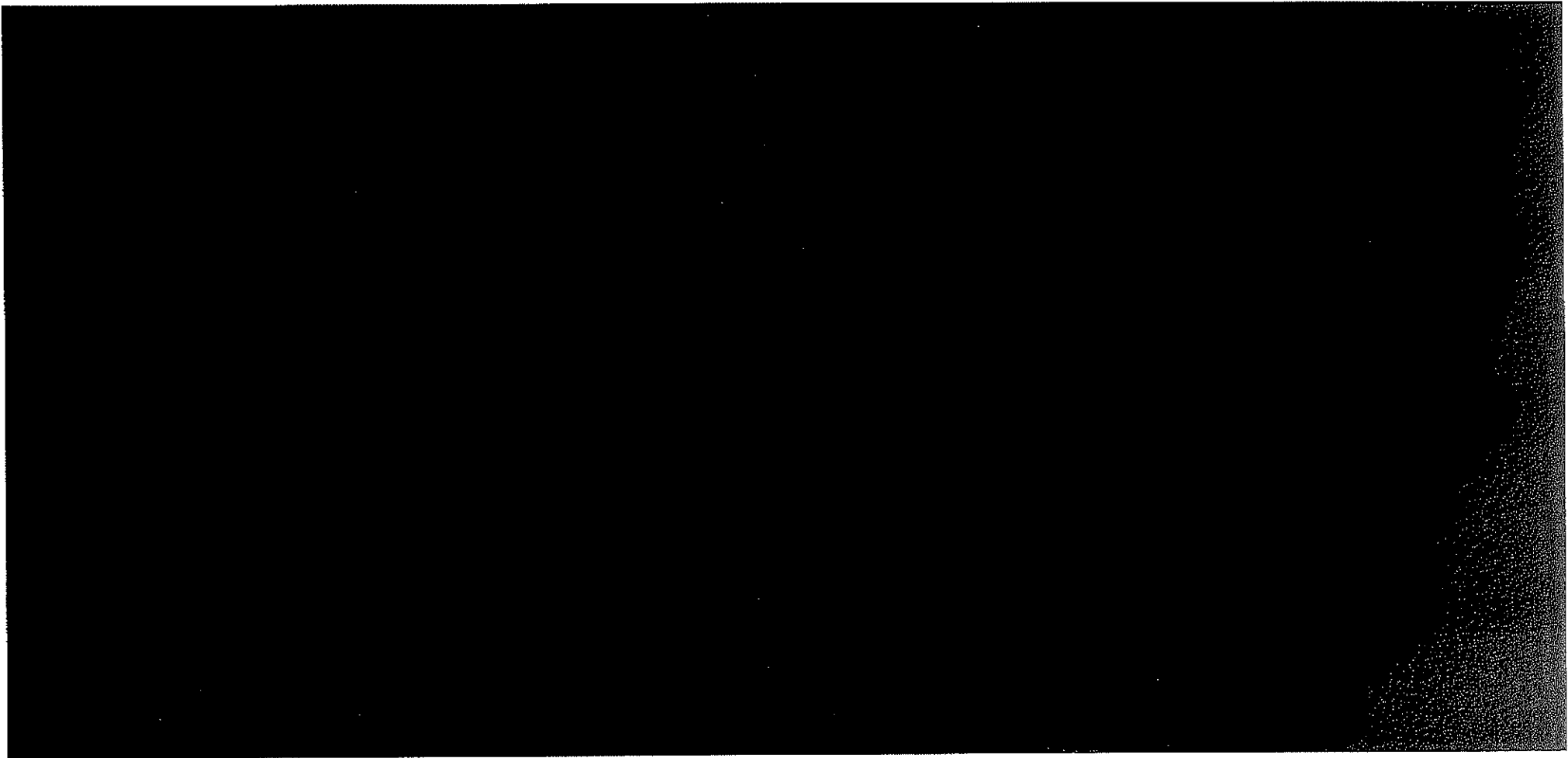


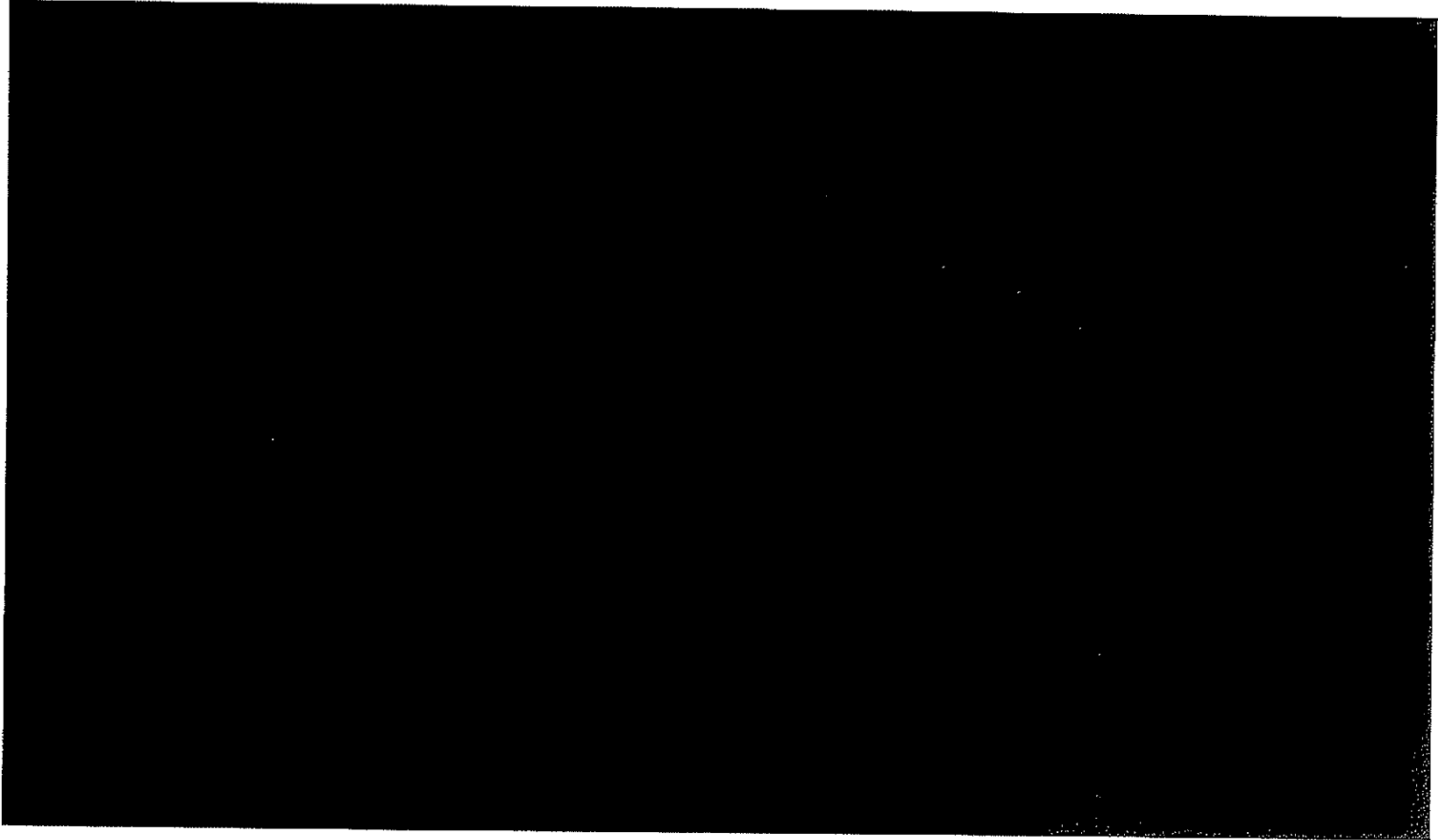














Thank You

4(a)

4) GFG Alliance and Keith Brown on 29/3/18

ATTACHMENT BELOW

From: [REDACTED]@gov.scot>
Sent: 28 March 2018 17:13
To: zzzCabinet Secretary for Economy, Jobs and Fair Work <zzzCabSecEJFW@gov.scot>; zzzMinister for Business, Innovation and Energy <zzzMinisterbie@gov.scot>
Cc: McAllan M (Mary) <Mary.McAllan@gov.scot>; Rollison R (Richard) <Richard.Rollison@gov.scot>; [REDACTED]@gov.scot>; [REDACTED] gov.scot>; [REDACTED]@gov.scot>; [REDACTED] gov.scot>; [REDACTED] ; Maxwell S (Stewart) (Special Adviser) <Stewart.Maxwell2@gov.scot>
Subject: Cab Sec Meeting with Sean Parsons and Jon Bolton - GFG Alliance (Steel)

PS, please find attached a short briefing pack for Mr Brown's meeting tomorrow afternoon with the GFG Alliance. Officials from the GFG Alliance will also be at the Steel Roundtable meeting in the morning being chaired by Mr Wheelhouse.

[REDACTED]

[REDACTED] | Innovation, Investment and Industries Division | Directorate for Economic Development | Scottish Government | 5 Atlantic Quay | 150 Broomielaw | Glasgow | G2 8LU |

[REDACTED]



year of young people
bliadhna na h-òigridh
2018

beachdan Riaghaltas na h-Alba.

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4 (c)

**BRIEFING FOR THE CABINET SECRETARY FOR ECONOMY, JOBS AND FAIR WORK
MEETING WITH SEAN PARSONS & JON BOLTON**

THURSDAY 29 MARCH 2018

Key message	Engagement with the GFG Alliance on their plans and how to best deliver the company's key economic priorities for the Government. These are: <ul style="list-style-type: none">o [REDACTED]o full realisation of the Lochaber project
What	Meeting to discuss GFG's developments and future proposals for its steel sites in Scotland.
Why	The GFG Alliance has two main steel business interests in Scotland: Liberty Steel at Dalzell and Clydebridge. It has outlined development proposals for its steel sites alongside requests for SG support.
Who	Jon Bolton, Chief Executive Officer, Liberty Steel UK Sean Parsons, Head of External Affairs, Liberty House Group
Where	T4.03, Scottish Parliament, The Royal Mile, Edinburgh EH99 1SP
When	14:00 - 14:45
Likely themes	<ul style="list-style-type: none">• Discussion on GFG Alliance's development proposals for steel at Dalzell and Clydebridge.
Supporting official	<ul style="list-style-type: none">• [REDACTED] [Head of Strategic Industrial Projects] [REDACTED]• [REDACTED] [Senior Project and Policy Manager], [REDACTED]• [REDACTED] Scottish Enterprise [REDACTED]
Attached documents	ATTACHED PRESENTATION SEPARATE

SUMMARY PAGE

Our key economic development priorities for engagement with GFG Alliance are:

- [REDACTED]
- and
- full realisation of the Lochaber project. The alloy wheels plant and the associated investments have the potential to generate direct investment worth several hundred million pounds and employment for up to 400 people in the wheels factory alone. There is huge economic potential for related investment in housing, renewable energy schemes, skills and an R&D centre, port and gas infrastructure too.

Key Messages for the GFG Alliance

We recognise, and value highly, your commitment to Scotland

- Appreciate your commitment to invest and do business in Scotland across a range of sectors and to sustaining employment for hundreds of people.
- Your green aims and 'GREENSTEEL STRATEGY' aligns with our low carbon goals.

We have matched your commitment and operated with pace and creativity to help realise the industrial vision of the GFG Alliance

- The Lochaber guarantee and Dalzell loan are significant transactions for us.
- The Lochaber guarantee is the first of its type – we would be open to considering the potential for other industrial interventions in the future but only when the desired outcomes are realised and implementation of the plans for Lochaber has progressed.
- Welcome the steady progress at Dalzell and are pleased to see the planning approval for the Fort William factory – a major milestone achieved. [REDACTED]

We appreciate that GFG is meeting its commitments to Ministers and our high confidence is best maintained through delivery.

- Progress will bolster our confidence but not guarantee future SG support. Each case will be considered on its individual merits, requiring rigorous diligence and detailed scrutiny.
- Our support balances risks and rewards – as risks subside and rewards materialise we could have more scope to consider future transactions.
- Appreciate that industrial projects and turnaround businesses can be hard to fund from commercial funding sources alone and we are willing to share risk where it enhances prosperity and delivers value for money.

Our key economic development priorities for GFG are clear

- We are committed to the [REDACTED] is a hugely exciting concept.
- We look forward to full realisation of the Lochaber project – the investment in the alloy wheels plant and the energy assets at Lochaber

GFG ALLIANCE IN SCOTLAND**Liberty House Group (part of the GFG Alliance)**

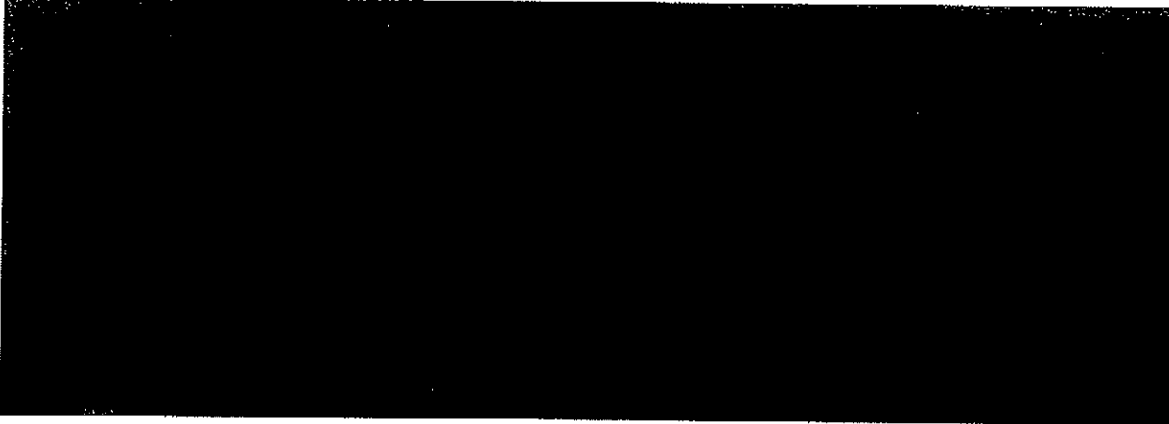
Liberty House Group is an international metals and industrial group, specialising in commodities, metals recycling, manufacture of steel, aluminium and engineering products. It is headquartered in London and has strategic global hubs located in Dubai, Singapore, Hong Kong and Sydney, and an extended network of operations covering more than 30 countries. Its current turnover is approaching \$6.8 billion and it employs over 10,000 people globally.

Liberty House Group in Scotland

Liberty House Group has two main business interests in Scotland: Liberty Steel at Dalzell Clydebridge; and Liberty British Aluminium at Fort William.

The GFG Alliance also has increasingly significant renewable energy interests in Scotland via its subsidiary SIMEC. SIMEC has acquired Green Highland Renewables (Scottish developer of hydro-electric schemes bought in December 2017) projects and Atlantis Resources (still to complete) which owns the MeyGen tidal energy project. The Group also owns a small bicycle manufacturer, Shand Cycles, in Livingston.

SIMEC is the owner of the two large hydro-electric plants the GFG Alliance own in Lochaber and they are developing plans for a large scale windfarm (170MWs) at Glenshero on the Lochaber estate. We expect the windfarm to go forward for planning permission in late summer 2018.

Liberty Steel – Key statistics**Liberty British Aluminium – Key statistics**

- Headcount: GFG Alliance's combined Lochaber operations directly employ around 170 people across the smelter, energy and estate businesses.



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

expectations at the time the SG guarantee was signed:

[REDACTED]

As part of the Lochaber Guarantee GFG made a number of commitments and undertakings to Ministers – the key ones include:

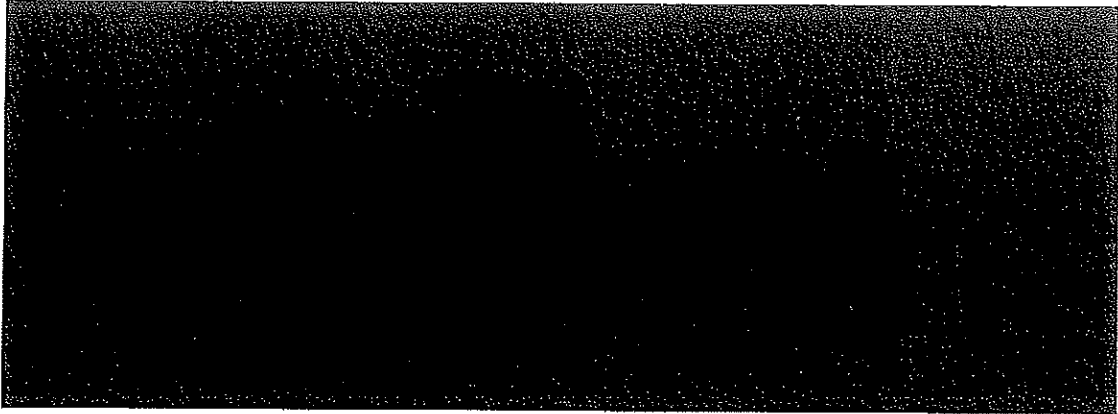
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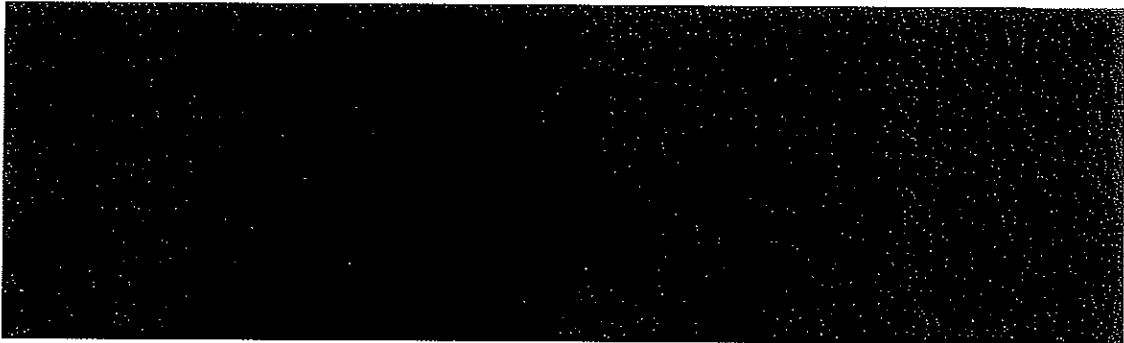
Liberty Steel (performance and commitments)

Scottish Enterprise provided Liberty Steel with a £7m loan for working capital purposes in March 2017 and grant funding of £1.97m towards Training and Disadvantaged Workers in November 2016.

[REDACTED]




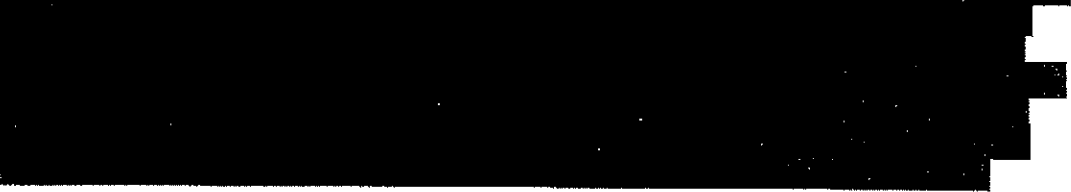
Short-term investment priorities



Our current discussions with Liberty Steel are therefore focussed on the company's performance at Dalzell. Scottish Enterprise received a revised Business Plan for Dalzell this month, which they are now considering. We are also considering Liberty Steel's immediate investment priorities.

SG/SE will meet with the team leading on 


Long-term investment

For the longer-term, Liberty Steel are considering 




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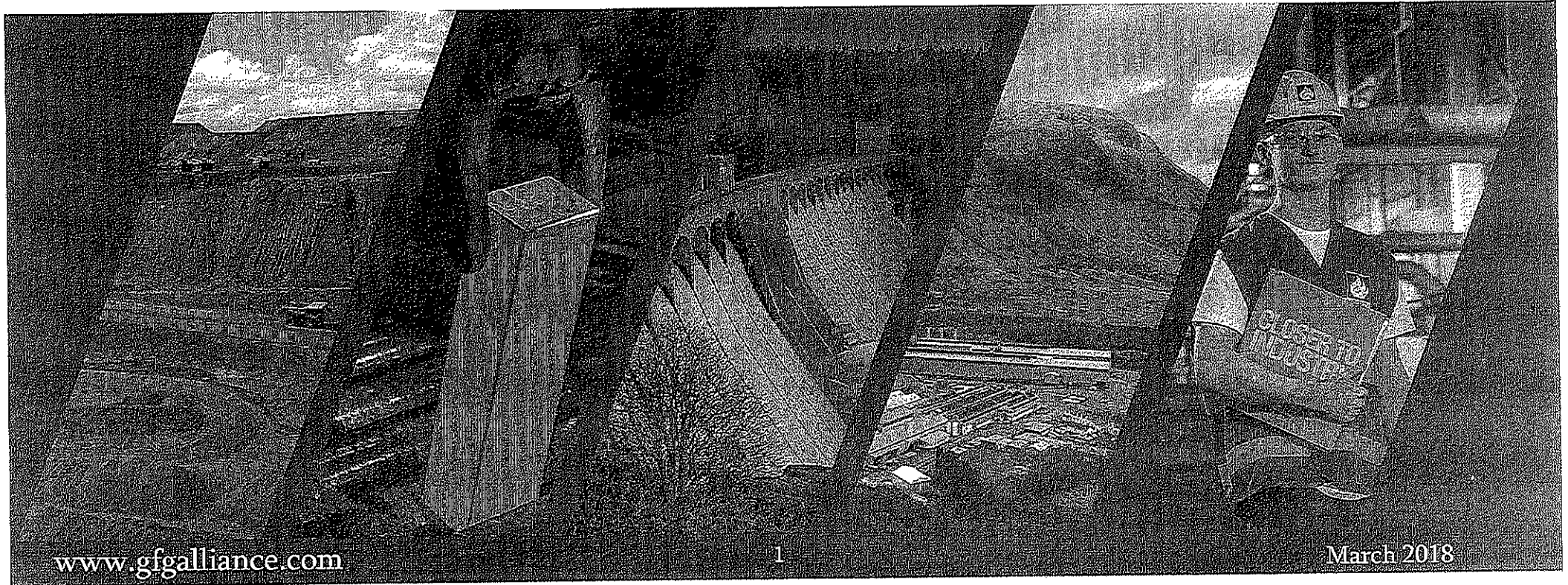


GFG Alliance: SCOTLAND

Presentation to The First Minister

Update on Dalzell & Fort William, plus update on Projects ACE, SHEAR, & BRUCE

March 2018



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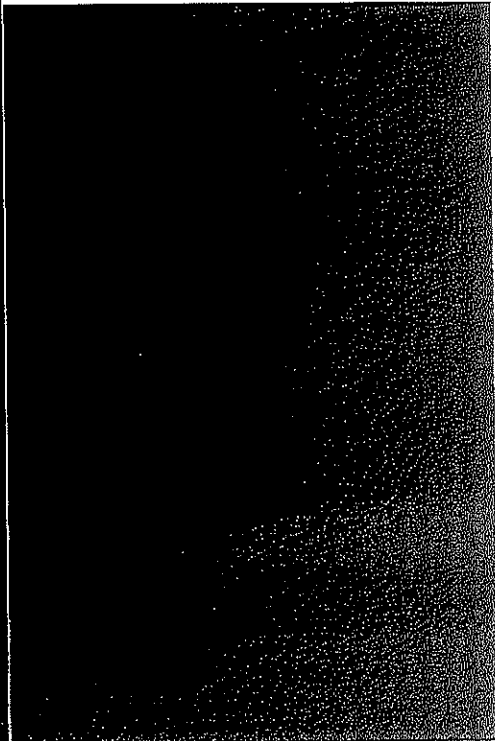
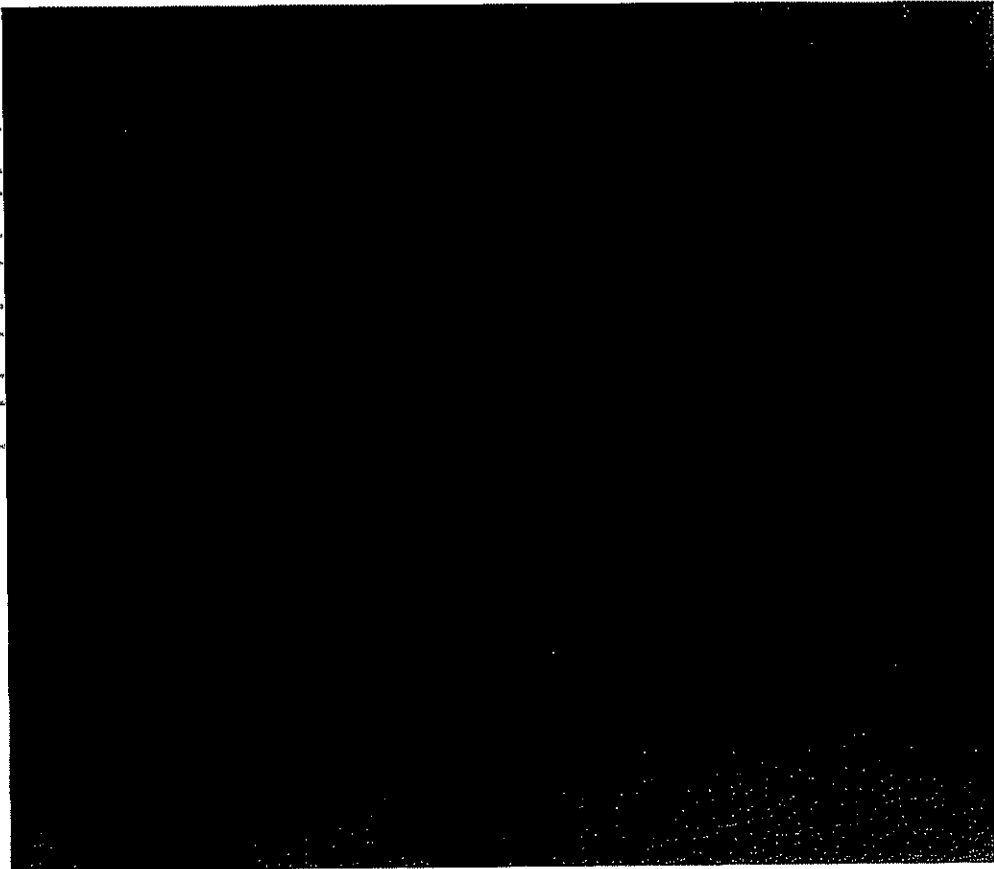
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GFG is an alliance between PK Gupta and SK Gupta's business interests to forge a new agile, sustainable, non-cyclical integrated global business model.

Agenda



- 1 GFG Alliance Update
- 2 GFG Alliance at Fort William
- 3 [REDACTED]
- 4 [REDACTED]
- 5 [REDACTED]





Section 1: GFG Alliance Update

A global alliance focussed on bringing industrial, energy, resources, infrastructure and finance companies together to form a long term economically and environmentally sustainable future.

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GFG Alliance pillars

GFG Alliance continues to grow and diversify



c. 14,000
employees worldwide

200
Global Locations

Global presence in
30+
Countries

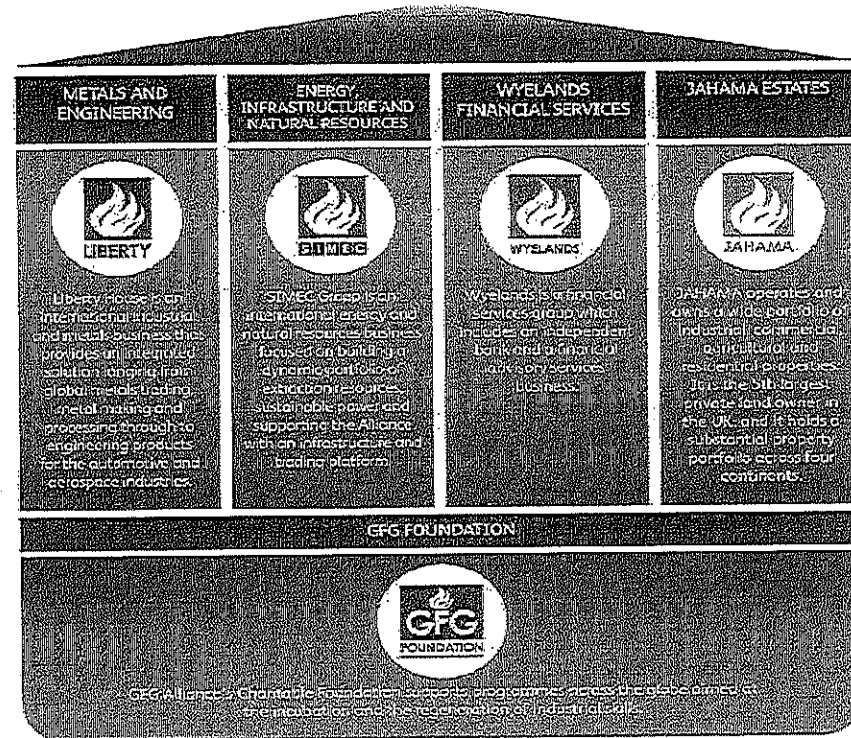
10 million
tonnes
of steel traded every
year by GFG Alliance

#1 steel supplier to engineering,
construction, residential and non-
residential construction
in Australia

Every 8 seconds
in the UK a car is produced with a
Liberty component on it

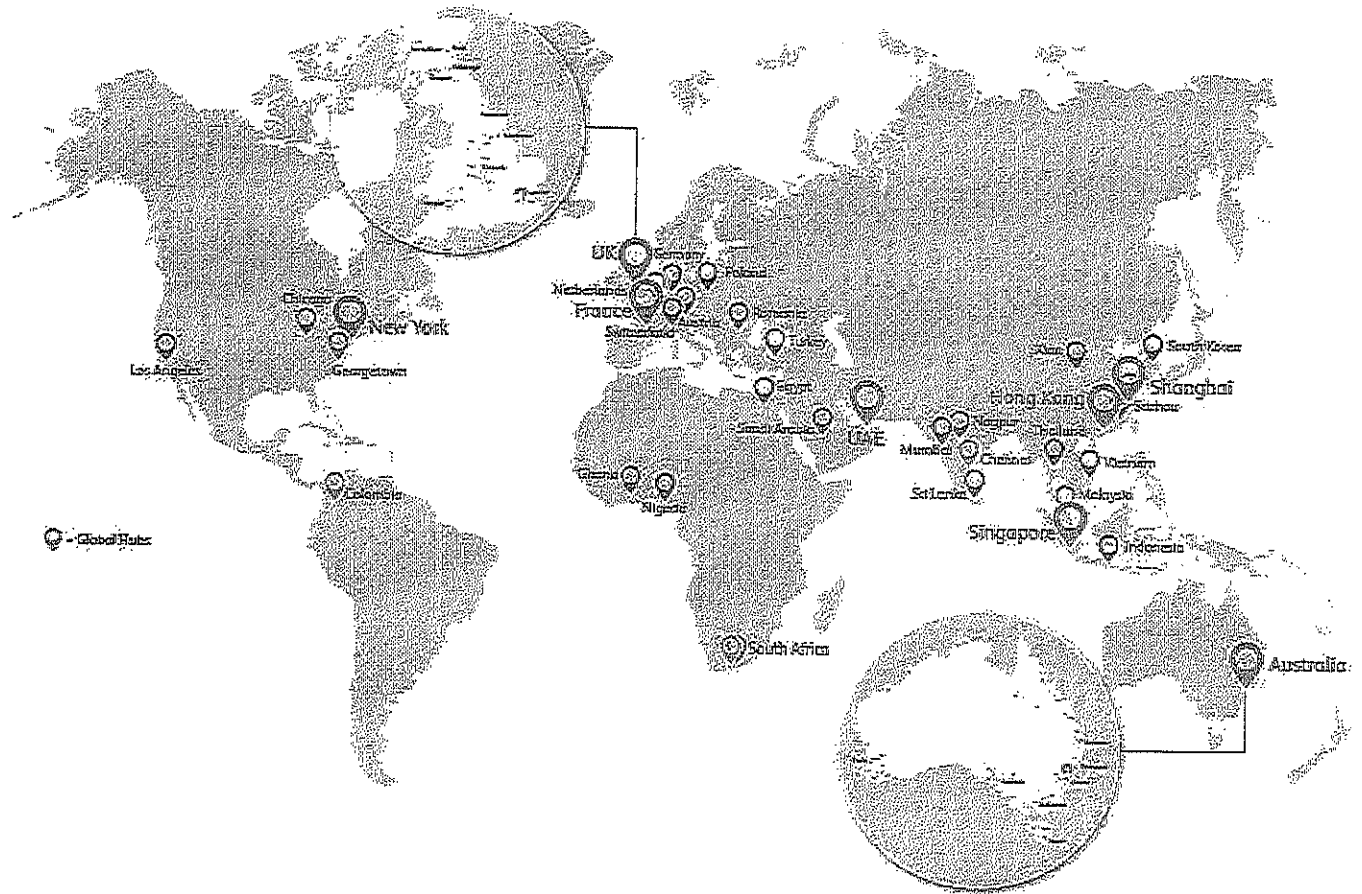
3 million
tonnes
of recycled steel per
annum largest in the
UK and Australia

Every 3 seconds
undercarriage
manufactured
by the Alliance
land a civil
aircraft round
the globe





GFG Alliance Global footprint



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GFG Alliance's UK footprint

Liberty Steel UK

- ❑ Liberty Steel now employs c.3000 people on about 11 sites in the UK
- ❑ 1.3Mtpa of melting capacity and over 2Mtpa of rolling capacity
- ❑ Creating end-to-end supply chain solutions: plate-to-pipe, strip-to-tube, scrap-to-engineering steels
- ❑ Steel assets and strategy aligned to the UK Government steel strategy

Liberty Engineering Group (LEG)

- ❑ Liberty Engineering employs c.2500 people across 19 sites in the UK, making it the UK's largest private engineering company
- ❑ LEG's Aluminium and Steels businesses span Primary production, recycling, rolling, stamping, casting, forming and fabrication and increasingly contribute to "closed loop" environmentally efficient production
- ❑ A major Tier 1 supplier to all UK and overseas OEMs
- ❑ LEG's UK businesses play a key roll in meeting the UK Governments automotive metals component re shoring targets which in turn supports the Governments Industrial strategy goals

SIMEC Energy UK

- ❑ GFG Alliance's SIMEC is now the largest developer of renewable energy in the UK
- ❑ With >600MW of UK current generation capacity and a stated target of reaching over 1GW, SIMEC is leading the race to build a green power revolution in the UK
- ❑ SIMEC's current portfolio includes: hydro; biodiesel; pumped hydro; wind; biomass; waste2energy; solar; and tidal assets

Wyelands Bank

- ❑ One of the fastest growing UK Banks

GFG Alliance's position in Scotland



- *GFG continues to grow in Scotland*
- *We now employ c.400 direct employees in 6 different sites*
- *Investments >UK£500m to date*
- *Scotland's only producer of steel and aluminium*
- *Owner of more Scottish HydroPower stations than any other PowerCo*
- *GFG Foundation now a registered charity in Scotland*

GFG Alliance Brands in Scotland



**LIBERTY
STEEL**

Liberty Steel Dalzell
Liberty Steel Clydebridge



JAHAMA



GFG
FOUNDATION



SIMEC
Atlantis
Resources



SIMEC
Lochaber
Power



SIMEC
Green Highland
Renewables

shand



Section 2: GFG Alliance in Fort William

An excellent year of progress since acquisition in Dec 2016

Positive evolution of hydroelectric, smelter and estate businesses with substantial investment from GFG Alliance

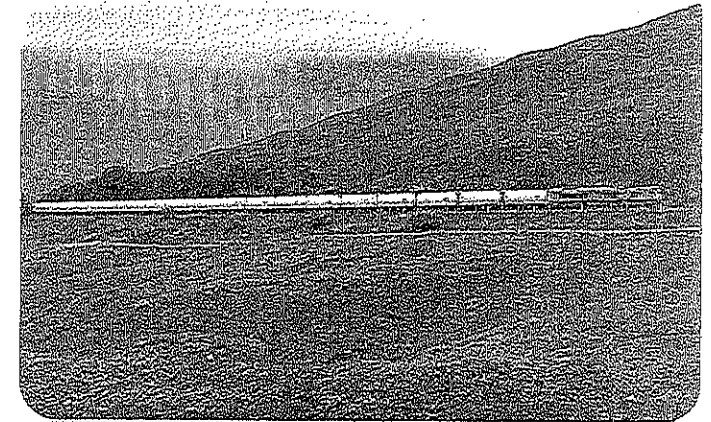


First a big thank you...

- With the recent poor weather, on 2nd March Liberty British Aluminium (“LBA”) highlighted a critical risk
- LBA needed 3 alumina trains weekly from our Blyth port. The train was stuck in poor weather in Edinburgh and if not moved on within days would mean shutdown at the smelter
- ScotGov mobilised resources immediately at all levels and the train was prioritised once the weather was cleared
- GFG Alliance is very grateful to all at ScotGov, TransportScotland, ScotRail Alliance, etc.

Looking forward...

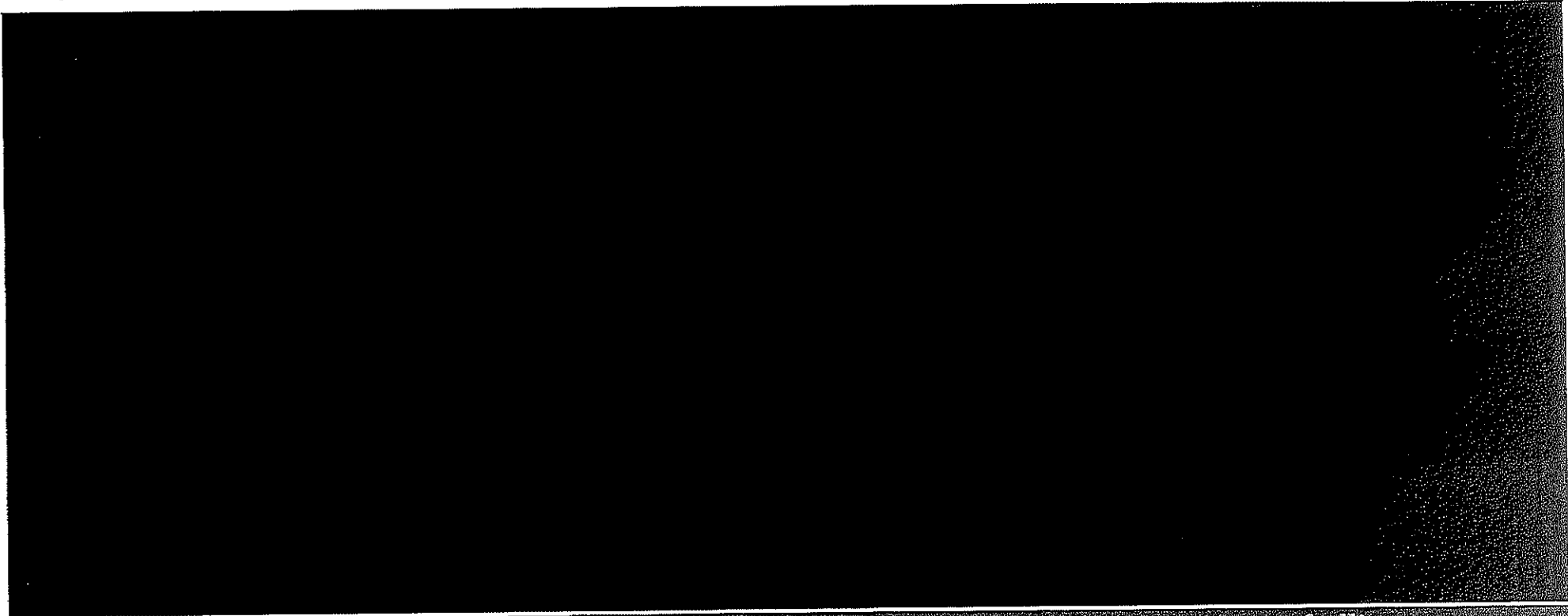
- Investment required for creating more operational resilience
- Investigation ongoing at Corpach Port, Stockpiles and other areas



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Liberty British Aluminium – operating performance

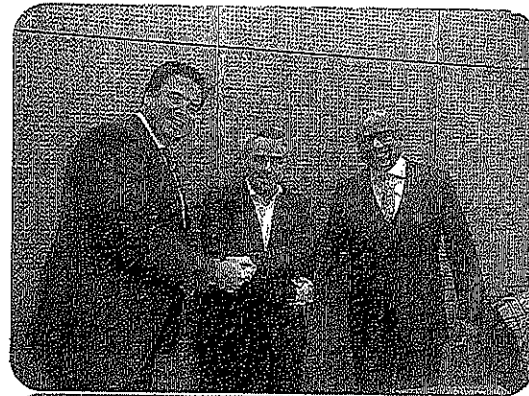
Stable performance in the first year of GFG Alliance's Ownership



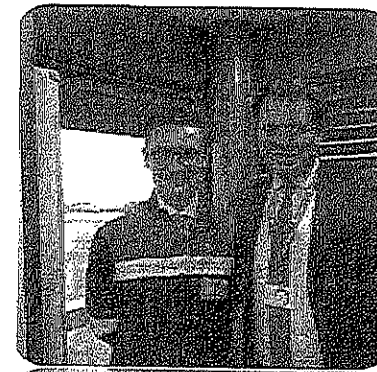
Liberty British Aluminium – Expansion into Europe



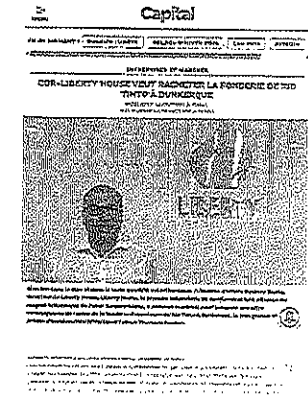
- ❑ Jan18 - Liberty agreed to acquire Aluminium Dunkirk, Europe's largest aluminium smelter
- ❑ c.570 employees and one of the most technically advanced smelters in the world, provides significant synergies for Lochaber
- ❑ New French hub for GFG Alliance formed and follow-on deals imminent



Support from President Xavier Bertrand and his team for GFG's industrial vision and investment plans in France



Acquisition of Aluminium Dunkerque by Liberty is welcomed by the management team and widely hailed by the media



Acquisition of Aluminium Dunkerque offers significant upside for Liberty British Aluminium

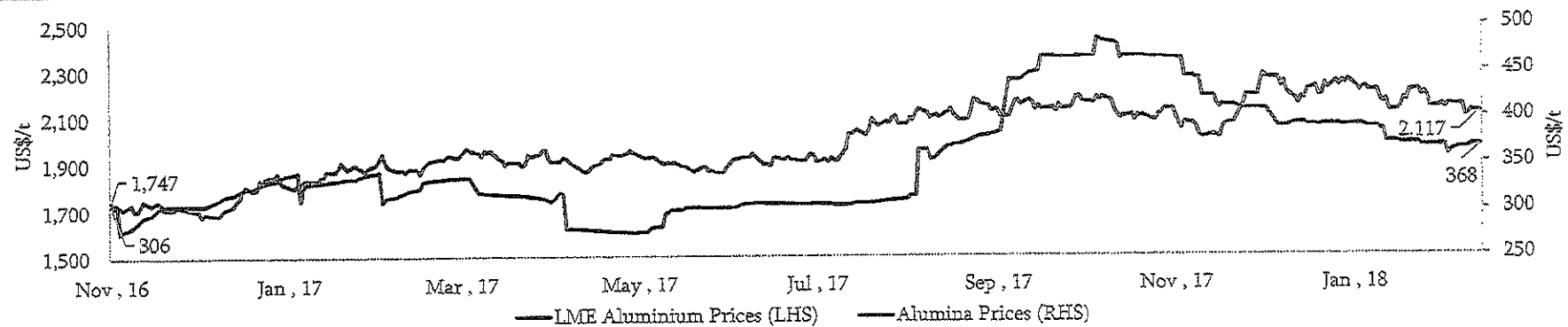


Liberty British Aluminium – Challenging Macro Environment

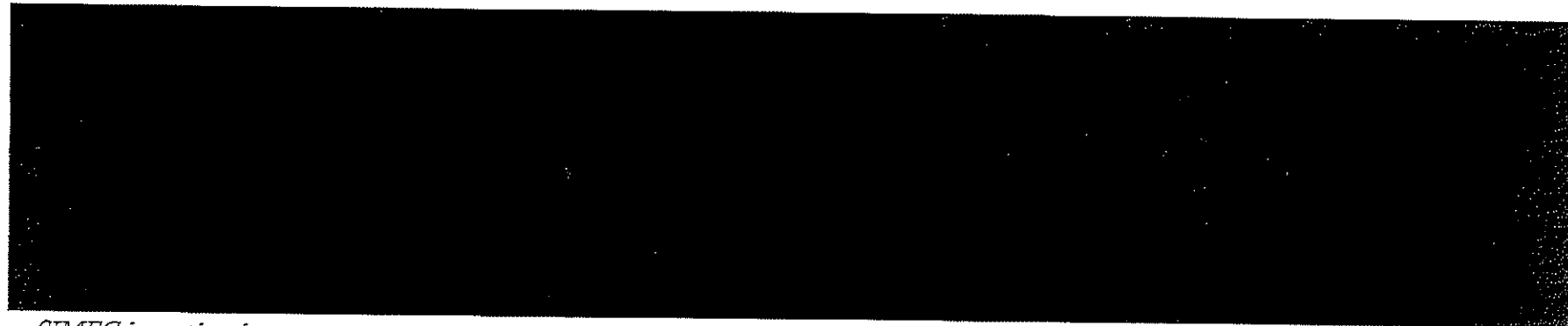
Raw material prices are increasing and are volatile

- ☐ Globally margins for Aluminium smelters have been challenged by increase in raw material prices
- ☐ Alumina prices shown in the chart below has increased by c.20% since November 2016
- ☐ Anode prices have also increased >20% in 2018

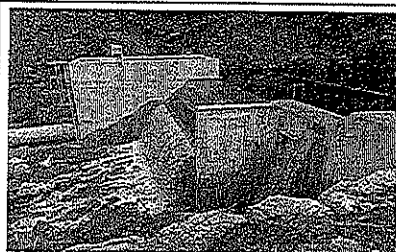
Aluminium Prices and Alumina Prices



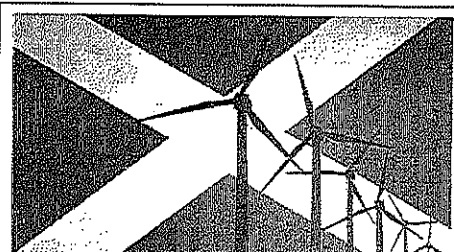
SIMEC Energy – development update



SIMEC investing in new green power generation at Lochaber and on the broader highland estates



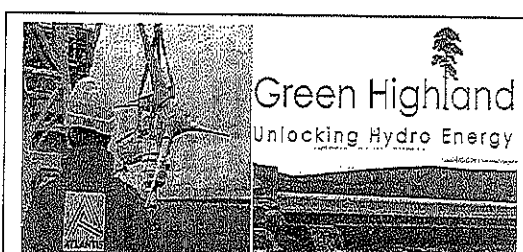
- 8 new small hydro stations being progressed at Lochaber and Kinlochleven
- Power generation of up to 10MW



- Planning process commenced for UK's largest subsidy free windfarm at Glenshera
- c.164MW of energy from 39 turbine
- Local community positive and reviewing co-investment options



- 18MW of biodiesel generation installed at Lochaber
- Ongoing review of CHP generation



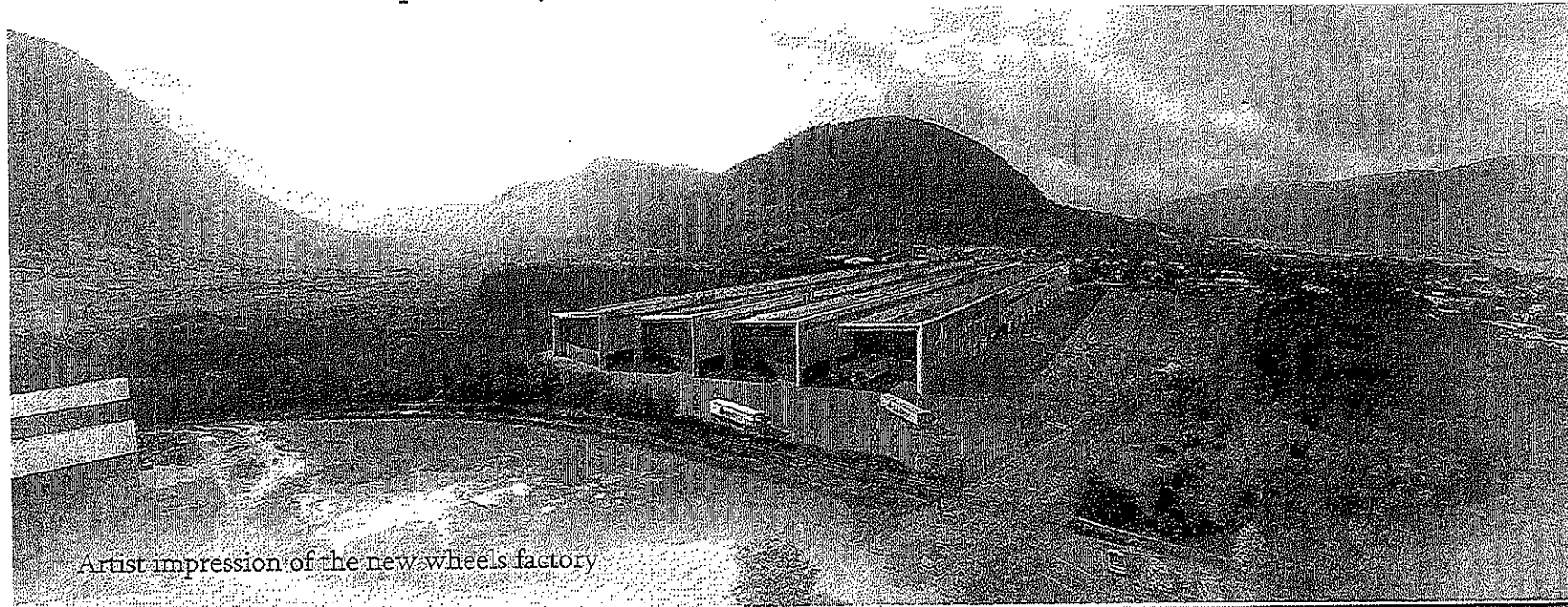
- SIMEC acquiring 100% of GHR and 49.9% of Atlantis
- Boosting Scottish clean power generation and extending the SIMEC Energy expertise

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Liberty British Aluminium – Project ACE

- Project ACE is the plan to create a flow of molten aluminium from the Lochaber smelter to the casting of two million wheels
- ACE has moved from concept to a fully considered design

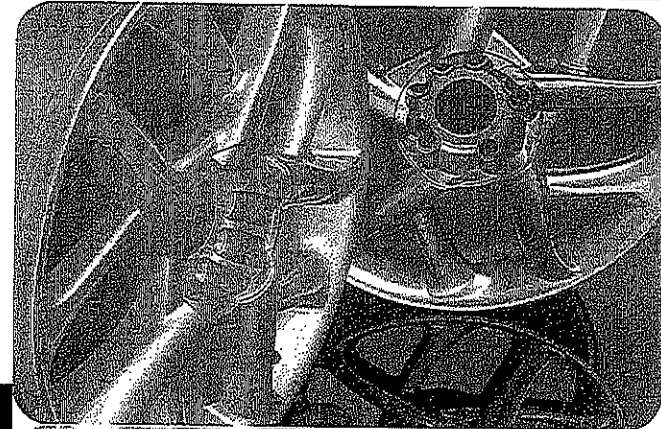


Artist impression of the new wheels factory

Liberty British Aluminium – Project ACE market analysis

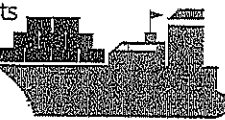


- Liberty is now a key supplier of steel and aluminium parts to all the key UK Automotive OEM's
 - Acquisitions of Amtek UK and CovPress added breadth and capacity to Liberty's existing automotive and aluminium assets
- Strong interest in a UK-to-UK supplier of aluminium wheels

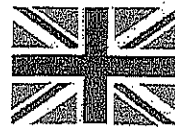


Significantly lower carbon footprint per alloy wheel set 

Security of SUPPLY 

In 2016 net UK imports of alloy wheels were c.£264m 

 50% of these wheels came from outside of the EU



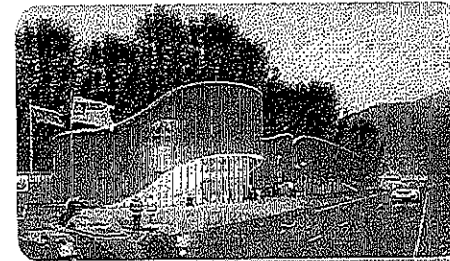
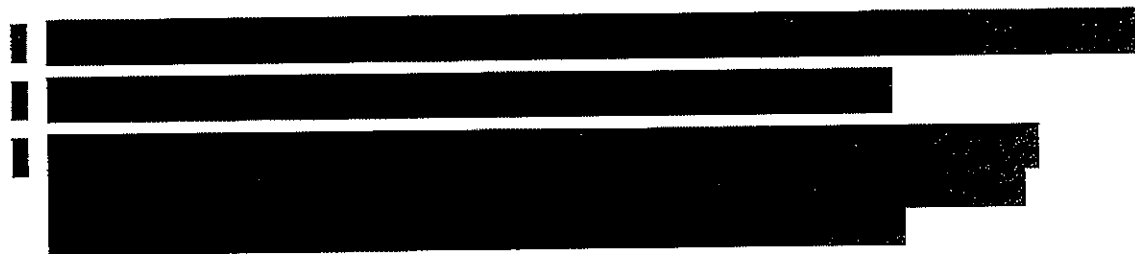
UK producer to support UK OEMs

 Wheels made from GREENALUMINIUM



Liberty British Aluminium – Project ACE progress report

- Enjoying strong community support and with the help of Cabinet Secretary Ewing’s Quarterly Working Group, the project has swiftly moved through the planning process
- Planning granted 31st January 2018



Artist impression of the Liberty R&D facility



JAHAMA Highland Estates – a model for estate ownership



- JAHAMA is proud to have been described in independent reports as setting a model example for an evolution in Highland estate ownership. The result of outreach programme conducted with overwhelming positive feedback
- UK£5m investment budget planned for staff and estate accommodation
- Broader stakeholder business planning exercise ongoing for estates to increase local value add and encourage more local involvement
- ‘Open door’ policy of communities engagement resulted in a number of land transactions completed and larger scale opportunity under stakeholder consideration
- Substantial local aid provided by way of financial support, granting of community land leases and employee involvement
- GFG Foundation became a registered charity in Scotland in March 2018, allowing for broader community support programmes at school and adult levels locally

Examples of GFG local engagement...

- Soldier’s Bridge @ Fort William – agreement to extend bridge to include new ‘off-ramp’ allowing wheelchair access
- Glensherro Windfarm application - Potential for Local Electricity Discount scheme and part Community Ownership
- Nevis Landscape Partnership – agreed to transfer lease of Poldubh Bothies, allow development of crags for climbing, allow development of car park and visitor centre subject to business case
- Island Park Community Field – approval for lease transfer of football pitch to new community charity body
- Shinty – Sponsorship of Balliemore Cup and Shinty Business Club
- Lochaber Piping Society – Sponsorship of Youth Competition 2018
- Peatland Restoration Grant Funding approved for estate
- West Highland Wheelers Kids Club – funding provided to train new coaches
- Lochaber Sensory Care – funding provided to support Outreach Worker
- Kinlochleven – extensive tree surgery underway plus extensive Rhododendron removal around village
- Inverness Back Country Ski Club – approval given to allow formal plans for a Ski Lodge to be submitted
- Nevis Range – agreement in principal to allow creation of a new family cycle course
- Fort William Tailrace Development Group – agreement in principle to develop Kayak course
- Kinlochleven – agreement in principal to allow local boat training business to relocate allowing lease payments to flow to Kinlochleven Community Trust

GFG Alliance – Fort William Summary



Aluminium Smelter

- [Redacted]

Energy

- [Redacted]

Wheels plant

- Planning permission achieved
- [Redacted]

Estates work & community engagement

- £5m programme of investment in process for estate and staff housing
- Strategic redirection of estate to attract high value add business opportunities locally
- Largest ever Highlands Estate community outreach programme undertaken and evidencing comprehensive support for GFG work and commitment
- Substantial community support extended with parcels of financial aid, gifts of land leases and employee involvement

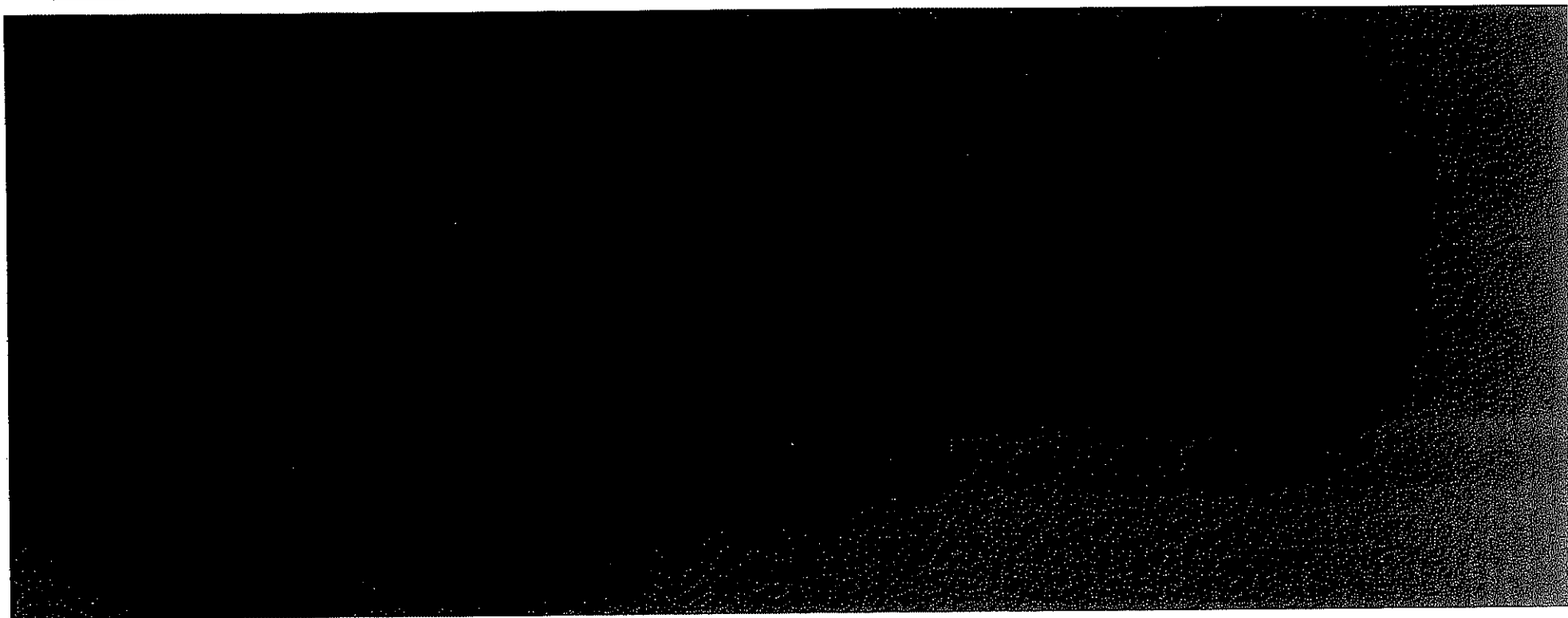
ScotGov's 3 key targets achieved – Grid Connection, Planning Permission & Constructions Works. Unlock Next Steps...

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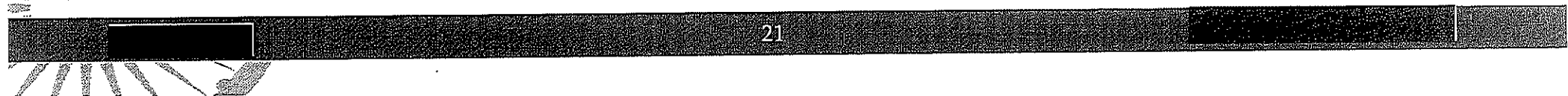


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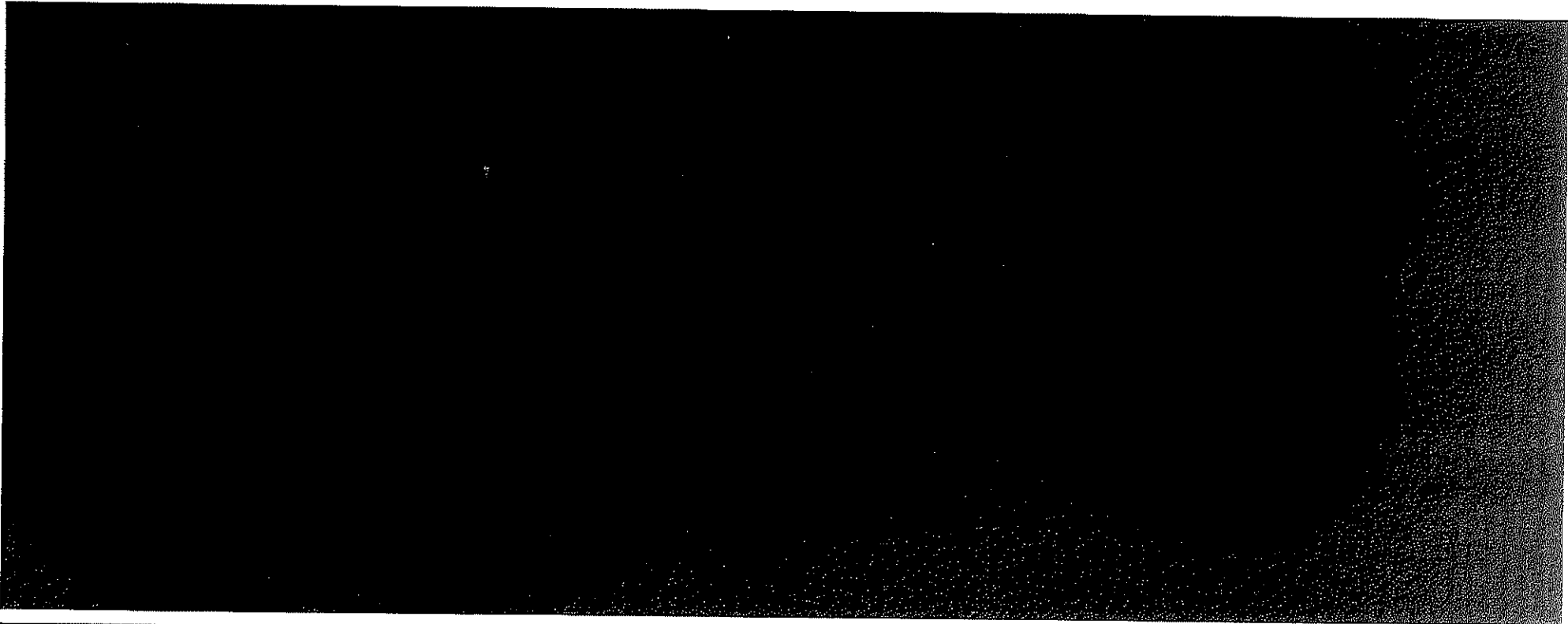
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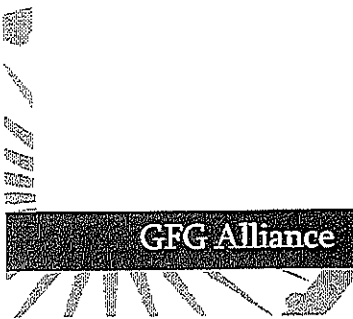
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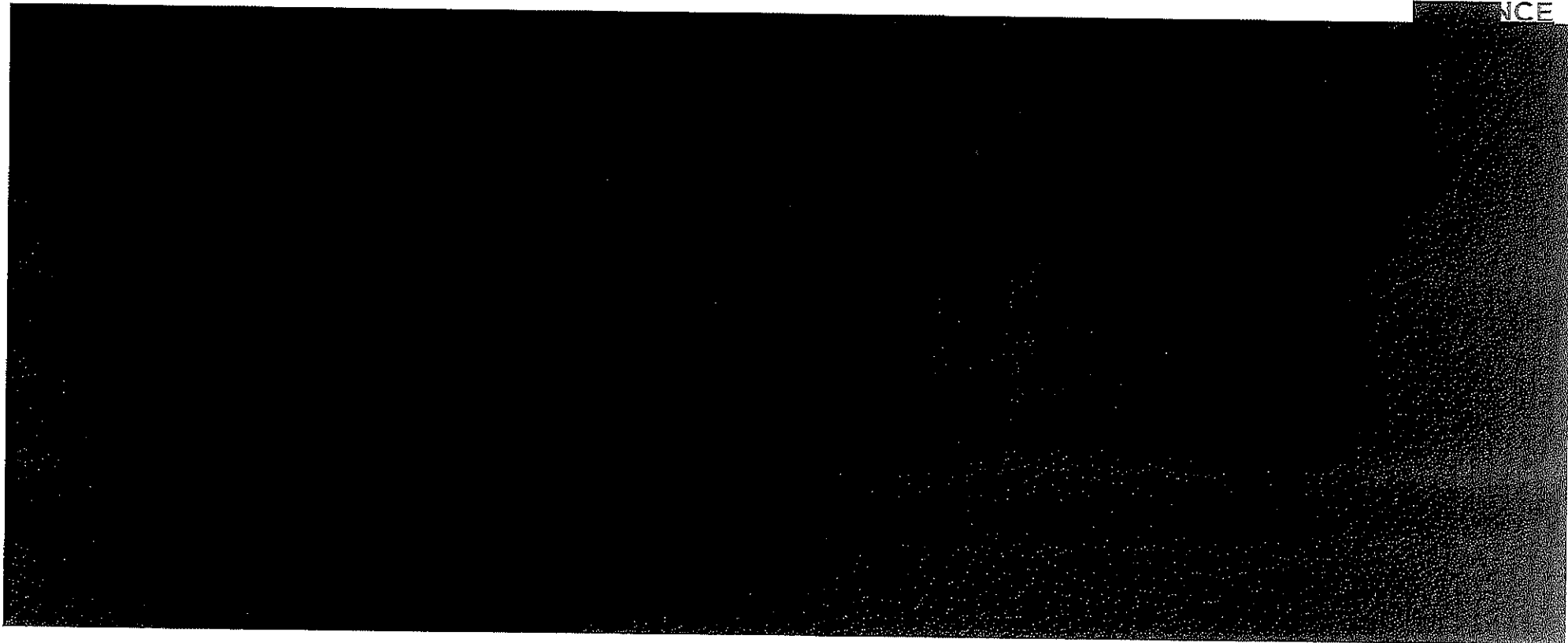


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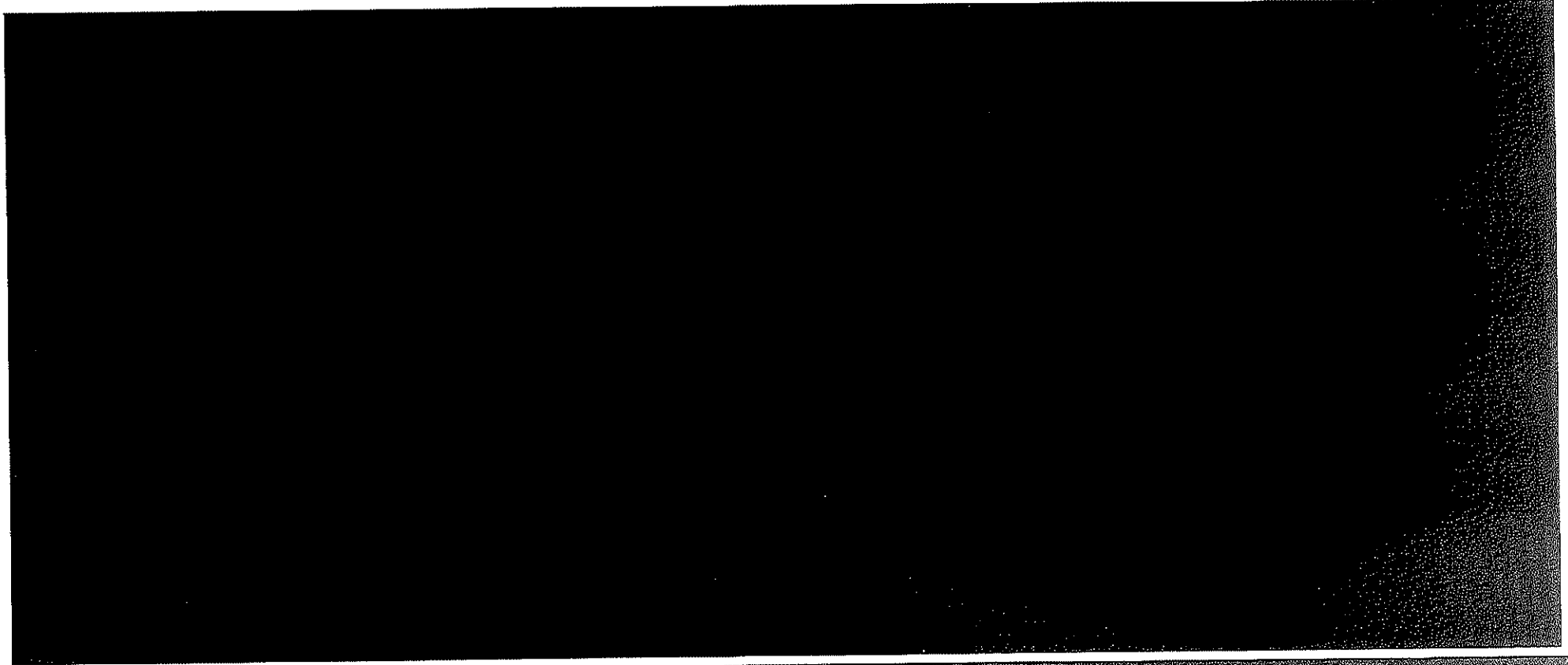


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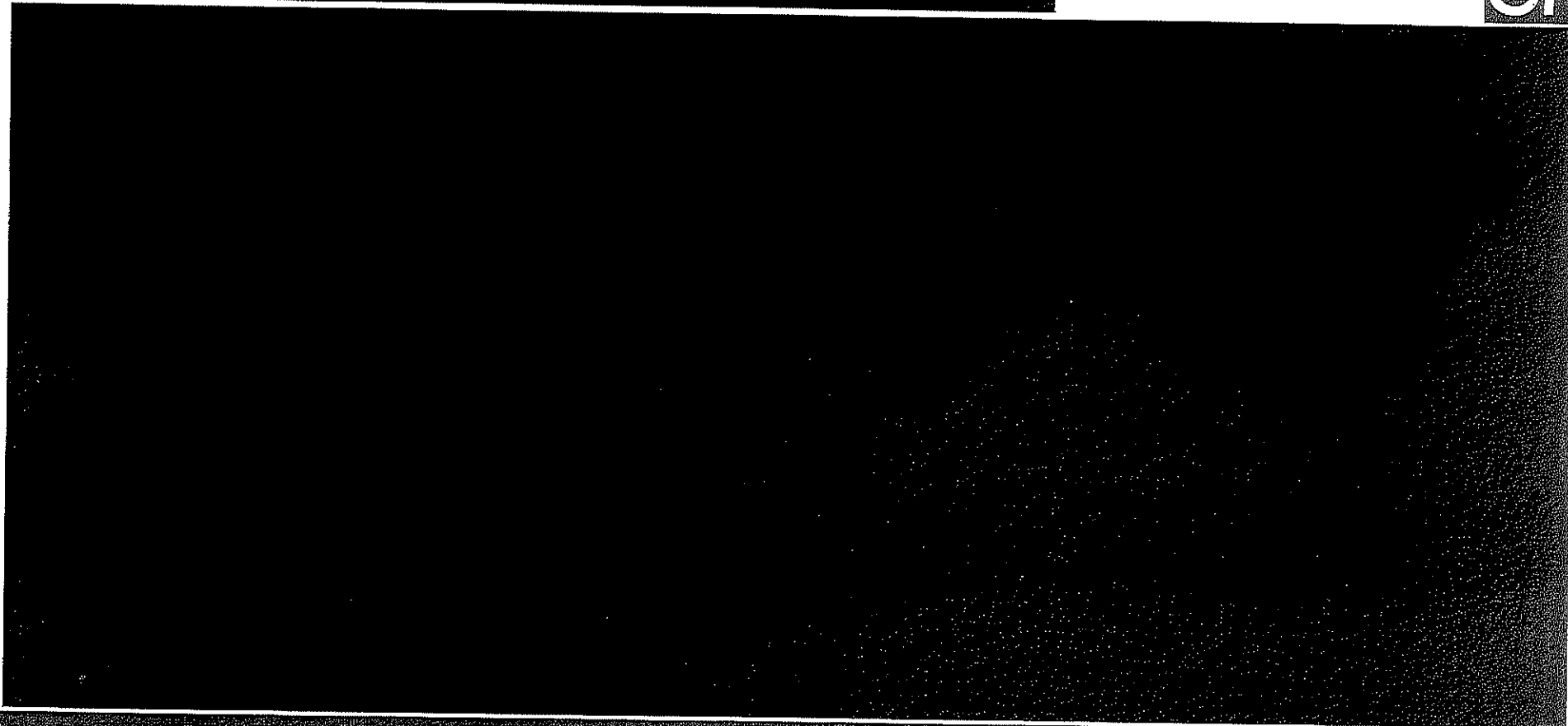
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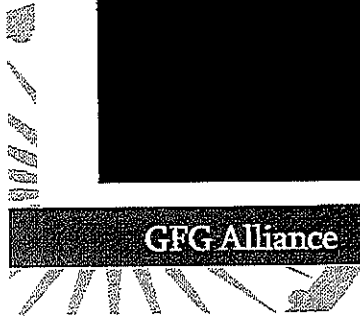


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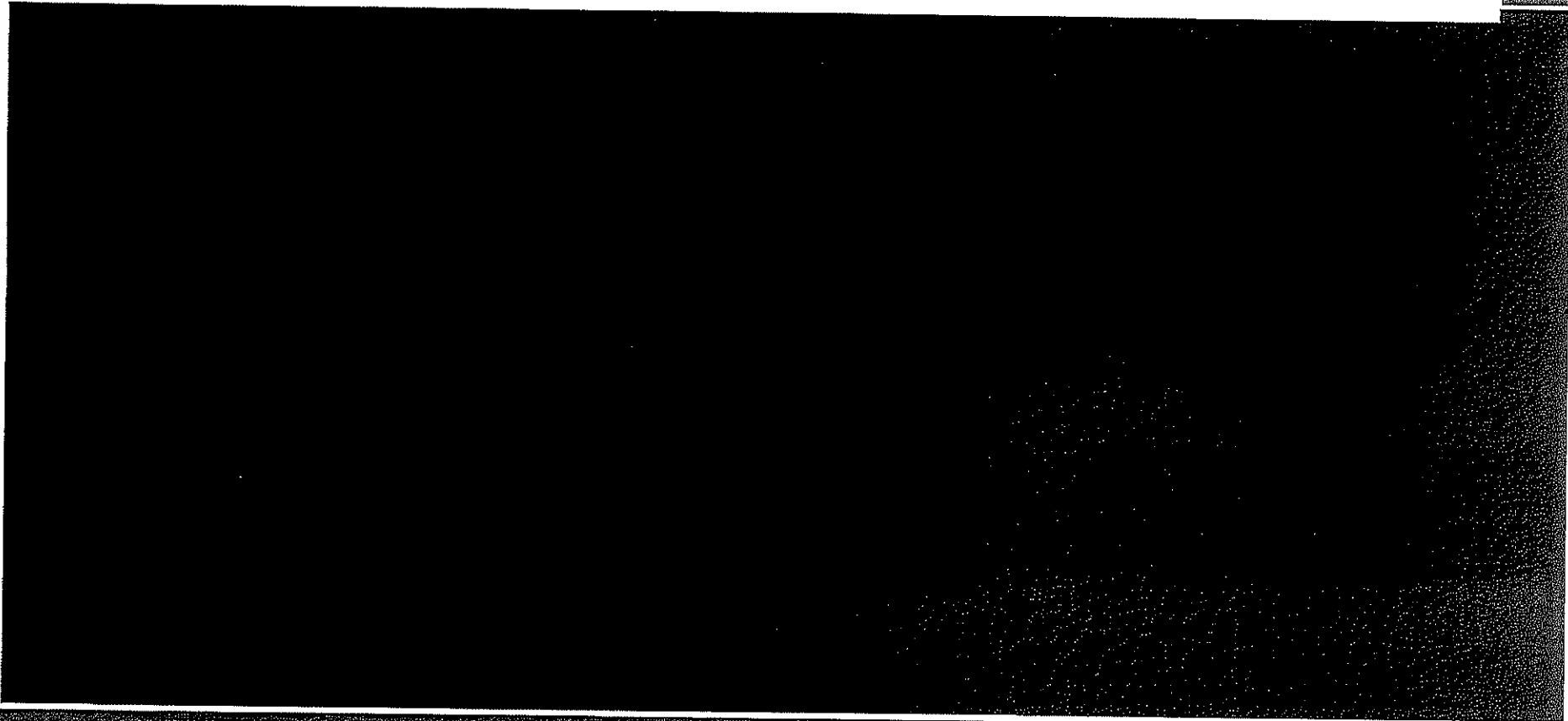
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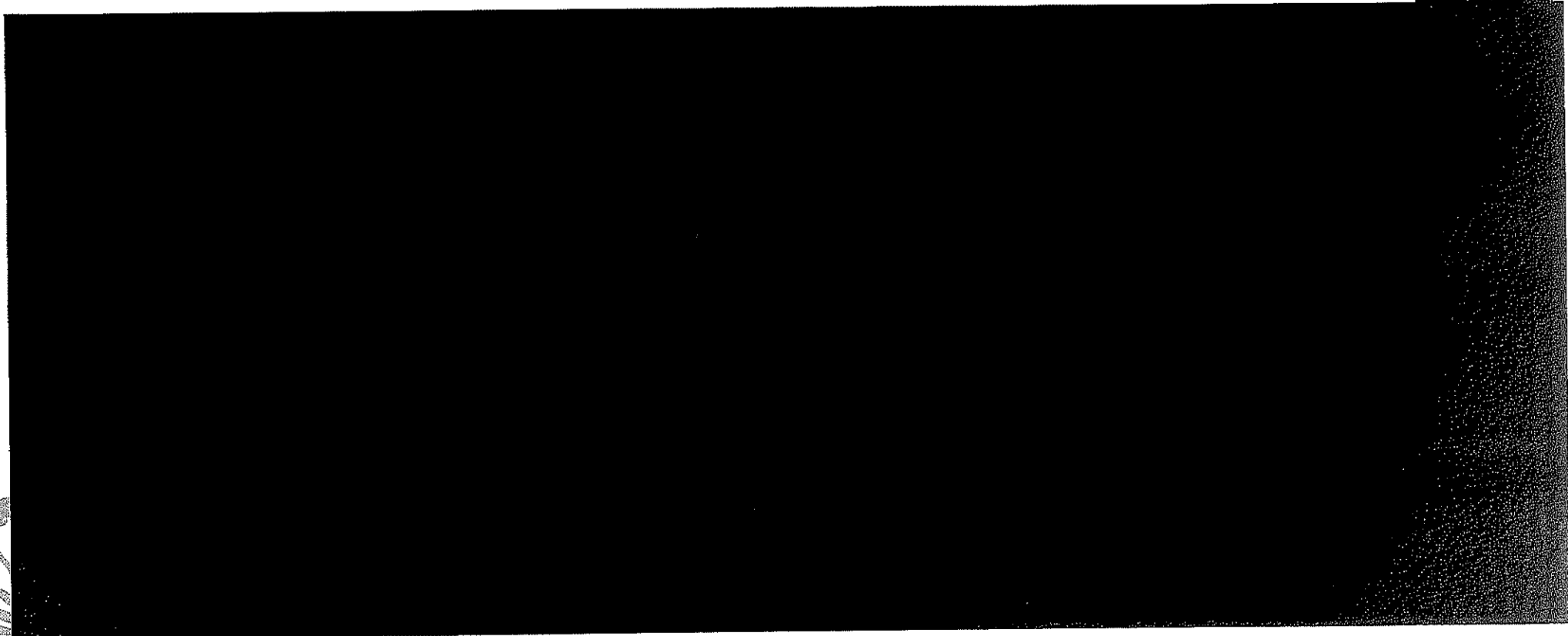
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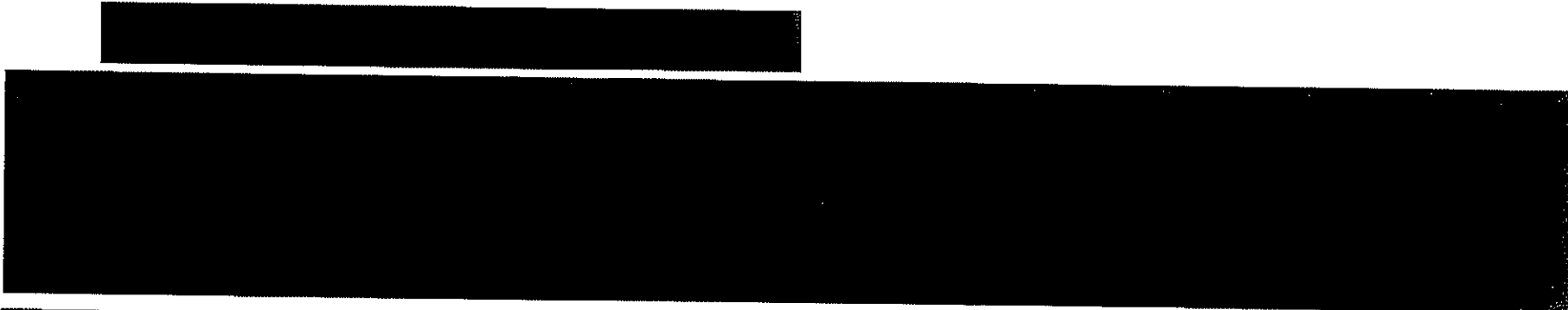
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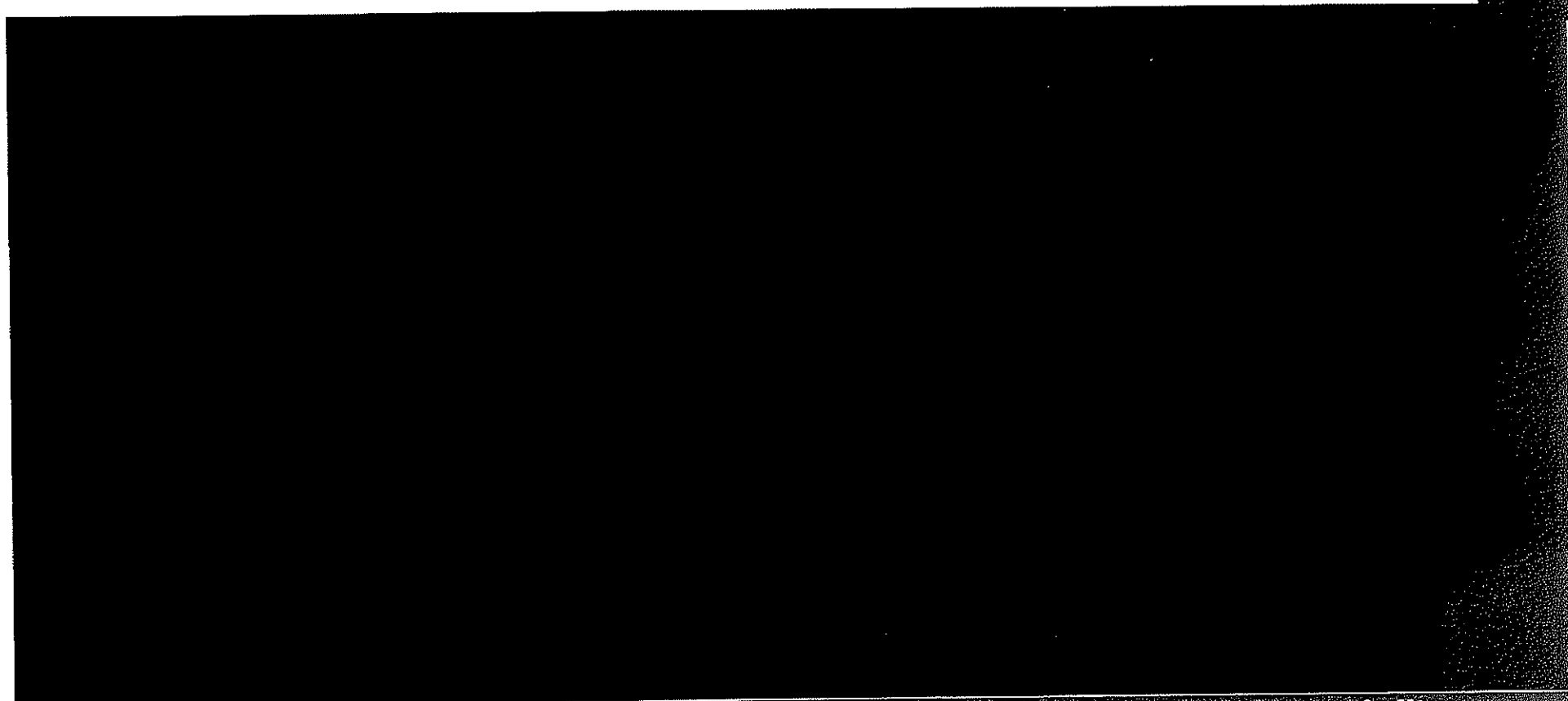
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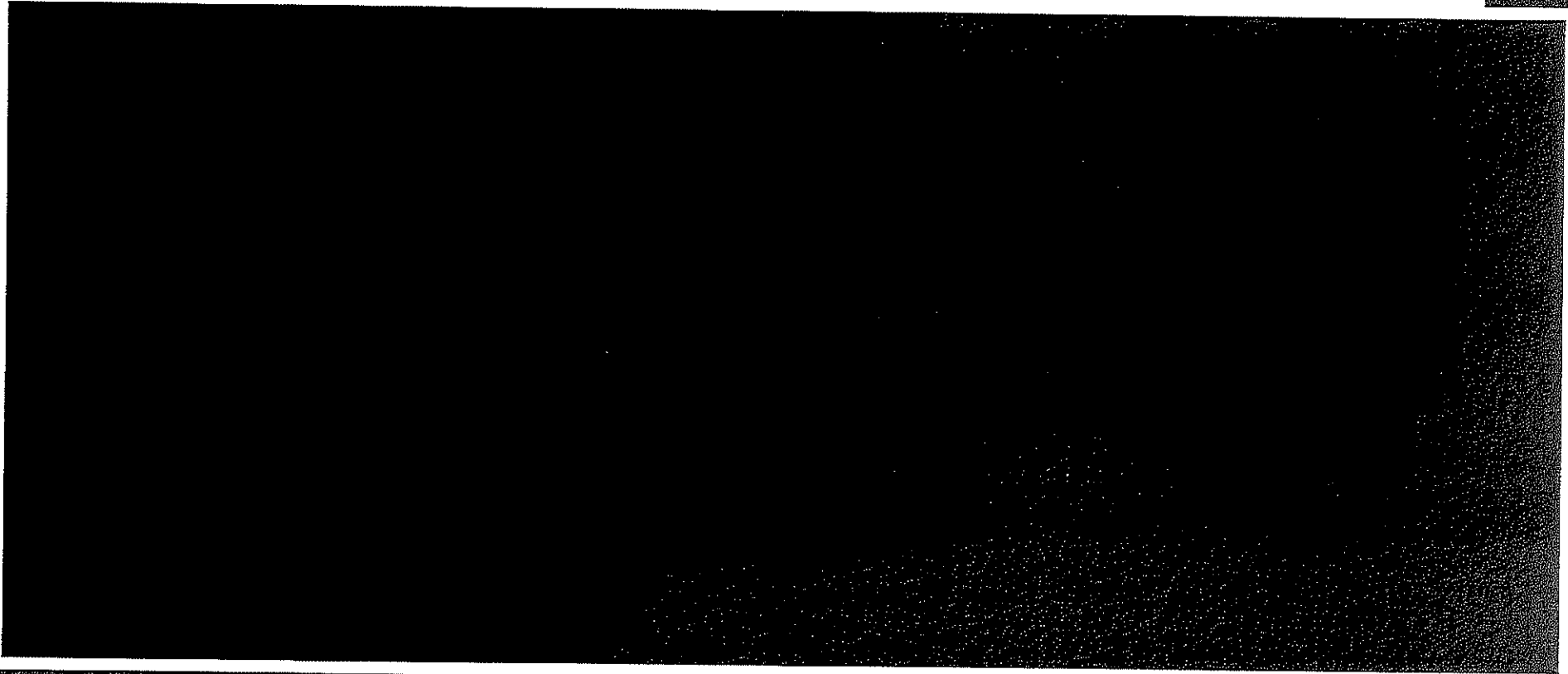
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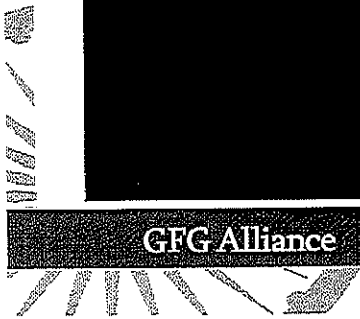
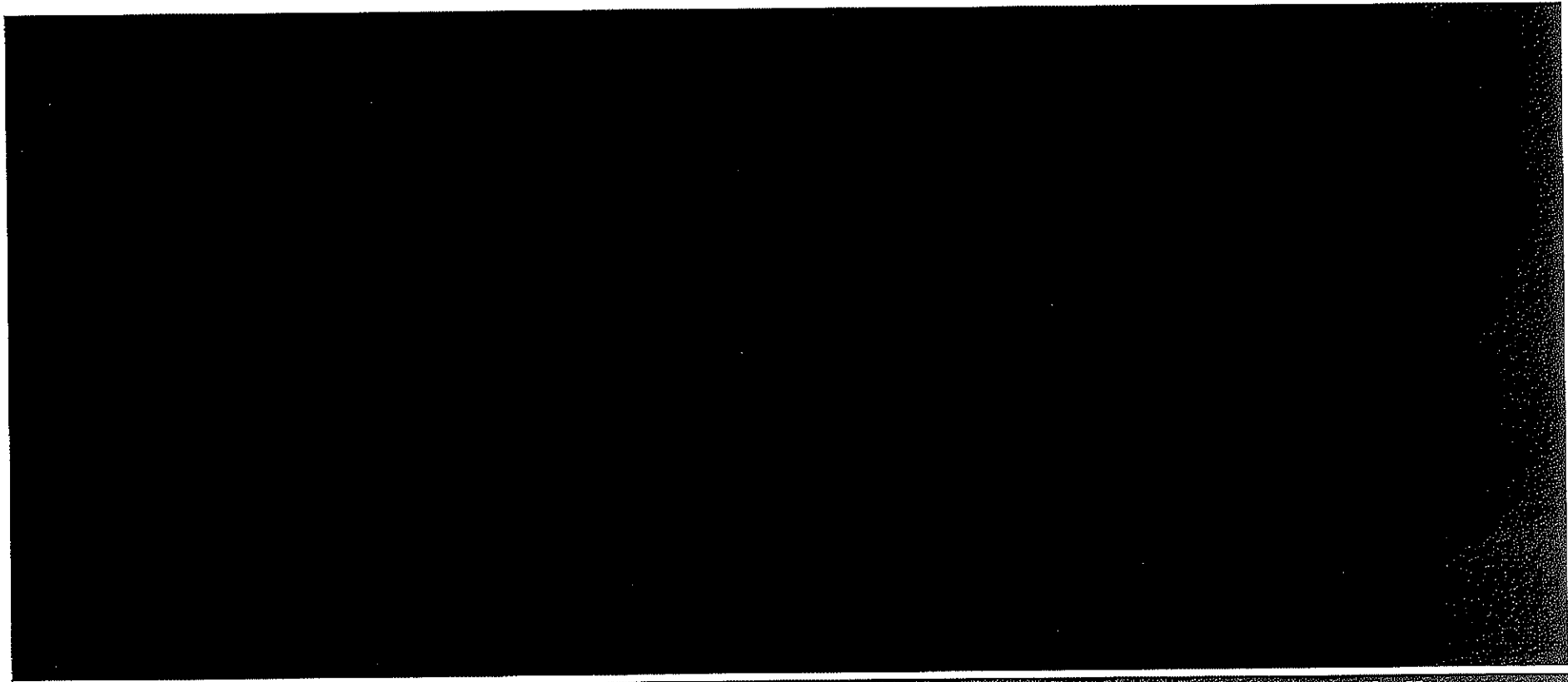
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THANK YOU



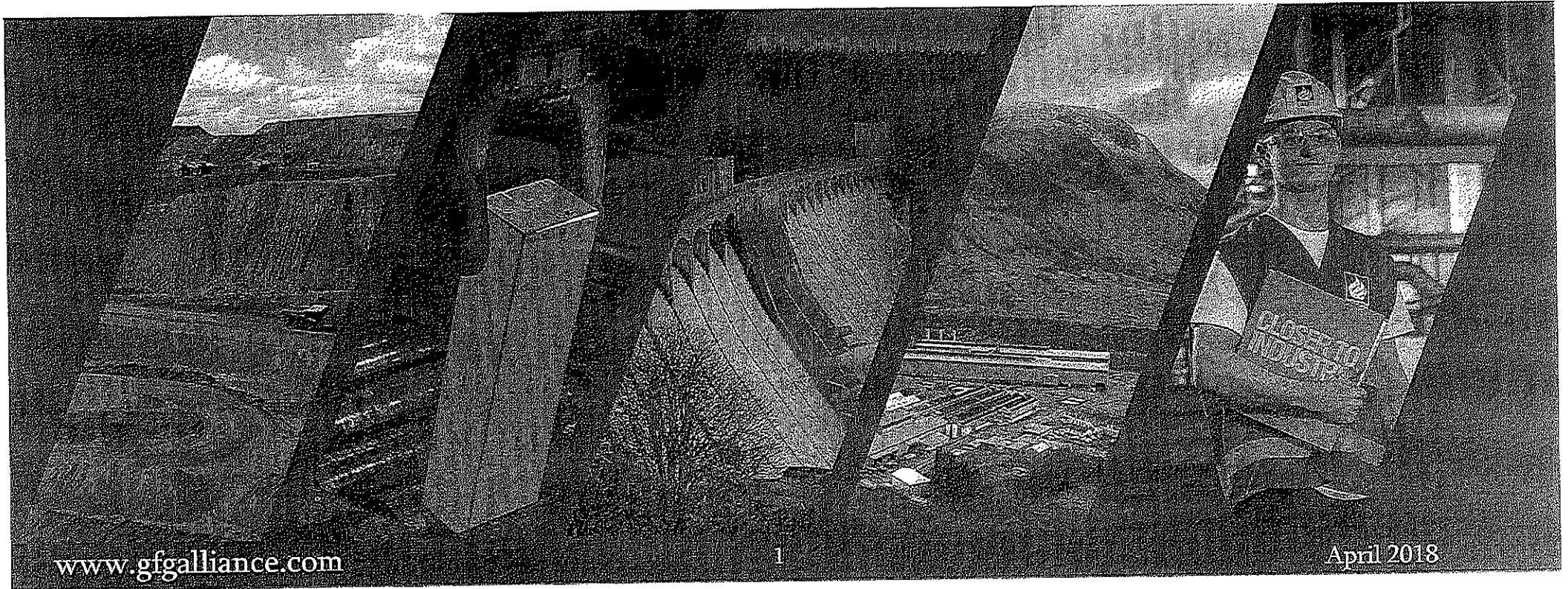
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GFG Alliance

Lochaber Update to Scottish Government

May 2018

5 (c)



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April 2018

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GFG is an alliance between PK Gupta and SK Gupta's business interests to forge a new agile, sustainable, non-cyclical integrated global business model.

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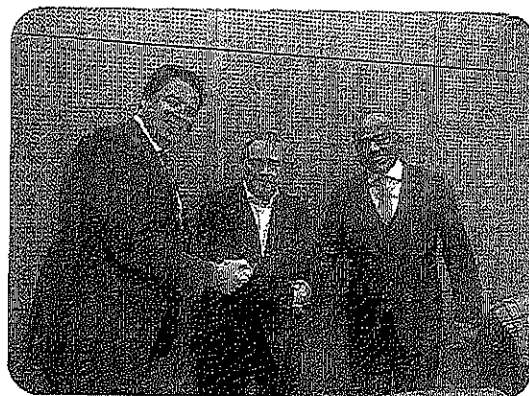
Update on recent acquisition



Liberty British Aluminium – Expansion into Europe



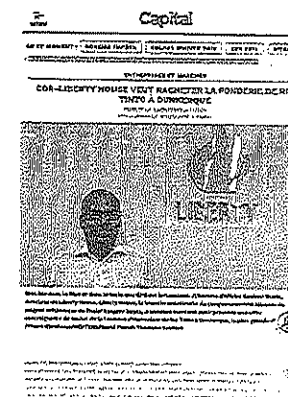
- Jan18 - Liberty agreed to acquire Aluminium Dunkirk, Europe's largest aluminium smelter
- c.570 employees and one of the most technically advanced smelters in the world, provides significant synergies for Lochaber
- New French hub for GFG Alliance formed and follow-on deals imminent



Support from President Xavier Bertrand and his team for GFG's industrial vision and investment plans in France



Acquisition of Aluminium Dunkerque by Liberty is welcomed by the management team and widely hailed by the media

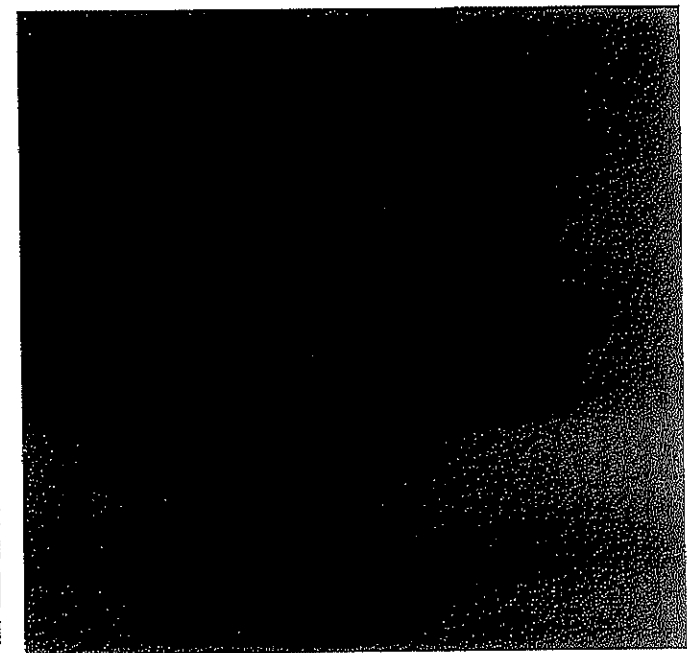
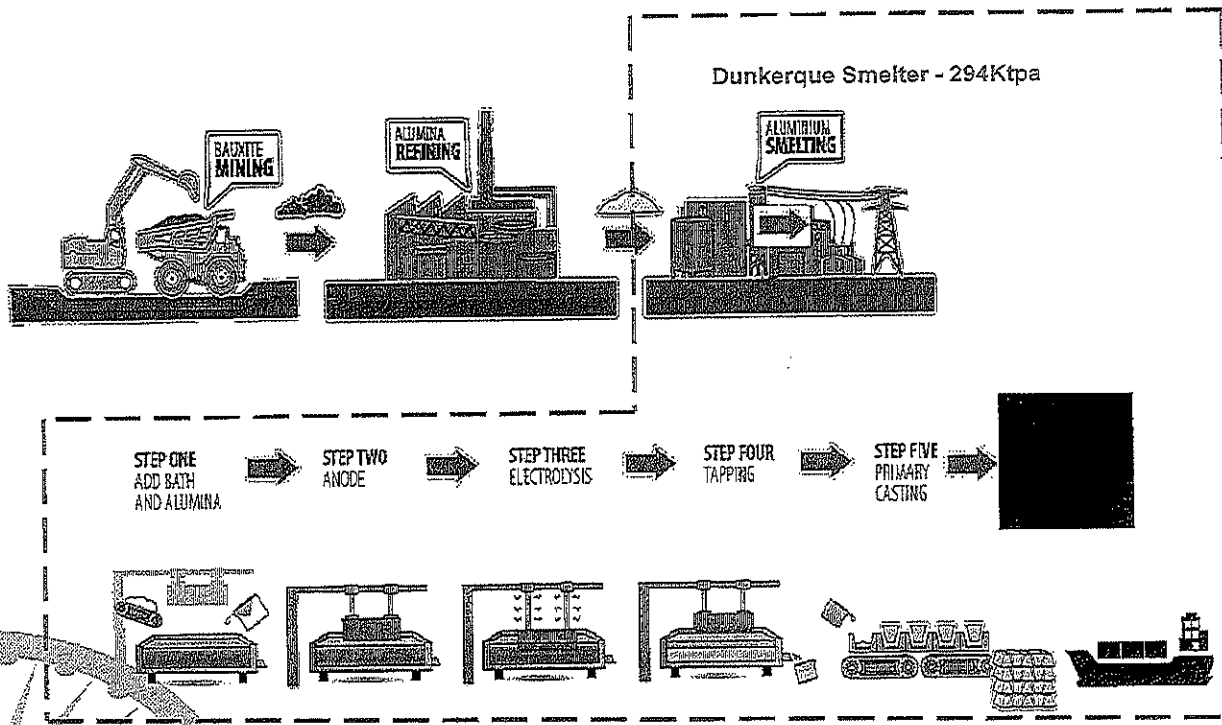


Acquisition of Aluminium Dunkerque offers significant upside for Liberty British Aluminium

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Rio Tinto Aluminium Dunkerque – Current production process



Currently producing basic end product of Slabs and Foundry Ingots



GFG's plans, both immediate and long term



- Investing in the existing in the Dunkerque Smelter back to lift its up to is historic "World class Status".
- Invest in conventional automotive sheet rolling and press facility with re-melting and DC casting capability will be added to the existing Dunkerque smelter

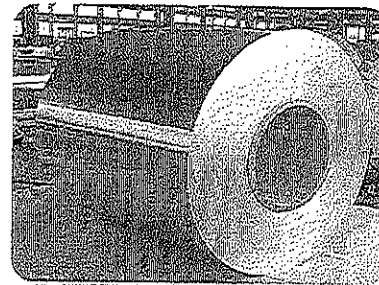
Phase 1



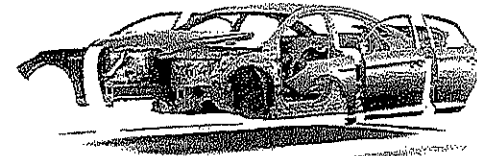
- GFG Alliance is already a significant supplier into the Automotive industry – Tiers 1, 2 and 3



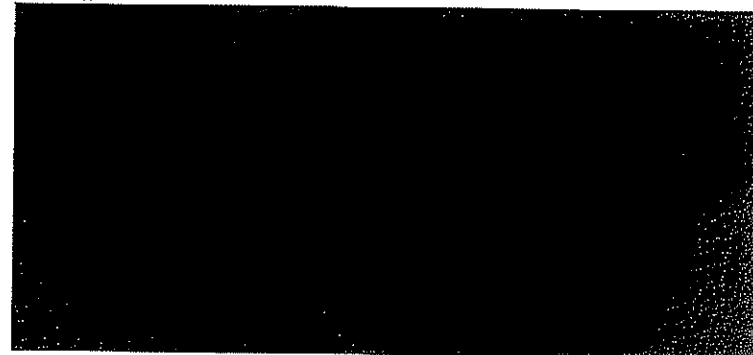
- Automotive products delivered to Liberty's existing auto customers



Sheet Rolling



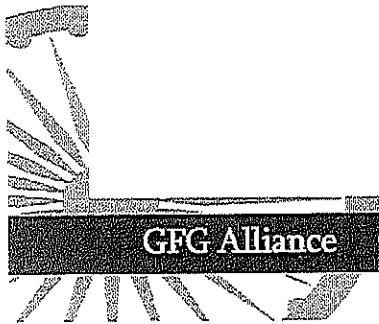
Pressing Facility



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Section 2: Project Eiffel

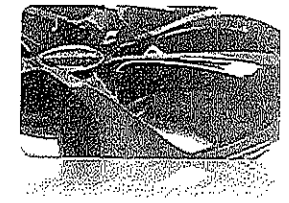
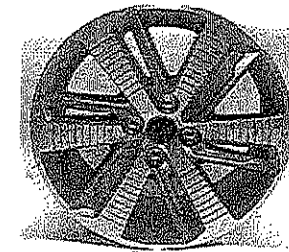
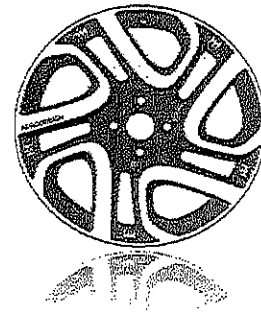
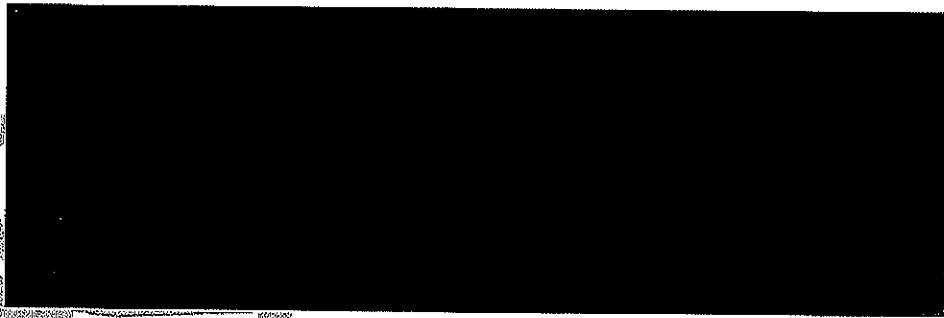
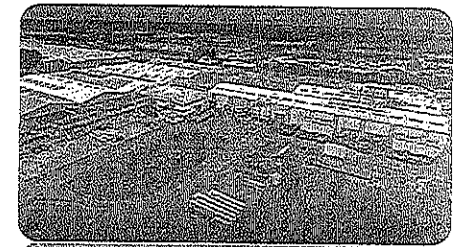
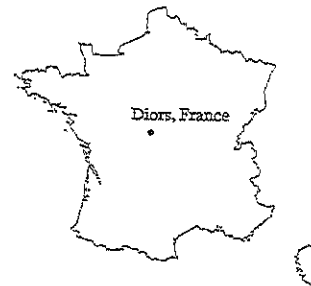


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AR Industries – Overview and GFG plan

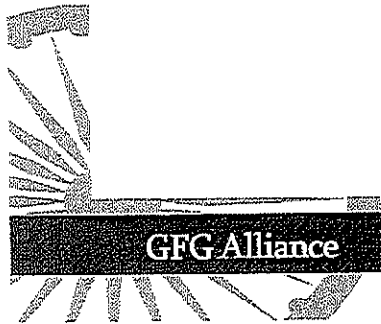
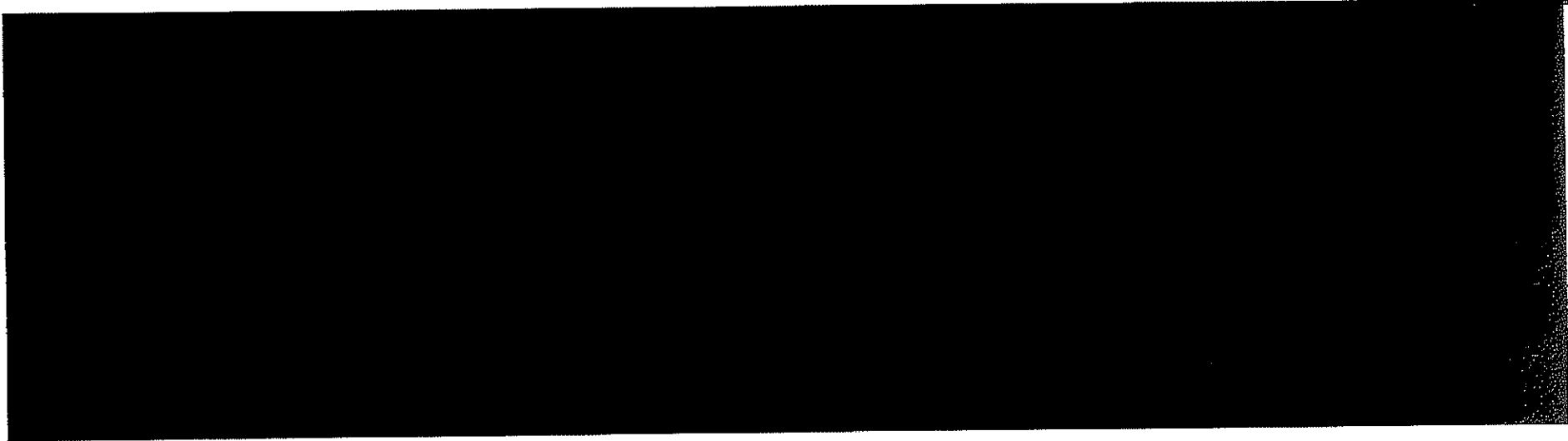


- AR Industries is a French aluminium wheel manufacturer for car industry based in Diors
- Production capacity: c. 2 million alloy wheels per year
- 2017 production: c. 1.2 million alloy wheels o/w 60% were diamond cut
- Customers include major OEMs *i.e.* Renault-Nissan, Groupe PSA, Borbet, Aixam



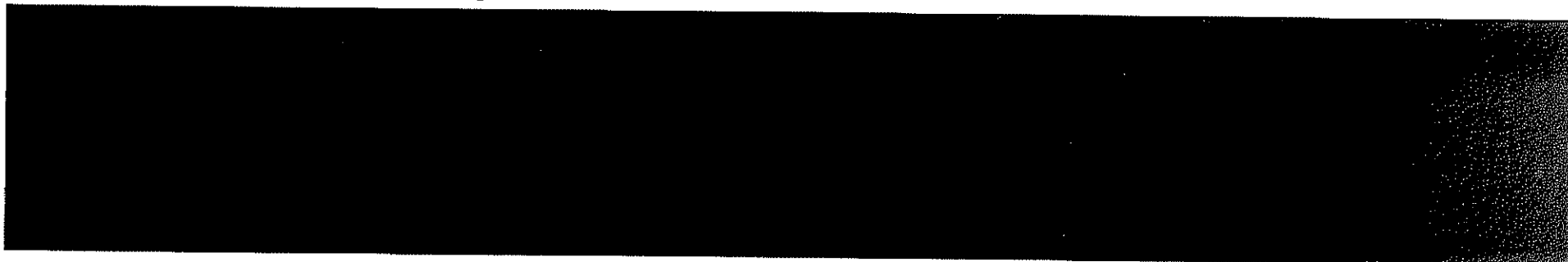
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AR Industries – Current status on the acquisition



Implication for Lochaber

- Acquisition of Aluminium Dunkerque



- Acquisition of AR Industries
 - Alloy wheel production capability



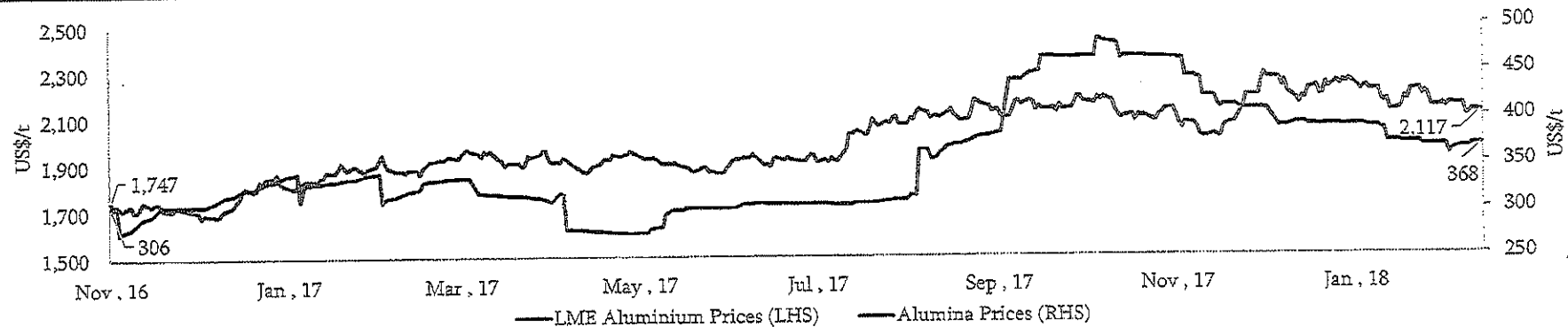


Liberty British Aluminium – Challenging Macro Environment

Raw material prices are increasing and are volatile

- ❑ Globally margins for Aluminium smelters have been challenged by increase in raw material prices
- ❑ Alumina prices shown in the chart below has increased by c.20% since November 2016
- ❑ Anode prices have also increased >20% in 2018

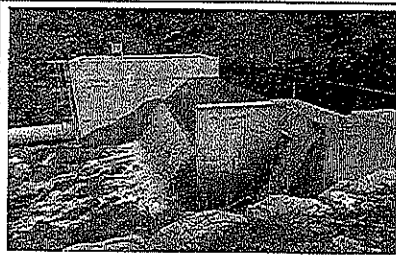
Aluminium Prices and Alumina Prices



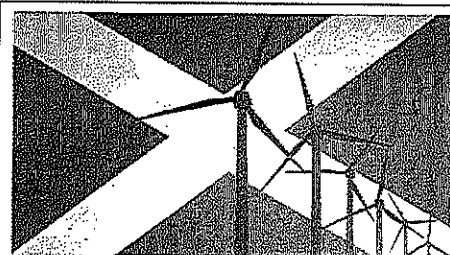
SIMEC Energy – development update



SIMEC investing in new green power generation at Lochaber and on the broader highland estates



- 8 new small hydro stations being progressed at Lochaber and Kinlochleven
- Power generation of up to 10MW



- Planning process commenced for UK's largest subsidy free windfarm at Glenshera
- c.164MW of energy from 39 turbine
- Local community positive and reviewing co-investment options



- 18MW of biodiesel generation installed at Lochaber
- Ongoing review of CHP generation



- SIMEC acquiring 100% of GHR and 49.9% of Atlantis
- Boosting Scottish clean power generation and extending the SIMEC Energy expertise



JAHAMA Highland Estates – a model for estate ownership

- JAHAMA is proud to have been described in independent reports as setting a model example for an evolution in Highland estate ownership. The result of outreach programme conducted with overwhelming positive feedback
- UK£5m investment budget planned for staff and estate accommodation
- Broader stakeholder business planning exercise ongoing for estates to increase local value add and encourage more local involvement
- ‘Open door’ policy of communities engagement resulted in a number of land transactions completed and larger scale opportunity under stakeholder consideration
- Substantial local aid provided by way of financial support, granting of community land leases and employee involvement
- GFG Foundation became a registered charity in Scotland in March 2018, allowing for broader community support programmes at school and adult levels locally

Examples of GFG local engagement...

- Soldier’s Bridge @ Fort William – agreement to extend bridge to include new ‘off-ramp’ allowing wheelchair access
- Glensherro Windfarm application - Potential for Local Electricity Discount scheme and part Community Ownership
- Nevis Landscape Partnership – agreed to transfer lease of Poldubh Bothies, allow development of crags for climbing, allow development of car park and visitor centre subject to business case
- Island Park Community Field – approval for lease transfer of football pitch to new community charity body
- Shinty - Sponsorship of Balliemore Cup and Shinty Business Club
- Lochaber Piping Society – Sponsorship of Youth Competition 2018
- Peatland Restoration Grant Funding approved for estate
- West Highland Wheelers Kids Club – funding provided to train new coaches
- Lochaber Sensory Care – funding provided to support Outreach Worker
- Kinlochleven – extensive tree surgery underway plus extensive Rhododendron removal around village
- Inverness Back Country Ski Club – approval given to allow formal plans for a Ski Lodge to be submitted
- Nevis Range – agreement in principal to allow creation of a new family cycle course
- Fort William Tailrace Development Group – agreement in principle to develop Kayak course
- Kinlochleven – agreement in principal to allow local boat training business to relocate allowing lease payments to flow to Kinlochleven Community Trust

GFG Alliance – Fort William Summary

Aluminium Smelter



Energy

Wheels plant

- Planning permission achieved

Estates work & community engagement

- £5m programme of investment in process for estate and staff housing
- Strategic redirection of estate to attract high value add business opportunities locally
- Largest ever Highlands Estate community outreach programme undertaken and evidencing comprehensive support for GFG work and commitment
- Substantial community support extended with parcels of financial aid, gifts of land leases and employee involvement

ScotGov's 3 key targets achieved – Grid Connection, Planning Permission & Constructions Works. Unlock Next Steps...

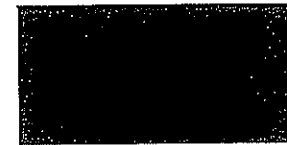
Investment Obligation Under the PPA



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Lochaber: Alloy Wheels Factory



Alloy Wheels Factory

- a. Detailed presentation of work undertaken since planning and work programme / steps / milestones leading to a completed factory by August 2019
- b. Description of delivery team and roles
- c. Contracting strategy, specifications and timelines
- d. Factory production capacity
- e. Update on commercial orders / traction
- f. Capex and sources of finance
- g. Options for scale of plant
- h. Key risks to completion of the factory
- i. Etc



Lochaber Alloy Wheel Plant Update

□ Planning

- Planning permission received Jan 2018 subject to 29 conditions including:
 - Historical and archaeological management
 - Brownfield site clearance underway to allow intrusive testing to commence
 - Transport and traffic management
 - Environmental management
 - Other conditions being discussed
- Construction of temporary offices for project team is underway

□ Project team

- Full time members appointed:
 - Project Leader
 - Controls Expert
 - Project Engineer
 - Recruitment Specialist
 - Process and Business Optimisation Expert
- These will be supplemented by part time and shared resources from the Lochaber site for management, finance, HR, design, electrical engineering and health and safety.

Lochaber Alloy Wheel Plant Update



Contracting strategy

- To manage the size of the in-house delivery team and to expedite the process, we have engaged [REDACTED] (a highly regarded project delivery team) to develop detailed specifications and tender documents.
- First round tendering process underway with over 30 separate RFQs in circulation and a further 30 in preparation.

Production Capacity

- Planning permission is for a max 2m wheel per annum facility.
- This equates to 2.2m gross production [REDACTED]
- [REDACTED]

Commercial traction

[REDACTED]

Capex/finance

- Capex analysis is being finalised
- Demonstrated cash allocated for the investment program
- Financing support available from the group

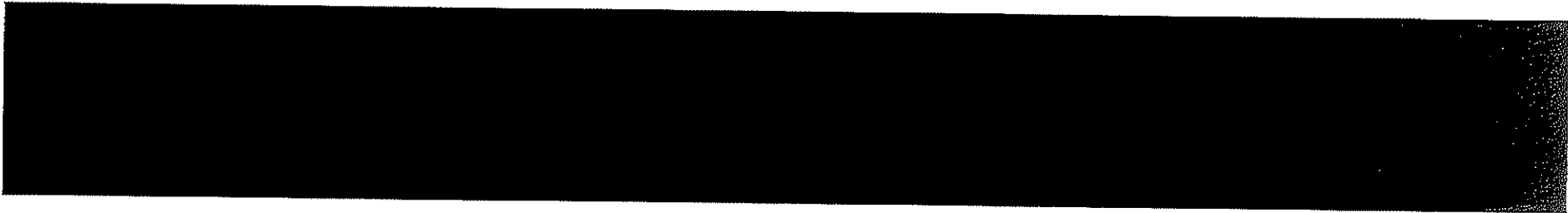
Lochaber Alloy Wheel Plant Update

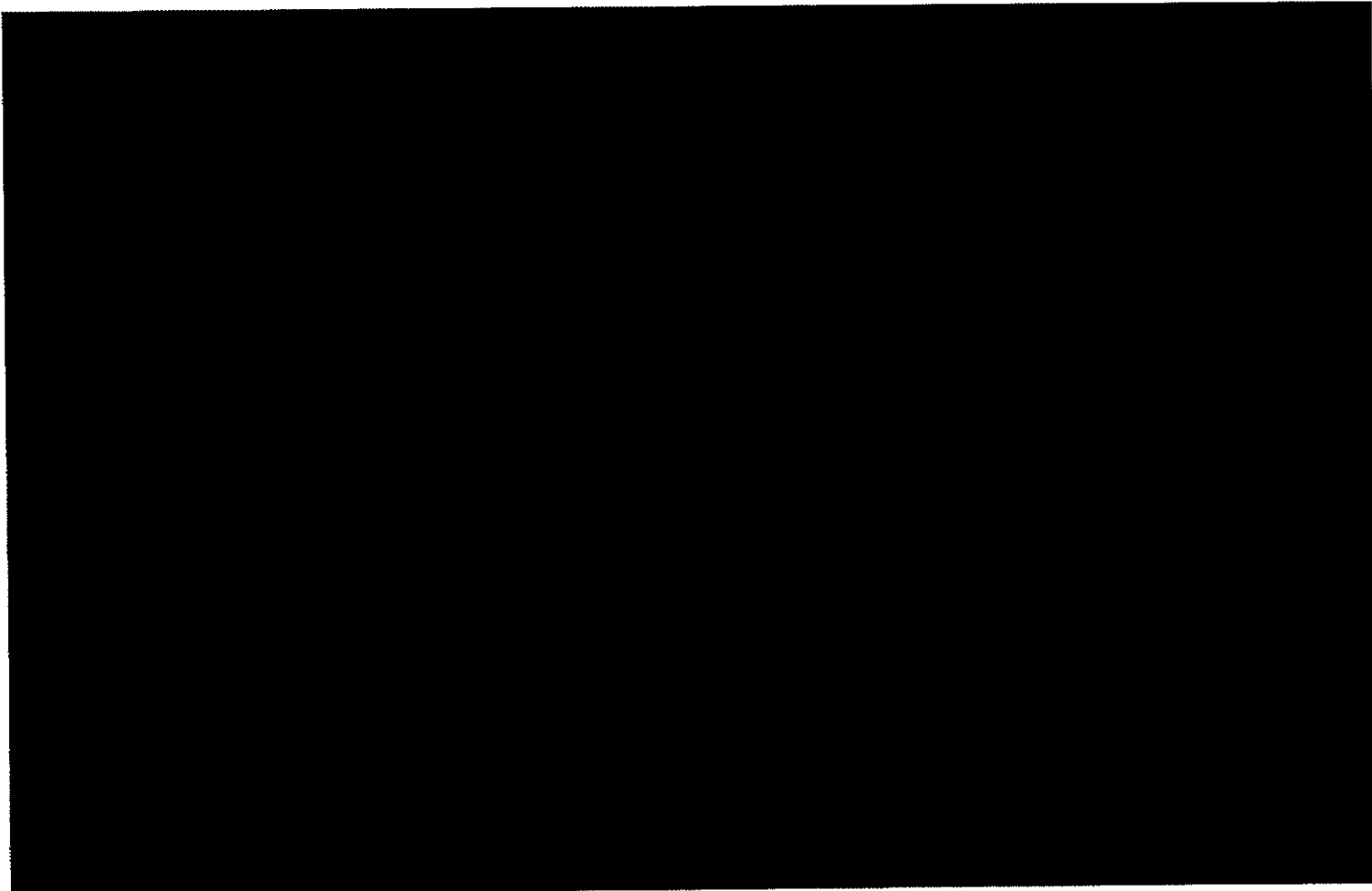


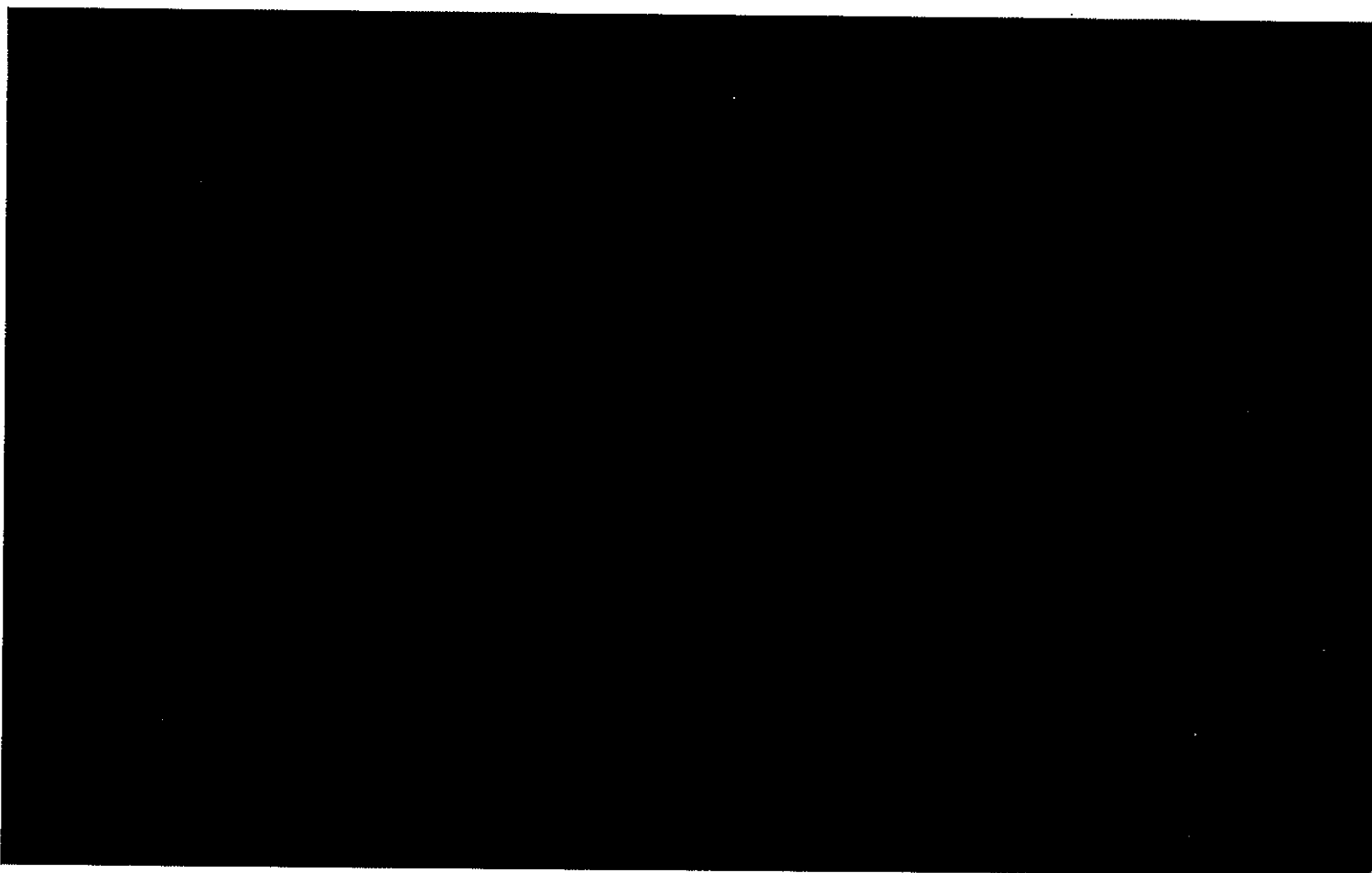
Options for scale of the plant



Key Risks



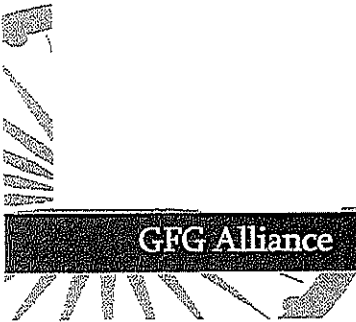




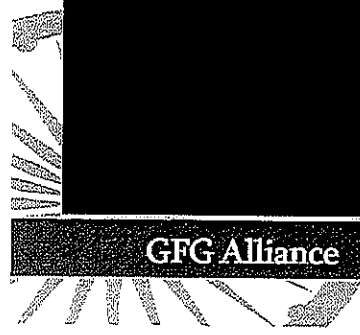
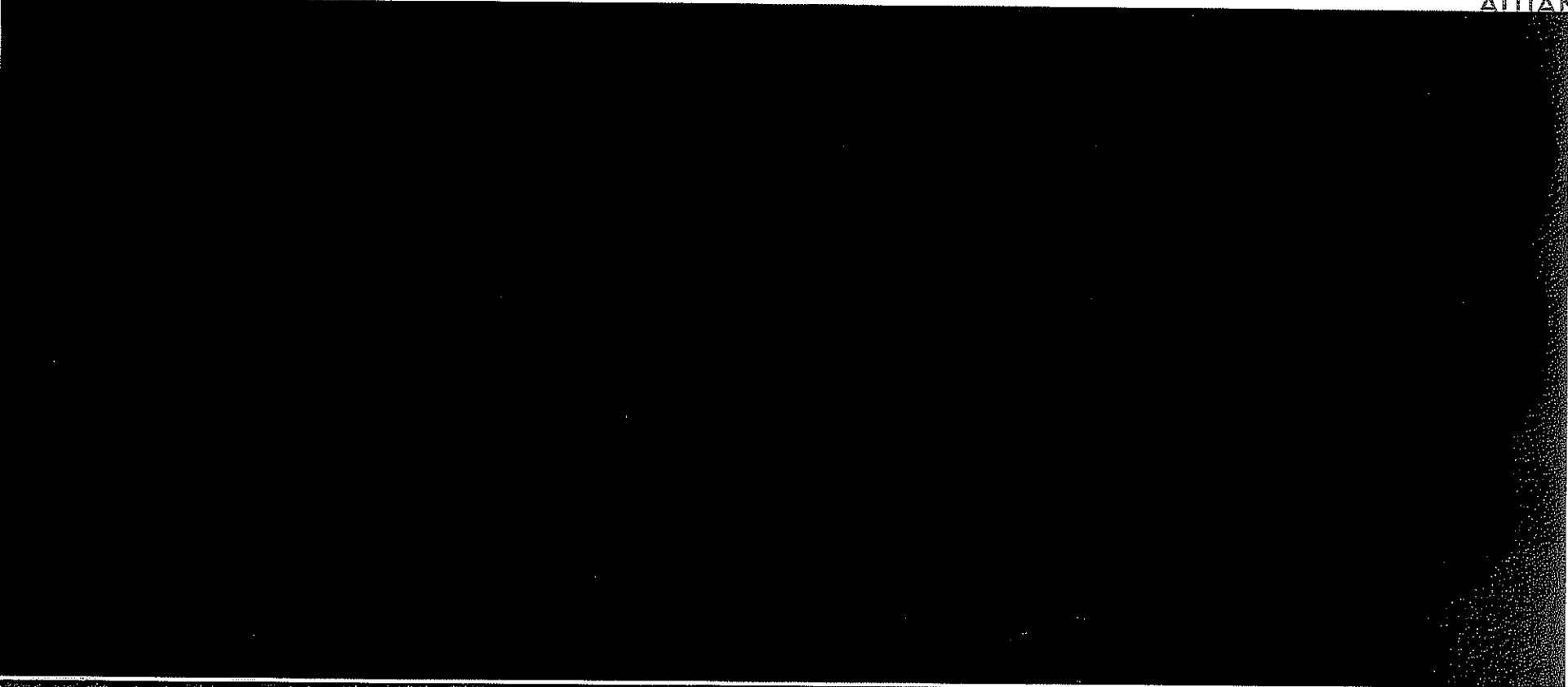
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Update on Grid connection



Lochaber grid upgrade [REDACTED]



THANK YOU

6 (a) (c)

6) GFG Alliance and Derek Mackay on 8/8/18

From: [REDACTED]@gov.scot>
Sent: 07 August 2018 22:54
To: Cabinet Secretary for Finance, Economy and Fair Work <CabSecFEFW@gov.scot>
Cc: [REDACTED]@gov.scot>; [REDACTED]
[REDACTED]@gov.scot>
Subject: FW: Cab Sec visit to Dalzell

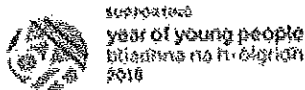
Alistair please see the response below from GFG Alliance to being advised of the Cab Sec's availability tomorrow for the visit, you will see that Jay Hambro is now no longer attending. I have updated the Cab Sec briefing for the visit.

[ATTACHED BRIEFING BELOW]

[REDACTED]

[REDACTED] | Innovation, Investment and Industries Division | Directorate for Economic Development | Scottish Government | 5 Atlantic Quay | 150 Broomielaw | Glasgow | G2 8LU

[REDACTED]



From: Sean Parsons [REDACTED] >
Sent: 07 August 2018 22:29
To: [REDACTED]@gov.scot>
Cc: James Graaf [REDACTED]
[REDACTED]@gov.scot>; [REDACTED]@gov.scot>;
[REDACTED] Jay Hambro [REDACTED]
Subject: Re: Cab Sec visit to Dalzell

Hi [REDACTED],

We are obviously very disappointed that the cabinet secretary has had to cancel the meeting to discuss future investment. I know Jay had changed plans to be there and was flying in specifically. I will pick up with his office and try and get a new date for the meeting ASAP.

I hope that he still enjoys the tour though and Duncan and the team are very much looking forward to welcoming him.

Best wishes

Sean

Sean Parsons
Head of External Affairs
Liberty House Group - part of the GFG Alliance
Mobile: 07827360891

5) GFG Alliance and Fergus Ewing on 10/5/18 – PRESENTATION SEPARATE FILE

Email: [REDACTED]

On 7 Aug 2018, at 21:00, [REDACTED]_gov.scot" [REDACTED]@gov.scot> wrote:

Sean/James I've just been advised by Mr Mackay's office that he can now only attend from 12:00 to just after 13:00, apologises for the short notice in the timing change for the Cab Sec's availability.

[REDACTED]


[REDACTED] | Innovation, Investment and Industries Division | Directorate for Economic Development | Scottish Government | 5 Atlantic Quay | 150 Broomielaw | Glasgow | G2 8LU

Tel: 0141 242 5486 | Mobile: 07837 160777



Year of Young People
2018
Bliadhna na h-Òigridh
2018

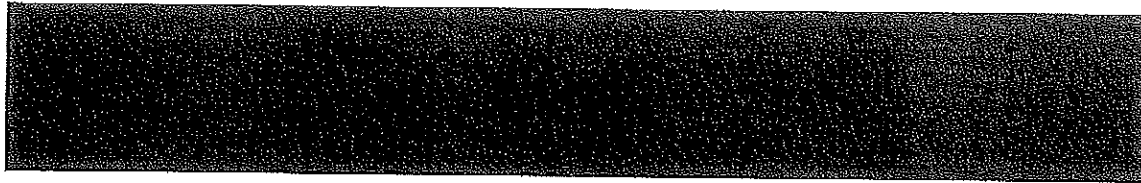
MINISTERIAL ENGAGEMENT BRIEFING: DEREK MACKAY

Engagement title	Visit to GFG Alliance Dalzell Steel Works	
Engagement timings	Wednesday 08 August 12:00-13:00	
Organisation	GFG Alliance - Liberty Steel Dalzell	
Venue and full address	GFG Alliance, Dalzell Works, Park Street, Motherwell, ML1 1PU	
MACCS reference	2018/0019851	
Background/Purpose (including invitation history)	The Cab Sec has been invited to visit the Dalzell Steel Works.	
Relevance to core script	We have thriving and innovative businesses, with quality jobs and fair work for everyone.	
Meeting attendees	Cabinet Secretary for Finance, Economy and Fair Work, Adrian Charman Liberty Steel UK Gordon MacRae (MD at Liberty Dalzell), Duncan Mackison (CEO Jahama Estates), James van der Graaf (External Affairs Executive)	
Supplementary information	"In our experience around the world we have yet to encounter any government as actively supportive and positive as the Scottish Government,". "We find this enormously helpful and it has certainly encouraged us to continue investing heavily in Scottish industry and creating skilled jobs." Sanjeev Gupta, The National, 14th March 2018.	
Twitter handles of main representatives and organisations	#GFGAlliance #Economy	
Official support:		

Top Lines and Agenda

KEY MESSAGES FOR THE GFG ALLIANCE

1. **We recognise, and value highly, your commitment to Scotland.**
 - Appreciate your commitment to invest and do business in Scotland across a range of sectors and to sustaining employment for hundreds of people.
 - Your green aims and 'GREENSTEEL STRATEGY' aligns with our low carbon goals.
2. **We have matched your commitment and operated with pace and creativity to help realise the industrial vision of the GFG Alliance.**
 - The Lochaber guarantee and Dalzell loan are significant transactions for us.
 - The Lochaber guarantee is the first of its type – we would be open to considering the potential for other industrial interventions in the future but only when the desired outcomes are realised and implementation of the plans for Lochaber has progressed.
 - Welcome the steady progress at Dalzell and are pleased to see the planning approval for the Fort William factory – a major milestone achieved. [REDACTED]
3. **We appreciate that GFG is meeting its commitments to Ministers and our high confidence is best maintained through delivery.**
 - Progress will bolster our confidence but not guarantee future SG support. Each case will be considered on its individual merits, requiring rigorous diligence and detailed scrutiny.
 - Our support balances risks and rewards – as risks subside and rewards materialise we could have more scope to consider future transactions.
 - Appreciate that industrial projects and turnaround businesses can be hard to fund from commercial funding sources alone and we are willing to share risk where it enhances prosperity and delivers value for money.
4. **Our key economic development priorities for GFG are clear, and follow-up discussions should be channelled via the two lead Cabinet Secretaries.**
 - Derek Mackay is the Cabinet lead for steel and manufacturing. [REDACTED]
 - We look forward to full realisation of the Lochaber project – the investment in the alloy wheels plant and the energy assets at Lochaber – led in government by Fergus Ewing.
5. **There are couple of outstanding points arising from the Lochaber guarantee.**
 - One is your commitment to work closely with local communities and to enter into a significant community land transaction. You have a proposal in development and I encourage you discuss it with Roseanna Cunningham when you are ready.



- Scottish steel is a quality product, including the specialist heavy plate from Liberty Steel in Lanarkshire.
- We are committed to doing as much as we can to help lower the barriers to trade and to increase the industry's ability to compete in global markets.

Steel Lines

- We wish to see a sustainable future for the Scottish steel sector, building on the long and proud heritage of steelwork in Scotland.
- Scottish steel is a quality product, including the specialist heavy plate from Liberty Steel in Lanarkshire.
- We are committed to doing as much as we can to help lower the barriers to trade and to increase the industry's ability to compete in global markets.

Agenda

1. Brief introductory presentation about GFG and LHG and assets in Scotland with tea/coffee (20 mins)
2. Mill tour – short tour – mill pulpit to see the mill rolling (40 mins approx.)

Biographies

Gordon MacRae

Gordon joins Liberty Steel Dalzell from a US multinational - National Oil Varco (NOV) - having recently returned to Scotland from Houston, Texas where he was president of NOV XL Systems. Prior to joining NOV, Gordon spent 9 years at Vallourec in Aberdeen where he successfully developed and managed the European supply chain for the oil & gas sector. He is a graduate of both Napier University, Edinburgh and Aberdeen University. Gordon currently lives in Inverness but resides in Motherwell Monday to Friday.

Duncan Mackison

Duncan joined the GFG Alliance as the Chief Executive JAHAMA Highland Estates. A former Royal Marine, spent many years working in outsourced Government services as managing director of Serco's defence business before joining the Duke of Buccleuch's 240,000-acre estates, most of which are in Scotland.

BACKGROUND

- In April 2016, Liberty House Group purchased both Dalzell & Clydebridge steel plants from TATA Steel. Liberty are currently exploring investment opportunities at both sites to help strengthen and diversify the steel products produced to compete within new market [REDACTED]

- Investment opportunities identified include [REDACTED]

- The UK currently exports 43% of its production of finished steel. This share has increased in recent years, particularly after the financial crisis in 2008. Prior to 2008, the share was between 35% and 39%.
- The UK currently exports 43% of its production of finished steel. This share has increased in recent years, particularly after the financial crisis in 2008. Prior to 2008, the share was between 35% and 39%.

Steel companies operating in Scotland include:

- Liberty Steel, Dalzell & Clydebridge, c. 170 emp
- The Blake Group, Edinburgh,
- Edgen Murray, Bellshill & Newbridge,
- Celsa Steel, Motherwell, 86 emp
- Midland Steel, Motherwell,
- Alexander (Scotland) Ltd (steel stockholders), Stirling
- Vallourec Oil & Gas, Bellshill,
- People employed in the Steel sector in Scotland: Total employment, Scotland, Steel (SIC 24.1,24.2,24.3), as at March each year :
2016 – 1,800
2017 – 1,820

Steel Market/Sector Concerns

- On 1 June 2018 the US imposed steel and aluminium tariffs of 25% on steel and 10% on aluminium on all steel and aluminium imported into the US from the EU.
- UK electricity costs for extra-large industrial energy users are amongst the highest in Europe. The UK Steel Sector Deal which was submitted to UKG by industry representatives last September has still to be agreed, in part because of issues around energy prices.
- To date, industry reports have been produced by the UK Government (Future Capacities and Capabilities of the UK Steel Industry) and Zero Waste Scotland (Maximising the Value of Steel in Scotland) which review the opportunities and constraints faced by the UK and Scottish steel industries towards growth and development. To develop UK Gov proposals around a steel

sector deal. A Steel Sector Deal report was produced which includes detailed analysis of the industry both in the UK and globally.

- We hold Steel Sector Round Table meetings biannually, chaired by the Business Minister, the last meeting was on 29 March 2018.

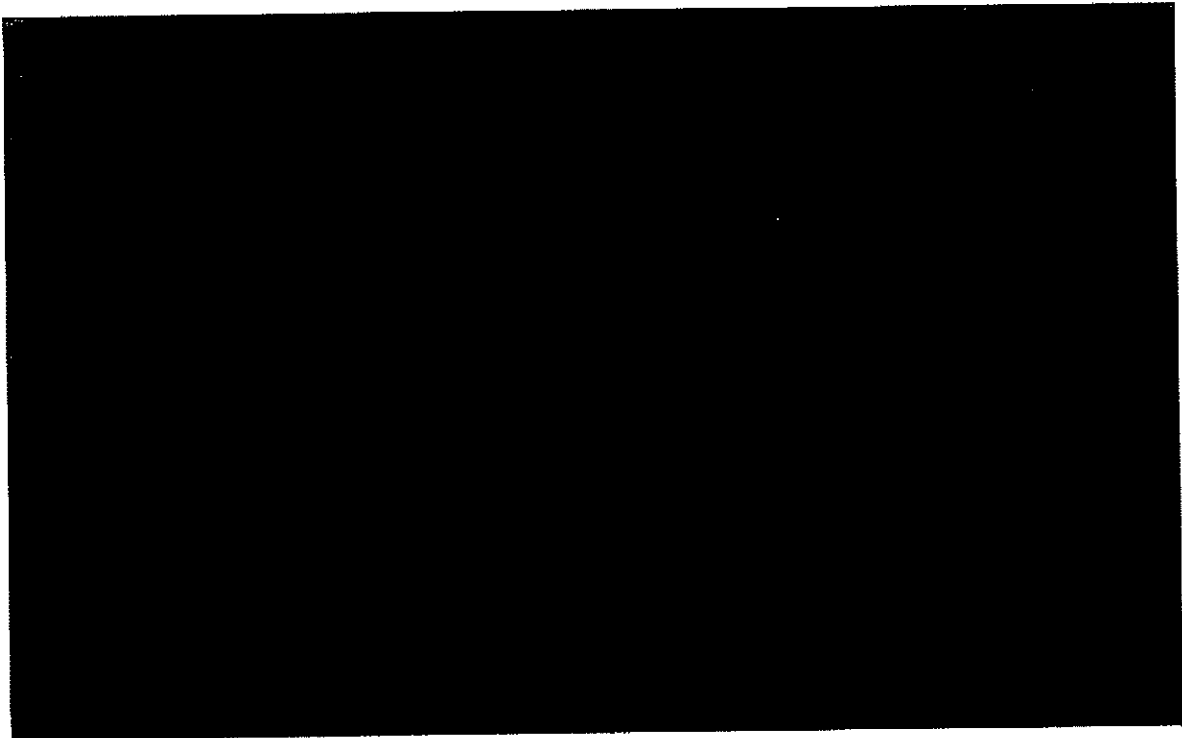
SCOTTISH ENTERPRISE SUPPORT

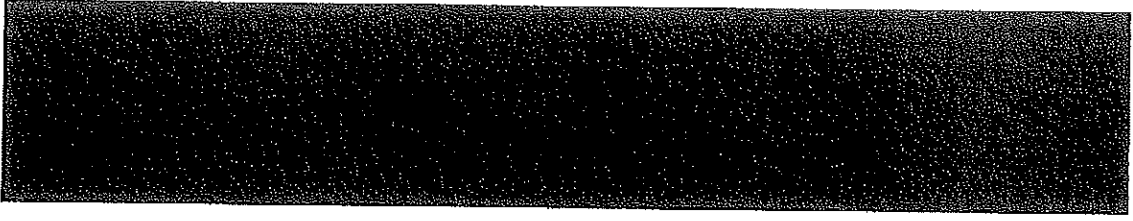
Liberty Steel Dalzell Ltd

- SE has provided this business with a £7m loan for working capital purposes and grant funding of £1.97m towards Training and Disadvantaged Workers. Staffing levels have reduced from [REDACTED] as at end of June 2018. The reduction has been due to voluntary redundancies (14) and natural attrition. [REDACTED]

- New MD, Gordon MacRae was appointed in April 18, this appointment brings much needed stability to the senior team at Dalzell. Gordon brings knowledge and expertise from the oil and gas sector and displays a good understanding of the steel business from his previous employment. [REDACTED]

- [REDACTED]
- The group has been having discussions with SE/SG regarding a number of projects in Scotland, they key projects that could positively impact the Steel business are;





GFG ALLIANCE

- The GFG Alliance is a London-headquartered international group of businesses, founded and owned by the British Gupta family. It combines energy generation, metal manufacturing, engineering, natural resources and financial services, working together to deliver a common business strategy. The Alliance has total revenues of approximately \$10 billion per annum [£7.5 billion], net assets of around \$1.5 billion and nearly 11,500 employees across more than 30 countries.

Recent developments

- The GFG Alliance continues to seek opportunities for expansion via acquisitions. Recent significant transactions include:
- June 2017 - French alloy wheel maker AR industries joins the GFG Alliance
- 10 January 2018 – GFG’s industrial arm Liberty House made a binding conditional offer to Rio Tinto to buy Europe’s largest aluminium smelter based in Dunkerque, France. Statutory consultation with employees, European Works Council and stakeholders continues.
- 2 January 2018 – GFG Alliance announced that its SIMEC mining division had signed a binding agreement to acquire Glencore’s high-quality Tahmoor metallurgical coking coal mine in New South Wales. The Tahmoor mine is an important supplier of coking coal to the Whyalla Steelworks.
- 31 August 2017 – The GFG Alliance completed the acquisition of Australia’s leading integrated mining, recycling, steel manufacturing (Whyalla steelworks) and steel distribution business – Arrium. The business employs 6,000 people.

GFG Alliance in Scotland

- Liberty House Group has two main business interests in Scotland: Liberty Steel at Dalzell Clydebridge; and Liberty British Aluminium at Fort William.
- The GFG Alliance also has increasingly significant renewable energy interests in Scotland via its subsidiary SIMEC. SIMEC has acquired Green Highland Renewables (Scottish developer of hydro-electric schemes bought in December 2017) and Atlantis Resources which owns the MeyGen tidal energy project in the Pentland Firth. These two transactions have completed without SG assistance.
- The Group also owns a small bicycle manufacturer, Shand Cycles, in Livingston.
- SIMEC is the owner of the two large hydro-electric plants the GFG Alliance owns in Lochaber and they are developing plans for a large scale windfarm (around 170MWs) at Glenshero on the Lochaber estate. We expect the windfarm to go forward for planning permission in late summer 2018.
- Sanjeev Gupta met with the First Minister in March to update her on the performance and growth strategies of its Dalzell and Lochaber businesses; to highlight the recent business acquisitions of the Group in France and elsewhere; to reinforce GFG’s commitment to Scotland; and to outline plans for additional investment in [REDACTED] and expanded downstream aluminium production in Lochaber.

Existing Support and GFG Commitments

- To date GFG has delivered on all its commitments to the Scottish Government, and all indications suggests the Group is creating value through a programme of strategic acquisitions in the metals, energy and engineering sectors.
- The public sector (via Scottish Enterprise) has already provided support to the Alliance through a £7 million loan to Liberty Steel and a 25-year power purchase guarantee for the Lochaber smelting plant.

Liberty British Aluminium (performance and commitments)

The Lochaber alloy wheels project is progressing at pace and a major milestone was reached in January this year when the scheme achieved planning consent.

- GFG commit to engage positively with all relevant communities and tenants in the development of; and to work with the ELLCT and other community ownership trusts to enter into community land transactions in relation to significant portions thereof [that is, the Lochaber estate lands of circa 115,000 acres].

Liberty Steel (performance and commitments)

- Scottish Enterprise provided Liberty Steel with a £7m loan for working capital purposes in March 2017 and grant funding of £1.97m towards Training and Disadvantaged Workers in November 2016.

7) GFG Alliance and Fergus Ewing on 12/3/18 – Some correspondence released in previous FOI - Fol/19/01464

<https://www.gov.scot/publications/foi-19-01464/>

