

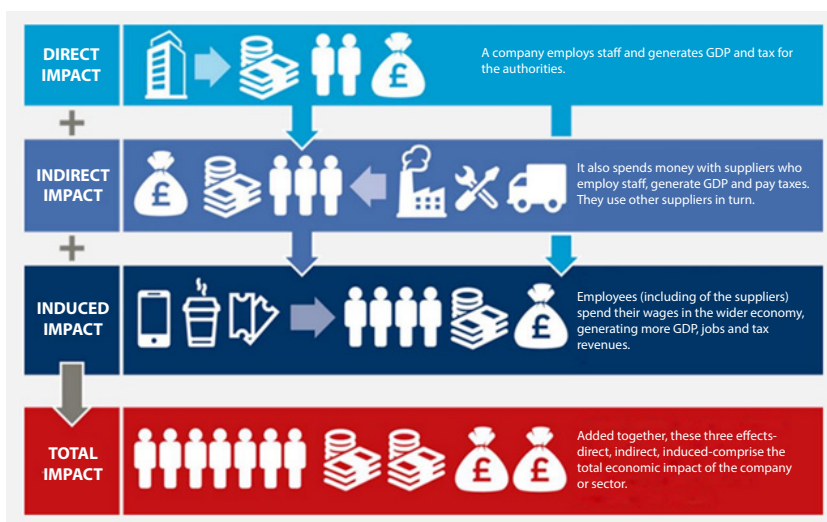
# The impact of Tata Steel’s transition to a clean, green, and circular company on the Dutch economy and society

## 1. Socioeconomic contribution of Tata Steel in The Netherlands

Tata Steel has deep-seated roots in the Netherlands and especially in the North Sea Canal Area, with a history stretching back more than 100 years. It is the largest and only steel producer in the country, emphasizing not only its economic but also its strategic role for the Netherlands and the EU.

The company provides key inputs to other Dutch and European industries and is also a source of skilled employment and well-paid jobs. This, in turn, promotes higher living standards. Moreover, through the company’s procurement and wages paid to its employees, Tata Steel supports more jobs and GVA across the country than it may seem at first sight. The same holds for taxes that are not only paid by Tata Steel itself but also raised through its stimulated economic activity.

Oxford Economics has assessed the socioeconomic impact of Tata Steel’s Dutch operations to the Netherlands. The gross value added (GVA), employment, and tax revenues that Tata Steel supported in 2022 have been calculated by looking at the company’s operations, its spending with suppliers, and its payment of wages to employees. Three channels of demand impact are taken into account: the direct impact, concerned with the activity of the company itself; the indirect impact, reflecting activity supported throughout the supply chains of Tata Steel; and the induced impact, relating to further activity supported by household spending, to the extent that it is funded out of wages earned at Tata Steel and in its supply chain.



Furthermore, the future contribution following the planned investment programme (Green Steel plan) to become a clean, green, and circular steel company is estimated and its potential environmental and societal impact is described.

## 2. Tata Steel's socioeconomic contribution in 2022

### Economic contribution

Tata Steel's operations make a substantial contribution to the Dutch economy. Tata Steel directly generated €2,070 million of GVA in 2022. However, Tata Steel's total GVA contribution to the Dutch economy, considering supply chain and staff spending impacts, is substantially higher, at around €4,300 million. Through the indirect channel, Tata Steel's Dutch operations stimulated €1,500 million of GVA with Dutch companies in 2022.

Wholesalers and retailers across the Netherlands benefitted most from Tata Steel's spending. The induced impact is estimated to be €790 million resulting from the wage-funded spending of the employees of Tata Steel and its suppliers.

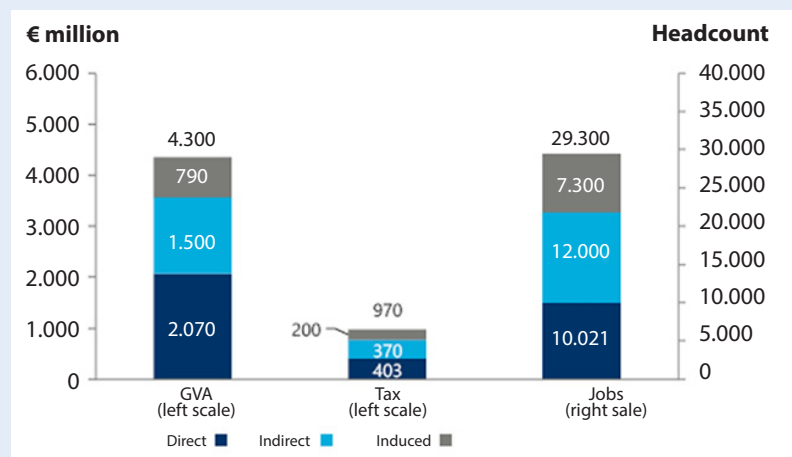
Tata Steel's Dutch operations stimulated tax revenue of around €970 million in the Netherlands in 2022, of which the company directly paid €403 million in taxes to the Dutch treasury. Tata Steel also supported €370 million and €200 million through the indirect and induced channels of impact, respectively.

The company's total contribution to Dutch GVA is 2.1 times its direct impact alone. This so-called "multiplier" indicates the relative impact of the company's direct socioeconomic contribution and the effects through its supply chain and wages paid to employees. The multipliers for tax revenue are 2.4 based on all three channels in 2022, meaning that for every €1 of tax raised directly from Tata Steel's operations, a further €1.4 are raised from elsewhere in the Dutch economy.

### Employment contribution

Tata Steel employed just over 10,000 individuals in the Netherlands. With a productivity of €206,583 in terms of direct GVA per worker, Tata Steel is more than twice as productive as the average company in the Dutch economy. Moreover, Tata Steel's economic activity supports additional jobs across the country in many other industries. Its total contribution to employment is about 29,300 jobs in 2022, stimulating the employment of 4,500 workers with wholesalers and retailers; 3,300 workers with business service providers; 3,200 with companies providing health and social services; 1,100 workers with hotels and restaurants; 800 with transport companies; and 700 with providers of public utilities, waste, and cleansing services.

**Tata Steel's totale socioeconomics contribution in the Netherlands (2022)**

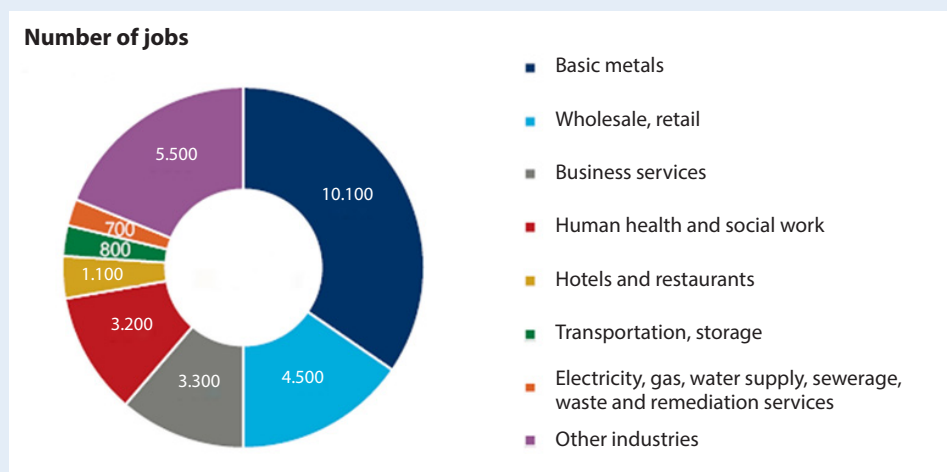


Note: Indirect, induced, and total effects are rounded. Totals may not sum due to rounding.

Source: Oxford Economics based on Tata Steel Netherlands

Moreover, every person employed by Tata Steel in the Netherlands supports 1.9 roles elsewhere in the Dutch economy.

## Total employment contribution by broad industrial sector in the Netherlands (2022)



Note: Totals may not sum due to rounding.

Source: Oxford Economics based on Tata Steel Netherlands

### 3. The future contribution of Tata Steel's Green Steel plan to the Dutch economy and employment

Tata Steel is planning to change its production site at IJmuiden and become a clean, green, and circular steel company. The transition will take place in two phases. The implementation of the investments in IJmuiden will substantially increase Tata Steel's socioeconomic contribution in the Netherlands.

The investments planned in Phase 1 will contribute to the Dutch economy mainly via the CAPEX spendings. Dutch construction and machine manufacturing companies will benefit as they will support Tata Steel with the transformation of its production site. By the end of the first investment phase in 2030, Tata Steel's Dutch operations will generate €5,400 million of total GVA in the Netherlands - a plus of 26 percent compared to 2022 (in real terms: 9 percent).

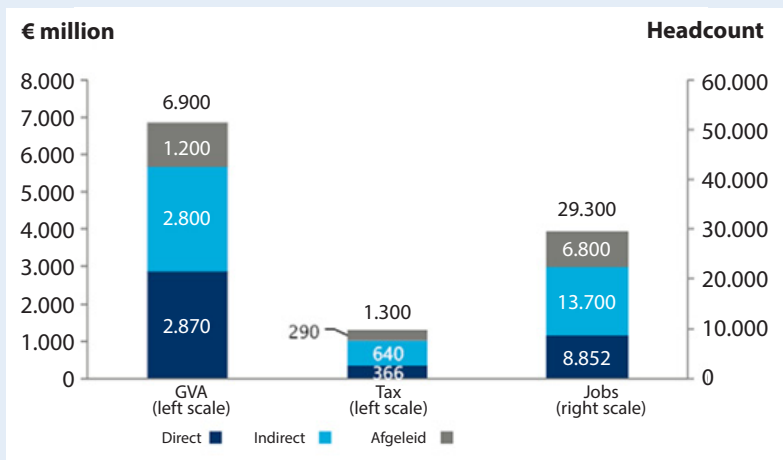
Assuming the investment project is implemented as planned, Phase 2 could boost the economy even further through additional capital expenditure. In the subsequent Phase 2 of Tata Steel's transition between 2031 and 2037, the total GVA could rise further to approximately €6,900 million in 2037 - a plus of 59 percent compared to 2022 (in real terms: 20 percent). Phase 2 will result in a changed procurement structure.

It will enable Tata Steel to buy more goods and services from Dutch rather than international suppliers which benefits the wider Dutch economy in the long run. A larger share of scrap will be used in steelmaking, which will be sourced from the Netherlands, and as energy input shifts from coal to electricity and natural gas, more energy will be bought locally, e.g. electricity from offshore wind parks in the North Sea. As a result, Tata Steel's GVA contribution in 2037 could be 2.4 times its direct impact in the Netherlands considering the re-regionalised supply chains, compared to 2.1 in 2022. An increase of the company's direct GVA by €1 would result in an additional GVA increase of €1.40 in the Netherlands through the indirect and induced channels compared to €1.10 in 2022.

Tata Steel's investment can secure jobs not only in Tata Steel facilities but at many other Dutch industries supplying Tata Steel with goods and services. Tata Steel's transition could increase the job multiplier to 3.3 in 2037 compared to 2.9 in 2022. Every job at Tata Steel in 2037 will support an extra 2.3 jobs through the indirect and induced channel compared to 1.9 jobs in 2022.

In terms of tax revenue, Tata Steel's investment will stimulate after Phase 1 an extra €500 million in estimated tax revenue compared to 2022 through the three channels. If Phase 2 is also implemented, an additional €1,400 million in tax revenues could be stimulated via all three channels by Tata Steel between 2031 and 2037. Furthermore, between 2026 and 2030 €2,300 million will be paid by Tata Steel on EU-ETS and between 2031 and 2037, it will amount to around €7,200 million, totalling to around €9,500 million until 2037.

### Tata Steel's total socioeconomic contribution in the Netherlands (2037)



Note: Indirect, induced, and total effects are rounded. Totals may not sum due to rounding.

Source: Oxford Economics based on Tata Steel Netherlands

## 4. Wider environmental and societal impact of the transition – Green Steel

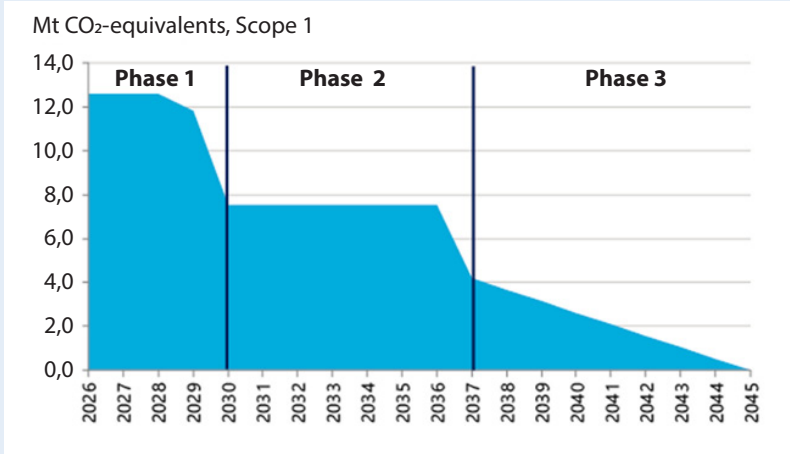
The non-economic benefits of this transition will be manifold. The reduction of CO<sub>2</sub> will lead to greener production reducing 10 percent of the current CO<sub>2</sub> emissions of the Dutch industry by the end of Phase 1 and 25 percent by the end of the entire transition. Phase 1 of the transition will result in a ~40 percent decline in Tata Steel's current 12.6 Mt CO<sub>2</sub> scope 1 emissions. Thus, such a large reduction will help the Netherlands to achieve its climate target of 2030 and to become climate neutral by 2050. The production will become cleaner as also other emissions will be reduced such as fine dust, noise, and odour, with an estimated reduction after Phase 1 of ~38 percent in NO<sub>x</sub> compared to 2019.

Beyond the direct emissions from the site, the transition will contribute to the Dutch circular economy by increasing the usage of scrap and thereby avoiding the environmental impact of shipping of scrap and downcycling. The investment can create knowledge spillovers for the Dutch economy contributing to a higher productivity, a more skilled workforce and accelerate green industrial and energy innovation throughout the Dutch and EU manufacturing sectors. This will also be the case with the investment in R&D and Tata Academy, which support innovations in the steel industry and enables students to learn the latest techniques.

Tata Steel's presence in the Netherlands and its sustained competitiveness can be considered of strategic importance. The EU currently imports around 25 percent of its steel consumption. Recent geopolitical shocks (e.g., the wars in Ukraine and in Gaza in the Middle East, increased tensions with China) have illustrated that dependence on extra-EU supply chains is associated with risks. With the investment, Tata Steel can serve the high demand for steel required for the energy transition and can contribute to a resilient and secure supply chain less prone to geopolitical tensions.

Lastly, securing the manufacturing industry in an economy is important for robust economic growth which supports employment security in the long run. Manufacturing and service sectors can complement each other during different phases of the business cycle. Also, manufacturing sectors are important as major procurers of business services. A balanced Dutch economic sector composition can therefore increase its resilience. Thus, Tata Steel's investment has the potential to keep steel production in the Netherlands internationally competitive and secure jobs in manufacturing but also through its supply chains in the service sector.

**CO<sub>2</sub> reduction pathway of Tata Steel's transition plan (2026-2045)**



Source: Tata Steel Netherlands

**Disclaimer**

This publication summarises the main points of an economic impact study entitled 'The impact of Tata Steel's transition to a clean, green, and circular company on the Dutch economy and society', conducted by Oxford Economics. Tata Steel Nederland has not endorsed or verified the study and assumes no obligation to update, revise or supplement the study or any part thereof. No warranty or representation is given as to the accuracy, completeness or validity of the information contained in the study. Neither Tata Steel Nederland nor any of its subsidiaries (nor their respective officers, employees and agents) accepts any liability for any loss or damage arising from reliance on, or actions taken on the basis of, the information contained in this publication. Supporting documentation can be found on our website [www.tatasteelnederland.com](http://www.tatasteelnederland.com)

**The Green Steel transition ensures:**



Fewer emissions resulting in a **healthier living environment**



Key contribution to **achieving Dutch climate goals**



**Strategic independence** in times of geopolitical uncertainties



**High-quality gainful employment**



An **increasing economic contribution** to the region and the Netherlands