

Briefing

Scunthorpe and the UK steel industry



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UK steel has suffered from underinvestment and no long term plan

- The UK steel industry is going through a critical period. Scunthorpe and other UK steel sites have suffered from decades of underinvestment, leaving them struggling to compete internationally. The sale of British Steel (which runs the Scunthorpe site) to Jingye Group in 2020 did not solve this problem.
- Underinvestment has damaged communities through job losses and created uncertainty for steel workers. Steel is a keystone industry that provides well paid jobs in several economically disadvantaged areas and helps to underpin the UK's wider manufacturing sector.
- The UK has limited steel production capacity for an economy of its size. This threatens resilience and national security as steel becomes the subject of tariffs and trade conflicts. The UK produces enough steel to meet 70 per cent of domestic demand but, after exports, only 40 per cent of UK demand is now met with UK produced steel, and this percentage has been steadily falling.
- Fundamentally, steel manufacturing is a hugely important strategic industry and a long term plan providing stability is needed for the industry, its workers and communities. The goal should be for UK-made steel to meet an increasing share of UK demand through a workforce led transition plan.

The future of the industry is in clean, recycled steel

- A long term plan needs to be underpinned by support for the transition to modern, clean steel production. Global markets are moving to clean steel. Businesses are increasingly demanding that suppliers meet tighter emission standards. The steel industry and other governments around the world are responding with a swathe of investment in lower carbon production.
- The UK has an abundance of scrap steel but has to import large quantities of iron ore and high quality coal to make virgin steel. At least 80 per cent of UK steel demand can be met through recycled scrap steel made with electric arc furnaces (EAFs). Some of the most sophisticated

steel products are already made with steel from EAFs, from aeroplane landing gear to nuclear reactors and naval submarines.

- But this transition cannot happen overnight, therefore keeping blast furnaces open while facilitating a gradual transition to low carbon EAFs, such as the one at Sheffield Forgemasters and as seen across the US, is the best way to protect the industry and its workers and make the UK more resilient.
- Net zero is not a threat to UK steel. In fact, decarbonising Scunthorpe's steelworks - which has suffered decades of underinvestment – is necessary to ensure that it has a future in a competitive market where green steel is increasingly being demanded by buyers, as demonstrated by the SteelZero initiative. The [Community, GMB and Unite unions](#) have put forward proposals to protect workers in this transition.

Public ownership can bring stability and a greener future

- Public ownership, at least for the period of transition at the site, will provide more stability. We welcome the government stepping in during this crisis. But any support must come with clear commitments to modernise the site for a greener future. These changes will be essential if the UK is to be able to meet growing global demand for clean steel. The government's forthcoming steel strategy and funding commitment offer a real opportunity to futureproof the industry. This must be matched with a clear plan for the workforce.
- The UK does [not need](#) new coal mines for domestic steel production. The coal that would have been produced in the proposed mine in Cumbria would not have met standards for UK blast furnace steel production, not least because it contains [too much sulphur](#) to meet UK air pollution standards. There would be no longer term market for that coal in the UK and Europe, which are turning to other forms of steelmaking.

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