Briefing

Get Britain making again

July 2026

The case for green reindustrialisation

Britain cannot mend its economy without rebuilding its industrial base. Britain is one of the world's largest economies, but manufacturing makes up an ever shrinking share of its GDP. Many of the industries that once anchored local economies and communities, from steel to basic chemicals, have been in decline for decades.

Outside a few prestige, high value sectors, successive governments have allowed industrial assets to age, while competitors have invested, modernised and built industrial strategies. The result is an economy reliant on imports, leaving it vulnerable to supply chain shocks, and greater inequality between regions.

Foundation sectors, such as steel, chemicals and ceramics, provide the raw materials that support totemic sectors like automotives, aerospace and advanced manufacturing. Once these industrial ecosystems disappear, they are difficult and expensive to rebuild.

They also carry deep cultural importance. In places across the North West, South Wales, Yorkshire, the Midlands and Scotland, these industries are a part of local identity. Workers do not see their role in them merely as a job, they are institutions that have shaped entire communities.

Business as usual is not an option

The choice facing Britain is too often characterised as one that either preserves industry or decarbonises it, this is a false binary.

Declines in industrial outputs and jobs began long before climate policy was enacted. Today, the biggest threat to UK industries is not decarbonisation but failing to prepare for a world in which clean energy supplies, the carbon intensity of production and efficient resource use determine where investment flows and which products are competitive.

Britain cannot win a race to the bottom on labour costs, and cutting environmental standards would be a false efficiency, leaving industries less prepared for future markets, impacting air and water quality, with knock on impacts for health and NHS costs. Britain needs to compete instead on innovation and efficiency.

More sectors need specific plans

Moves in the right direction are already being made in the steel sector, with the UK government and its counterparts in Europe investing in cleaner, more efficient, electric arc furnace steel production. This should help tackle the frustrating export of millions of tonnes of valuable steel scrap from the UK every year, only for the country to import finished products made from those same materials.

No equivalent plans exist to futureproof other sectors, with industrial strategy, focusing only on advanced manufacturing (even then, plans are inadequate) and clean energy suppliers. The closure of the Grangemouth oil refinery saw a scramble to come up with alternative plans for the site and, although various sums have been given to support the chemicals sector, these do not appear to have been given with any expectations around upgrading infrastructure.

Industrial heat pumps are more efficient than gas boilers, meaning they are already cost competitive in some sectors. They also protect businesses from future gas price crises. But the government has no plan for their rollout. The Industrial Transformation Fund that previously supported their installation has been removed and a successor was struck out of last autumn's budget plans.

Despite a range of businesses urging government to publish its promised Circular Economy Growth Plan, progress has stalled and progress has not been made in driving forward material efficiencies.

A new vision for British manufacturing

Too often, scrapping environmental policy has become the defacto answer to any question around industrial investment. Yet the longer term picture tells a different story. Britain deserves an industrial future, a future where communities that powered the industrial revolution can help to drive the next one.

We already have world leading universities, globally competitive clean power and deep industrial expertise but these advantages will only translate into jobs and investment if they are matched by long term certainty and a clear strategy.

A strategy for green reindustrialisation should focus on three priorities:

1. **Level the playing field for UK manufacturers.** British industry faces structural disadvantages that the government can address. Industrial electricity prices are significantly higher than those faced by many European competitors and UK firms' risk being undercut by imports produced to weaker environmental standards. Lowering industrial electricity prices and introducing an effective Carbon Border Adjustment Mechanism would create fairer conditions for investment and production in Britain.
2. **Invest to futureproof strategic industries.** Public investment should be used to help UK industries to upgrade, where levelling the playing field isn't enough and there are clear long term benefits for improving competitiveness, resilience and regional prosperity. Measures such as industrial electrification reduce exposure to volatile fossil fuel and material prices and ensure British manufacturers remain competitive in growing global markets. Government support should crowd in private capital and be linked to clear outcomes on productivity, jobs and emissions.
3. **Put working people and places at the centre of plans.** Industrial policy must be about more just strategy. It must deliver secure, well paid jobs, high quality apprenticeships and opportunities for local people. That means working in partnership with trade unions, local authorities, businesses and communities to ensure industrial investment creates lasting local prosperity.

For more information, contact:
Annabel Rice, senior political adviser, Green Alliance
arice@green-alliance.org.uk