Unite the Union: The Steel Strategy: The Plan for Steel
Department of Business and Trade Consultation

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Unite is the largest UK trade union for manufacturing, representing workers in major steelworks, downstream production sites and across the industries steel supports – from automotive to aerospace and shipbuilding. Unite supports the UK government's commitment to a world leading steel industry and to achieving climate goals. These objectives can only be achieved through a transition which defends jobs, pay and conditions.

Introduction: Urgent action required

Unite welcomes this consultation with its recognition of the central role of steel to a modern, secure economy. Above all other points in this submission, Unite is highlighting the urgency of the situation at British Steel (Jingye), Scunthorpe. As of 27th March, over 4,000 direct jobs and many more in the supply chain face being lost with the closure of blast furnaces, steelmaking operations and the rod mill by June 2025. Immediate action is required by the government and the employer in order to prevent this devastating cliff edge and secure a genuine transition.[1] All options must be on the table and every day of the announced consultation must be spent working to prevent this closure.

Beyond the immediate intervention in this emergency situation, the scope of the steel strategy must be to finally place the steel industry on a secure and sustainable footing after many years of perpetual crisis. For Unite members this crisis began in 2015 with the collapse of Redcar steelworks with 2,000 job losses. This was followed by the financial implosions of Greybull (then owners of British Steel) and the Liberty Steel Group, the failed joint venture between Tata and ThyssenKrupp, the uncertainty of the Brexit years, the impact of the trade war from the first Trump administration, and most recently the disastrous unjust transition at Tata Port Talbot.

This Labour government must do the one thing the Tory government never did – appreciate the reason the UK needs a steel industry is not for the extraction of profit at the cost of underinvestment. The purpose of steel is to be a social and industrial foundation which provides high quality jobs[2] in otherwise long-abandoned areas, while sustaining world leading advanced manufacturing and, ultimately, the defence of the nation.

To achieve this aim, the government must be prepared to intervene at Scunthorpe immediately and then remain industrially active for the long haul in order to shape the future of the sector. This ranges from placing the sector on a sustainable footing with conditional investment in green steel production, to tackling energy prices, changing the rules of UK procurement and supporting emerging technologies such as hydrogen. The current context, particularly the second trade war with the US, means 'a hands off' approach will only end one way: disaster for steelworkers.

The UK industry does not exist in a vacuum. Globally excess capacity is forecast to reach 630 million tonnes by 2026, equivalent more than 100x the UK's production. Strong support from international pressures, such as tariff wars and 'dumping' is vital, but so is growing stable and sustainable domestic demand through procurement.

Defending jobs at Scunthorpe (British Steel)

[1] https://britishsteel.co.uk/news/british-steel-to-consult-on-proposed-closure-of-scunthorpe-blast-furnaces-rod-mill-and-steelmaking-operation/
[2] https://www.uksteel.org/steel-news-2024/key-stats-2024

The most urgent intervention required of government is the situation at British Steel, where the livelihoods of 4,000 workers are at stake. British Steel (Jingye) announced the start of a formal consultation process with trade unions on 27 March 2025 with three tabled options.

- Closure of the blast furnaces, steelmaking operations and Scunthorpe Rod Mill by early June 2025
- Closure of the blast furnaces and steelmaking operations in September 2025
- Closure of the blast furnaces and steelmaking operations at a future point beyond September 2025

The company claim that "British Steel will continue to work with the UK Government to explore options for the future of the business."[3] All options to prevent closure must remain on the table, including the government stepping in to ensure operation continues across British Steel sites, as happened in 2019 with the collapse of Greybull.

Linda McCulloch, Unite's National Officer with responsibility for steel said in a multi-union statement (27/3/2025): "There is now a duty on the Government to do everything it can to prevent a catastrophic outcome. As the last primary steelmaking facility in the UK, Scunthorpe is a vital strategic asset which we cannot afford to lose. The government has set aside £2.5 billion for the steel industry and ministers should consider deploying that funding now before it is too late. The consequences of inaction are too disastrous to contemplate – we need decisive intervention now to save our steel."

The shift from blast furnace to electric arc furnace (EAF) steel production is understood, but how this transition takes place is of critical importance. The government must not allow a repeat of the situation in Port Talbot when production came to a dead stop without a transition to EAF to defend jobs. Tata closed the Port Talbot coking ovens in March 2024, followed by the first blast furnace in July and the second blast furnace in September. This left workers with a sudden cliff edge, resulting in thousands of job losses despite the government's commitment of £500 million for the site that same month.[4] Civil, and structural construction works is not scheduled to start for the new EAF until Q3 2025 and remains subject to planning approval.[5] This unjust transition had an immediate impact on downstream sites, particularly Llanwern (Newport). Such sites are now sustained from imported steel, while Llanwern faces job losses and an uncertain future. **This 'cliff edge' scenario cannot be repeated at Scunthorpe**.

In February 2025 the trade unions at Scunthorpe steelworks – Unite, Community and GMB – tabled a joint proposal to Jingye and the UK government focused on the timeline of the transition.

Scunthorpe operates two blast furnaces (Queen Anne and Queen Elizabeth). The transition from current production to two electric arc furnaces is expected to result in 1,700 to 1,900 job losses, a 47% reduction.[6] Such a reduction must be managed over time, to avoid or minimise compulsory job losses and secure the maximum number of jobs possible.

As the major UK supplier for construction, rail, rods and special profiles (including customers such as Caterpillar), continuity of production and the supply of slab steel from Scunthorpe is imperative for the site's viability. A cliff edge end to blast furnace production and a lengthy

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[3] https://britishsteel.co.uk/news/british-steel-to-consult-on-proposed-closure-of-scunthorpe-blast-furnaces-rod-mill-and-steelmaking-operation/
[4] https://www.bbc.co.uk/news/articles/cp9rd54dk24o
[5] https://www.constructionnews.co.uk/civils/mcalpine-wins-key-role-on-1-25bn-port-talbot-steelworks-28-01-2025/
[6] https://communitytunew.wpenginepowered.com/wp-content/uploads/2025/02/Syndex-Non-Confidential-Assessment-British-Steel-Syndex-110224-190225-Logo-2.pdf

period before the start of EAF production would jeopardise these contracts, the site's market position and the long-term commercial viability of the steelworks.

Beyond the direct production of slab steel, the blast furnace operations also maintain Scunthorpe's Rail & Section Mill. British Steel is a key supplier to the rail market, maintaining continuity of production and supply is of critical importance to UK domestic infrastructure. Ending blast furnace operations before the EAFs are commissioned would require contingency of importing slab steel to sustain the plants and the installation of a natural gas line with burners. Such a contingency would have a 9-to-12-month lead time meaning an immediate cliff edge end to production would jeopardise the mill operation.

Multi-Union Proposal:
The multi-union proposal supports the construction of two electric arc furnaces (150mt) and the maintenance of two blast furnaces until 2028. Maintaining two blast furnaces during the transition prevents a sudden, major workforce reduction and provides a smoother adjustment period which can be managed to defend the maximum number of jobs. This gradual transition also provides reasonable time to prepare and upskill employees for new roles associated with EAF operations.[7]

Analysis commissioned by the multi-union shows the impact on jobs to a 'cliff edge' of closing both blast furnaces and that maintaining one alone is financially unviable. Maintaining two blast furnaces, for a transitional period, minimises financial and workforce losses. The multi-unions are calling for additional support of c. £200m to achieve this proposal.

A cliff edge scenario for Scunthorpe would be materially worse for workers than even the rapid closure of Port Talbot. At Port Talbot workers received negotiated redundancy packages which were based on terms of service. However, continuity of service was disrupted at Scunthorpe, with the collapse of Greybull and the takeover by Jingye. This would leave hundreds of very long-serving workers without any guarantee of fair renumeration. The workforce and the trade unions must be given time and support to maximise the number of jobs which can be retained and opportunities for upskilling and redeployment, as well as an ability to manage the best possible terms for any worker leaving the business.

Liberty Steel: Speciality Steel
The financial crisis at Liberty Steel must also be addressed urgently. At the point of submission, legal battles continue between GFG alliance (the owners of Liberty Steel) and creditors. The financial implosion of Liberty Steel has now dragged on since 2021, resulting in thousands of job losses across global sites.[8]

In the UK the situation is untenable, with cashflow remaining a continuous threat to speciality steel operations at Stocksbridge where many workers remain on furlough. These sites are operating a 'hand to mouth' operation, with customers in the aerospace industry having to fund energy and raw material costs up front in order for the site to produce the specialist products they need. As the work on supply chain resilience by the Aerospace Growth Partnership has shown, major aerospace firms with significant UK operations are effectively 'propping up' speciality steel operations and are having to pay up to three times the market rate in order to do so. This is clearly an unsustainable situation for the aerospace industry, the steel supplier and the UK workers who rely on them both.

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[7] https://communitytunew.wpenginepowered.com/wp-content/uploads/2025/02/Syndex-Non-Confidential-Assessment-British-Steel-Syndex-110224-190225-Logo-2.pdf
[8] https://www.industriall-union.org/liberty-steel-crisis-worsens

The role of the government: Ending the crisis, securing the future

A 'plan for steel' must come with a new willingness from government to directly intervene in the industry. This must range from emergency intervention (even the Conservative government were prepared to take British Steel[9] into receivership until a new owner could be found), to targeted investments, developing infrastructure and new technology, reining in corporate excesses and financial irresponsibility through strong regulation, and being prepared to proactively shape the domestic market through procurement.

Unite welcomed the comments made by officials in December 2024 that public ownership was one of "several options being looked at.[10]" Unite believes direct intervention at site level could take several forms including:

- Subsidy investment with conditionality for protecting jobs, pay and conditions.
- Government investment and ownership of a mutual asset, such as hydrogen DRI or electrolysis technology.
- The 'Conservatorship model' proposed by David Bailey (Birmingham University), to restore an enterprise to a commercially and environmentally viable status.[11]
- Emergency public ownership to prevent job losses or for national security reasons, such as the nationalisation of Sheffield Forge Masters in 2021 by the Ministry of Defence.[12]

Unite is not proposing the government should wait in the wings as an investor of last resort; always having to clean up the mess of venture firms like Greybull Capital. Instead, the government's task is to retain oversight of the sector and ensure such disasters are prevented in the first place.

Defence and procurement:

The UK has been slow to recognise the strategic importance of steel for national security. Despite welcome projects such as the *Queen Elizabeth*-class aircraft carriers, the majority of major defence projects do not source UK-made steel. Steel for *Trident* submarines has been contracted from French suppliers.[13] Type 31 and 36 frigates are currently built using Swedish steel, as is the Ajax armoured vehicles programme. This is another reason why Unite has been calling for fleet support ships for the Royal Navy to be properly categorised and built in UK-shipyards, using UK made steel.

Currently, the UK risks being the only G7 nation entirely reliant on steel imports. Such a reliance during a period of rearmament and defence spending across Europe may see nations competing to access steel – while some steelmakers see an opportunity to use the 'supply crunch' to raise prices.

Beyond defence, the government's own department-by-department figures show over a third of the steel procured by government is imported[14]. The UK public sector, including local and devolved administrations, currently procures just 58% of its steel from domestic suppliers. Unite's research shows that by changing procurement rules to focus on job guarantees and domestic suppliers we could create a significant increased public sector demand for domestic steel –

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[9] https://www.reuters.com/article/world/british-steel-enters-into-insolvency-ey-appointed-by-official-receiver-sky-news-idUSKCN1SS0YD/

[10] https://www.theguardian.com/business/2024/dec/03/ministers-considering-renationalising-british-steel

[11] https://www.business-live.co.uk/opinion-analysis/could-government-conserve-uks-steel-11145306

[12] https://www.theguardian.com/business/2021/jul/28/sheffield-forgemasters-nationalised-after-takeover-ministry-of-defence

[13] https://commonslibrary.parliament.uk/research-briefings/cbp-8010/

[14] https://assets.publishing.service.gov.uk/media/6602d769a6c0f7580fef9253/steel-public-procurement-2024.pdf

growing to an additional 700,000 tonnes per annum.

Public sector demand for steel is set to rise to 15% through 2025 to 2030. This would put the UK's steel procurement in closer alignment with other nations, although it would remain below the United States on 18% and substantially below Germany on 32%, indicating the potential for the public sector itself to expand.[15]

Projected Public Sector Share of UK Steel Demand

Year	Forecast UK Steel Demand (Mt)	Forecast Public procurement Demand (Mt)	Public Procurement share (%)
2022	10.9	1.1	10%
2025	11.3	1.7	15%
2030	11.8	1.8	15%

For defence and wider procurement, Unite believes steel must be designated Critical National Infrastructure (CNI). In 2017, the Cabinet Office set out the Public Summary of Sector Security and Resilience Plans for the UK. The definition of Critical National Infrastructure (CNI) includes buildings, networks and other systems that are needed to keep the UK running and provide the essential services upon which we rely (e.g., energy, finance, telecoms and water services). This also includes infrastructure, which if disrupted could have a significant impact on our national security collectively, national defence, or the functioning of the state. However, the report does not include steel as an essential component of the UK's CNI.

This is not the case in the US. The US Department of Commerce (DoC) 2018 investigation on the effect of imports of steel on the national security of the US confirmed that "national security" includes both national defence, and critical infrastructure needs.

Unite is calling for the government to reclassify steel as Critical National Infrastructure (CNI) thereby creating a security exception under Article III or the WTO GPA and allowing a favourable procurement environment.

Energy:

A successful transition to green steel, particularly one reliant on electric arc furnace production, requires sustainable, secure and affordable energy. As research by UK Steel has shown, UK steelmakers pay up to 50% more for energy than in France or Germany.[16] This difference adds £37 million to UK steel electricity costs and is driven by higher UK wholesale costs (in part due to energy industry profiteering) and greater network charges. UK electricity prices for industrial consumers are higher than for any EU member state, standing 23.04 pence per kWh, 71% above the median price in the EU.[17]

The European Commission's "Action Plan for Steel and Metals" will increase the gap between the UK and comparable nations even further. The action plan seeks to ensure an affordable and secure energy supply for the sector by: promoting the use of Power Purchase Agreements, encouraging Member States to leverage energy tax flexibility, reducing network

[15] https://www.industrytransition.org/content/uploads/2021/08/1-fostering-industry-transition-through-green-public-procurement.pdf
[16] https://www.uksteel.org/electricity-prices
[17] https://researchbriefings.files.parliament.uk/documents/CBP-7317/CBP-7317.pdf

tariffs to alleviate electricity price volatility, developing faster grid access for energy-intensive industries and support the increased use of renewable and low-carbon hydrogen.[18]

The industry and trade unions have tabled several proposals to government for action on high energy prices. This includes:

UK Steel (March 2025) has proposed a two-way Contract for Difference (CfD) mechanism, which aims to:

- Provide price parity with the lowest-cost European competitors by fixing electricity prices for the steel sector, increasing global competitiveness.
- Protect against price volatility, enabling long-term planning and investment in low-carbon technologies such as Electric Arc Furnaces.
- Share risk and reward, with the sector paying back the Government when prices fall below the agreed strike price.[19]

The TUC, with support from Unite and sister-unions, has proposed several measures[20] including:

- Power pools to enable fixed low electricity costs for energy intensive industry committed to decarbonisation and a just transition.
- Underwriting of Power Purchase Agreements (PPAs) to facilitate and derisk contracts between generators and industry.
- Direct public investment in key sectors such as steel through the National Wealth Fund.
- A streamlined process for grid connection upgrades for energy-intensive businesses that considers impact on jobs and communities in connection prioritisation.

In addition, Unite notes figures from the National Energy System Operator (NESO) that constraint payments – compensation for generators being asked to reduce output due to the limitations of the grid – stood at £1.5 billion in 2024 and may rise to £1.8 in 2025.[21] It is an absurd scenario when renewable energy generators are being paid *not* to produce energy, exactly as industrial consumers demand affordable access to it.

International: U.S tariffs & European Action Plan

The UK industry exists in a dangerous international context of global overcapacity and escalating trade wars.

Unite and sister-unions have established a helpful dialogue with the UK Trade Remedies Authority (TRA), via the TUC. Unite supports the work of the TRA on safeguards and assessing the impact of imports and potential dumping. Unite is calling for the TRA to accept requests to initiate investigations directly and for the impact on workers and their communities (social impact) to be considered for the TRA's 'economic interest tests.'

Steelworkers – and workers in aluminium – are currently facing the impact of a second round of tariffs on US exports from the Trump administration. The US is the UK's second most important export market for steel after the EU. US exports account for 9% of UK steel exports by value and 7% by volume.

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[18] https://www.uksteel.org/steel-news-2025/eu-raises-the-bar-on-steel-support-uk-must-act-now
[19] https://www.uksteel.org/steel-news-2025/uk-steel-industry-provides-government-solution-to-address-uncompetitive-electricity-prices-for-foundation-sectors
[20] Industrial decarbonisation strategy – Union priorities & UK clean industrial strategy that protects workers and climate TUC
[21] https://www.power-technology.com/news/uk-grid-constraint-payments-2025/?cf-view

Unite has a strong international relationship with the United Steel Workers (USW), which helped us to weather the last trade war. Unite fully appreciates the position of the USW and other US unions which are seeking to protect their industries from 'dumping' and offshoring. This is very different to the predatory and belligerent policies of the Trump government.

Unite is not seeking retaliatory tariffs on the US or for any UK industry to end up as collateral damage in a trade war between different blocs. Instead, as was the case in 2018, UK steel and aluminium exported into the US are specialist products for automotive (for example Special Profile work for Caterpillar) or aluminium for the aerospace industry which cannot be sourced within the US. The UK government must seek an exemption from the tariffs on this basis and because UK steel meets the 'melt and poured' stipulations agreed between the UK and US to avoid circumvention.

The government's steel strategy must also consider the industry's continued alignment with Europe and the review of the UK-EU Trade and Cooperation Agreement in 2026. This is particularly important for the emissions trading scheme and the Carbon Border Adjustment Mechanism (CBAM). In order to avoid additional carbon taxes, the government must not wait until the 2026 TCA review to ensure alignment.

Investment in future technology: Establishing UK leadership

Government must use the 'Steel Plan' and forthcoming Industrial Strategy as an opportunity to lay out its vision for future technologies. This must end the prolonged lack of major strategic decision making which has resulted in political drift and industrial neglect.

As one priority example, the UK must make a political decision on its commitment to hydrogen. The UK has established technological leadership in research and development and a nascent supply chain for hydrogen. However, the industry lacks the institutional support of one focal point for coordination, investment and scale up – as the Faraday Challenge did for electric batteries. Such support would be vital for building an industrial eco-system for hydrogen for multiple industries.

Such a commitment is directly linked to the future of multiple industries. In the case of steel, it relates to the UK's lack of a DRI (directly reduced iron) facility, which can use hydrogen as an energy source for the creation of 'green iron.' Iron is vital for electric arc furnaces (as proposed at both Tata and British Steel) to be able to produce virgin steel of sufficient grade for use in defence, aerospace, automotive and other industries.

The sheer investment costs of a DRI facility and the need for resilient and plentiful energy mean such a facility should be publicly owned as a critical national capability similar to Sheffield Forgemaster's.[22]

The government should also consider alternative options to hydrogen-based green iron, such as electrolysis[23] which is being developed in the United States.[24] The significant public investment needed in this technology once again makes this a political decision. Alternative energy sources for steel making, such as the use of UK-made Small Modular Reactors and nuclear energy are, again, strategic political decisions.

A government vision for hydrogen must be coordinated across manufacturing, with steel as a foundational industry. The UK can be an international leader in hydrogen if given appropriate

[22] https://www.sheffieldforgemasters.com/news-and-insights/news/07/sheffield-forgemasters-change-of-ownership/
[23] https://worldsteel.org/wp-content/uploads/Fact-sheet-Electrolysis-in-ironmaking.pdf
[24] https://www.electra.earth/

support for coordination, scale-up and infrastructure. This could provide an alternative future for major sites in need of transition not only at existing steelworks of Scunthorpe, Teeside, and Port Talbot, and downstream sites such as Llanwern, but also locations such as the Dagenham Engine Plant.

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About Unite the Union:
This submission is made by Unite, the major UK trade union with over 1 million members across all sectors of the economy including manufacturing, financial services, transport, food and agriculture, construction, energy and utilities, information technology, service industries, health, local government and the not-for-profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union.