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Carbon tax and high energy costs are killing off manufacturing in Britain

INEOS Group Grangemouth



Today, INEOS Grangemouth faces yet another tax bill for carbon dioxide emissions, this time for £15 million. If left unpaid, the cost will rise due to penalties to an extraordinary £65 million.

At a time when British industry is still finding its feet after Covid, uncertain due to US tariffs, grappling with some of the highest energy prices in the developed world, and trying to compete against far more favourable conditions in the Middle East and the United States, this is another heavy blow.

Quite simply, businesses can't afford it.

To meet this tax obligation, we will be forced to pause vital investment in projects that were designed to make our operations more efficient and more sustainable. The irony isn't lost on us.

This is not just INEOS, this is a reality for British manufacturers up and down the country: carbon emissions taxes and excessive energy costs are squeezing the life out of the sector. You only have to look at British Steel at Scunthorpe to see the impact of an uncompetitive energy policy forcing the Government to spend taxpayers' money on a rescue package. We need action before we get to that stage.

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We all share the goal of a greener future. But we must ask – is this the right way to achieve it?

When manufacturing is pushed offshore, the emissions don't disappear – they're simply relocated, often to countries with less stringent environmental regulations and requiring transport. The UK loses jobs, loses expertise, and becomes reliant on imports with a heavier environmental footprint.

A tax designed to reduce emissions is, in practice, killing manufacturing, making the UK more dependent on imports and is increasing emissions.

We are calling for a rethink. Not to walk away from climate goals, but to pursue them in a way that allows British businesses to lead the transition, not to be punished so that improvements aren't affordable.

Give us competitive energy costs, give us the incentives to invest in new assets and to play our part in building a strong sustainable industrial future. That's good for the environment. That's good for the economy. And that's good for Britain.

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