British Steel closure plans prompt calls for government intervention

28th March 2025

The United Kingdom could lose its domestic supply of rail, heavy sections, and light sections if British Steel proceeds with plans to close its Scunthorpe plant.

British Steel began consultation over the potential closure of its two blast furnaces, rod mill and steelmaking operation in the UK town yesterday (March 27), prompting calls for government intervention.

The owner of the UK facility, China's Jingye Group, said that the facility was no longer financially viable and had been losing £700,000 a day. British Steel said that the operation had become unviable due to highly challenging market conditions, the imposition of tariffs, and higher environmental costs relating to the production of high emissions content steel.

Around 2,700 jobs are at risk as a result of the plans, which the director general of industry body UK Steel, Gareth Stace, described as "heartbreaking" and a "pivotal moment" for the nation's steel sector.

UK Steel said that the closure of steel production in Scunthorpe would mean that the nation would lose its vital steelmaking capabilities in rail, heavy and light sections – leaving customers dependent on imports.

Yesterday, MEPS steel market analyst Jon Carruthers-Green appeared on BBC Radio 5 Live to discuss the proposed closure of the Scunthorpe plant. He said: "This announcement cannot come as a surprise to anyone. The furnaces at British Steel's Scunthorpe plant have been lossmaking for quite some time now. The company is also consulting on the closure of the plant's wire rod mill, the output from which faces a lot of pressure from low-cost imports. Customers can substitute material from Spain very easily within their supply chains."

Carruthers-Green added: "One thing that wasn't included in the announcement was the company's rail mill, which is of such importance that the UK government had considered taking it into state control."

British Steel's closure plans come six months after Tata Steel UK completed the shutdown of its blast furnaces at Port Talbot, South Wales. However, development of a three million tonne capacity EAF is planned for that site after the UK government provided £500 million in grant funding. However, British Steel has been unable to reach an agreement over the level of government support to help fund the creation of EAF furnaces at its Scunthorpe and Teesside operations.

In its announcement, British Steel proposed three options for its Scunthorpe plant. They are:

- 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

Stace suggested that any of these outcomes would have a "profound impact, felt throughout the British economy".

He added: "Government must get back to the negotiating table to urgently stop the lifeblood draining from our sector and take action to rebuild the steel industry."

Earlier this month UK Steel made an application to the UK government called for a revision of the country's import safeguard measures. It called for tighter controls – mirroring those introduced in revisions to the EU's safeguard measures – to mitigate the risk of oversupply from low-cost Asian steel exports redirected to the UK from the United States.

Share on social

Source:

European Steel Review

The MEPS European Steel Review is an informative, concise and easy-to-use monthly publication, offering unique professional insight into European carbon steel prices.

Go to product

Request a free publication

Sign up for News Alerts

Email*

First name

Last name

Company name

Back To Top

Trusted by 5000+ companies

ŠKODA MAUSER Packaging Solutions VANDERLA

Select Category

Select Location

Carbon Steel

World

FIND PRODUCTS

Copyright © 2025 MEPS International. All rights reserved. Company Reg. 2060184

+44 114 275 0570

Website by