

Budget 2020: Government must maximise UK content of major infrastructure projects

Immediate Release: Wednesday 11 March

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Commenting on the today's Budget announcement, UK Steel Director General, Gareth Stace, said:

"£600 billion of infrastructure investment is undoubtedly good news. The UK's historic underinvestment, particularly outside of the south east, has long held key industrial regions of the country back, and it was vital that the Budget addressed this issue. However, it is critical that the Government spends this money strategically, ensuring the largest possible return for taxpayers by maximising the UK content of these major projects.

"UK infrastructure projects are expected to require one million tonnes of steel a year, a figure that will only increase in light of the Chancellor's investment announcement. The Government could significantly boost the social and economic benefits delivered by these projects by taking a more deliberative approach to steel procurement. Indeed, the two million tonnes of steel projected for HS2 alone would deliver a £1.5 billion boost to the UK economy and safeguard at least 2,000 steel jobs, if UK produced steel is used. The Government must set clear objectives for steel procurement in these major projects, as happens in the United States, and an important first step would be signing the UK Steel Charter.

"Elsewhere in the Budget, it is hugely disappointing that yet again the UK Government has missed an opportunity to tackle some of the fundamental weaknesses of the UK's industrial environment. Action for steel producers on sky high electricity prices and business rates reform are desperately needed to help establish a sustainable future of the sector, placing it on a clear trajectory towards a prosperous, low carbon future. The steel industry has called for just £50 million in order to help provide competitive electricity prices – if the Government can find £2.5 billion for potholes, then surely it can find £50 million to plug the gap with our nearest competitors."

ENDS.

Notes:

About UK Steel: UK Steel, a division of Make UK, is the trade association for the UK steel industry. It represents all the country's steelmakers and a large number of downstream steel processors.

UK steel in numbers:

- Produces 7.3 million tonnes of steel a year, around 65% of the UK's annual requirement¹
- Employs 32,600 people directly in the UK and supports a further 41,100 in supplies chains²

¹ International Steel Statistics Bureau – 2019 UK Steel raw steel production

² ONS – Business Register and Employment Survey 2019 and ONS Type 1 employment multipliers

- The average steel sector salary is £36,238, 18% higher than the UK national average and 36% higher than the regional average in Wales, and Yorkshire & Humberside where steel sector jobs are concentrated³
- Makes a £2.8 billion direct contribution to UK GDP and supports a further £3.6 billion⁴
- Makes a £2.5 billion direct contribution to the UK's balance of trade⁵

UK Steel Charter: the Charter and accompanying guidance can be found [here](#).

A New Deal for Steel: UK Steel's policy priorities document detailing the benefits to the UK of a strong and sustainable steel industry and how it can be delivered can be found [here](#).

Six key measures required:

- Secure tariff free access to EU markets for UK steel, avoiding the imposition of EU steel safeguards
- Deliver competitive electricity prices for UK steel producers
- Deliver business rates reform, bringing costs in line with EU competitors
- Maximise the economic value to the UK of its public infrastructure investment, by taking a strategic approach to public procurement of steel
- Boost UK steel R&D by using the £225 million in returned industry levies from the EU Research Fund for Coal and Steel
- Work with industry to develop a more competitive climate change and carbon pricing policy

³ ONS – Annual Survey of Hours and Earnings

⁴ ONS GDP Output – low level aggregates 2019 and type 1 multiplier

⁵ International Steel Statistic Bureau – UK steel exports net of import of raw materials/inputs