

UK Steel Press Release: Jingye completes purchase of British Steel

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Commenting on the sale of British Steel to Jingye, Gareth Stace, UK Steel Director General, said:

"The completion of the sales process for British Steel is fantastic news for British Steel and its workforce. British Steel is a major strategic asset, representing over a third of Britain's steel production, so this news will be also warmly welcomed by their many customers in numerous manufacturing and infrastructure supply chains who rely upon on a strong domestic steel industry.

"After almost a year of huge uncertainty, punctuated by numerous setbacks, to have completed the sale of British Steel to a long term investor with a positive and ambitious plan for the future, is a hugely significant accomplishment and one the Government must be congratulated on. Three successive Business Secretaries have been unwavering in their support for the company, and this must be welcomed and recognised.

"As we turn the page on this particular chapter in the steel industry, I implore the Government to learn the lessons from this narrowly averted crisis and not return to business as usual. It is important we move on from the current reactive approach, to one in which a shared, long-term strategic vision sits front and centre; a New Deal for all UK steel producers. Our thoughts were echoed by the Teesside Mayor, Ben Houchen, last week when he spoke of the uselessness of "sticking plasters".

"There is no time like the present, and the Chancellor has an opportunity to deliver meaningful action in Wednesday's Budget, the first major fiscal event since the General Election. Action for steel producers on sky high electricity prices, business rates reform, and much needed innovation funds, can all help start that process of revitalisation and renewal, placing the sector on a clear trajectory towards a low carbon future.

"The Government has its first opportunity this week to truly deliver on its pledge to level up the UK. The steel industry employs tens of thousands of people outside the South East in high skilled, well paid jobs, in exactly the communities that the Government seeks to transform. In a further signal of intent and support, the Government must sign up to the UK Steel Charter ensuring that British steel producers and workers from Scunthorpe, South Yorkshire and South Wales, all benefit from the billions of pounds worth of Government infrastructure investments, including the £100 billion estimated spend on HS2.

"The steel industry is ready to invest in its future in the UK, all it requires is a partnership with Government to help deliver a level playing field that can unlock its potential."

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.

<https://www.makeuk.org/uksteel>

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:

<https://www.makeuk.org/insights/publications/2019/12/13/new-deal-for-steel>.

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

UK Steel Charter:

The UK Steel Charter and accompanying guidance can be found here: <https://www.makeuk.org/about/uk-steel/uk-steel-charter-homepage>

The UK Steel Sector 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
- 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
- 96% of all steel used in UK construction is recovered and recycled to be used again and again

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

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