

UK Steel Press Release: Clean Steel Fund Announcement

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Commenting on the Government announcement of the Clean Steel Fund, Gareth Stace, UK Steel Director General, said:

“Today’s announcement of the Clean Steel Fund is extremely positive news for UK steelmakers and the whole of the UK’s decarbonisation efforts. The fund is a vital step towards further reducing our carbon footprint here in the UK and will cement our position in a future low-carbon world.

“Recent years’ Government policy of carbon taxation and renewables funding has added costs to steel production through higher energy bills. As steel is an intensively traded product, this has had a negative impact on the sector’s competitiveness and leads to fears that we are exporting steel production, its jobs, and emissions, rather than lowering emissions at home.

“It is crucial that the Clean Steel Fund is designed in a manner that can be best used by the steel sector and make maximum use of funds allowed by state aid. This is not a time to be too cautious, as UK steelmakers face an uncertain business environment. The Government needs to move swiftly to secure a bright future for the sector while addressing the elements which undermines our competitiveness.”

ENDS.

Notes:

About UK Steel: UK Steel 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>

‘The Energy Price Scandal - A Fair Power Deal for UK Steel’, [UK Steel, December 2018](#)

- This report showed that UK steel producers pay twice as much for electricity as their competitors in France and 50% more than in Germany
- The electricity price disparity between German and UK power prices faced by steelmakers has increased from £18/MWh in 2017/18 to £22/MWh in 2018/19; and between French and UK power prices from £17/MWh in 2017/18 to £34/MWh in 2018/19
- The difference between German and UK electricity costs is the equivalent of £55 million a year to the sector.
- Consistently higher UK electricity prices deter investment, ultimately endangering UK steel production and jobs
- As part of its Sector Deal discussions with Government, the steel industry has committed to reinvesting any savings as a result of Government action on the electricity disparity back into UK operations
- Achieving parity with Germany could, therefore, deliver a £55m investment in the sector, a 30% increase in capital investment

The UK Steel Sector in Numbers:

- Produces 8 million tonnes of steel a year, around 80% of the UK's annual requirement
- Employs 32,000 people directly in the UK and supports a further 52,300 in supplies chains and local communities
- The average steel sector salary is £36,000, 28% higher than the UK national average and 46% higher than the regional average in Wales, and Yorkshire & Humberside where its jobs are concentrated
- Makes a £1.6 billion direct contribution to UK GDP and supports a further £3.9 billion
- Makes a £3.2 billion direct contribution to the UK's balance of trade
- 96% of all steel used in the UK is recovered and recycled to be used again and again