# Business leaders warn UK faces mounting crisis under Labour policies threatening investment and growth



British business leaders have issued stark warnings about the country’s economic trajectory under the current Labour government, highlighting a mounting crisis that threatens investment, jobs, and growth. Among the most vociferous critics is Lord Rose, the Asda chairman and former Marks & Spencer chief, who has cautioned that the UK is “genuinely at the edge of a crisis” and urgently needs to shift policy direction to revive enterprise and employment. This alarm comes amid a wave of high-profile dissent from industry magnates concerned about the impact of Labour's regulatory and tax agenda on Britain’s competitiveness.

Sir Jim Ratcliffe, the billionaire founder of chemical and energy giant Ineos and a prominent investor, has publicly declared his intent to move investment away from the UK to the United States, citing Labour’s aggressive stance on oil and gas production and punitive measures such as elevated windfall taxes on energy companies. Ratcliffe’s stance reflects broader unease about the UK’s regulatory environment for energy and manufacturing sectors. He has described the country as having “one of the most unstable fiscal regimes in the world” for natural resources and energy, an assessment that risks igniting investor sell-offs in British government bonds with repercussions for borrowing costs and economic stability.

The Labour government’s policies, including a £25 billion annual hike in employers' national insurance contributions and the controversial Employment Rights Bill, have elicited widespread business resistance. According to surveys, over 70 percent of Institute of Directors members foresee the bill adding roughly £5 billion in annual business costs, which are likely to be passed on to consumers, further exacerbating inflationary pressures. Chancellor Rachel Reeves faces the challenge of managing these inflation concerns—as the UK currently endures a stubborn 3.8 percent inflation rate, the highest among the G7—while balancing the need to avoid stifling economic growth.

The manufacturing and chemical industries have been particularly hard hit. Ineos’s decision to halt ethanol production at its Grangemouth plant—leading to net job losses and compounded by the announced closure of the Petroineos refinery set for 2025—underscores the severe pressures caused by soaring energy prices, high carbon taxes, and international competition. Sir Jim Ratcliffe has called for a radical overhaul of the UK’s energy policies to ensure competitively priced natural gas and reform the current emissions trading scheme, which imposes costly carbon allowances. The chemicals sector as a whole is facing a crisis of near extinction, with falling output and numerous closures across Europe highlighted by industry groups.

The pharmaceutical sector is also showing signs of retrenchment. AstraZeneca scrapped a major UK vaccine manufacturing expansion following Labour's reduction of financial support, redirecting a substantial £15 billion research investment to the US. Similarly, GlaxoSmithKline signalled increased investment focus on its US operations, following a contentious hike in the NHS 'voluntary' drug levy. These shifts not only imperil British jobs but risk eroding the City of London’s global financial standing if companies relocate their stock listings.

Despite these mounting warnings, Labour has been criticised for what business leaders perceive as a profound lack of commercial understanding at the highest levels of government. Industry chiefs claim ministers engage in symbolic gestures rather than substantive dialogue, failing to grasp the damaging effects of sustained high taxes and regulatory strain on enterprise.

In contrast to these business concerns, the Bank of England, through policymaker Alan Taylor, has expressed cautious optimism that the UK economy is nearing a “soft landing” following recent monetary tightening. Nonetheless, Taylor emphasised the need for careful policy calibration to maintain inflation close to the Bank’s 2 percent target without precipitating a recession, highlighting the delicate balance policymakers face amid a fragile economic backdrop.

Collectively, these developments paint a challenging picture for UK economic prospects. Without a decisive policy shift that addresses the concerns of business leaders and investors, there is a substantial risk that the UK will continue to lose out on vital investment, with consequences for jobs, innovation, and long-term growth.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/debate/article-15081693/ALEX-BRUMMER-City-bosses-issuing-dire-warnings-Reeves-just-wont-listen.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[4]](https://www.ft.com/content/65b387c9-4f32-430e-877b-9985ec03f385), [[6]](https://www.telegraph.co.uk/business/2023/07/06/daft-energy-rules-wrecking-british-manufacturing-ratcliffe/)
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## Bibliography

1. <https://www.dailymail.co.uk/debate/article-15081693/ALEX-BRUMMER-City-bosses-issuing-dire-warnings-Reeves-just-wont-listen.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.reuters.com/world/uk/boes-taylor-says-uk-economy-getting-closer-soft-landing-2025-09-03/> - Bank of England policymaker Alan Taylor has indicated that the UK economy is approaching a 'soft landing,' but emphasized that monetary policy will need careful management due to ongoing fragility. In his annual report to the Treasury Select Committee, Taylor noted that although economic shocks persist, conditions are improving. However, he stressed the importance of finely calibrated monetary policy to avoid slipping off track. The Bank of England recently reduced the Bank Rate to 4% from 4.25% in a close 5-4 vote. Initially, Taylor advocated a deeper cut to 3.75% but shifted his position to secure a majority for the 4% cut. His primary concern remains aligning inflation sustainably with the 2% target, ensuring policy remains restrictive only as long as necessary. He warned against the risk of maintaining overly tight policy for too long, which could lead to inflation undershooting and potential recessionary conditions.
3. <https://www.reuters.com/sustainability/climate-energy/ineos-founder-jim-ratcliffe-calls-britain-cut-environmental-costs-2025-04-28/> - Jim Ratcliffe, billionaire and founder of INEOS, has urged the UK government to reduce environmental costs imposed on businesses. He argues that high carbon emission taxes and energy costs are deterring investment and threatening the viability of British manufacturing. INEOS, for example, faces a £15 million ($20 million) fee under the UK’s Emissions Trading System (ETS), which mandates companies pay for each ton of carbon dioxide they emit. These financial burdens are especially problematic for energy-intensive industries, such as steel, which reportedly bear the highest costs in Europe. As evidence of the economic strain, Ratcliffe cited the upcoming 2025 closure of the Petroineos Grangemouth refinery in Scotland, a joint venture with PetroChina, resulting in 400 job losses. The UK ETS requires compliance by April 30, with carbon allowances currently trading at £48 per metric ton, compared to €65 ($73.76) in the European system. Ratcliffe’s comments come amidst growing pressure on the UK government to stimulate economic growth.
4. <https://www.ft.com/content/65b387c9-4f32-430e-877b-9985ec03f385> - Britain's chemical industry is in danger of extinction due to rising energy prices and carbon taxes, warns Sir Jim Ratcliffe of Ineos. The company recently ceased ethanol production at its Grangemouth site, impacting 80 direct and up to 500 indirect jobs. Falling demand, high energy costs, and competition from imports contributed to this decision. Ineos and the Chemical Industries Association (CIA) highlight the significant reduction in the industry’s output and call for government action on energy and trade policies, as well as carbon costs. The industry's European counterparts face similar issues, with numerous plant closures announced across the continent. Ineos urges the UK government to implement a new energy policy with competitively priced natural gas and address the current emissions trading scheme's taxing effects on UK operators.
5. <https://www.independent.co.uk/news/business/jim-ratcliffe-worth-chemical-ineos-b2678561.html> - Chemical manufacturing in the UK is facing 'extinction', Ineos boss Sir Jim Ratcliffe has said, with the billionaire businessman warning that the sector is having the 'life squeezed out of it'. He spoke after the company last week closed the last remaining, synthetic ethanol plant in the UK. The Ineos chairman said: 'We are witnessing the extinction of one of our major industries as chemical manufacture has the life squeezed out of it.' While Ineos stressed all employees at the ethanol plant are to be redeployed across the chemicals business at Grangemouth, it added there would still be a net job loss of 80 roles at Grangemouth, with more than 500 jobs impacted indirectly across the wider economy. The closure comes after Petroineos, which was established as a joint venture between PetroChina and Ineos, last year confirmed plans to shut its Grangemouth oil refinery in the second quarter of 2025, with the loss of 400 jobs.
6. <https://www.telegraph.co.uk/business/2023/07/06/daft-energy-rules-wrecking-british-manufacturing-ratcliffe/> - INEOS Group chairman Sir Jim Ratcliffe also attacked the 'hostile' attitude of the Government and the competition watchdog towards enterprise and growth. Speaking at the launch of his book, Grit, Rigour & Humour: The Ineos Story, at an event in London on Wednesday evening, Sir Jim said his conversations with ministers about solving energy issues had been 'frustrating'. He said: 'The UK has made some daft decisions in nuclear. Competitive energy is critically important if you want to continue to have people investing in your manufacturing base. And if you don’t invest in the manufacturing base, it slowly dwindles away and dies.'
7. <https://www.standard.co.uk/business/business-news/ineos-founder-condemns-uk-s-irresponsible-lack-of-energy-policy-b1109888.html> - Business | Business News. Ineos boss Sir Jim Ratcliffe has hit out at what he sees as the UK’s 'total lack' of an energy policy, which he branded 'completely irresponsible'. The billionaire owner of the chemicals group accused the UK Government of seeking to discourage local oil and gas production and making the country reliant on supplies from overseas producers. He made the remarks as he revealed his company’s Forties Pipeline System (FPS) has seen North Sea oil flows drop by 40% over the last six years. The FPS moves 40% of the UK’s oil from the North Sea through to Grangemouth, where it is processed for distribution throughout the UK. Ineos has been forced to close a third of the system’s processing capacity as a result of the recent reduction in oil flow, Sir Jim said, potentially threatening hundreds of jobs that depend on it.