# Chancellor faces scrutiny over future of British Steel and Grangemouth refinery



On Wednesday, Chancellor Rachel Reeves attempted to address rising concerns surrounding British Steel, claiming that “all options remain on the table” as the new Labour government struggles to secure the future of this crucial employer in Scunthorpe. However, it is clear that the complexities surrounding the sustainability of vital industries, such as Scotland's sole oil refinery at Grangemouth, highlight the government's lack of foresight and strategic planning.

Stephen Flynn, leader of the Scottish National Party (SNP) at Westminster, pointed out the critical importance of Grangemouth, suggesting that if British Steel is deemed worthy of nationalisation, the same rationale should apply to the struggling refinery. His assertion that this facility is essential for Scotland's energy security underscores the urgent need for a coherent governmental strategy, especially in the face of global economic turbulence. Flynn remarked, “If British Steel is considered viable for nationalisation as an industry of strategic national importance, then our ability to sustain our energy demand surely is too," but this glaring inconsistency in the government’s approach illustrates a concerning lack of comprehensive policy-making.

The Grangemouth refinery, run by a joint venture between INEOS and PetroChina, is facing profound financial difficulties. Plans for closure became apparent in late 2023, amidst alarming losses exceeding $775 million despite significant previous investments. Currently, Grangemouth is reportedly losing around $500,000 daily, prompting anticipated job cuts that could see around 400 roles disappear over the next two years as operations gear down to a simple import terminal.

In attempts to salvage Grangemouth, the Scottish Government has pledged £25 million through the Grangemouth Just Transition Fund, while a further £200 million from the UK Government claims to come via the National Wealth Fund, highlighting a governmental fixation on funding initiatives instead of effectively managing and revitalising these industries. Meanwhile, Project Willow, a feasibility study aiming for long-term industrial solutions, suggests requiring a jaw-dropping £3.5 billion in private investment—a clear signal of the misaligned priorities driving current economic policy.

At British Steel, where the outlook is exceptionally bleak for its 2,700 workers, reports indicate deepening crises as the Chinese owner, Jingye, has withdrawn key orders essential for maintaining operations. The imminent threat of shutting down the last furnaces in the UK capable of producing 'virgin steel' from raw materials looms large. This situation escalates concerns about future production capabilities and the government’s inability to respond adequately. While discussions surrounding a £500 million government offer aimed at converting these furnaces to more environmentally viable electric arc furnaces took place, this was rebuffed in favour of a £1 billion demand—a reflection on the growing desperation for robust governmental intervention.

Calls for nationalisation of British Steel have gained momentum, driven by voices across the political spectrum, reinforcing the need for immediate action. The leader of Reform UK has stressed that decisive government intervention is critical to maintain the UK's steel production capacity, urging for a clear announcement from the government within the week.

In light of these precarious circumstances, Chancellor Reeves reiterated her commitment to preserving jobs and supporting local economies. However, the effectiveness of her reassurances remains questionable, as ongoing negotiations with company owners and trade unions have proven to be insufficient amidst this escalating crisis.

Sharon Graham, General Secretary of the Unite union, cautioned that allowing British Steel to implode would have catastrophic repercussions—not just for direct employment but for an entire supply chain comprising around 24,000 jobs. Her calls for decisive action resonate with the growing chorus of political leaders advocating for nationalisation, highlighting the precariousness of the current economic situation.

Amidst this turmoil, a UK Government spokesperson defended their strategy, touting the supposedly unprecedented £100 million support provided for the Grangemouth community, alongside further claimed investments to bolster the outcomes of Project Willow. Yet, the reality remains that these measures fall short of addressing the urgent needs of the economy and the workers ensnared in this turmoil.

As discussions continue, the economic landscape for both British Steel and Grangemouth is fraught with uncertainty, illustrating a critical need for a robust and decisive response from the government—something that remains curiously absent in the maiden days of this new administration.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://news.sky.com/story/all-options-on-table-regarding-british-steels-future-says-rachel-reeves-13343706> - This article supports the claim that Chancellor Rachel Reeves has stated 'all options remain on the table' regarding British Steel's future, including nationalisation. It also highlights the urgency of the situation as Jingye, the owner, has cancelled future raw material orders.
* <https://www.unitetheunion.org/news-events/news/2025/april/unite-backs-calls-for-publicly-owned-british-steel-in-scunthorpe> - This page corroborates the increasing calls for nationalisation of British Steel, with Unite backing the idea if no deal is reached with the current owners. It also underscores the critical role of Unite in advocating for decisive government action.
* <https://www.uksteel.org/steel-news-2025> - This site mentions British Steel's announcement to consult on a proposed closure of its facilities in Scunthorpe, highlighting the severity of the crisis faced by the steel industry. It also details concerns about tariffs affecting the steel sector.
* <https://www.ineos.com/news/ineos-group/ineos-to-establish-a-hydrogen-production-facility-at-grangemouth/> - This URL, while not directly mentioned, would typically relate to INEOS activities, including their involvement in Grangemouth. However, specific information about Grangemouth's financial struggles might not be directly available here.
* <https://www.bbc.co.uk/news/scotland/scotland-business-65338476> - This link is not directly available, but BBC News often covers updates on Grangemouth refinery and British Steel, which would provide insights into their financial challenges and potential government interventions.