

Starmer government uses emergency powers to take control of British Steel Scunthorpe from Chinese company

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In an extraordinary session of parliament Saturday, the Labour government enacted emergency powers to take control of the British Steel company, owned by Chinese firm Jingye, compelling it to remain open.

Ministers confirmed the likelihood that its Scunthorpe plants, employing 3,500, would be renationalised.

The new Steel Industry (Special Measures) Act gives the government the power to take control of British Steel and any other steel asset anywhere within the UK, “using force if necessary”, to order materials for steelmaking and instruct that workers are paid. It authorises a jail sentence of up to two years for anyone breaching this law.

Taking control of the plant is central to the Labour government’s militarist agenda, targeting not just Russia but also China. The government came to office talking about securing a “reset” with China, but this has been blown apart by the alliance between Starmer and Trump as the fascist US president ramps up a trade war with Beijing that threatens outright military conflict.

To take over the Scunthorpe operation, Prime Minister Sir Keir Starmer had to recall parliament from its Easter recess for the first Saturday in 40 years to pass the proposed Bill. MPs had sight of the legislation just 90 minutes before the debate began, and it cleared all readings and stages, normally taking months, before receiving Royal Assent in just six-and-a-half hours.

The rapid move was prompted by the fact that Jingye were about to close-down the plant’s two blast furnaces: refusing to pay for more raw materials, whether coking coal or iron pellets, to keep the Scunthorpe facility open at a loss of £700,000 per day.

Closing the blast furnaces would have meant that primary steel could not be produced within the UK’s borders for the first time since the industrial revolution, requiring the exclusive import of a raw material without

which war cannot be waged. Britain would have become the only country in the G7 without the capacity to produce steel domestically from scratch.

Business Secretary Jonathan Reynolds said Sunday, “Without the decisive action by the government yesterday all was lost.”

British Steel, no relation to the former nationalised industry, was founded in 2016 after Tata Steel sold its loss-making long products section to asset strippers Greybull Capital for a nominal fee. After going into insolvency in 2019 following failed rescue talks with the then Conservative government, it remained in receivership until bought in 2020 for £70 million by Jingye Group. But the company was unable to make steel at a profit, announcing in March that it would close the plant.

Starmer declared on Friday that “Jobs, investment, growth, our economic and national security are all on the line.” But references to jobs are cynical rhetoric from the head of a government planning to destroy hundreds of thousands through savage austerity. His real message, understood by all MPs, was this was an issue of national security.

In Parliament, Reynolds complained that the government had offered sweeteners including £500 million to Jingye to keep the plant open. But it had become clear that Jingye was refusing to purchase sufficient raw materials to keep the blast furnaces running. “The company would therefore have irrevocably and unilaterally closed-down primary steelmaking at British Steel.”

The passage of the Steel Industry Act poses a direct threat to democratic rights and is a portend of things to come as the economy and society is made war ready. Reynolds explained, “The Bill broadly replicates the situation that would apply if the Civil Contingencies Act

2004 had been triggered” without “seeking to meet the threshold to trigger that Act.”

Introduced by the Labour government, the Civil Contingencies Act hands the government sweeping powers which include being able to impose curfews, bans on travel, the confiscation of property and the deployment of the armed forces to quell rioting. Once in place it can be used to amend any act of parliament, except the Human Rights Act, for a maximum of 21 days.

Speaker and former Labour MP Sir Lindsay Hoyle allowed no amendments to the Bill when opposition parties had eight readied. The government also attached no sunset clause to the Bill setting an expiry date, or even clauses providing for post-legislative scrutiny—as is normally required for emergency legislation—without giving any reason why.

The nationalist rhetoric during the debate on the Bill extended into the following day, as it was revealed that the Royal Navy was on alert to escort a fuel shipment to Scunthorpe’s blast furnaces.

Amid numerous statements accusing Jingye of deliberate sabotage, Reynolds partially acknowledged on Sunday the vast cost of keeping the plant open, reporting that “the annual losses, net losses, in the last set of accounts were £233 million”. But to actually replace the ageing blast furnaces essential to producing primary/virgin/raw steel would cost approximately £6 billion.

Several factors have, in fact, ensured that steel making in Britain is unprofitable—above all the huge cost of electricity. Anti-China hawk and former Conservative Party leader Ian Duncan Smith complained in the debate that “China, with its subsidies and broken free market rules” produces energy for business “at a cost of \$60 per megawatt-hour... Our problem [is] really quite stark. Our industry is not just in competition with China; even the costs in Europe are far less now. I will give a short list. The costs in the UK are now the highest in the world, at \$400 per megawatt-hour. Germany, which has the highest costs in the rest of Europe, is at \$250 per megawatt-hour, while France and the others all have lower costs for producing energy.”

The government’s decision to take over a de facto collapsed steel firm has no rational explanation from the standpoint of British capitalism, without understanding that the Starmer government views losing the ability to produce virgin steel within Britain’s borders as incompatible with a huge rearmament programme and British imperialism’s ability to fight wars.

This is why Labour MPs and opposition Tory and Liberal Democrats united forces in Saturday’s debate to call for Britain to ratchet up conflict with China.

It was only the sixth occasion since the end of the Second World War that Parliament had been recalled. The previous Saturday recall was in 1982, as Tory Prime Minister Margaret Thatcher prepared to send the Royal Navy to fight Argentina over control of the Malvinas/Falkland Islands.

The trade union bureaucracy swiftly came on board. On Sunday, the Community trade union—which along with the other steel unions has been waging a nationalist “Save Our Steel” campaign, initially and unsuccessfully over Port Talbot, Wales and now in alliance with Starmer’s government—hailed the barring of Jingye executives from the Scunthorpe premises the previous day. Community stated, “Jingye has not consulted in good faith with the unions, and they now need to get out of the road to give space to all those who want to see British Steel succeed.”

Trades Union Congress leader Paul Nowak declared, “Today’s announcement is the first step towards ensuring we can modernise and decarbonise steel-making in this country—reducing our reliance on foreign imports and ensuring we stay competitive on the global stage.”

There is tremendous and entirely legitimate concern over the threat of 2,700 job losses at Scunthorpe—and they are still not safe—as well as the knock-on effect in a heavily deprived area. But this must be consciously politically separated from all calls to unite with Britain’s ruling elite, its trade war and escalation of military tensions with both Russia and China. This will not only threaten hundreds of thousands more jobs. It poses the incalculably greater risk of war.

Defending jobs and essential industries must be pursued by class struggle measures. It must be international in scope, uniting steel workers and other sections of workers in China, Europe, the US and throughout the world, against the race to the bottom jobs massacre resulting from trade war. Above all it must place the struggle against war and for socialism and peace at its centre.



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