

Starmer government forced to take another UK steel plant under state control

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Britain's third largest steelworks, Speciality Steels UK, has been placed under government control but the jobs of almost 1,500 workers employed in Stocksbridge and Rotherham, South Yorkshire, remain under threat.

Last month insolvency courts granted a compulsory winding up order sought by creditors owed hundreds of millions of pounds (including £7.7 million in tax) by Speciality Steels UK (SSUK)—part of the Liberty Steel metals corporation owned by steel tycoon Sanjeev Gupta.

The electric N-Furnace at the Rotherham plant had been mothballed since 2015 by previous owners Tata Steel who sold the facility to Liberty Steel in 2017. The furnace was reignited in February 2018. It can melt scrap to produce steel for use in making vehicle gearboxes and aircraft landing gear, enabling Liberty Steel to become the UK's largest steel recycler.

Gupta has been found to have failed to file accounts for over 70 companies and is facing a criminal investigation for suspected fraud linked to the collapse of his main lender, Greensill Capital.

The company is now in the hands of a Starmer Labour government appointed liquidator and special managers from consultancy firm, Teneo. The government has agreed to cover the wages and costs of the steel plants while a buyer is sought.

Gupta planned to place SSUK in administration then buy it out again, allowing the company to largely shed its debts. The judge found the firm was “hopelessly insolvent” with just £600,000 in the bank and a monthly wage bill of £3.7 million, supported by a parent group that has 15 entities in insolvency proceedings across nine jurisdictions.

The financial crisis of Liberty Steel is closely tied to the collapse of the financial firm Greensill in 2021. Gupta's rise from a small commodities trader to the owner of Europe's fourth biggest steel maker was facilitated by Greensill when it lent him around £3.4 billion, which the *Sunday Times* described as “a particularly exotic form of finance.”

The government is now responsible for the operational and financial risks of a company which has hardly produced any steel in the last year, with none produced in Rotherham at all. The workforce is furloughed on 85 percent of their wages. Prior to stopping production, in July 2024, the Rotherham site had only been able to operate on the basis of customers prepaying

for orders so the needed materials could be bought.

Liberty Steel workers, if they are to save their jobs and livelihoods, cannot pin their hopes on a government backed takeover, invariably leading to more cuts and speed-ups.

Tens of thousands of jobs have been lost in the industry due to the bankrupt strategy of the trade unions which have insisted workers put their faith in asset strippers and profiteers and in government intervention in the name of defending the “national interest”.

A decade ago, Redcar steelworks closed in Teeside ending almost 100 years of iron and steel-making at the site. In a region that already had one of the highest unemployment rates in Britain, around 2,000 jobs were destroyed. Thousands more jobs went throughout the steel supply chain.

Last October the last two blast furnaces closed at UK Tata Steel plants in Port Talbot in South Wales, making 2,800 steel workers redundant.

In April this year, Chinese firm Jingye-owned British Steel plants at Scunthorpe were taken over by the government used emergency powers during an extraordinary session of parliament.

The British steel industry is in terminal decline due to uncompetitive energy costs (the average electricity price for UK steel-makers is up to 50 percent higher than for competitors in France and Germany), intense global competition—and the increasing financial pressure to “decarbonize” production. British Steel and Tata Steel have cut thousands of jobs in recent years, attempting to remain profitable while transitioning from traditional carbon-intensive blast furnaces to electric arc furnaces (EAFs).

Global overproduction is at a record 551 million tonnes, with much of this from China, which has flooded the market with cheap steel, driving down prices.

At its peak around 1970, the then nationalised UK steel industry produced more than 26 million tonnes of steel each year and employed over 320,000 workers. Following the defeat of the 1980 national steel strike—when 142,000 were still employed in the industry—and then privatisation, which took place over a decade from 1988-1999, the industry declined massively fragmenting into myriad companies. Today just four million tonnes are produced annually by fewer than 40,000

steelworkers (employed across 1,145 firms—an average of 34 workers each). In 1970 the UK's share of global steel production was almost 5 percent. By 2023, the UK was producing just 0.3 percent of the world's crude steel, while China accounted for 54 percent.

The crisis facing the industry is further exacerbated by the recent tariffs imposed by the US Trump administration on UK steel imports; which, despite Starmer's invoking the "special relationship" between the countries, was levied at a high 25 percent. In a move likely to cause further US/UK tensions, a trade deal trumpeted by Starmer last month allows UK steel producers to regain tariff-free access to the European Union's market for key steel products.

The government taking over another economically unviable steel producer was decided on primarily in line with the militarist agenda of the ruling elite, including continued backing for the war against Russia in Ukraine and US-led war preparations against China—and a military rearmament programme which requires high quality steel produced within Britain's borders.

The Starmer government has declared reliance on foreign imports, particularly in times of conflict, to be a risk to national security. If the UK were unable—under wartime conditions—to secure steel from its "allies", its manufacturing of armaments and military capabilities would be severely limited. Steel as a strategic asset essential for "national security" is the cornerstone of a "Steel Strategy" report to be published by the government later this year.

A case in point is the Sheffield Forgemasters plant, which specialises in forgings and castings critical in the supply chain for the UK's nuclear submarine fleet and its Trident warheads. The Ministry of Defence—under a Conservative government—bought Sheffield Forgemasters in 2021.

In July 2024, newly-installed Labour Defence Minister John Healey toured the Forgemasters plant with his Australian counterpart Richard Marles as part of the AUKUS military partnership. In January this year, the government awarded a contract to the defence firm BAE Systems to produce artillery barrels for the Ukrainian military, the barrel forgings to be produced at Sheffield Forgemasters. In June Healey, again toured the plant, this time with NATO Secretary General Mark Rutte, as they promoted the gutting of European social spending to pay for war preparations.

As were the Tories, the Labour government are reliant on the trade union bureaucracy to marshal the necessary rationalisations and railroad workers behind a protectionist Britain first agenda.

The loss of tens of thousands of jobs since privatisation—accelerated over the past decade with thousands more redundancies, including plant closures at Redcar, Port Talbot and Tata Steel—have been imposed without any significant industrial action in opposition by the unions. Their corporatist "Save Our Steel" and "Britain Needs Our Steel"

agenda, based on begging asset-stripping profiteers such as Liberty Steel to invest—backed by demands for massive taxpayer funded government subsidies—has not saved a single job.

While not calling for tariffs in response to those placed by the US on UK produced steel, Unite General Secretary Sharon Graham insisted on a protectionist strategy:

"Donald Trump's steel tariff threat should be a wake-up call for this government. I have long been calling for the steel industry to be classified as critical national infrastructure—just as it is in the US.

"UK steel production is a matter of national security. We now need to change the rules to ensure that the public sector buys UK produced steel ... Instead of leaving our security and our steel workers open to the whims of other countries, we should be protecting our domestic steel industry."

This is a road to hell. There are no shared "national interests" between workers on the one side and the pro-capitalist unions, steel corporations and a warmongering, austerity imposing government.

Steel workers in Britain cannot defend their jobs without uniting with their co-workers across the globe. Thousands of steel jobs are under threat across the world, including throughout Europe—in Germany, Italy, Romania, Serbia, Hungary, and the Czech Republic.

UK steelworkers must learn from the example set by their Canadian class brothers and sisters in opposing nationalist poison by forming their own rank-and-file committees.

The only way to fight back is to build organisations of class struggle aimed at unified workers across national borders. Such rank-and-file organisations, acting independently of the nationalist, pro-corporate union bureaucracies must decisively reject capitalist private profit in favour of the prioritisation of the social needs of the vast majority, including decent-paying, secure jobs for all, well-funded public services, and workers' control over production.



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