

How will the steel crisis impact UK manufacturing?

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With the news filled with doom and gloom predictions about the UK steel industry, it doesn't seem a great time for British manufacturing.

The situation is certainly dire enough to motivate Sajid Javid, the UK Business Secretary, and his counterparts from France, Italy, Germany and Poland to write to the EC warning of the "significant and impending risk of collapse" of the steel industry in Britain and Europe.



So how optimistic do things look for the UK manufacturing industry as a result?

How far reaching will the impact of the steel crisis be on our manufacturing as a whole?

To find out, we asked you what you thought.

Maybe not surprisingly, 70.3% of you predicted that the wider UK manufacturing industry will shrink as a result of the steel crisis, while 10.8% of you forecasted growth.

70.3%

Forecast UK manufacturing shrinkage

10.8%

Forecast growth

Here are some of the reasons why you voted for a pessimistic outlook – and how you see it impacting the UK:

// Every big contract does not stay in the EU, instead it goes to China, India etc. Hinkley, HS2 for example should at least be funded by European partners to create European wealth and expertise and jobs within Europe (all European countries do the same). Everybody wants the cheapest job on paper possible, but years down the road this will be costly to all European members. //

// Already we are having problems getting special (ALLOY) steels and tube EWR, CDS and DOM. The engineering profession needs a lot of support to kick start it and get it back to its former glory – warts and all. //

// Smaller companies will find it increasingly difficult to purchase competitively priced steel from the UK, and their requirements won't be large enough to source from Europe and beyond, meaning the larger companies with buying power will inevitably be more competitive. //

// There will be interruption to the supply chain. Eventually the manufacturing will recover but these working relationships between steel suppliers and customers take years to build to a high confidence of supply level. It would have been much better to have salvaged a UK steel industry. //

// The extended supply chains, if UK supplied steel is no longer available, will cause higher costs, longer lead times and poorer competitiveness for UK manufacturing. //

And to end on a more positive note, here's why at least some of you voted for growth:



“It will grow – manufacturing per se isn't steel-dependent, and steel is available from outside the UK where it remains necessary”

Hopefully, the intervention of Sajid Javid, and his determination that the EC "cannot remain passive when rising job losses and steelworks closures show there is a significant and impending risk of collapse in the European steel sector" will lead to positive reform and introduction of anti-dumping measures.

And certainly, the British trade association UK Steel is encouraged by Javid's letter. As Gareth Stace, director of the body said:

"This is exactly what we have been calling for, with EU member states pressing the Commission for action. It shows member states understand the seriousness of the crisis the steel industry is facing and are pressing Brussels bureaucrats for action."

Sources

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Seven countries call for EU action to help steel industry – Reuters
<http://uk.reuters.com/article/uk-steel-europe-letter-idUKKCN0VF0T3>



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