

Position paper on steel

May 2025

From the Clyde's shipbuilding docks, to the Forth Road Bridge and Ravenscraig, the ghosts of Scotland's steel-rich past are still visible today. Scotland is now at a unique moment in its steel story. To power a better future, we must harness the steel assets of our past. Retaining and repurposed our scrap steel could be the key to creating hundreds of jobs and contribute more meaningfully to Scotland's climate goals. However, **without leadership from the Scottish Government**, this chance will soon disappear.

This paper sets out why Scotland needs a steel strategy, and the key components which must be included in it to create a fair and sustainable future for Scotland.



Steel foundations for offshore wind turbines, North East coast of Scotland, 2022. Photo: Zhen Hua, Wikipedia.

Summary of key recommendations to the Scottish Government

1. Revive the Scottish steel sector roundtable, whose membership should include representatives of workers, communities and the environment, and task it with developing a **just and circular steel strategy for Scotland** in 2026.
2. The goal of the strategy should be to set out how Scotland can obtain the steel that it requires to build a better future in a fair and sustainable way. This should include:
 - A commitment to **retain and remanufacture** Scotland's existing steel assets,
 - Consideration of how the steel supply chain can be implemented in Scotland, including: the importance of locating an **electric arc furnace** in Scotland; how existing energy projects, such as Ardersier and Scotwind, can be made fair and sustainable; and how barriers, such as **high electricity prices**, can be removed.
 - Requirements for publicly funded projects to meet **human rights and environmental due diligence standards** and guidance for privately funded projects.
3. Encourage the UK Government's Steel Council to take a just and sustainable approach, which aligns with Scotland's plans.

1. Why Scotland needs a plan for steel

Steel is a strategically essential material to Scotland's economy. It is the structural framework of our buildings, infrastructure, and much of our industrial activity. One study estimated that over a million people in Scotland are employed directly in major steel-using industries, including construction, energy and manufacturing¹.

Each year, Scotland exports about half a million tonnes of scrap steel², much of it is high-quality material from oil and gas and wind turbine decommissioning¹. Our lack of suitable infrastructure and skills means that all of Scotland's scrap steel must be exported for processing.

At the same time, Scotland is demanding more and more steel to implement our energy plans. It is estimated that Scotland's offshore wind turbine stock held about 1 million tonnes of steel by 2023³. A Scottish Government funded report estimated that that we will need an additional 13-18 million tonnes of steel by 2030⁴ to meet Scotland's energy infrastructure plans.

Scotland's policy making process ignores the materials required for implementing different policy options. For example, the Scottish Government's draft energy strategy⁵ does not consider how much steel will be needed for its plans and a Scottish Government led 'Steel Sector Round Table' with key stakeholders has been disbanded since 2020⁶.

However, disruptions such as Covid-19, the ongoing conflict in Ukraine and US tariff policies have all had an impact on material supplies through supply chain shortages, prices rises and trade restrictions. Such disruptions are forecast to become more frequent as climate breakdown increase. The materials required to implement policies are becoming harder to obtain. **Failure to consider the material impacts of policies, especially material-intensive energy plans, is creating an unaccounted risk to Scotland's future.**

¹ Hall et al. (2020) Scottish Steel Sector Analysis

² SEPA (2024) [Waste data reporting, waste from all sources for 2022](#)

³ Catapult and ZWS (2022) [The end of life materials mapping for offshore wind in Scotland](#)

⁴ ZWS (2023) [Energy Infrastructure Mapping Materials Report](#)

⁵ Scottish Government (2023) [Energy Strategy and Just Transition Plan](#)

⁶ [Steel Sector Round Table - gov.scot](#)

Box 1. The social and environmental harm of steel supply chains

There are well-documented, serious and extensive social and environmental impacts associated with global steel production, including labour exploitation and human rights abuses. 7% of global carbon emissions come from steel production⁷.

Global supply chains for steel are littered with examples of damaging and dangerous practices. The toxic waste sludge from iron ore mining is stored in huge tailing dams on mining sites. In Brazil, two major iron-ore dam failures in four years resulted in the deaths of hundreds of people and “immeasurable” damage⁸. In China, which produces more than half the world’s steel, steel production is associated with large-scale forced labour and debilitating levels of pollution⁹.

These grave examples of harm come from a system which prioritises corporate profit without proper consideration of the harm done to people and nature. Scotland is part of this global supply chain. We are therefore complicit in this harm by failing to call out damaging practices and by increasing demand for steel without consideration of where the materials will come from.

2. How to create a steel strategy for Scotland

Scotland needs a strategy to manage its demand and use of steel, which must consider:

- How much steel Scotland will need to implement its policy plans,
- How to obtain this steel in a fair and sustainable way, and
- How to remove barriers to implementation.

Scotland’s steel strategy should be written by a revived Scottish Steel Round Table, led by the Scottish Government and involving Trade Unions and environmental groups.

The group should work closely with the newly established UK Steel Council¹⁰ which is expected to produce a UK Steel Strategy in 2025. The Scottish Steel Round Table should be separate from the UK Steel Council, as Scottish specific needs are different to those at a UK

⁷ FOES (2023) [Unearthing Injustice](#)

⁸ Pearson et al. (2019) [Brazil’s Vale vowed ‘Never again’ then another dam collapsed](#), Wall Street Journal

⁹ Wang et al (2015) [The smog pollution in Handan – a mining and industrial city in China](#), World Journal of Engineering and Reuters, [China’s Hadan orders 25% steel production cut](#) (2018)

¹⁰ [Government sets out plan to secure the long-term future of steelmaking and safeguard steel communities - GOV.UK](#)

level and our steel plans must be integrated into Scottish Government policy strategies as well as UK ones.

2.1 How much steel will Scotland need to implement its policy plans?

The Scottish Steel Round Table must consider how much steel is required to implement government policies, especially its energy plans. This is a complex question as the answer will depend on several factors including:

- How the material requirements of infrastructure plans can be minimised: there are different paths to a greener, fairer Scotland and they have different material requirements. By reducing our energy demands, we can minimise the amount of energy we require and therefore reduce our reliance on materials.
- How much energy do we expect to export to the rest of the UK and beyond?
- Can wind turbine supply chains be partial or wholly re-routed to Scotland?

Policies which reduce our demand for steel minimize uncertainty and risk, as well as cutting carbon emissions. Scotland produces no steel itself, and the UK is not a significant steel producer. We are, however, rich in scrap steel assets. It is forecasted that 11-17 million tonnes of scrap steel will become available in Scotland as oil and gas and wind infrastructure is decommissioned by 2050¹¹. These assets should be seen as resources which can be used in the development of new energy systems for Scotland.

2.2 Obtaining steel in a fair and sustainable way

Even if policies reduce Scotland's demand for steel as much as possible, millions of tonnes will still be needed. The Scottish Government can ensure that this steel is obtained in a fair and sustainable way by developing **due diligence principles**, which sets out human rights and environmental standards in Scottish operations, subsidiaries and value chains into its policies and plans. The Scottish Government can require publicly funded projects to adopt due diligence standards and create guidance for the private sector.

It is a requirement of the Circular Economy (Scotland) Act that Scottish Ministers consider the "due diligence in relation to environmental protection and human rights is exercised in

¹¹ ZWS (2023) HYPERLINK "<https://cdn.zerowastescotland.org.uk/managed-downloads/mf-mtasacuu-1688475446d>"[Energy Infrastructure Mapping Materials Report](#)

supply chains” and that “waste is managed in Scotland if it is appropriate to do so”¹². Just transition principles must also be considered.

¹² [Circular Economy \(Scotland\) Act 2024](#)

2.3 Removing barriers

In Scotland, electricity prices are higher than most of Europe. Overcoming this challenge is key to unlocking Scotland's full potential for steel remanufacturing as the economic stability of electric arc furnace plants is tied to electricity prices. There are several ways in which electricity prices could be lowered.

The UK Government is currently reviewing zonal pricing, which would divide the UK into regions with varying electricity costs based on local supply and demand, potentially increasing efficiency and reducing costs¹³. Another option would be for the Scottish Government to secure a low electricity price for an EAF plant by brokering a Power Purchase Agreement, in exchange for just transition plans for workers.

Across the UK, the replacement of traditional blast furnace steel plants with modern, low carbon electric arc furnaces is associated with large scale job losses¹⁴. Whilst this is not an issue in Scotland, as we have no blast furnaces, the indirect jobs impact of a Scottish electric arc furnace must be considered and managed appropriately.

Box 2. Scottish energy projects do not currently embed fairness or sustainability

Ardersier, near Inverness, is an old oil rig manufacturing yard situated within the Cromarty Firth Green Freeport area. Work is underway by the owner, Haventus, to reopen the port as a hub for offshore wind assembly. Phase one of the development has received £300 million private funding from the US private equity group Quantum, and £100 million joint credit from the Scottish National Investment Bank and UK Infrastructure Bank¹⁵.

However, despite government investment, there are no clear requirements for skill development or fair job creation for workers. Initial plans for a large Electric Arc Furnace which could process 1mt steel, have faded away. Scottish Government funded research has shown that a smaller electric arc furnace, capable of processing 300,000t high value steel, would be more economically viable¹⁶. Government direction is needed to create the right conditions for decent jobs and suitably scaled steel production facilities.

¹³ [Could Scotland have Europe's lowest electricity bills? - BBC News](#)

¹⁴ [British steel industry braces for 2,500 job cuts at Port Talbot in government deal | Steel industry | The Guardian](#)

¹⁵ [Ardersier Port | Scottish National Investment Bank](#)

¹⁶ Zero Waste Scotland (2023) [Circular Steel in Scotland](#)

With 25GW of energy generation planned, **Scotwind** is the most recent and largest auction of offshore wind development in Scotland. Civil society groups have voiced concerns about the sell off and about connecting such a huge amount of energy to the UK grid¹⁷. The lack of manufacturing capacity in Scotland and failure to include supply chain considerations in the bidding process amounted to a missed opportunity to create more sustainable supply chains.

Recommendations to the Scottish Government

- **Revive the Scottish steel sector roundtable**, whose membership should include representatives of workers, communities and the environment, and task it with developing a **just and circular steel strategy for Scotland** in 2026.
- The goal of the strategy should be to set out how Scotland can obtain the steel that it requires to build a better future in a fair and sustainable way. This should include:
 - A commitment to retain and remanufacture Scotland's existing steel assets as locally as possible,
 - Consideration of how the steel supply chain can be implemented in Scotland, including the importance of an electric arc furnace in Scotland and how existing energy projects, such as Ardersier and Scotwind, can be made fair and sustainable, and how barriers to steel activity in Scotland, such as high electricity prices, can be removed,
 - Requirements for publicly funded projects to meet human rights and environmental due diligence standards and guidance for privately funded projects.
- Encourage the UK Government's Steel Council to take a just and sustainable approach, which aligns with Scotland's plans.

This briefing was written by Friends of the Earth Scotland. For more information email [Kim Pratt, Circular Economy Campaigner at kpratt@foe.scot](mailto:kpratt@foe.scot)

¹⁷ Commonweal (2022) [ScotWind.pdf](#)