

Strategic Surrender? The National Security Risk of Losing British Steel

The Geopolitical and Defence Consequences of Scunthorpe's Potential Closure - 13 April 2025

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 by John Blamire

Executive Summary

As of April 2025, the United Kingdom stands at a geopolitical crossroads. One of its last remaining strategic steelmaking assets—Scunthorpe's integrated steelworks—is now under threat of irreversible closure, dictated not by market forces or environmental necessity, but by the coercive tactics of its foreign owners. Jingye Group, a Chinese state-linked conglomerate, has made clear that unless the UK Government yields to its open-ended demands for subsidies and regulatory leeway—without guarantees of long-term operation—it will shutter the facility, effectively ending primary steelmaking in England.

This is not simply a commercial dispute. It is a matter of national security. Steel is a foundational input in defence manufacturing, infrastructure resilience, and sovereign capability. Losing it means ceding strategic autonomy—at a time when global instability is rising, NATO cohesion is at risk, and the reliability of US extended deterrence in Europe is under question.

Consequences of Losing British Steel

The consequences are profound:



Military Readiness at Risk

Without sovereign steel, Britain will struggle to maintain its naval, aerospace, and armoured vehicle supply chains in a prolonged crisis.



Strategic Leverage for Adversaries

China's economic entanglement with critical industries gives it asymmetric power—steel dependency would deepen UK vulnerability.



Industrial Hollowing

The closure would accelerate deindustrialisation, eroding the UK's capacity to respond to shocks and undermining its long-term economic security.



Loss of Control in Critical Sectors

Allowing a foreign entity to make irreversible decisions about essential infrastructure signals a failure of strategic governance.

The timing of this crisis is no coincidence. In an era where the post-WWII international order is weakening, industrial strength is once again a core pillar of national power. As former US Defence Secretary James Mattis once said, "If you lose the power to make steel, you lose the power to make war."

This white paper argues that steel sovereignty is not optional—it is essential. The UK must act decisively to retain, modernise, and, if necessary, nationalise strategic steelmaking. Doing so will reinforce its defence posture, reassert control over critical supply chains, and send a clear signal to both allies and adversaries: Britain will not be strategically coerced.

The Return of Strategic Industry: Steel's Central Role in National Power

There was a time, not long ago, when steel was seen as a symbol of decline—an echo of Britain's industrial past rather than a cornerstone of its future. That view now looks dangerously outdated. As the world fractures into geopolitical blocs and the spectre of war returns to Europe, steel is re-emerging not just as a material—but as a measure of national strength.

This isn't nostalgia. It's strategy.

Steel and the Arsenal of Democracy

From warships to railways, bridges to ballistic missile tubes, steel has always underpinned power. In the Second World War, British steel output was a key enabler of sustained resistance, even as the country stood alone. Today, despite the shift to high-tech warfare, the fundamentals haven't changed. Hypersonic glide vehicles may grab headlines, but it's steel that still forms the skeleton of deterrence.

And yet, the UK—one of the original architects of modern steelmaking—is on the brink of giving up its last independent capability. The integrated Scunthorpe site, capable of turning raw iron ore into finished steel, is more than just a plant. It is the final stronghold of sovereign steel production in mainland Britain. Its closure would mark the end of an era—and the beginning of a dangerous dependency.

China's Industrial Strategy: Not Just Business

The fact that Britain's last major steelworks is now in the hands of a Chinese conglomerate is no accident. China has spent two decades executing a patient, calculated industrial strategy designed not only to dominate global supply chains but to gain leverage over adversaries. When Chinese state-backed firms buy into foreign critical infrastructure, it's never just a commercial transaction.

In this light, Jingye Group's threat to shut Scunthorpe unless the UK Government agrees to vague, open-ended support packages—without giving any operational guarantees—is a test of will. A test of sovereignty. And a warning shot.

China knows that in times of crisis, industrial control translates into strategic power. When steel stops flowing, so do tanks, ships, and repairs to critical national infrastructure. It's why the United States has designated steel a critical defence material. It's why France has protected its own producers. And it's why the UK cannot afford to let this facility slip away under duress.



Strategic Supply Chain Control

China's methodical approach to acquiring control of global industrial assets represents a coordinated strategy rather than mere commercial expansion.



Foreign Ownership of Critical Infrastructure

The transfer of strategic assets like Scunthorpe to foreign control raises profound questions about national security and sovereignty.

Economic Efficiency vs Strategic Resilience

For years, Western governments—Britain included—have outsourced resilience in the name of efficiency. It was cheaper to buy from abroad. Until it wasn't.

COVID-19, the war in Ukraine, and rising tensions in the South China Sea have all delivered a blunt message: national power is once again bound to industrial self-sufficiency. We are living through the end of the "just-in-time" era. The new age is one of "just-in-case"—and steel is a perfect example.

We must stop treating steel as a balance sheet item and start treating it as a national asset. That means accepting that strategic redundancy—the ability to produce, store, and surge capacity at home—is not wasteful. It's wise.

As General Sir Nick Carter, former Chief of the Defence Staff, once noted:

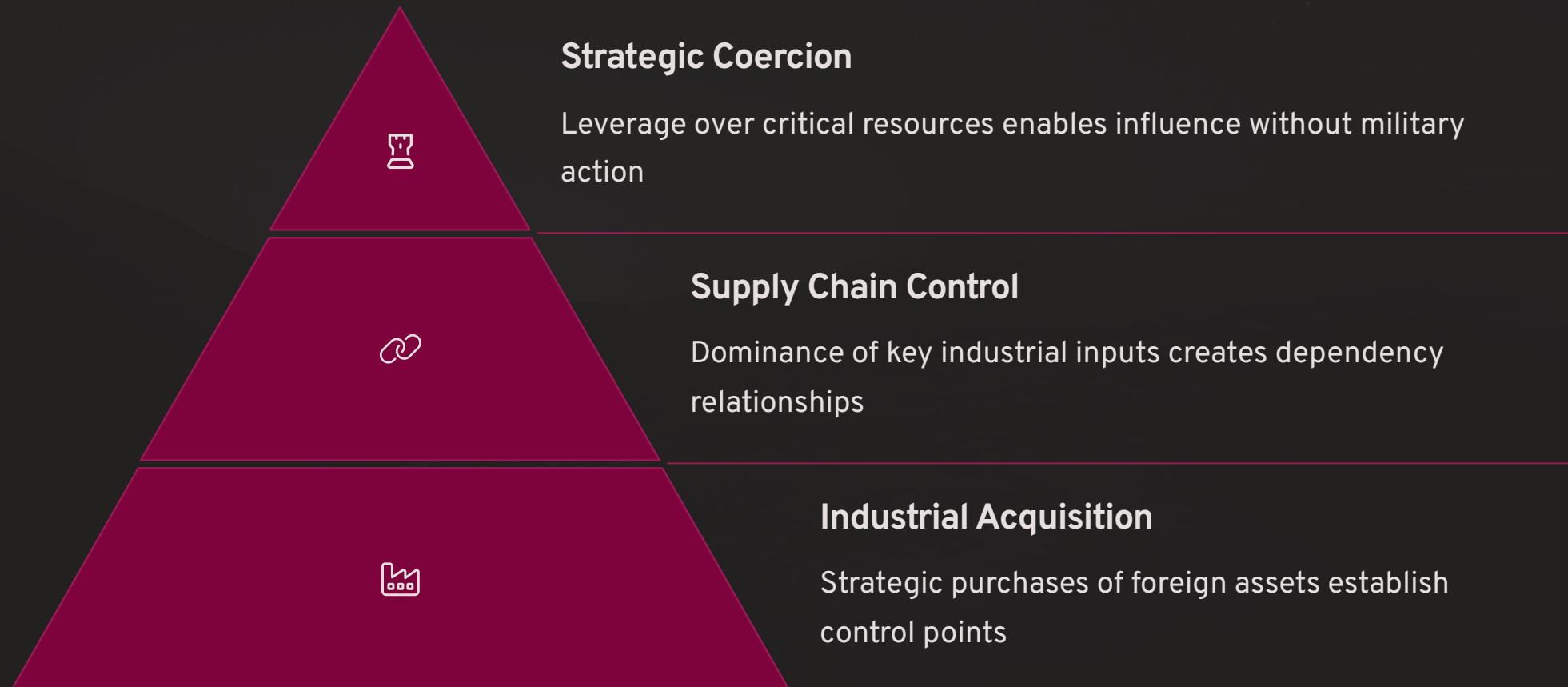
"Warfare today is as much about economic and technological positioning as it is about military manoeuvre."

This is no longer a hypothetical. If Britain loses Scunthorpe, it forfeits not just steel—but a piece of its strategic independence. And in this era, that's not a price we can afford to pay.

Strategic Dependency: How Adversaries Exploit Industrial Weakness

In the modern battlespace, vulnerability no longer begins at the front line. It starts deep within a nation's economy—across supply chains, energy grids, and industrial baselines. Adversaries understand this. They have adapted their doctrine accordingly. And increasingly, they are weaponising interdependence.

When a state loses control over the production of critical materials—steel, semiconductors, rare earths—it exposes itself to coercion without a single shot being fired. This is the strategic logic behind China's global acquisitions. And this is why Scunthorpe matters.



This pyramid illustrates how industrial weakness creates vulnerability to strategic coercion. The foundation begins with targeted acquisitions of critical infrastructure, which establishes control over supply chains, ultimately enabling adversaries to exert influence without resorting to military action.

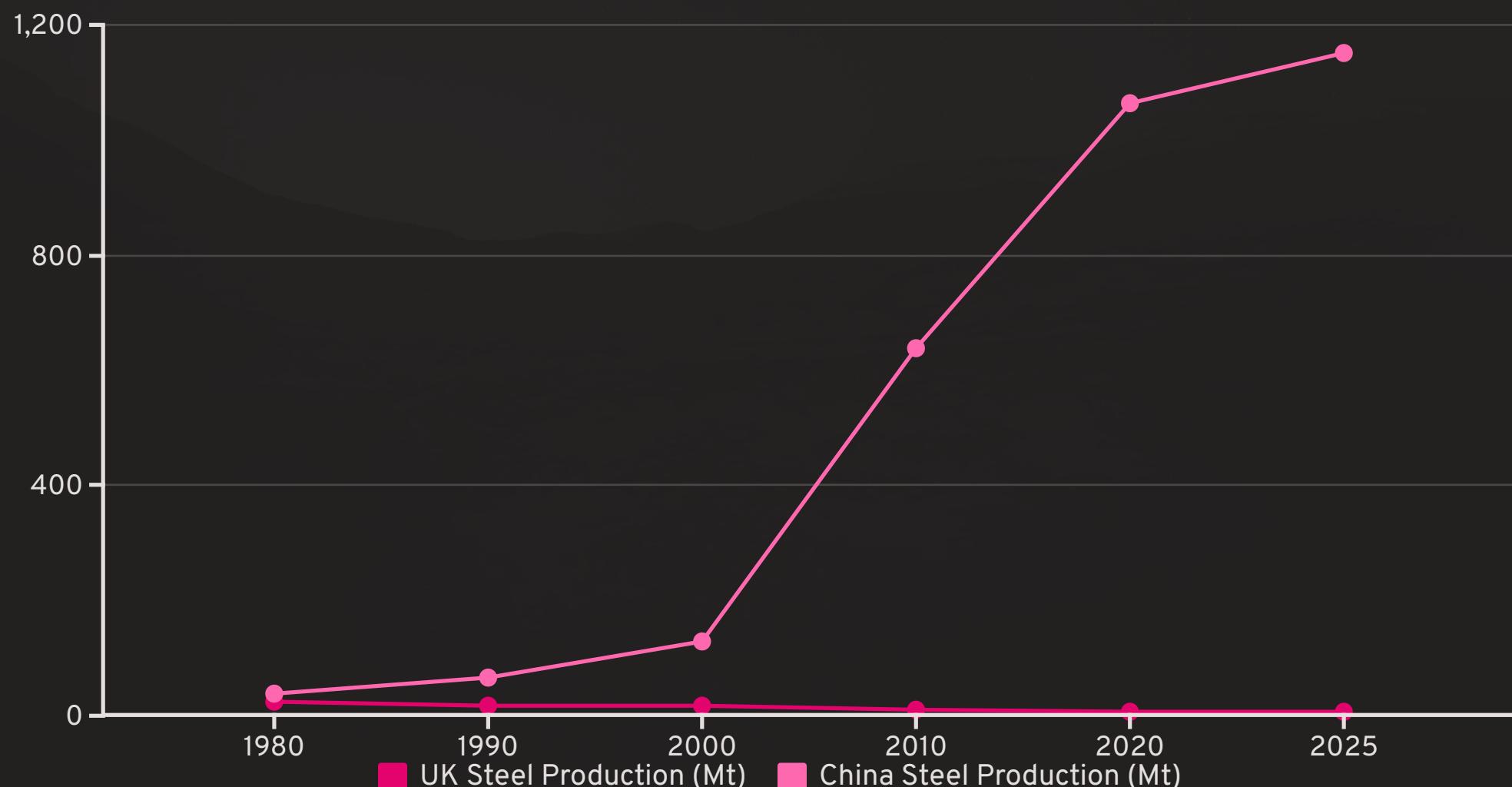
Lessons from Recent History

Consider the 2021 global chip shortage. When a fire at a Japanese semiconductor plant disrupted supply, car factories in Europe ground to a halt. The effects were immediate, tangible, and expensive. Now imagine a crisis where access to steel—not for consumer vehicles, but for military vehicles and bridge-building units—is abruptly severed by a hostile actor or withheld for strategic leverage.

It is not far-fetched. In fact, it is happening in slow motion.

China's dominance in rare earths, solar panels, and battery production has already given it immense influence over green energy supply chains. Steel is next. It is no coincidence that China now produces over 50% of the world's steel, while the UK has seen its capacity collapse by more than 60% since the 1980s.

We are not dealing with a passive investor. We are dealing with a state whose strategic doctrine explicitly includes "civil-military fusion"—the integration of civilian industrial assets with military planning and leverage.



Economic Blackmail in Plain Sight

Jingye Group's demands for government subsidies, with no enforceable obligation to keep Scunthorpe running, are not negotiation. They are a form of soft coercion—economic blackmail dressed in commercial language.

Accepting such terms would set a dangerous precedent:

- It would legitimise the idea that the UK's critical infrastructure is open to strategic manipulation.
- It would embolden other foreign-owned operators to pursue similar tactics.
- It would hollow out the UK's ability to reconstitute its defence-industrial base during crisis or mobilisation.

As one former NATO Supreme Allied Commander put it:

"The first battle of any future war will be fought through the supply chains."

If that battle has already begun, the UK is walking into it disarmed.

The Geopolitical Landscape: Why Timing is Everything

To understand why the potential loss of Scunthorpe is so serious, we must situate it in the current geopolitical context. 2025 is not a normal year. The global security environment is in flux:



Russia's war in Ukraine continues, straining NATO resources and focus.



The US is entering an election cycle, with isolationist voices growing louder.



China is increasing pressure on Taiwan, testing Western resolve and supply chain resilience.



The Middle East remains volatile, with proxy conflicts threatening to escalate.

In short, the rules-based international system that Britain helped build is under siege. At moments like this, strategic deterrence requires more than carrier groups and cyber tools. It demands economic credibility. Industrial depth. And the ability to say, unequivocally: we are not dependent on those who may wish us harm.

The NATO Question

For all its strength, NATO depends on a few key players. The UK remains one of the most militarily capable. But that credibility rests not just on trained personnel and high-end platforms—it rests on the ability to sustain, repair, and supply.

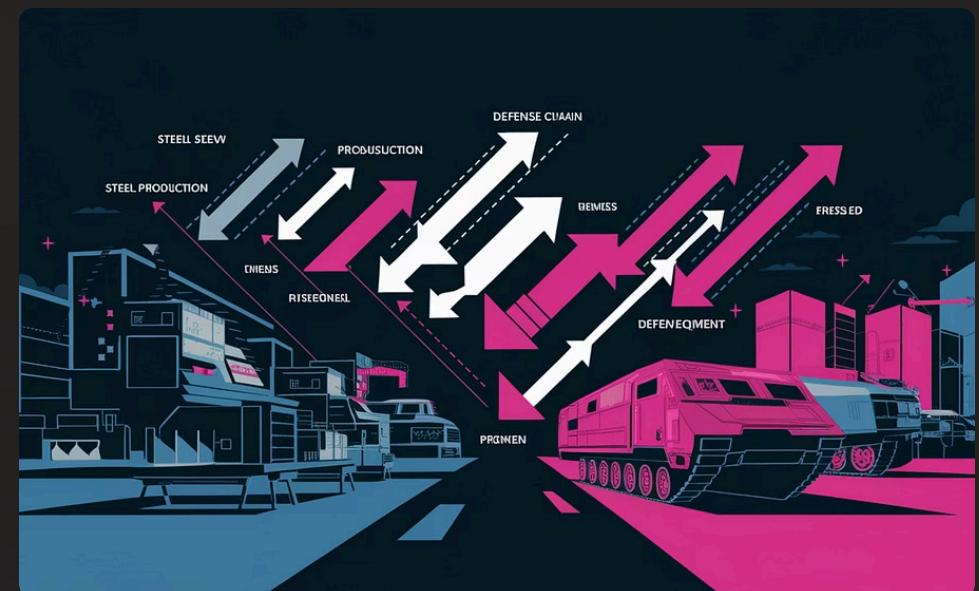
If steel for British-built tanks has to be imported from abroad—potentially even from adversarial states—that credibility begins to erode. Quietly, but surely.

Moreover, allies notice. When Britain shows it cannot protect its own industrial base, confidence in its broader resilience diminishes. As the US increasingly prioritises Indo-Pacific challenges, Europe must shoulder more responsibility for its own defence. That begins at home.



NATO Military Capability

Britain's contribution to NATO includes not just personnel and equipment, but the industrial capacity to sustain operations during prolonged conflict.



Defence Supply Chain Resilience

The ability to maintain sovereign control over critical materials like steel directly impacts military readiness and operational independence.

What Sovereignty Means in 2025

Sovereignty has become a buzzword in recent British political discourse. But too often, it is discussed in abstract terms—borders, treaties, political control. The real test of sovereignty in 2025 is practical. It is industrial. It is the ability to shape your own destiny in a contested world.

If the UK cannot even guarantee domestic production of the steel required for tanks, warships, and rail repairs, how can it claim to be sovereign in any meaningful sense? The decision over Scunthorpe is a litmus test—not just for steel policy, but for the credibility of Britain's global posture. Does the government view strategic industry as an asset worth protecting? Or will it continue to outsource security to foreign interests and hope for the best?



True Strategic Sovereignty

Control over critical industries and self-determination



Industrial Capability

Domestic production of essential materials and goods



Supply Chain Security

Reliable access to critical inputs and components



Trade Relationships

Balanced international economic partnerships

Time to Rethink the Playbook

The Treasury orthodoxy of the past three decades—where value is measured solely in quarterly returns and fiscal discipline—was designed for peacetime. We are not in peacetime.

Strategic industries need strategic logic. That means:



Accepting the higher upfront cost of domestic capability.



Structuring industrial policy around resilience, not just efficiency.



Taking seriously the geopolitical context in which every economic decision is made.

As Margaret Thatcher once said:

"You may have to fight a battle more than once to win it." In 2025, Britain's battle for industrial sovereignty has returned. The enemy is not ideology, but complacency.

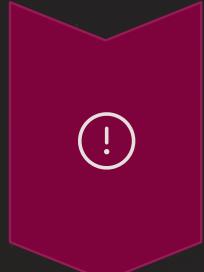
Conclusion & Call to Action

Steel Is Strength: Act Before It's Too Late

The potential closure of the Scunthorpe steelworks is not a one-off event. It is the culmination of years of strategic neglect, and the first real test of Britain's post-Brexit economic sovereignty. If we fail it, we send a message—not just to China, but to the world—that Britain can be coerced. That critical assets can be bought, hollowed out, and shut down with impunity.

But it doesn't have to end this way.

Options for the United Kingdom



Immediate intervention

The government should issue a clear ultimatum—guaranteed continuation of operations or immediate re-nationalisation.



Strategic investment

A modernised, green steel capability at Scunthorpe could anchor a new era of industrial resilience and climate-smart defence production.



Resilient policy frameworks

Enshrine steel—and other critical industries—as national security priorities, protected by statute and long-term strategy.

In this moment of global volatility, Britain must choose strength. Not because of sentimentality, but because strategy demands it.

The closure of Scunthorpe would not just be the end of an industrial chapter—it would be the start of strategic decline. To avoid that future, Britain must act now.