UK Steel Strategy Demand Assessment

Executive Summary

13 February 2026

Prepared for the Department of Business and Trade

Department for Business & Trade

HATCH

Notice to Reader

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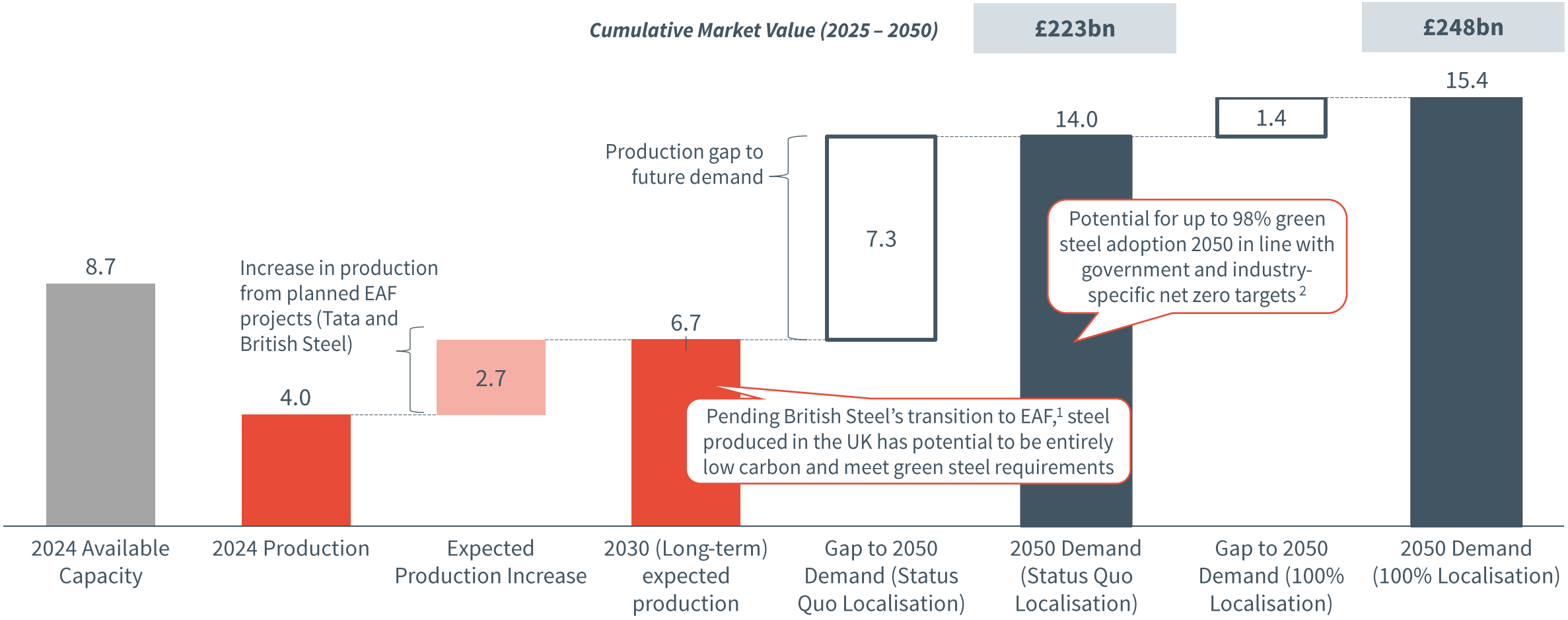
UK Steel Strategy Demand Assessment
Short-Form Executive Summary

Over the long-term, a domestic production gap of ~7.3 mtpa could exist by 2050, presenting a critical opportunity for revitalising the UK steel sector

Forecast Crude Steel Supply vs. Demand, 2025 – 2050 (mtpa)



Note: 1. See notice to reader for the basis of the British Steel data. 2.Demand for wind and automotive sector products assumes contained steel in a 100% localised scenario
Source: Hatch analysis.

The UK faces significant capacity gaps in sections, HDG, and plates and capability gaps across all flat products; these present the most critical market opportunities

Capability and Capacity Gaps Summary

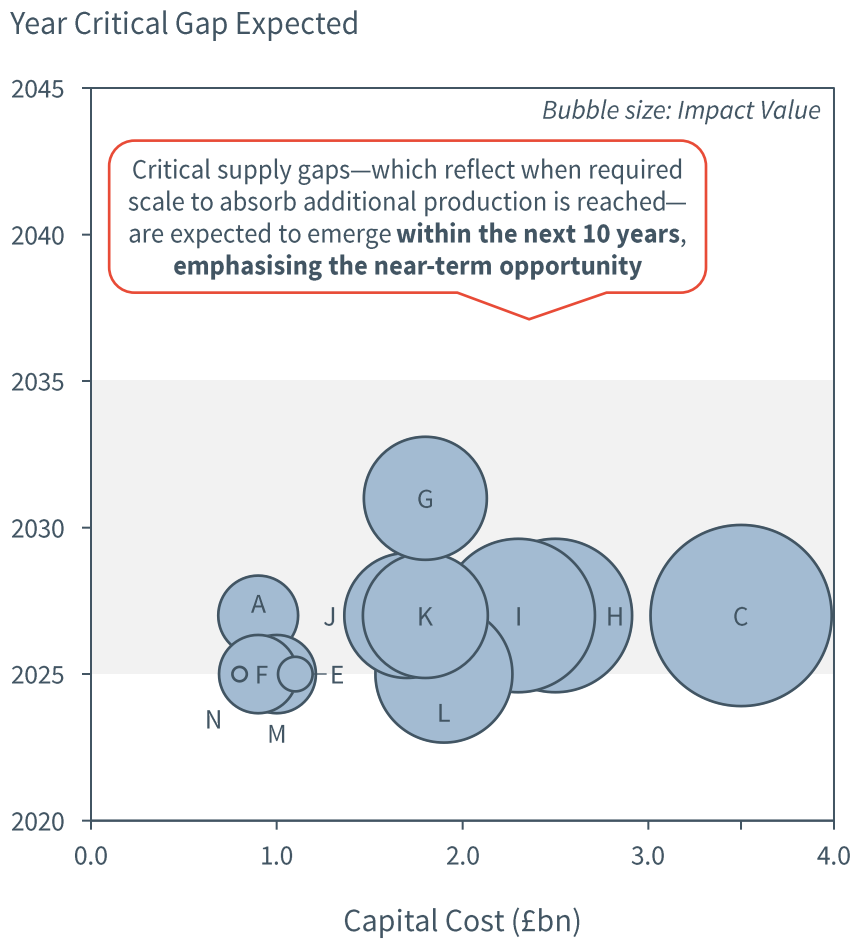
Technical solutions developed to address 'high' market opportunities in this section

	Product	Capacity Gaps (mtpa)[1] 2050 Demand vs 2030 Supply[2]	Capability Gaps	Key Sectors Affected	Market Opportunity[3]	Cumulative Market Gap Value 2025 - 2050
	Sections	-0.7 (-30%)	None	T&D, Construction, Nuclear	**High**	**£17bn**
Long Products	**Rebars**	-0.7 (-44%)	None	T&D, Construction, Nuclear	**Med**	n/a
Long Products	**Wire Rods**	-0.1 (-11%)	None	Construction, Auto, E&M	**Low**	n/a
Long Products	**Special Profiles**	+0.1 (+75%)	None	E&M, Yellow Goods	**Low**	n/a
Long Products	**Rail**	+0.1 (+56%)	None	Rail	**Low**	n/a
Long Products	**Engineering Steels**	+0.3 (+96%)	Sizes <0.22mm	Auto, E&M, Others	**Low**	n/a
Flat Products	**Plates**	-1.2 (-65%)	Wider width, suitable slab, lack of captive steel making	Wind (offshore), Nuclear	**High**	**£22bn**
Flat Products	**Strip**	-4.5 (-60%)	N/A	-	**High**	**£54bn**
Flat Products	HRC	+0.1 (+4%)	Grades: AHS, UHS, API (X70, X80), Gauge: 17.5-25mm	Automotive, O&G	**High**	
Flat Products	CRC	-0.3 (-28%)	Grades: AHS, UHS, Gauge <0.5mm	Automotive	**High**	
Flat Products	HDG	-2.6 (-79%)	Gauge: <0.5mm and >2mm, Coating: dual coating	Auto, Construction, Solar	**High**	
Flat Products	PPGI	-0.1 (-25%)	Thin gauge material (<0.5mm)	Construction	**Low**	
Flat Products	NGOES/GOES	-0.1 (-100%)	None	Transformers, EV Motors	**High**	
Flat Products	Tinplate	+0.0 (+4%)	Dependent on suitable HRC feedstock	Packaging	**Low**	
Other Products	**Stainless Steel**	-0.5 (-90%)	UK has no capability in stainless steel flat products	Construction, Auto, E&M	*Market attractiveness limited due to lack of volumes and global overcapacity*	n/a
Other Products	**Seamless Tubes**	-0.1 (-100%)	UK has no capability since closure of Desford Timken	O&G, E&M		n/a
Other Products	**Forgings**	+0.1 (+500%)	None	Ships, Power, Others		n/a

Note: 1 – Strip capacity gap (-3.8) is presented in terms of production whereas the individual strip products are presented relative to asset capacity. 2 – Capacity gap based on long-term production (6.7 mtpa) vs. forecast 2050 demand by product. 3 – Market Opportunity considers the combination of the relative gap of capacity, capability and cumulative market gap value between future demand and supply of UK steel assets. Value by product based on theoretical 100% localisation scenario. 4 – Rebar market opportunity is not considered significant due to various factors including product value, ability to meet with imports, current supply capabilities (which meet current demand), and ability to attract new investments. Source: Hatch analysis

14 potential technical solutions have been identified to illustrate how gaps could be addressed, each will require detailed business cases to assess viability

Assessment Overview of Available Options[1]



Capability and Capacity Opportunity Options Summary

Options	Sections	Plates	Strip Products: HRC	CRC	HDG	NGOES	GOES	TAM[2] (£bn)	Impact Value by 2050 (£bn) and Gap Addressed (%)[3]
(A) Modify HSM with Cold Mill at Port Talbot			✓	✓	✓			53.6	**5.5** (10%)
(B) Port Talbot modification to be able to provide high temp route GOES feedstock[4]								53.6	**0.0** (0%)
(C) Greenfield plant with TSCR with coating lines			✓	✓	✓			53.6	**27.3** (51%)
(D) Port Talbot TSCR with coating lines[5]			✓	✓				53.6	**0.0** (0%)
(E) Greenfield electrical (NGOES) plant						✓		53.6	**1.1** (2%)
(F) Greenfield electrical (GOES) plant							✓	53.6	**0.2** (0.4%)
(G) Greenfield Steelmaking plant with integrated Sections Mill	✓							16.5	**12.7** (77%)
(H) Greenfield EAF Steelmaking with an Integrated Plate Mill		✓						22.4	**19.6** (88%)
(I) Plate Mill at Scunthorpe with Additional EAF		✓						22.4	**19.6** (88%)
(J) Greenfield Plate Mill with slab supply from Scunthorpe and backfill from Rotherham		✓						22.4	**13.1** (59%)
(K) Plate Mill and Caster utilising planned excess Port Talbot Steelmaking		✓						22.4	**13.1** (59%)
(L) Brownfield Liberty Plate Mill Modification (Plate Mill + New Meltshop)		✓						11.3	**15.7** (139%)
(M) Dalzell Upgrade, slab from Rotherham		✓						11.3	**5.2** (46%)
(N) Brownfield Dalzell Upgrade, slab from Scunthorpe and backfill from Rotherham		✓						11.3	**5.2** (46%)

Different pathways to address same gaps with varying capital requirements

Impact value is larger indicating a reliance on unused capacity being filled with exports

Note: 1 – Datapoints provided are based on the upper Hatch estimate; 2 - TAM (Total Addressable Market) which is the total market opportunity between 2025 – 2050; 3 –This is the percentage of the TAM that the option can address with it's added capacity, options are assumed to run for 20 years with excess products in a given year being sold as exports 4 - Option alone does not impact capacity or capability; option prepares Port Talbot to provide the adequate feedstock for Option E/ F. 5 – Doesn't address any capacity gap
Source: Hatch analysis.

The UK can currently produce enough scrap and energy for additional EAFs, but further upstream capacity and a DRI plant may be crucial to meet future demand

Steel Demand Supply Chain – Upstream Gap Summary

	Sector	Capacity	Capability	Supply Chain Gaps	Options to Address
Upstream	**Steel Scrap**	🟡	🟡	+ The UK currently produces enough scrap (to fulfil Tata and potential British Steel requirements) overall; however, it does not produce enough low-copper content scrap, which is critical for the production of high-grade steel products	+ Construction of scrap processing plants that deploy novel technologies to process high-copper scrap by reducing copper content to achieve quality requirements for high-grade steels
	OBM	🔴	🔴	+ If the UK scales steel production and constructs more EAFs due to limited supply of scrap, DRI will be required as a substitute. The UK currently does not have a DRI facility in the UK, relying solely on imports	+ Import HBI from the open market through long term offtake agreements + Enter into JV agreements with projects in emerging green DRI corridors new green DRI projects in Europe or the Middle East + Evaluate alternative iron making and steel process which are underdevelopment such DRI-ESF-BOF
	Energy	🟡	🟢	+ The UK can produce clean energy, but additional EAFs (Tata Steel and potentially British Steel) or upstream facilities will need more electrical capacity to meet the new demand	+ Increasing the UK's power generation and grid capacity to meet steel supply chain requirements

Source: Hatch analysis.

Localising supply chains will drive steel demand growth; aside from construction and T&D, most core and emerging sectors require comprehensive supply chain development

Steel Demand Supply Chain – Downstream Gap Summary

	Sector	Capacity[1]	Capability[1]	Supply Chain Gaps	Options to Address
Downstream	Construction	🟡	🟢	+ There are no capability gaps, but capacity will likely need to be increased for future demand gaps	+ Increase overall capacity of supply chain in line with construction sector demand
	E&M	🟡	🟡	+ The UK has reasonable technical capabilities and capacity in E&M, largely lost due to hollowing of supply chains	+ Encourage E&M OEMs and system integrators to onshore their manufacturing process in the UK
	Automotive	🔴	🔴	+ The automotive supply chain has been challenged by declining demand as well as other macroeconomic factors over recent years	+ Encourage auto OEMs and system integrators to onshore their manufacturing process in the UK
	Wind Energy	🔴	🔴	+ The UK lacks sufficient manufacturing facilities for key components like towers, nacelles and blades and it relies on OEMs based in the EU	+ Encourage wind OEMs to onshore production in the UK which will also accelerate the growth of specialist SSCs
	Solar Energy	🔴	🟡	+ Solar panel frame fabrication is predominantly imported, limiting ability to supply HDG for further downstream use	+ Increase production of HDG and overall capacity of supply chain in demand from the solar sector
	T&D	🟡	🟢	+ The UK has no capability gaps but will need to increase supply chain capacity to meet the rapid demand growth in T&D	+ Increase overall capacity of T&D supply chain in line with demand increase
	Defence	🟡	🟡	+ While defence represents a small share of domestic end-use demand, capability gaps suggest reliance on imports for critical applications	+ Engagement between MoD and steel producers regarding plans for suppling defence-grade steels in line with expansions
	Transformers	🔴	🔴	+ The UK faces capacity and capability gaps across the supply chain, including lack of local electrical steel production	+ Onshore production of electrical steel and transformer manufacturing in the UK
	Motors (Non-Auto)	🔴	🔴	+ The UK faces capacity and capability gaps across the supply chain, notably for non-auto motor OEMs limiting broader sector development	+ Onshore production of electrical steel and EV motor manufacturing in the UK
	Nuclear	🔴	🟡	+ The UK has reasonable capabilities mainly for construction but less so for critical equipment. For future nuclear ambitions, capacity and capability both should be increased	+ Improve capacity of plates production for nuclear applications and the overall supply chain

Note: 1. For explanation behind the criteria see the assessment methodology on p.17 and capacity is based on 2050 demand.
Source: Hatch analysis.

UK Steel Strategy Demand Assessment
Long-Form Executive Summary

The UK's end-use sectors require over 20+ steel products; availability of these products underpins the growth of end-use sectors

Summary of Steel Product Requirements by Sector

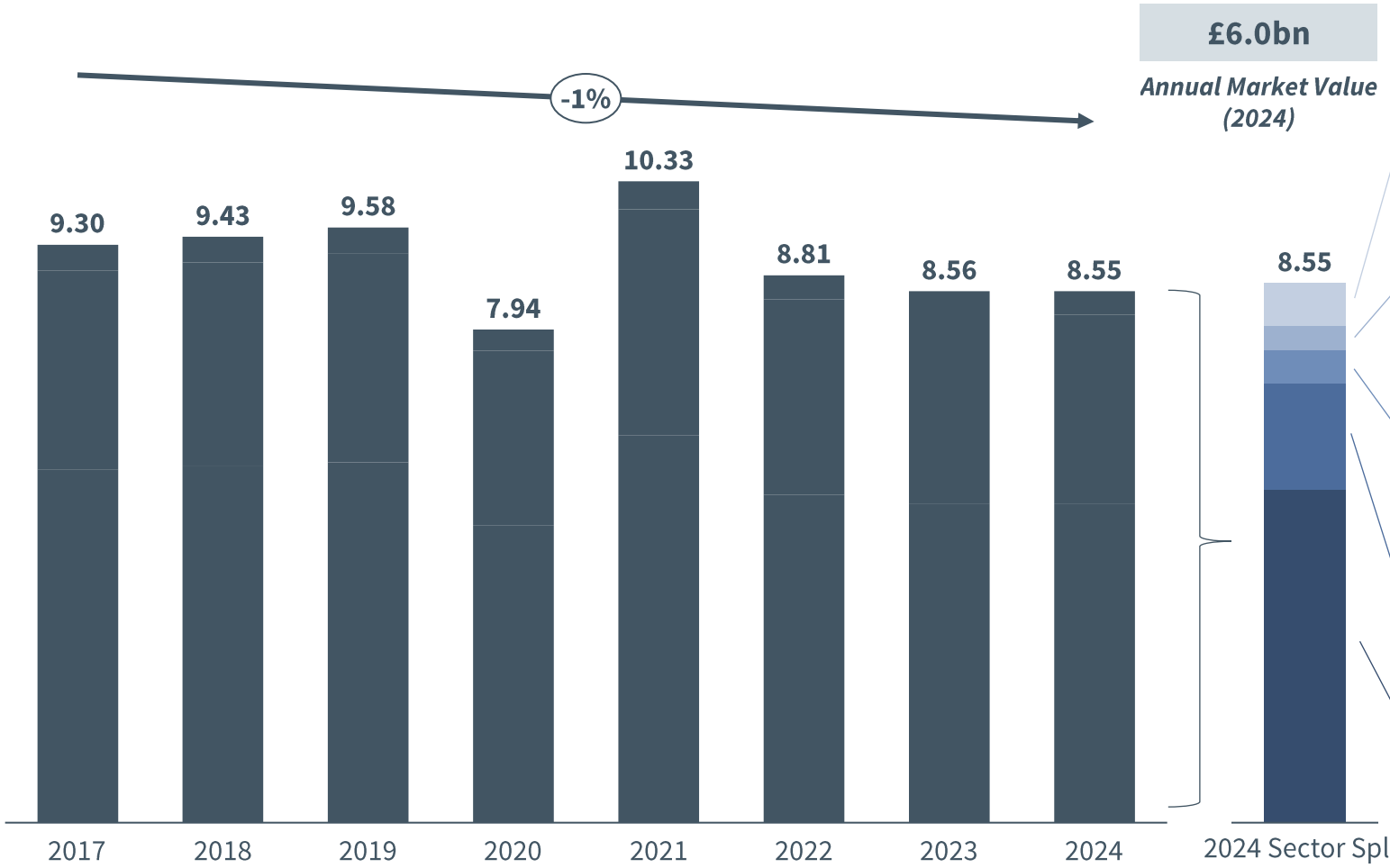
Prioritised Sectors

	Product	Construction	E&M	Automotive	Yellow Goods	Oil & Gas	Packaging	Rail	Wind Energy	Solar Energy	T&D	Nuclear	Transformers	Motors (non -auto)	Heat Pumps	Hydrogen	CCUS	Defence
Long Products	Rebars	✓							✓		✓	✓						✓
	Wire Rods	✓	✓	✓														✓
	Sections	✓									✓	✓						✓
	Special Profiles		✓		✓													✓
	Rail							✓										✓
	Engineering Steels		✓	✓											✓			✓
Flat Products	Plates	✓			✓	✓			✓			✓				✓	✓	✓
	HRC	✓	✓	✓		✓												✓
	CRC	✓	✓	✓			✓											
	HDG	✓	✓	✓			✓			✓					✓			
	PPGI	✓																
	NGOES/ GOES			✓									✓	✓				
	Tinplate						✓											
Other Products	Stainless Steel	✓	✓	✓								✓			✓			✓
	Seamless Tubes		✓			✓												✓
	Forgings		✓															✓

Note: 1. E&M for Forging contains Steel plants, Power and Shipbuilding.
Source: Hatch analysis .

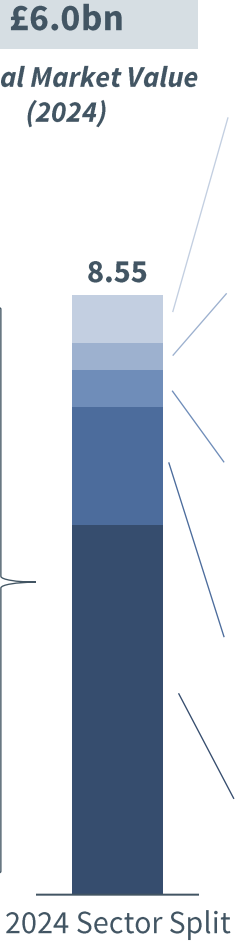
UK steel demand is predicated on the health of the sectors it serves; currently, the UK steel market is valued at over £6bn per year

Historical Finished Steel Demand, 2017 – 2024 (mtpa)

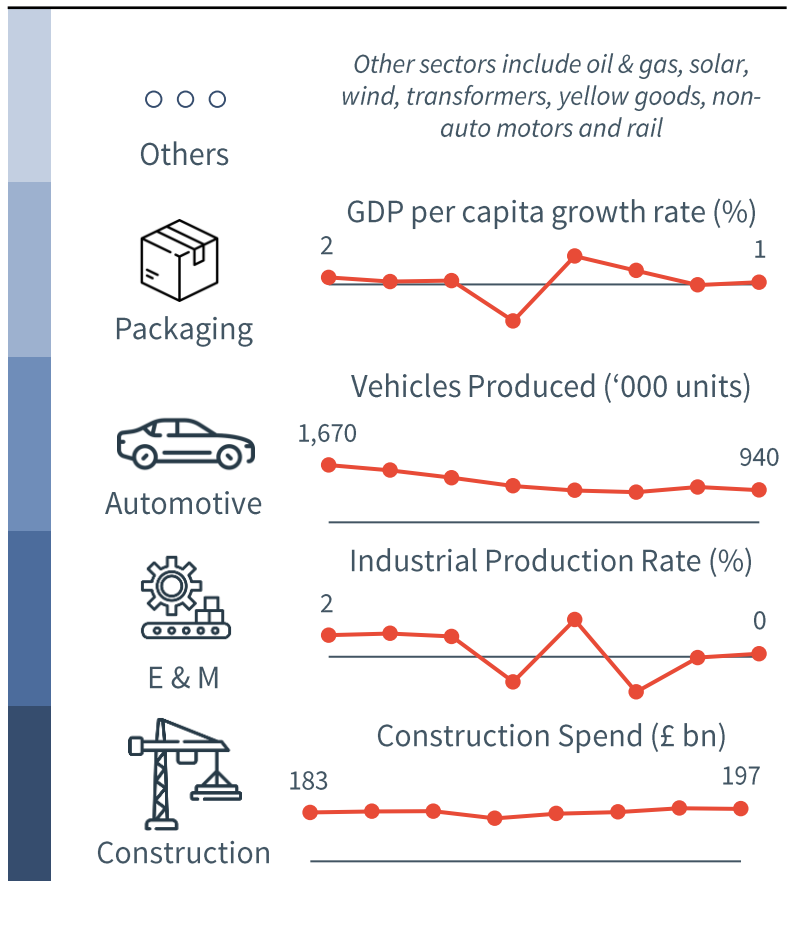


£6.0bn

Annual Market Value (2024)



Key Growth Drivers



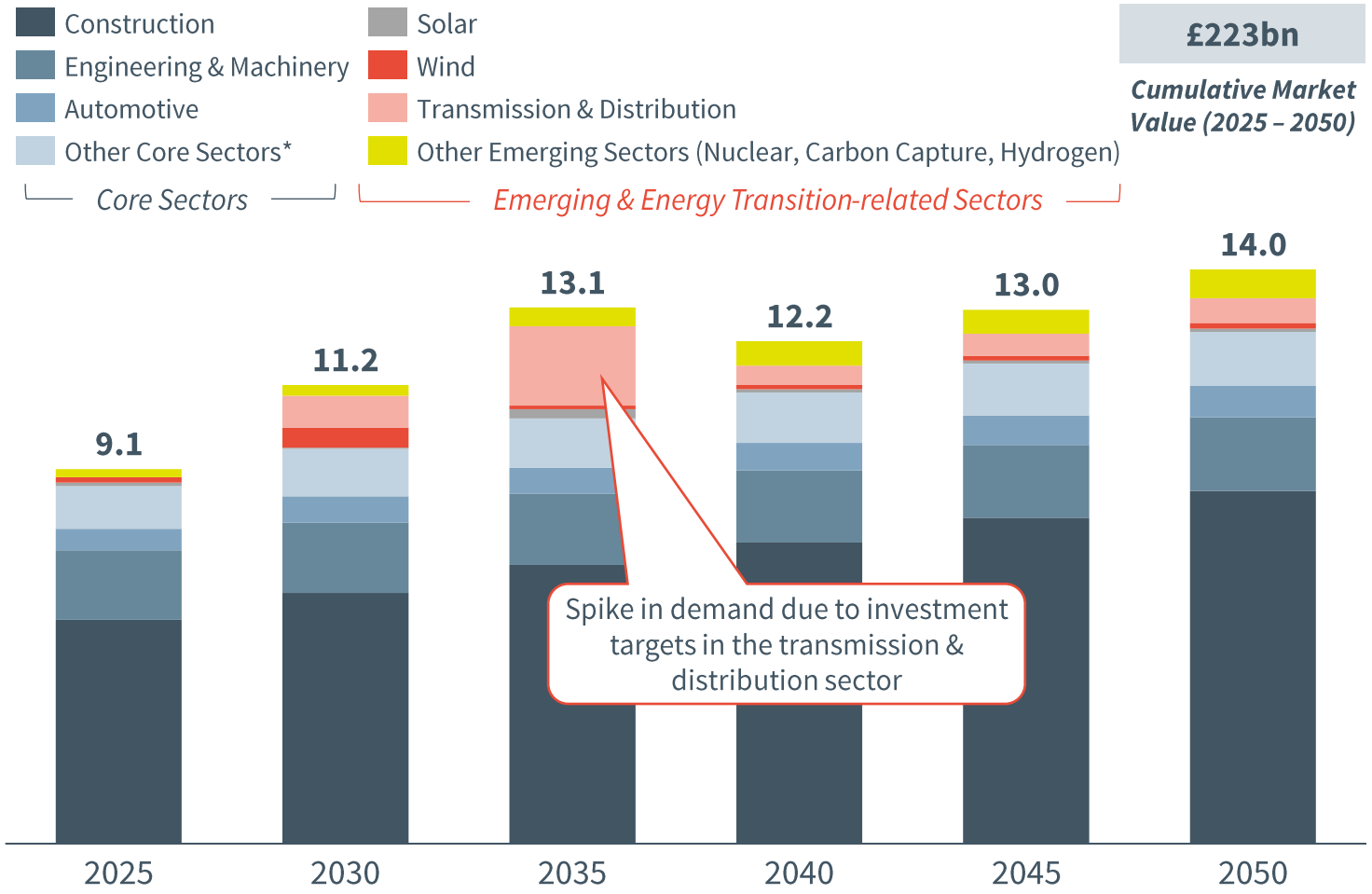
Note: Finished steel demand based on data provided by the World Steel Organization through 2023. 2024 market value based on market prices as of February 2025 on the basis of available pricing data.
Source: World Steel Organization 2024 Steel Statistical Yearbook, Hatch analysis.

Government clean energy and industrial ambitions will drive generational change in the domestic UK steel demand and underpins a 1.7% annual growth rate; emerging sectors represent over 10% of this demand by 2050

Key Demand Growth Drivers[1]

Sector	Factor
Construction	Construction spend expected to rebound and see steady growth through 2050 driven by green industrial, data centre, and other large-scale infrastructure projects
Wind[2]	Government ambitions for **wind capacity to increase 5x by 2050 (**115 GW of offshore and 15 – 65 GW of onshore)
Automotive[2]	Production expected to **rebound and grow at a 2% rate through 2050** primarily due to increased investments in EV manufacturing
Transmission & Distribution	Transmission and distribution **capacity is expected to increase by 3x from 2025 to 2050**, with rapid near-term growth driven by the Clean Power 2030 Action Plan
Solar	7Th Carbon Budget sets a goal for the UK's **solar capacity to exceed 100 GW by 2050**

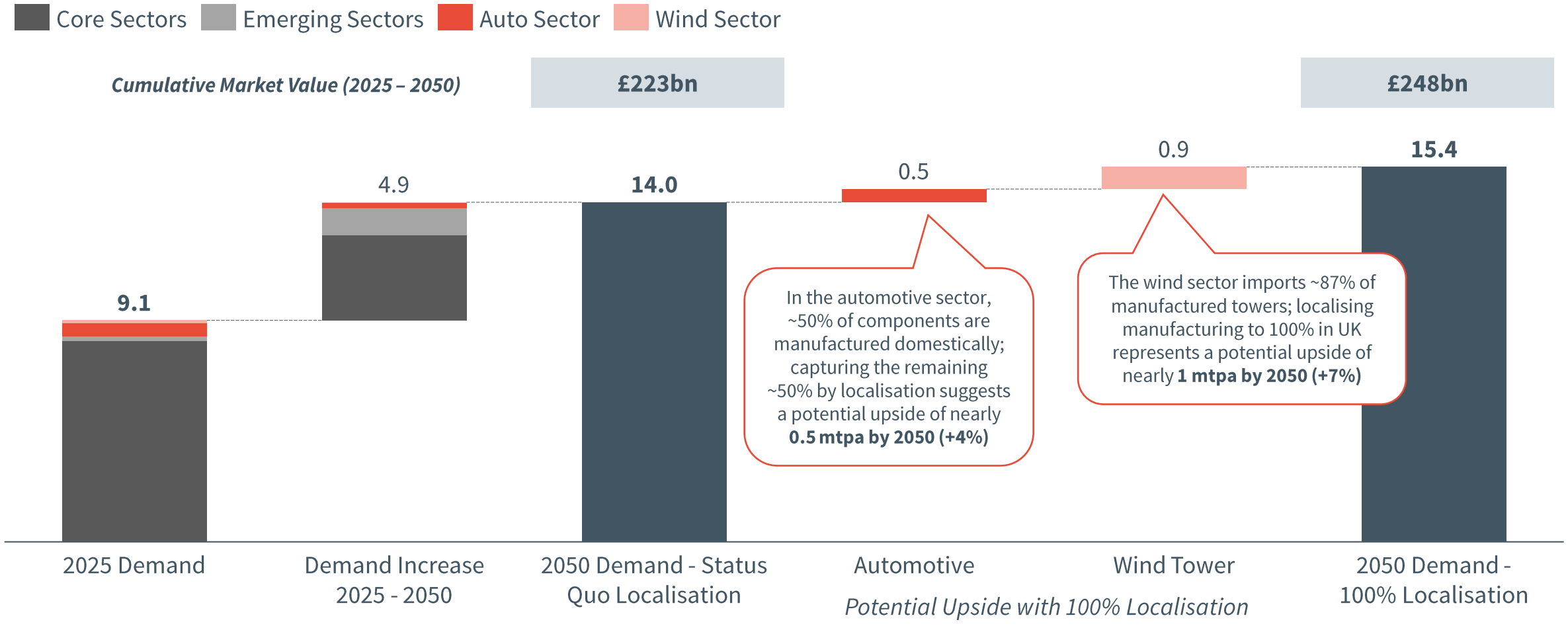
Forecast Total Steel Demand, 2025 – 2050 (mtpa)



Note: 1. Other sectors are included in the analysis but have not been displayed include Oil & Gas, Packaging, Transformers, Motors (Non-Auto), Yellow Goods, Rails, CCUS, Hydrogen and others 2. UK localisation factors have been applied to the demand.
Source: Hatch analysis.

There is potential for a further 10% increase in demand by 2050 if the UK can achieve 100% localisation of the wind and automotive supply chains

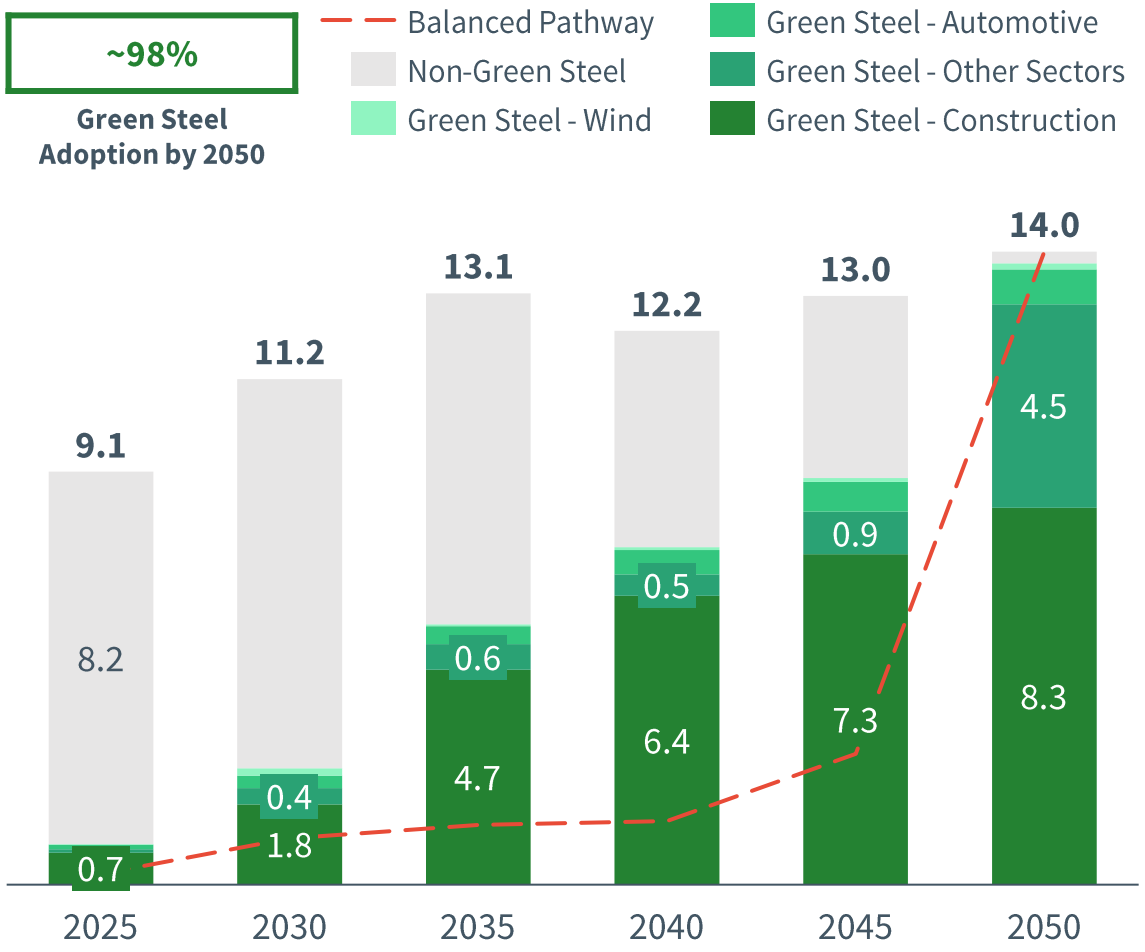
Forecast Steel Demand with Full Potential Localisation, 2025 – 2050 (mtpa)



Note: Core sectors includes 15 sectors include Construction, E&M, Solar, Yellow Goods, Oil & Gas and others. Emerging includes 5 sectors including T&D, Heat Pumps, CCUS, Hydrogen and Nuclear.
Source: Hatch analysis.

The UK's shift to green steel is likely to be more aggressive than the Balanced Pathway; green steel adoption can reach over 40% by 2035 and nearly 70% by 2040

Forecast UK Total Green Steel Demand, 2025 – 2050 (mtpa)



Green Steel Demand Factors

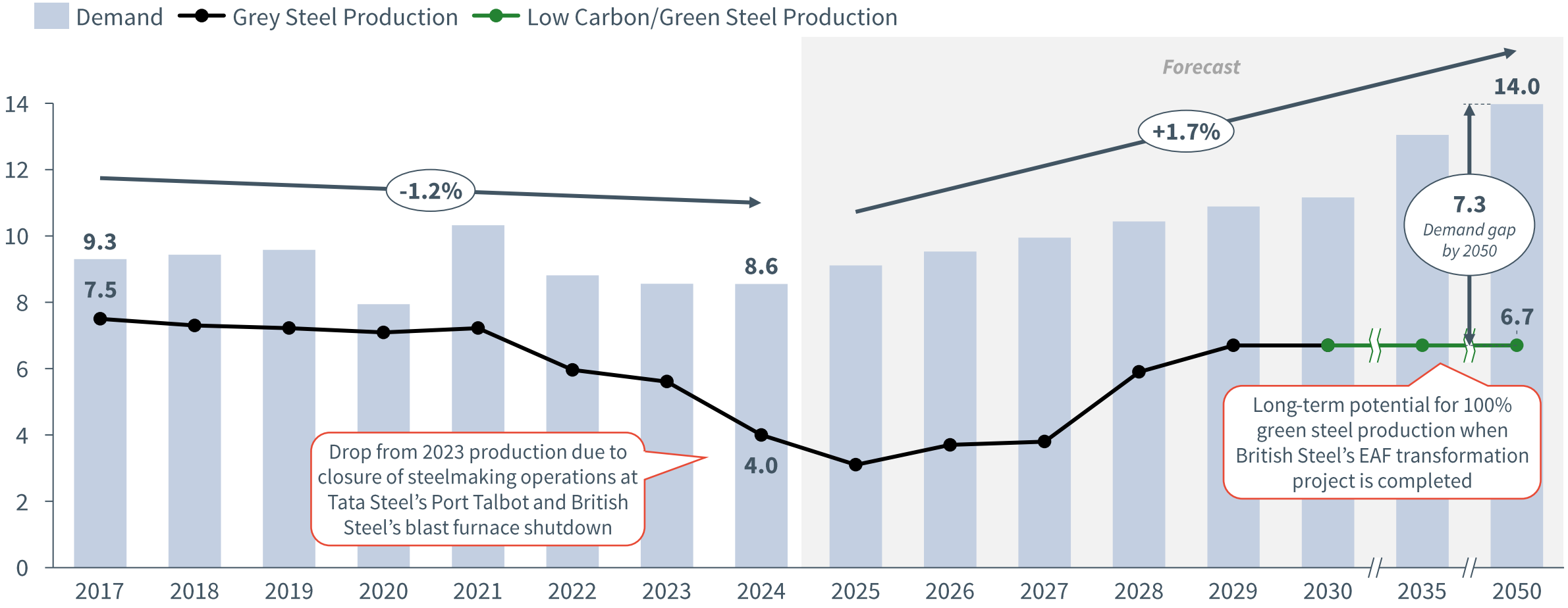
+ Green steel adoption is based on current corporate and sector-specific net zero commitments and decarbonisation targets
+ For sectors without key stakeholder targets or industry-wide consensus, green steel adoption is consistent with the 'balanced pathway' set in the UK Climate Change Committee Recommendation for the proposed 7th Carbon Budget, which targets net zero by 2050

Sector	Driver	Green Steel Adoption Rate (%)		
		2030	2040	2050
Construction	Non-residential balanced pathway (Carbon Budget)	29%	87%	97%
Automotive	Auto OEM-weighted average scope 3 targets	43%	81%	100%
Wind	Wind Tower OEM-weighted average scope 3 targets*	34%	60%	100%
Others	Balanced Pathway (7th Carbon Budget)	9%	12%	100%

Note: Wind and Auto are assumed to have status-quo localisation. Wind turbines for the UK assumes green steel adoption extrapolated from Siemens Gamesa and Vestas relative market share of wind turbine manufacturing in the EU.
Source: Hatch analysis.

The UK has the opportunity for 100% of domestic crude steel production to be low carbon once British Steel's transformation is complete to meet green steel demand; this can underpin the UK's ambition to reach net zero by 2050

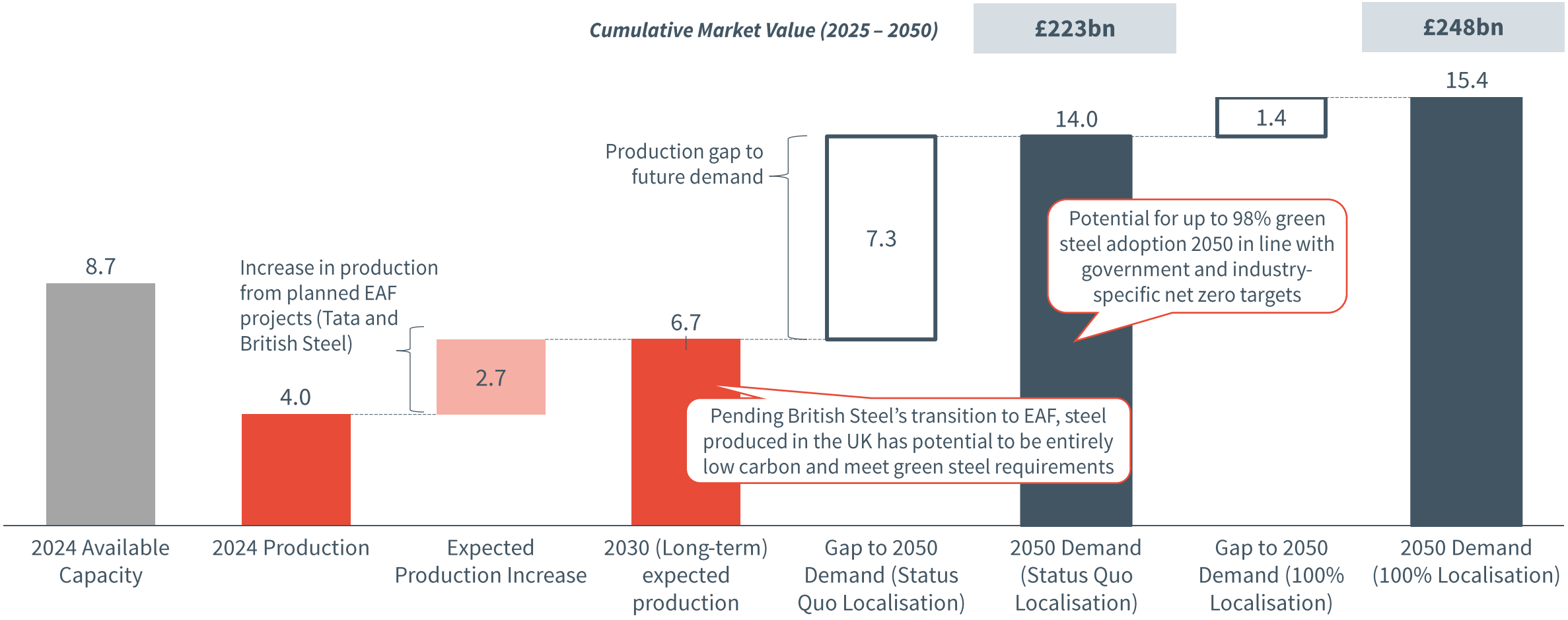
Domestic Finished Steel Demand and Production Outlook, 2017 – 2050 (mtpa)



Note: Finished steel demand based on data provided by the World Steel Organization through 2023. The historical demand only contains core sectors which currently covers majority of the market.
Source: World Steel Organization 2024 Steel Statistical Yearbook, Hatch analysis.

Over the long-term, a domestic production gap of ~7.3 mtpa could exist by 2050, presenting a critical opportunity for revitalising the UK steel sector

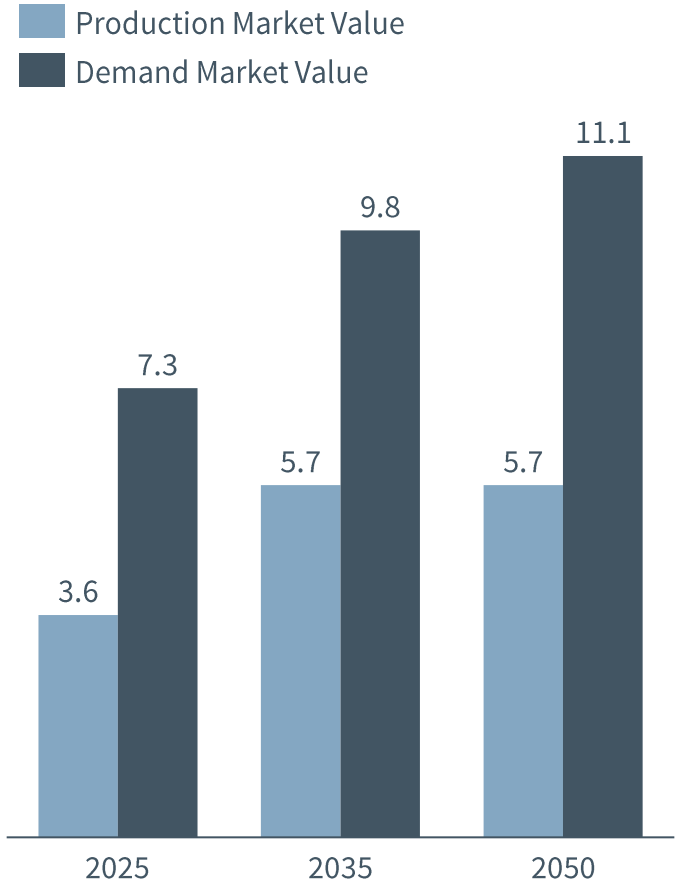
Forecast Crude Steel Supply vs. Demand, 2025 – 2050 (mtpa)



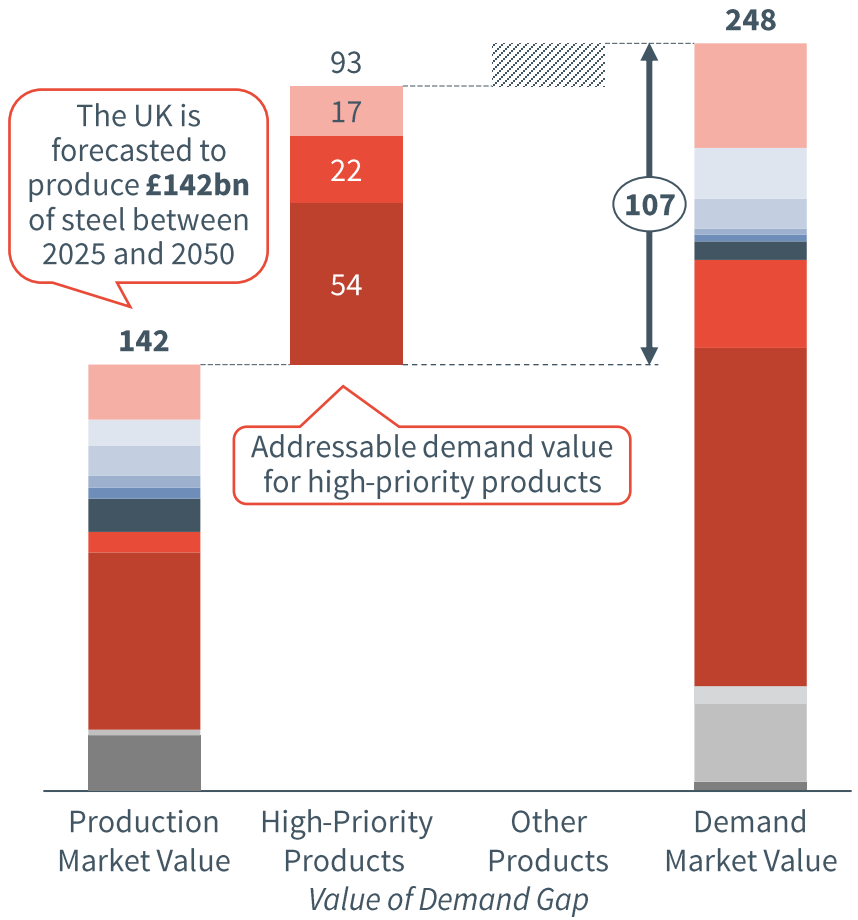
Note: Demand for wind and automotive sector products assumes contained steel in a 100% localised scenario
Source: Hatch analysis

Of the £248bn cumulative value of demand, there is potential for up to ~£93bn to be captured through various capacity and capability expansion projects

Captured vs. Addressable Demand Value per Year, 2025 – 2050 (£bn)



Cumulative Value by Product, 2025 – 2050 (£bn)



Market Value Gap by Product

	Product	Cumulative Market Gap Value (2025 – 2050)
Long Products	Sections	£17bn
	Rebars	n/a
	Wire Rods	n/a
	Special Profiles	n/a
	Rail	n/a
	Engineering Steels	n/a
Flat Products	Plates	£22bn
	Strip	£54bn
	HRC	
	CRC	
	HDG	
	PPGI	
	NGOES/GOES	
	Tinplate	
Other Products[1]	Stainless Steel	n/a
	Seamless Tubes	n/a
	Forgings	n/a

Note: 1. Despite representing a significant value gap, stainless steel and forged products are not addressable due to required scale requirements and global overcapacity. Value by product based on theoretical 100% localisation scenario.
Source: Hatch analysis

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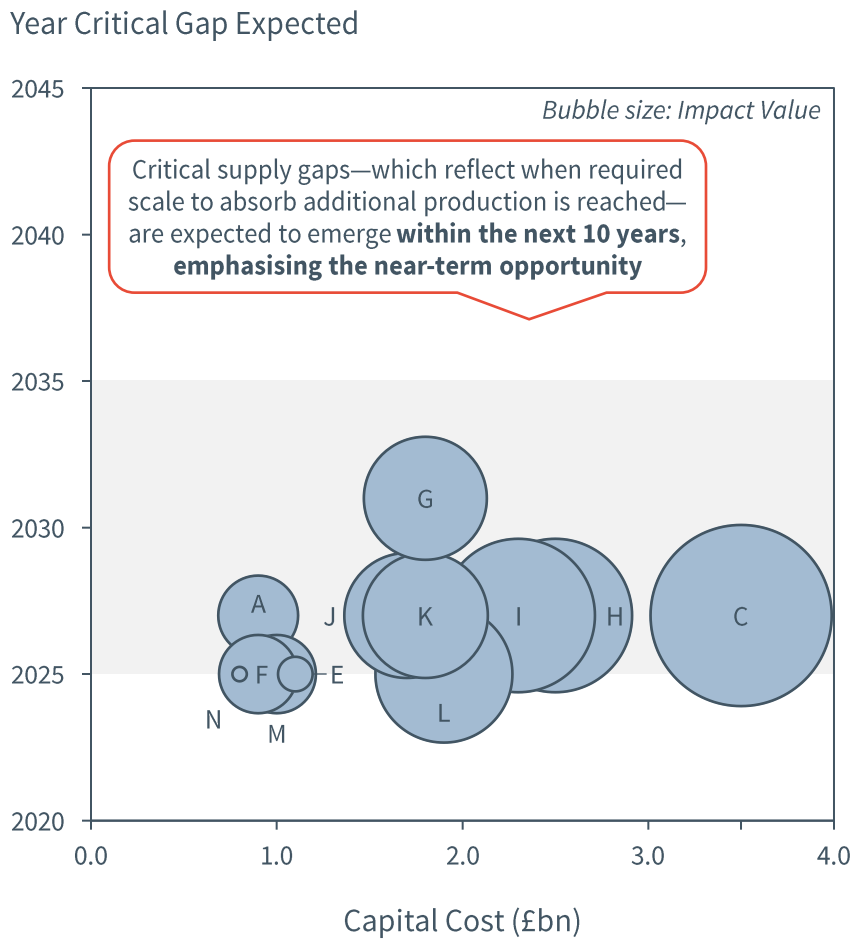
14 potential technical solutions have been identified to illustrate how gaps could be addressed, each will require detailed business cases to assess viability

Assessment Overview of Available Options[1]



Capability and Capacity Opportunity Options Summary

Options	Sections	Plates	Strip Products: HRC	CRC	HDG	NGOES	GOES	TAM[2] (£bn)	Impact Value by 2050 (£bn) and Gap Addressed (%)[3]
(A) Modify HSM with Cold Mill at Port Talbot			✓	✓	✓			53.6	**5.5** (10%)
(B) Port Talbot modification to be able to provide high temp route GOES feedstock[4]								53.6	**0.0** (0%)
(C) Greenfield plant with TSCR with coating lines			✓	✓	✓			53.6	**27.3** (51%)
(D) Port Talbot TSCR with coating lines[5]			✓	✓				53.6	**0.0** (0%)
(E) Greenfield electrical (NGOES) plant						✓		53.6	**1.1** (2%)
(F) Greenfield electrical (GOES) plant							✓	53.6	**0.2** (0.4%)
(G) Greenfield Steelmaking plant with integrated Sections Mill	✓							16.5	**12.7** (77%)
(H) Greenfield EAF Steelmaking with an Integrated Plate Mill		✓						22.4	**19.6** (88%)
(I) Plate Mill at Scunthorpe with Additional EAF		✓						22.4	**19.6** (88%)
(J) Greenfield Plate Mill with slab supply from Scunthorpe and backfill from Rotherham		✓						22.4	**13.1** (59%)
(K) Plate Mill and Caster utilising planned excess Port Talbot Steelmaking		✓						22.4	**13.1** (59%)
(L) Brownfield Liberty Plate Mill Modification (Plate Mill + New Meltshop)		✓						11.3	**15.7** (139%)
(M) Dalzell Upgrade, slab from Rotherham		✓						11.3	**5.2** (46%)
(N) Brownfield Dalzell Upgrade, slab from Scunthorpe and backfill from Rotherham		✓						11.3	**5.2** (46%)

Different pathways to address same gaps with varying capital requirements

Impact value is larger indicating a reliance on unused capacity being filled with exports

Note: 1 – Datapoints provided are based on the upper Hatch estimate; 2 - TAM (Total Addressable Market) which is the total market opportunity between 2025 – 2050; 3 –This is the percentage of the TAM that the option can address with it's added capacity, options are assumed to run for 20 years with excess products in a given year being sold as exports 4 - Option alone does not impact capacity or capability; option prepares Port Talbot to provide the adequate feedstock for Option E/ F. 5 – Doesn't address any capacity gap
Source: Hatch analysis.

The UK can currently produce enough scrap and energy for additional EAFs, but further upstream capacity and a DRI plant may be crucial to meet future demand

Steel Demand Supply Chain – Upstream Gap Summary

	Sector	Capacity	Capability	Supply Chain Gaps	Options to Address
Upstream	**Steel Scrap**	🟡	🟡	+ The UK currently produces enough scrap (to fulfil Tata and potential British Steel requirements) overall; however, it does not produce enough low-copper content scrap, which is critical for the production of high-grade steel products	+ Construction of scrap processing plants that deploy novel technologies to process high-copper scrap by reducing copper content to achieve quality requirements for high-grade steels
	OBM	🔴	🔴	+ If the UK scales steel production and constructs more EAFs due to limited supply of scrap, DRI will be required as a substitute. The UK currently does not have a DRI facility in the UK, relying solely on imports	+ Import HBI from the open market through long term offtake agreements + Enter into JV agreements with projects in emerging green DRI corridors new green DRI projects in Europe or the Middle East + Evaluate alternative iron making and steel process which are underdevelopment such DRI-ESF-BOF
	Energy	🟡	🟢	+ The UK can produce clean energy, but additional EAFs (Tata Steel and potentially British Steel) or upstream facilities will need more electrical capacity to meet the new demand	+ Increasing the UK's power generation and grid capacity to meet steel supply chain requirements

Source: Hatch analysis.

Localising supply chains will drive steel demand growth; aside from construction and T&D, most core and emerging sectors require comprehensive supply chain development

Steel Demand Supply Chain – Downstream Gap Summary

	Sector	Capacity[1]	Capability[1]	Supply Chain Gaps	Options to Address
Downstream	Construction	🟡	🟢	+ There are no capability gaps, but capacity will likely need to be increased for future demand gaps	+ Increase overall capacity of supply chain in line with construction sector demand
	E&M	🟡	🟡	+ The UK has reasonable technical capabilities and capacity in E&M, largely lost due to hollowing of supply chains	+ Encourage E&M OEMs and system integrators to onshore their manufacturing process in the UK
	Automotive	🔴	🔴	+ The automotive supply chain has been challenged by declining demand as well as other macroeconomic factors over recent years	+ Encourage auto OEMs and system integrators to onshore their manufacturing process in the UK
	Wind Energy	🔴	🔴	+ The UK lacks sufficient manufacturing facilities for key components like towers, nacelles and blades and it relies on OEMs based in the EU	+ Encourage wind OEMs to onshore production in the UK which will also accelerate the growth of specialist SSCs
	Solar Energy	🔴	🟡	+ Solar panel frame fabrication is predominantly imported, limiting ability to supply HDG for further downstream use	+ Increase production of HDG and overall capacity of supply chain in demand from the solar sector
	T&D	🟡	🟢	+ The UK has no capability gaps but will need to increase supply chain capacity to meet the rapid demand growth in T&D	+ Increase overall capacity of T&D supply chain in line with demand increase
	Defence	🟡	🟡	+ While defence represents a small share of domestic end-use demand, capability gaps suggest reliance on imports for critical applications	+ Engagement between MoD and steel producers regarding plans for suppling defence-grade steels in line with expansions
	Transformers	🔴	🔴	+ The UK faces capacity and capability gaps across the supply chain, including lack of local electrical steel production	+ Onshore production of electrical steel and transformer manufacturing in the UK
	Motors (Non-Auto)	🔴	🔴	+ The UK faces capacity and capability gaps across the supply chain, notably for non-auto motor OEMs limiting broader sector development	+ Onshore production of electrical steel and EV motor manufacturing in the UK
	Nuclear	🔴	🟡	+ The UK has reasonable capabilities mainly for construction but less so for critical equipment. For future nuclear ambitions, capacity and capability both should be increased	+ Improve capacity of plates production for nuclear applications and the overall supply chain

Note: 1. For explanation behind the criteria see the assessment methodology on p.17 and capacity is based on 2050 demand.
Source: Hatch analysis.

For more information,
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