



UK Steel Strategy Demand Assessment



Part II. Steel Production Capacities & Supply Chain Gap Analysis

13 February 2026

Prepared for the Department of Business and Trade



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Acronyms

AHS	Advanced High Strength	NGOES	Non-Grain Oriented Electrical Steel
API	American Petroleum Institute	OBM	Ore Based Metallic
BF	Blast Furnace	OEM	Original Equipment Manufacturer
BOF	Basic Oxygen Furnace	OSW	Offshore Wind
CCUS	Carbon Capture Utilisation and Storage	PC	Pre-Stressed Concrete
CHQ	Cold Heading Quality	PFC	Parallel Flange Channel
CRC	Cold Rolled Coil	PLTCM	Pickling Line and Tandem Cold Mill
DBT	Department of Business and Trade	PPGI	Pre-painted Galvanised Iron
DRI	Direct Reduced Iron	RPM	Reversing Plate Mill
E&M	Engineering and Machinery	SSC	Steel Service Centre
EA	Equal Angles	T&D	Transmission and Distribution
EAF	Electric Arc Furnace	TAM	Total Addressable Market
EU	European Union	TSCR	Thin Slab Casting and Rolling
GOES	Grain Oriented Electrical Steel	UA	Unequal Angle
HBI	Hot Briquetted Iron	UB	Universal Beams
HDG	Hot Dipped Galvanised	UBP	Universal Bearing Pile
HFI	High Frequency Induction	UHS	Ultra High Strength
HRC	Hot Rolled Coil	UK	United Kingdom
HSM	Hot Strip Mill	VDG	Vacuum Degasser
LF	Ladle Furnace	ZODIAC	Zinc and Other Developments in Alloy Coatings

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2.1 Current Steel Production Landscape

2.2 Gap Analysis Methodology

2.3 UK Product Capacity and Capability Gap Analysis

2.4 Supply Chain Gap Analysis

This report provides an evidence base for the UK's future steel strategy; the focus of this report is on identifying and providing options to address production and supply chain gaps

Report Context

The government has launched a multi-sector effort to revitalise the nation's steel industry and **develop an actionable Steel Strategy** that will detail the core elements of an investment plan alongside an implementation roadmap

This engagement seeks to provide an **evidence base for the UK's steel strategy** and guide HMG's investment in the sector by identifying gaps and opportunities for domestic production along the UK's broader steel supply chain

Focus Areas

Part I

Long-Term Steel Demand Outlook

Part II

Current Steel Production Capacities and limitations

Supply Chain Gap Analysis

Domestic Capabilities to Address Long-Term Demand

Key Questions Answered

What is the **projected long-term demand** for steel in the UK? How much of this demand will be generated from **investments in emerging sectors** related to energy transition and decarbonisation?

How **capable** is the UK of meeting this long-term demand, and **what challenges** does it face?

Which parts of the supply chain have **identified gaps**?

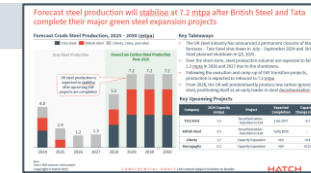
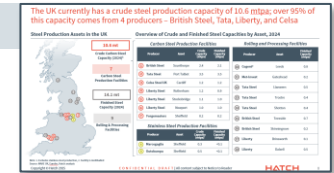
What **options are available** to address gaps in the UK steel sector?

Part II of this report is structured into four core sections, each with a specific set of objectives informing key aspects of the steel production and supply chain gap analysis

Part II. Steel Production Capabilities & Supply Chain Gap Analysis

2.1 Current Steel Production Landscape

- + **Production** – Overview of historical and forecast domestic steel production
- + **UK Asset Landscape** – Overview of UK steel producers focusing on asset capacities, capabilities, and planned projects



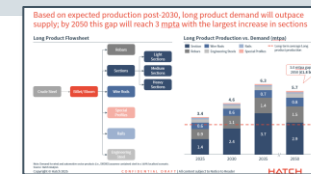
2.2 Product Capacity and Supply Chain Methodology

- + **Methodology** – Approach overview for identifying product capacity/capability and supply chain gaps
- + **Gap Assessment Criteria** – Overview of assessment factors for production gaps
- + **Sector and Product Prioritisation** – Summary of prioritised products and sectors



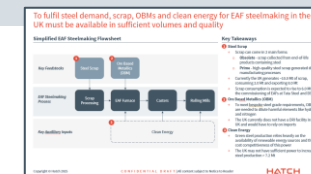
2.3 UK Product Capacity Analysis

- + **Capacity** – Flowsheet and assessment of total primary production capacity of UK assets and assessment of individual product production capacity of UK assets
- + **Capability** – Assessment of individual product production capabilities of UK assets
- + **Available Options** – Overview of possible options to address the capacity and capability gaps of UK assets



2.4 Supply Chain Analysis

- + **Upstream** – Assessment of feedstock gaps for UK steel assets (i.e., energy, DRI, and scrap)
- + **Downstream** – Assessment of key downstream sectors (i.e., construction, E&M, automotive, defence, T&D, transformers, solar and wind)
- + **Available Options** – Overview of options to address broader steel sector supply chain gaps



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2.1 Current Steel Production Landscape

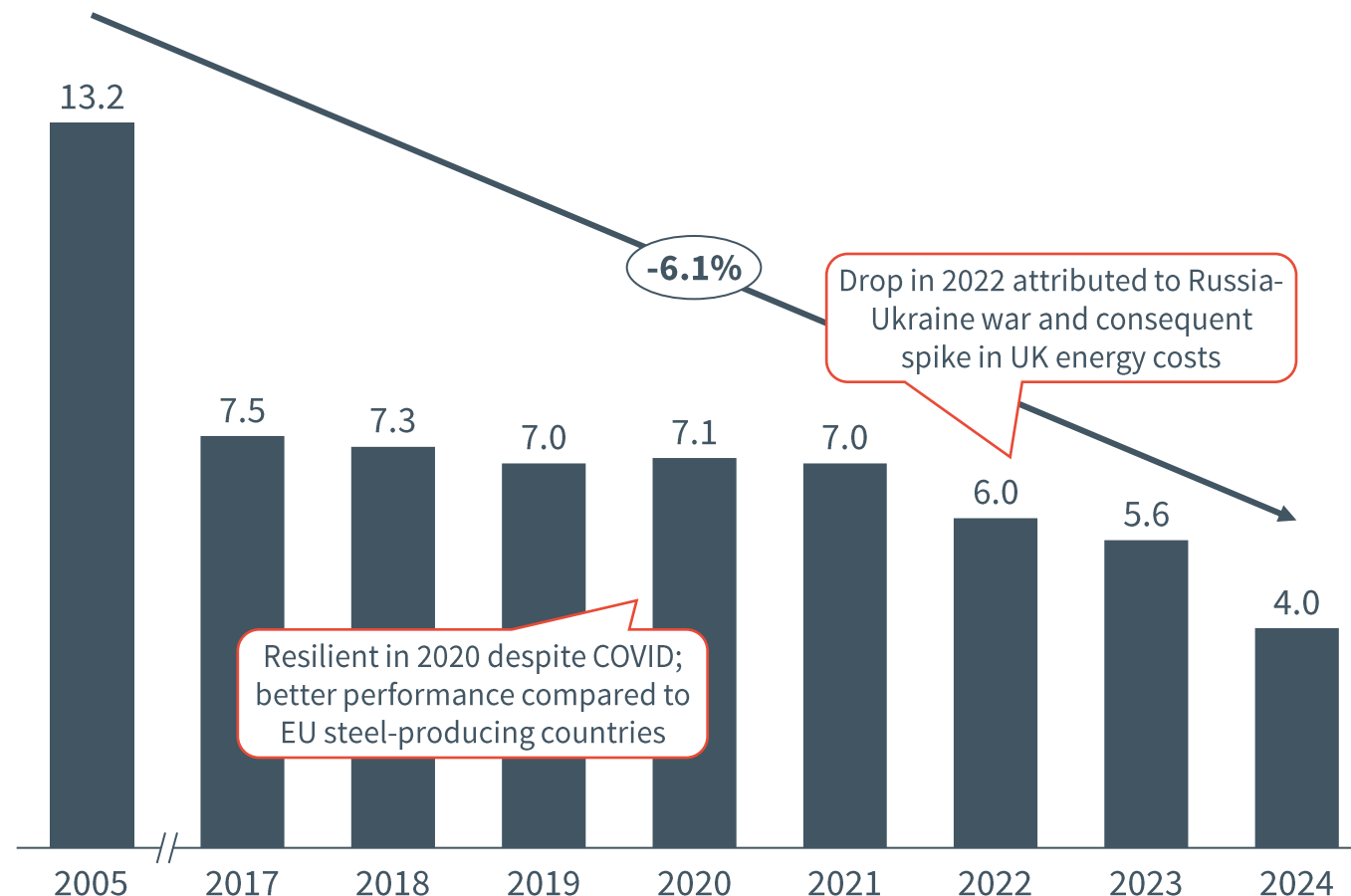
2.2 Gap Analysis Methodology

2.3 UK Product Capacity and Capability Gap Analysis

2.4 Supply Chain Gap Analysis

Despite declining steel production in recent years, the UK has a generational opportunity to revitalise its steel industry

Historical Crude Steel Production, 2005 – 2024 (mtpa)

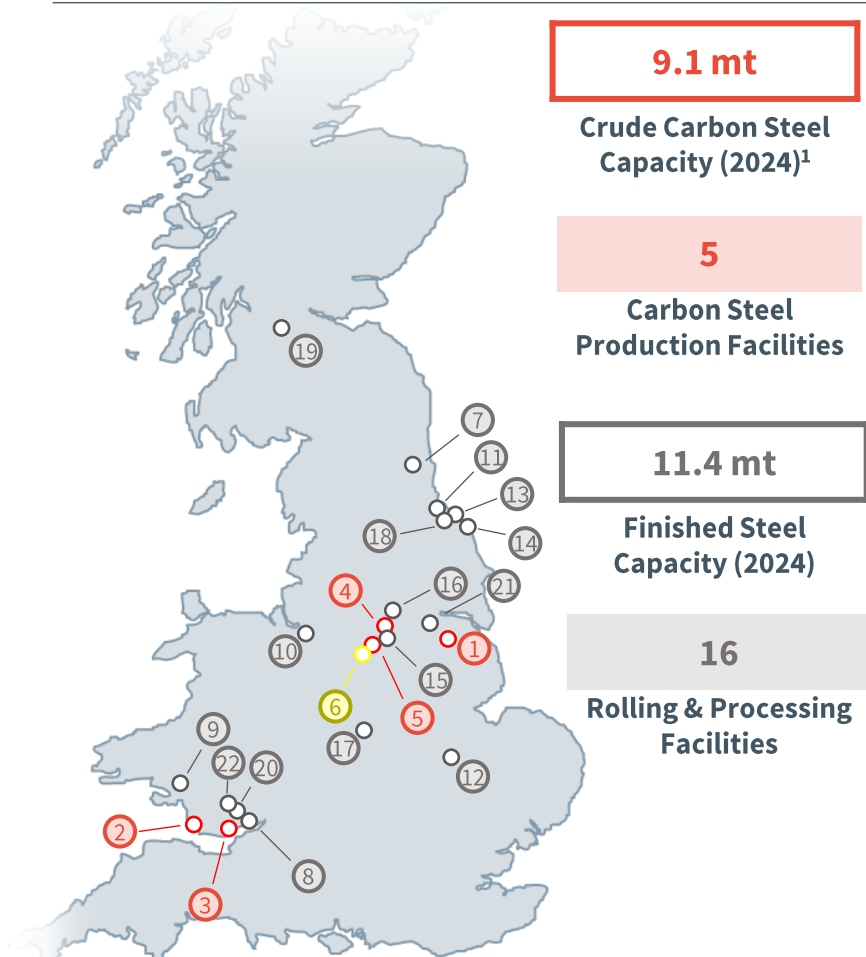


Key Takeaways

- + The UK produces ~0.3% of global steel, facing strong competition from the EU as well as China, which produces over 50% of global output
- + Over the last 20 years, domestic production has dropped by over 70% due to the increase of energy prices in the UK and reduced demand, while oversupply from China has weighed down steel prices globally
- + In 2024, the UK produced ~4 mt of crude steel, a 29% drop from 2023 levels due to the closure of Tata Steel's Port Talbot Steel making facility (Jul – Sep 2024) and the unplanned shutdown of British Steel's blast furnace (Jul – Dec 2024, which has restarted in Jan 2025)
- + **Looking ahead, there is a generational opportunity to revitalise the industry through investments in capability development and decarbonisation;** this will necessitate targeted investments in both steel production capabilities and capacities

The UK currently has a crude steel production capacity of ~9 mtpa; over 90% of this comes from four producers – British Steel, Tata, SSUK, and 7 Steel

Steel Production Assets in the UK



Overview of Crude and Finished Steel Capacities by Asset, 2024²

Carbon Steel Production Facilities

Producer	Asset	Crude Capacity (mtpa)	Finished Capacity (mtpa)
① British Steel	Scunthorpe	2.5 (BOF) 2.7 (EAF*)	1.2
② Tata Steel	Port Talbot ⁴	3.5 (BOF) 3.2 (EAF*)	1.7
③ 7 Steel UK	Cardiff	1.2	1.4
④ SSUK	Rotherham	1.2	0.7
⑤ Forgemasters	Sheffield	0.2	0.2

*British Steel and Tata Steel EAF'S are expected come online before 2030

Stainless Steel Production Facilities

Producer	Asset	Crude Capacity (mtpa)	Carbon Steel Capacity (mtpa)	Stainless Steel Capacity (mtpa)
⑥ Marcegaglia	Sheffield	0.5	0.07	0.03

Rolling and Processing Facilities

Producer	Asset	Finished Capacity (mtpa)
⑦ Met-Invest	Gateshead	0.2
⑧ Tata Steel	Llanwern	0.8
⑨ Tata Steel	Trostre	0.4
⑩ Tata Steel	Shotton	0.4
⑪ Tata Steel	Hartlepool	0.2
⑫ Tata Steel	Corby	0.3
⑬ British Steel	Teesside	0.9
⑭ British Steel	Skinningrove	0.2
⑮ SSUK	Brinsworth	<0.1
⑯ SSUK	Stocksbridge ³	0.3
⑰ SSUK	Wednesbury	0.7 ⁶
⑱ Liberty	Dalzell	0.4
⑲ Liberty	Newport	1.0
⑳ Liberty	Hartlepool	0.2
㉑ Liberty	Scunthorpe	0.2
㉒ Liberty	Tredegar	<0.1

Note: 1. Part of this crude steel production contributes towards stainless steel production at Marcegaglia 2. Finished product production capacity values have been adjusted for importing and exporting of semi-finished products 3. SSUK Stocksbridge production is currently idled 4. There is currently no production at Port Talbot, but an EAF is currently being constructed with a capacity of 3.2mtpa and is expected to come online in 2027.

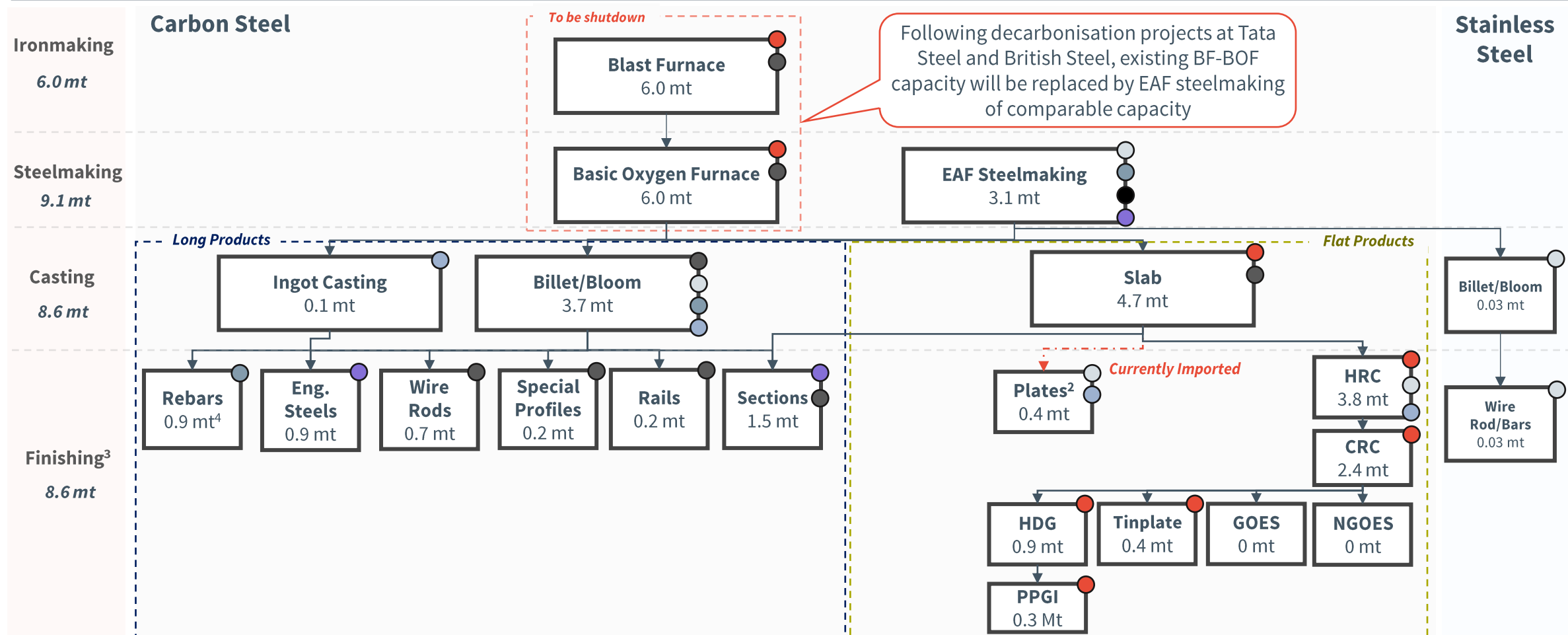
Source: Company websites, Hatch analysis, Stakeholder meetings

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Within the UK steel production landscape, British Steel, SSUK, and 7 Steel primarily produce long products while Tata Steel leads in flat product production

Overall UK Steel Industry Production Capacity Flowsheet, 2024¹

SSUK	British Steel	Marcegaglia	Liberty Steel
MetInvest Spartan	Tata Steel UK	7 Steel	Forgemasters



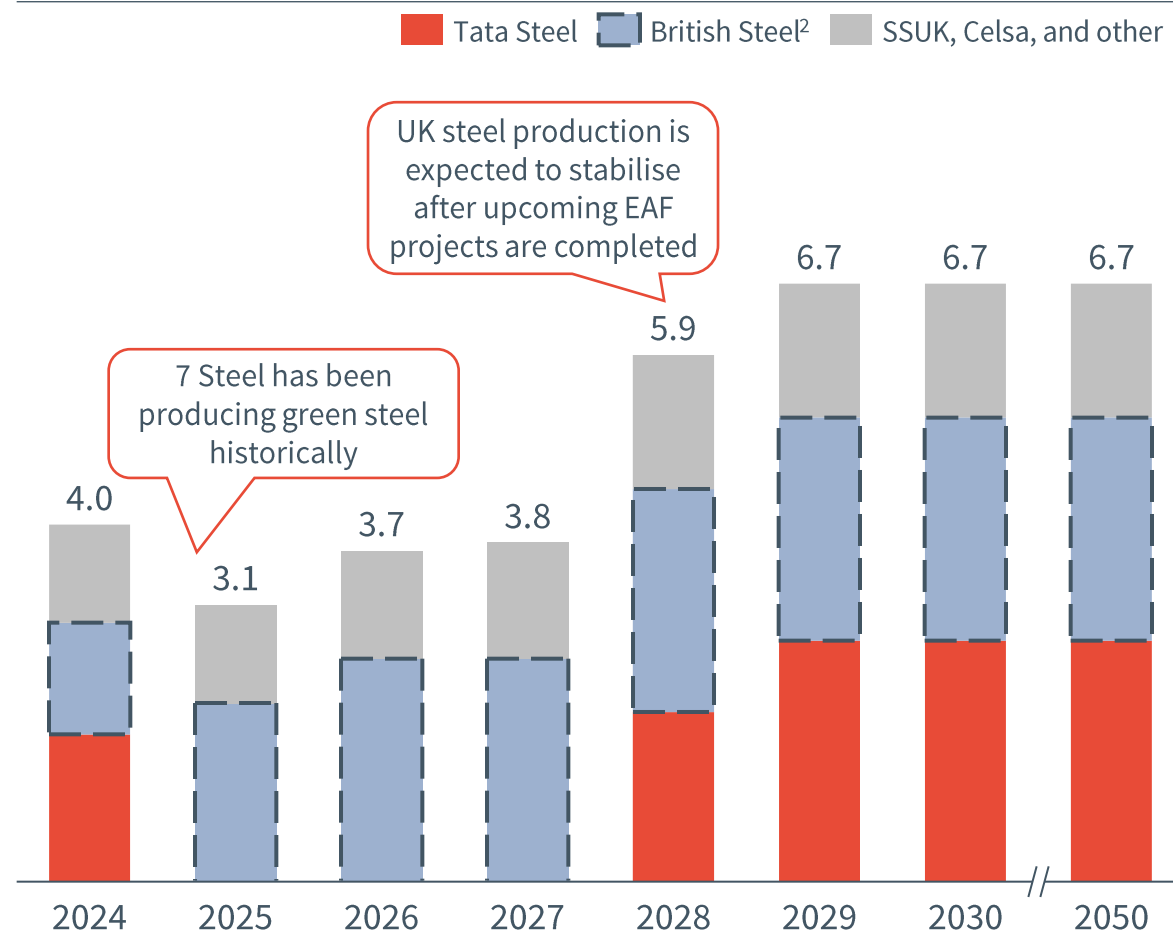
Note: 1. The stated capacities for strip products reflect maximum production potential and do not indicate the volume available for market distribution, due to internal utilisation for downstream products. 2. The slabs for plates are currently imported or sourced from Scunthorpe for both MetInvest and Liberty. 3. Finished product production values have been adjusted for importing and exporting of semi-finished products. 4. 7 Steel Rebar capacity of 0.9 mtpa can be transferred to wire rods due to dual capabilities.

Source: Company websites, Hatch analysis, Stakeholder meetings

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Steel production volume is expected to fall to 3.1 mtpa in 2025 before reaching a long-term steady state of 6.7 mtpa post-2029

Forecast Crude Steel Production, 2025 – 2050 (mtpa)



Note: 1. Pre-shutdown of blast furnaces and EAF construction dates and capacities are estimates. 2. British Steel blast furnaces are assumed to run until any other details are disclosed. based on British Steel's previously published plans to transition from blast furnaces to Electric Arc Furnaces. However, no final decisions have been taken on the transformation, and the strategy and timings are therefore liable to change. 3. Expansion plans for SSUK's EAF capacity, previously proposed under Liberty, are unclear and are liable to change following the publishing of this report

Source: WSA Yearbook, information made available by Tata Steel, British Steel, Liberty Steel, SSUK, and Marcegaglia, Hatch analysis, Stakeholder Meetings.

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Key Takeaways

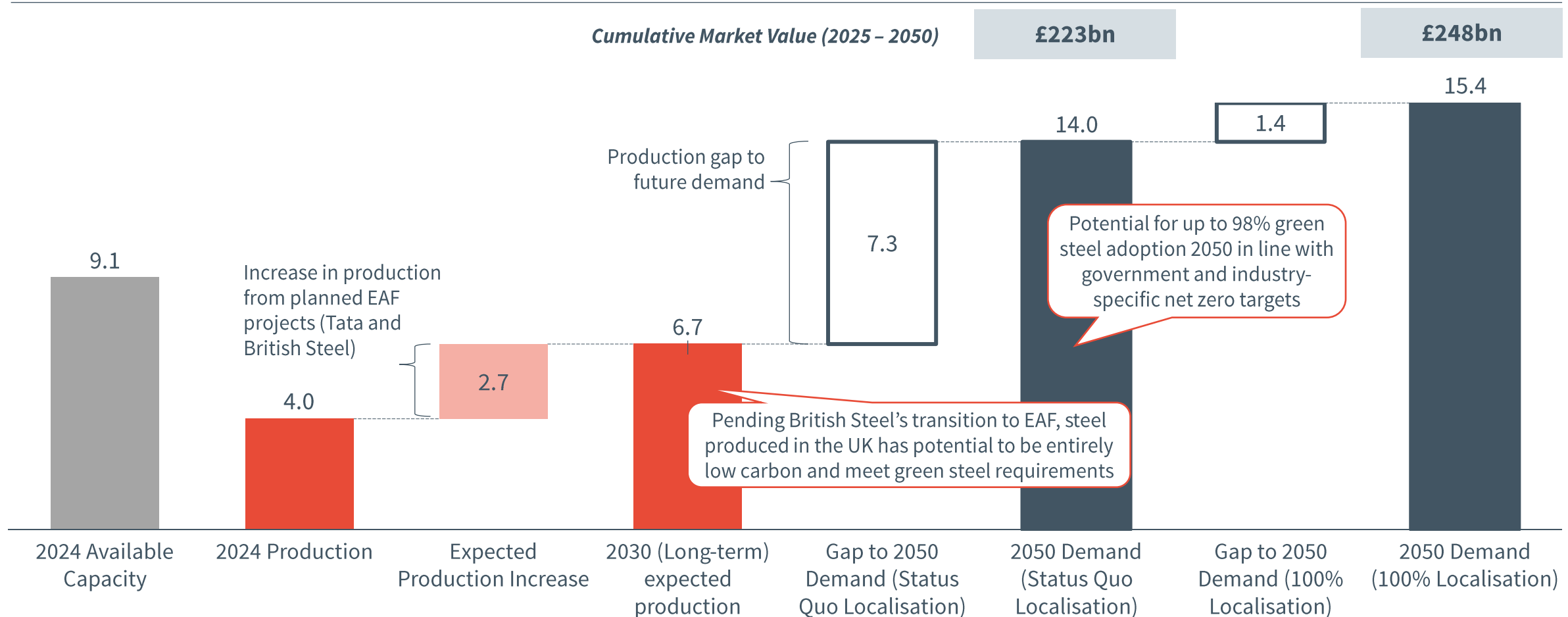
- + The UK steel industry has announced a permanent closure of the blast furnace at Tata Steel which was shut down in July – September 2024
- + Over the short-term, steel production volume is expected to fall to 3.1 mtpa in 2025 before reaching a long-term steady state of 6.7 mtpa post-2029. In the interim, downstream assets are expected to continue operations at reduced production levels using imported semi-finished steel
- + British Steel plans to replace blast furnaces with an EAF, though timelines have not been confirmed. Once complete, steel produced in the UK has the potential to be entirely low carbon and meet green steel requirements

Key Upcoming Projects

Company	2024 Capacity (mtpa)	Project	Expected Completion	Capacity Change (mtpa)
Tata Steel	3.5 ¹	Decarbonisation – transition to EAF	Late 2027	-0.3
British Steel	2.5 ¹	Decarbonisation – transition to EAF ²	Early 2028	--
SSUK ³	1.2	Capacity expansion	N/A	+0.8
Marcegaglia	0.5	Capacity expansion	N/A	+0.3

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

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Tata Steel UK is a key producer of HRC, coated products, and tinplate within the UK, with five steel assets and a crude steel production capacity of 3.5 mtpa (2024)

Producer Overview: Tata Steel UK

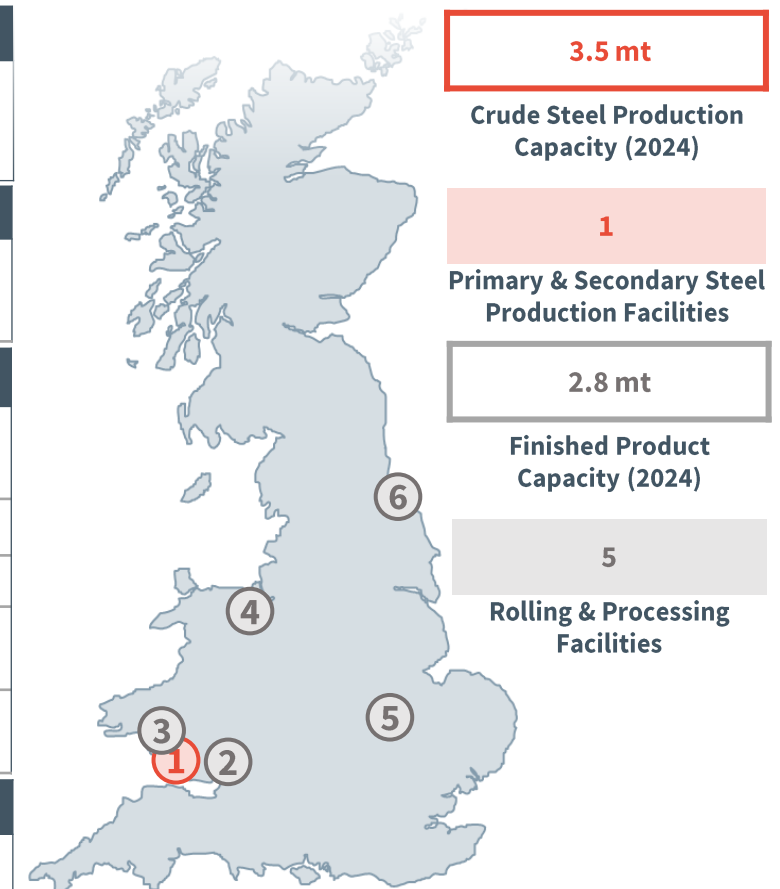
Background

Tata Steel UK is the largest steelmaker in the UK, operating a centralised steelmaking plant at Port Talbot with processing sites across the UK. Tata Steel UK acquired its assets in 2007, which were previously owned by British Steel and the Corus Group. To supplement any gaps in technical capabilities, Tata Steel UK works closely with its facility in the Netherlands (Ijmuiden).

	Steelmaking Asset	Steel Production Pathway	Capacity (mtpa)	Product Profile	Finished Capacity ¹ (mtpa)
1	Port Talbot Steelworks	BF-BOF (past)	3.5	HRC	2.8
		EAF (2028 onwards)	3.2	CRC	0.7
	Rolling/Processing Asset	Asset Type		Product Profile	Finished Capacity (mtpa)
2	Llanwern Steelworks	Cold rolling mill and galvanising line		HDG	0.8
3	Trostre Steelworks	Tinplate production line		Tinplate	0.4
4	Shotton Steelworks	Galvanising and colour coating line		HDG/PPGI	0.4
5	Corby Steelworks	HFI pipe production		Structural and conveyance pipes (from HRC)	0.3
6	Hartlepool Steelworks	HFI pipe production		Structural and conveyance pipes/O&G pipes (from HRC)	0.2

Transformation Plans

Tata Steel is planning to transition to EAF steelmaking from BF-BOF steelmaking. The transition plan includes the commissioning of 1x320t EAF on the Port Talbot site to produce green steel by 2027 to dramatically reduce carbon emissions. Currently, the BF's are closed and production is being supplemented by imported slabs.



British Steel is a key producer of sections and rails in the UK, with 3 steel assets and a crude steel production capacity of 2.5 mtpa (2024)

Producer Overview: British Steel

Background

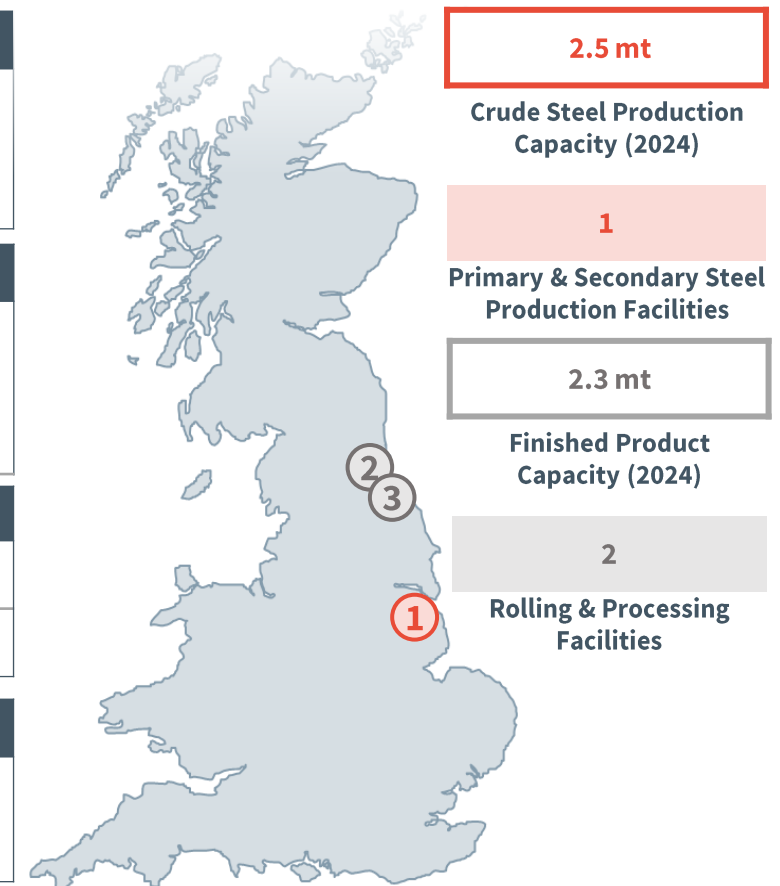
British Steel is a major producer specialised in long products (e.g., sections, rails, wire rod, and special profiles). Founded in 1967, British Steel has changed ownership several times, and as of 2020 is owned by the Jingye Group. British Steel centralises its primary steelmaking at Scunthorpe with further processing operations at Teesside and Skinningrove. It also produces semi-finished products which are shipped directly to other rolling facilities in Europe.

Steelmaking Asset	Steel Production Pathway	Capacity (mtpa)	Product Profile	Finished Capacity ¹ (mtpa)
① Scunthorpe Steelworks	BF-BOF (past)	2.5	Wire rod	0.7
	EAF (2028 onwards ²)	2.7	Medium sections & rail	0.5

Rolling/Processing Asset	Asset Type	Product Profile	Finished Capacity (mtpa)
② Teesside Steelworks	Section mill	Heavy sections	0.9
③ Skinningrove Steelworks	Special profiles mill	Special profiles	0.2

Transformation Plans

British Steel is planning to transition to EAF steelmaking from BF-BOF steelmaking. The transition plan includes the commissioning of two 130-tonne EAFs on the Scunthorpe site to produce green steel but timelines have not been confirmed. The downstream processing assets at Scunthorpe, Teesside, and Skinningrove are expected to remain largely unchanged.



The report is based on British Steel's previously published plans to transition from BF to EAFs. However no final decisions have been taken on the transformation, and the strategy and timings are therefore liable to change

Note: 1. The product capacities between the new and old steel production pathway are unchanged despite an overall capacity decrease. 2. This is an estimate and official plans to convert from BF-BOF to EAF is still unknown.

Source: Company websites, Hatch analysis

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Specialty Steels UK (SSUK) is a UK producer of specialist EAF-based steels with one core steelmaking assets and associated downstream facilities

Producer Overview: Specialty Steels UK (SSUK)

Background

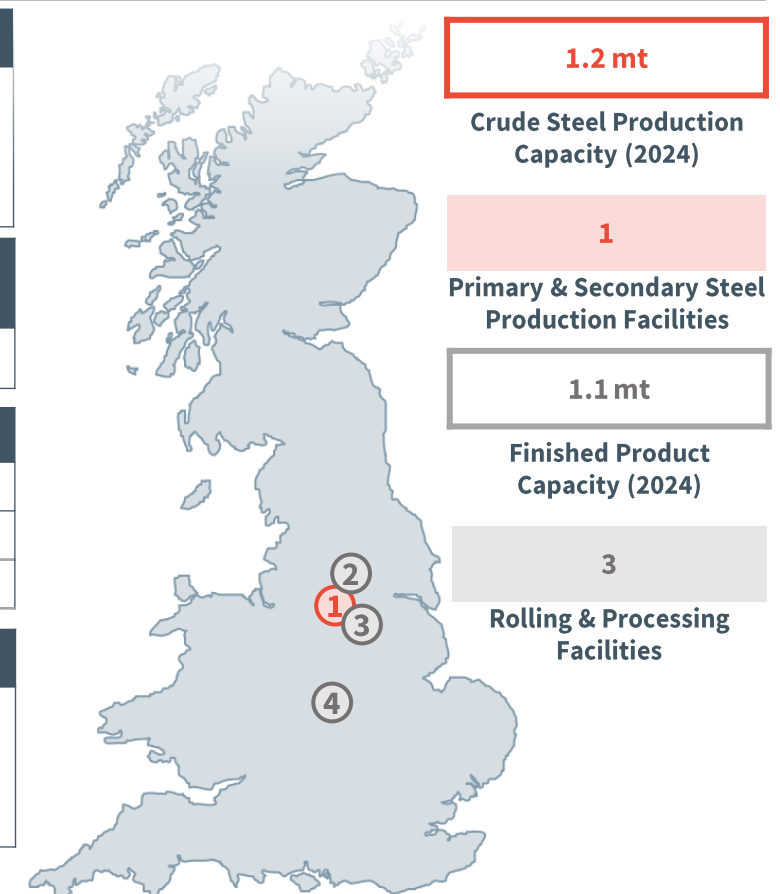
Speciality Steel UK (SSUK) is an EAF-based producer of specialist steels for aerospace, defence and industrial applications, operating facilities in Rotherham previously as part of the Gupta Family Group (GFG) Alliance. The business faced prolonged financial challenges following the collapse of its main lender and rising debt levels, resulting in EAF crude steel production stopping in Rotherham from July 2024 and the company being issued a winding-up order in August 2025.

Steelmaking Asset	Steel Production Pathway	Crude Steel Capacity (mtpa)	Product Profile	Finished Capacity (mtpa)
① Rotherham	EAF steelmaking	1.2	Engineering steels	0.7

Rolling/Processing Asset	Asset Type	Product Profile	Finished Capacity (mtpa)
② Stocksbridge ¹	Speciality steel production	Engineering steels (bars)	0.3
③ Brinsworth	Narrow hot strip mill	Speciality narrow strip	<0.1
④ Wednesbury ²	Drawing lines	Engineering steel (coils)	0.7

Transformation Plans

Proposed restructuring measures by Liberty prior to liquidation - including debt reorganisation and investment plans – did not proceed following the court decision. Responsibility for SSUK's transition now lies with the independent Official Receiver, which is assessing potential buyers and evaluating options to re-establish operations and determine the future configuration of the Rotherham and Stocksbridge sites.



Note: : 1. SSUK Rotherham has rolling mill, bright drawbench and turning assets to support its primary steelmaking, 2. Wednesbury site capacity is shared with Rotherham and Stocksbridge and hence the actual individual capacity is not known

Source: Company websites, Hatch analysis , Stakeholder meetings

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Liberty Steel UK operates only downstream processing assets, with no crude steelmaking capacity following the separation from SSUK

Producer Overview: Liberty Steel¹

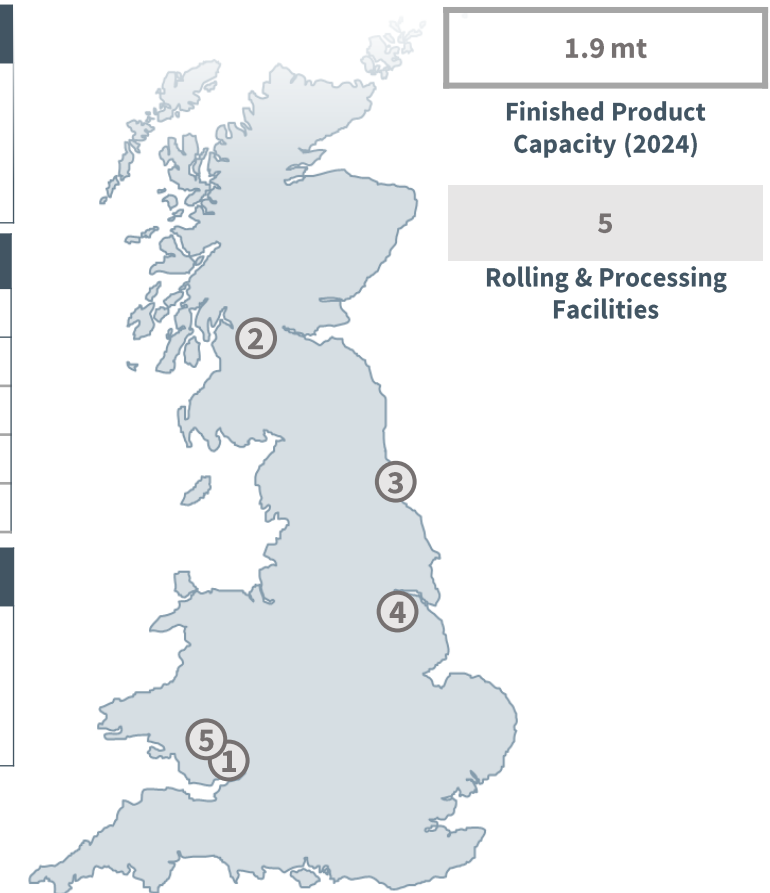
Background

Liberty Steel UK is part of the GFG Alliance and had previously pursued a strategy centred on EAF-based, lower-carbon steelmaking across multiple UK assets. Following the collapse of Greensill Capital, the group faced significant liquidity constraints and operational disruption. Sites including Rotherham and Stocksbridge are no longer part of Liberty Steel after being transferred into government-led liquidation as SSUK, leaving Liberty with a reduced UK operational footprint.

	Rolling/Processing Asset	Asset Type	Product Profile	Finished Capacity (mtpa)
①	Newport	Hot strip mill	HRC	1.0
②	Dalzell	Plate mill	Plates, SAW	0.4
③	Hartlepool	HSAW pipe mill	HSAW pipes	0.2
④	Scunthorpe ²	Steel rolling mills	Steel merchant bar	0.2
⑤	Tredegar ²	Tube mill	Tubes & cold-formed sections	<0.1

Transformation Plans

Liberty Steel UK is progressing a restructuring programme focused on simplifying its remaining UK structure, improving financial stability and prioritising higher-value, specialist product lines. The company's efforts centre on maintaining continuity across its remaining assets, strengthening working capital, and securing investment to support a more sustainable operating model.



Note: 1. Liberty sites import slabs to supplement their product capacity 2. Scunthorpe rolling mills and Tredegar tube mills fall outside the perimeter of this production capabilities assessment but are shown as part of the Liberty asset portfolio

Source: Company websites, Hatch analysis, Stakeholder meetings

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2.4 Supply Chain Gap Analysis

A comprehensive approach was used to identify and address operational and supply chain gaps in the UK's steel sector

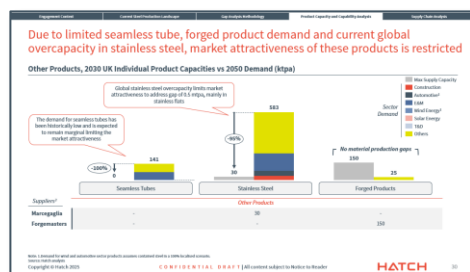
Steel Production Capabilities, Capacities & Supply Chain Gap Analysis Methodology

1 Steel Production Capability & Capacity Gap Analysis

Evaluation of UK steelmaking assets based on their ability to produce the quantity and capabilities of target products required by key domestic end-uses

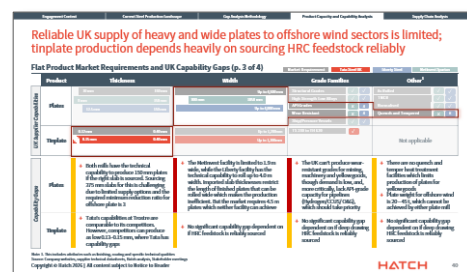
Capacity Analysis

- + Domestic steel production vs. long-term demand by product



Capability Analysis

- + Dimensions
- + Grades
- + Shapes

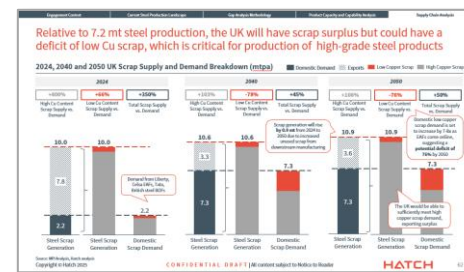


2 Supply Chain Gap Analysis

Evaluation of broader end-use sector supply chains, focusing on upstream input and sector-specific downstream requirements for addressing steel production gaps

Upstream Analysis

- + Energy
- + Ore Based Metallics (OBMs)
- + Scrap



Downstream Analysis

- + Construction
- + Engineering & machinery
- + Wind power
- + Automotive
- + Transmission & distribution
- + Nuclear
- + Solar power
- + Transformers
- + Motors
- + Defence

Output: Options to address the key technical and commercial gaps for the products and key end-use sectors. These options will consider capital cost requirements, development timelines, policy support measures, and commercial risks

Gaps have been assessed based on criteria specific to capacity, capability, and supply chain requirements

Assessment Methodology

1 Steel Production Capability & Capacity Gap Analysis				
Analysis Area		 Low	 Medium	 High
Capacity		Limited gaps or oversupply between 2030 production capacity and 2050 demand, UK assets can fulfil required demand	>30% gap between UK demand in 2050 and 2030 supply capacity from UK based assets	>60% gap between UK demand in 2050 and 2030 supply capacity from UK based assets
Capability		Limited gaps in technical capabilities from UK producers covering forecasted dimension and grade requirements	Some gaps in technical capabilities for products from UK producers covering forecasted dimension and grade requirements	Major gaps in technical capabilities for key products from UK producers covering forecasted dimension and grade needs
2 Supply Chain Gap Analysis				
Analysis Area		 Low	 Medium	 High
Upstream Inputs	<i>Capacity</i>	Limited to no gap in required inputs over the forecasted duration	Required inputs currently sufficient though will need to be scaled to meet long-term requirements	Required inputs are not available; critical for addressing steel production gaps
	<i>Capability</i>	The capability to provide the upstream commodity exists within the UK	The capability to provide the upstream commodity will require imports	Required capabilities are not available within the UK; critical for addressing steel production gaps
Downstream Processing & End-Use	<i>Capacity</i>	Limited to no gap in domestic supply chain capacity requirements	Supply chain capacity is partially built within the UK though some key players - present gaps limiting steel production	Major to complete gap in domestic supply chain capacity for target end-use sector
	<i>Capability</i>	Limited to no gap in domestic supply chain capability requirements	Supply chain capability is partially built within the UK though some key players - present gaps limiting steel production	Major to complete capability gap in domestic supply chain capabilities for target end-use sector

10 sectors have been prioritised for further gap analysis based on long-term demand share as well as UK strategic interests

Sector Analysis and Prioritisation

Sector	2050 Demand Share (%)	Growth Rate, '25 – '50 (%)
Construction	56%	2%
E&M	12%	0.2%
Automotive	8%	2%
Wind Power	7%	7%
T&D	4%	12%
Nuclear	3%	5%
Packaging	3%	2%
Yellow Goods	3%	3%
Heat Pumps	1%	9%
Oil & Gas	1%	-1%
Solar Power	<1%	6%
Transformers	<1%	4%
Motors	<1%	0.2%
Defence	<1%	N/A¹
Rail	<1%	0%
CCUS	<1%	N/A ¹
Hydrogen	<1%	N/A ¹

15.4

~9%
Other Sectors~91%
Prioritised
Sectors2050 Demand
(mtpa)²

Sectors	Prioritisation Basis
 Construction	2050 demand share
 E&M	2050 demand share
 Automotive	2050 demand share
 Wind Power	2050 demand share Growth rate '25 – '50
 Solar Power	Growth rate '25 – '50
 T&D	2050 demand share Growth rate '25 – '50
 Transformers/ Motors	Growth rate '25 – '50
 Defence	National strategic interests
 Nuclear	National strategic interests

Note: 1. Metrics usually being forecasted based on projects, therefore a CAGR is not a representative metric in these instances 2. Wind and automotive steel demand are presented in the instance that all steel demand was fulfilled by the UK. While 10 sectors have been prioritised in line with the report mandate, other sectors should continue to be considered for broader steel strategy development purposes.

Source: Hatch analysis.

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Meeting product requirements of key end-use sectors will require targeted deployment of capital investment and other support measures

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

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Contents

2.0 Engagement Context

2.1 Current Steel Production Landscape

2.2 Gap Analysis Methodology

2.3 UK Product Capacity and Capability Gap Analysis

2.4 Supply Chain Gap Analysis

A comprehensive approach was used to identify and address operational and supply chain gaps in the UK's steel sector

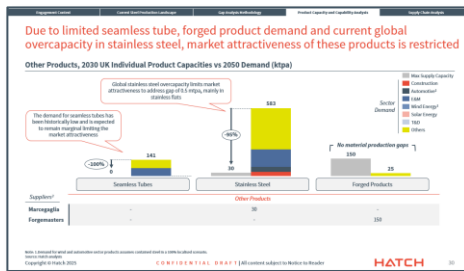
Steel Production Capabilities, Capacities & Supply Chain Gap Analysis Methodology

1 Steel Production Capability & Capacity Gap Analysis

Evaluation of UK steelmaking assets based on their ability to produce the quantity and capabilities of target products required by key domestic end-uses

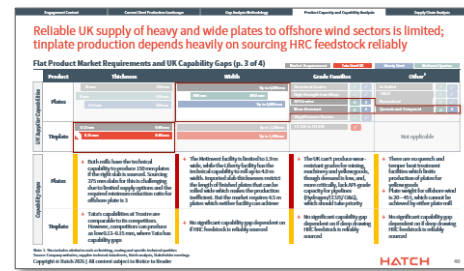
Capacity Analysis

- + Domestic steel production vs. long-term demand by product



Capability Analysis

- + Dimensions
- + Grades
- + Shapes



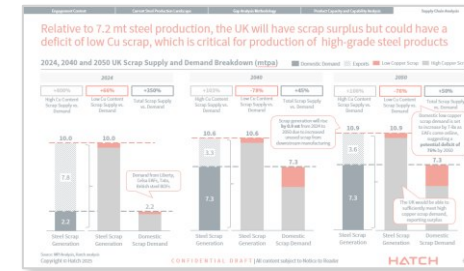
Focus of this section

2 Supply Chain Gap Analysis

Evaluation of broader end-use sector supply chains, focusing on upstream input and sector-specific downstream requirements for addressing steel production gaps

Upstream Analysis

- + Energy
- + Direct reduced iron (DRI)
- + Scrap



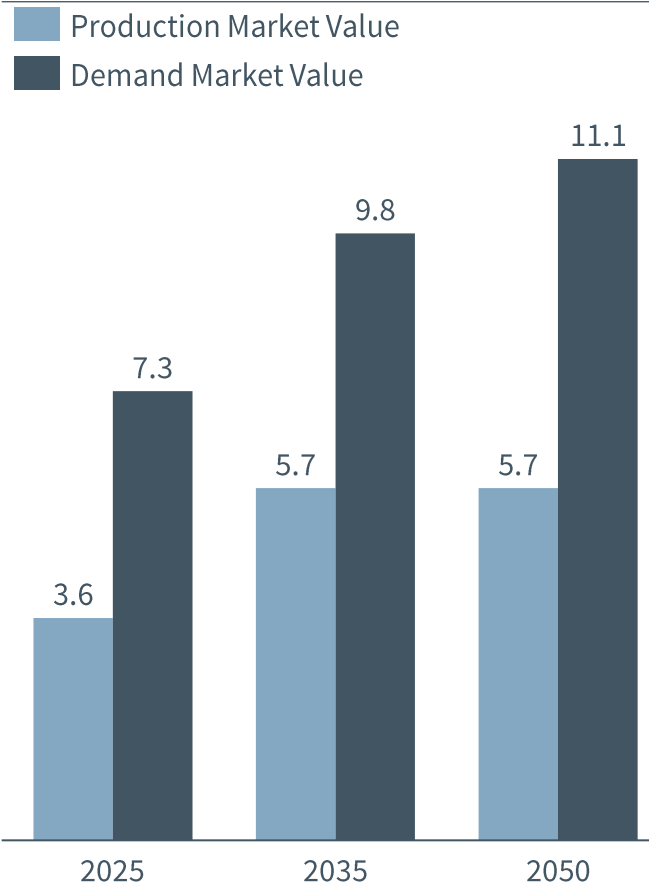
Downstream Analysis

- + Construction
- + Engineering & machinery
- + Wind power
- + Automotive
- + Transmission & distribution
- + Nuclear
- + Solar power
- + Transformers
- + Motors
- + Defence

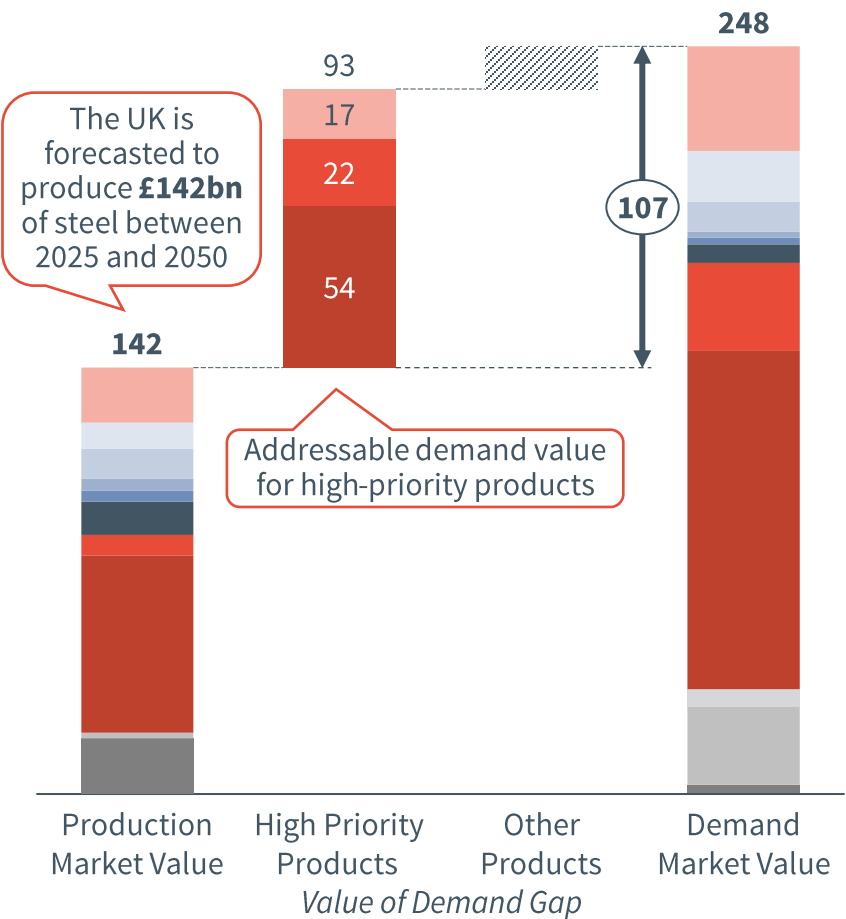
Output: Options to address the key technical and commercial gaps for the products and key end-use sectors. These options will consider capital cost requirements, development timelines, policy support measures, and commercial risks

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

		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	
Other Products ¹	Tinplate	
	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

The UK faces significant capacity gaps in sections, HDG, and plates and capability gaps across all flat products

Capability and Capacity Gaps Summary

	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
Long Products	Sections	● -0.7 (-30%)	● None	T&D, Construction, Nuclear	High	£17bn
	Rebars	● -0.7 (-44%)	● None	T&D, Construction, Nuclear	Med ⁴	n/a
	Wire Rods	● -0.1 (-11%)	● None	Construction, Auto, E&M	Low	n/a
	Special Profiles	● +0.1 (+75%)	● None	E&M, Yellow Goods	Low	n/a
	Rail	● +0.1 (+56%)	● None	Rail	Low	n/a
	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
	Strip	● -4.5 (-60%)	● N/A	-	High	£54bn
	HRC	● +0.1 (+4%)	● Grades: AHS, UHS, API (X70, X80), Gauge: 17.5-25mm	Automotive, O&G	High	
	CRC	● -0.3 (-28%)	● Grades: AHS, UHS, Gauge <0.5mm	Automotive	High	
	HDG	● -2.6 (-79%)	● Gauge: <0.5mm and >2mm, Coating: dual coating	Auto, Construction, Solar	High	
	PPGI	● -0.1 (-25%)	● Thin gauge material (<0.5mm)	Construction	Low	
	NGOES/GOES	● -0.1 (-100%)	● None	Transformers, EV Motors	High	
	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		n/a
	Seamless Tubes	● -0.1 (-100%)	● UK has no capability since closure of Desford Timken	O&G, E&M	-	n/a
	Forgings	● +0.1 (+500%)	● None	Ships, Power, Others		n/a

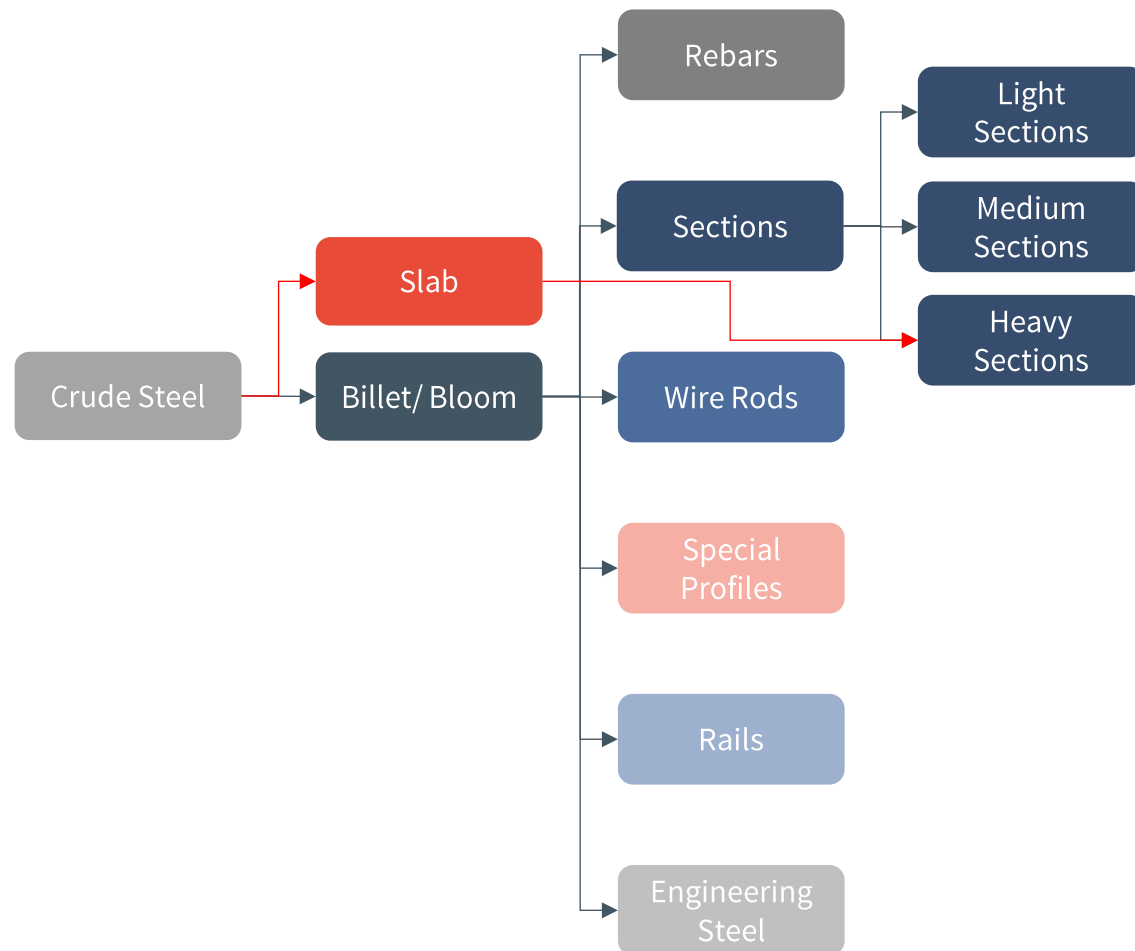
Note: 1 – Strip capacity gap (-3.8) is presented in terms of production whereas the individual strip products are presented relative to asset capacity 2 – Capacity gap based on long-term production (6.7 mtpa) vs forecast 2050 demand by product. 3 – Market Opportunity considers the combination of the 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



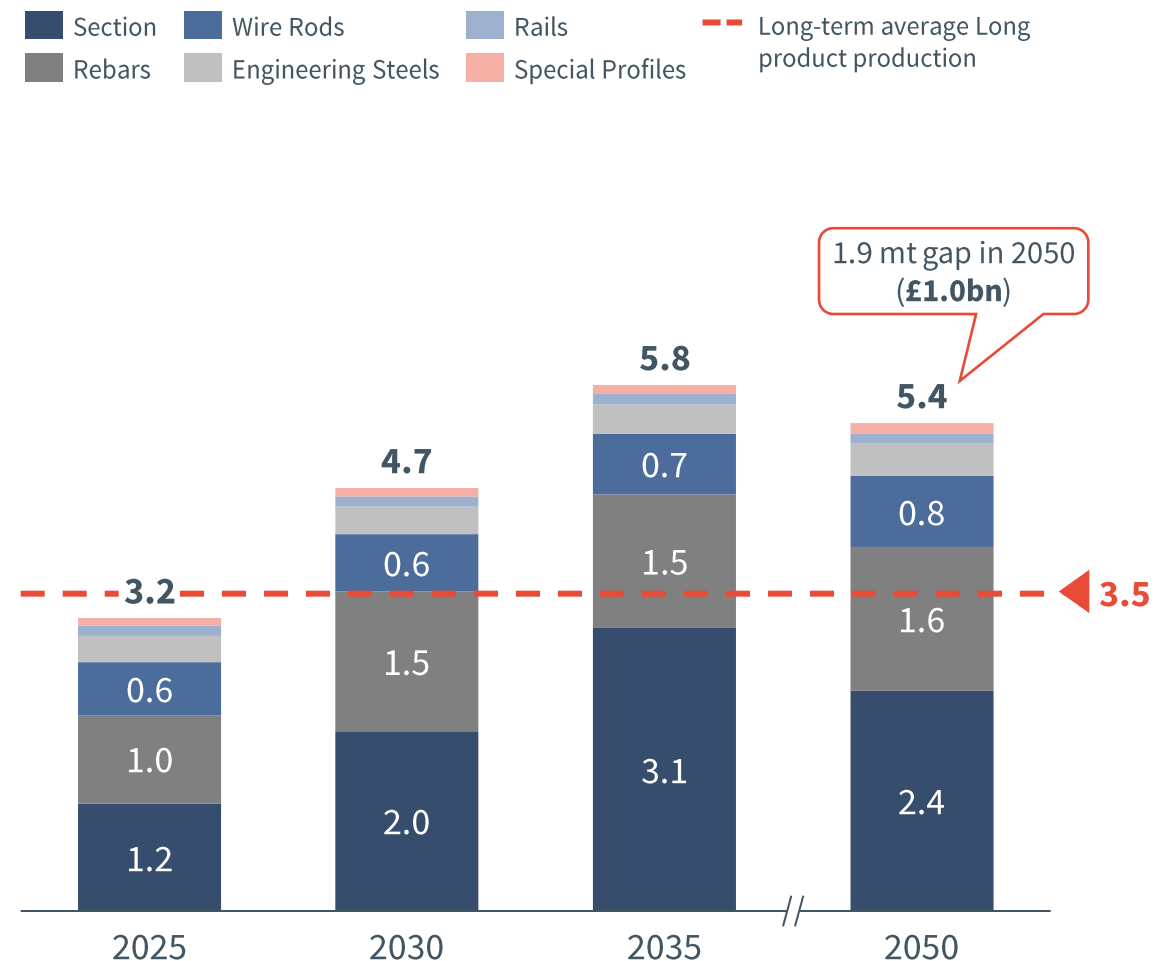
Capacity Gap Analysis

Based on expected production post-2030, long product demand will outpace supply; by 2050 this gap will reach 1.9 mtpa with the largest increase in sections

Long Product Flowsheet



Long Product Production vs. Demand (mtpa)



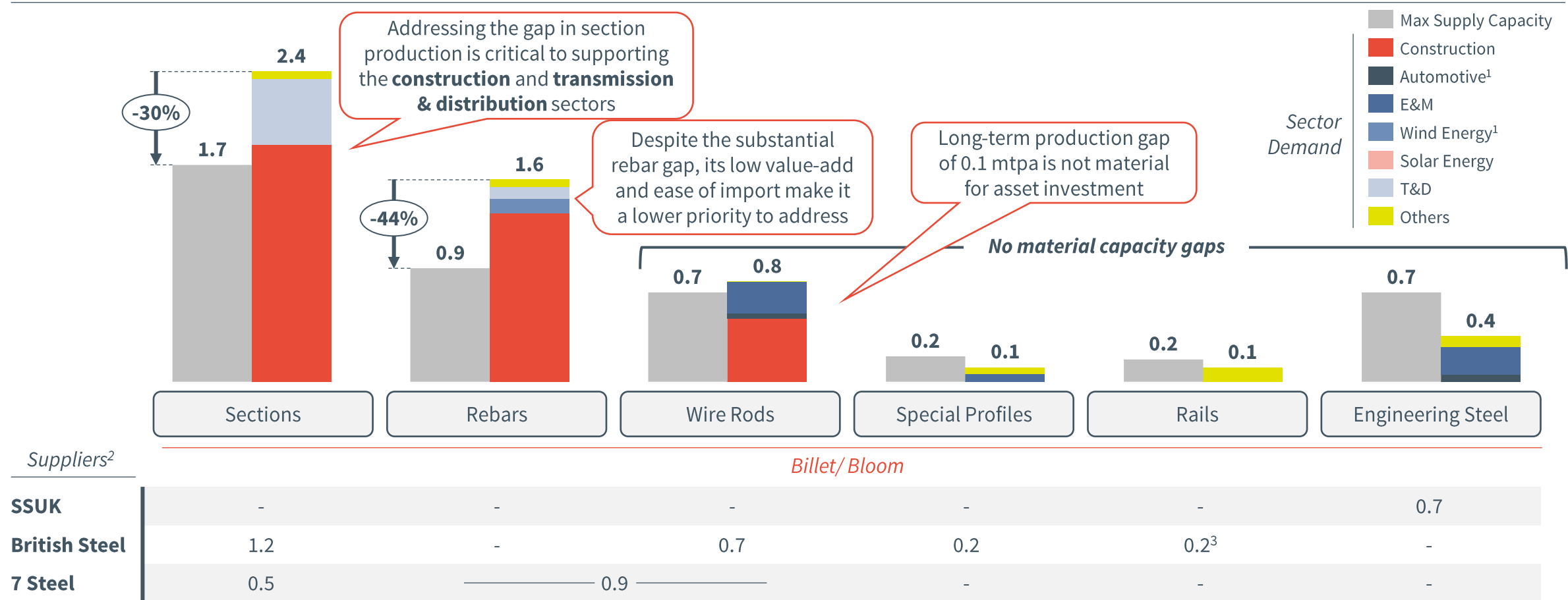
Note: Demand for wind and automotive sector products assumes contained steel in a 100% localised scenario.

Source: Hatch analysis

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As a critical product for the construction and T&D sectors, the largest long products opportunity is in sections, currently produced by British Steel and 7 Steel

Long Products, 2030 UK Individual Product Capacities vs 2050 Demand (mtpa)



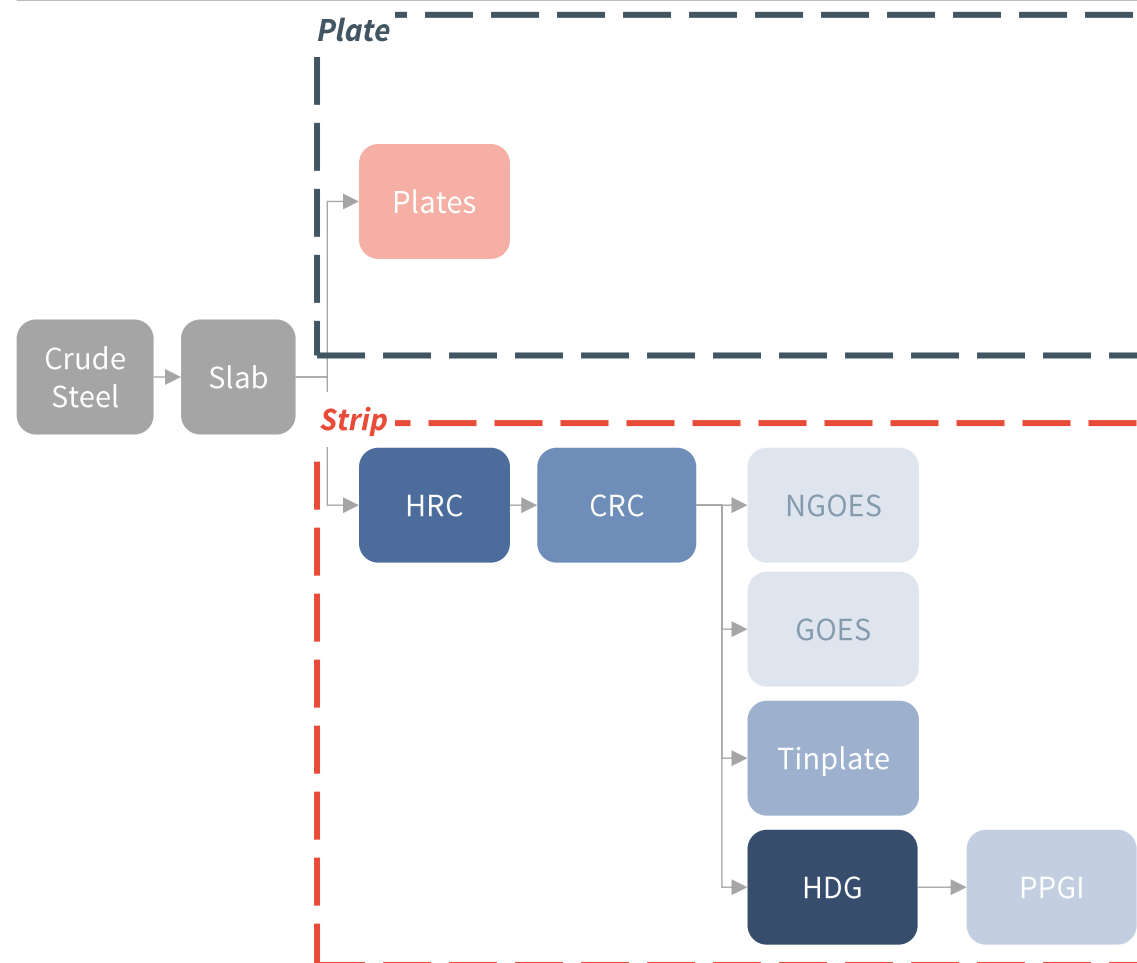
Note : 1. The gaps between individual product capacities and demand assumes wind and auto at 100% localisation 2. Capacities are based on 2024 capacities and assume the capacities will be similar post-decarbonisation projects of British Steel and Tata Steel or other expansion projects 3. Estimated breakdown of Scunthorpe Sections and Rail Mill

Source: Hatch analysis, Stakeholder Meetings

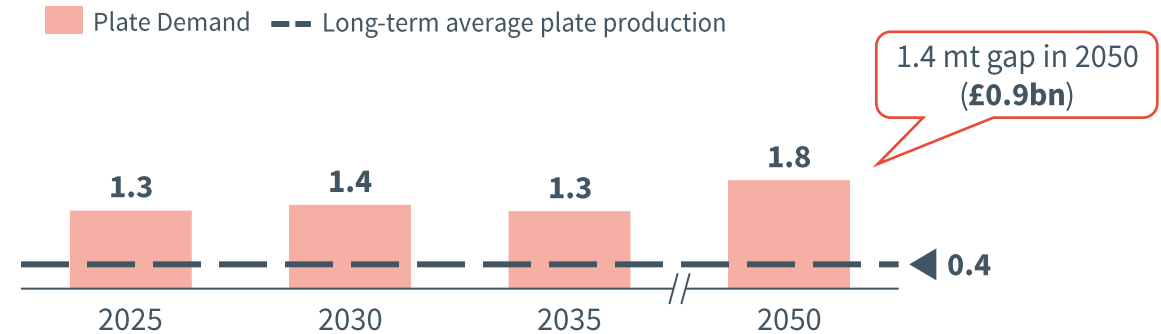
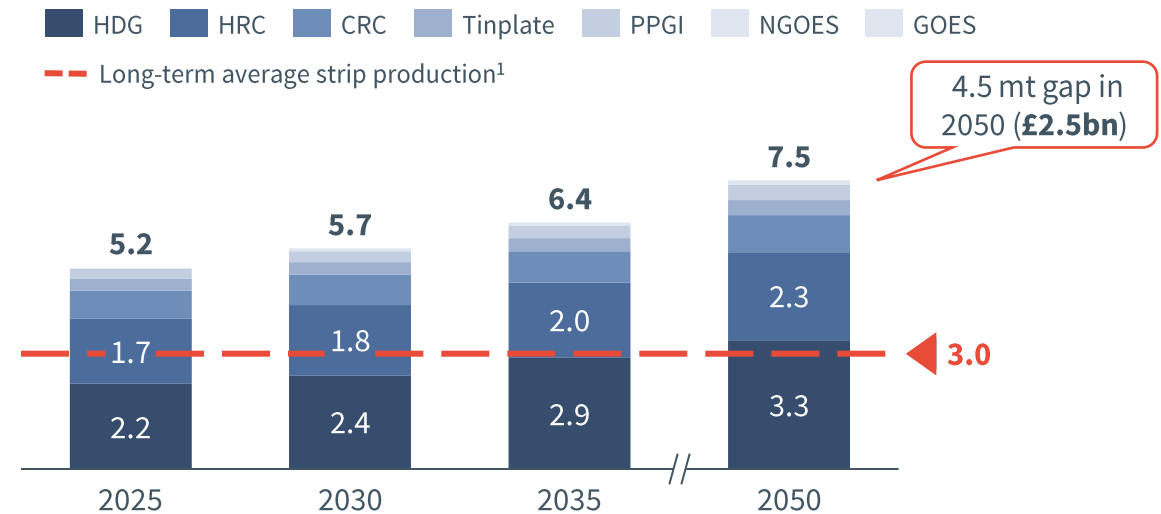
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There is a significant supply gap in flat steel production, which is expected to reach ~5.9 mtpa by 2050 across both plate and strip products

Flat Product Flowsheet



Flat Product Production vs. Demand (mtpa)



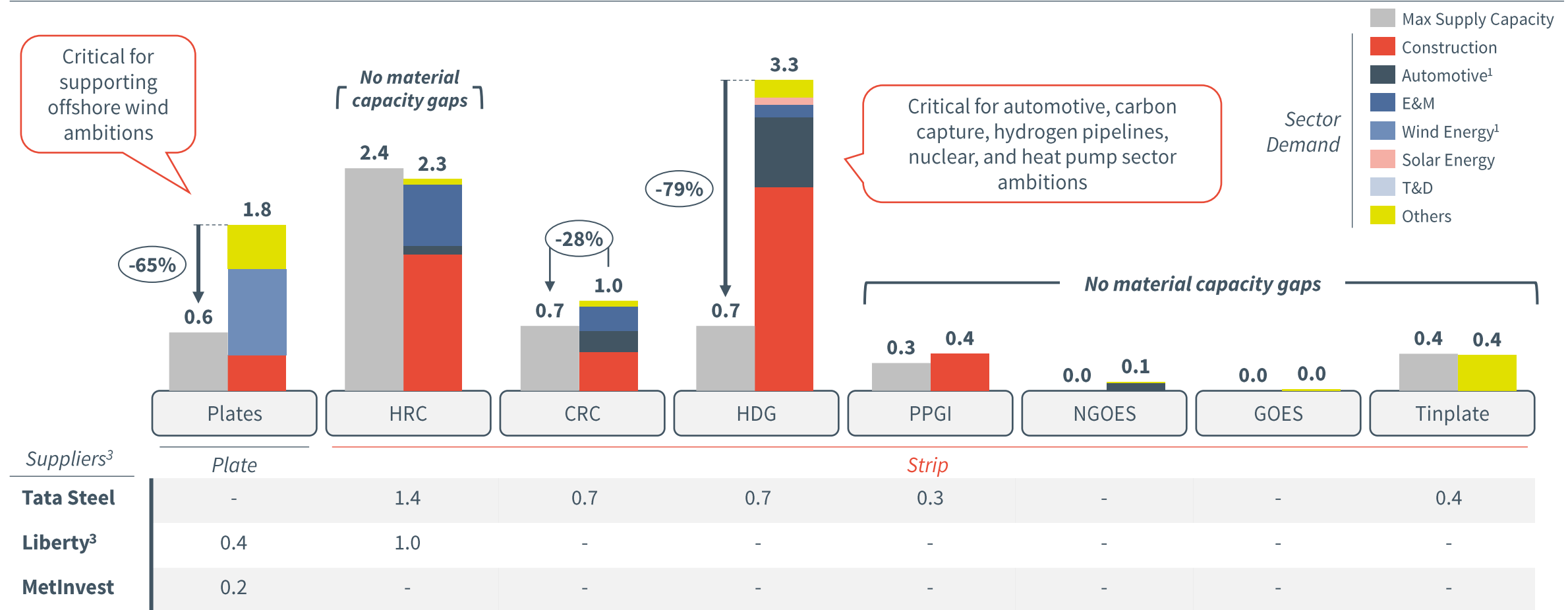
Note: 1. Demand for wind and automotive sector products assumes contained steel in a 100% localised scenario.

Source: Hatch analysis

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HDG and plates are critical components for the construction and wind sector and represent the largest opportunities to close the long-term demand gap in the UK

Flat Products, 2030 UK Individual Product Capacities vs 2050 Demand (mtpa)

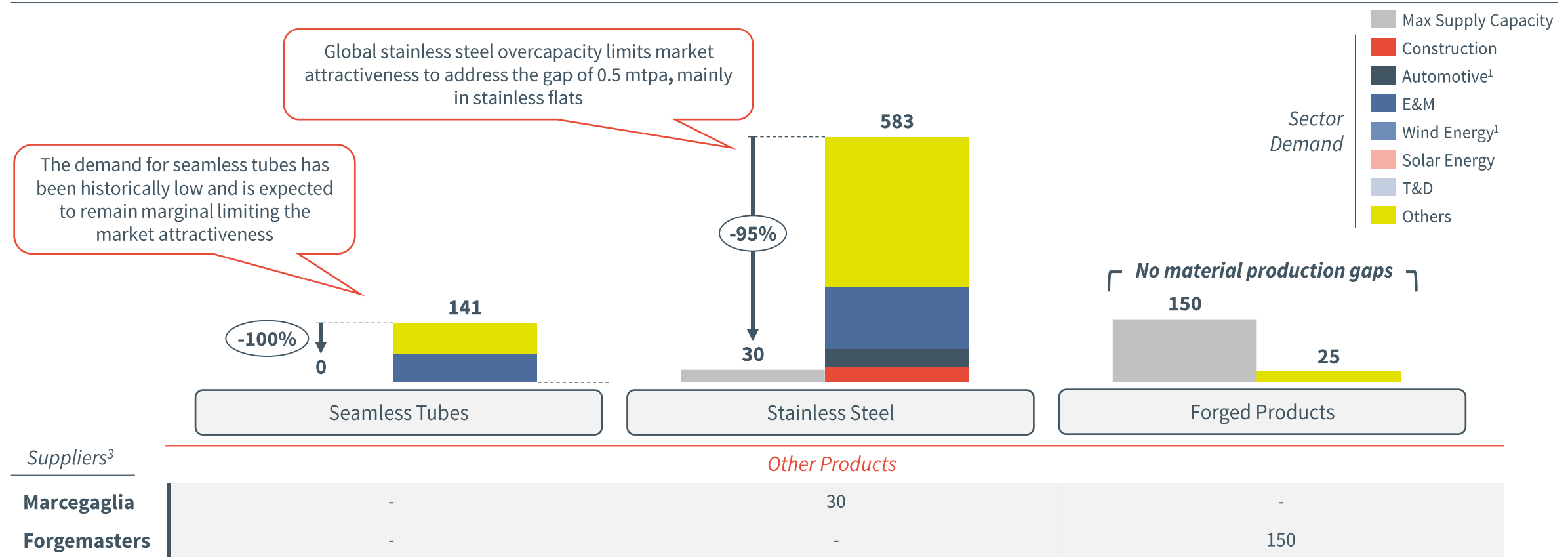


Note: 1. The gaps between individual product capacities and demand assumes wind and auto at 100% localisation 2. Capacities are based on 2024 capacities and assume the capacities will be similar post-decarbonisation projects of British Steel and Tata Steel or other expansion projects 3. Liberty's sites import slabs to further supplement their product capacities

Source: Hatch analysis.

Due to limited seamless tube, forged product demand, and current global overcapacity in stainless steel, market attractiveness of these products is restricted

Other Products, 2030 UK Individual Product Capacities vs 2050 Demand (ktpa)



Note: 1.Demand for wind and automotive sector products assumes contained steel in a 100% localised scenario.

Source: Hatch analysis

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Capability Gap Analysis

Based on the capabilities of 7 Steel and British Steel, the UK currently has the technical ability to address rebar and special profile market requirements

Long Product Market Requirements and UK Capabilities (p. 1 of 5)

Long Product Market Requirements and UK Capabilities (p. 1 of 5)										Market Requirement		7 Steel		British Steel	
		Product		Sizes		Shapes		Grade Families				Other ¹			
UK producer Capabilities	Rebars	Diameter		Plain		✓		BS4449:2005 + A3:2016		✓		Not applicable			
		10 mm 50 mm		Ribbed		✓		BS5400-4: 1190		✓					
		10 mm 50 mm						BS EN 1992-1-1:2004		✓					
								BS EN 10080:2005		✓					
								BS4449:2005 + A3:2016		✓					
								BS7123:198		✓					
	Special Profiles	Depth		Bulb flats, crane rails, forklifts, track shoes , etc.		✓		S-235JR+AR		✓		Not applicable			
		60 mm 400 mm						S-235JO+AR		✓					
		60 mm 430 mm						S235J2+AR		✓					
								S275JR+AR		✓					
		S275J0+AR						✓							
		S275J2+AR						✓							
		S355JR+AR						✓							
		S355J0+AR						✓							
		S355J2+AR						✓							
Capability Gaps	Rebars	+ No significant capability gap		+ No significant capability gap		+ No significant capability gap				Not applicable					
	Special Profiles	+ No significant capability gap		+ No significant capability gap		+ No significant capability gap				Not applicable					

Note: 1. This includes attributes such as finishing, coating and specific technical qualities

Source: Company websites, supplier technical datasheets, Hatch analysis

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Based on the capabilities of 7 Steel and British Steel, the UK currently has the technical ability to address the medium and light sections market requirements

Long Product Market Requirements and UK Capabilities (p. 2 of 5)

		Market Requirement		7 Steel	British Steel
UK Supplier Capabilities	Product	Sizes	Shapes	Grade Families	Other ¹
	Light Sections	Depth	Angles	S-235-JR	Not applicable
		Up to 150 mm	Channels	S-235-JO	
		Up to 150 mm	PFC	S-275-JR-J0	
				S-355-JR	
				S-355-JO	
				S-355-J2	
	Medium Sections	Depth	UC , UB, UA	S-235-JR	Not applicable
		Up to 200mm	PFC	S-235-JO	
		Up to 200mm	EA	S-275-JR-J0	
				S-355-JR	
				S-355-JO	
				S-355-J3	
Capability Gaps	Light Sections	+ No significant capability gap	+ No significant capability gap	+ No significant capability gap	Not applicable
	Medium Sections	+ No significant capability gap	+ No significant capability gap	+ No significant capability gap	Not applicable

Note: 1. This includes attributes such as finishing, coating and specific technical qualities

Source: Company websites, supplier technical datasheets, Hatch analysis

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Based on the capabilities of British Steel, the UK currently has the technical ability to address the heavy sections and rail market requirements

Long Product Market Requirements and UK Capabilities (p. 3 of 5)

Long Product Market Requirements and UK Capabilities (p. 3 of 5)										Market Requirement		British Steel	
		Product		Sizes		Shapes		Grade Families		Other ¹			
UK Supplier Capabilities	Rail	<div>Density</div> <div><div>35.7 kg/m</div><div>35.7 kg/m</div></div> <div><div>22.0 kg/m</div><div>75.0 kg/m</div></div>		Vignole		✓	700, 880, 900A, 900B		✓	Not applicable			
				Tram		✓	R200, R220, R260Mn		✓				
				Turnout		✓	HP350, H355		✓				
				Conductor		✓	Conductor		✓				
							Sleeper		✓				
	Heavy Sections	<div>Depth</div> <div>Up to 1000mm</div> <div>Up to 1000mm</div>		UC, UB, UA, UBP		✓	S-235-JR		✓	Not applicable			
				PFC		✓	S-235-JO		✓				
				EA		✓	S-275-JR-J0		✓				
							S-355-JR		✓				
							S-355-JO		✓				
					S-355-J4		✓						
					S420M		✓						
					S460M		✓						
Capability Gaps	Rail	+ No significant capability gap		+ No significant capability gap		+ No significant capability gap				Not applicable			
	Heavy Sections	+ No significant capability gap		+ No significant capability gap		+ No significant capability gap				Not applicable			

Note: 1. This includes attributes such as finishing, coating and specific technical qualities

Source: Company websites, supplier technical datasheets, Hatch analysis

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Based on the capabilities of 7 Steel and British Steel, the UK currently has the technical ability to address wire rod market requirements

Long Product Market Requirements and UK Capabilities (p. 4 of 5)

		Market Requirement		7 Steel	British Steel
UK Supplier Capabilities	Product	Sizes	Shapes	Grade Families	Other ¹
	Wire Rods (Mesh)	Diameter	Not applicable	BS 4482:2005 Grade 250	Not applicable
		5.5 mm 17 mm		BS 4449:2005 Grade 500	
		5.5 mm 17 mm			
	Wire Rods (Drawing)	Diameter	Not applicable	CHQ	Not applicable
		5.5 mm 30 mm		Automotive Spring	
		5.5 mm 30 mm ²		Tyre Cord	
				PC Strand	
				Free Cutting	
				Bearing Steel	

Capability Gaps	Wire Rods (Mesh)	+	No significant capability gap	+	No significant capability gap	+	No significant capability gap	Not applicable
	Wire Rods (Drawing)	+	No significant capability gap	+	No significant capability gap	+	No significant capability gap	Not applicable

Note: 1. This includes attributes such as finishing, coating and specific technical qualities. 2 – Current Rod mill capability is 5.5-17mm but will expand to 30mm following Project Aurora scheme.

Source: Company websites, supplier technical datasheets, Hatch analysis, Stakeholder Interviews

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The UK can meet most engineering steels market demand, with a minor gap in small diameter capabilities

Long Product Market Requirements and UK Capabilities (p. 5 of 5)

Long Product Market Requirements and UK Capabilities (p. 5 of 5)										Partial requirements met					
										Market Requirement		British Steel		SSUK	
Product		Diameter		Shapes		Grade Families				Other ^{1,2}					
UK Supplier Capabilities	Engineering Steels	Diameter		Bars		✓		Bearing Steel		✓		Black		✓	
		15 mm 120mm		Rods		✓		Free Cutting		✓		Bright		✓	
		 22 mm 120mm		Ingots		✓		Micro Alloyed		✓		Turned		✓	
								Nitriding		✓		Blasted		✓	
								Carbon Magnesium		✓		Quench and Tempered		✓	

Capability Gaps				
	Engineering Steels			
	<p>+ SSUK Rotherham has a no capability in sizes below 22 mm. Sizes below 22mm can be partially met by British Steels rod mill</p>	<p>+ No significant capability gap</p>	<p>+ No significant capability gap</p>	<p>+ No significant capability gap</p>

Note: 1. This includes attributes such as finishing, coating and specific technical qualities

Source: Company websites, supplier technical datasheets, Hatch analysis

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Current capabilities show key gaps across the HRC and CRC market requirements, particularly in high strength automotive grade capabilities

Flat Product Market Requirements and UK Capability Gaps (p. 1 of 4)

Partial requirements met

Flat Product Market Requirements and UK Capability Gaps (p. 1 of 4)																	
Market Requirement																	
Tata Steel UK																	
Liberty Steel																	
UK Supplier Capabilities																	
Product																	
Thickness																	
Width																	
Grade Families																	
Other ¹																	
UK Supplier Capabilities	HRC	1.2 mm 25.0 mm		1000 mm 2000 mm		Deep Drawing		✓	✓	Automotive - HS		✓	X	Dry Coating		✓	✓
		1.8 mm 17.5 mm		1000 mm 1880 mm		Other Forming		✓	✓	Automotive - AHS		X	X	Pickled and Oiled		✓	✓
		1.5 mm 12.5 mm		980 mm 1540 mm		Structural Grades		✓	✓	Automotive - UHS		X	X				
						API Grades		///	X								
	CRC	0.3 mm 3.0 mm		850 mm 1800 mm		Deep Drawing		✓	✓	Automotive - HS		✓	X	Semi Bright		✓	
		0.5 mm 3.0 mm		Up to 1850 mm		Other Forming		✓	✓	Automotive - AHS		X	X	Bright		✓	
						Structural Grades		✓	✓	Automotive - UHS		X	X	Normal		✓	
														Enamelling		✓	

Capability Gaps	HRC	+ No capability from 17.5 – 25 mm, giving no capability in heavy gauge materials	No significant capability gap	+ Limitations on higher strength API grades (X70, X80) and automotive steel grades with strengths > 800 MPa, such as Advanced High-Strength (AHS) and Ultra-High Strength (UHS) steels, are due to the power constraints of the hot strip mill	No significant capability gap
	CRC	+ Production of thin gauge material (<0.5 mm) for Shotton is limited	No significant capability gap	+ Limitations on higher strength automotive steel grades with strengths > 800 MPa, such as Advanced High-Strength (AHS) and Ultra-High Strength (UHS) steels, are due to the power constraints of the hot strip mill	No significant capability gap

Note: 1. This includes attributes such as finishing, coating and specific technical qualities

Source: Company websites, supplier technical datasheets, Hatch analysis

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Thin gauge PPGI and HDG are key technical limitations that may prevent the UK from effectively serving the construction and solar markets

Flat Product Market Requirements and UK Capability Gaps (p. 2 of 4)

 Partial requirements met 

Market Requirement

Tata Steel UK

	Product	Thickness	Width	Grade Families	Other ¹
UK Supplier Capabilities	HDG	0.3 mm 3.0 mm	700 mm 1800 mm	Deep Drawing	Dual Pot
		 0.5 mm 2.0 mm	800 mm 1850 mm	Other Forming	Heavy Coating
				Structural Grades	
				API Grades	
UK Supplier Capabilities	PPGI	0.25 mm 2.0 mm	650 mm 1250 mm	Automotive - HS	
		0.5 mm 2.0 mm	650 mm 1250 mm	Automotive - AHS	
				Automotive - UHS	
				Structural Grades	Not applicable
Capability Gaps	HDG	+ Production of thin gauge material (<0.5 mm), is possible but limited, which is used for construction and PPGI production + Thick gauge materials (>2.0mm) which may limit applications in automotive and solar	+ No significant capability gap dependent on suitable HRC/CRC feedstock	+ No significant capability gap dependent on suitable HRC/CRC feedstock	+ Llanwern coating line has two pots and capability to produce MagiZinc, however to meet future demand a larger capacity would be required
	PPGI	+ Production of thin gauge material (<0.5 mm) at Shotton is limited due to thickness limitations in HDG feedstock	+ No significant capability gap dependent on suitable HRC/CRC feedstock	+ No significant capability gap dependent on suitable HRC/CRC feedstock	+ No significant capability gap

Note: 1. This includes attributes such as finishing, coating and specific technical qualities

Source: Company websites, supplier technical datasheets, Hatch analysis

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Reliable UK supply of heavy and wide plates to offshore wind sectors is limited; tinplate production depends heavily on sourcing HRC feedstock reliably

Flat Product Market Requirements and UK Capability Gaps (p. 3 of 4)

Flat Product Market Requirements and UK Capability Gaps (p. 3 of 4)					Market Requirement	Tata Steel UK	Liberty Steel	MetInvest Spartan	
Product		Thickness	Width	Grade Families		Other ¹			
UK Supplier Capabilities	Plates	10 mm150 mm	Up to 4,500 mm	Structural Grades	✓	✓	As Rolled	✓	✓
		8 mm150 mm	800 mm1850 mm	High Strength Low Alloys	✓	✓	TMCR	✓	✓
		12.5 mm150 mm	Up to 4,000 mm	API Grades	x	x	Normalised	✓	✓
				Wear Resistant	x	x	Quench and Tempered	x	x
				Ship/Pressure Vessels	✓	✓			
	Tinplate	0.12 mm0.40 mm	Up to 1,200mm	TS 230 to TH 620	✓		Not applicable		
		0.15 mm0.40 mm	Up to 1,200mm						
	Capability Gaps	Plates	+ Both mills have the technical capability to produce 150 mm plates if the right slab is sourced. Sourcing 375 mm slabs for this is challenging due to limited supply options and the required minimum reduction ratio for offshore plate is 3	+ The MetInvest facility is limited to 1.9 m wide, while the Liberty facility has the technical capability to roll up to 4.0 m width. Imported slab thicknesses restrict the length of finished plates that can be rolled wide which makes the production inefficient. But the market requires 4.5 m plates which neither facility can achieve	+ The UK can't produce wear-resistant grades for mining, machinery and yellow goods, though demand is low, and, more critically, lack API-grade capacity for pipelines (Hydrogen/CCUS/ O&G), which should take priority	+ There are no quench and temper heat treatment facilities which limits production of plates for yellow goods	+ Plate weight for offshore wind is 20 – 45 t, which cannot be achieved by either plate mill		
		Tinplate	+ Tata's capabilities at Trostre are comparable to its competitors. However, competitors can produce as low 0.13–0.15 mm, where Tata has capability gaps	+ No significant capability gap dependent on if HRC feedstock is reliably sourced	+ No significant capability gap dependent on if deep drawing HRC feedstock is reliably sourced	+ No significant capability gap dependent on if deep drawing HRC feedstock is reliably sourced			

Note: 1. This includes attributes such as finishing, coating and specific technical qualities
Source: Company websites, supplier technical datasheets, Hatch analysis, Stakeholder meetings

The UK currently relies on imports for electrical steels since the closure of Cogent Steel's facilities and has no other capability to produce electrical steels

Flat Product Market Requirements and UK Capability Gaps (p. 4 of 4)

Market Requirement

No identified UK Supplier

	Product	Thickness	Width	Grade Families	Other ¹
UK Supplier Capabilities	NGOES	0.27 mm – 1.0 mm	Not Available	Not applicable	Power Loss 2.35 – 13.00 W/kg ☐ X
	GOES	0.23 mm – 0.35 mm	Not Available	Not applicable	Power Loss 2.35 – 13.00 W/kg ☐ X
Capability Gaps	NGOES				
	GOES				

Currently no NGOES or GOES capability in the UK

Note: 1. This includes attributes such as finishing, coating and specific technical qualities 2. Facility is closed

Source: Company websites, supplier technical datasheets, Hatch analysis

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The UK can adequately supply the long stainless steel market but lacks the capability to produce flat stainless steel products

Other Products Market Requirements and UK Capability Gaps (p. 1 of 2)

Market Requirement

No identified UK Supplier

Marcegaglia

	Product	Thickness		Shapes/Widths		Grade Families	Other ¹
UK Supplier Capabilities	Stainless Steel (Long)	Wire Rod 5 mm 27 mm	Rebar/Bars 6 mm 40 mm	Wire Rod Round ✓ Square ✓ Hex ✓	Rebar/Bars Round ✓ Square ✓	Grades 304, 310, 316 ✓ Grades 420, 430 ✓	Not applicable
	Stainless Steel (Flat)	0.5 mm	9.0 mm	600 mm	2500 mm	Grades 304, 310, 316 ✗ Grades 420, 430 ✗	Not applicable

Capability Gaps	Stainless Steel (Long)	+ No significant capability gap assuming the assets have been maintained accordingly	+ No significant capability gap assuming the assets have been maintained accordingly	+ No significant capability gap assuming the assets have been maintained accordingly	+ No significant capability gap assuming the assets have been maintained accordingly
	Stainless Steel (Flat)	+ No capability within the UK to supply stainless steel for flats	+ No capability within the UK to supply stainless steel for flats	+ No capability within the UK to supply stainless steel for flats	+ No capability within the UK to supply stainless steel for flats

Note: 1. This includes attributes such as finishing, coating and specific technical qualities

Source: Company websites, supplier technical datasheets, Hatch analysis

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The UK has no seamless tube producers and the projected long-term demand of 0.14 mtpa is below the scalability required for a new mill (~0.7 – 1.0 mtpa)

Other Products Market Requirements and UK Capability Gaps (p. 2 of 2)

		Market Requirement		Forgemasters	
				No identified UK Supplier	
	Product	Thickness	Shapes	Grade Families	Other ¹
UK Supplier Capabilities	Seamless Tubes	Up to 24 mm	Not applicable	<div>API Group 1-4</div> <div>Premium and Propriety Grades</div> <div>Sour and Non-Sour Grades</div> <div>X-42-70</div>	<div>API Connections</div> <div>Premium Connections</div>
	Forgings	Bespoke dimensions and requirements for engineered parts ✓			
Capability Gaps	Seamless Tubes	+ Since the 2008 closure of Desford Timken, the UK's only seamless tube mill, demand has been met entirely by imports	+ Since the 2008 closure of Desford Timken, the UK's only seamless tube mill, demand has been met entirely by imports	+ Since the 2008 closure of Desford Timken, the UK's only seamless tube mill, demand has been met entirely by imports	+ Since the 2008 closure of Desford Timken, the UK's only seamless tube mill, demand has been met entirely by imports
	Forgings	+ No significant capability gap	+ No significant capability gap	+ No significant capability gap	+ No significant capability gap

Note: 1. This includes attributes such as finishing, coating and specific technical qualities

Source: Company websites, supplier technical datasheets, Hatch analysis

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Options for Addressing Production Gaps

Options have been developed as potential solutions to address key supply gaps; this list is not exhaustive and is based on various assumptions

Scope Context and Summary of Assumptions used to Develop Potential Options

-  + **Basis of preparation conducted as a desktop study**, guided by Hatch experience and expert judgement as well as meetings with steel producers and other steel stakeholders
-  + Anchor points for forecasting long-term steel demand are based on Part I of this demand assessment, which draw on government-set ambitions and industry forecasts (e.g. renewable energy generation, nuclear power generation, transmission and distribution, spend etc.) Demand ramp-ups or delays tied to government-set ambitions **have not been factored in** to adjust the demand
-  + Addressable demand for the wind and automotive sectors assumes a 100% localisation factor, as described in Part I
-  + **Business cases have not been developed or evaluated** for presented options; work will be required to assess commercial viability, and capital estimates exclude current planned investments
-  + Options demonstrate possible routes to address gaps and are **not exhaustive and have not been organised in any specific order**
-  + The scope of the report does not include policy recommendations or other measures regarding the UK's long-term steel strategy. Rather, the report **focuses on forecasting demand, supply, and potential technical configurations to close the gap**
-  + Stakeholder meetings suggest that Dalzell's plate width, weight, and location constraints Dalzell to fully meet offshore wind product needs. As a result, **Dalzell-inclusive options exclude offshore wind from the Total Addressable Market (TAM)**, though Dalzell may be able to capture a portion of wind sector plate demand
-  + The options' **TAM values are based on the market gap value between 2025 and 2050**. While the **impact value** is calculated on **capacity** that has been addressed **over a 20-year period**, giving a 5-year buffer for timeline requirements
-  + In certain years, **supply may fluctuate to be larger than demand due to end-use sector demand spikes** (e.g., transmission and distribution), it is assumed the assets will operate at full capacity and export the steel into international markets during these periods

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
Long Products	Sections	● -0.7 (-30%)	● None	T&D, Construction, Nuclear	High	£17bn
	Rebars	● -0.7 (-44%)	● None	T&D, Construction, Nuclear	Med	n/a
	Wire Rods	● -0.1 (-11%)	● None	Construction, Auto, E&M	Low	n/a
	Special Profiles	● +0.1 (+75%)	● None	E&M, Yellow Goods	Low	n/a
	Rail	● +0.1 (+56%)	● None	Rail	Low	n/a
	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
	Strip	● -4.5 (-60%)	● N/A	-	High	£54bn
	HRC	● +0.1 (+4%)	● Grades: AHS, UHS, API (X70, X80), Gauge: 17.5-25mm	Automotive, O&G	High	
	CRC	● -0.3 (-28%)	● Grades: AHS, UHS, Gauge <0.5mm	Automotive	High	
	HDG	● -2.6 (-79%)	● Gauge: <0.5mm and >2mm, Coating: dual coating	Auto, Construction, Solar	High	
	PPGI	● -0.1 (-25%)	● Thin gauge material (<0.5mm)	Construction	Low	
	NGOES/GOES	● -0.1 (-100%)	● None	Transformers, EV Motors	High	
	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
	Seamless Tubes	● -0.1 (-100%)	● UK has no capability since closure of Desford Timken	O&G, E&M		n/a
	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

Technical options have been developed based on technical solutions to address the capacity and capability gaps across all key products

Summary of Technical Solutions to Address Gaps



Product	Capability Gaps	Capacity Gaps	Technical Solution	Option Where Addressed										
Strip	High-strength automotive grades	--	Increased power of hot strip mill, laminar cooling upgrade for Port Talbot	Option A	Option B	Option C	Option D							
	API grades for HRC	--	Increased power of hot strip mill, intense cooling upgrade for Port Talbot											
	Thick gauge HRC/CRC	--	Increased mill stand power and force, new coilers for Port Talbot											
	Dual pot coating for HDG	--	New galvanising line with dual pot capabilities											
	Thick gauge HDG	--	New galvanising line with dual pot capabilities from thick gauge CRC											
	Thin gauge HRC/CRC		New TSCR asset											
	Thin gauge HDG		New galvanising line with dual pot capabilities from thin gauge CRC											
		4.5 mt	Additional EAF steelmaking with TSCR, PLTCM and new galvanising lines											
NGOES	All market requirements	--	Greenfield electrical steel site with a modified high silicon reheat furnace	Option E (Requires A, B, C or D)				Option F (Requires E)						
		0.1 mt	High silicon HRC feedstock from Tata (or Option B) to feed a greenfield site											
GOES	All market requirements	--	Greenfield electrical steel site with a modified high silicon reheat furnace											
		0.02 mt	High silicon HRC feedstock from Tata (or Option B) to feed a greenfield site											
Sections		0.7 mt	Additional EAF steelmaking with a section mill	Option G										
Plates	Plate width: 4.5 m	--	New reversing plate mill	Option H	Option I	Option J	Option K	Option L	Option M	Option N				
	Plate thickness: 150 mm (at 4.5 m width)	--	New reversing plate mill											
	API grades	--	New reversing plate mill											
	Wear resistant grades	--	Heat treatment – quench & tempering – integrated to reversing plate mill											
		1.2 mt	Additional EAF steelmaking with reversing plate mill											

Note: Options have not been assessed for business case or commercial viability and are intended to demonstrate possible routes to address capability and capacity gaps based on long-term UK demand.

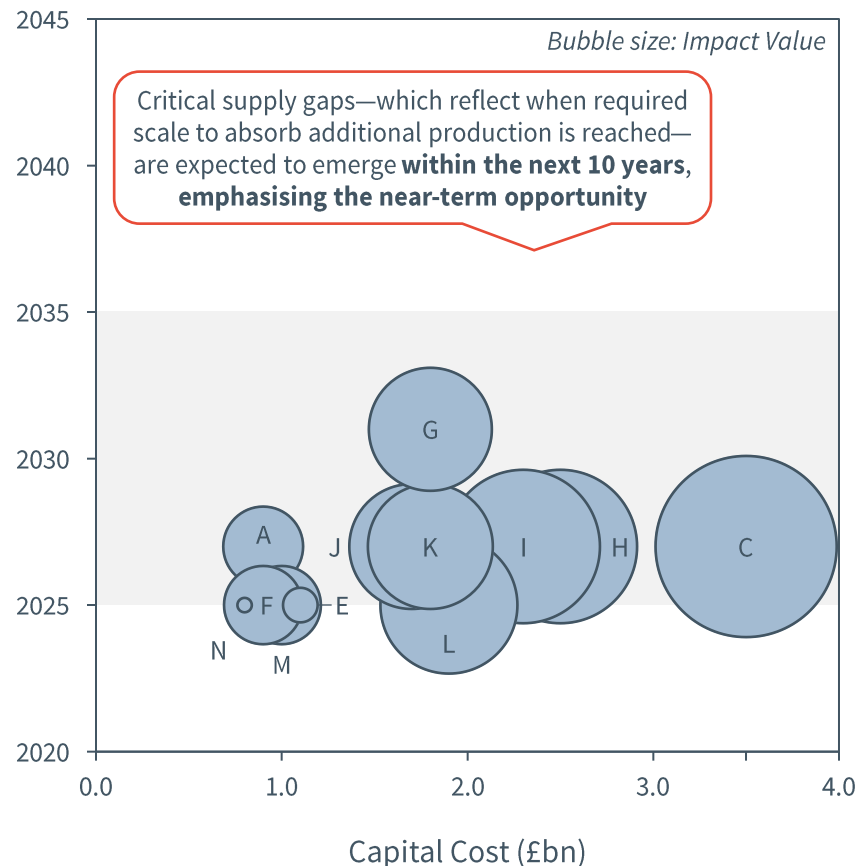
Source: Hatch analysis, Stakeholder meetings.

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

Assessment Overview of Available Options¹

Year Critical Gap Expected



Capability and Capacity Opportunity Options Summary

Options	Strip Products							TAM ² (£bn)	Impact Value by 2050 (£bn) and Gap Addressed (%) ³
	Sections	Plates	HRC	CRC	HDG	NGOES	GOES		
(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		✓	} Different pathways to address same gaps with varying capital requirements					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.

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Integrating a new cold mill with upgrades at Tata's hot strip mill can enhance the capability and capacity for HRC, CRC, HDG to increase sector coverage

Strip

Option A: Modified HSM with Integrated Cold Mill at Port Talbot with Greenfield Galvanising Line

Description

- HSM modification at Port Talbot:
 - + Mill stand replacements to increase rolling force/power
 - + Cooling line upgrade (laminar and intense)
 - + New coilers
- New tandem cold mill connected to link (existing pickling line)
- New galvanising line

Addressed Gaps

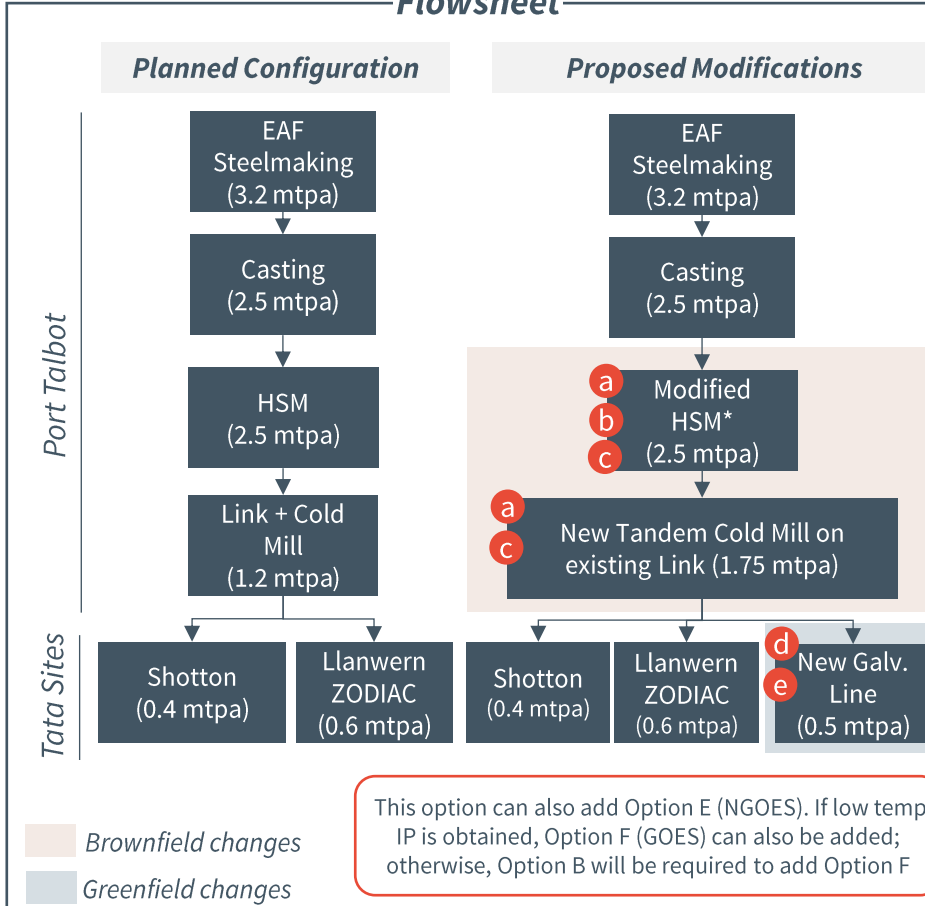
Capacity

May partially address HDG capacity gap (0.5 of 2.6 mt)

Capability

- a** High strength automotive grades
- b** API grades for HRC
- c** Thick gauge HRC/CRC
- d** Dual pot coating for HDG
- e** Thick gauge HDG

Flowsheet



Requirements

CAPEX Estimate

£0.7 – 0.9bn (excludes pickling line capital cost)

Timeline Estimate

42 – 48 months (with a 2- to 3-month operational stoppage on HSM)

Other Requirements

Location

Port Talbot and greenfield galvanising line (preferably near Port Talbot)

Headcount

50 – 100 (for new galvanising line)

Infrastructure

Transport links potentially required between Port Talbot and a new galvanising line

Potential Risks

Schedule

The operational stoppage at the HSM could cause timeline overruns if not managed correctly

Land Availability

Location which has a suitable amount of land available for the new galvanising line

Note: Risks shown here are project specific and general project risks are noted after all the options

Source: Hatch analysis

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Modifying Port Talbot to produce high temp route GOES and HRC for a greenfield electrical steel plant can meet domestic demand, which are critical for transformers

Electrical Feedstock

Option B: Brownfield Port Talbot Modification to Provide High-Temp Route for GOES Feedstock

Description

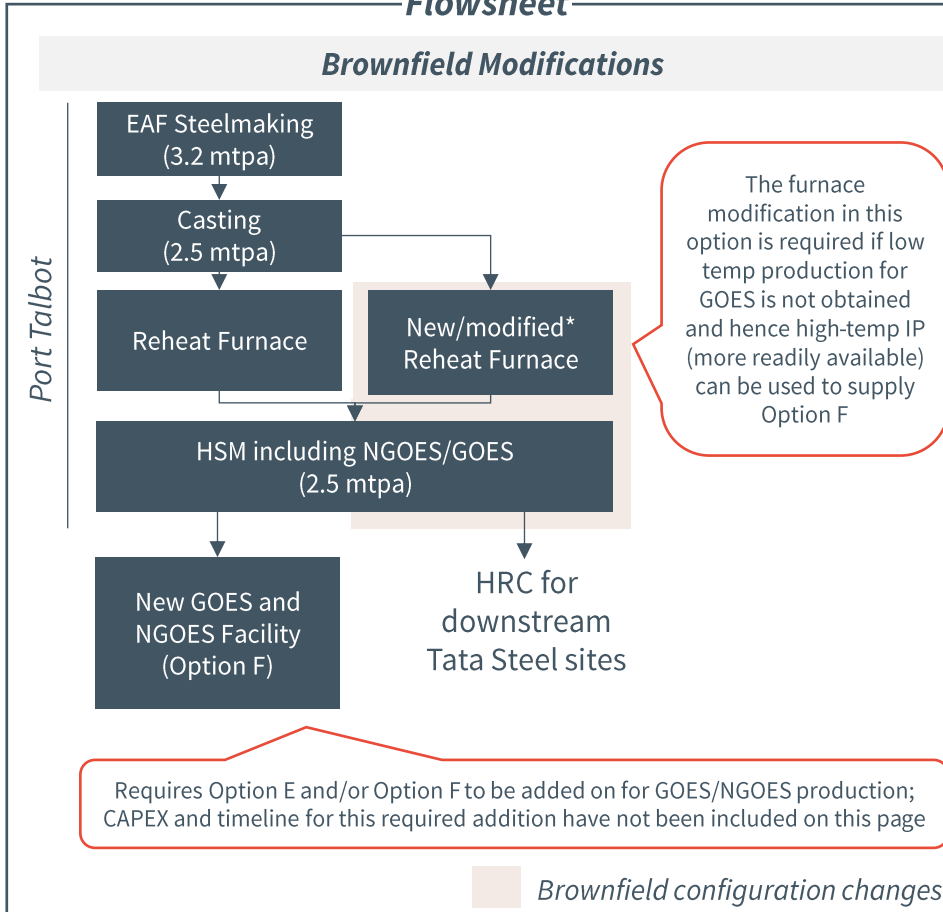
This option requires a greenfield electrical steel plant. The HRC feedstock could be sourced from Port Talbot (taken out of the allocation for Tata distribution). It would also require a new modified reheating furnace if high temperature production route for GOES is considered. Therefore, this option is required to be used in conjunction with Option F (greenfield GOES plant)

Addressed Gaps

Capacity & Capability

Option alone does not impact capacity or capability, though it would enable Port Talbot to provide the adequate feedstock for Option F (Greenfield GOES plant)

Flowsheet



Requirements

CAPEX Estimate

£0.10 – 0.25bn – Port Talbot (excluding costs for Option E or Option F)

Timeline Estimate

30 – 36 months (Port Talbot) (excluding timeline for Option E or Option F)

Other Requirements

Location

Port Talbot

Headcount

No additional workforce in Port Talbot

Infrastructure

Infrastructure between Port Talbot and Greenfield site

Potential Risks

Capacity

By transferring strip capacity to NGOES/ GOES production, it exacerbates the production shortfall of other strip products

Hot Mill Operation

High silicon steel production may reduce HSM efficiency and overall output due to narrower products and increased maintenance

Note: Risks shown here are project specific and general project risks are noted after all the options

Source: Hatch analysis

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Building a greenfield strip plant will enable the UK to address the capacity and capability gaps to serve the construction and automotive sectors

Strip

Option C: Greenfield Plant with TSCR and Downstream Coating Lines

Description

Greenfield steelmaking process with integrated thin slab casting and rolling, PLTCM feeding into new galvanising lines and potentially into existing ZODIAC at Llanwern. With this option, there is additional flexibility compared to Option A in addressing the capacity gaps for 2050 demand

Addressed Gaps

Capacity

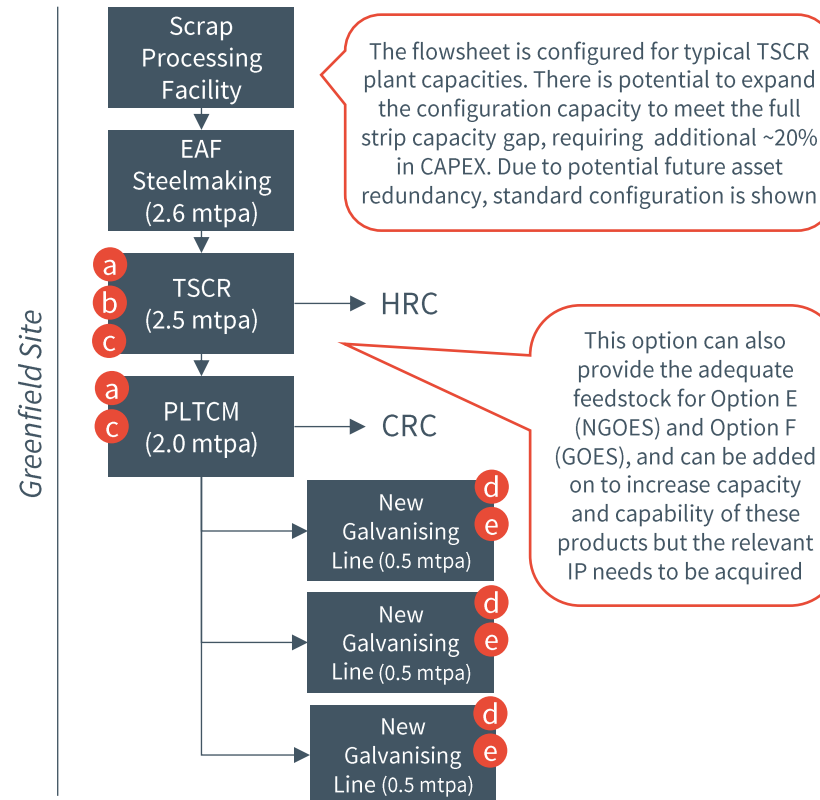
May partially address HDG capacity gap (1.5 of 2.6 mt) and overall strip capacity, additional HRC (0.5 mt) & CRC (0.5 mt)

Capability

- a** High strength automotive grades
- b** API grades for HRC
- c** Thin and thick gauge (HRC/CRC)
- d** Dual pot coating for HDG
- e** Thin and thick gauge HDG

Flowsheet

Greenfield Site



Requirements

CAPEX Estimate

£3 – 3.5bn (excluding additional capacity expansions)

Timeline Estimate

48 - 60 months (12 – 24 months planning, investor sourcing, 36 months execution)

Other Requirements

Location

Stand-alone facility, preferably close to port and rail links

Headcount

800 – 1,000 people

Infrastructure

Close port link for import of virgin iron, green power availability

Potential Risks

Raw Materials

Scrap availability/ OBM sourcing

Workforce

Skilled workforce to relocate to a potentially remote greenfield site

Utilities

Power availability and cost to operate the EAF

Note: Risks shown here are project specific and general project risks are noted after all the options

Source: Hatch analysis

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Building a TSCR strip plant at Port Talbot will make strip production more efficient though will not address the UK's capacity or capability gaps

Strip

Option D: Brownfield Port Talbot with TSCR and Downstream Coating Lines

Description

New TSCR asset at Port Talbot to utilise the planned EAF steelmaking capacity. This including an integrated thin slab casting and rolling, HRC will feed existing downstream facilities and a new NGOES facility

Addressed Gaps

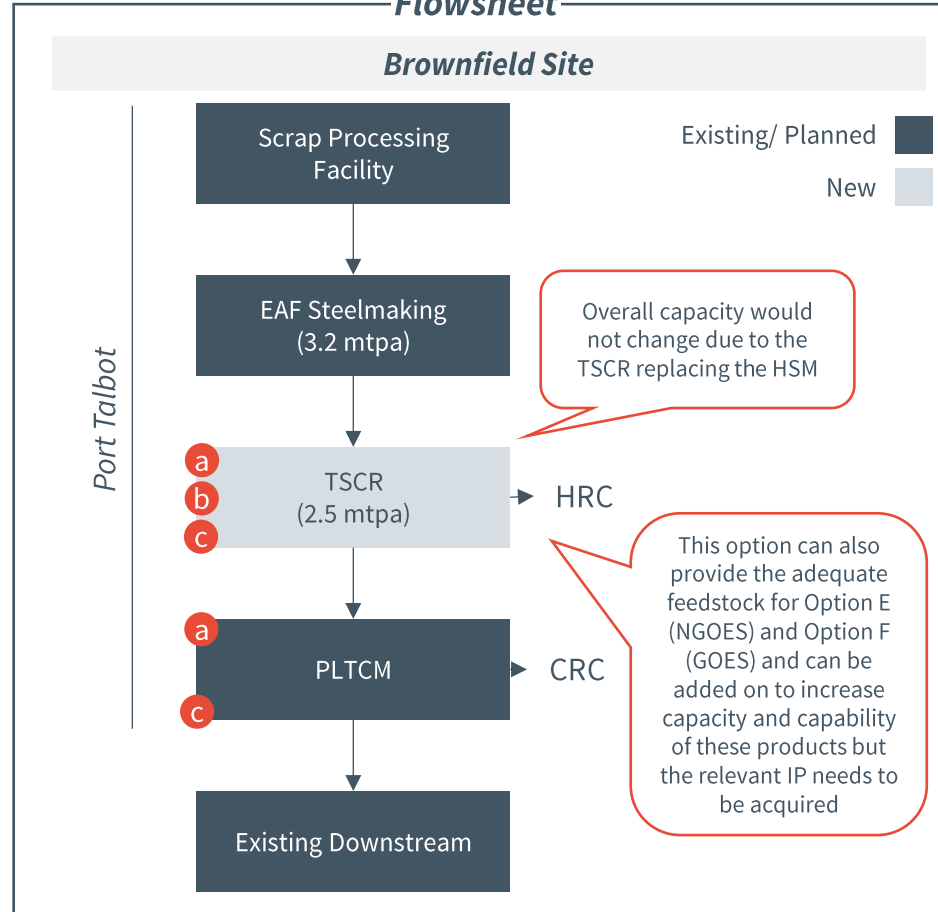
Capacity

No change but NGOES/GOES capacity could be reduced with Options E and F; overall strip capacity remains the same

Capability

- a** High strength automotive grades
- b** API grades for HRC
- c** Thin and thick gauge (HRC/CRC)

Flowsheet



Requirements

CAPEX Estimate¹

£1 -1.5bn

Timeline Estimate

48 - 60 months (12 - 24 months for planning and investor sourcing, 36 months for execution)

Other Requirements

Location

Port Talbot

Headcount

N/A

Infrastructure

N/A

Potential Risks

Constructability

Connection to existing melt shop with TSCR facility will be challenging

Ongoing Operations

Maintaining operations of casting and hot rolling may be difficult as new TSCR is being built

Note: Risks shown here are project specific and general project risks are noted after all the options. 1 - Excluding additional capacity expansions

Source: Hatch analysis

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Building a greenfield NGOES plant would address the capacity and capability gap for non-grain oriented electrical steels but requires adequate feedstock

NGOES

Option E: Greenfield Electrical Steel (NGOES) Plant

Description

Greenfield facility consisting of anneal and pickle line, cold rolling mill, annealing and coating line, slitting and packaging

Addressed Gaps

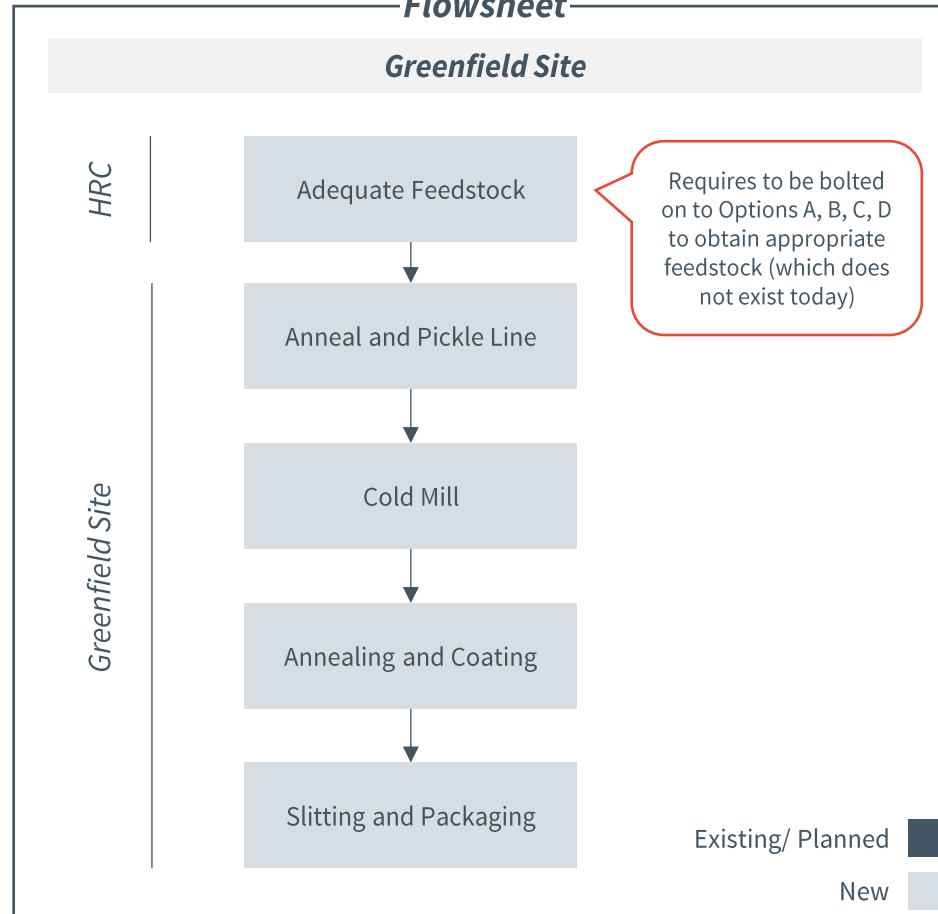
Capacity

May address NGOES capacity gap of ~0.1 mt, though will not reduce overall strip capacity gap

Capability

All market required NGOES capabilities

Flowsheet



Requirements

CAPEX Estimate

£0.9 -1.1bn

Timeline Estimate

36 – 48 months (12 – 18 months planning, investor sourcing, 24 months execution)

Other Requirements

Location

Greenfield, ideally close to consumers

Headcount

200 – 250 people

Infrastructure

Adequate transportation links for incoming HRC feed and product distribution

Potential Risks

IP

Availability of appropriate IP for the production route from HRC through to finished product

Workforce

Skilled workforce availability at greenfield site

Note: Risks shown here are project specific and general project risks are noted after all the options.

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Building a GOES plant onto the NGOES greenfield facility (Option E) would address the capability gap for grain-oriented electrical steels, used in transformers

GOES

Option F: Greenfield Electrical Steel (GOES) Plant (Addition to Option E)

Description

Expansion of Option E to include additional equipment to produce GOES. Process can share initial anneal and pickle line as well as the cold rolling mill. Additional cold rolling capacity for thinner gauges is required with additional downstream processes. Option F is unlikely to be utilised without Option E due to volume requirements

Addressed Gaps

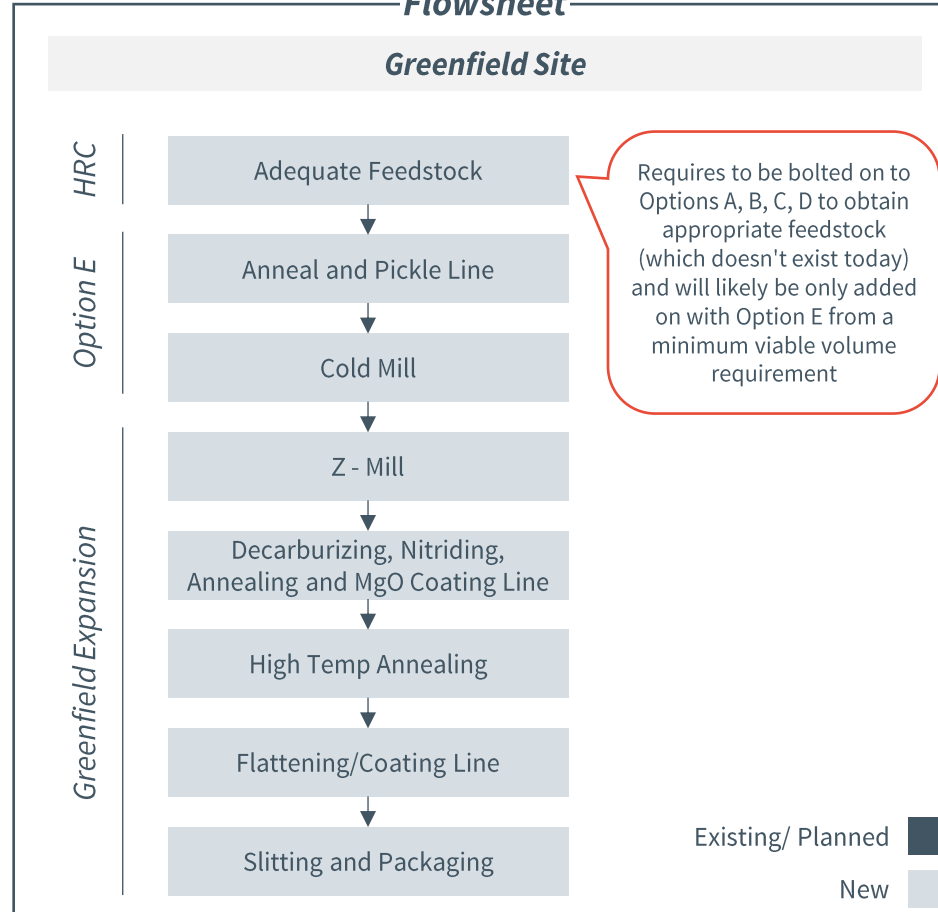
Capacity

May address full GOES capacity of ~0.02 mt though will not reduce overall strip capacity gap

Capability

All key market requirements would be fulfilled for GOES

Flowsheet



Requirements

CAPEX Estimate

£0.6-£0.8 bn (as addition to Option E)

Timeline Estimate

36 – 48 months (12 – 18 months planning, investor sourcing, 24 months execution)

Other Requirements

Location

See Option E (as this is to be fitted into option E's greenfield site)

Headcount

100 – 150 people (additional to Option E)

Infrastructure

See Option E (as this is to be fitted into Option E's greenfield site)

Potential Risks

IP

Availability of appropriate IP for the production route from HRC through to finished product

Workforce

Skilled workforce availability at greenfield site

Note: Risks shown here are project specific and general project risks are noted after all the options.

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By building an integrated greenfield steelmaking plant with a sections mill, the UK can address future demand driven by T&D and construction sectors

Sections

Option G: Greenfield Steelmaking Plant with Integrated Sections Mill

Description

This option consists of building a greenfield EAF steelmaking plant with a dedicated sections mill to address the capacity gap required for key sectors such as construction and T&D

Addressed Gaps

Capacity

May fully address 2050 capacity gap (1.0 production of 0.7 mt gap, 0.3 can be exported)

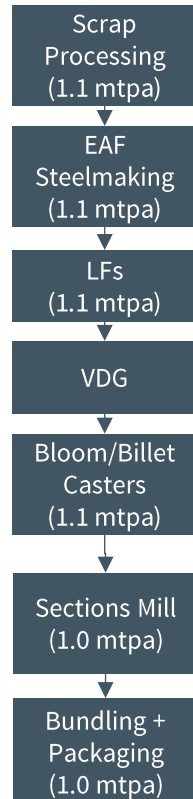
Capability

All key market requirements would be fulfilled for sections

Flowsheet

Greenfield EAF Steelmaking Site

Greenfield Site



Requirements

CAPEX Estimate

£1.3 - 1.8bn

Timeline Estimate

36 – 48 months (12 – 18 months planning, investor sourcing, 24 months execution)

Other Requirements

Location

Stand-alone facility (potentially near large infrastructure projects)

Headcount

300 - 400 people

Infrastructure

Rail links would be required

Potential Risks

Raw Materials

Scrap availability/ OBM sourcing

Workforce

Skilled workforce to relocate to a potentially remote greenfield site

Utilities

Power availability and cost to operate the EAF

Note: Risks shown here are project specific and general project risks are noted after all the options

Source: Hatch analysis

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The UK is currently unable to sufficiently serve offshore wind steel demand, which has the potential to represent up to half of plate demand by 2050

Plates

Plate Mill Site – Offshore Wind Key Requirements

Requirements	MetInvest Spartan	Liberty Dalzell	Greenfield Plate Mill
Plate Demand – offshore wind is expected to require 0.9 mtpa by 2050			✓
Plate Grades – EN10025-4 S355ML grades (TMCP Heat Treatment)	✓	✓	✓
Plate Width – width between 4 – 4.3 m is required for monopiles and up to 4.5 m for cones			✓
Plate Length – length between 9 – 18 m is required		✓	✓
Plate Thickness – thickness between 65 – 130 mm is required with a minimum reduction ratio of 2.5 – 3.0		✓	✓
Plate Weight – plate weight needs to ideally be within 25 – 45 tonnes			✓
Coastal Location – due to plate weight and loading efficiency, coastal location is required			✓

Key Takeaways

Plate demand in the UK is set to substantially increase from 1.3 mtpa in 2025 to 1.8 mtpa by 2050, primarily due to an increase in plate demand for offshore wind turbines, which may account for up to 50% of demand in 2050. Plate mill options have accordingly been evaluated to serve the offshore wind market, which will be a key segment to unlocking domestic steel demand. The two existing sites and a greenfield site were compared against end-user requirements:

MetInvest Spartan

- + MetInvest is the least capable plate mill due to its size, capacity and location. It is able to supply the commodity plate demand market but will struggle to fulfil any offshore plate demand

Liberty Dalzell

- + While Dalzell can cover plate grades, length and thickness. They would struggle with the width (limit of 4 meters) and weight (limit of 18 tonnes) of the plates even with upgrades due space and location restrictions. The ideal plate mill would be situated on the coast, as plates would be transported by sea cargo as road and rail would be expensive and inefficient to load and unload

Greenfield Plate Mill

- + A greenfield plate mill can be optimised to cover all aspects

Building a greenfield plate mill could create proximity efficiencies with wind tower manufacturers, advancing localised supply chain attractiveness

Plates

Option H: Greenfield EAF Steelmaking with an Integrated Plate Mill

Description

Greenfield plate mill facility with dedicated scrap-based EAF steelmaking. In comparison to Option C, this provides further flexibility on the capacity allowing the potential to fulfil the higher capacity gaps between 2025 to 2050 driven by offshore wind ambitions (i.e., largest gap of ~2.6 mt in 2030)

Addressed Gaps

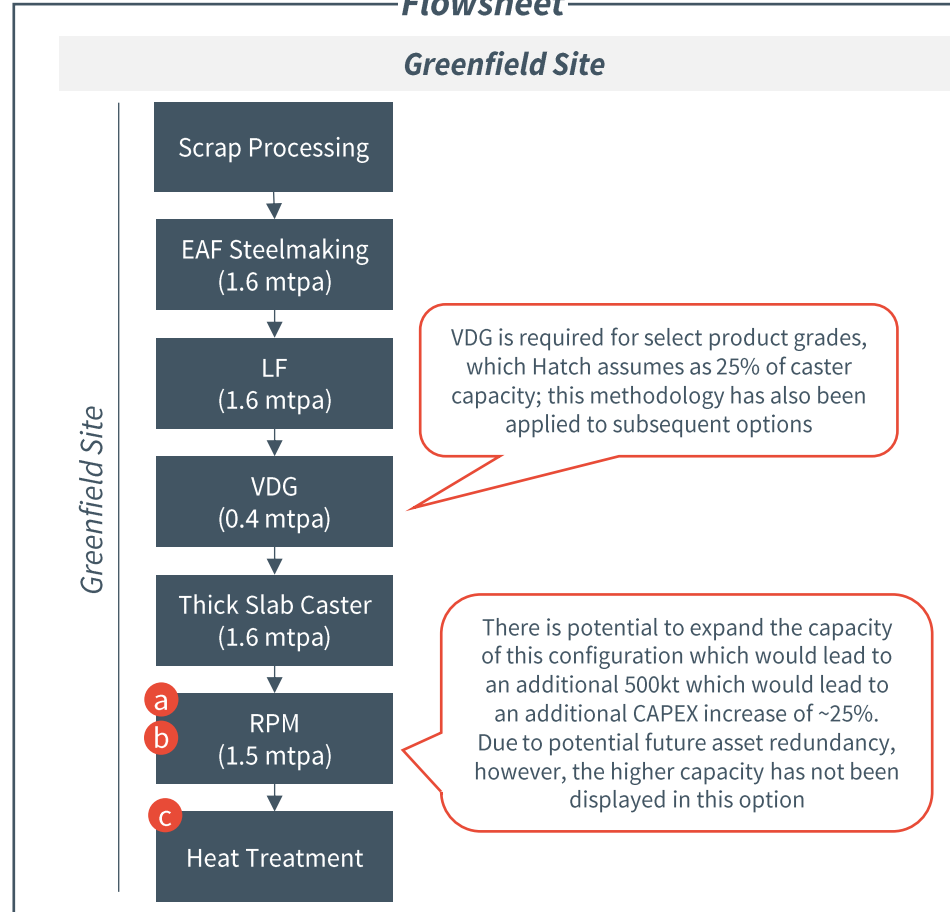
Capacity

May fully address 2050 capacity gap (1.5 production of 1.2 mt gap (0.3 can be exported))

Capability

- a** Plate width: 4.5 m
- b** Plate thickness: 150 mm
- c** API grades

Flowsheet



Requirements

CAPEX Estimate

£2.2 – 2.5bn
(excluding additional capacity expansions)

Timeline Estimate

48 – 60 months (12 – 24 months planning, investor sourcing, 36 months execution)

Other Requirements

Location

Stand-alone facility (ideally located with coastal near wind tower OEMs)

Headcount

500 – 600 people

Infrastructure

New port rail link (wide plates are difficult and expensive to transport by truck)

Potential Risks

Raw Materials & Workforce

Scrap availability/OBM sourcing and a new skilled workforce to relocate to a potentially remote greenfield site

Timeline

Extensive timeline that is vulnerable to delays, meaning extra capacity may miss peak demand in 2030

Note: Risks shown here are project specific and general project risks are noted after all the options

Source: Hatch analysis

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Building a plate mill which utilises Scunthorpe's EAF and slab caster lowers the CAPEX, reducing barriers for the UK to serve the offshore wind market

Plates

Option I: Brownfield Plate Mill at Scunthorpe with an Additional EAF

Description

New plate mill located at Scunthorpe utilising an expansion of the planned EAF project to produce additional volumes, as well as a modified 2.2 mt two-strand slab caster that can produce slabs up to 450mm thick²

Addressed Gaps

Capacity

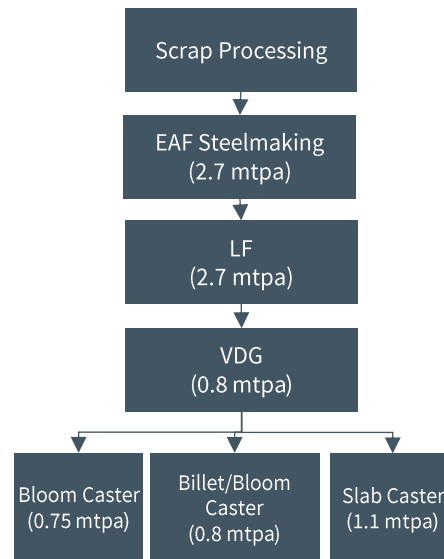
May partially address 2050 capacity gap (1.5 mt vs 1.2 mt gap (0.3 mt available for export))

Capability

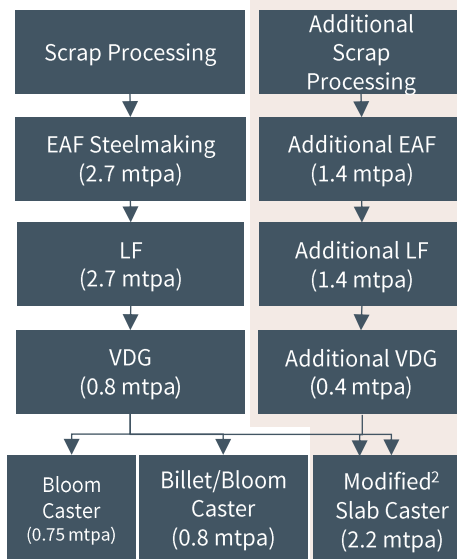
- a** Plate width: 4.5 m
- b** Plate thickness: 150 mm
- c** API grades

Flowsheet

Planned Configuration

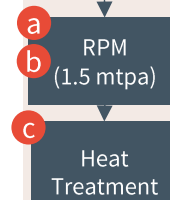


Proposed Additions



In the planned configuration, there are redundancies in the slab caster where excess slabs would be exported. These excess slabs would now feed into new RPM proposed. Additionally, there is limited flexibility to fulfil the larger wind capacity gaps prior to 2050 in line with government ambitions (~2.6 mt in 2030)

Brownfield configuration additions



Requirements

CAPEX Estimate

£2.0 – 2.3bn

Timeline Estimate

42 - 48 months (12 – 18 months planning, investor sourcing, 30 months execution)

Other Requirements

Location

Scunthorpe

Headcount

300 – 400 people

Infrastructure

Existing port & rail link (wide plates are difficult and expensive to transport by truck)

Potential Risks

Raw Materials

Scrap availability/ OBM sourcing

Schedule

Additional risk to include demolition of the BF area to clear required land

Utilities

Power availability and cost to operate the additional EAF

Note: Risks shown here are project specific and general project risks are noted after all the options. 2-The cast thickness range to support the plate mill and the existing section mill would be 225 – 450mm. A caster of this range is not proven technology and as such the two strands would need to be slightly different in operating range to bridge the full thickness requirement.

Source: Hatch analysis

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Greenfield plate with slabs supplied from British Steel's Scunthorpe site, with SSUK's Rotherham site backfilling billets to Scunthorpe

Plates

Option J: Greenfield Plate Mill with Slab Supply from Scunthorpe and Backfill from Rotherham

Description

This option requires the new plate mill to obtain their slab supply from Scunthorpe & SSUK Rotherham to supply Bloom and billet to Scunthorpe. This will mean no new steelmaking is required, other than that already planned for Scunthorpe. This option only requires a change in specification to a thick slab caster² at Scunthorpe and a greenfield plate mill

Addressed Gaps

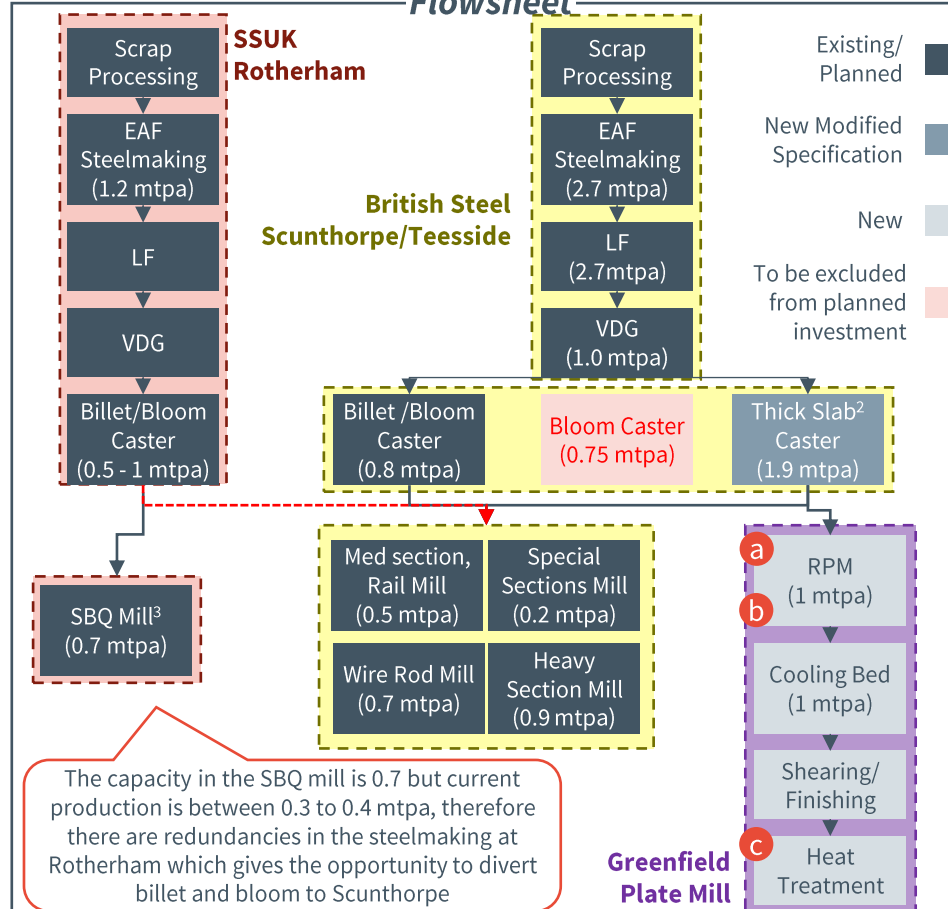
Capacity

May partially address 2050 capacity gap (1.0 mt of the 1.2 mt gap)

Capability

- a Plate width: 4.5 m
- b Plate thickness: 150 mm
- c API grades

Flowsheet



Requirements

CAPEX Estimate¹

£1.4 – 1.7bn (slab caster is partially compensated through redirecting bloom caster investment)

Timeline Estimate

Plate mill lead-time: 60 – 72 months (12 – 24 months planning, investor sourcing, 48 months execution)

Other Requirements

Location	Headcount	Infrastructure
Rotherham, Scunthorpe, Teesside and greenfield plate mill (anywhere)	200 – 300 people	Plate mill ideally situated at a port location and connected to rail infrastructure

Potential Risks

Grades Risk

Rotherham ability to supply grades for Scunthorpe & require end user approval

Insolvency Risk

If one partner fails or becomes insolvent, the supply is at risk

Commercial Risk

Mutual agreement is required to be able to supply semis between sites

Note: Risks shown here are project specific and general project risks are noted after all the options. 1 – This is not including the capex required for the current planned investment in Scunthorpe i.e. planned meltshop. 2 – The cast thickness range to support the plate mill & the existing section mill would be 225 – 450mm. A caster of this range is not proven technology & as such the two strands would need to be slightly different in operating range to bridge the full requirement. 3 – SBQ mill can produce rebars and wire rods

Source: Hatch analysis

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Brownfield site with a new plate mill and caster at Port Talbot, which will use the planned EAF's 0.5 mtpa of surplus crude steel

Plates

Option K: Plate Mill and Caster Utilising Planned Excess Port Talbot Steelmaking

Description

Integration of a new plate mill at the Tata Port Talbot facility with a new thick slab caster to supply the plate mill. As Tata has an excess of 0.5 mtpa of crude steel capacity, it runs the risk of underutilising downstream facilities or requiring additional crude steel imports

Addressed Gaps

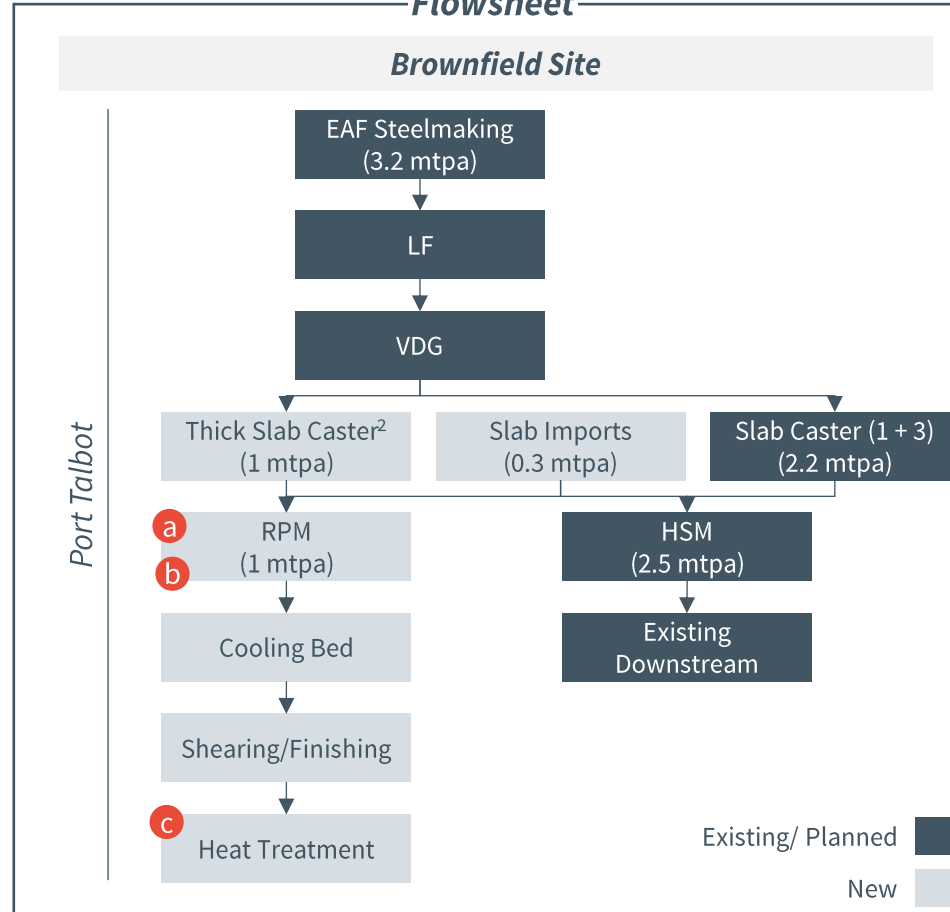
Capacity

May partially address 2050 capacity gap (1.0 mt of the 1.2 mt gap)

Capability

- a** Plate width: 4.5 m
- b** Plate thickness: 150 mm
- c** API grades

Flowsheet



Requirements

CAPEX Estimate¹

£1.5 – 1.8bn

Timeline Estimate

Plate mill lead-time: 48 – 60 months (12 – 24 months planning, investor sourcing, 36 months execution)

Other Requirements

Location

Port Talbot

Headcount

275 - 325 people

Infrastructure

New port rail link (wide plates are difficult and expensive to transport by truck)

Potential Risks

Capacity Target

Meltshop needs to produce 3.2 mtpa from a single EAF which could be challenging

Imports

This option relies on the availability of suitable imports

Meltshop Logistics

Using one EAF to feed three casters will be very technically challenging

Note: Risks shown here are project specific and general project risks are noted after all the options. 1 – This is not including the capex required for the current planned investment in Port Talbot i.e. Planned Meltshop. 2 – Caster 2 at Port Talbot was considered but due to the requirements of the plate mill, caster 2 is not capable and would need to be replaced with a new thick slab caster with added capabilities

Source: Hatch analysis

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Upgrades at Liberty Dalzell - which would include a new meltshop and plate mill improvements - can increase output but will not cover offshore market demand

Plates

Option L: Brownfield Liberty Plate Mill Modification (Plate Mill + New Meltshop)

Description

This option involves building a new meltshop at Dalzell and significantly upgrading Dalzell's plate mill. The meltshop will be single EAF/LMF/VDG facility feeding liquid steel to a thick slab caster that will provide the slabs to feed the plate mill. This option will not be able to adequately supply the offshore wind market based on product requirements (4.5 m width, 20 – 45 t)

Addressed Gaps

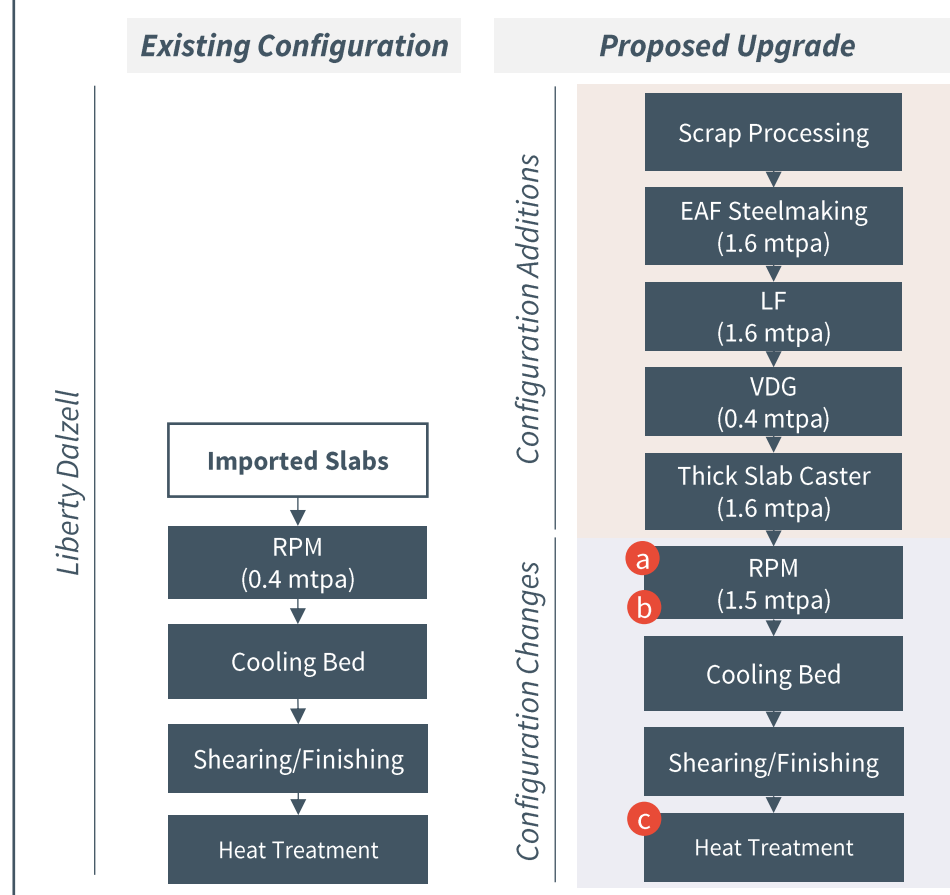
Capacity

1.5mt of capacity production from 0.3 mtpa currently, reducing the capacity gap to 0.9 mt in 2050 due to being unable to fulfil offshore wind needs

Capability

- a** Plate width: 4.0 m
- b** Plate thickness: 150 mm
- c** API grades

Flowsheet



Requirements

CAPEX Estimate

£1.6 – 1.9bn

Timeline Estimate

48 – 60 months (12 – 24 months planning, investor sourcing, 36 months execution)

Other Requirements

Location

Motherwell

Headcount

300 – 350 people

Infrastructure

Existing rail link

Potential Risks

Land & Logistics

Overall plant size and material logistics limit overall capacity

Permitting

Land availability and permitting

Power

Power availability and cost to operate the EAF

Note: Risks shown here are project specific and general project risks are noted after all the options

Source: Hatch analysis

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Upgrades at Liberty's plate mill with slab feedstock being obtained from the SSUK Rotherham site can increase output but will not cover offshore market demand

Plates

Option M: Liberty Dalzell upgrade with slab supply from SSUK Rotherham

Description

This option involves utilising SSUK's Rotherham site to produce feedstock for the Dalzell site. This includes a new thick slab caster at the Rotherham site and upgrading the facilities at Dalzell to produce 700 ktpa of capacity and plate sizes up to 4.0 m. This option will not be able to adequately supply the offshore wind market based on product requirements (4.5 m width, 20 – 45 t)

Addressed Gaps

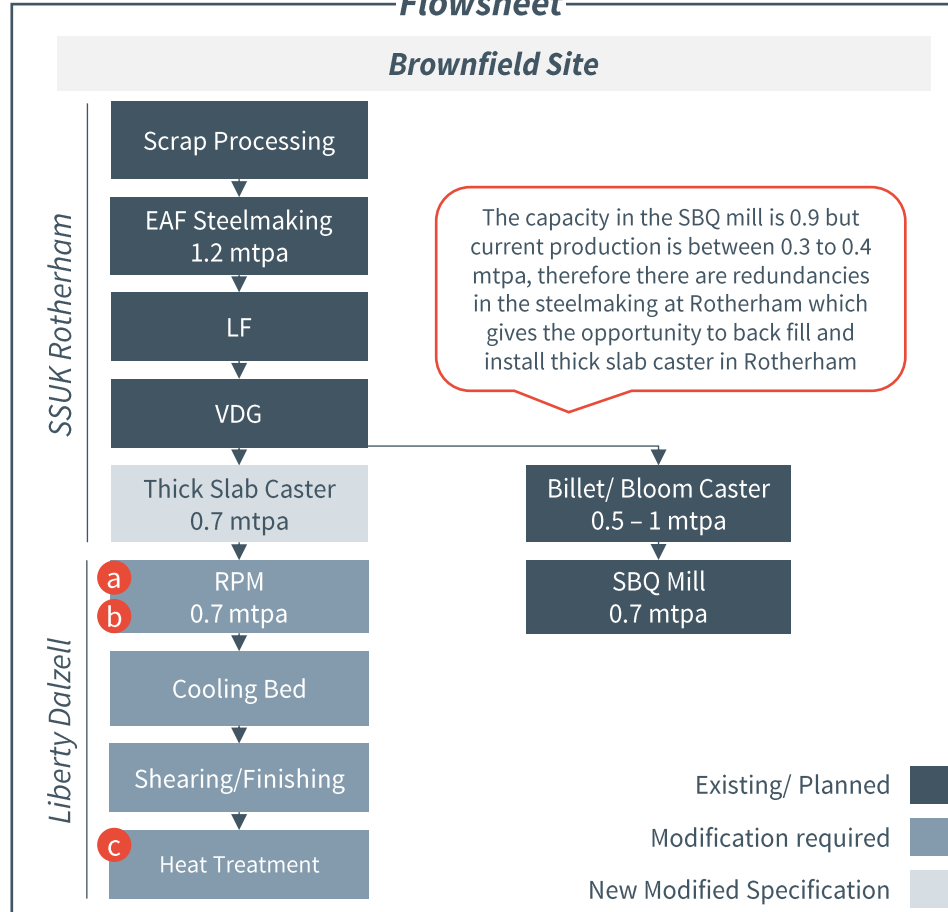
Capacity

Plate capacity of 700 ktpa from 300 ktpa currently (reducing the gap to 1 mtpa)

Capability

- a** Plate width: 4.0 m
- b** Plate thickness: 150 mm
- c** API grades

Flowsheet



Requirements

CAPEX Estimate

£0.8 – 1.0bn

Timeline Estimate

36 months (12 months planning and investment, 24 months in construction)

Other Requirements

Location

Rotherham, Motherwell

Headcount

100 – 150 people

Infrastructure

Existing Rail link

Potential Risks

Mass flows

The mass flow from the meltshop in Rotherham may be insufficient for the slab caster

Underutilisation

Specific to the Billet/bloom caster, as volume will be prioritised for the slab caster

Meltshop Logistics

Based on annual slab caster capacity, it may limit the billet/ bloom caster

Note: Risks shown here are project specific and general project risks are noted after all the options

Source: Hatch analysis

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Dalzell's plate mill could be upgraded; with slabs coming from British Steel's Scunthorpe site, and SSUK's Rotherham site supplying billets to Scunthorpe

Plates

Option N: Brownfield Dalzell upgrade with slab supply from Scunthorpe and backfill from Rotherham

Description

This option requires Dalzell to obtain slab supply from Scunthorpe or Rotherham to supply bloom and billet to Scunthorpe, meaning no new steelmaking. It requires a change in specification to a thick slab caster at Scunthorpe and modification of the Dalzell plant. This option will not be able to adequately supply the offshore wind market based on product requirements (4.5 m width, 20 – 45 t)

Addressed Gaps

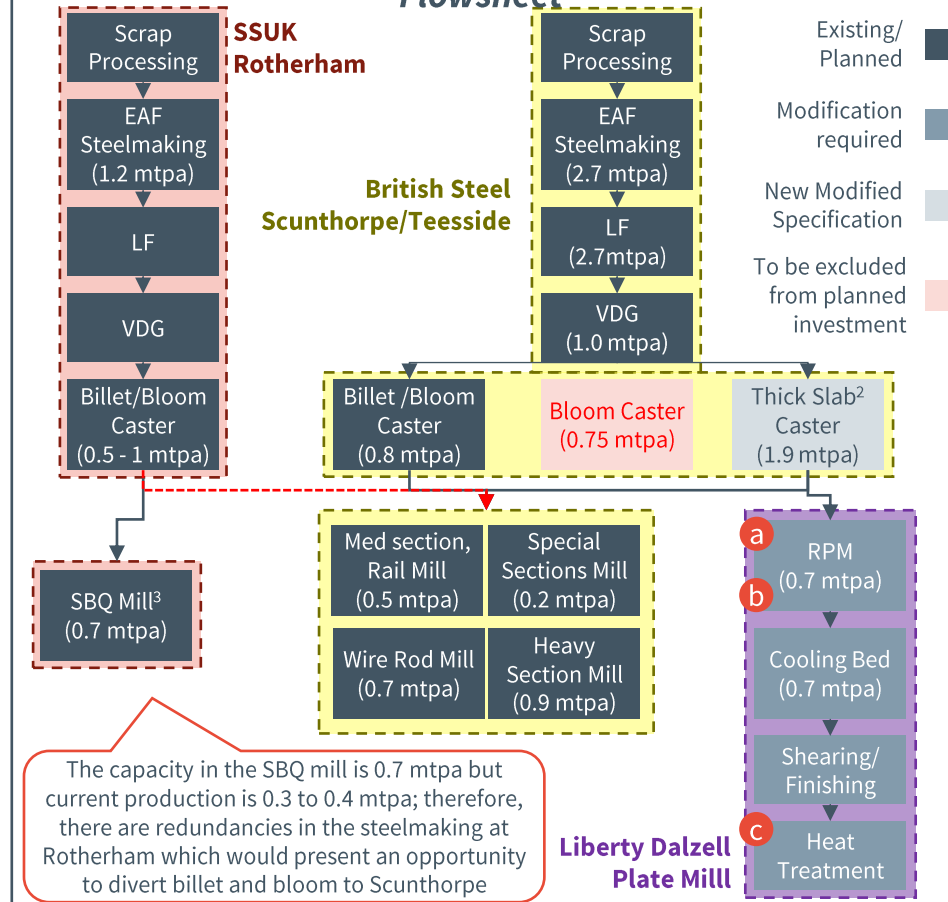
Capacity

Plate capacity of 700 ktpa from 300 ktpa currently (reducing the gap to 1 mtpa)

Capability

- a** Plate width: 4.0 m
- b** Plate thickness: 150 mm
- c** API grades

Flowsheet



Requirements

CAPEX Estimate¹

£0.6 – 0.9bn

Timeline Estimate

40 months (In line with current timeline of Scunthorpe Melt shop project)

Other Requirements

Location

Rotherham, Motherwell, Scunthorpe and Teesside

Headcount

50 – 100 people

Infrastructure

This option will likely require new rail to be built or require road-based logistics

Potential Risks

Logistics

Logistics need to be arranged with the 250 miles from Scunthorpe to Motherwell

Insolvency Risk

If one partner fails or becomes insolvent, supply is at risk

Commercial Risk

Mutual agreement is required to be able to supply semis between sites

Note: Risks shown here are project specific and general project risks are noted after all the options. 1 – This is not including the capex required for the current planned investment in Scunthorpe i.e. planned meltshop. 2 – The cast thickness range to support the plate mill & the existing section mill would be 225 – 450mm. A caster of this range is not proven technology & as such the two strands would need to be slightly different in operating range to bridge the full requirement. 3 – SBQ mill can produce rebars and wire rods

Source: Hatch analysis

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Beyond project-specific risks, all options are subject to industry-wide risks that should be considered during further business case evaluation

Risk Factors and Mitigations to Consider

RISKS NOT EXHAUSTIVE

Risk	Mitigation
Commercial viability & attractiveness. The project's success depends on market demand, pricing, and the ability to attract investors	Conduct detailed market analysis to understand demand, competition, and pricing trends to develop a robust financial and business case for the project
Capital cost overrun. Unexpected increases in project costs can strain budgets and impact financial returns	Clearly define the scope to develop accurate estimates and allocate contingency within the budget to cover unforeseen costs
Timeline delay. Delays in project completion can lead to increased costs and lost revenue opportunities	Develop a detailed project plan with clear timelines, milestones, permitting and resource allocations inclusive of key bottlenecks such as land acquisition. Set a contingency period to accommodate any delays
Cost competitiveness with imports. Competing with low-cost imported steel can affect ability to secure domestic customers and market share	Policy support mechanisms (e.g., operational cost subsidies/rebates, tariffs on imports, etc.) may be required to address cost competitiveness with imports
Securing a workforce. Projects may require additional skilled labour; Challenges in securing a workforce could cause project delays and result in increased labour costs	Invest in training and apprenticeship programs to develop a long-term skilled workforce

Contents

2.0 Engagement Context

2.1 Current Steel Production Landscape

2.2 Gap Analysis Methodology

2.3 UK Product Capacity and Capability Gap Analysis

2.4 Supply Chain Gap Analysis

A comprehensive approach was used to identify and address operational and supply chain gaps in the UK's steel sector

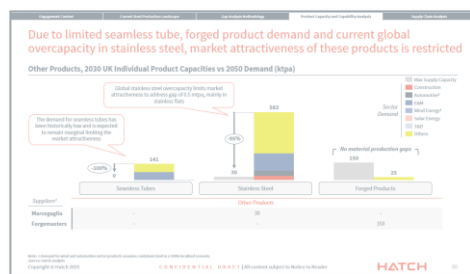
Steel Production Capabilities, Capacities & Supply Chain Gap Analysis Methodology

1 Steel Production Capability & Capacity Gap Analysis

Evaluation of UK steelmaking assets based on their ability to produce the quantity and capabilities of target products required by key domestic end-uses

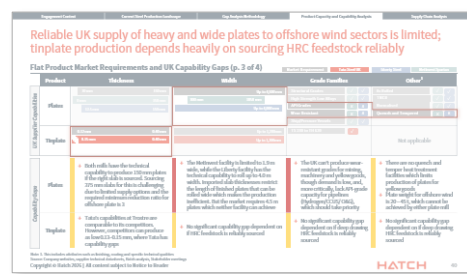
Capacity Analysis

- + Domestic steel production vs. long-term demand by product



Capability Analysis

- + Dimensions
- + Grades
- + Shapes

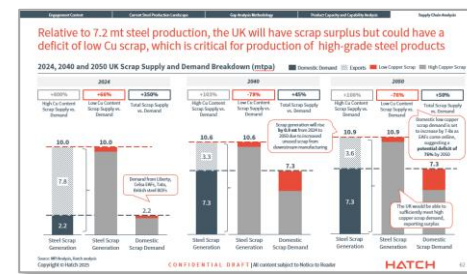


2 Supply Chain Gap Analysis

Evaluation of broader end-use sector supply chains, focusing on upstream input and sector-specific downstream requirements for addressing steel production gaps

Upstream Analysis

- + Energy
- + Ore Based Metallics (OBMs)
- + Scrap



Downstream Analysis

- + Construction
- + Engineering & machinery
- + Wind power
- + Automotive
- + Transmission & distribution
- + Nuclear
- + Solar power
- + Transformers
- + Motors
- + Defence

Focus of this section

Output: Options to address the key technical and commercial gaps for the products and key end-use sectors. These options will consider capital cost requirements, development timelines, policy support measures, and commercial risks



Supply Chain Gap Analysis – Upstream

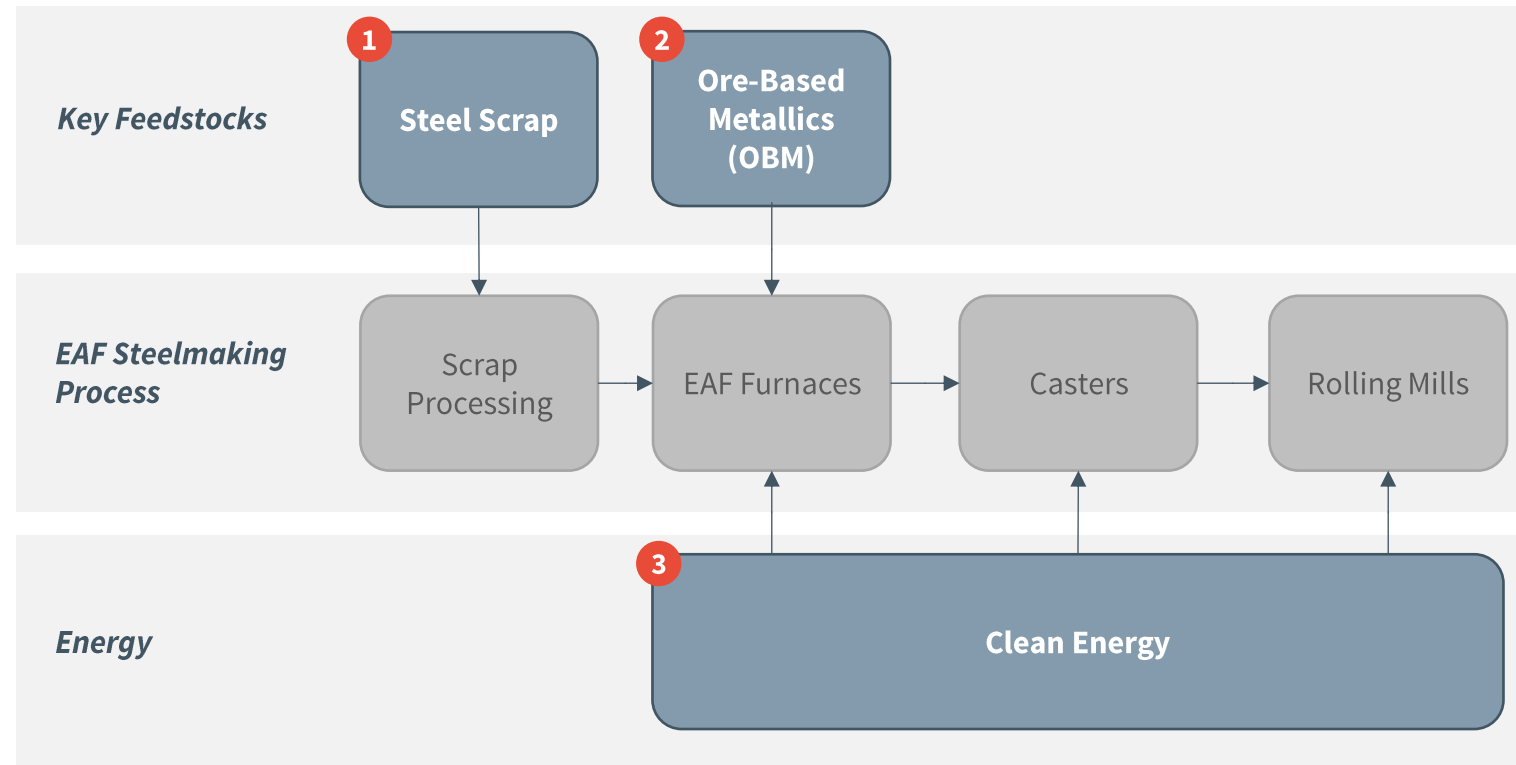
The UK can currently produce enough scrap and energy for additional EAFs, but further upstream capacity and a DRI plant may be crucial to meet future demand

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 generate sufficient volumes of low-copper content scrap, which is critical for the production of high-grade steel products	+ Construction of scrap processing plants that process high-copper scrap by reducing copper content to achieve quality requirements for production of 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 + Pursue partnerships with projects in emerging green DRI corridors (e.g., new green DRI projects in Europe or Middle East)
	Energy			+ The UK can produce clean energy, but additional EAFs (Tata Steel and potentially British Steel) or upstream facilities will require significant additional power to meet the new demand	+ Evaluate alternative iron making and steel process which are underdevelopment such DRI-ESF-BOF + Increasing the UK's power generation and grid capacity to meet steel supply chain requirements

To capture addressable domestic steel demand, scrap, ore-based metalics, and clean energy must satisfy volume and quality requirements for EAF steelmaking

Simplified EAF Steelmaking Flowsheet



Key Takeaways

1 Steel Scrap

- + Scrap can come in two main forms:
 - **High-copper content scrap:** scrap collected from end-of-life products containing steel (copper content of ~0.3 – 0.4%)
 - **Low-copper content scrap:** high-quality steel scrap generated during manufacturing processes (copper content of ~0.2 – 0.3%)

2 Ore-Based Metalics (OBM)

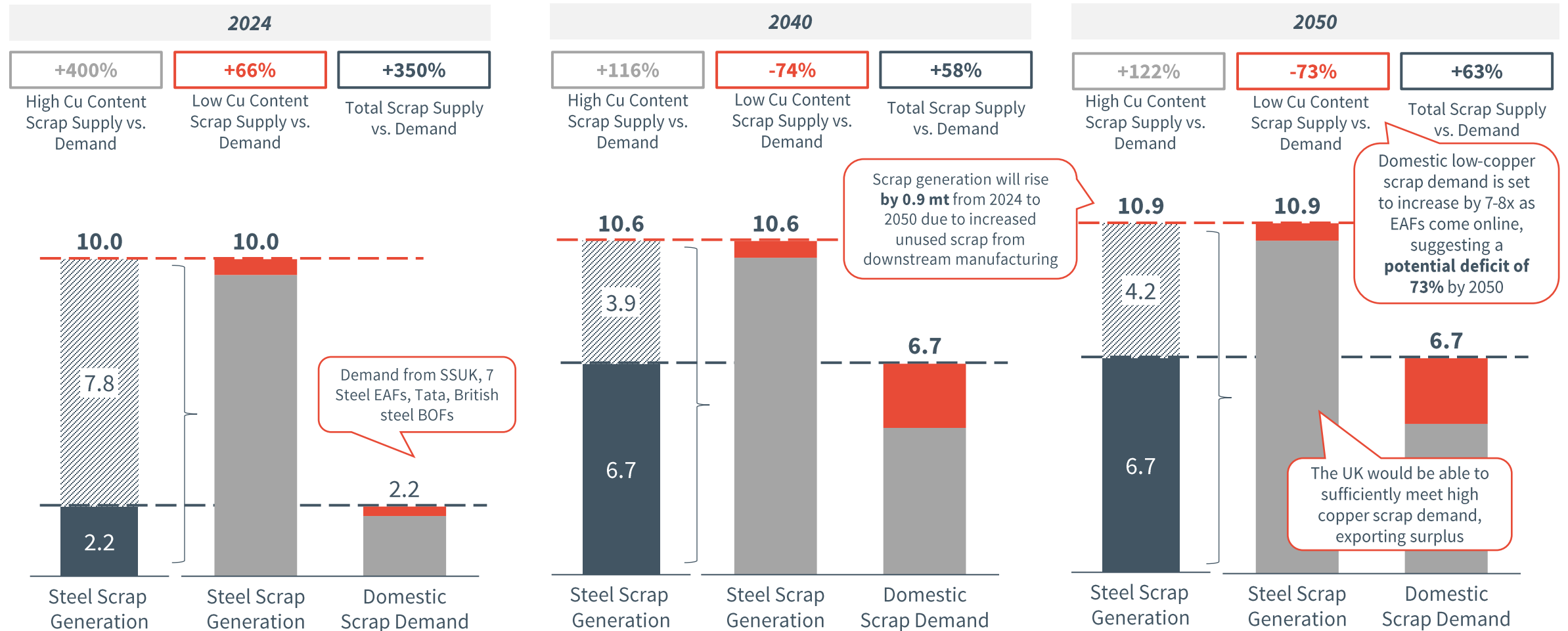
- + To meet bespoke steel grade requirements, OBMs are needed to dilute harmful elements such as hydrogen and nitrogen

3 Clean Energy

- + Green steel production relies heavily on the availability and cost competitiveness of clean energy sources (e.g., wind, solar, nuclear)

Relative to 6.7 mt steel production, the UK will have scrap surplus but could have a deficit of low-copper scrap, which is critical for production of high-grade steel products

UK Scrap Supply and Demand Breakdown in 2024, 2040, and 2050 (mtpa)



There are two key options to address the deficit of low-copper scrap: (1) increasing scrap processing, and (2) using OBM to dilute copper content

Technical Issues Related to Processing of Copper in Scrap

- + **Scrap accounts for the largest component of the operating costs and its mix requires careful examination by a steel producer to determine the lowest cost mixture to achieve specified grades.** There is wide variation of copper levels required in steel, rebars can accept 0.4% copper while for certain grades in automotive steel, copper levels must be <0.1%
- + **The copper level in scrap can vary widely.** E3 and E1, obsolete scrap, contain higher levels of copper ~ 0.3 – 0.5% and have wider availability. E2 and E8, prompt scrap or new scrap, contain 0.2 – 0.3% copper and have lesser availability. Copper levels in scrap can be reduced by processing and shredding. For example, if there is E1 scrap available with 0.40% copper, then the scrap can be run through a shredder to remove the copper to reduce the copper to 0.26%. Some high-quality shredders can achieve as low as 0.16%
- + **There are technical challenges to metallurgically reduce copper in the liquid steel in the furnace.** There are no commercially proven technologies available currently. There is research and development being conducted to develop these technologies, but these are still at lab scale and are many years away from being deployed commercially. As an example, Swansea University is conducting R&D and using electrowinning technology to remove copper from steel

Options to Consider for Deficit of Low-Copper Content Scrap

Option 1:

Increase processing of high copper scrap to reduce copper content and meet the required quality standards for scrap

Option 2:

Use OBM, with copper levels ~0%, to dilute the copper in the steel. This requires importing or production of OBM as a substitute of low-copper scrap. OBM can be DRI or pig iron. Given the high emission footprint of pig iron, DRI is expected to be the default OBM of choice

Option 3:

Invest in R&D to develop new technologies to improve scrap processing and removal of copper from liquid steel in EAF

A new scrap facility could be developed to convert excess scrap into low-copper scrap suitable for EAFs, addressing the future deficit

Option to Fulfil Low-Copper Content Scrap Demand: High Copper Content Scrap Processing Facility

Description

This option explores setting up a facility to process high copper scrap metal by reducing the copper content to meet the required scrap quality standards. This processed scrap can then be used as feedstock for the planned EAFs. Four of these shredders will be needed to close the addressable gap

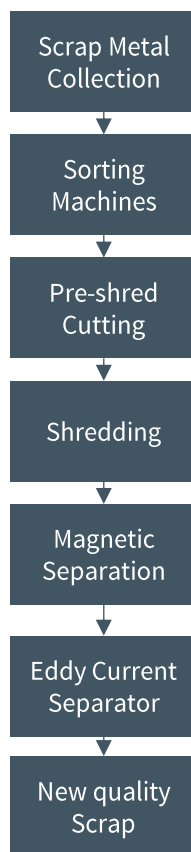
Addressed Gaps

Upstream

This option looks to address the gap presented by the insufficient supply of low-copper content scrap, a gap of 1.5 – 2 mtpa by 2050 from as early as 2030. This option presented is for a typical processing facility with capacity of 450 ktpa

Flowsheet

Greenfield/ Brownfield Site



Requirements

Capital Cost Estimate

£30 – 40m
(for a typical 450 ktpa facility)

Timeline Estimate

24 – 48 months (minimum 6 months planning, 18 months construction)

Other Requirements

Location

Ideally situated with good road and rail access

Headcount

50 – 70 people

Infrastructure

Good system of roads for inbound and outbound logistics, railroad access, and power availability

Risks

Regulatory

Air quality permits due to high VOCs. Stormwater run-off and contamination risk

Legal

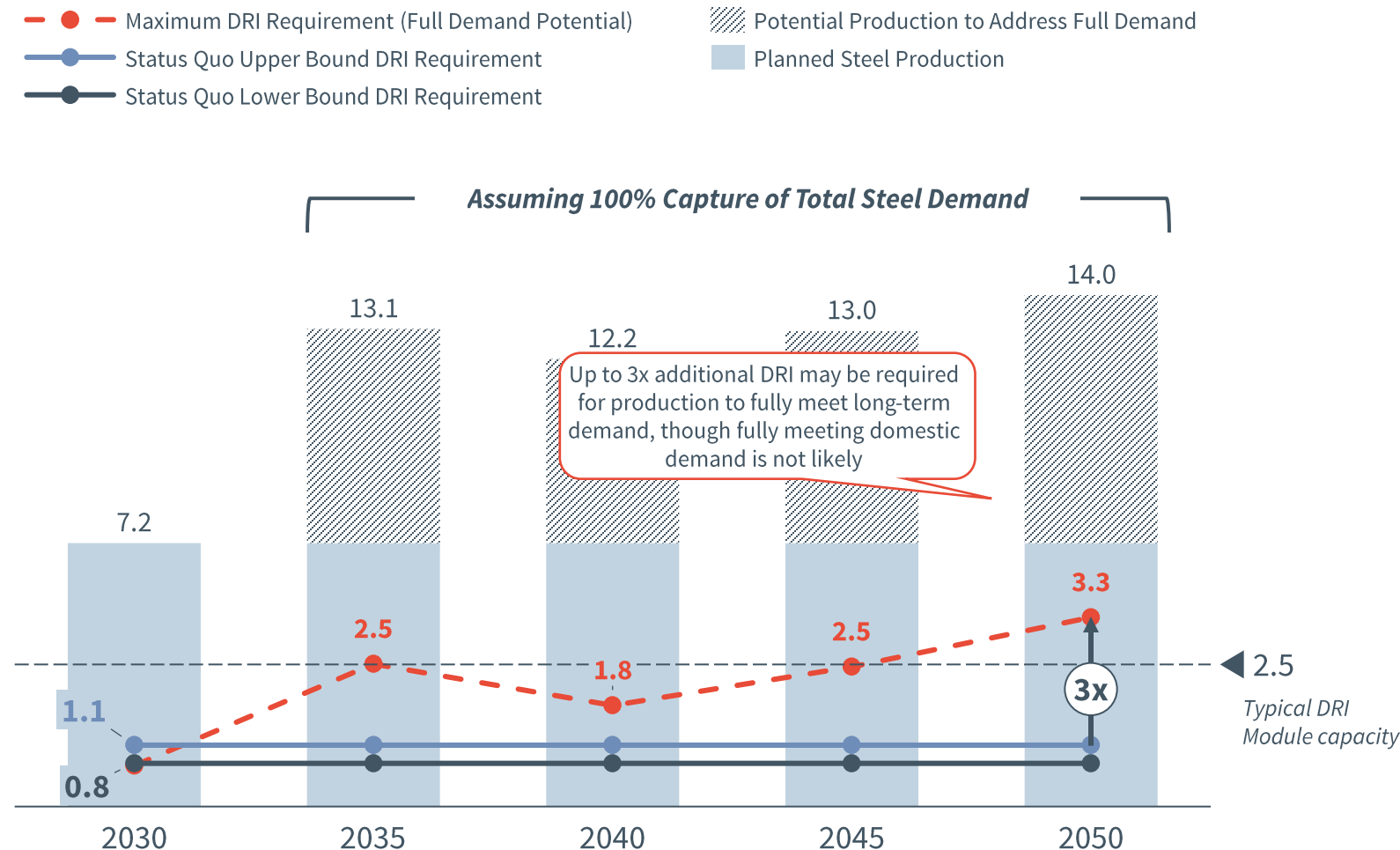
Legal challenges from continuous traffic and noise from shredder operations

Workforce

Difficulty in sourcing skilled workforce (mechanical and electrical) personnel

Relative to 6.7 mt steel production, the UK would need 0.8 – 1.1 mt DRI for special grades, this would theoretically increase by 3x to capture 100% of UK demand

DRI Requirements vs. Steel Production, 2030 – 2050 (mtpa)



Note: This assumes status quo Wind and Automotive Localisation
Source: Hatch analysis

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Technical Requirements of DRI

- + **Description:** Direct reduced iron (DRI) is produced by removing chemically-bound oxygen from iron oxide pellets, using natural gas or hydrogen. Contents include iron with small amounts of copper, nitrogen, and other impurities
- + **Requirement:** DRI is suitable for use in EAF, in conjunction with scrap. Scrap is generally suitable for production of standard grades where copper content can exceed 0.15%. For high value grades (e.g., automotive, deep drawing, etc.) copper content cannot exceed 0.1 %. DRI is accordingly required to reduce the copper content of scrap steel
- + **UK context:** After Tata Steel and British Steel transition to scrap-based EAF steelmaking, increased demand for DRI can be expected for impurity removal

Key Takeaways

- + Scrap generation in the UK is limited to a maximum of 10.9 mtpa in 2050, suggesting increased demand for DRI to support planned EAF production of 6.7 mtpa
- + DRI demand may reach up to 3.3 mtpa (3x increase) if the UK aspires to capture 100% of domestic demand, due to the production of higher value grades

The UK needs DRI to produce certain high-grade steels; DRI plants become commercially viable at 2 mtpa, though alternative options are available

Securing the DRI Feedstock for UK Steel

Options	6.7 mtpa of production	14.0 mtpa of production
Building a greenfield DRI plant (further details shown on the right)		✓
Import HBI ¹ from the open market through long term offtake agreements	✓	✓
Enter into JV agreements in projects in emerging green DRI corridors in Middle East or new green DRI projects in Europe		✓
Evaluate alternative iron and steel making process which are underdevelopment such DRI-ESF-BOF		✓

Option to Fulfil DRI Demand: New DRI Plant

Description

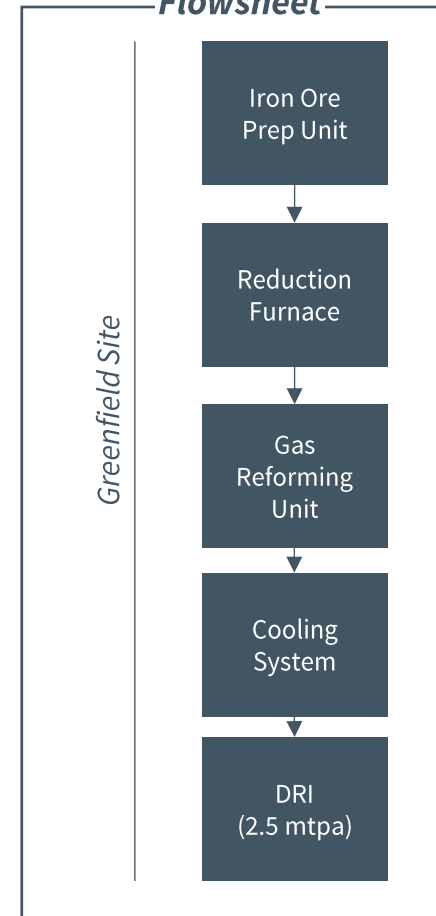
This option details out the requirements for a DRI plant, this is to support the feedstock system for planned UK steel facilities. This is a greenfield site that can be placed anywhere, ideally situated to an EAF or near good transport links to transport the DRI

Addressed Gaps

Upstream

The UK is expected to need 0.8 – 1.1 mtpa of DRI to support 6.7 mtpa of EAF steel production. This option shows typical details for a facility that produces 2.5 mtpa. Current requirements of 0.8 – 1.1 mt will be not be commercially viable for a 2.5 mtpa facility but could become in future if production increases further

Flowsheet



Requirements

Capital Cost Estimate

£1.2 - 1.5bn
For a typical natural gas or H₂ based 2.5 mtpa module

Timeline Estimate

48 – 60 months (minimum; 12 months planning, 36 months construction)

Headcount

175 – 200 employees

Risks

Workforce

As the UK historically has never had a DRI plant, sourcing staff that have the appropriate skills and experience can be challenging

Note: 1. DRI is very combustible when transported by sea. HBI is the compacted form of DRI to overcome the problems associated with shipping.

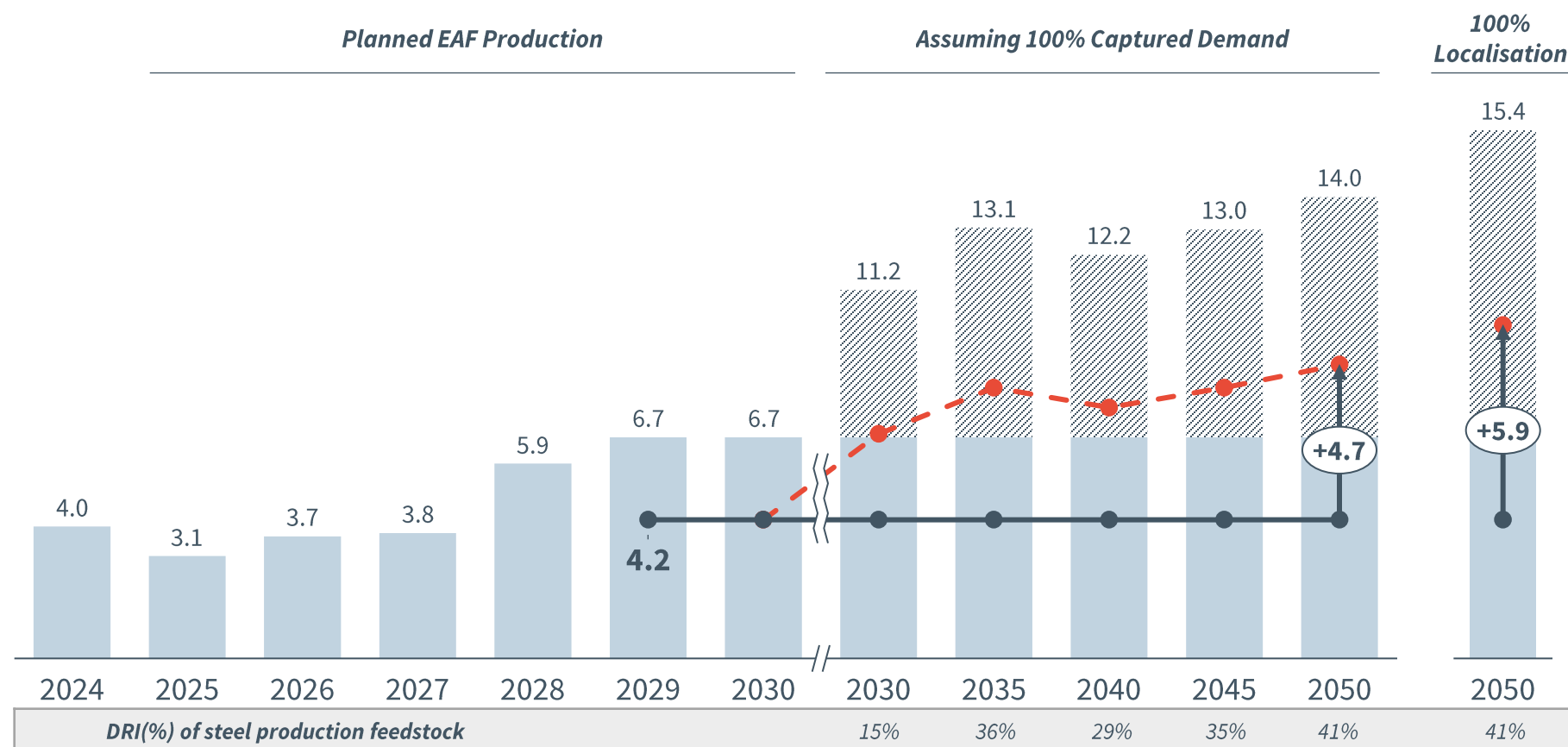
Source: MPI Analysis, Hatch analysis

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If the UK scales above current EAF production to capture addressable domestic demand, energy requirements could increase by up to 5.9 GW by 2050

Additional Energy Requirements (GW) vs. Steel Production (mtpa), 2030 - 2050

—●— Additional Energy Requirement (Full Demand Potential) —●— Status Quo Energy Requirement ▨ Potential Production to Address Full Demand ■ Planned Steel Production



If the UK scales above currently planned steel production of 6.7 mtpa to further capture addressable demand, **up to 5.9 GW of energy will be required by 2050**, though fully meeting domestic demand is not likely; **this can be supplied from renewable energy expansions** (e.g., nuclear SMRs)

Note: 100% Localisation, integrates forecasted steel demand and if 100% of steel demand from the automotive and wind sector was localised to the UK

Source: Hatch Analysis

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Supply Chain Gap Analysis – Downstream

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

Downstream	Sector	Capacity ¹	Capability ¹	Supply Chain Gaps	Options to Address
	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 supplying 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.

The UK steel sector has suitable capabilities to address the construction and T&D sectors, though it lacks the capacity to capture ambitious growth potential

Steel Demand Sector Downstream Supply Chain Summary (p.1 of 7)¹

● Low ● Medium ● High

Sector	High-Level Supply Chain					Key Takeaways	
						Observations	Options
Construction  Transmission & Distribution 						+ Construction projects are typically localised within the country of development + The UK has no capability gaps but may face capacity challenges with a potential growth in T&D and construction demand + New transmission infrastructure is typically developed on a project-to-project basis, further limiting supply chain investment in specialised T&D facilities	+ Increase overall production capacity to address the construction and T&D supply chains + Encourage long-term investments in specialised UK facilities and OEMs to develop the T&D supply chain
	Capacity (2050)	●	●	●	●	●	
	Capability	●	●	●	●	●	

Note: 1. For explanation behind the criteria see the assessment methodology slide (slide 17)

Source: Hatch analysis

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With aspirational UK capacity ambitions, the nuclear supply chain would need to be developed from both a capability and capacity standpoint

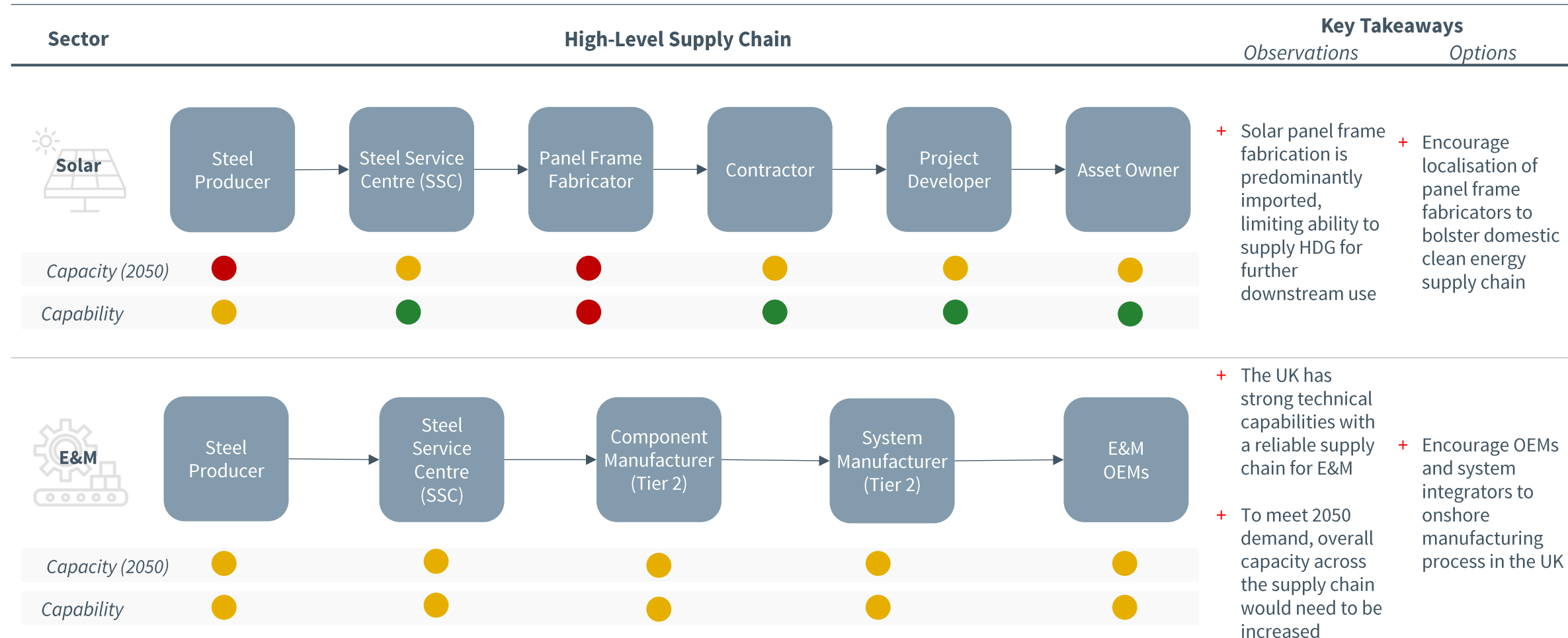
Steel Demand Sector Downstream Supply Chain Summary (p.2 of 7)¹

Sector	High-Level Supply Chain						Key Takeaways	
							Observations	Options
<div> Nuclear</div>	Steel Producer	Service Centre	Component Manufacturer	Equipment Manufacturer	System integrators	Technology suppliers	Asset Owner	
							<div><div></div><div>+ The UK has partial capabilities within the supply chain for future projects due to the complexity in steel requirements</div></div>	<div><div></div><div>+ Improve capacity and capability of plates production for nuclear applications</div></div>
							<div><div></div><div>+ To meet nuclear capacity ambitions, the supply chain capacity should be increased</div></div>	<div><div></div><div>+ Increase the capacity of the overall supply chain</div></div>
Capacity (2050)	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	
Capability	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	

The UK solar supply chain is heavily reliant on Chinese imports for panel frames, while domestic E&M capacity would need to expand to meet future demand

Steel Demand Sector Downstream Supply Chain Summary (p.3 of 7)¹

● Low ● Medium ● High



Note: 1. For explanation behind the criteria see the assessment methodology slide (slide 17), 2. This includes the seats, suspensions, wheel rims, bumpers, wipers etc.

Source: Hatch analysis

The automotive supply chain has hollowed out over recent years due to several macroeconomic factors, suggesting comprehensive efforts to revitalise growth

Steel Demand Sector Downstream Supply Chain Summary (p.4 of 7)¹

● Low ● Medium ● High

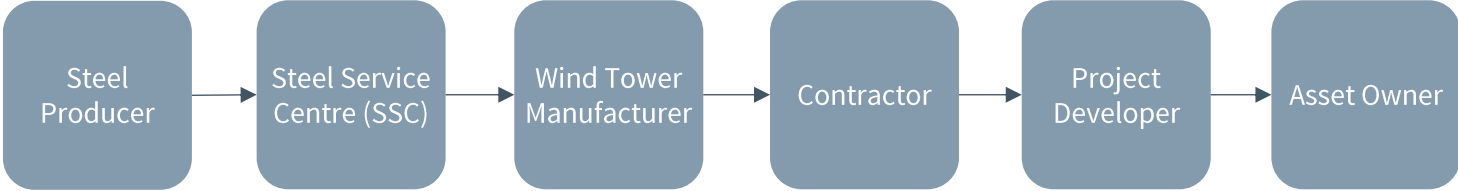
Sector	High-Level Supply Chain				Key Takeaways	
					Observations	Options
Automotive ²	Steel Producer (Body in White)	Specialist Steel Service Centre		Auto OEMs	<div>+ The UK's automotive supply chain has been hollowed out due to a variety of factors including falling demand in key markets, manufacturer model changeovers, and broader economic and political uncertainty</div> <div>+ Supply chain localisation varies by component (e.g., power trains are largely imported while frame and body use a larger share of domestically produced steel)</div>	<div>+ Collaborate with auto OEMs and system integrators to address domestic manufacturing challenges</div>
	Steel Producer (Non-Body in White) ¹	Specialist Steel Service Centre	Component manufacturer (Tier 2 and 3)	System Manufacturer (Tier 1)		
Capacity (2050)	●	●	●	●	●	
Capability	●	●	●	●	●	

Note: 1. For explanation behind the criteria see the assessment methodology slide (slide 17), 2. This includes the seats, suspensions, wheel rims, bumpers, wipers etc.
Source: Hatch analysis

The UK's wind supply chain relies heavily on imports, limiting opportunities for steel production despite ambitious long-term installation targets

Steel Demand Sector Downstream Supply Chain Summary (p.5 of 7)¹

● Low ● Medium ● High

Sector	High-Level Supply Chain						Key Takeaways	
							Observations	Options
 Wind Energy							<ul style="list-style-type: none"> + Traditional fabricator are largely concentrated in Europe and Asia + Due to a limited domestic wind tower manufacturing presence, demand for associated steel facilities to produce key components (i.e., nacelles, blades, towers) has been limited 	<ul style="list-style-type: none"> + Encourage wind OEMs to onshore production in the UK which will also accelerate the growth of specialist SSCs
	Capacity (2050)	●	●	●	●	●		
	Capability	●	●	●	●	●		

Note: 1. For explanation behind the criteria see the assessment methodology slide (slide 17)

Source: Hatch analysis

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As sectors positioned for domestic demand growth, motors and transformers would require broader supply chain location to capture steel production potential

Steel Demand Sector Downstream Supply Chain Summary (p.6 of 7)¹

● Low ● Medium ● High

Sector	High-Level Supply Chain					Key Takeaways	
						Observations	Options
<div>Motors</div>	<div>Steel Producer</div>	<div>Steel Service Centre</div>	<div>Motor Manufacturer</div> <div>Stamping & Motor Die Manufacturer</div>	<div>System Integrators</div>	<div>Auto OEMs</div>	<div>+ The UK faces capacity and capability gaps in the transformers and motors supply chain, including lack of local electrical steel production</div>	<div>+ Broad efforts to bolster domestic sectors in consideration of expected demand uplift would create opportunities across the entirety of supply chain, including upstream steel production</div>
Capacity (2050)	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>		
Capability	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>		
<div>Transformers</div>	<div>Steel Producer</div>	<div>Steel Service Centre and Laminators</div>		<div>Transformers OEMs</div>		<div>+ Additional supply chain development may create opportunities to export to Europe</div>	
Capacity (2050)	<div></div>	<div></div>		<div></div>			
Capability	<div></div>	<div></div>		<div></div>			

Note: 1. For explanation behind the criteria see the assessment methodology slide (slide 17)

Source: Hatch analysis

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Building resilience within the defence supply chain requires onshoring OEMs and further coordination between UK steel producers and the defence industry

Steel Demand Sector Downstream Supply Chain Summary (p.7 of 7)¹

● Low ● Medium ● High

Sector	High-Level Supply Chain				Key Takeaways	
					Observations	Options
 Defence ²					<div>+ The UK will need to onshore more OEMs to increase supply chain resilience</div> <div>+ The defence supply chain is highly specialised and very challenging to shift, which could take several years</div>	<div>+ The defence industry should engage further with UK steel producers to source defence-grade steels and strengthen supply chain resilience in line with national security imperatives</div>
	Capacity (2050)	●	●	●	●	
	Capability	●	●	●	●	

Note: 1. For explanation behind the criteria see the assessment methodology on p.17. 2. Defence supply chains are highly complex and have been simplified for purposes of this gap analysis
Source: Hatch analysis

Domestic steel production is strategically critical to supporting defence applications and domestic resilience

Defence Demand Sector Downstream Supply Chain Supplier Identification¹

Metinvest Spartan	Somers Forge	Forgemasters
Tata Steel UK	7 Steel	Marcegaglia
Industry Requirement	British Steel	Liberty Steel

NOT EXHAUSTIVE

	Product	Defence Equipment and Support	Defence Infrastructure Organisation	Defence Science and Technology Laboratory
UK Supplier Identification	HRC	Hot Rolled Sheet for Shipbuilding ✓	Roofing and Pipework for Industrial Services ✓	While defence represents a small share of domestic end-use demand, capability gaps suggest reliance on imports for critical applications
	Sections		Construction, T&D and infrastructure uses ✓ Construction and infrastructure uses ✓	
	Plates	RH armour plates ✓ Ship hulls and submarines ✓	Plates for construction and bridges ✓ Heavy plates ✓	
	Forged Products	Naval defence and submarines ✓	Forged Components for housing ✓	
	Wire Rods		Construction Uses (primarily mesh) ✓	
	Rebars		Construction Uses ✓	
	Special Profiles	Bulb flats for shipbuilding ✓	Fork lift masts, cranes and trackshoes ✓	
	Stainless Steel			Stainless forgings for nuclear research ✓
	Rail		Passenger and freight rail ✓	
Supply Chain Risks	Steel Products for Defence	<ul style="list-style-type: none"> + The UK has sufficient capabilities and capacities, though this had not been fully utilised by the defence industry due to limited visibility on domestic steel production capabilities to fulfil the industry-specific steel requirements + If the UK loses access to domestically produced steels used in defence not easily substitutable with imports (e.g., jet engines and armoured vehicles programs), there may be delays to defence programmes, inhibiting both operational capabilities in the interim and a broader loss of economic opportunity from public spending + Declined domestic defence industry manufacturing may result in impaired domestic innovation capabilities if the UK begins to fall behind strategic competitors and misses economic opportunity to participate in defence procurements of allied countries + To address risks, there should be further engagement between the defence industry and UK steel producers to procure defence-grade steels to build up UK supply chain resilience 		

Note: 1. Steel producer capabilities based on data made available by UK Steel, provided capabilities have not been validated with mentioned producers and accordingly may not be exhaustive or reflective of current capabilities for listed requirements.

Source: Royal United Services Institute for Defence and Security Studies 'At the Crux: UK Steel Risk in the Energy Transition', UK Steel Defence Procurement Positioning Paper (May 2024), Hatch analysis.

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