

Governments as Steel Company Owners: Does Nationalisation Work?



Advisory • Research • Intelligence
SteelOnTheNet.com

Email us: info@steelonthenet.com

Call us: +44 775 149 0885

[Home](#) [News](#) [Advisory](#) [Insights](#) [Resources](#) [M&A](#) [History](#) [Guide](#)

[SteelOnTheNet](#) » [Insights](#) » Steel Nationalisation Government Ownership

Six Decades of Evidence — and What It Actually Shows

 [Download PDF](#)

Executive Summary

Governments have repeatedly taken ownership of steel companies across Europe over the past six decades. The political logic is consistent: private ownership fails, a crisis develops, and a government steps in. The question that rarely receives rigorous analysis is whether government ownership actually resolves the underlying problem — or simply defers it at public expense.

The evidence from six cases examined here — the British Steel Corporation, Ilva/Taranto, Sheffield Forgemasters, British Steel/Scunthorpe, Huta Częstochowa, and Liberty Galați — points to a clear conclusion: **government ownership works when it targets a specific, identifiable strategic capability that private markets have demonstrably failed to sustain. It fails when it acquires commodity steel capacity under strategic pretexts, driven by employment or political concerns.**

The distinction matters because the cost of getting it wrong is large. Italy's repeated interventions at Taranto have consumed an estimated €4–5 billion over more than a decade without achieving commercial viability. The UK's British Steel Corporation absorbed enormous public capital over nearly two decades before a rationalisation that shed roughly half the workforce in four years — pain that earlier market-led



restructuring might have distributed more gradually. In both cases, state ownership deferred rather than resolved the structural problem, and the accumulated cost of deferral substantially exceeded what managed closure or transition would have cost at an earlier stage.

The cases that succeed share a common architecture. The asset must be genuinely strategic — producing grades with no practical substitute from allied-country suppliers, such as nuclear forgings, hardened armour plate, or aerospace alloys. The acquisition cost must be proportionate, the purpose defined, and there must be no pretence that the intervention is anything other than what it is. Sheffield Forgemasters and Huta Częstochowa meet these criteria. Scunthorpe and Taranto do not.

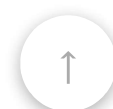
A framework for evaluating government steel ownership decisions is presented, applying four criteria: strategic asset, failed private ownership, defined transition pathway, and honest cost accounting. Most interventions fail at least two of these tests — and the failures cluster around the same error. The article also identifies the conditions under which temporary government ownership as a bridge to private ownership or managed transition can work — and why those conditions are so rarely met in practice.

Few policy decisions generate more political heat and less analytical clarity than government ownership of steel companies. From the nationalisation of the British steel industry in 1967 to Italy's repeated interventions at Taranto, from Poland's defence ministry acquiring a plate mill in late 2025 to the UK government's emergency takeover of British Steel's Scunthorpe operations under the Steel Industry (Special Measures) Act 2025, the pattern repeats. The cases examined below test whether that pattern produces different outcomes when the underlying rationale changes — and what the evidence of six decades actually shows.

The Recurring Logic of Intervention

Governments acquire steel companies for several distinct reasons, which are frequently confused with one another. The table below sets out the six principal objectives — from employment preservation and strategic defence capability through to balance of trade, industrial value addition, profit, and decarbonisation — and assesses how well state ownership typically delivers against each. Not all are equally legitimate, and they lead to very different outcomes. Conflating them — treating employment preservation as though it were strategic necessity, or dressing up political symbolism as industrial policy — is the central error in most government steel ownership decisions, and the most expensive one to reverse.

Objective	Typical context	Does government ownership deliver?	Comment
Employment preservation	Mature economies; large regional employer at risk of closure	Rarely, and at high cost	The most common objective and the least successful. State ownership typically delays job losses by five to fifteen years whilst multiplying the total fiscal cost. The same employment outcomes are achievable at lower cost through structured closure with funded worker transition. Scunthorpe and Taranto are the defining examples.
Strategy and defence	Alloy steels, armour plate, nuclear forgings; capabilities with no allied-country substitute	Yes — when genuinely applied	The strongest case for government ownership. Where an asset produces steel grades critical to defence or nuclear programmes and private markets have failed to sustain it, targeted state ownership is both justified and cost-effective. Sheffield Forgemasters (£2.56m acquisition) and Huta Częstochowa (Polish <u>MoND</u> acquisition, 2025) are the clearest current examples. The key qualifier is <i>genuine</i> strategic value — the label is frequently misapplied to commodity assets.
Balance of trade improvement	Countries with significant steel import dependency seeking to reduce foreign exchange outflows	Sometimes, short-term	Import substitution through state steel ownership has a mixed record. Where the domestic cost of production is close to the import price, ownership can reduce the trade deficit meaningfully. Where it is not — as in most Western European cases — the fiscal cost of subsidising uncompetitive domestic production exceeds the foreign exchange saving. The calculation is more favourable in emerging markets with low labour costs and growing domestic demand.



Objective	Typical context	Does government ownership deliver?	Comment
Value addition and industrialisation	Resource-rich developing economies; Brazil, India, and Gulf states in earlier decades	Yes — in the right conditions	The development economics case: own the steel industry to capture upstream value from iron ore rather than exporting raw materials, and to anchor downstream industrial development. Brazil's CSN and Usiminas, both created as state enterprises in the 1940s–60s, built the foundation of Brazil's industrial economy before successful privatisation. The model works where domestic demand is growing rapidly, resource endowments are strong, and the state has genuine management capability. It does not transfer well to mature, high-cost economies.
Profit	Sovereign wealth fund investments; early-phase Chinese export mills; Gulf state integrated projects	Rarely achieved	Profit is the rarest stated objective and the least commonly realised outcome of government steel ownership. The exceptions are narrow: some Gulf state integrated mills benefit from captive energy cost advantages and regional market protection that make commercial returns achievable. Chinese state mills generated profits during the export growth phase of the 2000s, though at the cost of global overcapacity that subsequently destroyed returns industry-wide. In Western European contexts, government-owned steel companies have almost never generated sustained commercial returns.
Transition and decarbonisation	Green steel investment where private capital is insufficient; EAF or DRI -hydrogen conversion requiring long payback periods	Promising — but conditions matter	An emerging and more legitimate rationale: government co-ownership or direct ownership to fund decarbonisation investment that private shareholders will not finance given the risk and payback horizon. The UK government's £500 million support for British Steel's Port Talbot EAF transition is the clearest current example — time-limited, conditional, and directed at a specific technology shift rather than open-ended production subsidy. This model has more to commend it than employment-driven ownership, provided the support is genuinely conditional and the exit is defined from the outset.

What the Evidence Shows

The European record on government ownership of steel companies is, in aggregate, poor. The most comprehensive evidence comes from the OECD, whose steel research consistently documents that government-supported production subsidies — including those flowing through state-owned enterprises — display counter-cyclical characteristics: they intensify precisely when market pressure would otherwise force restructuring. The result is not that state-owned mills become more competitive. It is that they are insulated from the pressure that competitiveness requires. The OECD's Steel Outlook 2025 identifies production subsidies, below-market financing, and government-directed capacity investment as the three principal drivers of global steel overcapacity — all instruments most heavily associated with state ownership or state-controlled enterprises.¹

The pattern is well documented in our separate analysis of zombie steel mills and state aid: each intervention defers rather than resolves the underlying problem, and the accumulated cost of deferral typically exceeds what managed closure would have cost at an earlier stage. The OECD's research adds a particularly important finding — in economies where production subsidies are most heavily used, support tends to intensify during downturns, switching on precisely when facilities become unviable and thereby preventing the market adjustment that commercial recovery requires.

Why State Ownership Tends to Fail: Three Structural Reasons

Management incentives. State-owned steel companies lack the commercial discipline that flows from shareholder accountability, bankruptcy risk, and competitive capital allocation. Managers in state enterprises operate under softer budget constraints — the expectation that government will cover losses removes the pressure that drives operational improvement in private firms. Poor decisions are not punished by the market; they are absorbed by the public finances. This is not a reflection on the ability of individual managers, many of whom are highly capable. It is a structural feature of ownership that removes the consequences that make markets work.

Capital misallocation. When government owns a steel company, investment decisions are made on political rather than commercial criteria. Capital flows to facilities that should close, and away from assets that could be genuinely productive. The clearest illustration in recent UK history is the contrast between the hundreds of millions directed at Scunthorpe's commodity long products and the minimal attention given to Liberty Specialty Steels' aerospace alloy capabilities until crisis point. The underlying principle — that political ownership distorts capital allocation systematically and predictably — is as important as the specific case.

Crowding out private solutions. Government ownership, or the credible expectation of it, can deter private investors and buyers who might otherwise step in. If the market believes government will rescue a failing asset, the incentive for private capital to price and absorb the risk diminishes.

Potential buyers hold back, waiting for the state to act first — or to lower the price through subsidy before acquisition. This dynamic helps explain why so many government steel interventions face a narrowing field of credible private alternatives by the time the rescue package is assembled.

The British Steel Corporation: Modernisation with a Deferred Cost

The UK's own history is instructive. The British Steel Corporation, created by the nationalisation of the UK's major steel producers in 1967, absorbed enormous public capital over more than a decade. Some of that investment did achieve genuine modernisation — the development of integrated plants at Llanwern and the rationalisation of capacity at Port Talbot involved real capital renewal that a fragmented private sector might not have delivered. But the corporation also sustained capacity that private management would have closed earlier. The eventual rationalisation under Sir Ian MacGregor in the early 1980s was brutal: roughly half the workforce shed in four years. That concentrated pain reflected the accumulated cost of deferred structural adjustment through state ownership. British Steel was privatised in 1988 and subsequently merged into Corus, then acquired by Tata Steel. The privatisation generated proceeds, but the preceding decade and a half of state ownership had cost billions and left a legacy of community dislocation that earlier market-led restructuring might have managed more gradually.

This is a recurring feature of large-scale steel nationalisation programmes. The investment case is sometimes genuine. The exit rarely is.

Ilva/Taranto: Europe's Most Expensive Steel Problem

Italy's Ilva steelworks at Taranto is the starkest illustration of what prolonged government ownership of a commodity steel asset produces. The plant, which entered state ownership as part of Italy's broader steel nationalisation programme before privatisation to the Riva Group in 1995, was returned to effective state control following criminal proceedings related to environmental violations in 2012. Since that point, the Italian government has committed an estimated €4–5 billion across successive rescue packages, administrator funding, and environmental remediation commitments. The plant produced fewer than two million tonnes in 2024 — roughly a fifth of its nameplate capacity of 8–10 million tonnes, making it Europe's largest integrated steelworks by installed capacity and among its least productive by output — whilst continuing to absorb public funds.² At around twenty percent of nameplate, Taranto's utilisation sits far below the crisis thresholds our podcast analysis of capacity utilisation as a predictive metric identifies as the point at which a BOF-based integrated mill typically begins generating unsustainable losses — closer to seventy percent.

No restructuring plan has achieved genuine commercial viability. The conditions attached to the European Commission's approval of a €390 million rescue loan in February 2026 — requiring the new operator to commit to closing coal-fired operations and installing electric furnace capacity — represent a partial step forward. But they arrived after more than a decade of largely unconditional intervention. Each package has deferred rather than resolved the underlying problem. The accumulated cost of that deferral now substantially exceeds what a structured, funded closure programme would have cost in 2012.

Where Government Ownership Has Worked

The cases where government ownership of steel assets has genuinely succeeded share a common characteristic: the government was protecting a specific, identifiable capability that private markets had demonstrably failed to sustain — not attempting to keep an entire commodity operation alive.

Sheffield Forgemasters: The Template for Targeted Intervention

Sheffield Forgemasters is the clearest recent UK example. The company, which produces the largest forgings in the UK and holds unique capabilities in nuclear-grade and defence forgings, was acquired by the UK government in 2021 for £2.56 million.³ The acquisition was small, targeted, and strategically coherent. Sheffield Forgemasters cannot be replicated quickly — the combination of forge press capacity, metallurgical expertise, and established customer qualification processes for nuclear and defence applications represents decades of accumulated capability. Its loss to private financial engineering or foreign acquisition would have created a genuine strategic gap. Government ownership here was not a substitute for commercial viability; it was recognition that this specific asset serves national purposes that market pricing alone will not sustain.

This is the model for appropriate state ownership: a clearly strategic asset, a proportionate acquisition cost, an honest purpose, and no pretence that the intervention is anything other than what it is. Our analysis of the 1% Rule in strategic steel explores this distinction in detail — the assets warranting government protection are genuinely few in number, but where they exist, the case for intervention is strong.

Huta Częstochowa: A More Recent Validation

Poland's acquisition of Huta Częstochowa by its Ministry of National Defence in December 2025 offers a second, more recent example of government ownership done correctly. It also carries a sharp irony: the plant's previous private owner was Liberty Steel, whose reliance on Greensill Capital's supply chain finance left multiple European steel assets without adequate funding when Greensill collapsed in 2021.

Huta Częstochowa is an EAF-based plate mill with around 700,000 tonnes of steelmaking capacity and a plate mill rated at up to 1.2 million tonnes per year. It is the only facility in Poland capable of producing hardened armour plate, with the ability to roll plate up to 300 millimetres thick — products required for armoured vehicles, frigates, infantry fighting vehicles, and self-propelled guns in Poland's rapidly expanding defence programme. Following Liberty Steel's bankruptcy filing in 2024, the plant sat idle for fourteen months. State-owned energy and coal group Węglukoks leased it in late 2024, restarted steelmaking in January 2025, and transferred assets to the Military Property Agency in December 2025 following the defence ministry's formal acquisition.

The Polish government's rationale is transparent: this is the only facility in the country with these specific capabilities, geopolitical urgency is acute given proximity to the war in Ukraine, and the defence ministry has direct operational interest in the output. A letter of intent between PGZ (Poland's state defence industrial group), Węglukoks, and Huta Częstochowa formalises the supply relationship for defence industry needs. This is government ownership with a coherent industrial logic — not a substitute for commercial management, but a recognition that some assets serve purposes that the market alone will not sustain. The Liberty Steel connection is a useful reminder: private ownership of genuinely strategic assets is not inherently safer than state ownership. The question is always whether the owner has the capability, the resources, and the long-term commitment the asset requires. For more on how inappropriate private ownership destroys strategic steel capabilities, see our [podcast episode on steel industry investment disasters](#).

The Commodity Trap

The most common and most expensive error in government steel ownership is the acquisition of commodity capacity under strategic pretexts. Commodity steel — basic structural sections, standard flat products, wire rod — is produced by dozens of suppliers across allied countries. Its loss from any single national producer creates no strategic gap. It can be sourced from the market, often at lower cost than domestic subsidised production.

The UK government's approach to Scunthorpe illustrates this precisely. From Jingye Group's acquisition of British Steel in 2020 through to the emergency intervention under the Steel Industry (Special Measures) Act 2025, the UK government committed more than £500 million in loans, subsidies, and support to the facility. Commercial viability was never achieved. Scunthorpe produced commodity long products: standard structural steel available from multiple European suppliers. Its closure created no strategic capability gap. Every product it made remains available from allied producers at competitive prices.

The government's intervention was driven by employment and political concerns, which are legitimate in themselves — but they were presented as strategic industrial policy, which they were not. This matters because the misclassification of commodity production as strategic has a direct opportunity cost. During the same period, Liberty Specialty Steels — which supplies aerospace-grade alloys to Boeing, Airbus, and Rolls-Royce from its Stocksbridge facility and holds genuine defence-qualified supplier status — was deteriorating under an owner whose financing model had collapsed. The failure of Greensill Capital in 2021 left GFG's steel assets without adequate funding, yet the asset received minimal government attention until crisis point. The assets with genuine strategic value received the least protection; the assets with none received the most. The Liberty Specialty Steels situation remains subject to ongoing restructuring and legal proceedings; the observations here reflect the publicly documented record of the GFG Alliance's financing arrangements and their consequences for operational continuity. For a fuller analysis of this distinction, see our piece on British Steel and the Scunthorpe green transition.

The Government Ownership Scorecard

The table below applies four criteria to the principal cases of government steel ownership in recent European history. The criteria are: whether the asset is genuinely strategic; whether private ownership had demonstrably failed or was unavailable; whether a defined transition pathway existed from the outset; and whether the full costs — capital, pension, environmental — were honestly accounted for.

Case	Strategic asset?	Private ownership failed?	Transition pathway?	Costs honest?	Verdict
British Steel Corporation UK, 1967–88	Partly	Yes	Eventually	No	Mixed — genuine modernisation achieved, but structural adjustment deferred at enormous cost; rationalisation when it came was sharper as a result



Case	Strategic asset?	Private ownership failed?	Transition pathway?	Costs honest?	Verdict
Ilva / Taranto Italy, 2012–present	Partly	Yes	No	No	Failure — €4–5bn committed over 13 years; commercial viability never achieved; conditionality arrived a decade too late
Sheffield Forgemasters UK, 2021–present	Yes	Yes	N/A — permanent	Yes	Success — targeted, proportionate, strategically coherent; £2.56m acquisition cost vs. nuclear and defence capability secured
British Steel / Scunthorpe UK, 2020–25	No	Yes	No	No	Failure — commodity long products, no strategic gap created by closure, no exit plan, no decarbonisation conditions attached
Huta Częstochowa Poland, 2025–present	Yes	Yes	Defined defence supply role	Partially	Too early to confirm — but strategically coherent: unique national armour plate capability, clear defence purpose, appropriate acquirer
Acciaierie d'Italia rescue loan Italy / EC, 2026	Partly	Yes	Conditional	Partially	Too early to judge — conditionality attached is progress, but arrives after €4–5bn spent without such requirements

The Political Economy Problem

Understanding why governments make these errors requires understanding the political economy of steel closures. Steel employment is geographically concentrated. A mill employing 3,000 workers is typically the largest employer in its sub-region, with an indirect employment multiplier of two to three times in suppliers, contractors, and local services. The closure announcement is not an abstract economic — it is a crisis for a specific constituency with a specific political representative.

It is also worth being clear about what steel employment actually represents. These are not easily transferable jobs. Steelmaking skills — melting, rolling, heat treatment, quality control — are built over years, often across generations within the same family and the same town. In communities like Scunthorpe, Galați, or Częstochowa, the mill is not simply the largest employer; it is the economic and social fabric around which housing, schools, local businesses, and community identity have been organised for decades. When a steelworks closes, the damage is not confined to the workers directly employed. It radiates outward in ways that take a generation to repair — and sometimes never fully do.

The costs of keeping an unviable mill operating are dispersed across millions of taxpayers and deferred across multiple budget years. The costs of closure are immediate, concentrated, and attached to identifiable faces. Every government facing this asymmetry reaches the same conclusion: intervene now, deal with viability later. The pattern holds across political systems and across EU member states — German state governments, French ministries, Italian regional authorities, and UK Secretaries of State all face the same calculation and all tend to reach the same conclusion.

This does not reflect dishonesty. The officials involved frequently understand the economics. What they face is a genuine tension between economic rationality and social obligation to workers and communities that have built their lives around an industry. That tension deserves respect, not dismissal. The argument here is not that workforce concerns are secondary — it is that prolonging unviable operations is a poor way to honour them. A steelworker who loses their job with adequate notice, a funded retraining package, income support during transition, and real investment in their community's economic future is in a fundamentally different position from one whose employer collapses suddenly after years of false promises and deferred maintenance. The German coal phase-out — which provided individual workers with transition payments, early retirement options, and retraining support alongside €40 billion in regional development funding — demonstrates that this distinction can be made real in practice.⁴ The accumulated cost of deferral through state ownership is typically far higher than well-funded managed closure would have been, and the eventual job losses, when they come, tend to arrive with far less support attached.

When Nationalisation Would Have Been the Better Option

The case against government ownership of steel companies is strong — but it is not absolute. There are circumstances where the realistic alternative to state ownership is not a thriving private market, but a worse form of quasi-state involvement that captures none of the benefits of ownership whilst retaining most of the costs. Three situations stand out.

When private ownership proves predatory or structurally incapable. Liberty Steel's acquisition of multiple European steel assets — including Liberty Specialty Steels in the UK, Liberty Galați in Romania, and Huta Częstochowa in Poland — was financed substantially through Greensill Capital's supply chain finance vehicles, with no realistic long-term capital plan behind any of

In each case, assets deteriorated under private ownership that government had approved without adequate scrutiny. Direct government acquisition of the genuinely strategic assets within that portfolio — the Stocksbridge aerospace alloy operations, for instance — at the point of the distressed sale in 2017 would have been cheaper and more effective than the subsequent combination of neglect, crisis, and belated intervention. The lesson is not that private ownership is always wrong, but that approving any private buyer to avoid a closure headline is often worse than targeted state acquisition.

When the state ends up as dominant creditor without the governance rights of an owner.

Romania's Liberty Galați is the clearest current example. The Romanian government avoided formal nationalisation, but state-owned Exim Banca Românească provided two government-guaranteed loans totalling around €290 million in 2023 and 2024, with state tax authority ANAF as an additional major creditor. Together, state bodies hold claims representing roughly 27% of Liberty Galați's total debt of nearly €4.7 billion. They have no board control, no strategic direction rights, and no structured exit. A first auction in March 2026 attracted five potential buyers who purchased the tender documentation but submitted no offers. Romania has borne the financial risk of ownership without any of its advantages. By early 2026, employees had not received wages since October 2025, with most in technical unemployment. Direct acquisition at an earlier stage, with proper governance conditions attached, would almost certainly have produced a better outcome — for the Romanian state and for the workforce.

When strategic capability is irreplaceable and the cost of inaction is permanent. If Liberty Specialty Steels' Stocksbridge operations — the UK's primary domestic source of aerospace-grade alloy steels — are permanently lost, the capability cannot be quickly reconstituted. Aerospace customer qualifications, metallurgical expertise, and defence supply chain approvals take years to rebuild. The UK government spent more than £500 million supporting commodity steel production at Scunthorpe that created no strategic gap when it closed. A fraction of that sum directed at pre-emptive acquisition of Stocksbridge — following the Sheffield Forgemasters model — would have secured a genuinely irreplaceable national capability. The opportunity cost of not nationalising the right asset, whilst nationalising the wrong one, is the sharpest indictment of how governments conflate employment concerns with strategic ones.

The Transition Ownership Model

There is a middle position between permanent nationalisation and abrupt closure: temporary government ownership as a bridge to a credible private buyer or a managed transition. This model has more to commend it, but it requires conditions that are rarely met in practice.

For transition ownership to work, the government must have a defined exit point before it enters ownership, not after. It must attach binding conditions to the support: decarbonisation commitments with timelines, capacity reduction milestones, and sunset clauses that trigger automatic review if milestones are missed. And it must be honest about what happens if no private buyer emerges at the required terms. The UK's 2025 Scunthorpe intervention failed the first and third tests: it was crisis management under political pressure, with no credible exit plan and no commercial viability conditions attached to the support.

The conditions attached to the European Commission's February 2026 approval of a €390 million rescue loan to Acciaierie d'Italia represent a partial step forward — the new Taranto operator is required to commit to closing coal-fired operations and installing electric furnace capacity. This is the right principle: support for steel assets should be conditional, time-limited, and linked to a verifiable transition pathway. The problem is that this conditionality arrived after an estimated €4–5 billion had already been committed over more than a decade with no such requirements. The full scale of EU state support for the steel sector across the preceding three decades is documented in the [European Steel Industry State Aid Database](#).

The German coal sector phase-out offers a model that steel has never had access to in the EU context. Deploying €40 billion over three decades — including direct closure compensation to mining companies, €5 billion in worker transition payments, and substantial regional development funding — it demonstrated that managed industrial exit at scale is achievable. Under current EU rules, direct closure aid to steel companies remains prohibited following the expiry of the ECSC Treaty in 2002. The absence of an equivalent framework for steel is a structural gap in policy that helps explain why zombie mills persist and why transition ownership so rarely achieves a clean exit.

A Framework for Judgement

The scorecard table earlier in this article applies four criteria to the principal cases: strategic asset, failed private ownership, defined transition pathway, and honest cost accounting. Most government steel ownership decisions fail at least two of these tests — and the failures are not random. They cluster around the same error: acquiring commodity assets under strategic pretexts, without a defined exit, and without transparency about the full liability being assumed.

Applying the framework in practice means asking hard questions before committing public funds. Is this asset genuinely irreplaceable, or is it available from allied suppliers? Has government actively screened private buyers, or simply accepted the first offer that avoided a closure headline? Is there a sunset clause and an independent viability assessment, or just a hope that market conditions improve? Are pension liabilities, environmental remediation costs, and ongoing capital requirements fully budgeted — or quietly deferred? Employment preservation and political symbolism are legitimate concerns, but they are better addressed through transition funding and regional investment than through ownership of assets.  fail every one of these tests.

Conclusion: Targeted Ownership, Not Industrial Nostalgia

Government ownership of steel companies is not inherently wrong. Sheffield Forgemasters and Huta Częstochowa demonstrate that it can be entirely appropriate when the asset is genuinely strategic, the acquisition is proportionate, and the rationale is clear and honest. What is wrong — and consistently expensive — is the reflexive acquisition of commodity capacity under strategic pretexts, driven by political pressure and sustained by the hope that market conditions will eventually improve enough to justify the investment. The evidence shows they rarely do.

The honest conclusion from six decades of evidence is this: governments make good steel company owners when they own the right assets for the right reasons, with a clear purpose and an exit plan. They make poor steel company owners when they substitute industrial nostalgia for strategic analysis, and confuse the preservation of employment with the preservation of capability. The distinction matters — because the cost of getting it wrong is measured in billions, and the opportunity cost is measured in genuinely strategic assets that went unprotected whilst the money flowed elsewhere.

The current moment makes this more urgent, not less. European rearmament is driving genuine demand for strategic steel capabilities — armour plate, naval forgings, aerospace alloys — of precisely the kind that markets alone will not sustain. The decarbonisation transition is creating a new and legitimate case for time-limited government co-investment. Both create pressure for intervention. The lesson of six decades is not that governments should stay out of steel ownership entirely. It is that they should enter it with clear eyes, honest accounting, and a strategy that puts the workforce's long-term interests, as well as the national interest, ahead of the next press conference.

Steelonthenet.com

05 May 2026

Sources and Notes:

¹ [OECD](#) (2025). *Steel Outlook 2025: Market Developments and Policy Challenges*. Paris: [OECD Publishing](#). The report documents counter-cyclical subsidy dynamics in state-influenced steel sectors and identifies production subsidies, below-market financing, and government-directed capacity investment as the three principal drivers of global overcapacity. Available at: oecd.org/steel

² World Steel Association (2024). *Steel Statistical Yearbook 2024*. Brussels: worldsteel. Production data for European integrated mills including Acciaierie d'Italia/Taranto output figures (below two million tonnes in 2024 against nameplate capacity of 8–10 million tonnes per year). Available at: worldsteel.org/steel-by-topic/statistics

³ [UK](#) Government (2021). *Government acquires Sheffield Forgemasters to protect vital defence capabilities*. London: Ministry of Defence and Department for Business, Energy and Industrial Strategy. Confirms acquisition of Sheffield Forgemasters International Ltd by the Secretary of State for £2.56 million, with rationale centred on nuclear and defence forging capability. Available at: gov.uk

⁴ German Federal Ministry for Economic Affairs and Climate Action (2023). *Coal Phase-Out in Germany: Structural Change and Regional Development*. Berlin: BMWK. Documents the total public expenditure framework for the German coal phase-out, including closure compensation, worker transition payments, and regional development funding totalling approximately €40 billion over the phase-out period to 2038. Available at: bmwk.de

Editorial note: References to named companies and their financial circumstances are drawn from documented public sources including regulatory filings and published reports. Nothing in this article constitutes a finding of legal liability on the part of any named company or individual.

How to Cite This Article

Kotas, A.M. (2026) 'Governments as Steel Company Owners: Does Nationalisation Work?', *Steelonthenet*. Available at: <https://www.steelonthenet.com/insights/steel-nationalisation-government-ownership.html> (Accessed: 5 May 2026).

Author credentials:  ORCID iD

SITE INFORMATION

[About](#) | [Accessibility](#) | [Citations](#) | [Code of Conduct](#) | [Contact](#) | [Cookies](#) | [Editorial Policy](#) | [Experts](#) | [FAQ](#) | [Independence](#) | [Methodology](#) | [Privacy](#) | [Security](#) | [Sustainability](#) | [Testimonials](#) | [T&Cs](#)

Copyright © 2001 - 2026 Steelonthenet.
All rights reserved.

MCI Part of the MCI Group
Independent metals consultancy

Specialist Services: [Steel Expert Witness](#) | [Metal Expert Witness](#)

Registered Address: The Coach House, Powell Road, Buckhurst Hill, Essex IG9 5RD, UK
Operator: Metals Consulting International Ltd



UK Registration: 04938719 (England & Wales) — active company ✓

Data Protection: ICO Registration Z6374301 ✓

-  Expert Certified
-  £1M PI (Hiscox)
-  Cyber Insured
-  GDPR Compliant
-  Est. 2001

