

# British Steel collapses, costing thousands of jobs

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London, United Kingdom

British Steel collapsed on Wednesday after the government said last-ditch talks with its owners failed to secure a financial rescue.

The High Court in London ordered British Steel Limited into compulsory liquidation, a statement said.

"British Steel Limited was wound-up in the High Court" on Wednesday, meaning its assets would be sold to help pay debts.

"The government has worked tirelessly with British Steel, its owner Greybull Capital, and lenders to explore all potential options to secure a solution for British Steel," said Business Secretary Greg Clark.

"We have shown our willingness to act, having already provided the company" recently with funds.



A steelworker watches as molten steel pours from one of the Blast Furnaces during 'tapping' at the British Steel - Scunthorpe plant in north Lincolnshire, north east England

Tim Roache, general secretary of the GMB union, described the collapse of Britain's second-biggest steelmaker as "devastating news for the thousands of workers" in the UK.

Some 5,000 people are employed by British Steel and an estimated 20,000 more have links

to the firm's supply chain.

Greybull has blamed Brexit strains for its financial collapse, while the steel sector faces other uncertainties.

"While Greybull cannot be allowed to walk away scot-free and must be held to account for its stewardship of Britain's sec-

ond largest steelmaker, ministers cannot wash their hands of the Brexit farce and ongoing uncertainty that has placed the company in difficulty," Steve Turner, assistant general secretary of the Unite union, said Wednesday.

"To do so would be a betray-

al of a loyal workforce that has made great sacrifices to make British Steel a success and send economic shockwaves throughout the steel industry, UK manufacturing and the households of 20,000 workers in the supply chain who rely on the steelmaker for their livelihoods."



British Steel is owned by investment firm Greybull Capital, who founded the long steel products maker in 2016 after snapping up assets from Tata Steel.

There are clouds also over the future of Tata Steel's main European operations based in the UK after German industrial conglomerate Thyssenkrupp recently scrapped merger plans with the Indian giant.

A deal was seen as positive for Tata's Port Talbot plant in Wales that employs more than 4,000 staff.

Following the merger collapse, Thyssenkrupp said it would slash 6,000 jobs worldwide in a structural shakeup.

# Fears rise China could weaponise rare earths

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● The United States Geological Survey estimated last year there were 120 million tons of deposits worldwide including 44 million in China, 22 million in Brazil and 18 million in Russia

Beijing, China

The US has hit China where it hurts by going after its telecom champion Huawei, but Beijing's control of the global supply of rare earths used in smartphones and electric cars gives it a powerful weapon in their escalating tech war.

A seemingly routine visit by President Xi Jinping to a Chinese rare earths company this week is being widely read as an obvious threat that Beijing is standing ready for action.

"We should firmly grasp the strategic basis of technological innovation, master more key core technologies and seize the commanding heights of industry development," Xi said during the visit, the official Xinhua news agency reported Wednesday.

"Rare earth is not only an important strategic resource, but also a non-renewable resource," he added, in comments likely to further fuel speculation.

However, analysts say China appears apprehensive to target the minerals just yet, possibly fearful of shooting itself in the



A cyclist wearing a protective face mask while riding along a dusty road, where dozens of factories process rare earths, iron and coal operate, on the outskirts of Baotou city in Inner Mongolia, northwest China.



Rare earths are 17 elements critical to manufacturing everything from smartphones and televisions to cameras and lightbulbs

foot by hastening a global search for alternative supplies of the commodities.

Xi's inspection tour "is no accident, this didn't happen by chance," said Li Mingjiang, China programme coordinator at the S. Rajaratnam School of International Studies (RSIS) in Singapore.

"At this moment, clearly the policy circles in China are considering the possibility of using a rare earth exports ban as a policy weapon against the US."

The United States last week threatened to cut supplies of

US technology needed by Chinese telecom champion Huawei, which Washington suspects is in bed with China's military.

The US move has fanned speculation that Xi could impose retaliatory measures and in an indication of the importance of rare earths to the US, Washington did not include them in a tariffs increase on Chinese goods this month.

**China has leverage**

China occupies a commanding position, producing more than 95 percent of the world's rare

earths, and the United States relies on China for upwards of 80 percent of its imports.

Rare earths are 17 elements critical to manufacturing everything from smartphones and televisions to cameras and lightbulbs.

That gives Beijing tremendous leverage in what is shaping up largely as a battle between the US and China over who will own the future of high-tech.

"China could shut down nearly every automobile, computer, smartphone and aircraft assembly line outside of China if they

chose to embargo these materials," James Kennedy, president of THREE Consulting, wrote Tuesday in National Defense, a US industry publication.

China has been accused of using its rare earth leverage for political reasons before.

Japanese industry sources said it temporarily cut off exports in 2010 as a territorial row flared between the Asian rivals, charges that Beijing denied.

In 2014, the World Trade Organization ruled the country had violated global trade rules by restricting exports of the minerals.

The case was brought by the United States, European Union and Japan, which accused China of curbing exports to give its tech companies an edge over foreign rivals. China has cited environmental damage from mining and the need to conserve supplies as the reason for any past limits on output.

While disruptive, any leverage gained from a supply block may be short-lived, experts said.

"This would accelerate moves to find alternative supply sources," said Kokichiro Mio, who studies China's economy at NLI Research Institute.

**Empty threat?**

China is not the only country with sizeable reserves of rare earths.

The United States Geological Survey estimated last year there were 120 million tons of deposits worldwide including 44 million in China, 22 million in Brazil and 18 million in Russia.

China is the leading producer partly because the environmental risks deter some countries from harvesting their own deposits. Mining rare earths creates toxic waste and the potential release of harmful radioactive tailings.