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## **Recession reports - BCSA warns one in four UK steel firms could be bust**

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Dr Derek Tordoff director general of the British Constructional Steelwork Association has warned that one in four steel contractors could be bust by this time next year. He added that an upturn in fabricated steel prices since the beginning of October had left those steel contractors forced to take work at low margins in grave danger.

He compared the conditions of the current recession to those 20 years ago, when 25% of steel contractors ended up in administration. And he warned main contractors that they would have to share the pain.

Dr Tordoff said that "Companies are badly exposed. Companies will go bust in the next couple of months. The plunge in prices is almost identical and the pick up in prices as well. And 20 years ago, 25% of companies went bust."

Dr Tordoff said that with stockpiles of fabricated steel exhausted, the market had now bottomed out. He added that "It is when the market returns that companies go bust, because they have just been holding on so long that when demand comes back and prices start to go up, they haven't got the cash to pay for it."

He said that margins for steel contractors were now under so much pressure that many firms were finding it more cost effective to mothball factories than to work at the prices being demanded by main contractors. He added that "You lose less money by not working than by working at the prices they are demanding."

(Sourced from [www.cnplus.co.uk](http://www.cnplus.co.uk))

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