

Grangemouth Closure Hits Scottish Economic Output

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Scotland's economy has come under renewed pressure following the release of figures highlighting a contraction in output, with the shutdown of oil refining at the Grangemouth site emerging as a key factor.

According to official data from the Scottish Government, gross domestic product (GDP) in May declined notably, largely due to the end of refining operations at the Grangemouth

industrial complex. Once central to the nation's industrial output, the facility's closure has dealt a significant blow to Scotland's manufacturing capacity and energy sector contribution.

The site had long played a vital role in supporting jobs and regional supply chains. Its loss has triggered renewed scrutiny of the direction of industrial strategy in Scotland, particularly with questions over whether adequate steps have been taken to secure alternative investment in high-value sectors.

The economic picture is further complicated by ongoing pressure on businesses caused by the rise in employers' national insurance contributions. Although the increase was introduced under the previous administration, it has been retained by the current Labour-led government in Westminster. Many business owners argue this has worsened conditions for small and medium-sized enterprises already contending with inflation and regulatory burdens.

In an interview with The Herald, the managing director of a Glasgow-based manufacturing company said, "These tax pressures are undermining confidence. We've had to pause plans to expand our production line because the overheads keep rising."

While some sectors, such as tourism and renewable energy, continue to show potential, they have yet to deliver the economic uplift required to counterbalance the declines in industry and energy. The Scottish Government has pointed to long-term growth ambitions in green technologies, but industry observers have noted that these plans remain largely aspirational at this stage.

With overall momentum weakening, further debate is likely over tax policy, investment incentives, and the broader competitiveness of the Scottish economy. Unless meaningful steps are taken to address structural weaknesses, the risk remains that Scotland could fall further behind other parts of the UK in economic recovery.