Britain: Scottish refinery workers strike

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Some 1,200 workers at the Grangemouth oil refinery near Edinburgh, Scotland began a two-day strike yesterday against plans by chemical giant Ineos' to slash payments to the company pension plan, bar new starts from the scheme and to make final pension payments dependent on the stock market.

The action, from a workforce, which has not been on strike for 73 years, comes simultaneously with strikes by teachers and civil servants as well as planned protests by road hauliers next week in opposition to escalating fuel costs.

The Grangemouth dispute threatens considerable disruption to UK fuel supplies, the temporary closure of much of North Sea oil production, and has contributed to oil prices reaching record highs on the world markets. The strike is an indicator of sharply escalating class tensions in the UK, and of the capacity of even relatively small sections of workers to make a powerful stand in defence of their living standards. It is indicative of a revival of the class struggle in Britain, as ever more sections of workers are forced to defend their interests against rising living costs and endless predatory attacks by the corporations.

To take their struggle forward it is urgent that the Grangemouth workers find a way to take their dispute out of the hands of the Unite trade union, which is seeking to restrict the strike's impact and maintain the close relations established between the union bureaucracy and Ineos'.

Rank and file workers' committees should be established to reach out to other sections of the working class in Britain and internationally, and to transform this isolated dispute into a broad struggle in defence of jobs and living standards. This should be prosecuted with the same ruthless determination as is being displayed by Ineos' in defence of its private wealth.

Ineos' has emerged in only a decade as one of the world's leading petro-chemical producers. Formed by businessman James Ratcliffe in 1998, the company now controls 68 plants in 17 countries, and produces 50 million tons of chemicals per year. It boasts annual sales of around £18.3 billion and in 2007 reported profits of £727 million.

Its mushrooming operation is typical of modern industrial capitalism. Growth has been based on buying up out of date chemical production facilities across Europe through junk bonds and huge debt leveraged loans. By slashing the workforce and destroying company pension schemes, while pressuring government authorities for handouts, the purchased plants are rapidly returned to profitability.

Ratcliffe's business methods are often compared to steel magnate Lakshmi Mittal of Mittal Steel.

In 2001, Ineos' took over a chlorine plant at Runcorn, England, which produces 80 percent of the UK's chlorine requirement. The company immediately threatened to sack 3,000 workers unless the government handed over £300 million to renovate the out of date production facility. Ineos's publicity team warned that 133,000 jobs would be lost in the area if the long established plant closed. In the end, 600 workers lost their jobs, while the government handed £50 million to Ineos'.

In 2005, Ineos' took over the 1,700-acre Grangemouth plant from British Petroleum. BP was intending to float its Innovene subsidiary on the stock market, but Ineos' offered £5.5 billion, raised on the European leveraged debt market to buy the highly profitable Innovene outright.

The company subsequently embarked upon the largest corporate bond issue ever seen in Europe to replace the cash raised for the Innovene purchase.

Ineos' has also bought up former Union Carbide, Hoechst, Unilever and Monsanto operations. Earlier in 2008, Ineos' finalised the purchase of former Norsk Hydro plants in the UK, Sweden, Norway, Qatar, China and Portugal. This global empire is run from a village in the New Forest, Hampshire.

Ineos' has propelled Ratcliffe into the ranks of the super-rich. He was number 10 in the 2007 Sunday Times Rich List, his personal wealth having increased from £1.1 billion to £3.3 billion in the single year following the purchase of Grangemouth. Higher energy costs and stepped-up competition from the Middle East has seen his personal wealth decline to £2.3 billion and his standing drop to number 25—something that will only strengthen his company's resolve to step up its attacks on its workforce.

The company, which itself consumes one percent of all electricity generated in the UK, has the ear of the British government. It has been at the forefront of calls on Labour to initiate a nuclear power building programme, while at the same time planning a £70 million bio-fuel plant at Grangemouth.

The roots of the Grangemouth dispute lie in Ineos'' attempt to break up a pension scheme inherited from BP in 2005. On retirement, Grangemouth full time workers receive 1/60th of their final salary for every year of service at the plant. Workers make no direct payments into the scheme. This allows the possibility of a worker with many decades service to retire on something approaching a reasonable standard of living. Average wages are reported to be around £30,000. The BP scheme is one of the few such final salary schemes remaining in the UK. To Ineos' it is an intolerable restriction on their profitability.

Unite, formed out of a merger between Amicus and the Transport and General Workers Union, estimates that the scheme costs the company a paltry £16 million annually. Ineos' however, intend to introduce payments for existing workers, up to around six percent of current wages, while barring access to the scheme to new workers, thereby effectively closing it down. New starts would only have the option of a "money purchase" alternative based on the stock market.

Grangemouth workers responded by voting almost unanimously for two days of strike action, with 98 percent in favour. But any illusions that Unite will lead the necessarily determined struggle against Ineos' are misplaced, as the record shows.

Over the last two decades, where strikes have been unavoidable, the trade unions have ensured that every one has remained isolated and ultimately defeated. Where in previous decades the union bureaucracy could tolerate, and even organise, a restricted struggle by the working class for improved conditions, today, the first consideration for the union bureaucracy is to ensure the profitability of their investment location on the world market by strangling efforts by workers to improve their lot.

This has been the role of Unite and its predecessors at Grangemouth, and with Ineos'. Successive mass redundancy schemes have been pushed through to reduce a workforce of around 5,000 in the1980s to around 1,200 today. In 2002, for example, the unions accepted 700 redundancies to maintain profit levels, on the basis of management guarantees that no more jobs would go. A few months later, BP came back for 300 more.

In 2000, the British government confirmed that the TGWU had played a key role in breaking the hauliers' dispute, with then Prime Minister Tony Blair in continual contact with then TGWU leader Bill Morris. Hauliers blockaded Grangemouth, seeking support from its workers.

In 2003, when Ineos' took over the Runcorn chlorine plant, among the company's first moves was an assault on the pension scheme similar to the one being imposed at Grangemouth. Amicus leader Derek Simpson said at the time that workers were being "forced to take a pay cut while they are at work, and a cut in income in retirement."

Yet, two years later, Ineos's purchase of Grangemouth was celebrated by the TGWU. Jim Mowatt, the TGWU's national secretary for the union's chemical, oil and rubber division, told the *Sunday Herald* at the time, "Ineos' is a company which looks after its workers well". Mowatt used the takeover to divert worker's growing anger against BP.

Mowatt immediately promised to work with the company to ensure that "BP's chemicals business remains world class." The unions accepted the takeover on the basis of a pathetic 12-month moratorium on alterations to the company pension plan.

The current two-day strike, two years after the Ineos' takeover, is the least that Unite could risk without completely losing credibility amongst its members at Grangemouth. Unite conceives of the strike as a safety valve through which pressure building up amongst the workforce can be safely dissipated.

To this end, having given the company time to prepare, the union has worked for an orderly shut down of the plant, sought to minimise fuel supply disruption, and ensure that production is re-commenced at the first possible opportunity. The union has accepted that fuel tankers will continue to operate from Grangemouth's deep-water oil terminal.

But such is the complex and interconnected character of modern industry, much of which relies on processes being maintained 24/7, that even a short outage can cause massive disruptions around multiple industrial and financial systems.

The dispute has led to the closure of the Forties Pipeline System (FPS). The 105-mile FPS transfers half of Britain's North Sea oil production from 50 undersea feeder pipes to a single pipeline that terminates at Kinneil. The Kinneil terminal draws power from Grangemouth. Closure of the FPS has forced North Sea oil producers to close down several of their production operations in advance of the strike itself.

The Grangemouth strike threat, along with a missile attack on an oil tanker off the Yemeni coast and the destruction of two pipelines in southern Nigeria, contributed to the price of oil reaching an oil time high last week, at $117 a barrel.

There is also evidence that it is Ineos' rather than Unite, assisted by the government, press and union complicity, which has aggressively escalated the dispute and turned a temporary fuel disruption into a national crisis. The company is seeking to convince the government to take whatever action is necessary against the refinery workers.

Ineos' has warned repeatedly that fuel supplies, including petrol and diesel, to Scotland and the North of England, would run dry despite their generally being 70 days supply in reserve in the system. The plant, the company claimed, would take a month to return to normal production. Yet, on other occasions, the company has suggested production will be restored in a few days as plant temperatures have been maintained.

One of Unite's negotiators, Mark Lyon, accused Ineos' executives of warning the union that company strategy in the dispute was to shut down the Scottish economy. Lyons said, "Now this is economic terrorism and it's absolutely disgraceful..."

The press has responded dutifully, filling their pages with hysterical headlines such as the *Scotsman's* April 19 banner, "Four days fuel left as refinery strike looms". The normally fairly sober *Sunday Herald* concurred with "Panic at the Pumps—Grangemouth strike will leave Scotland with 'no fuel for a month'."

For its part, the Scottish government has been in discussion with the British Department for Business, Enterprise and Regulatory Reform, formerly the Department of Trade and Industry, (DTI) regarding strike breaking measures. During the 2000 fuel protests, the DTI coordinated fuel supplies between the Association of Chief Police Officers, the five largest oil companies, and major road hauliers. Fuel rationing would be decided jointly between Edinburgh and London.