

# Britain: Casualisation in energy sector overseen by unions

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Protests were held Wednesday outside two power stations in England by unemployed construction workers. The demonstrations, at Staythorpe, Nottinghamshire, and the Isle of Grain, Kent, involved several hundred workers.

They are a continuation of the strike at the Lindsey Oil Refinery in Lincolnshire and solidarity action throughout the UK focussing on the demand for “British jobs for British workers.” The unions involved in the strike—Unite and GMB—and the pseudo-left and Stalinist groups that supported them, thereby steered the legitimate concerns of workers over jobs and conditions in a divisive direction.

One of the central claims made by the unions to justify the Lindsey strike was that Italian subcontractor IREM, which won the contract from the Total oil company to construct a desulphurisation unit, was excluding British workers. In addition, the unions said that they suspected the company’s Italian and Portuguese workers were being paid at a lower rate and undercutting what Unite’s Derek Simpson described as British workers’ “hard-won pay and conditions.”

IREM denied this, insisting that Unite officials had helped draw up the agreement governing the conditions for the foreign workers and knew that some thirty positions were open to British workers. On February 8 the *Daily Telegraph* succeeded in getting a Unite official to confirm that the union had been in discussions with IREM over “working practices” to make sure they complied with nationally agreed terms and conditions.

The latest protests are directed against the French contractor Alstom, which unions say has discriminated against UK workers in favour of those from Spain and Poland. On Wednesday, Unite General Secretary Derek Simpson delivered a petition to Prime Minister

Gordon Brown calling for “fair access” to contracts by UK workers.

Also revealing is the reason given by IREM’s managing director as to why his company chose to use its own workforce, rather than contractors. According to the *Telegraph*, “Saraceno said the unions had also agreed to the firm using its own Italian workforce because of the tight deadlines demanded by the contract, which had to be finished within four months—with the proviso that a number of British workers would also be taken on.

“He said: ‘It was absolutely necessary to send to England our specialised workers, a close-knit team that could communicate with each other without language problems, which was particularly important from a safety point of view. There was no time for training and so, with the agreement of the British unions, we contracted out the work (to Italians). But we also took on 30 British workers, among them technicians and labourers.’”

Thus it appears that the main advantage actually enjoyed by IREM was not cheap labour, but its permanent workforce.

Throughout the UK, thousands of jobs have been eliminated as the major energy companies have sought to maximize profits by outsourcing work to contractors, who frequently use casual labour. Far from enjoying better working conditions than workers in Italy, contractors can be hired and fired at will. For example, one UK contractor at Total’s Lindsey site recently laid-off a third of its workers.

Responsibility for this situation rests squarely with the trade unions.

Casualisation has become commonplace in the UK over the past three decades, with agency work, temporary and even “zero-hour” contracts, as well as

seasonal work and self-employment. Agency workers are often paid less than permanent workers and lack any long-term job security, with casual workers in the engineering sector sometimes paid up to £5 per hour less than equivalent permanent staff.

At plants like Lindsey, firms like Total employ a large number of contractors and subcontractors instead of retaining a permanent workforce. These smaller companies are in cut-throat competition. “Flexibility” has become the watchword, with companies across the energy sector altering the number of people they employ to meet the fluctuating demands of the market and to keep labour costs down.

Four out of five workers in the North Sea oil and gas industry are now employed by contractors.

Over recent years, UK-based energy giant BP has carried a massive global redundancy programme, with an increased use of casual workers. In 2001, BP cut the workforce at its Grangemouth oil refinery in Scotland from 2,500 to 1,500, followed by another 500 jobs from its Aberdeen headquarters. In 2005 the Grangemouth plant was bought by the INEOS chemical company, which attempted to slash pension provisions.

With oil prices much lower than last year and the world economic recession reducing demand for petrochemical products, the major energy companies will look to save money by cutting back on contracts for new projects and maintenance on existing plants. Workers without job security will lose out. For example, the Wood Group, a major engineering company servicing the oil and gas industry, has cut its contractors rates by 10 percent across the board.

For decades, the unions have collaborated in this process. The public sector, where the unions hold most sway, has twice as many temporary workers as in the private sector, especially in education and social services.

January’s monthly CEO statement of global oil and gas engineering firm Doosan Babcock painted a vivid picture of the friendly relations that the unions maintain with UK-based firms. Referring to the Lindsey strikes, the statement shows how the unions are seen as allies in the fight against overseas competitors:

“Unfortunately, many of our sites were caught up in the secondary industrial action, which is a great disappointment since our approach to resourcing from

the UK labour force is exemplary, with our dedication to training in the UK and our responsible approach to the use of foreign labour—a fact borne out by the UK unions’ endorsement of our approach following close engagement by our management with local union officials over the last few years. *There are a number of potential further trouble spots in the UK where certain competitors are taking a less than responsible approach to the use of foreign labour, and it is possible that these sites might attract further trouble* [emphasis added].

The unions’ promotion of “British jobs for British workers” reflects their commitment to defending the interests of British-based contracting companies, which primarily exploit a UK-based workforce and from whom the unions can also demand dues.



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