Britain: 1,000 jobs still at risk at Coryton oil refinery

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Petroplus UK oil refinery at Coryton on the Thames Estuary, South East England, halted fuel production as its Swiss owner Petroplus filed for bankruptcy on January 31.

The crisis erupted after the refinery stopped fuel deliveries as its owner Petroplus' talks with its bank lenders broke down, meaning they could no longer purchase oil to process. On January 30, they informed customers they would no longer supply their product. Petroplus reported a net loss of £265 million ($413 million) in the first nine months of 2011. In December its banks withdrew a £675 million ($1.05 billion) portion of its $2.01 billion (£1.29 billion) credit facility.

After filing for bankruptcy, the refinery came under the control of administrators Price Waterhouse & Coopers (PwC). A temporary reprieve for the Coryton refinery of three months was negotiated. PwC has organized two meetings with creditors to outline the current position of the company for today and March 21. But Petroplus refineries are facing closure across Europe after a Standards & Poors downgrade led to their creditors withdrawing credit lines.

Petroplus is Europe's largest independent refinery with sites in France, Belgium, Germany and Switzerland. It supplies 20 percent of the fuel for the south east of England and ten percent of the entire British market. The 586-acre Essex site became operational in 1953. It produces petrol and diesel, aviation fuels, bitumen and liquefied petroleum gas. Petroplus bought the site from oil giant British Petroleum (BP) in 2006 for $1.4 billion. BP sold it to concentrate on its much larger operations in Europe.

On February 2, Unite union officials held a private meeting with the Conservative energy minister Charles Hendry, senior managers from the refinery and the administrators to discuss how to attract a new investor.

Unite National Officer Linda McCulloch said, "Unite remains in constant contact with the administrators and the government and the union will continue to assist in every way possible to find a buyer for the refinery," adding that senior Coryton management "stressed" their "gratitude" to the "union Unite" for their conduct since the crisis began.

Praise also came from the local Conservative MP for Thurrock, Jackie Doyle-Price. On February 1, in an opinion piece in the *Thurrock Gazette*, she described Unite's conduct as"exemplary," adding that the Conservative Party, ministers and the union are "pulling together to find a solution."

After the private talks, output was resumed at Coryton. The temporary reprieve came after PwC agreed a deal with a consortium of investors led by Morgan Stanley, KKR Asset Management and Atlas Invest that they would have claims to the revenue. This inherently unstable scenario is already impacting on working conditions as the Unite union agreed for the next three months the introduction of a night shift to clear up the backlog.

This is the beginning of a major restructuring of the industry, as experts warn of the collapse of independent refineries. Prices are falling for refinery products as the economic crisis has reduced demand. The smaller refineries are being squeezed because they are unable to operate within tighter margins. When the Coryton bankruptcy was announced, panic buying ensued at garage forecourts across the south east as some of the most populated areas of Britain faced a collapse in supply.

Since last December Petroplus operations in Petit Couronne, France and Antwerp were being wound down ahead of closure. The rest, including Coryton and Ingolstadt Germany, have been operating at a much

lower capacity. The threat of 1,000 job losses at Coryton is the starkest expression of a wider assault on workers in the oil industry. There are eight refineries in the UK at South Killingholme, Fawley, Grangemouth, Stanlow, Milford Haven, Lindsey and Pembroke, as well as Coryton. Stanlow in Cheshire, recently sold by Shell to Essar, another independent refinery operator, has seen its share price collapse on the London stock market from 550p to 127p and is also facing questions over its future.

Jet fuel tanker drivers, employed by Wincanton, who deliver fuel to the UK's 381 Jet forecourts, have held two seven day strikes over the firm's attack on their pay and working conditions. Wincanton had demanded up to 20 percent wage cuts. As news of the bankruptcy of Coryton broke, the Unite union representing both sets of workers in the same industry refused to call a joint struggle. Instead, Unite National officer Matt Draper explained union officials at Wincanton had offered the company a "number of concessions" to call off the strikes.

Royal Dutch Shell officially announced on February 2 that they were closing the final salary pension scheme to new entrants, even though the oil giant reported profits of £18 billion, an increase of 54 percent since last year. Shell justified their decision based on "market trends." In other words they exploited the economic crisis to remove protected pensions for new staff. Again the trade unions have taken no action to challenge Shell's decision, despite Unite General Secretary Len McCluskey stating that where Shell leads "other corporates will follow."

The starting point in defending jobs is to seek united action with oil workers throughout the UK and Europe. It means rejecting the backroom deals between Unite, the government and administrators, whose sole concern is either an orderly closure of the refinery or a buyout involving mass job losses, wage cuts and worsening conditions.