Limited strike called at US oil refineries as national contract expires

Jeff Lusanne
2 February 2015

Production workers at nine oil refineries walked out Sunday morning after the United Steelworkers union (USW) called a selective strike when it failed to reach a new three-year labor agreement. The contract covers 30,000 workers at more than 200 refineries, oil terminals, pipelines and petrochemical plants across the United States.

The highly profitable corporations, including multinational giants Exxon, BP and Shell, are refusing to budge on their demands for wage and benefit concessions, excessive overtime, unsafe staffing levels and the contracting out of work.

"We told Shell that we were willing to continue bargaining for a fair agreement that would benefit the workers and the industry, but they just refused to return to the table," said USW International Vice President Gary Beevers, who heads the national negotiations.

The USW has called out workers at only nine out of 65 refineries—three Marathon facilities in Texas and Kentucky; two Shell refineries in Texas; and three Tesoro refineries in California and Washington state. Workers at the other refineries are working on the basis of 24-hour contract extensions. There has not been a national strike of petroleum workers since a three-month stoppage in 1980.

Although the USW reached a last minute deal in 2012—and repeatedly extended the national contract before reaching an agreement in 2009—union officials apparently felt they could not ram through another sellout contract against a restive workforce. Like workers throughout the United States, oil industry workers are looking to recoup years of stagnant wages, particularly under conditions of record industry profits and incessant talk of a robust economic recovery.

Workers are also angered over deadly working conditions. US refinery workers die at a rate three times faster than their European counterparts. In 2010, seven workers were killed in an explosion at Tesoro refinery in the state of Washington. Despite a record of unsafe conditions and a largely pro-forma environmental case by the Obama administration, no one has been held accountable.

One oil worker from Huntington, West Virginia, commented on the union web site, "Hope you guys are able to agree on a fair contract that keeps all your employees and surrounding communities safe. Where I work it seems as if 'the company' is only concerned about safety when someone has been injured or after an incident has occurred. They repeatedly ignore safety issues on a daily basis including the understaffing you guys face."

Under these conditions, USW officials have made rhetorical criticisms about the "richest companies in the world" refusing to provide better pay and health coverage. The union has called for "substantial wage increases," after accepting increases of 2.5 percent in the first year and 3 percent in the second and third years in the 2012 contract.

The USW took over national oil industry contracts in 2005 after the union absorbed the remnants of the former Oil, Chemical and Atomic Workers (OCAW) union. The USW is notorious for its collaboration with Wall Street in the restructuring of the steel industry, which destroyed the jobs and pensions of hundreds of thousands of workers while preserving the assets of the union apparatus. In the face of new layoffs due to the impact of dropping oil prices on demand for pipeline and oil rig steel, the USW has resorted to its stock-in-trade economic nationalism, denouncing "foreign steelmakers," not the oil and steel monopolies for the destruction of jobs.

The USW has continued its policy of labormanagement "partnership" in the oil industry, leading to the conditions that workers are now looking to fight. The corporations, however, are taking a very hard line.

At BP's Whiting, Indiana refinery, pay was frozen last week for 800 salaried, non-union workers. Whether the same demand is being placed on the 1,065 USW workers at the refinery has yet to be seen, but the USW has not announced a strike.

In 2013, Exxon Mobil's CEO R.W. Tillerson was paid $28 million, Chevron's CEO J.S. Watson was paid $24 million, and the CEOs of Phillips 66, Hess, Valero, Tesoro, and Marathon were all paid between $10-20 million.

Since 2012, when the last USW contract was negotiated, refiners' shares have more than doubled on the S&P 500, and they have benefitted from refining the booming domestic oil production. In the last several months, though, the global collapse of oil prices has led to mass layoffs in the domestic oil production industry. Refiners are using the fall in the price of oil and gas as reason to refuse the USW's request for a pay raise in the contract.

The author also recommends:

Mass job losses unfold in global oil industry
[26 January 2015]