

2,000 workers to lose jobs as Philadelphia refinery shuts down

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The Philadelphia refinery complex that exploded and caught fire June 21 is being closed down with over 2,000 workers losing their jobs. Many were told last week to collect their belongings and go home.

Philadelphia Energy Solutions (PES)—which supplies more than a quarter of the gasoline used on the US East Coast—made the announcement June 26, claiming the damage done by the fire was too expensive to repair and that it plans to close the facility and sell it to another company.

One-thousand people are directly employed by the refinery and another 1,000 are hired through contractors. The jobs of several thousand other workers employed by businesses that supply and service the refinery will also be imperiled.

It is not clear when the rest of the layoffs will take place. Under Pennsylvania and federal laws, workers are supposed to be given 60-90 days' notice of a layoff, but PES officials have that they are not covered since the explosion was unforeseen. Managers and contract employees can be let go immediately.

Many of the workers at the facility are in their 50s, too early to retire, but unable to find work with pay anywhere near what they currently make. Many will have to leave family and friends and move to Texas, Louisiana or other states to find a job in the oil industry.

Three massive explosions and a fireball so large that it was detected by space satellites shook the facility on June 21, along with homes in the nearby South Philadelphia neighborhood. The fire began in a giant vat of propane and took nearly two days for firefighters and work crews to extinguish. Five workers were injured from the explosions, but luckily there were no fatalities.

The US Chemical Safety Board now says there was a

fundamental failure in the safety systems that were in place at the refinery. Investigators say there was a release of vapor in the alkylation unit and the vapor reached an ignition source, which sparked the fire and then several explosions, according to a report in the local Fox News affiliate.

Cost-cutting measures, lack of maintenance and sheer negligence by the successive corporate and financial owners of the facility cannot be ruled out. One of the principal owners, Deutsche Bank AG, is currently carrying out a global cost-cutting campaign, with reports that it plans to slash up to 20,000 jobs. Planned maintenance and repairs of the Philadelphia facilities, which was scheduled for earlier this year, was scaled back.

The PES complex consists of two refineries—Girard Point and Point Breeze—that cover more than 1,400 acres on Philadelphia's southside along the Schuylkill River, just above the Delaware River. It is the largest refinery on the East Coast and the 10th largest in the country, processing up to 335,000 barrels a day. Refining began at the site 153 years ago, right after the Civil War.

The United Steelworkers (USW), which has 700 members at the facility, has appealed to the owners to keep the plant open, pledging that the union will work with management to ensure that production is resumed. Echoing the nationalism and militarism of the Trump administration, USW Local 10-1 President Ryan O'Callaghan said in a statement, "Without our production, the east coast of the US would depend on Europe for its supply of refined products, which would compromise our economic and national security."

The USW is encouraging illusions that state and local Democrats will intervene to save workers' jobs. In 2012, Jim Savage, the former president of USW Local

10-1 in Philadelphia, worked with the Obama administration to induce the Carlyle Group private equity firm to take over the refinery from Sunoco. In return, the USW imposed deep concessions on refinery workers at the site, including reductions in pension and overtime payments to attract the new owners.

The union has continuously isolated PES from the 30,000 other USW workers in the oil refinery industry. PES workers were not called out during the 2015 selective strike by 7,000 workers at 12 refineries run by Shell, Marathon, BP and Valero. The union sold out that strike, refusing to address workers' concerns over fatigue and other unsafe conditions.

In August 2018, PES emerged from a bankruptcy restructuring after which Deutsche Bank AG and Bardin Hill became primary owners and took control of the business. During the process, the company shed \$175 million in liabilities owed to the Environmental Protection Agency and restructured its debts.

A Reuters report found that PES transferred over \$590 million in "dividend-style" payments to the owners in the period prior to filing for bankruptcy and that it transfers tens of millions each year to lease the rail facilities it uses from another company that is in fact owned by the same owners.

Despite the high price of gas, since emerging from bankruptcy the company continues to lose money. Over the first quarter of this year, the company's long-term debt has grown by 7.5 percent to \$775 million. Workers all over the world are paying for the drive by giant banks, including Deutsche Bank, to drive up the value of their stocks.

While PES management blames the closing on the explosion and fire damage, workers at the facility point out that the Point Breeze refinery was not damaged and had already returned to production. The Girard Point refinery is in need of massive repairs, but the company's insurance will likely cover the cost.

Many believe that the company is merely using the explosion and fire to blame a decision which had already been made.

The closure will have a devastating effect on the lives of workers in Philadelphia and the surrounding areas. Philadelphia has the greatest income and wealth inequality in Pennsylvania and among the highest rates of social polarization in the country.

Philadelphia is home to 13 billionaires and many who

count themselves among the top 1 to 10 percent. On the other hand, more than 25 percent of the population live below the official federal poverty line and a third of all children.

Earlier this year, Hahnemann University Hospital announced it will be closing in September and lay off 2,500 employees.



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