

Closure of Louisiana's Shell Convent Refinery will impact 1,100 jobs and create economic hardship

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On November 5, oil giant Shell announced that it will be shutting down the Convent Refinery in Saint James Parish, Louisiana, after failing to find a buyer for the massive complex. The refinery is located on 4,400 acres of land between Ascension and St. James parishes and is expected to begin the shutdown process starting in mid-November.

As of now Shell is continuing to seek a buyer for the idled refinery, which can process up to 240,000 barrels of crude oil a day and employs over 1,100 workers, including 400 contract workers, making the operation a key part of the local economy.

The news of the closure comes after a \$500 million investment in 2015 by the previous owner of the refinery, Motiva, to connect the Convent Refinery to the Norco Refinery down river by a pipeline, integrating their productive capacities and creating the Louisiana Refining System. Then CEO of Motiva, Dan Romasko, boasted that the Louisiana Refining System would have a crude capacity of more than 500,000 barrels per day, making it one of the five largest North American refineries.

After sharp contractions in the demand for oil due to the impact of the COVID-19 pandemic on energy use by both private business and individuals, Shell has decided that the refinery is no longer financially viable. Shell spokesperson Curtis Smith stated in the announcement: "Despite efforts to sell the asset, a viable buyer was never identified. After looking at all aspects of our business, including financial performance, we made the difficult decision to shut down the site."

Though the decision was sparked by the pandemic, Shell and other oil companies have long been preparing

for large-scale restructuring measures. In fact, Shell is planning on consolidating its assets into just six energy and chemical parks internationally.

The Norco Refinery in conjunction with Shell's chemical complex in Geismar in Ascension Parish is one of the six sites. The other sites are in Deer Park, Texas; The Netherlands; Singapore; Germany; and Canada. Other refineries under review for potential sale or closure include Puget Sound, Washington, and Mobile, Alabama, along with others in Canada and Denmark. The fate of those refineries has not been decided yet, according to the company. The international scope of such restructuring measures means they will impact workers all across the globe.

The turn by Shell toward consolidating its business, as well as to focus on the integration of its remaining assets to allow the production of more chemically based products such as biofuel, hydrogen and synthetic fuels, is due to major changes in the financial viability of shale well drilling. The overall decline in the productivity of shale, as well as the future focus on lower carbon sources of energy, means the continued reliance on financialization to fuel the industry's rapid growth is no longer feasible. Rapid shale well production decline rates mean more drilling, higher debt and smaller profits, making many companies reconsider their outlook on shale oil in future markets.

The closure of the Convent Refinery, the largest taxpaying facility in St. James Parish, will greatly affect the economic well-being of surrounding communities, with the loss of 1,100 jobs and associated tax revenue. The population of the Parish was 21,151 in 2018, according to Federal Reserve Economic Data (FRED), and the poverty rate was 16.7 percent. In

2017, 3,911 residents received benefits from the Supplemental Nutrition Assistance Program, or food stamps, due to food insecurity. These were the numbers before the pandemic hit.

St. James Parish resident Pete Dufresne, in an interview on WAFB9 local news, commented on the refinery's closing, saying, "Since 1967, this refinery has provided economic impact to St. James Parish operating under several different companies over the years. The facility has consistently been the largest taxpayer in St. James Parish, therefore its consolidation will certainly have an impact on our community and the supporting businesses who rely on industry."

Though the Convent Refinery is organized by the United Steel Workers (USW), the local branch has been unavailable for contact by the media and has not published any statement on the shutdown. In the spring of 2015 workers at the Convent Refinery joined in the month-and-half-long strike by over 30,000 oil workers across the United States. During that time, the USW bureaucracy actively worked to sabotage the strike every step of the way, calling out only a portion of the refineries organized by the union in Louisiana and campaigning for workers to get back on the job.

The strike was ultimately sold out by the USW, with nothing being done to address the decline of living standards for workers or the grave concern of workers over job safety. In the end, the only measure adopted was the formation of joint union-management safety committees that, while providing cushy posts for union officials, did nothing to implement or enforce real safety measures.



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