Princes Food threatens to withdraw pay offer in UK dispute and shift production overseas

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Princes Food management have threatened workers at their UK operations that they will respond to further strikes by withdrawing a derisory 3 percent pay offer and potentially transferring production and jobs overseas.

The dispute involves around 800 members of the Unite trade union, who continued strikes in January—after first walking out in December—at plants in Bradford, Wisbech, Long Sutton, Glasgow, and Cardiff.

More strikes are set to be held at three sites in February. These are in Wisbech over eight days from February 1 to 12; in Bradford on February 3 and 4; and for four days at the Long Sutton plant.

Princes UK is owned by Italian conglomerate, Newlat Food S.p.A, following a takeover last year. On January 23, Princes chairman Angelo Mastrolia threatened, "Should Unite confirm the strike schedule for February, Princes will be forced to withdraw the 3% offer," adding that "All options to maintain the sustainability and stability of the company must be considered." He accused Unite of a "harmful approach" to pay negotiations.

Mastrolia warned, "We will be compelled to transfer part of our branded production to other facilities, including those abroad, and if the strike action continues, this will likely become a necessary choice for the future, which could mean a need to reduce jobs at our UK sites. This is a very real risk".

Princes was feeling bullish after completing, just three days earlier, a "mutual agreement" with the GMB trade union which accepted their 3 percent offer backdated to April 2024 for workers at Princes' Belvedere and Erith plants in southeast London. The miserly pay deal is made worse by the fact that these plants produce the olive oil, specialty oils and cooking oils whose retail price has skyrocketed over recent years, helping Princes make bumper profits.

The company falsely claims the 3 percent pay rise is above inflation, but it will not touch the rising cost of living, especially of rent and food, for London workers. Not feeling able to sell the deal to its own members, Unite pointed out that "Three per cent was not above inflation at the time the offer was given nor across the year as whole."

Mastrolia showed his appreciation for the union long infamous for its sweetheart deals with employers: "I am grateful to the GMB Union for their constructive approach to the negotiations and their understanding of the wider economic challenges faced by the business."

Princes' threat to impose a de facto pay cut or transfer production is a confirmation of the warnings made by the *World Socialist Web Site* and the strategy we proposed for workers going forward. Writing on the dispute we warned :

"Workers are in a battle against a major transnational corporation in the Princes Group, with the company's statement a warning that it will have no compunction whatsoever about closing UK facilities and opening other more profitable plants elsewhere in Europe and further afield.

"In opposition to Princes, workers must develop their own international strategy, and this means rejecting Unite's plea for negotiations and a 'fair slice of the pie.' No such thing is on offer from Princes or any other global conglomerate."

Responding to Princes' ultimatum, Unite general secretary Sharon Graham issued only a pro-forma, blustering statement: "If Princes thinks its threats will weaken workers' resolve it has another thing coming." Denouncing the company's "appalling behaviour," Graham declared, "Unite won't stand for such tactics and will be backing our members every step of the way in their dispute," but without a single reference to any concrete action the union would take.

Unite national food officer Paul Travers said Princes' tactics were "disgusting" and that "Unite and our members won’t tolerate such bullying behaviour and will instead be upping our campaign for a fair day’s pay.”

At the start of January, with Unite reporting there was “no new offer on the table,” the union claimed its upcoming strikes would “escalate” the fight. Now, with Princes threatening all-out war, all talk of an escalation has been ditched. Contacted by the WSWS this week, Unite did not confirm that scheduled strike action in February would go ahead.

In the face of threats from the company to withdraw even its meagre pay offer and close production at sites in Britain, threatening hundreds of jobs, the union’s press release complains that “Unite has not had a single face-to-face meeting with Princes since the new owners came in.” This demonstrates that the union leadership’s sole preoccupation is to reestablish the cosy relations it had with former owners Mitsubishi Corporation; it began the dispute by complaining about the new management’s withdrawal of a 4-7 percent pay offer it had been prepared to accept.

Workers voted to reject the 3 percent offer and for strike action back in November, but Unite only began stoppages, at just one site in Cardiff and for just two days, in December. Then it only sanctioned staggered stoppages at the other four sites in January—after the crunch Christmas period.

During the dispute Unite has emphasized that 20 percent of Newlat’s revenues are made in the UK—and are a critical part of its global operations. This is an attempt to foster a sense of national partnership between the company and its workers but the pittance Graham is prepared to accept as the basis for a pay settlement shows the real partnership is between the company and the union, acting as its industrial police force.

The buying up of Princes by Newlat is based on a business plan of consolidating its part in the monopoly of the European food industry by several massive corporations, whose profits are extracted off the backs of workers across the continent. Newlat is a multinational agro-food corporation producing and distributing a variety of products mainly under its own brands as well as for private labels. It has operations in Italy, Britain, Germany and France, through its subsidiaries Centrale del Latte d’Italia, Symington’s, Newlat GmbH and EM Foods.

The acquisition of Princes Foods, valued at £700 million, is expected to contribute significantly to its financial performance. Post-acquisition, the company reported revenues reaching €2.03 billion, with a net profit increase to €170.8 million.

Newlat considers workers’ demands for a living wage an unacceptable drain on these profits and is determined to resist them. Winning these demands means workers waging a fight which leverages their collective strength against the corporation by establishing a rank-and-file committee of, by and for the workers, organised independently of the trade union bureaucracy.

Princes’ new threats—encouraged by the GMB sellout—make clear that the proposed de facto pay cut Newlat plans across its UK division is part of a restructuring agenda aimed at streamlining its international production and supply chain network through mass job losses, wage restraint and speed ups. This can only be countered by a cross-border struggle against attempts to pit workers in different countries against one another, which will be abetted by the union bureaucracy. Princes workers in Britain are part of what the company takeover statement referred to as its “New Princes Group … comprising “a global network of 31 plants, 8,800 employees, and over 30 brands.”

Workers cannot rely on Unite’s bankrupt plea by for talks over a tiny, fractional pay increase with a company whose brutal agenda is clear. A rank-and-file committee would enable workers in Britain to coordinate with their co-workers in the same group across the UK and internationally—the only basis for mobilising against Newlat’s threat to move production overseas.

For assistance in forming a rank-and-file committee and affiliating to the International Workers Alliance of Rank-and-File Committees (IWA-RFC), contact the WSWS on the form below.