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Defend the Oil Industry!

THE SHELLHAVEN REFINERY, LIKE SO MUCH OF BRITISH INDUSTRY, SEEMS TO HAVE MORE PLANS FOR PRODUCING UNEMPLOYMENT THAN FOR PRODUCING USEFUL GOODS.

In 1978 Shell produced their notorious "Five Year Plan" for the refinery using the incentive of severance payment. Its target of losing 460 jobs has already been achieved and a further plan has been introduced.

This aims at losing a further 500 jobs by 1985. By that time the refinery will have less than half of its 1978 workforce.

With these cuts go cuts in capital investment. The company plans to cut its investment in Shellhaven from £16.7million in 1982 to between £2 - £4million in 1986.

It could not be argued, therefore that these job losses accompany a modernisation of plant.

COMPULSORY REDUNDANCY

The company is proud of the fact that, so far the cuts in labour have been achieved voluntarily or by "natural wastage" but this could soon end. To quote a recent management letter: "The surplus situation which already exists could lead us to enforced redundancies after 1982". Like the rest of the unemployed, they would be sacked to keep the company profitable.

PROFITS

Shell, like all multinationals is a highly profitable company. Shell UK Oil does not publish its accounts but its sister company Shell UK Ltd made a profit of £372millions last year, even after paying interest to its Dutch parent company. That parent company, The Royal Dutch Shell Group made a profit of £2225m in 1980.

The company, however, has been claiming that its profits fell between 1979 and 1980 and uses this as part of its case for cuts and keeping wage increases to 8%.

What they don't say is:

- Profits for 1979 were exceptionally high
- They are talking about a decline in profit not a loss
- They don't declare the money which they set aside against "depreciation" of their capital - that can be any amount their accountants choose!

Whatever they might tell us, Shell are far from becoming unviable.

UNEMPLOYMENT

The only responsibility companies like Shell recognise is the need to continue this profitability whatever the effect on their employees and the community.

The South East has traditionally been an area of good employment prospects. Not any more. Unemployment in the area has increased by 150% over the last two years. Unemployment amongst school leavers has increased by 483%. In the Basildon - Thurrock area alone a record figure of 14,000 unemployed was recently announced.

It is against this background that we are allowing companies like Shell to run down their workforce.

If we accept redundancy and rundown we are allowing them to treat us and our future expendable commodities.

Whilst industry is run for their profits and not for our welfare all cuts must be fought.

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IN 1980 BRITAIN BECAME SELF-SUFFICIENT IN OIL AND AN OIL EXPORTER, BUT JOBS ARE BEING LOST IN THE PETROCHEMICAL INDUSTRY AND REFINERIES ARE FACED WITH CLOSURE. THIS IS BLAMED ON FALLING DEMAND AND THE NEED TO IMPROVE "PRODUCTIVITY". BUT THERE MUST BE A DEMAND SOMEWHERE: MORE THAN HALF OUR NORTH SEA OIL IS EXPORTED. WHAT IS HAPPENING IN THE OIL INDUSTRY AND WHAT ARE THE REAL CAUSES?

North Sea Oil Disaster -

In 1981 5000 jobs were lost from the petrochemical industry and thousands more are under threat.

Two refineries are faced with closure:

The BP refinery on the Isle of Grain. Job loss:1700.

The Burmah Oil lubricating plant at Ellesmere Port on the Mersey. Job loss:1500.

There are also cuts in production. Shellhaven is planning to cut its capacity by half over the next 5 years with the loss of 500 jobs.

In addition to this refineries are threatened all over Europe. NO British refinery has a guaranteed future.

North Sea Oil has been hailed as a great national asset, but far from helping us it is actually being used to contribute to the destruction of British Industry.

- It has encouraged speculation, attracted even more investment away from manufacturing, and helped subsidise foreign imports. The Institute of Fiscal Studies has stated that this could cut our manufacturing sector by 9%.
- It is being exported to European refineries such as Rotterdam and, re-imported to compete with our own petrol production.
- It is being exported to the USA where it is refined and made into Textiles, these compete with our own battered Textile Industry.
- Most sinister of all, investigations by the TGWU suggest that some of our oil is going into the underground caverns of the USA's "strategic reserve" and allowing them to "cap" their own wells for future use.

This could mean that North Sea Oil is helping the Americans prepare for war.

None of this is done to benefit working people any where, but rather to increase the profits of multinational corporations.

The Oil Companies argue that the current policy of exporting North Sea Oil and closing down refining capacity in Britain is the best policy for our economy.

A recent bulletin issued by Shell UK Oil catches the essence of their argument:

"The problem is finding profitable outlets".

They argue that it makes economic sense to export more than half our Oil because North Sea crude has a higher price than the "heavier" high-sulphur crudes from the Middle East and therefore makes a profitable export commodity

In return, they say, we can import the cheaper, heavier crudes, which yield more products from the heavier end of the barrel, like bitumen.

As a result they claim the export of our Oil "is not damaging to the Nation's interests".

This ignores the full effects of what is happening.

Firstly, as Britain is now a net exporter of oil, we are not simply exchanging one sort of oil for another in our refineries: we are exporting oil which we could be refining at a time when our own refining capacity is being cut.

But more importantly, the oil companies themselves have stated that the "lighter fractions" of the oil barrel are becoming more important than the heavier. These include specialist chemicals, pesticides, fertilisers and dyes as well as petrol. It is these very commodities that North Sea Oil is best able to produce, hence its higher price.

But there is no evidence that this field of production is being significantly increased in Britain. In fact the Burmah Oil lubricating plant which is due for closure used North Sea crude to produce one of these profitable "light" products. Burmah now plan to buy the same commodity made with North Sea Oil but refined abroad.

It will also export the oil from its share of the Thistle Field.

This is an example of a very dangerous trend. To shift away from manufacturing in Britain (and our manufacturing sector has been cut by 17½% during the life of this Government) towards a dependance on profitable oil exports, is to shift Britain from being a manufacturing nation to a raw material producer with mass unemployment.

In fact, the rapid decline of oil consumption in this country has been mainly the result of the destruction of industry which in turn has been caused by the fact that capitalism is finding it increasingly difficult to maintain its profit levels in Britain. Between 1973 and 1980 overall European oil consumption fell by 10%. In Britain it fell by nearly 15% in 1980 alone.

It is just as well then to remember the main premise of Shell's argument already quoted. What is profitable is not necessarily good for working people.

OIL AND THE EEC

The European Economic Community is an organisation designed to keep capitalism in Europe profitable.

An important contribution to this overall plan is "restructuring", i.e. coordinating the rundown of unprofitable sections of industries and concentrating them in particular areas of the community.

An example of this is the "D'Avignon Plan" for Steel, whereby plants have been closed in Britain, Belgium and France and increasingly concentrated in the Rhur area.

A similar overall rundown is taking place in the Oil Industry. Italy and the Netherlands, previously the export refining centres of Europe are in line for particularly drastic cuts.

But whilst the EEC backs the rundown and closure the Oil Companies are moving to where the profits are, to the Middle East, South America, South Africa.

Although they claim there is a lack of European demand Europe is now less able to supply its overall oil needs.

In the mid-seventies the EEC was a net oil exporter, now it is a considerable net importer.

This again illustrates that the simple argument of decreased demand is not the whole story. Behind that is an economic system dominated by multinationals which has no real interest in production, just making money.

factory at Speke and moved to the Far East. Shell is closing its fibre production in the Netherlands and Monsanto has closed its Spanish polystyrene plants.

More sinister still is the fact that the petrochemical multinationals have been consulting the "Association of Political Risk Analysts", an American organisation of ex-CIA men. They advise whether the companies' new overseas investments are likely to be threatened by a belligerent workforce or revolution. They make sure they give aid to any Government which takes a hard line with its workers.

This investment in the developing world is not for the benefit of the host countries. The conditions are very much in favour of the multinationals:

- They employ few people after the initial construction stage, many of these are often foreign technicians.
- They demand the repatriation of large proportions of their profits, so they benefit the host country as little as possible.
- There are strings attached, like a guaranteed supply of Oil in the Middle East and guaranteed monopolies in some areas.
- They may even ask for Government participation in the original investment, creating massive debts to international banks.
- They are usually immune to controls like labour laws, anti-pollution laws, etc.

Exploiting the World

EEC PLAN

In 1977 Shell made representations to the European Commission which led to the announcement of EEC plans to close 8 European refineries including at least 2 in Britain. It also aimed to end all Government grants for refinery construction.

This was opposed in Britain particularly by the TGWU, the largest Oil workers Union and the Labour Government of the day did not implement it.

But the plan seems to have been reinstated with a vengeance. There are two British refineries faced with closure and cuts and closures planned all over Europe. Shell is closing its Ingolstadt plant in West Germany. Deutche BP is cutting its capacity in the Rhur, Esso Italiana (Exxon) is drastically cutting Italian production, and so on.

The excuse is overproduction

It is true that European demand has decreased by 10% since 1973 due to conservation and recession.

THE MULTINATIONALS STRATEGY

The multinational oil and petrochemical companies are developing a new international strategy. There is a move to shift the manufacture of "bulk" products like synthetic rubber and detergents to the "newly industrialising Countries" and to develop "speciality chemicals" like drugs and specialist pesticides in Europe and the USA where the skilled workforce is available. As a result oil and petrochemical companies are buying up more and more of the smaller pharmaceutical and chemical companies in Europe and the USA.

At the same time they are closing down some of their "bulk" products in these countries. The West German firm Bayer, is closing its German fibre production and investing in Peru, there it has a virtual monopoly on a large area of Latin America. Dunlop has closed its British rubber

Multinationals are not in the business of development but exploitation.

Clearly, their ideal world would be one where developing countries are governed by repressive regimes and the industrialised countries have mass unemployment. Both have the effect of attacking the ability of workers to organise and fight.

We begin our opposition to the multinationals here by stopping them closing our refineries and factories.

What Can We Do

The TGWU took a vital initiative in October 1981 when they called a conference of all the Oil Industry Unions to begin a campaign to have all North Sea Oil landed in Britain. Sadly, they lacked the support for a 'Day of Action' to back the campaign.

This initiative must be supported in our Union branches. We must fight for the principle that British Workers not multi-national companies must control and benefit from OUR oil.

The issues facing oil workers are those facing all Trade Unionists:

- All redundancies must be fought. In our situation of mass unemployment no one must give up a job.
- All attempts to undermine Union organisation and demarcation must be opposed at every stage.
- We should support the Union campaign for a shorter working week.
- We should support higher wage claims and cut overtime. It is upto us to force the creation of jobs.

The reason why Oil Companies and capitalists throughout Europe and the USA are running down their operations is to get us, the working class where they want us. The "streamlining" of Industry allows them to spend less on wages and weaken our Trade Union strength.

Whether we are refinery workers, teachers, civil servants or miners, our interest in decent wages and improving living standards comes into conflict with the demands of profit. Hence this Government's ruthless policies.

The Parliamentary Labour Party recently showed its horror at the thought of expropriating the interests of the multi-nationals. When Tony Benn spoke of reclaiming the British National Oil Company without compensation he was widely attacked. But our wealth and welfare is being expropriated every day by the Oil Companies and the whole Capitalist establishment. Their profits are paid for by our unemployment, our homelessness and the loss of our social services.

Our future can only be secure with Socialism, where industry and resources are controlled for our needs and aspirations not for profit.

Save That Job - It's Your Children's Future!

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