Rising Tide

info sheet

Fuel facts

In this article from *Corporate Watch* magazine (www.corporatewatch.org) Greg Muttitt and James Marriott pick apart oil company 'hot air' during the petrol price protests of autumn 2000.

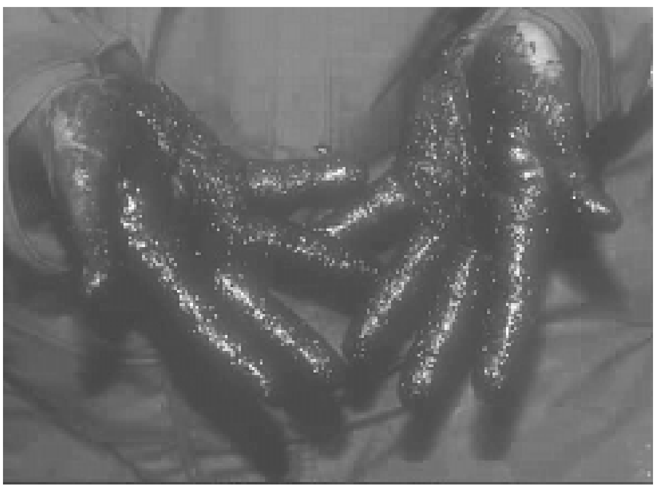
Revealed - the facts behind the oil companies' supposed safety concerns.

As the fuel crisis developed in September 2000, it became clear that the oil companies were holding back the tanker drivers. For example, on 12th September, BP admitted that its Grangemouth refinery in Scotland had not been blockaded. "The safety of our staff is paramount," the company explained.

Paramount? To workers at the refinery this comment must seem like quite an insult. In fact, a number of workers are receiving trauma counselling, so dangerous are the conditions they have to work in.

In June 2000, the Health and Safety Executive (HSE) began investigating, following a serious fire, which took 50 firemen seven hours to bring under control. One of the two on-site fire engines broke down on its way to the fire. Two days earlier, a steam line had burst, throwing debris into surrounding streets and releasing scalding steam. Local residents claim it was only because the incident happened late at night that no-one was injured or even killed.

The fire was the seventh safety incident in the space of a year. Analysts at Credit Suisse First Boston and local MPs lay the blame on BP's slashing of its workforce at the plant. Furthermore, BP has refused to meet local people's demands to release reports on its safety procedures. Astonishingly, just ten days after the HSE began its investigation, evacuation alarms failed to go off when explosive gas leaked around the plant. One contractor said, "The workmen don't have any confidence in the safety of this site".



The dirty work of polluting the planet

time to die - an unsubtle reference to cars and climate change

In July the HSE ordered BP to improve its asbestos safety procedures. In 1998, 55 workers at the refinery had been exposed to asbestos dust for two days. In 1996, BP was fined £50,000 and ordered to contribute £100,000 to local charities for another serious fire.

This atrocious safety culture is not unique to Grangemouth. In 1996 the HSE fined Texaco and Gulf - the operators of Milford Haven refinery - £200,000, plus costs of £144,000, for a devastating fire which injured 26 workers. HSE commented, "The incident resulted from a combination of management, equipment and control systems failures. As such, it was avoidable". Also in 1996 the Transport and General Workers' Union (TGWU) slammed the Coryton (BP / Mobil) and Shell Haven refineries in Essex for forcing dangerous cost-cutting in supply tugboats[6].

At Shell's Stanlow refinery, an explosion in 1990 injured six workers. The same year, a flareline collapsed, and two millimetres of metal prevented the probable death of 400 workers. The HSE later fined Shell £100,000 and described the accident as potentially the worst ever petrochemicals disaster in the UK.

Tanker drivers fare little better. Throughout the early and mid 1990s the oil industry lobbied for an increase in the lorry weight limit, which many (including the government) considered would have been unsafe - as braking systems were weaker than they are today. And in 2000 the HSE said it was dissatisfied with the industry's compliance with regulations on reducing the need for drivers to climb on top of their tanks (risking falls). When asked about specific threats to drivers' safety from the recent protests, oil companies generally failed to find any more than flying traffic cones. BP said it could not point to individual incidents but to an "atmosphere of intimidation". Esso echoed: "There has been intimidation of drivers." This is another surprising concern for the companies.

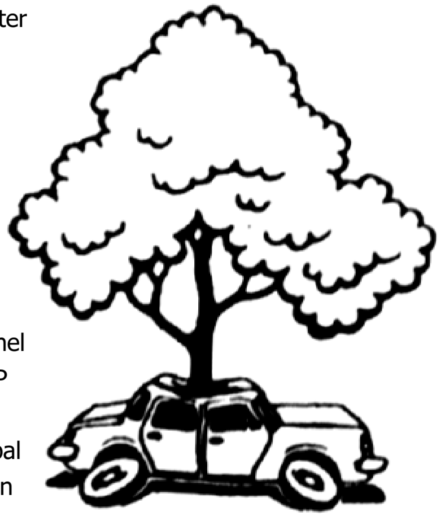
In 1993, the TGWU commented on Shell's plans to de-recognise unions at its Haven refinery: "It fits in with their ideological objectives. Through a mixture of inducements and intimidation they want workers to accept individual contracts of employment"[8]. In 1990, Shell admitted noting particular employees who had taken part in a sit-in at Shell haven[9].

The oil industry de-recognised unions throughout its UK refinery and transport operations between 1991 and 1995, affecting nearly 10,000 workers. Esso tanker drivers went first, in 1991, followed by Shell's tanker drivers. This de-unionisation may actually have contributed to the chronic safety problems. John Elliott, TGWU's Grangemouth district secretary, said "Staff feel that because there is no longer any protection, they are pressurised into doing things which they would have objections to if they had a union voice."

Interestingly, in both the de-unionisation in the early '90s and the recent holding back of drivers with bogus claims of safety concerns, the oil companies acted in concert. Of the former, the TGWU commented that the companies "collectively decided that they were unlikely to have a better economic, legislative or political climate in which to de-unionise the industry in the UK".

There is a strong culture of co-operation (rather than competition) in refining. After all, Shell's Stanlow refinery has a contract to supply BPs petrol stations in the northwest, just as BPs Coryton refinery has a contract to supply Shells petrol stations in the southeast.

During the petrol price protests, the companies had all had experience of refinery blockades in France the previous week, so were far better prepared than either protesters, police or government. It's not difficult to imagine an intranet dialogue between Jim Armstrong, manager of BPs Lavera refinery outside Marseille, Michel de Fabiani, head of BP France in Paris, Doug Ford, head of BP global refining & marketing in London and Paul Maslin, manager of BPs refinery at Coryton in Essex over the weekend of 9th - 10th September.



From the start, the companies knew that the political climate in Britain is totally different from that in France, and that there is no way in which blockades by farmers and truckers can bring the country to a halt. Yet they also knew that there was public pressure generally for a cut in fuel duty, and given the high oil price and an election on the horizon, Gordon Brown might cut the duty, and make up the revenue from production taxes in the North Sea. All seven refining companies - BP, Shell, Esso, Texaco, TotalFinaElf, Conoco and Phillips - have major assets in the North Sea.

The North Sea has one of the most generous tax regimes in the world, with companies paying no royalties or tax (other than corporation tax) on all fields developed since 1993. Indeed, in both 1997 and 1998, the UK was voted by oil companies as their favourite place to invest, in Robertson's annual International New Ventures Survey. In 1997 Gordon Brown realised how well the offshore industry was doing, and considered introducing some level of taxation, prompting an enormous lobbying campaign by the industry. In 1998 Gordon Brown decided that the North Sea oil industry could not sustain a tax hike while the oil price was so low. But by autumn 2000 the price had quadrupled to over $30 a barrel.

The real reason the oil companies cut off Britain's fuel supply had nothing to do with its workers. It was a threat, a warning to the government to stay off the North Sea. The companies came close to bringing down the government, and if it makes the wrong tax moves, they'll go the whole way.

For more info on BP see www.bpamoco.org.uk

This article first appeared in **Corporate Watch** magazine, read it here at: www.corporatewatch.org.uk/magazine/issue12/cw12f4.html

Car drivers on the road to nowhere