

Grangemouth: Unite union to make last-ditch attempt to save plant and 800 jobs

The Unite union is to make a last-ditch attempt to save the Grangemouth petrochemicals plant, making key concessions to owner Ineos in a desperate attempt to save 800 jobs.



Ineos said it had no option but to close the loss-making plant Photo: Reuters

By Alistair Osborne, Business Editor

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Union representatives said on Wednesday night that they planned to re-open talks at 8am with the Swiss-based Ineos, which announced it was closing the plant after only half the staff accepted its "survival plan".

The plan would have seen bonus cuts, changes to working terms, a reduction in pension benefits and a no-strike pledge, sweetened by a £15,000 one-off payment.

In a move that provoked political outcry in Westminster and Edinburgh, the Swiss-based chemicals giant said it had no option but to close the loss-making unit, sending ministers into a scramble to find a new buyer. There was speculation they may again turn to foreign investors, including China – though experts warned they would have to subsidise any deal.

But, with the plant facing imminent closure, Unite last night appeared ready to accept key parts of Ineos's plan. A Unite spokesman said: "Unite has made recommendations to Ineos as way to save jobs and prevent needless harm to this plant and the local community. We meet with the company tomorrow and will hear then if they share these objectives."

Unite sources said the Grangemouth management would put Unite's proposals to shareholders if they amounted to a viable plan to save the plant.



Ineos, which is about two-thirds owned by its founder Jim Ratcliffe, maintains that the Grangemouth site is losing £10m a month and requires £300m of investment to make it competitive.

The planned closure of the chemicals plant raised immediate concerns over the future of the adjacent oil refinery, which Ineos owns in a 51:49 joint-venture with PetroChina and supplies 80pc of Scotland's fuel. The business, which employs a further 600 workers, was temporarily shut down last week as the labour dispute over the chemicals plant escalated.

David Cameron, Energy Secretary Ed Davey and Scottish First Minister Alex Salmond urged Unite and Ineos to go back to the negotiating table.

Any closure would be disastrous for Mr Salmond, whose campaign for an independent Scotland is built on North Sea revenues.

Responding to questions in the Commons from former chancellor Alistair Darling, the MP for Edinburgh South West, Mr Davey said: "It is critical that we do absolutely everything we can to get negotiations going again". He added: "Should Ineos decide to walk away, of course we will be very much involved in trying to find a future."

Mr Darling warned that closure would leave a "huge hole in the Scottish economy", with the further loss of refining capacity, after last year's shutdown of Coryton in Essex, also having "serious implications" for the UK.

Paul Hodges, chairman of chemicals industry think tank International eChem, said: "We are talking about a hit to the economy of £5bn."

He played down hopes of finding another buyer. "The industry is already in a bad way. It stretches the imagination to say this is the opportunity someone's been looking for," he said.

Immediately after the announcement, Calum MacLean, Grangemouth Petrochemicals chairman, said it was a "hugely sad day for everyone at Grangemouth" but there "was only ever going to be one outcome to this story if nothing changed and we continued to lose money".

That had drawn a stinging riposte from Pat Rafferty, Unite Scottish secretary, who called the decision “tantamount to economic and industrial vandalism” and claimed “this was the intention of Ineos all along” – a charge the company denies.

“Make no mistake, one man is holding this workforce and this country to ransom and that man is Ineos owner Jim Ratcliffe”, Mr Rafferty said.

As tempers frayed, Lord Foulkes said in the House of Lords: “This Government and the Scottish government and the workforce have been blackmailed by a billionaire sitting in a £130m yacht in the Mediterranean.”

Mr Ratcliffe made no comment yesterday but an Ineos spokesman said he had been working "tirelessly" on the negotiations and was not on his yacht.



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