



Unite response to Department of Energy Security and Net Zero Call for Evidence: Future of the UK Downstream Oil Sector

Introduction

This response is made by Unite the Union.

Unite is the UK's strongest trade union, representing over one million members across all sectors of the economy including manufacturing, financial services, transport, food and agriculture, construction, energy and utilities, information technology, service industries, hospitality, health, local government, and the not-for-profit sector.

Unite welcomes the Department of Energy Security and Net Zero's 'Call for Evidence on the Future of the Downstream Oil Sector' and the acceptance by government that the sector is a critical part of the UK economy supporting national security, vital transport systems and impacting all areas of our economy, underpinning national and regional economies.

Unite proudly organises workers in critical industries which are energy and carbon intensive and involve the extraction, processing and transport of fossil fuels. Our members keep the lights on and our world moving. No one inside these industries needs to have the urgent need for decarbonisation explained to them by those outside it. In the transition to a low carbon future and the challenges of net zero our members are not allowing themselves to suffer the fate of the coal miners. Through political malice and industrial vandalism, workers and communities paid a terrible price for deindustrialisation.

Moreover, the closure of Grangemouth refinery and the current insolvency situation at Lindsey leaves thousands of skilled workers unemployed, will cause a severe impact for those refinery workers and contractors within the wider supply chain, leaving families and communities fearful for their future. This is an impact government must mitigate when considering the future of the downstream oil sector and policy actions required to sustain employment. Currently, workers do not have confidence in the policy landscape around clean energy because there is no evidence that an adequate number of good jobs will be created.

Furthermore, geopolitical events and conflict, as seen in Russia's invasion of Ukraine and the current conflict in Iran, lead to economic disruption of the global energy and oil and gas market which impacts the policies of national governments, as well as consumers through increasing prices and inflationary pressures as well as security of supply. This makes it critical that the UK maintains the infrastructure required to sustain fuel supply, including vital pipelines such as the Government Pipelines and Storage System pipeline which should be controlled by government as opposed to dependency on supply from a private company.

This response is made on behalf of Unite the Union members working across the Downstream Oil sector, from refineries to terminals, transportation, and retail.

Our response will consider the impact of economic policies on workers across the sector and how best to protect the jobs and regional economies and energy supply that the downstream oil sector supports.

The underlying principles of the UK strategic policy in terms of managing the future of oil and gas must be aimed at securing energy requirements, investing in industries, defending jobs and skills and while making sure the transition to a low carbon economy brings prosperity to workers and communities.

This requires serious intervention by government to provide the conditions that will best support a future for oil workers and a fair and just transition. Right now, we are witnessing an unjust transition, a lack of proactive industrial planning, site closure announcements, devastating job cuts, and workers left with no clear pathway to sustainable work and industries.

The recent announcements of closures, for example at Grangemouth, Lindsey Oil Refinery and Exxon Mobil at Mossmorran, alongside sustained day on day losses aligned to North Sea oil production, reflect the way in which private markets are failing the workforce and government intervention is inadequate.

The seriousness of the current situation around oil and gas and the fuel sector is highlighted by the report by Robert Gordon University which forecasts that the UK oil and gas workforce is forecast to fall from 115,000 in 2024 to between 57,000 and 71,000 by the early 2030s.

To emphasise the urgency of the situation and the constant haemorrhaging of jobs, Unite research across offshore workers identified thousands of jobs lost because of operators reducing exploration as investment conditions worsen. This has a knock-on impact across downstream oil operations and wider associated industries reliant on feedstocks.

Our reliance on imports grows, with around 45% of gas supply, 44% of oil products such as diesel, imported in the UK. These fuels are not only used for electricity generation but also in transport, heating and in industry.

We are demanding positive policies to create the framework for a positive outlook in our industries, such as a Carbon Border Adjustment Mechanism (CBAM) (including for fuel) that protects UK industries, a genuine level playing field on energy costs, more opportunities for workers to upskill, talent retention, apprenticeships and procurement rules that support UK industry. The oil sector requires a sustainable, fit for purpose tax regime which future proofs jobs and offers protection for current and future industries.

We continue to demand more serious investment in new green technology. Whether it is sustainable aviation fuel, new EPR nuclear reactors, small modular reactors, forms of hydrogen, and carbon capture, utilisation, and storage (CCUS). This investment must create union-recognised jobs with comparable pay and conditions for workers to transition into. Critically the jobs created must be 'like for like or better'. The Clean Jobs Energy plan speaks about involving trade unions and positive collective bargaining, and this must be outcome-based and reflected in the pay and terms and conditions of jobs created.

All too often the cart is being put before the horse. The government has been allowing jobs impacted by Net Zero policies to go without any industrial plan. This has impacted Unite members from offshore workers to refinery workers, as well as those in the petrochemical industries, and in the wider chemical sector across the UK.

This simply has to stop.

Unite has identified the following essential elements in a plan which could deliver for workers:

- Ongoing targeted support for the oil and gas sector required to sustain energy security, protect jobs, and deliver the decarbonisation of industry.
- A workers' plan for transition with formal negotiated arrangements between government, workers and employers in the oil and gas industries. The existing collective bargaining machinery through the Energy Services Agreement used as a base for low carbon sectors such as wind, solar and hydrogen.
- A right for every worker to job-to-job transition, no gaps between existing industries and progression to decarbonised jobs on a 'like for like or better' basis.
- An industry obligation to develop training and learning with relevant skills funding streams at national, sector and company level with full involvement of trade union representatives.
- Urgent public investment and clarity on projects necessary to establish and secure UK decarbonisation with conditions and content clauses that respect workers' rights and deliver high-quality, well-paid jobs and apprenticeships.
- Targeted financial resources through government to support impacted communities and industry supply chains through transition.

How the current mix of domestic refining capacity and import capability supports the UK's energy security, national resilience, and responses to potential and actual supply disruptions?

The UK is increasingly reliant on imports to sustain our oil requirements. Figures identify that 40% of our needs are met in the UK.¹ As UK refineries perish, in the case of Grangemouth and now Lindsey, the demand for fuels does not disappear, we transfer our reliance increasingly to imports from partner countries and sustain their economies while job losses in our towns and cities intensify. This is unacceptable to Unite; across the UK many regions depend on the downstream oil sector as major employers contributing directly to local economies and securing not only directly employed roles at plants but extensive numbers of long-term contract workers as well as induced jobs connected to the economic activity in the sector. Reports into the economic value of the closure of any refinery established this wider economic impact.² In terms of the development of storage and multi tank blending being future solutions, then an expedient planning policy on how this will be achieved is required to ensure security of supply.

How the current downstream oil sector is integrated, both vertically and horizontally, to bring economic benefits to local areas and across the UK? Please provide specific examples of where your part of the sector contributes financially or through specific fuel and non-fuel products to the wider economy or other industrial sectors.

Unite has strong experience of the integration of jobs across the downstream oil sector. Our members work across many associated industries. There are a number of roles in downstream fuel distribution, transportation roles which Unite members undertake ensuring the safe delivery of fuels to our terminals and forecourts and other customers such as the aviation sector. Additionally, in the wider oil and gas and petrochemical sector, offshore exploration, pipeline systems, the refining workforce, repair and maintenance contractors in engineering construction, plant operations, to the wider supply chain both in the manufacturing and services sector. It is imperative that future policy actions ensure continued, skilled sustainable employment for these workers. We

¹ <https://post.parliament.uk/north-sea-oil-and-gas/#:~:text=In%202024%20the%20UK's%20total,reducing%20demand%20for%20fossil%20fuels.>

² <https://www.gov.scot/publications/economic-contribution-grangemouth-refinery/>

need a serious assessment of the connected industries, number of jobs, and clear understanding around the necessity of protecting employment, skills and livelihoods of workers in these sectors.

This is why job conditionality in all new industries related to energy supply across the UK is critical to ensure any companies seeking to deliver our energy requirements provide those jobs here in the UK. Workers are not seeing the often-heralded boom in renewables jobs here in the UK. As put succinctly by Dr Ewen Gibbs in “Goodbye to Grangemouth”:³

“One of Labour’s ‘missions’...was to ‘make Britain a clean energy superpower.’ According to its manifesto, this will secure energy independence and create ‘650,000 new high-quality jobs’. There is little sign of either...Figures from the International Renewable Energy Agency show that Britain is among the world’s largest importers of wind energy equipment – we are just as reliant on international supply chains and multinationals in the renewables sector as in other areas”.

This neatly corresponds with the experience of Unite members.

In 2019 an Oxford Economics study for Fuels Industry UK showed that at least 2% of every UK region is reliant on the fuel sector ,making it a large contributor to economic activity in all regions.⁴ An example of this is in relation to the economic dislocation at Grangemouth where an impact assessment for PWC has found that the refinery makes an economic contribution of £403.6m and there are 2,800 jobs reliant on the refinery. ⁵

Petroineos failed the refinery workforce in closing Scotland’s only oil refinery and national asset and refusing to invest in developing technologies such as SAF. However, both the UK and Scottish Governments must accept responsibility as a transition stake should have been acquired pausing redundancies, securing an extension of the refinery until the repurposing of the plant was complete with jobs secured. It is shameful and quite frankly scandalous that skilled workers, those that we urgently require to develop

³ <https://www.lrb.co.uk/the-paper/v47/n16/ewan-gibbs/goodbye-to-grangemouth>

⁴ <https://www.fuelsindustryuk.org/media/jgfnppj5/the-economic-contribution-of-the-downstream-oil-sector-evidence-paper-1.pdf>

⁵ <https://www.gov.scot/publications/economic-contribution-grangemouth-refinery/>

a Net Zero economy, are losing their jobs and could be lost to Scotland's economic future as job opportunities open across the global energy market.

If there are any weaknesses or vulnerabilities in the current downstream oil sector, and its integrated industries, that undermine the resilience of the current system?

The UK depends upon both domestic production and international trade. The statistics show that despite increasing demand in the UK, our production fell to a new low in 2024, with the continued decline of North Sea production.⁶

In the recent weeks, the impact of geopolitical action (US/Israel/Iran war) is underlining the critical nature of imports to the UK supply. The US and Norway remained the UK's largest sources of crude oil, together accounting for two-thirds of crude oil imports in 2024. This establishes the importance of energy supply and security here in the UK. We must have access to the feedstocks to support our associated industries, chemicals, pharmaceuticals, and other manufacturing sectors dependent of energy supply. Jobs and livelihoods are dependent on it, and if one looks at the chemicals sector, there is a crisis brewing with the Chemical Industries Association echoing the need to secure jobs and manufacturing⁷.

C. Understanding the future of the sector.

If current policies and market conditions remain unchanged, what is the expected trajectory for your part of the sector in terms of changing production levels, diversification of fuel type, decarbonisation plans, profitability etc. and what is driving this trajectory?

It is clear oil and gas products and derivatives will be necessary across industry for decades and it is vital that industrial and fiscal policies protect UK jobs. This sector

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https://assets.publishing.service.gov.uk/media/677bbddf99c93b7286a396cb/Energy_Trends_December_2024.pdf

⁷ <https://www.cia.org.uk/press-releases/cia-business-survey-uk-chemical-sector-faces-further-factory-closures/1492.article>

must be competitive in a global marketplace with fiscal policies ensuring continuing investment in our oil and gas sector. Currently, Unite reps are reporting operators leaving the North Sea due to the investment conditions without any protection for those workers laid off.⁸

The development of markets around CCUS, hydrogen, offshore wind are already interesting companies in the oil sector. For Unite members the need for policy certainty around investment to secure future jobs and commitment to trade union recognition in developing industries is critical to defend the pay and terms and conditions of workers transferring. The consequence of any investment must see jobs created located where our downstream oil sector is located, backed by trade union recognition and collective bargaining agreements, with job guarantees and necessary skills investment available to workers where required. Workers must have a simple route from one sector to another, and any skills policy must have a clear route to sustainable 'like for like or better' employment.

What are the key policies that your part of the sector has a vested interest in, to realise the opportunities outlined above? Can you provide evidence of how these policies are a barrier to the transition?

In our experience with employers and industry representatives Unite is finding that energy costs are a major concern across the downstream oil sector, particularly in our refineries. Fuels UK estimate UK electricity prices have seen a persistent year-on-year increase from 2017, more than 2.7 times the cost of those in Texas and almost 1.8 times the cost of the European average.⁹ While government has responded with the British Industrial Competitiveness Scheme which will see a future reduction in costs to some employers, this will not be on stream until 2027.¹⁰ With the threat to jobs and plants seen in Grangemouth and Lindsey, there is concern that the delay in implementation will further erode UK competitiveness, which in turn can impact our members' jobs.

⁸ <https://www.bbc.co.uk/news/articles/cx27p91kpzdo>

⁹ <https://researchbriefings.files.parliament.uk/documents/CDP-2025-0235/CDP-2025-0235.pdf>

¹⁰ <https://www.unitetheunion.org/news-events/news/2025/june/industrial-strategy-step-forward-for-jobs-unite>

Additionally, the failure to include the oil refinery sector within the scope of the UK CBAM can impact UK refining capacity and competitiveness. The refining sector has one of the highest exposures to carbon leakage and a more practical approach would be to restrict the application of a CBAM to key products which UK refineries produce, for example, petrol, jet fuel/kerosene, and diesel/gas oil. The delay in implementation of a UK CBAM with Europe risks trade disruption and delay as well as increased costs for UK imports.

Provide evidence on the global, European or UK trends for fuel demand and fuel types through to 2050? Please provide an insight into how you predict this demand could be met in the UK via production or imports and what the driving factors behind these changes are.

The International Energy Agency Oil Report in December 2025 outlined that global oil demand is set to rise in 2025 amid an improving macroeconomic and trade outlook. These brighter prospects extend to the IEA 2026 forecast, now upgraded with jet/kerosene accounting for half of gains.¹¹ The IEA further notes that during 2026 petrochemical feedstocks will dominate growth with their share rising to more than 60% from 40% in 2025. This is a timely reminder of the importance of the sector and additionally the requirement for oil product derivatives across wider sectors which provides vital manufacturing jobs across chemicals, glass and other industrial sectors. The need for oil to provide the feedstocks for products we use daily is not going to disappear and we need policy action that secures our ability to protect the skilled sustainable jobs in our sector.

¹¹ <https://www.iea.org/reports/oil-market-report-december-2025>

Does your part of the sector feel that current demand creation policies for Sustainable Aviation Fuel and Renewable Transport Fuel help or hinder these projections and UK's transition to net zero?

Unite and its heritage unions have been supporting the development of SAF since 2008, and we are frustrated that we are not as far forward on this path than we should be as an important step towards reducing emissions and reaching a Net Zero economy.

The increased development of SAF technologies and production are the only options available for carbon reductions for long haul flights without investments into indirect carbon reductions using offsetting investment into direct air capture technologies.

Given the price differential between SAF options and traditional Jet A1 kerosene and the various blends, Unite would hope more can be done to encourage the use of SAF from UK producers to provide price guarantees and security of supply.

SAF is currently hugely expensive in comparison to Jet A1 fuel. This highlights the need for support to encourage change, as the price differential will currently increase the fuel bill by more than 4.3 times. In any airline the cost of fuel is normally higher than the remuneration bill so such an increase will result in substantial increases in the price of a ticket or a kilo of air freight if matters stay the same. There is therefore a need for market stability. The UK's guaranteed strike price (GSP) is a mechanism to provide revenue certainty for SAF producers. Unite believes that should any subsidy be involved to assist in the establishment of a SAF supply chain, then the companies benefitting must be compelled to invest in local jobs, skilled apprenticeships, respect trade union rights around recognition and access and commit to collective bargaining. We should have been working towards utilising and transitioning workplaces to deliver the SAF in the long term, saving jobs and skills and protecting the fabric of our local communities.

The UK Sustainable Aviation Fuel (SAF) mandate aims to increase SAF use, with a target of 10% of UK jet fuel being SAF by 2030 and 22% by 2040, requiring 1.2 million tonnes of SAF annually by 2030. There is no mandate over where it is manufactured.

For the production of sustainable or renewable transport fuels, is the UK competing with other regions globally? Which regions are these and what are the competitive differences? Please provide evidence on production capability, feedstock availability, import capability and policy frameworks.

The UK government's own statistics rank the UK second behind the US in jet fuel demand in 2024, principally due to Heathrow airport one of Europe's busiest aviation hubs.¹² With the infrastructure available, such as at our refineries, Unite has argued that these facilities be developed to ensure that our people, with the skills in processing, engineering and operation, are part of the future delivery of sustainable fuel.

Consistently reacting to industrial dislocation when employers make decisions is not indicative of the industrial strategy that our members need. We need certainty, with government policy supporting the creation of jobs, the delivery of an industrial future for our communities intrinsically linked to the oil and gas and downstream oil sectors, and positive employment outcomes for our members.

What is the pathway for your part of the sector or asset to decarbonise either Scope 1, Scope 2, or Scope 3 emissions? What does this look like and how far along are you in progressing these plans? Where possible, please provide information of the specific technologies utilised, the investment required, the time taken to deliver these changes and how government policy can support this.

If we consider the situation at Grangemouth, the Scottish and UK governments supported Project Willow, a £1.5 million feasibility study which identified long-term industrial options for the site and explored how Grangemouth can build on its skilled workforce.¹³

The report provides nine proposals likely to attract private investment, including plastics recycling, hydrogen production and other projects that could create up to 800 jobs by

¹² <https://www.itij.com/latest/news/heathrow-becomes-worlds-second-busiest-international-airport-2025#:~:text=New%20aviation%20data%20underscores%20Heathrow's,Atlanta%20taking%20the%20top%20spot.>

¹³ https://www.sdi.co.uk/media/vlubfykz/project-willow_pid_v214.pdf

2040. That is a long way from delivering job security for impacted members in and around the refinery.

While companies such as Celtic Renewables are exploring investment in the area, the key will be ensuring that those workers from the refinery can access these jobs and that pay and terms and conditions are comparable and have trade union recognition.¹⁴ Additionally, the lag times around job creation creates a risk of these workers moving overseas, which our representatives are reporting is happening.

Unite notes that the Department for Energy Security and Net Zero in response to the consultation Building the North Sea's Energy Future has set out a North Sea Future plan which includes a North Sea Future Board and North Sea Jobs Service.¹⁵

These announcements mean little to those workers facing redundancy because of recent closures and action must be taken to secure the future of work across those developing sectors for those impacted. Developments with tangible actions such as the Grangemouth Workers Project, ensuring that any new industries in the plan must prioritise those workers impacted by the closure of the refinery, must be replicated delivering tangible outcomes (jobs) following any cessation of activity.¹⁶ We cannot continue to let jobs go without a proper plan for jobs. Unambiguous job guarantees must be linked to future investment and developing industries, otherwise there is no just transition.

The voices of workers on a Trade Union working group as part of the North Sea Future Board must influence conditions required to underscore the delivery of labour market policies to secure the future of skilled employment across nascent industries. This includes commitments to ensuring the primacy of collective bargaining, trade union recognition, and investment in apprentices as conditionality linked to public investment.

¹⁴ <https://www.bbc.co.uk/news/articles/cx254v98djzo>

¹⁵ <https://www.gov.uk/government/groups/north-sea-future-board#membership>

¹⁶ <https://www.gov.scot/news/protecting-grangemouths-future/>

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