



Mr Gordon Lindhurst MSP
Convenor, Economy, Energy and Fair Work Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Thursday 7 March 2019

Dear Convenor,

The Future of BiFab

Please find attached a letter which we have today sent to the First Minister regarding the future of BiFab, and the situation facing the empty yards in Fife, in particular. This follows extremely disappointing news about yet more offshore wind work being awarded to fabricators outwith Scotland by the developers and their principal contractors.

GMB and Unite are requesting that the Scottish Parliament's Economy, Energy and Fair Work Committee investigate the position of Scotland in relation to winning largescale work for the offshore renewables industry. We are deeply concerned that we are about to see a repeat of the failure to build an industrial supply-chain for offshore wind, just as was the case for onshore wind and we believe that there is significant public interest in both exposing this and examining what could be done to turn the situation around.

As we set out in our letter to the First Minister, the Moray East and Kincardine offshore wind farm projects have a total value of around £2.8 billion. BiFab's Canadian owners DF Barnes have actively pursued contracts from both. Despite these efforts to win contracts, the fabrication work for five platforms supporting the Kincardine project has been awarded by procurement firm Cobra Wind International to the Spanish state shipbuilders Navantia. We are therefore specifically asking that the Committee consider the potential commercial advantage Navantia have through Spanish State support including the mitigation of company debts, in contrast with BiFab. We are highlighting, also, that the awarding of the Kincardine project works has occurred in spite of an apparent commitment, which we believe was made at the time of consent, for construction, and significant fabrication, of substructures in Scotland. We think the Committee may want to examine this and the whole question of commitments towards employment which are being sought from this industry, which has enjoyed so much support from taxpayers, bill payers, government and politicians of all stripes.

In relation to the Moray East project, the procurement firm GeoSea DEMA has awarded contracts for one hundred turbine jackets to United Arab Emirates (UAE) fabricators

Lamprell, and Belgian steel constructors Smulders. It is our understanding that Smulders will further sub-contract their work to yards in Belgium, Spain and the North East of England.

GMB and Unite believe DF Barnes has done everything possible during the tendering processes including price levels, business plans, labour, health and safety, and environmental standards. We remain deeply concerned that BiFab will only win a percentage of these contracts available if they reduce their costs by an unsustainable margin. The reality is that BiFab cannot solely compete on price costs in competition with an economy structured like that of the UAE. Billions of pounds worth of contracts and thousands of direct and indirect jobs are now on the brink of being lost to state sponsored companies, and companies who hold an unfair commercial advantage or to economies which do not necessarily apply labour standards that we would recognise. This is no level playing field.

In Parliament, last week, the First Minister indicated that she believed these concerns about a level playing field, and the preferential supply chains which appear to be in operation, required to be addressed and we therefore hope that the Committee will agree to such an inquiry.

We would of course be happy to discuss our request with you and your officials as may be required.

Yours sincerely



Gary Smith
GMB Scotland Secretary



Pat Rafferty
Scottish Secretary, Unite the Union



Rt Hon Nicola Sturgeon MSP
First Minister
The Scottish Government
St Andrew's House
1 Regent Road
Edinburgh
EH1 3DG

Thursday 7 March 2019

Dear First Minister,

The Future of BiFab

This week we are marking an important and positive development at Arnish in Lewis. GMB and Unite are in no doubt that without the action of the BiFab workforce in 2017 we would not be in this position. However, we have also, as you know, always sought to work with you and your Ministers and to give recognition to all of the Scottish Government's efforts to secure a future for all three BiFab yards.

Today, we are jointly writing to you with the utmost urgency about the type of future that the BiFab yards in Fife will have in the immediate term.

In so doing, we first of all want to make you aware that GMB and Unite are requesting that the Scottish Parliament's Economy, Energy and Fair Work Committee investigate the position of Scotland in relation to winning large-scale work for the offshore renewables industry. As you know, we are deeply concerned that we are about to see a repeat of the failure to build an industrial supply-chain for offshore wind, just as was the case for onshore wind.

As you are well aware, the Moray East and Kincardine offshore wind farm projects have a total value of around £2.8 billion. BiFab's Canadian owners DF Barnes have actively pursued contracts from both. Despite these efforts to win contracts, the fabrication work for five platforms supporting the Kincardine project has been awarded by procurement firm Cobra Wind International to the Spanish state shipbuilders Navantia. We will therefore specifically ask the Committee to consider the potential commercial advantage Navantia have through Spanish State support including the mitigation of company debts, in contrast with BiFab. We are acutely aware, also, that the awarding of the Kincardine project works has occurred in spite of an apparent commitment, which we believe was made at the time of consent, for construction, and significant fabrication, of substructures in Scotland.

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Today the UK Government will announce proposals for a New Offshore Wind Sector Deal, with an aspiration to triple the level of employment in the sector by 2030. This cannot gloss over the fact that in the real world, the fabrication yards in Burntisland and Methil lie empty. The promises of a 'just transition' or a 'green jobs revolution' will not resonate with working-class communities in Fife.

The Scottish Government holds a stake in BiFab and subsequently in Scotland's renewables manufacturing future – but that future is a precarious one. The lessons from the Moray East and Kincardine projects must be learned by everyone. The failure to secure a more significant share of work from the Moray East and Kincardine projects show that we need further interventions from the Scottish Government and from the Scottish Parliament to start levelling the playing field and ensure Scotland gets its share from this industry.

In Parliament, last week, you said clearly that these concerns about a level playing field, and the preferential supply chains which appear to be in operation, required to be addressed and we therefore hope that you will support our efforts to secure a Committee inquiry.

GMB and Unite are also calling for urgent clarity from the Scottish Government as to any commitment that have been sought from developers of offshore wind projects in relation to employment and for you to make clear what the underlying barriers, which you also referred to in Parliament, might be preventing Scotland winning work from this industry which has received so much support from us.

We look forward to your response.

Yours sincerely



Gary Smith
GMB Scotland Secretary



Pat Rafferty
Scottish Secretary, Unite the Union

Cc Gordon Lindhurst MSP, Convenor of Economy, Energy and Fair Work Committee