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Risk of Closure for U.K.'s Largest Chemicals Site

The owners of the U.K.'s largest chemicals plant said it is facing the risk of closure due to surging energy costs and carbon taxes.

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Written by Martin Lynch, European News Editor for Industrial Info (Galway, Ireland)--The owners of the U.K.'s largest chemicals plant said it is facing the risk of closure due to surging energy costs and carbon taxes.

The INEOS Olens and Polymers (INEOS O&P) plant at Grangemouth, Scotland, is owned by INEOS Limited (London, England) and employs 900 staff. "Unless there is a significant turnaround in the next couple of years, then INEOS will have to make a very difficult decision about the future of Grangemouth," Stuart Collings, chief executive officer of INEOS O&P, told *The Telegraph* newspaper. "INEOS has had to effectively subsidise the Grangemouth business from profits it makes on other businesses around the world, and has done that for a number of years. That's the only way we've been able to survive."

Collings said that compared to its U.S. equivalent, the Grangemouth chemicals operation spent more than 100 million euros (US$116 million) per year for energy and up to 30 million euros (US$35 million) in carbon taxes in 2024. "If my business was to close, then I think the Falkirk area would be decimated. It would be similar to what happened when coal mining communities shut down," Collings said. "We also supply raw materials to Scotland's other cracker plant [the Mossmorran plant operated by Shell plc (London, England) and Exxon Mobil Corporation (Spring, Texas)] and we also supply ethylene for factories across England. So the knock-on impact would

be horrific for the U.K.". Earlier this year, Petroineos (London) - a joint venture between INEOS and Chinese state oil firm PetroChina (Beijing, China) shut the 150,000-barrel-per-day (BBL/d) refinery at Grangemouth - Scotland's only refinery and one of only six refineries in the U.K.. It cited high costs and declining fuel demand in Europe for its decision, which cost 400 jobs.

The U.K.'s leading industry group, Chemical Industries Association, last month highlighted that one-third of Britain's chemical companies experienced falls in sales, production levels and capacity utilisation in the past quarter due to the high cost of energy and international economic uncertainty. "Our members have noted significant price erosion in key markets due to Chinese overcapacity," said Steve Elliott, chief executive of the association. "This fierce international competition, coupled with internationally uncompetitive industrial policies and input costs, is threatening the future of our domestic manufacturing sector. Numerous companies have announced closures, restructuring, strategic reviews or profit warnings over the past two years because investment is being re-directed to more competitive locations".

The Grangemouth location has traditionally played a key role in Scotland's chemicals and refining industry. Earlier this year, Industrial Info reported on a plan sponsored by the U.K. and Scottish governments to repurpose the Grangemouth refinery into a hub for green industries. The plan estimated that up to 800 jobs could be created but that it would require £3.5 billion (US$4.5 billion) of private investment to implement. The *Project Willow* report by Ernst & Young (EY) (London), outlined nine low-carbon options for the wider site that employs more than 2,000 people. For additional information, see April 01, 2025, article - Green Future Revealed for Scotland's Grangemouth Refinery.

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