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Shell set to unveil job cuts

By Ed Crooks

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Royal Dutch Shell, Europe's biggest oil company, is beginning a series of announcements about job losses as it extends the cost-cutting programme launched by Peter Voser, the chief executive who took over at the beginning of July.

The cuts are expected to run into the thousands, after 150 out of 750 senior managers lost their jobs in the first phase of the restructuring, known as Transition 2009.

Shell is under pressure from the cost of a huge capital spending programme and the falls in the prices of oil and gas. Its debts are rising sharply, albeit from a low base.

On Thursday Standard & Poor's, the rating agency, downgraded Shell one notch to AA from AA+, putting it on the same rating as BP, because of its rising borrowings.

Managers are informing staff over the next two weeks of the detailed plans for their business units and, in some cases, beginning consultations with the workforce. The company plans to implement the cuts by the end of the year.

Mr Voser wrote to staff this week, in an e-mail seen by the Financial Times, that, during August, managers had "worked hard at redesigning the rest of their affected organisations or adapting and accelerating their own change journeys". He added: "Transition 2009 and our other change journeys will result in significant ongoing staff reductions."

Shell refused to say how many jobs were expected to go from its workforce of 102,000.

Mr Voser's plan includes breaking up the former gas and power division and splitting the exploration and production business into two divisions: one for the Americas and one for the rest of the world.

Royaldutchshellplc.com, an independent website used by present and former Shell staff, said: "Although precise figures have not been supplied to us, our estimate based on an analysis of the leaked information received, is that on average, staff numbers [in exploration and production] will be cut by 15 per cent."

It said some experienced staff expected to have to re-apply for their jobs.

Shell has a number of large developments reaching completion around the turn of the decade, including the Pearl plant in Qatar to convert gas to liquid fuels, and the QatarGas 4 liquefied natural gas project in the same country. Once those are complete they will need fewer staff.

However, one analyst said it would be surprising if the E&P operations bore the brunt of the job cuts, because that was the side of the business Mr Voser hoped to strengthen.

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