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#BUSINESS NEWS
JULY 31, 2017 / 9:27 AM / AN HOUR AGO

Shell plans 400 job cuts at Dutch projects and technology department

Tom Bergin

3 MIN READ

A Shell logo is seen reflected in a car's side mirror at a petrol station in west London, Britain, January 29, 2015. Toby Melville/File Photo

LONDON (Reuters) - Royal Dutch Shell Plc plans to cut more than 400 jobs in the Netherlands, mainly at its major projects and energy technology operations, as the oil giant shifts its business model in response to lower oil prices, according to an internal document seen by Reuters.

The world's second-largest oil company by market capitalization said in a

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statement responding to questions from Reuters that ″approximately 400 (staff) are potentially at risk of redundancy during the last quarter of 2017/first half of 2018″.

That represents around a quarter of the roles at the department, according to the staff consultation document seen by Reuters. The group employs 92,000 worldwide.

″Shell is transforming into a simpler company,″ a spokesman said, adding the final number of job cuts would be subject to consultation with employees. He declined to answer detailed questions about the consultation document.

The proposed restructuring, which will also see dozens of research roles move from the Netherlands to Bangalore, India, highlights how lower oil prices are prompting the Anglo-Dutch oil giant to shift away from the mega-projects which have been its focus for over 20 years.

It also underscores an increasing shift of higher-value roles, such as research to lower cost countries.

″There will be fewer one-of-a-kind highly complex mega-projects and proportionately more simple to medium complex projects... This heralds a more ′commoditised′ world for project delivery," said the document, which was given to royaldutchshellplc.com, an independent website used by Shell staff, and seen by Reuters.

In addition to staff cuts, Shell aims to reduce costs by outsourcing more ″lower value-adding″ design work, reducing the number of staff on expensive expatriate employment packages and by cutting layers of management in its project and technology operations.

″The industry as a whole has become less efficient over the last 1-2 decades, whilst automotive, aerospace, solar and wind, for example, have become more efficient,″ it said.

The oil industry has been cutting jobs – including around 12,500 at Shell - and capital investment budgets in recent years as lower oil prices have rendered many previously profitable projects uneconomic.

While the second quarter saw a rebound in many companies′ earnings, analysts say strong production and low operating costs at U.S. shale oil fields means a significant recovery from the around $50/barrel level Brent crude has traded at over the past two years is unlikely anytime soon. That price is around half the level crude traded at over the previous six years.

Editing by Louise Heavens

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JULY 31, 2017 / 8:38 AM / 2 HOURS AGO

Swiss banks paid $1 billion in negative interest rates in first half

Joshua Franklin

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FILE PHOTO - The new 50 Swiss Franc note is seen at a market stall after its release by the Swiss National Bank (SNB) in Bern, Switzerland April 12, 2016. Ruben Sprich/File Photo

ZURICH (Reuters) - Swiss banks paid 970 million Swiss francs ($1 billion) in negative interest rate charges in the first six months of 2017, according to central bank data, up 40 percent year-on-year as clients continue to hoard cash.

The Swiss National Bank (SNB) is charging a 0.75 percent fee on large deposits at the central bank, a cornerstone of its monetary policy since January 2015 which is aimed at weakening Switzerland's currency.

It is a burden for banks, especially at a time when wealthy clients are still keeping more than a fifth of their holdings in cash despite buoyant financial markets, recent earnings at the biggest private banks show.

The amount rich clients are opting to keep in cash has largely come down from the record-high level seen during the financial crisis but is falling very gradually.

UBS, the world's biggest private bank, said last week the cash holdings at its flagship wealth management division came down in the second quarter to 21 percent of invested assets from 21.5 percent.

UBS Wealth Management has 1.04 trillion francs in invested assets.

Credit Suisse, the fourth-largest private bank in the world by assets, said cash holdings across its money managing units held steady in the three months to end-June at around 30 percent.

Holdings in cash at Julius Baer, Switzerland's third-biggest private bank, came down to 22 percent from around 23 percent during the first six months of 2017.

"It's interesting to compare right after the crisis in 2008, cash levels were at 34 percent, and the low we have experienced in 2007, pre-crisis. There the cash was around 16 percent," Julius Baer Chief Financial Officer Dieter Enkelmann said last week.

"So there would be still room to go down if the markets would continue to do well."

Editing by Adrian Croft

#AUTOS

JULY 30, 2017 / 8:31 PM / 14 HOURS AGO

Audi targets 10 billion euros in cost cuts to fund electric-

car push: sources

2 MIN READ

FILE PHOTO: The logo of Audi is pictured at the Auto China 2016 auto show in Beijing, April 25, 2016. Kim Kyung-Hoon/File Photo

BERLIN (Reuters) - Audi (NSUG.DE) aims to cut costs by 10 billion euros ($12 billion) by 2022 to help fund a shift to electric cars as it seeks to move on after the emissions scandal, sources close to the carmaker said.

Audi, Volkswagen's (VOWG_p.DE) main profit driver, plans to bring five new all-electric models to market in coming years, starting with the e-tron sport-utility vehicle (SUV) to be assembled from 2018 in Brussels.

Despite run-up costs for its electric-car programme, the luxury automaker wants to keep its operating profit margin at 8 percent a year at least, two sources close to Audi said. Its profit margin in the first half of this year was 8.9 percent.

The bulk of the 10 billion cost savings would come from cutting research and development costs, the sources said.

A spokesman at Audi's headquarters in Ingolstadt, Germany, declined comment. German business daily Handelsblatt reported the cost-savings target and profitability plans earlier on Sunday.

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Audi also aims to free up funds for investments in zero-emission technology by developing a new production platform with Porsche, allowing both VW premium brands to save money by sharing components and modules.

Audi is grappling with car recalls, prosecutor investigations and persistent criticism from unions and managers over the diesel emissions scandal and its strategy post-dieselgate.

Sources told Reuters on Friday that four of the brand's seven top executives are earmarked for dismissal in the near future. On Sunday, sources said the dismissals were discussed by supervisory board members last Thursday but a formal decision has yet to be taken.

Reporting by Andreas Cremer; Editing by Susan Fenton

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