Royal Dutch Shell to slash 6,500 jobs

Josh Varlin
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Multinational oil giant Royal Dutch Shell said Thursday that it would eliminate 6,500 positions this year and slash investment by $7 billion. These moves were accompanied by an announcement that Shell is planning to proceed with a takeover of BG Group, a move which will likely result in further layoffs.

Low oil prices and a stagnant global economy have provoked mass layoffs in the energy industry, with companies announcing some 50,000 job cuts over the past three months.

Oil is currently trading at under $50 per barrel despite producers' hopes that its price would increase in the second half of this year. High production levels by OPEC, the prospect of the expiration of sanctions on Iran, and a lack of economic growth have kept oil prices depressed.

This has led to massive job losses across the oil and gas industry, with Swift Worldwide Resources reporting last month that over 150,000 jobs have been lost globally since the beginning of the downturn in oil prices last year. These losses have been centered in the United States and the North Sea. Swift CEO Tobias Read noted that his firm's estimate of 150,000 is actually "conservative and the likelihood is that total job losses probably exceed Swift's forecast."

Shell CEO Ben van Beurden pointed to Wall Street's role in the job cuts: "We have to be resilient in a world where oil prices remain low for some time… We're taking a prudent approach, pulling on powerful financial levers to manage through this downturn, always making sure we have the capacity to pay attractive dividends for shareholders."

Texas, where the oil industry has been a major factor in the state's higher-than-average growth rates, has been hit hard by layoffs. Halliburton and Baker Hughes, both based in Houston, Texas, have each cut over 13,000 jobs since they began slashing costs last year. The oilfield service giants have said that these cuts are unrelated to a planned "mega-merger" between the two, which would likely result in additional layoffs. Chevron announced July 28 that it was cutting 1,500 positions: almost 1,000 in Houston and 500 in San Ramon, California.

BP is also planning on cutting an undisclosed number of jobs in Houston, along with job losses in Aberdeen, Scotland. This is part of an ongoing restructuring program, aimed at compensating for pressures from the oil slump and the Deepwater Horizon settlement, which the company said it would accelerate following a loss of $6.3 billion in the second quarter.

British energy provider Centrica plans to cut 6,000 positions by 2020, with about 3,000 of these cuts coming from layoffs by 2017.

The French engineering and construction firm Technip, which primarily serves the energy industry, reported a loss of $336.7 million in the second quarter. Three weeks ago the company announced that it was planning on cutting 6,000 jobs and writing down its assets by $713 million. CEO Thierry Pilenko was blunt in his assessment of the situation: "The oil and gas industry is likely to be adversely impacted for longer than anticipated by the downturn."

Saipem, a subsidiary of Italian energy multinational Eni, said July 28 that it would cut 8,800 jobs globally over the next two years while Statoil, which is majority-owned by the Norwegian government, predicted the loss of up to 1,500 employees and 500 external consultants by 2017.

The job cuts in the oil industry follow a series of mass layoffs in the technology, mining and coal industries over the past several months. Mining conglomerate Anglo American alone is planning on cutting 53,000 jobs in the coming period.

The downturn in oil prices is part of a broader decline in commodities, particularly iron ore and industrial metals, pointing to broader recessionary tendencies in the global economy.

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