OIL

Pressure on Shell over safety of platforms

By Russell Hotten
Industry Editor

ROYAL Dutch Shell is facing a growing campaign about alleged poor safety on several North Sea oil platforms, with Britain's biggest trade union and a former executive of the company calling on MPs and the Health and Safety Executive (HSE) to investigate.

Unite, formed from the merger of the TGWU transport union and Amicus, accuses Shell of neglecting safety on platforms it has recently put up for sale and has warned that a deterioration in relations between the company and staff is putting workers at risk.

Meanwhile, Bill Campbell, former group auditor of Shell International who has highlighted safety at the company for years, has now written to every MP and member of the House of Lords claiming to have evidence that the company has ignored problems.

Unite said in a statement: "Many platform areas are now not fully covered by trained and competent people and certain HSE safety-critical roles are not fully supported. The gaps in these safety-critical positions could be so severe that, in the event of an emergency, staff may be unable to cope."

Several Shell platforms – Cormorant Alpha, Dunlin Alpha, Tern, Eider and North Cormorant – are being sold as the company scales back activities in the North Sea, where finding and extracting oil and gas is becoming increasingly more expensive.

Shell denies strongly that it has ever compromised on safety and says that managers on the platforms have not complained of a lack of staff in safety-critical functions.

However, safety is an emotive issue and Shell will be unhappy that its standards and procedures are being questioned. Nor will the union's plan to intensify its campaign help the company find buyers for the platforms.

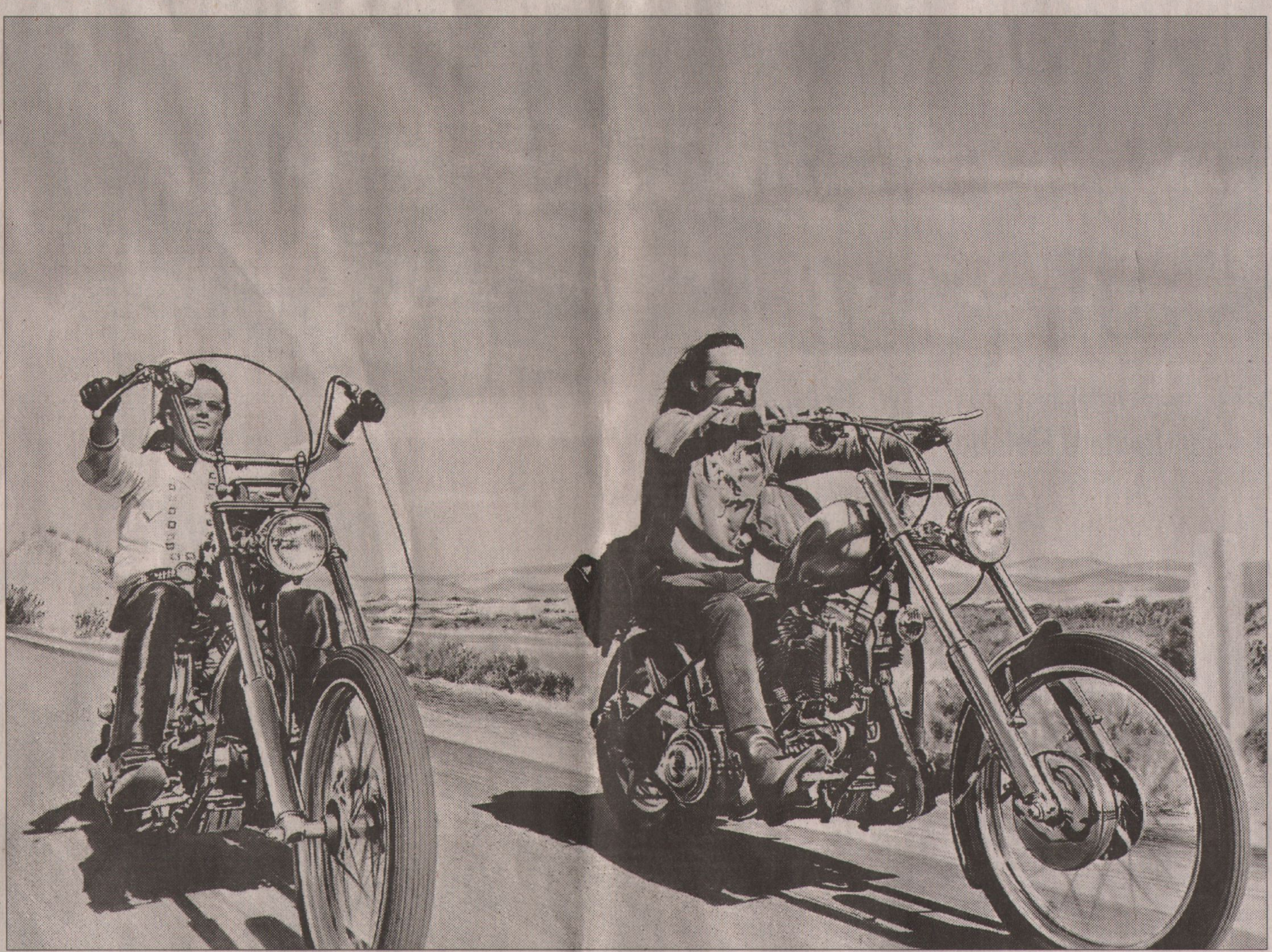
A spokesman for Shell said yesterday: "We are aware that this [sale of the platforms] is an unsettling time for staff. Safety is our first priority and foremost on the agenda at all the affected platforms. We have asked personnel to raise any concerns personally with senior management so that we can understand and fully address them."

In a separate campaign, Mr Campbell wrote to MPs at the end of July saying that Shell is putting "lives at stake". He claimed to have a "vast amount of evidence" that Shell has failed to tackle health and safety concerns, but did not spell out the details in the letter.

Mr Campbell, who has teamed up with a website that has been highly critical of Shell, appears to be of increasing concern to the company. A recent internal email admits that the website has thrown Shell "on the back foot".

The company declined to discuss Mr Campbell but said that if anyone raised a safety issue "we take it seriously and look at it".

AUTOMOTIVE



Harley-Davidson motorcycles have iconic status, thanks partly to exposure in such classic films as Easy Rider

No easy ride for Harley-Davidson

By Emma Thelwell

HARLEY-DAVIDSON is to cut its shipments of motorcycles after warning there is no easy ride ahead. The manufacturer of the iconic bikes revealed that US sales fell sharply during August and it no longer expects worldwide dealer sales to increase during the second half of the year. It also warned that the outlook for 2008 would continue to be challenging.

Harley-Davidson shares tumbled nearly 9pc to $49.40 (£24.35) in New York after the company said it now expects revenue for the year to be hit, with earnings per share down 4pc to 6pc, in the range of $3.69-$3.77, compared with last year's $3.93.

Jim Ziemer, chief executive of Harley-Davidson, said: "This is a difficult time for the US consumer. Coming off a negative US retail sales trend in the first six months of the year, we ran an effective promotion in July that increased retail sales.

"However, against the current economic background, we no longer expect worldwide dealer retail sales to increase during the second half of 2007.

"As a result, the company has decided to reduce its planned shipments of motorcycles to its dealers for the remainder of 2007. The company expects its actions will result in fewer wholesale motorcycle shipments than dealer retail sales during 2007."

The group will reduce its shipment for the third quarter to as little as 86,000 from as much as 95,000 motorcycles. Shipments for the full year are expected to be in the range of 328,000 to 332,000.

LEISURE

Smoking ban hits Wetherspoon

By Emma Thelwell

PUB group JD Wetherspoon has warned its outlook for next year remains cautious after bar sales slowed in England following the start of the smoking ban.

Shares in the group slumped 38 – or 6pc – to 560p, despite a 6pc rise in profits this year to £62m.

Tim Martin, chairman, said: "Given the smoking bans and our experience in Scotland, our outlook for like-for-like sales for the 2008 financial year involves more uncertainty than usual."

Wetherspoon, which operates 617 pubs across the UK, said bar sales slowed in August following the introduction of the smoking ban in England in July.

Overall sales were up by 1.1pc in August, against a rise of 5.3pc in July.

In Scotland, where the smoking ban was introduced in March, the group said sales and margins had been under considerable pressure for the first six months, but have since staged an encouraging recovery.

Douglas Jack, an analyst at Panmure Gordon, said: "The slowdown in sales to 1.1pc is already in our forecasts. What is less certain is the extent to which the English smoking ban erodes margins."

Food now accounts for more than 30pc of the group's sales, compared with 17pc 10 years ago. The group is now the only major pub company to open all its pubs for breakfast at 9am daily, selling around 250,000 breakfasts each week.

Mr Martin said any surplus cash in the coming year will be used to cut debt, buy back shares or a combination of both.

An 8p final dividend will be paid on November 23.

HOUSEHOLD GOODS

Aga may sell pension fund

By Sophie Brodie

AGA, the upmarket British oven maker, has become the latest public company to consider selling its pension fund.

The company said it had hired KPMG to consider options for the £792m fund as Aga reported a 5pc rise in first-half profits.

The move follows an 8pc investment in Aga by Edmund Truell, whose Pension Insurance Corporation buys and manages schemes on behalf of companies. Mr Truell began building his stake in July. Chief executive William McGrath said the company had been in talks with Mr Truell but all options remained open.

He said: "These new insurance players in the pensions sector have some really good ideas."

However, he added: "We would do what we thought was best whether he had a stake or not."

The scheme has a £73.4m surplus on an IAS 19 accounting basis. Mr McGrath said: "Our task is to ensure that the scheme continues to benefit employees and we will move to a more defensive position."

The fund currently has about 40pc in equities.

Aga, which last year failed to buy kitchen equipment company Enodis, said it had received several indications of interest from private equity and trade buyers for its commercial food service arm, estimated to be worth up to £300m. Mr McGrath expects the deal to complete by the end of the year.

First-half pre-tax profits rose £1m to £22m on revenue up 8pc to £273.9m. The 3.85p interim dividend, up 10pc, is payable on December 3.

The shares fell 7¾ to 421½p.