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Shell to Stall Hires and Get "ruthless" on Contractors

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By Tom Bergin

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LONDON (Reuters UK) - Royal Dutch Shell (RDSa) may trim its workforce with a plan to leave vacancies unfilled and to "ruthlessly" review its use of contract staff, according to an internal email seen by Reuters.

The email, sent by a senior executive in Shell's core exploration and production division, told managers "the world has changed" after crude prices collapsed from over \$147/barrel in July to around \$40/bbl now.

"Do not fill vacancies ... Reconsider how hard to hold on to securing current staff that may be on the fence re. retirement," Chris Haynes, Vice President Technical, EPT Projects said in the email.

The email was sent on his behalf by the head of human resources for the unit.

Shell declined to comment on the email.

Contract staff, on which Shell, like other oil companies, relies heavily to help operate its facilities, are to be targeted in the cost-cutting drive.

"Ruthlessly review third parties costs ... Review necessity of contract staff as contracts expire, renew by exception only."

The company is also targeting savings on information technology and travel costs. However, Shell, the world's second-largest non-government-controlled oil company by market value, will

continue with its 2009 graduate recruitment plan.

Shell sources said the company did not have targets for large job cuts, but one said there might be some "fine-tuning."

In recent years senior executives at big oil companies complained of a shortage of experienced staff and went to great lengths to retain employees and even coax staff out of retirement.

The moves follow pledges by Shell to continue investing despite the downturn in crude prices. The company plans to invest \$31-32 billion (21.8-22.5 billion pounds) in projects this year, compared with \$30 billion last year.

A copy of the email is available on Shell protest site royaldutchshellplc.com to which Shell employees often post comments.

(Editing by Will Waterman)