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The early 20th century

During World War I Shell became the main fuel supplier of the British Expeditionary Force and profited from increased after-war motor car use. By the end of the 1920s Shell was the world's leading oil company and founded Shell Chemicals. The 1930s depression forced Shell to reduce its staff and World War II led to the destruction of a lot of its properties.

The First World War inevitably brought mixed fortunes for the Group. Shell made a major contribution to the Allies' war effort by becoming the main supplier of fuel to the British Expeditionary Force. It was also the sole supplier of aviation fuel and it provided 80% of the Army's TNT. In addition it volunteered all its shipping to the British Admiralty. Thus it enhanced its reputation and its profits while it continued to develop in parts of the world unaffected by the conflict such as in Venezuela, Mexico and Sarawak. The war confirmed the supremacy of oil-fired transport over the slower and less flexible railway system that the Germans relied on. Less happily, the German invasion of Romania in 1916 saw 17 % of the Group's worldwide production destroyed in a few days, while in Russia the revolution saw all its assets seized.

Prosperous inter-war years

The post war period began auspiciously when Alcock and Brown used Shell fuel to make the first trans-Atlantic flight in 1919. The inter-war years were a time of rapid expansion for the oil companies as the use of motor cars and demand for gasoline increased. There were huge gains also as major oil fields were discovered in California, South America and the Middle East, notably Iraq and Saudi Arabia. Drilling techniques made huge strides with the use of mud to regulate pressure in oil wells. The refining and downstream businesses also grew rapidly and in 1929, Shell Chemicals was founded to advance the refinement of chemicals from oil.

By the end of the 1920s Shell was the world's leading oil company, producing 11% of the globe's crude oil supply and owning 10% of its tanker tonnage. Its fuel quality was high, it was diversifying its product base and had an assured and prolific supply of oil from the Middle East. But the price of oil proved to be volatile and efforts to control the market by price-cutting or through an informal cartel with other oil majors were doomed to failure.



Alcock and Brown used Shell fuel to make the first trans-Atlantic flight in 1919

Strategies, challenges and crises

The 1930s began with the Depression, forcing Shell to reduce its workforce and impose financial cuts. Even the annual sports day at the Lensbury club in London fell victim. But the decade saw many advances: great progress in fuel and chemicals research and an explosion of brilliant advertising with themes of power, purity, reliability, modernity and getting away from it all. Many designs have become classics.

As a mark of confidence, the Group also purchased a large riverside plot on the Thames in London to build ShellMex House, one of the Group's landmark buildings round the world. The ShellMex company handled all the marketing of Shell's products. Part of the growing maturity of the marketing activities was the development of the global network of service stations where cars could refuel. The service stations, with their distinctive appearance, helped build the Group's reputation for reliability and quality.

The shadow of war

The 1930s saw oil politicised. Shell's assets in Mexico were seized and to avoid a similar fate in Venezuela it was forced to concede generous terms to the government. In Europe the rise of the Nazis posed a threat to the Group's Dutch assets. With the invasion of Holland after the outbreak of war in 1939, the head offices of the Dutch companies were moved to Curacao. The London office remained open but was dedicated to supporting the British war effort. Properties in Eastern Europe were destroyed, particularly in Germany, and access to Rumania was lost. The US refineries produced aviation fuel to support the Allied air forces. Shell Chemical Corporation produced butadiene for synthetic rubber, a vital commodity. All tankers came under Government control and Shell losses were heavy, totalling 87 ships.

Many Shell staff displayed great bravery in keeping the tankers going and were duly rewarded. Most famous of them was the flying ace Douglas Bader whose inspirational story was told in the film *Reach for the Sky*. He worked in the Aviation Department of Asiatic Petroleum before joining the RAF in 1939. He returned to Shell after the war, a hero.