Deep roots, deep commitment

Offshore Europe, Aberdeen, UK

Ben van Beurden

Chief Executive Officer of Shell
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Ben van Beurden became Chief Executive Officer (CEO) with effect from January 1, 2014.

Ben joined Shell in 1983, after graduating with a Master's Degree in Chemical Engineering from Delft University of Technology in the Netherlands.

Ben's career in Shell spans both Upstream and Downstream activities. He has held a number of operational and commercial roles, including some 10 years in the LNG business, and a variety of positions in Downstream.

In January 2005, Ben became Vice President, Manufacturing Excellence, based in Houston, USA. In this role he was responsible for standards in operational excellence and high-performance initiatives in refining and chemicals manufacturing.

In December 2006, he was appointed Executive Vice President, Chemicals, based in London, UK.

During his tenure in the role, Ben was appointed to the boards of a number of leading industry associations including the International Council of Chemicals Associations and the European Chemical Industry Council.

From January to September 2013, Ben was Downstream Director and had regional responsibility for Europe and Turkey. He has been a member of the Executive Committee since January 2013.

Ben, a Dutch citizen, is married to Stacey and has three daughters and a son. He enjoys reading, running and travelling with his family.

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Recent years have been challenging for the oil and gas sector and the industry in the North Sea has felt the impact. In this speech, Ben van Beurden recognises the deep roots of Shell in the UK, emphasises the opportunities that still exist in the North Sea and plots out a course which can help the basin realise its potential.

Ladies and gentlemen,

There was a newspaper headline the other day that read: "Red tape holds up new bridge."

A bridge? Structurally reliant on tape? For an engineer like me, that sounds worrying. I prefer my bridges made of steel, concrete and rivets.

Sometimes it is easy, to use the British phrase, to "get the wrong end of the stick".

And as a Dutchman, speaking English, in Scotland, I am determined to be very clear today. I don't want any misunderstandings.

Headlines

Because you have seen headlines too.

About Shell divesting $3.8 billion worth of North Sea assets to Chrysaor. About the company removing the topside of Brent Delta in the most visible sign of decommissioning to date. And there have been headlines as Shell, like everybody else, has had to cut costs in response to the sustained low oil price.

So, is Shell still committed to the UK? I want to be clear. Yes it is.

Shell has deep roots in the UK that go back to before the company was even involved in the oil business. It was over 125 years ago that one of Shell's founding fathers – a British man, Marcus Samuel – moved from trading trinkets covered in shells to trading kerosene all over the world.

And now Shell has a supply chain worth £3.4 billion a year in the UK alone. The depth of that supply chain is only hinted at by the presence of company's pecten symbol all over the country at more than 1,000 petrol stations.

When I think of the deep roots the company has in this country, I think of the fact that at least one in ten of the graduates Shell hires has studied at a UK university. I think of the fact that around 90% of Shell's UK Upstream supply chain spending is in this country. And I have in my mind the fact that Shell has an Upstream history in the UK that stretches back for half a century. It is a proud history.

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The Shell-operated Brent field alone has produced around 10% of the UK's oil and gas. It has contributed around £20 billion in tax revenue in terms of today's money. And it has supported tens of thousands of jobs.

Commitment

Deep roots mean deep commitment. And there is much to warrant the continuation of that commitment.

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There are the people and their skills and knowledge built up through decades of innovation.

There are the partnerships and trust established over the years; relationships with other businesses and operators; relationships with the government, both directly and indirectly through the excellent work of the Oil and Gas Authority; and relationships with organisations such as OGUK, which does so much to strengthen the investment case for Britain.

And then there is the UK Continental Shelf itself. As the OGA has said, there as many as 20 billion barrels of oil equivalent still remaining, and promising areas yet to be fully explored with the potential to add £290 billion to the UK economy by 2035.

Total's planned acquisition of Maersk Oil, with its substantial North Sea assets, only highlights the significant potential that still exists here.

Shell has clearly stated its intention to be a world-class investment case, and the North Sea is part of the drive to achieve that goal.

Investment

That is why the company intends to invest hundreds of millions of dollars a year in the area over the coming years. Yes, we are divesting some of our assets and that will generate short-term cash, but it will also focus Shell's UK portfolio and ensure it brings in serious returns over the long-term.

Maximising economic recovery from the UK Continental Shelf is the shared aim of both the industry and the British government. That strategy needs the right assets in the hands of the right operators, and many recent deals in the basin are helping to achieve that, including the Chrysaor deal.

A good example of the right assets being in the right hands is the redeveloped Schiehallion area.

As you know, it is operated by BP with a Shell stake of 55%. Rejuvenating that field took the combined skills and investment cash of BP, Shell and Siccar Point Energy. And now it is producing oil again and can be expected to keep producing oil for many years to come.

As Schiehallion demonstrates, it takes investment, collaboration and skills to maximise the recovery of a field's resources. And it also demands a consistent focus on costs.

Costs

I mentioned Shell's drive to be a world-class investment case. That also requires a consistent focus on costs.

Part of that has been Shell's "Fit for the Future" programme, which was pioneered here in the UK. This has stripped out unnecessary spending through innovation and new ways of working. It has helped make the company one of the lowest-cost operators in the basin.

And I would like to make a point here of acknowledging the great efforts, the flexibility and the determination of Shell's UK staff in making this happen. It has not been easy.

But the focus on costs will continue.

Yes, the North Sea has a fine and proud history.

Yes, the people here have shown time and again their ability to innovate, change and improve.

And yes, there have been great efforts to advance the UK investment climate and to provide stable foundations for that investment.

Every one of these things is true.

But the work is not done. The basin still needs to earn its right to grow.

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Competition

It is competing internationally for investment from across the industry. It can, and must, be attractive for that investment on an international basis.

For these are challenging times. The oil price has already been lower for longer than our industry would like. And the global energy transition inevitably means the emergence of new sources of energy, new patterns of consumer behaviour and new challenges for the oil and gas industry.

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But let me be clear. I must be clear. Because I do not want anybody to get the wrong end of the stick.

The world needs renewables. But renewables produce electricity and electricity is less than 20% of the world's energy system.

The world needs battery electric cars. They are on our roads already and we need many more of them. But batteries are not the answer for every road journey, let alone for shipping, freight or air travel.

The number of people in the world is growing.

The number of people in the world seeking to raise their quality of life is also growing. And they need energy to do that.

Energy demand is going to go up.

Demand for petrochemicals is increasing too.

The energy transition to a low carbon future will happen. It has to. But it will take time to happen – it will take generations to happen.

And the world still needs oil. It still needs gas.

And, if costs are low, if the investment landscape is good and stable, and if the people of this country can innovate as they have done for decade after decade, then the world will still be relying on the work done here in the North Sea for a long time to come.

And, as my final words, I will simply say this: Shell very much plans to be part of that future.

Thank you.

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