

Shell Announces Plan to Fire 6,500 Workers Amid Price Slump



London, August 20 (RHC)-- Royal Dutch Shell has announced plans to lay off 6,500 jobs this year due to global decline in oil prices. While announcing a 35% decrease in its profit, a statement from the company says it is intending to slash operating costs for 2015 by 10%. The London-listed oil firm said it may be forced to cut more jobs next year warning that lower oil prices could continue for several years.

Shell report 25% decline in net income in the second quarter. "We're taking a prudent approach, pulling on powerful financial levers to manage through this downturn. We have to be resilient in a world where oil prices remain low for some time, whilst keeping an eye on recovery," Chief executive Ben van Beurden said.

"It not just oil but the prices of natural gas have depressed for a number of years. So, it's the mixture of the two and clearly oil companies will be cutting back on investment and staff. Clearly, the longer the oil and gas prices stay low, they will need cost cutting," Marco Pietroboli, a London-based economist told Press TV.

Anglo-Dutch multinational oil and gas firm currently employs about 94,000 people. This is the first time the company has announced cost cutting measures for this year. "These are challenging times for the industry, and we are responding with urgency and determination, but also with a great sense of excitement for the future."

The cost of oil slumped over a year ago - dropping more than 50%. It has mainly attributed to falling demand in many emerging economies in Asia, and soaring production of shale oil in the United States.

OPEC has so far maintained the previous output amid opposition from members especially Saudi Arabia over the production cut. Many analysts say the refusal to slash output by some countries is merely aimed at protecting their market share from the U.S. challenge.

"The U.S. and Russia are not part of the OPEC. If some countries bring down the output doesn't impact the price at all as some other counties may increase their production. Every member of OPEC is primarily looking for its own best interest not of the OPEC because not only industries of these countries need revenue but also the governments", said Petroboli.

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