

Sea Shell Importer Expands Firm Into Giant Oil Company in London

By HARRY HOBBS
United Press International
London (UPI)—From the gay little trinket boxes on the Victorian ladies' dressing tables there grew a giant—and it kept growing, growing and growing.

This giant had seven heads and was named Shell.
Of this giant's seven heads four were Dutch and three British. Together their brains and talents charted the path of the giant itself and with it the future fortunes of about 500 children it had spawned around the world.

This giant still is growing. Its sustenance is oil and the things that flow from it.
That's the story of Shell Oil and it is no fairy tale.

It all started when a trader in London's sleazy Whitechapel district, whose main business was importing sea-shells from the Far East, decided to expand. The delicate shells he had been shipping and selling, mainly to decorate mid-ladies' trinket boxes and other ornamental knick-knacks of the age, came from lands that had other things to offer—including oil.

New-Fangled Business
The Whitechapel trader was Marcus Samuel. Once he began branching out he teamed up with a shrewd Dutch financier named Henri Deterding and they launched into the then new-fangled oil business. That was in 1906. Ultimately their effort grew into the Royal Dutch-Shell group, one of the half dozen largest industrial concerns in the world.

The Shell group today comprises two parent companies, the Royal Dutch Petroleum company and the Shell Trading and Transport company.
Both are holding companies. Royal Dutch has a 60 per cent interest in the group and Shell Transport controls the remaining 40 per cent.

Britons are easily the largest stockholders in the group as a whole, with 39 per cent of the total. Second come holders in the United States with 19 per cent and, third, Dutch shareholders with about 18 per cent.

Between them these two "parents" operate hundreds of smaller companies that pepper the globe with the Shell flag.

Each offshoot enjoys near-independence but is subject always to the over-riding loyalty to "The Group."

There was a time when the top people in Shell were mainly British or Dutch, but in the process of growth and evolution nationals of many countries now sprinkle the upper echelons of management.

Shell has marketing companies in almost every land outside the Russian sphere and Communist China. It produces oil in North and South America, Europe, the Middle East, in Africa and in Asia. Latin America is easily its biggest single source.

Prospecting teams are constantly ferreting for new fields from the Arctic to the Equator, both in countries where oil already is produced and where none has yet been found.

As the volume of oil pumped through the world's industrial and transportation arteries has grown through the years, so has the Shell group's share of the world's oil business.

In 1907 Shell companies between them were producing 22,000 barrels a day. In 1962 daily output of Shell crude was 2,884,000 barrels a day. The volume of oil and its products actually sold by the group last year averaged 3,170,000 barrels a day—a jump of 12 per cent in 1961.

It also has huge industrial interests in chemicals, plastics, synthetic rubber, pesticides and fertilizers. The group owns more than 50 refineries in 27 countries. Its continuing

research effort is immense by any standards; 22 research centers employing about 6,000 persons in Britain, Holland, Germany and the United States.

Even a brief review of Shell's worldwide operations in a single year is like leafing through a geography book. It covers drilling in Sarawak... a new "one-stop-shop" retail enterprise in Canada based on gas stations... proving a gas field in Holland... readying for new production in Algeria... seismic surveying for oil under the North Sea from Britain... the start of a new refinery in Tabangao in the Philippines... helping to lay a 70-mile pipeline in Abu Dhabi's Murban field in the Persian Gulf... a new gas discovery in Pakistan... the completion of an ethylene plant near Sydney, Australia... a gas oil unit going "On stream" and a new household detergent material plant in which Shell has a part interest in Japan.

Depicting the real size of this oil complex is not easy but two basic facts help. Shell produces about one-ninth of the world's total oil output and its annual gross income from sales and operations was more than 3 billion pounds (\$8.4 billion) in 1962—a figure that dwarfs the national revenue of many countries. Sales taxes and excise duties absorbed 851 million pounds (\$2,383 billion) payable to various governments.

Tanker Fleet
Another fact: the tanker fleet in the group's service puts most national navies in the pigmy class and overwhelms the world's greatest passenger-cargo lines. By the end of 1962 Shell had 471 ships of better than 11 million deadweight tons working for it.

Net assets this year in plant, property and equipment were worth nearly 3.6 billion pounds. (\$10.8 billion) with one-third of it concentrated in oil production. Its total capital employed, as shown in the balance sheet, was 2.85 billion pounds (\$7.98 billion)—more than double what it was in 1954.

But a reading of the Shell reports also shows that despite the size of its finances it has had to make economies because the international oil business is not the plush earner it once was. For instance, in 1955 net income on net assets was 14.3 per cent. This moved up to 15.3 per cent in 1957 in the post-Suez period, but dipped to 8.5 per cent for both 1960 and 1961. In 1962 the income level moved up to 8.8 per cent—the first rise since 1957—said by observers to be due to increased internal efficiency and streamlining.

When it comes to earnings, more than half the total Shell income comes from operations in Europe and the rest of the Eastern Hemisphere, 18 per cent in the United States and 29 per cent in the rest of the Western hemisphere.

Like some other monster enterprises this oil complex—which incidentally operates 27,000 miles of oil and natural gas pipeline—has to generate the bulk of its own capital from sales revenue, whether from oil, gas or chemicals.

Last year its capital expenditure program cost 295 million pounds (\$826 million) and the board says it will go even higher next year. But the group believes in the free world's insatiable thirst for oil—which some experts say will about double from the present 22 million barrels a day in the next 12 years—and it plans to be well placed to assuage this thirst.

This means coordinating the 500-odd Shell companies around the world with all their varied activities, wheth-

er producing, refining, transporting, selling or managing the group's real estate interests.
For this big job there are 15 top "coordinators," key men of whom all are principal executives. They sit either in London or the Hague.

The coordinators work through four separate "service companies"—two in Britain and two in Holland each covering oil and chemicals—which feed and advise the offshoots.

At the very top of the structure are Shell's heads, the "Seven Men," the ultimate directing committee who are something of a legend in big business.

They are called the "Managing Directors of the Royal Dutch-Shell Group of Companies," and are Jonkheer J. H. Loudon, H. Wilkinson, L. Scheepers, L. E. Brouwer, J. P. Berkin, D. H. Barran and W. F. G. L. Starrenberg.

It has been said that at their regular London get-togethers "they do not bother themselves with sums of less than half a million pounds" (\$1.4 million).

It is their decision at this level that might eventually mean just a fraction of a penny on or off the price of the product that John Citizen of Anytown, Anywhere, might want to buy.

And it is their decisions that keep the giant-from-a-

Trollers Resume; Net Fishermen Remain in Strike

By United Press International
Some 3,000 British Columbia troller fishermen resumed fishing Wednesday and today, leaving about 8,000 net fishermen and allied workers still on strike.

Pacific Trollers Association Secretary Rennie Stanton said the trollers are fishing for salmon off the west coast of Vancouver Island and will market their catches in Seattle.

Stanton said American trollers informed the Canadian group that they had no objection so long as the B.C. fishermen did not undercut U.S. prices.

The trollers were forced to

stop fishing when the United Fishermen and Allied Workers went on strike, resulting in the shutdown of marketing operations in Canadian west coast ports.

Independents Resume
Meanwhile, the last boats from Oregon and Washington coastal ports put out to sea today in quest of salmon. A spontaneous strike by independent fishermen ended Tuesday when buyers raised the price of silvers seven cents to 32 cents per pound.

Many of the boats returned to fishing Wednesday, but some remained in port because of threatening weather or to stock up on ice.

A price also was set for albacore tuna Wednesday when Fran Hoagland of Bumble Bee Sea Foods announced his company was paying \$300 a ton for tuna delivered to the Astoria cannery. The tuna run is just beginning.

The albatross has a wing spread of 12 feet, the greatest of any flying creature, says the Encyclopedia Americana. The earth actually is nearest to the sun in January and farthest from it in July, according to the Encyclopedia Americana.

SALT GUIDES CATTLE
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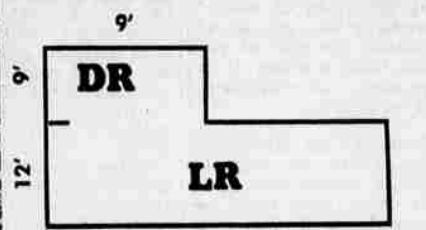


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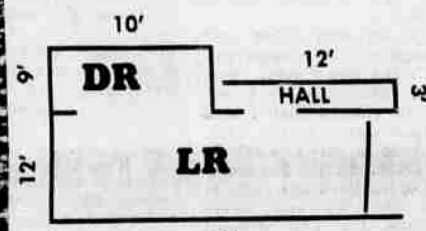


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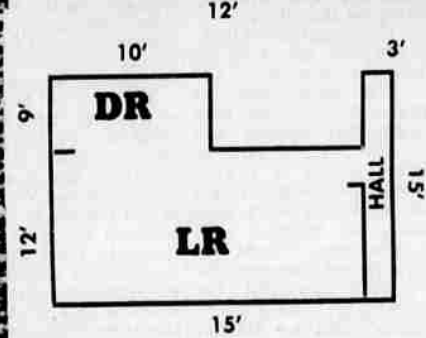


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30 SQUARE YARDS
C, Famous "Tackless Strip" Installation, D, 3 Custom Hammered door metals, E, Sears Guaranteed Expert Installation.

273¹⁹

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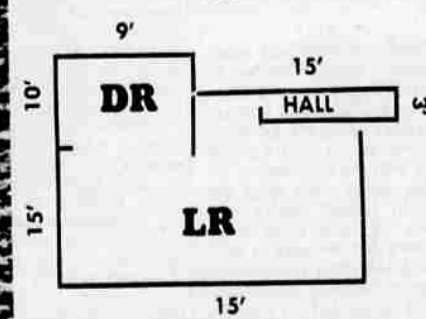


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35 SQUARE YARDS
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C, Famous "Tackless Strip" Installation, D, 6 Custom Hammered door metals, E, Sears Guaranteed Expert Installation.

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