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Shell to Hold Off on New Russian Investments

By The Moscow Times

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The Lunskoye platform being built for the Sakhalin-2 oil and gas field, one of Shell's major operations in Russia.

Royal Dutch Shell says it will not be entering new investments in Russia anytime soon as tensions rise over the country's confrontation with Ukraine.

Chief financial officer Simon Henry said Shell, Europe's largest oil company, would continue to oversee its existing operations and would cooperate with any sanctions placed upon Russia by Western powers. Amid the uncertainty, however, it will hold back on starting new projects.

"I do not think we will be jumping into new investments [in Russia] anytime soon," Henry said during a conference call with reporters Wednesday after the company reported first quarter earnings. Shell has previously also said its early-stage plans for developing shale gas in Ukraine are on hold.

Meanwhile, Henry defended a meeting this month between Shell CEO Ben van Beurden and President Vladimir Putin, saying it should not be interpreted as the company taking sides in the Ukrainian crisis. One of Shell's key operations is a gas production and liquefied natural gas, or LNG, plant on Sakhalin island. Van Beurden and Putin met at the 20th anniversary of Sakhalin's opening, and reaffirmed existing plans to expand the project's capacity.

In 2006, the Russian government forced Shell to cede its leading position in the Sakhalin project to state-controlled company Gazprom.

"We hope for a peaceful and mutually beneficial conclusion to the current events that enables us to continue growing the economic interdependence which we feel is conducive to long term peace and wealth generation for both sides of the fence," Henry said.

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