



Foreign & Commonwealth Office

Africa Strategy Unit

Tel: 020 7008

**MEETING WITH ROB DONNELLY, SENIOR REGIONAL ADVISER AND [REDACTED] DEPUTY HEAD OF UK GOVERNMENT RELATIONS AT SHELL, THURSDAY 19 FEBRUARY, 0930-1000 HRS: BARONESS ANELAY'S FCO OFFICE [REDACTED]**

**STEERING NOTE**

Rob Donnelly is keen to brief you on Shell's interests in Africa – in particular Nigeria but also potential investments Shell has in Mozambique, their recent challenges in Gabon and the group's prospects in Tanzania and elsewhere in Sub-Saharan Africa.

**POINTS TO MAKE**

- **Express thanks for Shell's support for our prosperity agenda. Note that Shell executives have given presentations to colleagues in London on the energy sector in Africa.**

- **Express concern at the delay of the Nigerian elections and set out our understanding of the situation:** [REDACTED]

[REDACTED] Ask for Shell's assessment of the impact of the delay.

FOI S27

- [REDACTED]

FOI S27

- **[if raised] Concerned at 17 February explosions near Port Harcourt ahead of a political rally, but seems to be an isolated incident. We continue to call on all actors to ensure calm is maintained following the postponement and are pleased this is holding. We have made a factual update to Travel Advice of the Port Harcourt incident, and will continue to monitor the situation carefully. Important to keep dialogue with Shell on election and other security issues.**
- **Ask for an update on the situation in Gabon. Find out if your direct involvement would be appropriate.**
- **Welcome a general update on Shell's current operations in Africa. In particular ask what the impact of the diminished oil price is and for an update on their East Africa projects (Tanzania and Mozambique).**

[REDACTED]

## BACKGROUND

1. Shell employs 6,500 people in the UK and 2,000 British nationals work for the company overseas. In 2013 Shell contributed over \$15.2 billion to the UK treasury. The group has significant interests across Africa.

### Gabon

2. Shell has been in Gabon since 1960 when the company discovered oil in the Gamba area. In 2007 Shell Gabon secured offshore exploration rights and currently their exploration and production activities are producing 65,000 bbls of oil a day.

3. [REDACTED]

FOI  
343

### Nigeria

4. Shell's interests in Nigeria are significant. They have operated in Nigeria since 1958 and are responsible for some 30-40,000 jobs there. They produce 693,000 barrels of oil equivalent per day (down from 949,000 in 2012) - 90% of the country's export income. Around 80% of Nigeria's budget comes from oil and gas revenues: over \$26 billion over the last five years. Nigeria is important to Shell (probably only comparable with Qatar and the US, alongside the declining North Sea). Shell continues to invest billions of dollars into the oil and gas sector, including a recent \$3.9 billion investment in two gas projects. Their operations are in the Niger Delta region - on and off shore.

5. Shell will be interested in our views on the delay of the presidential and governor elections in Nigeria, now due on 28 March and 11 April. [REDACTED]

[REDACTED] So far, Jonathan's opponent Buhari has reacted responsibly, calling for calm. However it is increasingly clear that any further delay would not be borne by [REDACTED]

[REDACTED] One of our key aims is to ensure the 28 March election date is stuck to.

[REDACTED]

FOI  
327

6. On Tuesday 17 February, there were explosions at an APC (Buhari's party) rally in Okrika, near Port Harcourt. The details are still emerging, but it appears at least one person died. Much of Shell's operation is based out of Port Harcourt, so they are likely to be concerned, although Okrika does not have a large expatriate community.

7. Looking beyond the elections, Shell will welcome reassurance that HMG will continue to push the new Government to take action on issues that affect their operations. This includes: **Petroleum Industry Bill**, which is crucial for improving transparency and prohibits investment but has been long delayed; **Oil theft (bunkering)** is a major problem – in 2013, theft and associated deferred production was estimated at 300,000 barrels per day.

EIR  
12(5)(e)

### Mozambique

8. [REDACTED]  
[REDACTED] We understand the importance to Mozambique's industrialisation strategy of the gas-to-liquid project getting the green light in time to allow it to be built in parallel with Anadarko's on-shore LNG terminal.

EIR  
12(5)(e)  
12(5)(a)

[REDACTED] The company has a strong sense of the skills gap and are aware of the need to invest in this area - we welcome Shell's support for UK's skills and training programme in oil and gas sector.

### Tanzania

9. Shell has rights to four exploration blocks off Zanzibar but they have not been able to begin work. Progress is slowed due to the unresolved question of ownership of oil and gas policy between the Government of Tanzania and the semi-autonomous Government of Zanzibar. Tanzania is currently undergoing a constitutional review; a draft constitution, under which Zanzibar will take on this policy, is due to go to referendum in April. If it is approved exploration could start as early as November.

### High Level Prosperity Partnerships

10. Shell may raise progress with the High Level Prosperity Partnerships (HLPPs), launched just over a year ago, between HMG and the Governments of Angola, Cote d'Ivoire, Ghana, Mozambique and Tanzania. The HLPPs are aimed at strengthening economic co-operation based on shared priorities in specific sectors in order to build long term relationships of mutual prosperity. The FCO, UKTI and DfID will work

[REDACTED]

together and with African governments and business to identify opportunities to increase trade and investment and create mutual growth and jobs.

11. An HLPP meeting is planned for 20 March and will take place in the FCO: opening remarks will be given by David Heath MP, PM Trade Envoy for Angola and Nigeria. Businesses with an interest and operating in HLPP countries will be invited and officials from FCO, DfID and UKTI will be represented. The objectives of the meeting are to illustrate to businesses what has been achieved so far and to get views on what they want from the HLPP agreements and HMG working more closely together in-country, along with any benefits they have seen to date. Shell will be invited.

Annex A – Background on Gabon issue - ANNEX A WITHHELD  
Annex B – Letter from Mr. Simmonds to President Ali Bongo ← FOI 543

Lead Policy Officer: [REDACTED], Africa Strategy and Network Unit  
Tel: 0207 008 [REDACTED] e-mail: [REDACTED]

17 February 2015

[REDACTED]

MARK SIMMONDS MP  
Minister for Africa, the Overseas Territories, Caribbean and International Energy

*Mark Simmonds*  
*Your Sincerely*

During our meeting at the forum, we also discussed the regional security situation and the need to build armed forces capacity in the region to counter the threat. I wanted to assure you that we are looking at how we can take forward your requests to receive more military training in the UK for Gabonese officers, and separately for expertise in manufacturing timber products.

[Redacted]

[Redacted]

[Redacted]

*For*  
*5/25*  
*10/1*

*For*  
*5/25*

Thank you for inviting me to the successful New York Forum in May. I very much enjoyed my first trip to Gabon, and found it a useful opportunity to see how British companies are contributing to the economy in Gabon and the potential for further trade and investment which will benefit both our countries. When we met in the margins of the Forum you detailed how keen you were to come to London to explain and promote the Gabonese business environment. An inward trade mission would receive a warm welcome.

*Dr M. P. President*

H.E. President Ali Bongo Ondimba  
LIBREVILLE  
President of the Gabonese Republic

King Charles Street  
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Foreign &  
Commonwealth  
Office

28 July 2014



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**Minute**

To PS/Mr Duddridge  
From [redacted]  
Date 19 February 2015

**BARONESS ANELAY MEETING WITH SHELL, 19 FEBRUARY 2015 (0930-1000)**

1. Baroness Anelay met Rob Connelly (Senior Advisor Europe & Sub-Saharan Africa, Government Relations), [redacted] (Deputy Head UK Government Relations), Osagie Okunbor (Managing Director, Shell Petroleum Development Company of Nigeria and Nigeria Country Chair) and Mutiu Sunmonu (outgoing Managing Director, Shell Petroleum Development Company of Nigeria).
2. The meeting focussed around Shell activity in Nigeria, including the importance of the upcoming elections, but also touched on the on-going situation in Gabon.

**Nigerian Elections**

3. Shell shared the concerns of businesses and wider society in Nigeria around peaceful, non-violent, elections that followed the constitutional process.

[redacted]

Shell's principal concern was not only for the security of its operations but also for its staff in Nigeria.

[redacted]

FoI  
S27

4. Baroness Anelay confirmed to Shell that HMG had quietly but firmly been making representations to the Government of Nigeria about the need for peaceful, non-violent elections that adhered to the current timeframe.

[redacted] Shell was grateful and welcomed the intervention - historical ties between Nigeria and the UK meant that HMG were well placed to leverage influence.

[redacted]

FoI  
S43

FoI  
S27

**Shell Operations - Nigeria**

5. Shell was easily accountable for half of Nigeria's foreign exchange: over the past five years two main companies in Nigeria had contributed \$70 billion to the Nigerian economy. But they were conscious they had to manage their operations responsibly and spent \$150/\$200 million per year on corporate responsibility, specifically around managing their environmental performance in a challenging environment.

**Future Investment**

6. Shell was in Nigeria for the long haul but they had two concerns: security of their facilities in terms of theft of barrels of oil (bunkering) and the tax regime. If Nigeria got the tax regime right Shell was [REDACTED]

EIR 12(5)(e)

7. Responding to a question from Baroness Anelay, Shell confirmed they were looking to [REDACTED] But there was a view in some quarters of the Nigerian Government that this should be taxed heavily and Shell welcomed advice around this issue from key countries to the Government of Nigeria: heavy tax tariffs would mean this investment was not viable for Shell.

**Gabon**

8. Baroness Anelay asked for an update on the situation in Gabon [REDACTED]

←

9. Shell explained that their operation in Gabon was focused on oil production. On the exploration side, [REDACTED]

FoI S27+43

EIR 12(5)(e)

10. Shell's relationship with the Government of Gabon was generally strong [REDACTED]

←

11. Baroness Anelay expressed HMG's ongoing support and commitment to Shell and assured them that whilst the UK parliament was soon to be in recess for their own elections, there would continue to be Ministerial oversight.

[REDACTED]

Africa Strategy and Network Unit

Cc: [REDACTED] Africa Strategy and Network Unit, Africa Directorate  
[REDACTED] ASNU, Africa Directorate  
[REDACTED] Africa Directorate  
[REDACTED] Africa Directorate