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12.3.92

For circulation to IGG Members.

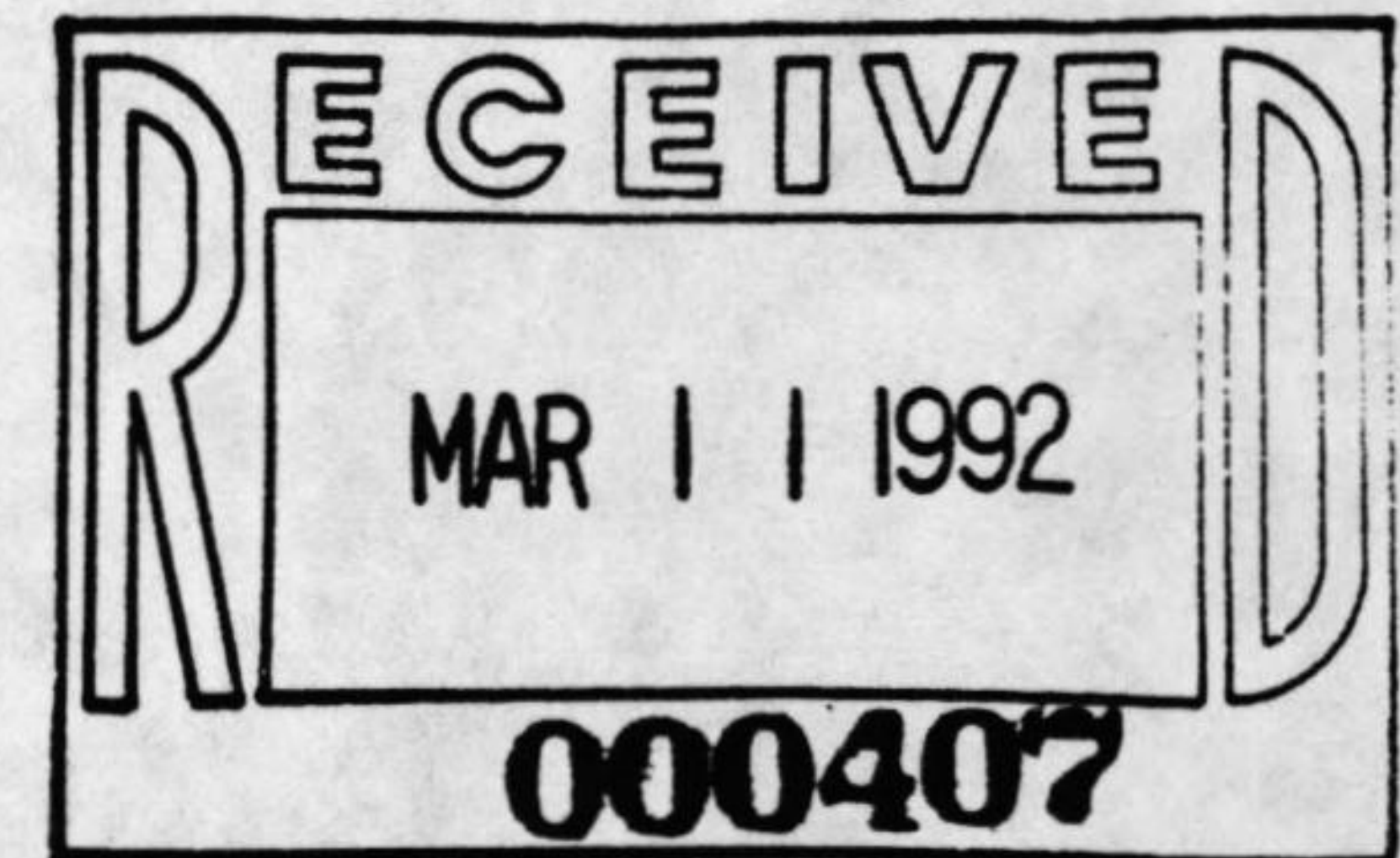
FOR INFORMATION ONLY



# SHIPPING RESEARCH BUREAU

AMSTERDAM

11 March 1992



The Secretary  
Intergovernmental Group to Monitor the Supply and  
Shipping of Oil and Petroleum Products to South Africa  
Centre against Apartheid  
Room S-3577C  
United Nations  
New York, NY 10017  
U.S.A.

FAX +1 212 963 5305

page 1 of 6

re: Danish oil embargo against South Africa

Dear Mr Araim,

Hereafter we will transmit a copy of our letter and annex of today to Ms Forchhammer MP, spokesperson on Southern Africa of the Danish Social-Democratic Party, and a translation of one the articles having appeared in the Danish press lately which led us to write our letter.

Yesterday, we heard that the party had postponed with one week its planned discussion on the possible lifting of all sanctions except those on arms, because its member Mr Espersen had not yet returned from South Africa. We believe the discussion is now planned for Tuesday, 17 March.

Therefore, we thought it might not yet be too late to inform Ms Forchhammer on the views of the United Nations and the liberation movements with regard to the special status of the oil embargo. All press articles convey the impression that, unfortunately, no differentiation is made between general trade sanctions and oil sanctions in the Danish discussion. It would in our view be a deplorable example if the Danish oil transport ban would be lifted ahead of the eventual lifting of the UN oil embargo.

Yours sincerely,

SHIPPING RESEARCH BUREAU

A handwritten signature in dark ink, appearing to be "R. Hengeveld".

Richard Hengeveld, Director

P.S.: We just heard by telephone that the meeting of the Social-Democrat Party has been postponed, not to next week, but to today. We will inform you on the outcome.



POLITIKEN Tuesday 10th March 1992

# BREAK UNDER WAY IN SANCTION MATTER

The Social Democratic Party approaches the government

By Ib Jensen

The Social Democratic Party is prepared to break the co-operation with SF (The Socialist People's Party) and the Social-Liberal Party and perhaps together with the government lift the sanctions against South Africa. The party's attitude to the sanctions is to be discussed at a group meeting today (10/3/92), and the spokesperson of the party, Pernille Forchhammer, says in advance that The Social Democratic Party is not bound to the two other parties.

- Of course we will listen to the others and then evaluate whether it will be possible to come to an agreement with them. But if we come to a point where we fundamentally disagree, then we are not bound, Pernille Forchhammer says about the co-operation with The Socialist People's Party and the Social-Liberals.

The three parties make up a majority in the Folketing (the Danish Parliament), and up till now they have jointly opposed the government's wish to have the trade sanctions against South Africa lifted. The chairperson of The Social Democratic Party, Svend Auken, recently said that The Social Democratic Party would support a lifting of the sanctions if the white South Africans vote for political reforms at the coming referendum.

During a trip to South Africa the Social Democrat Ole Espersen last week-end took a further step by saying that we may as well lift the Danish sanctions now. Yesterday (9/3/92) Ole Espersen had not yet returned home from his journey, and Pernille Forchhammer says that by telefax she has asked him to inform of the facts, on which his statements are built.

- I am not so interested in his conclusions as in the information leading to them, she says.

Previously the Folketing has lifted the ban on among other things investments in South Africa, while the ban on trade according to the political timetable is not to be lifted until the reforms in the country "irrevocably" ensure a political majority regime. The ban on exportation of weapons cannot be lifted until it has been passed in the UN.



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**SHIPPING RESEARCH BUREAU**

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AMSTERDAM

14 March 1992

Ms Pernille Forchhammer MP  
Folketinget  
Christiansborg  
DK - 1240 KØBENHAVN K

COPY TO

Igg

FAX +45 33 37 41 72

re: the international oil embargo against South Africa

Dear Ms Forchhammer,

With some apprehension we have read reports in the Danish press over the last few days, on an imminent reconsideration by your party of its attitude towards sanctions against South Africa.

Obviously, it is not your party's intention to rethink its points of view on sanctions in itself which gives rise to our apprehension. Now that developments towards the abolition of apartheid and towards democracy in South Africa have unquestionably got off to a clear start, it is no more than natural that the international community has undertaken a reconsideration of the means of pressure applied, in order to decide which types of pressure might be discarded with, and which others should continue to play a role in the present situation.

Denmark has been in the forefront of those applying specific forms of pressure on the South African government, among other things by an exemplary legal ban on transports of oil. In the view of relevant organisations such as the South African liberation movements and the United Nations, the international oil embargo is one of the forms of pressure which should not be relaxed at this stage.

Unlike other categories of sanctions which have already been lifted, or whose lifting is made dependent on the situation being attained in which an interim government will have replaced the present minority government, the oil embargo is attributed a more lasting role in the views of, e.g., the ANC and the UN Intergovernmental Group to Monitor the Supply and Shipping of Oil and Petroleum Products to South Africa. Recent statements by Mr Mandela and by the chairmen of the Intergovernmental Group and of the UN Special Committee against Apartheid make clear that in their vision on the 'phased' lifting of sanctions, the oil embargo occupies a place comparable to that of the mandatory arms embargo. That means that the inter-




national community should not consider its lifting until the adoption of a democratic and non-racial constitution in South Africa.

We sincerely hope that your party will take these views into account when reconsidering Danish sanctions. Whenever will be the date Denmark is planning to lift economic sanctions that are still in force at present (this being linked to the outcome of the Codesa talks, to an agreement on or the installation of an interim government, or to yet another event or stage in the democratisation process), measures related to the oil embargo should be considered on the same terms as those related to the UN arms embargo.

Yours sincerely,

SHIPPING RESEARCH BUREAU



Richard Hengeveld  
Director

attached: statements, a.o., by Mr Nelson Mandela, H.E. Prof. Gambari (UN Special Committee against Apartheid), H.E. Mr Anthony Nyakyi (UN Intergovernmental Group)

cc: United Nations Intergovernmental Group to Monitor the Supply and Shipping of Oil and Petroleum Products to South Africa



## Recent Statements on the Oil Embargo

-1-

From: United Nations Centre against Apartheid Notes and Documents No. 24/91: Conclusions and Recommendations of the Special Committee against Apartheid to the General Assembly at its Forty-Sixth Session (November 1991)

"... The establishment of an agreed-upon transitional arrangement, the drawing up of a new constitution and finally the installation of a non-racial democratic government that would emerge from fair and free elections constitute major landmarks that can be viewed as a basis for consideration of adjustment in the nature and contents of international pressure. (...)

In the meantime, it is considered productive to resume certain academic and cultural contacts with the democratic organizations of South Africa. Sports contacts with integrated sports disciplines may also be resumed if the appropriate non-racial sports organizations consider such contacts useful. At the same time, the arms embargo should be strictly enforced and the restrictions of the supply and shipping of oil, of high technology and of other products, which enhance the military and nuclear capability of South Africa, should be maintained until the adoption of a non-racial, non-sexist, democratic constitution. ..."

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From: Interview with ANC President Mr Nelson Mandela by Allister Sparks (SA) in *NRC-Handelsblad* (The Netherlands), 28 December 1991

"... as soon as we will have set up an interim government, financial and trade sanctions should be lifted. We would form part of that government and we cannot let sanctions be maintained against ourselves.

The only sanctions that would remain are the arms embargo and the oil embargo. They would only be lifted when the new constitution is adopted. ..."

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From: Statement by H.E. Prof. Ibrahim A. Gambari, Ambassador/Permanent Representative of Nigeria to the United Nations, upon his re-election as Chairman of the UN Special Committee against Apartheid, New York 18 February 1992

"... Thus, with regards to trade and investments, the Special Committee remains of the view that in accord with the spirit of the consensus resolution, the restrictions should be maintained until the establishment of transitional arrangements inspiring general confidence in the administration of the country. (...)

The restrictions on oil and arms remain crucial to maintaining a political leverage on South Africa. These restrictions will be removed only at the final stage of the transition process in South Africa; that is, when a new constitution is adopted and a democratically elected government has been installed. ..."

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From: United Nations Press Release SAF/129, 14 January 1992: 'Chairman of Intergovernmental Group monitoring South African oil embargo calls for international support for process towards democracy'

"...The Chairman, Mr. NYAKYI (United Republic of Tanzania), said the political process in South Africa was now entering a crucial stage. (...) The in-



## Recent Statements on the Oil Embargo

-2-

ternational community should support the process through an appropriate combination of encouragement, assistance and pressure until a new, democratic and non-racial constitution in South Africa had been adopted.

The task of the Intergovernmental Group, he said, was to ensure that the maintenance of the oil embargo conveyed the clear message that the international community would not allow the process of change to be delayed or derailed. (...)

While it remained in force, the oil embargo must be fully respected and implemented by all United Nations Members, he went on. The fact that it was a voluntary embargo did not necessarily make its monitoring easier. The Group continued to call on the Security Council to make the embargo mandatory under Chapter VII of the Charter. Because there was little prospect of the Council taking up the matter now, the responsibility must remain in the Assembly and, through it, in the Intergovernmental Group - the mechanism it had established for monitoring the supply and shipping of oil and petroleum products to South Africa in order to ensure the effective implementation of the oil embargo. The Assembly alone could lift the embargo, he stressed.

Members of the Intergovernmental Group were in constant contact with the liberation movements of South Africa, he said. Both Nelson Mandela, President of the African National Congress of South Africa (ANC), and Clarence Makwetu, President of the Pan Africanist Congress of Azania (PAC), had emphasized that the oil embargo should be one of the last sanctions to be lifted, along with the arms embargo against South Africa. Thus, the oil embargo would be lifted when a new constitution for a democratic and non-racial South Africa was adopted. However, if there was progress on transitional arrangements, and the liberation movements believed that lifting the oil embargo would be conducive to peaceful progress towards ending apartheid, the Group would review the situation and recommend the appropriate action to be taken by the Assembly..."

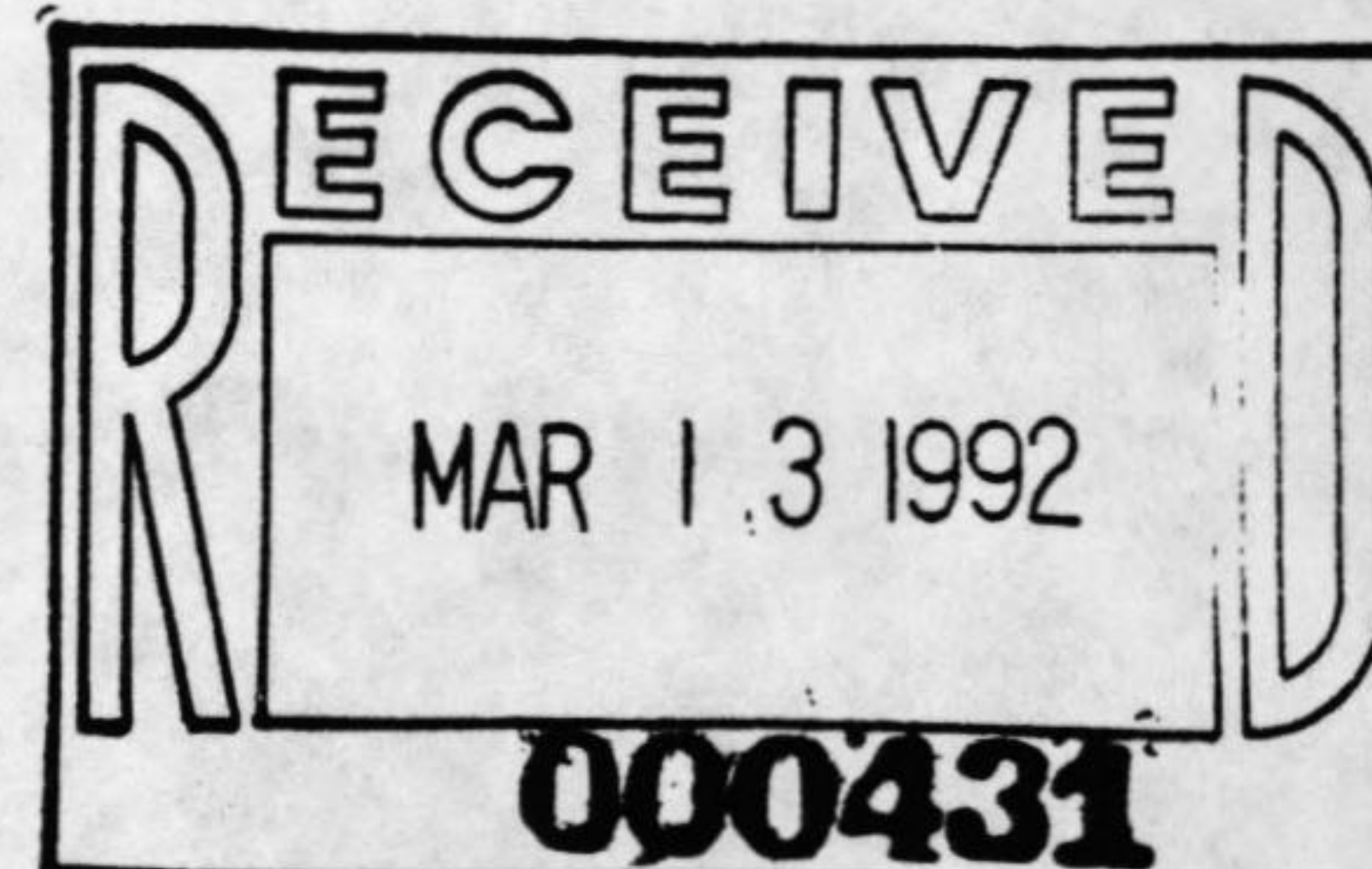
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# SHIPPING RESEARCH BUREAU

AMSTERDAM

13 March 1992



The Secretary  
Intergovernmental Group to Monitor the Supply and  
Shipping of Oil and Petroleum Products to South Africa  
Centre against Apartheid  
United Nations  
New York, NY 10017

FAX +1 212 963 5305

page 1 of 5

our letter of 11 March 1992

Dear Mr Araim,

Referring to our earlier letter of 11 March on the imminent possible lifting of Danish oil embargo regulations, we would like to inform you on the following.


On 11 March 1992, the Danish Social-Democrat Party, Socialist People's Party, and Social-Liberal Party have jointly decided that they are prepared, under certain conditions, to move over to 'phase 2' of the plan for the gradual lifting of Danish sanctions against South Africa. That would mean, as far as we have understood the reports, that *only the arms embargo* would be maintained in Denmark. The three parties have made this dependent on the outcome of the 17 March white referendum in South Africa, and on certain further assurances from President De Klerk.

On 12 March 1992, the Danish Foreign Affairs Minister, Mr Uffe Ellemann-Jensen, has reportedly decided that his Government will lift all trade sanctions against South Africa if Mr De Klerk wins the referendum.

We have sent further letters today, once again to Ms Pernille Forchhammer MP of the Social-Democrat Party, and now also to the Foreign Affairs Minister and to MPs for the other two parties mentioned above. The various letters will follow after this letter. One of the additional aspects we have drawn the attention of the Danish MPs and Minister to, is the fact that the EC oil embargo of 1985 is still in place.

Yours sincerely,

SHIPPING RESEARCH BUREAU

  
Richard Hengeveld  
Director

NEW FAX NO. 31 - 20 - 5220130  
NEW TELEPHONE NOS.



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# SHIPPING RESEARCH BUREAU

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AMSTERDAM

13 March 1992

Mr Uffe Ellemann-Jensen  
Minister of Foreign Affairs  
Copenhagen  
Denmark

by FAX +45 31 54 05 33

page 1 of 4  
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re: the international oil embargo against South Africa

Dear Sir,

With some apprehension we have read reports in the Danish press over the last few days, on an imminent reconsideration by your Government of your country's policy on sanctions against South Africa.

Obviously, it is not your Government's intention to rethink its policy in itself which gives rise to our apprehension. Now that developments towards the abolition of apartheid and towards democracy in South Africa have unquestionably got off to a clear start, it is no more than natural that the international community has undertaken a reconsideration of the means of pressure applied, in order to decide which types of pressure might be discarded with, and which others should continue to play a role in the present situation.

Denmark has been in the forefront of those applying specific forms of pressure on the South African government, among other things by an exemplary legal ban on *transports of oil*. In the view of relevant organisations such as the South African liberation movements and the United Nations, the international oil embargo is one of the forms of pressure which should *not* be relaxed at the present stage.

Unlike other categories of sanctions which have already been lifted, or whose lifting is made dependent on the situation being attained in which an interim government will have replaced the present minority government, the oil embargo is attributed a more lasting role in the views of, e.g., the ANC and the UN Intergovernmental Group to Monitor the Supply and Shipping of Oil and Petroleum Products to South Africa. Recent statements by Mr Mandela and by the chairman of the Intergovernmental Group and of the UN Special Committee against Apartheid make clear that in their vision on the 'phased' lifting of sanctions, the oil embargo occupies a place comparable to that of the mandatory arms embargo. That means that the



international community should not consider its lifting until the adoption of a democratic and non-racial constitution in South Africa.

We are obviously worried by the report of 12 March according to which you have announced the lifting of *all Danish trade sanctions* without delay if and when F.W. de Klerk wins the 17 March referendum.

There are several reasons why sanctions related to the *supply and shipping of oil* to South Africa should be dealt with on a separate footing, quite apart from general trade sanctions.

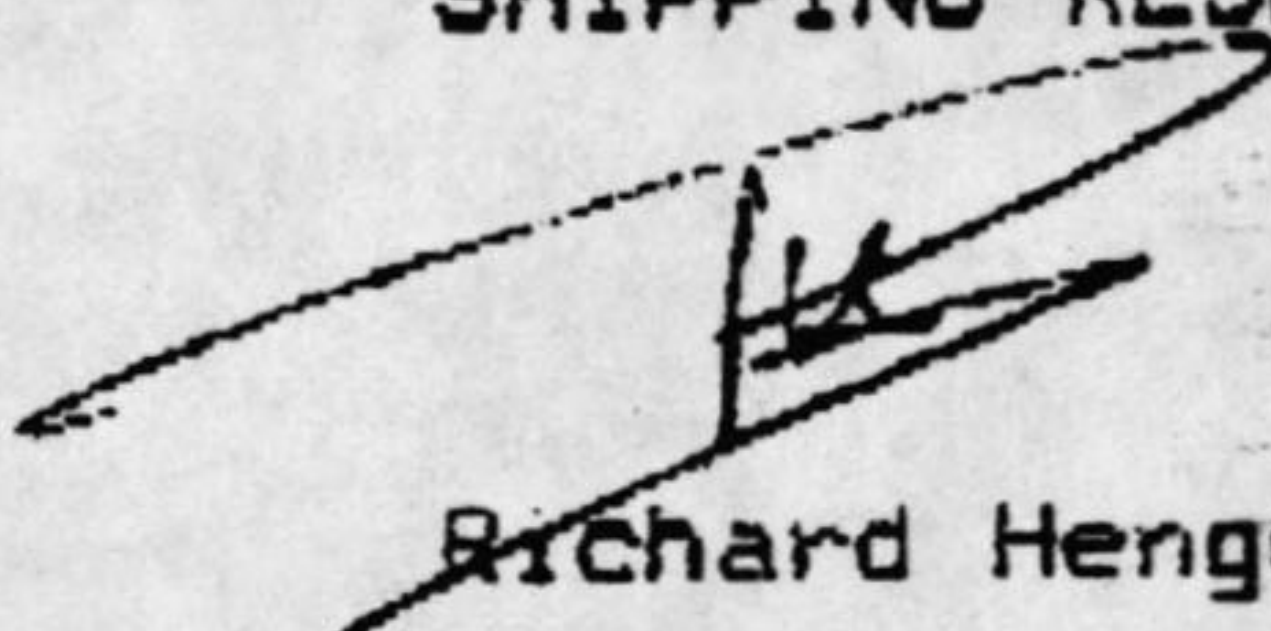
Part of these reasons relate to the special place the international oil embargo occupies in the overall sanctions package internationally, as indicated above. Although the embargo on oil is not formally coming under the mandatory United Nations arms embargo, it, together with nuclear sanctions and those related to computer supplies to the South African military, has always been considered part of the package of *strategic sanctions*, on which to our knowledge there is a consensus in Denmark that they should be maintained until the last phase.

Another reason is that a prohibition of the supply of oil is among the measures agreed in the *European Community* in 1985. The 1985 package of the EC is still in force. It seems undesirable – if possible at all – to lift the oil embargo ahead of an EC discussion on the 1985 package.

We would therefore urgently request your Government to refrain from jumping to rash steps and prematurely lifting your country's oil embargo stipulations. Part of the Danish oil embargo measures should not be lifted at all without a unanimous decision on the level of the EC, and it would be a most unfortunate example internationally, if Denmark would precipitate into a lifting of its oil embargo ahead of a decision by the United Nations General Assembly.

Yours sincerely,

SHIPPING RESEARCH BUREAU



Richard Hengeveld  
Director

*attached:* statements, a.o., by Mr Nelson Mandela, H.E. Prof. Gambari (UN Special Committee against Apartheid), H.E. Mr Anthony Nyakyi (UN Intergovernmental Group)

cc: United Nations Intergovernmental Group to Monitor the Supply and  
Distribution of Oil



# SHIPPING RESEARCH BUREAU

AMSTERDAM

13 March 1992

Mr Jørgen Estrup MP  
Det Radikale Venstre

FAX +45 33 13 72 51

page 1 of 5  
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*Comparable letter  
sent to Mr Søren  
Riisbøj MP,  
Socialistisk  
Folkeparti 33 14 70 10*

re: the international oil embargo against South Africa

Dear Mr Estrup,

On 11 March, we sent a letter to Ms Pernille Forchhammer on the above subject. Hereafter, we will transmit the contents of that letter.

We would like to ask your attention for some additional remarks.

I understood that your party, together with the Social Democratic Party and the Socialist People's Party (both of which, as well as Mr Ellemann-Jensen, will receive a letter from us today), has declared on 11 March to be prepared to move over to 'phase 2' of your plan for the gradual lifting of sanctions against South Africa. The wording of your decision, as far as we have understood, seems to indicate that *only the arms embargo* would be maintained after such a decision.

We are obviously worried by the report of 12 March on - as it has been described to us - a 'solo' action announced by your country's Foreign Minister, who we are being told is planning to lift all *Danish trade sanctions* without delay if and when F.W. De Klerk wins the 17 March referendum.

There are several reasons why sanctions related to the *supply and shipping of oil* to South Africa should be dealt with on a separate footing, quite apart from general trade sanctions.

Part of these reasons have been mentioned in our letter of 11 March to Ms Forchhammer and annex. These reasons relate to the special place the international oil embargo occupies in the overall sanctions package internationally. Although the embargo on oil is not formally coming under the mandatory United Nations arms embargo, it, together with nuclear sanctions and those related to computer supplies to the South African military, has always been considered part of the package of *strategic sanctions*, on which to our knowledge there is a consensus in Denmark that they should be maintained until the last phase.

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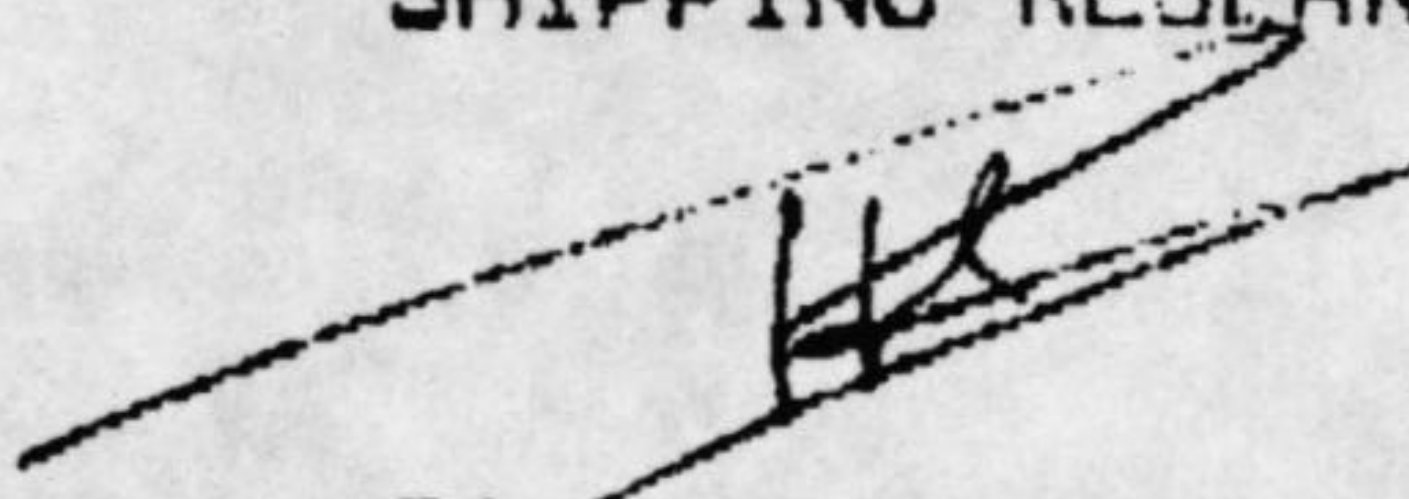


Another reason is that a prohibition of the supply of oil is among the measures agreed in the *European Community* in 1985. The 1985 package of the EC is still in force. It seems politically undesirable – if possible at all – to lift the oil embargo ahead of an EC discussion on the 1985 package.

We would therefore urgently request you to do your utmost to prevent Denmark from jumping to rash steps and prematurely lifting its oil embargo stipulations. Part of the Danish oil embargo measures should not be lifted at all without a unanimous decision on the level of the EC, and it would be a most unfortunate example internationally, if Denmark would precipitate into a lifting of its oil embargo ahead of a decision by the United Nations General Assembly.

Yours sincerely,

SHIPPING RESEARCH BUREAU



Richard Hengeveld  
Director

- cc: 1. United Nations Intergovernmental Group to Monitor the Supply and Shipping of Oil and Petroleum Products to South Africa, New York  
2. Association of West European Parliamentarians for Action against Apartheid (AWEPA), Amsterdam



## CRUDE

**Libya prepares for sanctions** — Ship chartering by Libya is rising prior to the 15 April deadline for limited UN sanctions. Libya's National Oil Corporation (NOC) fixed four vessels or 360,000t in the first week of this month, which compares with only three vessels fixed for the whole of last month. These are spot fixtures which supplement Libya's own fleet of 11 oil carriers. Libya exports around 1.2mn b/d of crude oil and refines nearly 300,000 b/d of crude in its domestic refineries. The imposition of UN sanctions on Libya last month fell short of an embargo on oil; instead it was limited to arms trade, civilian air traffic and ambassadorial representation in UN member countries. Oil sanctions, according to the UN, remain on the agenda so long as the two Libyans suspected of bombing a Pan Am plane in 1988 are not handed over to the UN (WPA, 6 April, p6). A UN oil sanctions policy would be particularly harmful to Agip, OMV, Repsol and Veba which have considerable upstream interests in Libya and are among the largest lifters of Libyan

crude oil (WPA, 18 November, p17). Both Agip and OMV have said that an embargo on Libyan oil would trigger alternative supply plans. Although oil sanctions would impede economic growth in Libya, it is viewed by the UN as the option of last resort.

### EC imports of Libyan crude and NGLs

'000 b/d	1991	1990
Total	1,115	1,025
Italy	527	495
Germany	246	230
Spain	110	112
France	82	60

### EC scraps South African sanctions

— The European Community has repealed its 1985 oil embargo against South Africa. This follows the end of similar US sanctions last July (WPA, 15 July, p7). African endorsement of recent changes in South Africa was also seen last week with the first visit of President F W de Klerk to the continent's largest crude producer and cur-

rent leader of the Organisation of African Unity, Nigeria. Talks with Nigerian President Ibrahim Babangida are expected to clear the way for South African oil investment in the continent. Local Engen is already close to concluding upstream deals in the Congo, Gabon and Namibia. Direct crude contracts between west African states and South Africa are believed to be some way off despite a willingness on behalf of key producer Nigeria to supply the republic (WPA, 25 November, p19). South African refiners have typically run on a slate of between 32 °API and 34 °API, pricing imports into Durban mainly from Abu Dhabi, Saudi Arabia and Iran off spot market quotations of Oman, Dubai and official selling prices. The EC decision has prompted Norway to review 1987 legislation prohibiting Norwegian tanker owners from supplying the republic with crude. Before 1987 Norwegian tankers were the main suppliers of crude to South Africa. The remaining obstacle to the country's oil sector is 1979 UN General Assembly legislation which is unlikely to be removed until December. Even then it will only go on condition that talks on an interim government in South Africa succeed, that a new constitution is devised and that the new majority government request sanctions be lifted.

## NEW JOINT VENTURES IN CIS

Saudi and Japanese companies are beginning to move into the oil industry of the former Soviet Union, redressing the balance of foreign participation which is dominated by European, American and Iranian interests.

Independent Saudi Arabian oil company, Adham, has been processing 50,000 b/d of Saudi crude oil at the 200,000 b/d Kremenchug refinery in Ukraine. Crude shipments to the Black Sea port of Odessa make their way by pipeline to the Kremenchug refinery (see p5).

In Russia, joint venture partnerships for the export of crude and products appear to be yielding some results. The KomiArcticOil joint venture between KomiNeft of the Komi republic, Gulf Canada and British Gas expects to export a second 300,000 bls crude oil cargo this month after its first sale of 300,000 bls was made to Germany in January.

The secessionist, autonomous republic of Chechen-Ingushetia in southern Russia has agreed a second deal to export oil products. The joint venture deal with Japan's Foreign Interchange Development Organisation follows another joint venture between the republic and Stinnes (WPA, 30 March, p7).

In the coming year a Japanese/US consortium is to carry out feasibility studies for the development of oil and gas resources in eastern Siberia and connect production sites by pipeline to Japan and Korea. Tokyo Boeki Development of Japan and US based Far East Energy are

to team up with the local government of Yakutsk to develop proven reserves of 2.25bn bls of oil and 29bn cubic feet (ft<sup>3</sup>) of gas, far larger than the recent 3M accord in nearby Sakhalin (WPA, 6 April, p7). Project Vostok has been agreed by the Russian government and foresees a pipeline from Yakutia down to Sakhalin to Hokkaido in Japan and a southern pipeline through Khabarovsk, down the Korean peninsula to Yamaguchi Prefecture.

Benton Oil and Gas, a California based independent oil company, will undertake a joint venture in Russia with two partners, Purneftegazgeologiya and Purneftegaz. Benton will initially contribute \$7.5mn for the installation and construction of six rigs and a 40km pipeline in north Gubinskoye. Subsequent investments will total approximately \$50mn and will give Benton a 34pc working interest in the joint venture. Production of 10,000 b/d will begin later this year and is expected to increase substantially. The field's estimated reserves are 311mn bls of oil, 45mn bls of condensate and 12,000 bn ft<sup>3</sup> of gas.

Kazakhstan has tightened the screws on its proposed deal with Chevron to develop the huge Tenghiz oil reserves. A new deal which would double Kazakhstan's share of royalties and limit Chevron's share of profits to 13pc is now on the table. Chevron has been given the choice of either accepting the terms or facing other bidders for development work.

**Liquidity evades sour futures** — After six weeks of trading Nymex's sour crude contract continues to suffer from low trading volumes. Volume has recently been under 100 lots (100,000 bls) a day. The biggest problem appears to be that illiquidity breeds more illiquidity. Because of its low volume many market participants see the contract as unable to provide hedge. But press reports that the contract's liquidity and viability has been affected by a decision made by BP, the largest seller of Alaskan North Slope (ANS), to limit ANS sales to refiners, not traders, during the first two trading months of the new contract are completely off the mark. Argus is reliably informed. No such decision has been made by BP and over the past six months its sales to traders including Bear Stearns, Enron, Phibro and TWO have averaged about two cargoes a month. BP has wrapped up deals with traders Bear Stearns and Enron as recently as two weeks ago. BP's term contract holders are also permitted to resell their ANS in the spot market. ANS is one of the seven sour crudes deliverable under the Nymex contract (WPA, 20 January, p8). Because ANS is expected to be one of the most frequently delivered crudes under the Nymex contract, the futures price has loosely tracked the US Gulf coast ANS spot market.



# Oil embargo has cost SA \$2bn a year — economist

**BUSINESS DAY**

6 May 1992

**DARIUS SANAI**

## Which sanctions remain ?

ONLY four sets of sanctions of any significance remain in place against SA, and the most damaging of these — the oil embargo — would be the last to be lifted, according to a senior visiting US economist.

The economist, an expert on southern Africa who wants to remain anonymous, said the UN oil embargo, UN-mandated world financial sanctions, US state and local sanctions and the IMF and World Bank restrictions were the only remaining measures affecting SA's economy.

Most Western economists estimated SA's measures to get around the oil embargo had cost government \$2bn a year for the past decade. The recent lifting of the IEC oil embargo had little effect on this, and it was ultimately down to the individual governments of oil-exporting Middle Eastern states to decide to lift the sanctions.

Most of these states would be reluctant to do so until a fully democratic government was in place, the economist said.

Iran, the only non-Arab state among Middle Eastern oil exporters, is also the only one to have signalled a willingness to rebuild relations.

It is the second largest oil producer in the region.

Financial sanctions — penalties imposed on banks in various western countries which deal with SA — were losing their bite as the banks became increasingly lax in their application. SA companies were having no

Sanction Type	Imposed by	Estimated effects on SA economy	When likely to lifted
Oil embargo	UN member states in Middle East	Severe, est. \$2bn p.a.	After democratic elections
Financial sanctions	UN mandate	Moderate, penalties for financial institutions dealing with SA	With approval of all Codesa participants
US state & local sanctions	133 states & cities in US	Moderate: US firms discouraged from investing, trading	After interim government
IMF, World Bank	Gramm amendment in US (IMF), general policy (World Bank)	Moderate to strong economic growth hampered	After interim government
Arms embargo	UN	Moderate	After interim government

Graphic: LEE EMERTON

difficulties obtaining short-term loans abroad, and the effects of financial sanctions on SA were frequently overstated, the economist said.

US state and city sanctions remained effective, despite the lifting of the Comprehensive Anti-Apartheid Act (CAAA) by Congress last year. It was now down to state legislatures and city councils to lift individual sanctions.

Some US cities like New York and San Francisco have highly developed economies of their own, and their sanctions — which penalise any company trading with or investing in SA — have the effect of similar sanctions imposed by small countries.

The economist said it was unlikely a democratic SA would be left in the same position as Namibia, which still had 26 state and locally imposed sanctions to cope with. Sanctions would be revoked if all Codesa participants requested it, he said.

But the effect of these

sanctions could have been dulled recently by the lifting of EC and Japanese trade sanctions. "Firms from other countries are taking their place", the economist said.

The fourth category of sanctions was the restriction imposed by the IMF and World Bank on loans to SA. The Gramm amendment in the US — which is the most powerful voice in the IMF — prohibits the US government from supporting any application for an IMF loan from SA until a democratic government is in power.

But even this did not have a serious effect on the SA economy. "By the time SA really needs an IMF loan to cope with building a new SA, the political situation will mean the loan will be forthcoming," the economist said.

The World Bank's self-imposed restrictions had meant that \$1bn worth of loans had been withheld from SA every year, resulting in the loss of 1% worth

of potential growth in the SA economy. These loans would also be forthcoming when an interim government was installed, he said.

The UN-imposed arms embargo was also having an effect, with SA forced to manufacture material it would otherwise have imported. This ban would probably only be lifted after a fully democratic government was established.



**WORLD CAMPAIGN**

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