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Newsletter
on the
OIL EMBARGO against SOUTH AFRICA

SOUTH AFRICA NEGOTIATING OIL DEALS WITH AFRICAN COUNTRIES

Since the end of last year South African delegations, including the countryls Minister of Energy and Mineral Affairs Mr. Dawie de Villiers, have met officials of several other African countries. With a number of these countries, Angola, Congo, Gabon, Cameroon and Togo, it was said that South Africa wished to secure oil deals. However, no final agreements seem to have been concluded yet.

Angola

The first oil exporting country that was visited by a South African delegation was Angola. In September Mr. de Villiers met his Angolan colleague, Minister Zeferino Cassa Iombo in Luanda. In January (19-24), 1991 an Angolan delegation, led by Vice-Minister of Petroleum Diserderio Costa, repaid the visit. Talks were held with Minister de Villiers and with representatives from South Africals Central Energy Fund. Oil deals were high on the agenda. However, Minister de Villiers declined to comment on speculation about oil deals stressing only that 1all potential areas were discussed. He said that in the light of the current oil embargo it was detrimental to South Africals sources ofoil supply to discuss the matter.
In November last year the Angolan Vice-Minister of Petroleum told ajournalist that he was eager to sell oil to South Africa. However, he did stress that on the political level things still had to be sorted out. One of the things being South Africa’s continuing aid for UNITA.
Angola produced 520,000 barrels a day injanuary 1991. The country has the largest remaining reserves on the African continent. It will offer five offshore blocks later in 1991.

Congo

In January 1991, a South African delegation visited Congo. In January 1991 the country produced 170,000 b/d. Oil accounts for 80 per cent ofthe countryls income. An official of the Ministery of Foreign Affairs confirmed that petroleum was one of the areas of possible cooperation between the two countries. South Africals oil exploration parastatal Soekor took part in the delegation. The company is interested in prospecting oil reserves outside South Africa. Once the Mossel Bay fuel project in South Africa is completed the company will have spare capacity.

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Dear reader,
In this issue you will find the recent research findings ofthe Shipping Research Bureau on the Hong Kong-based company World- W’z’de Shipping. This company is heavily involved in the oil trade to South Africa, especially since 1986 when it became clear that Norwegian companies would have to cease their deliveries because of legislation prohibiting the transport of crude oil to South Africa.
Between October 1986 and Man/z 1991 no less than 61 World-Wide tankers sailed to South Africa to deliver nearly 15 million tom ofcrua’e oil, or about 24- per cent of South Africals estimated crude oil imports in the

above-mentioned period. On pages 5-8 a full account is given on the companyls involvement in the oil trade to South Africa.

In this issue:

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NEW TELEPHONE AND FAX NUMBERS

PLEASE TAKE NOTE THAT OUR TELEPHONE AND TELEFAX NUMBERS HAVE CHANGED. THE NEW NUMBERS ARE AS FOLLOWING:

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Gabon
A delegation from oil-rich Gabon was received by President de Klerk in January 1991. The delegation was headed by Maitre Louis Gaston Mayila, personal adviser to the Gabonese President Omar Bongo. Closer ties were expected to flow from this meeting.
The delegation also spoke with ANCfs deputy-president Mr. Nelson Mandela and accepted the ANC view that sanctions should remain in force.
Minister (le Villiers visited Gabon in February, areas of oil co-operation were also discussed. Gabon is approaching its fifth round of licensing which will release twelve blocks. The country is expected to benefit of South African oil expertise. Gabon produced 300,000 b/d in the lirst month 0f1991. Oil accounts for about 80 per cent of the countryls exports earnings.
Besides Gabon, Energy Minister de Villiers also visited Cameroon, Sao Tome and Principe and the Congo in February. The first delegation from Togo to Visit South Africa arrived in the first halfofMarch 1991. The team, which included two ministers and senior industry representatives was led by Planning and Mining Minister Barry Moussa Baque. The delegation also met Minister de Villiers.
Zaire
Also South Africa and Zaire are negotiating a deal for the rehabilitation of the Sozir refinery near Kinshasa. In return Zaire will deliver oil to South Africa. In 1987 Zaire produced 26,000 b/d ofcrude oil.
OIL EXPORT DEALS
Besides reports on South AfricaIs efforts to secure oil imports from oil producing African nations, there have also been reports on African countries obtaining oil products from South Africa.
Because of the Gulf conflict several African countries encountered severe problems with regard to their oil procurement. For instance Zambia and Zimbabwe have seen sharp rises oftheir fuel prices since the beginning of the Gulf crisis. In Zambia fuel rose by 200 per cent. Zimbabwe saw a price rise 01995 per centi Both countries imported oil from Kuwait.
Eugen, the energy arm of South Africals mining company Gencor, doubled its exports to Africa and the Indian Ocean Islands in the first three months 0f1991. The company also stated that it had paid (fruitful visits(to seven African countries. Part of the thirty per cent capacity expansion ofits Durban refinery will be used to export products to Africa and the Indian Ocean Islands, Managing Director Bob Angel said.
Madagascar and Mauritius
The Indian Ocean island of Mauritius is planning to buy crude oil from South Africa, which will be refined at the 16,000 b/d refinery in Madagascar. The oil will be paid for with sugar, tea and money. Reportedly, the refining will be financed by South Africa and Bahrain.The oil will be drawn from the considerable strategic stockpile built up by South Africa over the years, the UK fortnightly Africa Analysis says.
Earlier reports mentioned a deal between the Mauritian State Corporation (STC) and three unnamed oil companies in South Africa for the storage of 10,000 tonnes of kerosene, 7,000 tonnes ofgas oil and 8,000 tonnes of fuel oil.
Madagascar is planning to extend its 16,000 b/d refinery. Some funds for the refinery extension have been arranged from Bahrain and South Africa, but there is a drive to widen involvement.
Comoros
Another deal is being negotiated with the Comoros Islands. This deal involves a purchase of oil from Total and Shell. According to oil executives operating in the

area South Africa is grabbing an excellent opportunity to sell off her enormous oil stocks she has been forced to hoard during the sanctions years. The Comoran president Said Mehamed Djohar said in general that his country needed foreign aid urgently, particularly from South Africa. He said: II want South Africans to remember we have been their friends? In the past the Comoros, when mercenary Bob Denard was still in charge, were mentioned as a trans-shipment centre for South African arms, bartered for Iraqi crude.

OAU maintains sanctions against South Africa

The OAU Ad Hoc Committee of Heads of State and Government on Southern Africa met in Harare on February 7, 1991. At this meeting it was decided that a continuing need to maintain sanctions and all forms of pressure against the South African regime were necess ary. Also, the Ad Hoc Committee urged all states to fdesist from actions likely to undermine their effective implementations.1 All countries which have met with South African delegations during the past months are also members ofthe OAU.

A South African press report stating that South Africa will be represented at the coming OAU conference in Uganda in May 1991 , was denied by OAU headquarters in Addis Ababa, Ethiopia. At the OAU meeting in Abuja, Nigeria, coming June, sanctions against South Africa will be a major issue,

ISouthScan (UK) 15 February, 15 March 1991; Indian Ocean NeWSe letter (France) 15 September 1990; The Star (SA) 20 November 1990, 22, 26 January 1991, 22, 25, 27 March 1991; The Citizen (SA) 23 January 1991; Business Day (SA) 18, 23January 1991, 12 March 1991; Petroleum Argus (UK) 25 March 1991; Africa Analysis (UK) 5 April
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1991; Oil and Energy Trends (UK) March 1991; Nigrizia (Italy) April 19911

SOUTH AFRICATS STRATEGIC STOCKPILE OF OIL
RESERVES DEPLETED AND REPLENISHED

The secret oil reserves tucked away in the country,s strategic stockpile is a matter that keeps exercising many minds in South Africa. Most of the criticism boils down to the question why the government is hoarding these reserves, while its proceeds could do the South African economy a world of good. However, it has become known that South Africa did sell oil from its stockpile when the market price of oil was high. When the price came down again the country replenished its reserves.

CARGOES SOLD FROM THE STOCKPILE

Between three and five very large crude carriers (VLCC) brought cargoes of a heavy Iranian crude originating from the c0untry7s stockpile to Europe in December when prices were around US $30 a barrel. When the price of oil dropped to US $20 in January 1991 South Africa replenished its stockpile with lighter crudes, thus making a nice profit on the transaction. According to the London-based Africa Confidential the cargoes were marketed by several firms including Marc Rich, one of South Africa,s key oil suppliers.

Furious shipwatchers

Large tankers also exported cargoes of oil from the strategic stockpile in the second half of 1990. South African Shipping News & Fishing Industry Review based a report on the observations of shipwatchers who saw tankers leaving Saldanha Bay, on South Africa)s west coast, for Europe. The magazine reported that the shipwatchers were furious: 1why aren)t the reserves used to offset the higher costs of imports?,, they asked.

Strategic reserves to finance for Mossel Bay project

Oil sold by the South African government, possibly originating from the country,s oil stockpile, was used to finance the Mossel Bay fuel project. According to Business Day this was stated in a report from Auditor-General Mr. Peter Wronsley, which was tabled in Parliament in February 1991

The report says that Minister de Villiers of Mining and Energy Affairs approved for the net proceeds of a 1specific quantity1 of crude oil to be used to partially finance capital requirement of the Mossel Bay project. Apparently, the authorisation was already given in August 1989.

TAfrica Confidential (UK) 22 March 1991; South African Shipping News & Fishing Industry Review, October 1990, December 1990; Business Day (SA) 12 March 1991; Star Weekly (SA) 20 March 19911

SA OIL IMPORTS SURGE IN JANUARY

Oil imports were significantly higher in January 1991 than in the months before. According to figures released by the Department ofCustoms and Excise the import of Tunclassified, goods, mainly oil, was even 223 per cent higher inJanuary 1991, than it was in the same month a year earlier. The January imports represent a value of R1274,9 million. In February 1991 1unclassifiedT imports were down to R175 million.

The increase in oil imports in January seems to confirm the reports that South Africa was replenishing its depleted stockpile because of oil exports. It has also been mentioned that South Africa held back from importing oil in the initial stages ofthe Gulfconflict, when world oil prices rose to above US $30 a barrel, breaking into its own reserves of oil. When the oil price came down in january, the country replenished its reserves.

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iThe Citizen (SA) 20 February 1991; The Star Weekly (SA) 27 February 1991; SouthScan (UK) 22 February 199H

OIL FROM DUBAI AND BRUNEI

According to a press report two Very Large Crude Carriers (VLCC) with Dubai crude were sold by a trader to South Africa by mid-March. It was not revealed how much oil was shipped and who owned the cargoes.

United Arab Emirates

Since 1987 there seems to be a growing number of tankers sailing from one or more terminals from the United Arab Emirates to deliver oil to South Africa. Dubai is one of the Emirates. Between 1987 and early 1991, at least 58 tankers with a total capacity ofnearly 14 million tons sailed from the UAE to South Africa. The number oftankers represents nearly halfofthe ships that were identified by the Shipping Research Bureau that made oil deliveries to South Africa in the above-mentioned period.

Brunei

The report also said that South Africa was provided with 1regular throughputs 0f Brunei7s Champion gradeZ but no further specifications were given.

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According to findings ofthe Shipping Research Bureau, Brunei was a main supplier ofoil to South Africa until 1987. Between 1979 and 1986 the Bureau was able to identify 56 tankers which made oil deliveries to South Africa. The tankers were capable of carrying about 6.7 million tons of crude oil. (See also SRB survey: Shell, Marubeni, Rich. Crude Oil Deliveries to South Africa, Amsterdam 1987).
llh’troleum Argus (UK) 25 March 1991’

SIZE OF THE STOCKPILE

The exact size 01’ the oil stockpile is not publicly known. The importance of this secrecy was stressed again recently by Mr. Lourens van den Berg 01’ the National Energy Council, a ministerial body that advises the Minister oliMineral and Energy Affairs on energy matters. He said that as the country was still subject to a trade embargo the source and quantity ofthe oil reserves had to remain a secret. Estimates vary from six months to two years. The Shipping Research Bureau believes that the strategic reserves of oil could cover no more than six months offuel consumption (See also Newsletter No. 22, first quarter 1991).

NATIONAL ENERGY COUNCIL
DISCHARGED

The National Energy Council (NEC), a ministerial body that controls the South African oil industry, no longer exist as from April 1, 1991. The Council will be replaced by a smaller panel of experts from the government and from the private sector that will continue to advise the Minister of Mineral and Energy Affairs Dawie de Villiers.
Minister de Villiers stated that the discharge of the Council was in line with the governmentls policy of eliminating the funding of state activities outside the budget as far as possible. Fuel levies which used to fund the NEC will be scrapped.
The Councilys last report will be on the deregulation of the South African oil industry. As things are now the industry is fully regulated. The government sets the fuel price, the number of filling stations a company can operate and the ways oil is obtained. Deregulation ofthe industry would not be to the advantage of the oil companies For years now they have had their profits guaranteed. "llhe industry received these benefits because the government wanted to persuade international oil companies to stay in South Africa (and possible help with the acquisition of crude oil) during the height of this eountryls international isolation,, the South African Sunday Times stated. An oil company man not named by the Sunday Times said that lderegulation would lead to higher petrol prices in the (rural areasl and big layoffs at oil companies and filling stations, However, he added: lthe oil embargo is still in force and I am sure that our industry will be the last to be deregulated?
The Council was established in 1987 at the instigation of the MinisterofEnergy at the time, Mr.Danie Steyn. The Council was set up to coordinate the exploitation, development and utilization of South Africals energy resources and to promote energy development. The chairman olithe NEC, Mr. DP. de Villiers, former Chairman of Sasol, will also (:hair the new panel to advise the Minister. Other members will be Ameoal Managing Director Mr. D. Rankin, Chairman ofBritish Petroleum South Africa Mr. G.A.H. Drakin, chairman of the Central Energy Fund Mr. D.R. Vorster and Sasolls Managing Director Mr; P. Kruger. Mr. Vorster and Mr. Kruger are also members ofthe NBC.
The National Energy Council was funded by the Central Energy Fund, a government-founded fund which covers all costs of research, development and construction of all energy projects in South Africa.

l’llhe Citizen (SA) 2, 23 March 1991; Sunday Times (SA) 17 March 19911

PETROL PRICE UNDER PRESSURE

The South African government is under pressure to lower the price of fuel considerably. During a debate on the Petroleum Products Amendement Bill on 14- February 1991 Member of Parliament Mr. Roger Hulley (Democratic Party/Constantia) stated that the fuel price could be cut by 10 cents a litre at least. The Bill proposes flexible petrol prices. The government would set a minimum and a maximum price instead of fully controlling the retail prices of fuel. Mr. Hulley opposed the Bill because it violates the principle of market related pricing: lGovemment interference and price fixing of a vital commodity like petrol invariably costs consumers more than pricing resulting from free competitionY

According to Minister de Villiers petrol prices could not be lowered significantly. He said: lSight is often lost of the fact that South Africa is subjected to an official United Nations oil embargo and that pressure groups still endeavour to disrupt the supply ofcrude oil to South Africa? Therefore, a price reduction was notjustifled. The price offuel was lowered by three to five cents by the end of March. At the same time an increase on fuel tax was introduced by the government.

lThe Citizen (SA) 15 February. 21 March 19911

CEF SELLS ITS SHARE IN SASOL

The last governments stake in Sasol, South Africals synthetic fuel group, has been sold. The Central Energy Fund (CEF), a government-founded fund which covers the costs of research, development and construction of energy projects in South Africa has sold its fifty per cent share in Sasol Three. When Sasol was privatised, the company promised to buy CEFls interest at a later date.

Other interests of CEF

CEF holds a hunderd per cent shareholding in South Allricals Strategic Fuel Fund (SFF), a government-founded fund to purchase oil and in Soekor, South Aliricals oil and gas exploration company. CEF also maintains a fifty per cent stake in the Mossel Bay fuel project. The other shareholders in this project are Gencor (Engen) with thirty percent and the Industrial Development Corporation (twenty per cent). In the South African companies Cotec Patrade (Pty) Ltd and Cotec Development (Pty) Ltd CEF has a hunderd per cent interest.

lSouth Africa Alert (UK) March 1991; Report olithe Auditor-General, Republic ol’South Africa 198949901

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WORLD-WIDE SHIPPING: THE MAJOR OIL TRANSPORTER TO SOUTH AFRICA - UPDATE

World-Wide deliveries no secret?

(Oil deliveries by World- Wide tankers to South Africa are nothing secret and form part of the eompanylx international husz'neis. (..) Any ship that isfixed to charter can takegoods to anywhere in the world. There is nothing underhana' about us shzfpz'ng oil to South Africa. (. .) If the eharterer sends ax to South A frica, that is where we will go i1

In one of only a few public statements made on the issue by a representative of the company, Mr RJ. Allen of World-Wide Shipping said that there was nothing secret about the companyls role in oil deliveries to South Africa. He made the above quoted statement when the massive scale of the companyls involvement since 1986 had been exposed by the Shipping Research Bureau in April 1989.2

If there is (nothing underhand) about deliveries by World-Wide tankers to South Africa, why, one might ask, has the company always observed the strictest secrecy? The deliveries have always been subject to elaborate measures aimed at hiding them from being detected.

As far back as 1979, a tanker making at least one delivery to South Africa - the very first World-Wide tanker to figure in the Bureauls files (see Table 3) - was kept out of the public records. Only one World-Wide tanker duly reported her movements when she delivered two cargoes ofoil from Brunei in 1980-1981.3

After these shipments, there was only one case, in 1985, when there were publicly reported hints that a World-Wide ship had been in South Africa (i.e., this only came out when she arrived in Europe with South African ore). A1162 deliveries by World-Wide further identified by the Bureau were kept absolutely secret by all parties involved. The ships true destinations were never revealed on departure from oil-loading terminals; instead, fake destinations were often reported when the ships headed for South Africa; and the calls at South African ports left no trace in the published movement records ofthe ships.

World-Wide the leading oil transporter

Taking over from the Scandinavians

Until the first half of 1987, Norwegian shipping companies ranked first among those active in transporting oil to South Africa in contravention of the international embargo. The two companies most heavily involved, Bergexen and Thor Dahl, together accounted for at least 62 deliveries betweenjanuary 1979 andJune 1987, involving at least about 15.6 million tons ofoil or an estimated 13 per cent of South Africals import needs over the period.

However, in July 1987 Norway followed the example of Denmark by prohibiting by law crude oil transports to South Africa on Norwegian-controlled ships. About half a year later, the chairman of Bergesen, commenting on

1. Mr RJ. Allen of World-Wide in South China Morning Poxt (Hong Kong) 2 April 1989.

2. World- Wide Shipping Group. A Hong Kong Oil Sthper Come; to South Africa)5 Reseue, SRB Survey, April 1989.

3. This tanker was on Charter to Shell at the time. The major

LIMA: F utile attempts at deception

In late 1989, the supertanker Eastern Laurel (234,090 tons deadweight) was taken over by World-Wide Shipping from Japan Line and renamed Lima: a confusing name in view of the existing Shell supertanker bearing that name.

In May 1990, the ship became operative in the companyls South African trade, and she delivered her first load of crude oil, from the United Arab Emirates, to South Africa. On paper, the cargo was destined (for Singapore).

Next, the Lima did ajob in the Mediterranean, and after completion sailed through the Suez Canal. At the end of July, part cargoes were loaded in two Egyptian Red Sea ports. Destination: not disclosed. Next, the ship disappeared from sight.

Suddenly, in November 1990, a whole series of movements were reported to have taken place from August to October, Calls at a number of ports were listed in an unusually vague manner. Perhaps not surprisingly, the list was not based on reports from the ports in question, nor could it be corroborated by independent evidence from these ports. Some ofthe distances listed could not be traveled in the span of time indicated: even at maximum speed, a tanker cannot sail all the way from Iranls main oil terminal to the Gulf of Suez in 5 or 6 days. The Lima was said to have done exactly this several times during these months. If one is to believe the belated report, the Egyptian cargo had been discharged in Singapore towards the middle of August. However, the only Lima calling at Singapore around the time was the Shell vessel. ..

In fact, the Egyptian oil was offloaded in Durban later in August. It is unclear what the Lima did between the end of’August and October, when she was chartered for a trip Persian Gulf-Japan. From the foregoing it cannot be excluded that another secret delivery to South Africa was made in September-October.

the freflaggingi of his tankers from Liberia to the new Norwegian NIS register, said:

(Decided!) the greatest weaknexx 0f the Norwegian International Shipx Regzlxter it the prohibition against sailing to South Afriea. Today foreigners - not in the least Chinese - have taken over that part of the trade in which we used to be involved.)4

At that time it had become clear, as pointed out by Mr Sundt, that the Hong Kong shipping company World-Wide Shipping was filling the gap left by the Norwegians.

The company entered the field when, in the course of oil company Shell had not yet stopped its open supplies of oil to South Africa, and pre-independent Brunei was the only oil-exporting country not to have endorsed the oil embargo.

4. Petter C.G. Sundt in Skip (?ije (Norway) February 1988.

World-Witle Shipping, by far Hong KongIs largest shipowner with a IIeet ofaround 70 vessels and one of the world1s leading tanker operators, is part ofthe. business empire built by a man who has been described as the largest independent shipowner in the world: Hong Kongr magnate Sir Yue-kong Pao. Since Sir Y-K resigned from the board in 1986, the group has officially been controlled by his son-in-Iaw, Austrian-born Dr Helmut Sohmen.

Dr Sohmen moved to World-Witle Shipping in Hong Kong as a director in 1970 and returned there in 1982 to beeome senior viee-ehairman after having led the London branch of WorId-Wide and World-Wide (Shipping) Ltd. ofBermuda from 1974-1982. The chairman oI'World-Wide Shipping, who holds directorships with a range of other shipping, insurance, banking and property companies, is a prominent businessman. Among the positions he has oeeupied are those ()11egiSlzttiVe councillor with the Hong Kong Government, chairman of the Hong Kong ShipownersI Association, viee-ehairman ofthe Steering Committee for the Hong Kong Arbitration Centre, and Council member 01' Intertanko (Oslo). In 1987, his stature as one ofthe leading men in international shipping was reeonIirmed when he was eleeted president ofthe Baltic and International Maritime Council (BIMCO).

WorId-WidUs tanker business is eondueted from the offices of WorId-Wide Shipping Agency Ltd. in Hong Kong. The. company also maintains offices in London (Marine Navigation Company Ltd.), and New York (World-Wide Marine Inc), Singapore, Tokyo, Bermuda and the Cayman Islands.

The Group used to be the largest single owner of Liberian Hag tonnage. In 1990 WorId-Wide decided to switch some oIAits ships from Liberia to Panama since the company was (overexposed t0 the Lz'berianjlag and it would be logical to spread its risk 772(i7ecvrn1y,, as Mr Sohmen told the press in October 1990.5 In an apparent move to spread its risks even more, the dependence on Hong Kong as the centre of the company,s activities was reduced and several World-Wide tankers are now listed under new branches in Bermuda (World-Wide Shipping Managers Ltd., Hamilton) and the Cayman Islands (WorId-Wide Shipping Group Ltd., Georgetown) rather than under World-Wide Shipping Agency (Hongr Kong).

1986, it became clear that the Norwegian eompanies would have to step aside before long.

Thus, the WorId-Wide Shippingr Group has become the prime example 0121 company profiting from bans itn-posed by shipping nations whose companies used to be heavily involved in oil transports to South Africa.

Largest number Qfshzfmmlx

. actual numben of ships mean nothing. The at'sentialfaetor 1's lhat they be operating successfully and that they are in dema7zd).1i

Tankers of the World-Wide Shipping Group, which is one ofthe worlds largest tanker operators, are certainly in demand, the clients being especially those traders supplying South Africa with oil, and World-Wide is only too willing to comply. The company has now become the major oil transporter to South Afrz'm. Between April 1979 and early March 1991, at least 66 deliveries were made by World-Wide tankers. If all 66 tankers delivered 21 full Cargo, they have delivered some 15. 5 million tons ofoil to South Africa.

The volume shipped by the 61 tankers identilied in the comparatively short period sinee late October 1986, about 14.6 million tons, represents no less than 24 per cent of South Africahs estimated need for imported crude oil during the period.7

Increasing World-Wide involvement - Recent developments

A breakdown into periods (Table 1) shows that after an apparently insignificant supply olioil to South Africa by

WorId-Wide tankers before mid-1986, the eompanyIs
involvement has increased rapidly. There is a dip in the
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, L/(Iyrl'i 1,131 (UK) 16 21nd 29()('to1)er 1990,
(it WorltlwWitle President Dr Helmut Sohmen in L/vyd '1 L131
(UK) 31 I)C(1L'IIII)()I' 1988. I
71 'I1hese figures (lo not inehule cases over and above the
number 0161 in whieh:1(leliveryeould not be identiiied
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findings for 1990 when a lower volume of deliveries was
identified than expected on the basis ofthe trend from the
foregoing years. It has been said that, because 0fthe Gulf
crisis, South Africa drew upon its strategic stockpile ofoil
for some time, which could explain why fewer cargoes
reached the country in the second half of the year.
Another factor may be that the actual involvement of
World-Wide tankers was more extensive than could be
verified.8 In the most recent months, fromjanuary 1991
until early March 1991, World-Wide shipments ident-
ified so far by the Bureau accounted for no less than halfof
the C0untry1s estimated import needs.
Table 2 shows the latest research findings on oil deliveries
to South Africa by World-Wide tankers. Sincejanuary
1990, sixteen deliveries have been identified. All tankers
sailed to South Afriea from the Middle East: eleven from
the United Arab Emirates (appr. 2.6 million tons ofoil);

Table 1
Identified deliveries by World-Wide tankers

period	number	appr. volume of oil (mln tons)	per cent of estimated imports
Apr79-1V1ar86	:3	()9	1
lute()(186-I)ee87	13	312	20
1988	16	3.8	27
1989	16	317	27
1990	1 1	2.5	18
Jun 91-e2u'1y Mar 91	5	1 '5	49
TOTAL	66	15.5	

with certainty,
81 In 1990, the Shipping Researeh Bureau found at Ieast 14
additional voyages by WorId-Wide vessels for which a
South African destination could not be positively ruled
out.

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Table 2

Oil deliveries to South Africa by World-Wide tankers 1990- 199 1

shipys name	dwt tonnage	month in South Africa	sailed to SA from
World Bermuda	271,580	Jan/Feb 90	Egypt
World Champion	273,117	Feb 90	UAE
World Ambassador	237,474	Mar 90	UAE
World Admiral	237,311	May 90	UAE
Lima	234,090	May 90	UAE
Eastern Promise	268,038	Jne 90	UAE
Graz	233,335	le 90	Egypt
Lima	234,090	Aug 90	Egypt
Brittany	233,348	Sep 90	UAE
World Ambassador	237,474	Sep/Oct 90	UAE
Eastern Promise	268,038	Nov 90	UAE
World Prelude	265,243	jan 91	Persian Gulf
World Brasilia	283,761	Jan 91	UAE
World Harmony	259,596	Feb 91	Egypt
Pisa	276,422	Feb 91	UAE
World Brasilia	283,761	Mar 91	UAE
TOTAL	4,096,678		

four from Egypt (0.9 million tons); and one from one or more unknown ports in the Persian Gulf area.

Hong Kong, and other UK dependencies

Other Hong Kong shipping companies, including Wallem Shipmanagement, C.Y. Tung, K.N. Ship Services, Reliance Pacific Shipping and Barber Ship Management, have been active in shipping oil to South Africa on a much smaller scale.9

In 1a tentative venture into the alien domain of foreign policyh, 10 the Hong Kong Government introduced limited sanctions against South Africa in November 1986, including a ban on the import of gold coins, iron and steel, a voluntary ban on investment and loans, and a policy of discouraging tourism to South Africa. The Executive Council decided at the time that Hong Kong should only follow sanctions adopted by other countries. (As far as I am recall, 027 wax not among the list of banned products), said Mr Rafael Hui Si-yan, deputy secretary for Economic Services, when he was interviewed on the Shipping Research Bureau report of1989. Disclosures on World-Widehs growing oil trade to South Africa would not affect Hong Kong,s position, he added: (147vede theguz'delines set down then - no less, no more).11 A Chamber of Commerce representative said that further action would need a United Nations embargo in which Britain was participating or a separate British move against South Africa.12

Hong Kong,s most important import from South Africa, coal, was missing from the banned list in 1986. A Hong Kong coalition of concerned groups has been urging the Government to ban coal imports from South Africa but without success. Meanwhile, Hong Kong has become a major customer of South African coal for electricity generating purposes.13 Total trade between Hong Kong and South Africa is booming, especially since limited sanctions were imposed in 1986. Re-exports leapt 168 per cent in 1987, and increased by another 62 per cent in 1988.14 Hong Kong has become a conduit for South African steel to China.15

The policy towards sanctions adopted by the United Kingdom plays a decisive role. All three British depen-

9. Various Shipping Research Bureau reports.
10. South China Morning Poxt (Hong Kong) 5 April 1989.
11. South China Morning Post, 2 April 1989.
12. Mrj. McGregor, South China Morning Post, 5 April 1989.
13. SRB CoalMom'tor, Nos. 1, 2, 3, 6.
14. South China Morning Post, 5 April 1989.
15. J. Hanlon (ed), South Africa: The Sanction; Report, Documents

dencies with which World-Wide Shipping has links (see insert on page 6) were mentioned in a Memorandum submitted by pressure group EMBARGO to the House of Commons Foreign Affairs Committee in 1990: (Companies operating in commie; over which the UK has xoverezgntyz, especially Hong Kong, Cayman Islands and Bermuda, continue t0 be involved in oil embargo violatiom. I'S

United Nations and other reports emphasise the important and increasing role of companies and/or flags linked with the UK or countries under UK jurisdiction in oil shipments to South Africa, says the Memorandum. rYet Her Majeytyjs Government remaim stubborn in zitx refuxal to co-opemte with international monitoring (yforts through the United Nations.) (Afaz'lure hy the UK to take urgent action can only result in an even greater role for national: and eompanz'ex within itxjurisdzictz'on in enabling South A frica to circumvent important mearures agreed by other nation Jtates and the international community.)17

At the Commonwealth Heads of Governments Meeting in Nassau (Bahamas) in 1985, a voluntary ban on oil exports to South Africa was agreed. In March 1986, Mr John Swan, the Prime Minister ofBermuda (now base of Warld-I/Vide Shipping Managers Ltd), wanted to introduce additional sanctions, but the British Prime Minister was reported to have told him in a letter that this would go beyond the limited measures agreed at the Commonwealth meeting. The British Foreign Secretary told the House of Commons that it was (perfectly rational) for Britain to prevent Bermuda from doing this. Britain,s relations with South Africa hxhould be uniform) throughout

Not only oil i

World-Widek links with South Africa are not only in the field of oil. As early as 1980, Sir Yue-kong Pao was praised by the South African press for being hfavourably disposed to effecting repairs to his enormous tanker fleet in Cape Town? (Sir Y K is well disposed to using the Cape as a repair depotforhz's ships, and has become a prized customer aflocalyards). 18

Several bulk carriers ofWorld-Wide, such as the World Eden and the United Approach, are regular callers at South Africa as well, where they collect coal for delivery in the Far East or Europe.

Cagsmtzkties, Commonwealth 1990, p. 276.

16. House of Commons, Session 1990-91, Foreign Affairs Committee, First Report: UK Policy Towards South Africa and the Other States of the Region, Vol. II, Appendix 9, p. 352. London, HMSO.

17. Ibidem, pp. 351-2.

18. The Cape Times (SA) 10 and lljune 1980.

its colonial territories, he said.19
The Government of the Cayman Islands (now base of the World- I/Vz’de Shipping Group Ltd.) has written to the Bureau that it has no means Oftaking action in Cayman law against a company involved in oil supplies to South Africa (or exerting fnessure 0n 1’! (. , .) even while tympatlzizz’ng wz’t/zynurgenem/ aim;). ’1"

Reaction by the company

In the past World-Wide Shipping used to respond to the preliminary research findings and queries submitted to them by the Shipping Research Bureau prior to the publication of reports. Since it became clear that the company has involved itself heavily in transporting em-bargoed oil to South Africa after October 1986, no reponses have been received.21 As shown above, Mr Allen of World-Wide in Hong Kong acknowledged his companst involvement in oil transports to South Africa to the press on the occasion ofthe release ofthe Shipping Research Bureauk survey on the company in April 1989:
1. , . ifthe charterer sendy (LY to South A fried, that Is where we will go). Mr T. Liu of World-Wide)s U.S. office said that (some qflz ix company)5 tankers deliver to South A frica, but thix is a

Table 3

Oil deliveries to South Africa by World-Wide tankers

matterfor t/ze charterers).22
However, there is nothing to prevent the owner or manager of a ship from specifying in the charter-party that the ship shall not be used for taking oil to South Africa. Such contractual restrictions are indeed often made. Therefore, if a shipping company owning or managing a tanker that has been Chartered by an oil company to carry oil, claims that it is not able to prevent the Charterer from using the ship to take oil to South Africa, this is not a valid argument.
World-Wide executives have taken a purely formal view with regard to their company4s (non-)resp0nsibility in the matter. (We know the destinations afour x/zz’ps but we can 7 control them, 4 said Mr Allen to the Hong Kong newspaper quoted earlier.23 Three days later, the same paper re-ported that the company tdenied it had done any wrong. Ships were fixed to trade internationally, and were never fixed to travel precisely from one port to anotherKZA’
Apparently, the c0mpany4s spokesmen attempt to obscure the difference between the formal wordings of the charter contracts (highly standardised documents which may entitle the Charterer to use a ship for 1lawful trade1 to a broad range of ports) and the actually in-tended destinations of their tankers, which the company knows only too well.

ship7s name dwt tonnage month in S. Africa
ship4s name dwt tonnage month in S. Africa
Neptune World 237,366 Apr 79
Eastern Mobility 89,095 Aug 80
Eastern Mobility 89,095 Jan 81
World Truth 0/0 249,223 le 85
World Eminence 261,729 Mar 86
World Symphony 356,324 OCt/Nov 86
World Xanadu 264,170 Nov 86
World Progress 237,285 Dec 86
World Progress 237,285 Jan 87
World Brasilia 283,761 jan 87
World Symphony 356,324 Mar 87
World Renown 262,267 Apr 87
World Renown 262,267 May/Jne 87
World Progress 237,285 le 87
World Truth 0/0 249,223 le 87
World Progress 237,285 Dec 87
World Eminence 261,729 Dec 87
World Xanadu 264,170 Dec 87/Jan 88
World Renown 262,267 Fcb/Mar 88
World Ambassador 237,474 Mar 88

World Eminence 261,729 Apr 88
World Bermuda 271,580 Apr/May 88
World Harmony 259,596 May 88
World Renown 262.267 May 88
World Progress 237,285 Jne 88
World Hitachi Zosen 268,904 jly 88
World Progress 237,285 Aug 88
Eastern Strength 267,577 Aug/Sep 88
World Harmony 259,596 Sep 88
World Summit 260,064 Oct 88
Eastern Strength 267,577 Oct/Nov 88
World Xanadu 264,170 Nov 88
World Progress 237,285 Dec 88
Eastern Promise 268,038 Dec 88/_Ian 89
World Hitachi Zosen 268,904 Feb 89
World Hitachi Zosen 268,904 Mar 89
World Summit 260,064 Mar 89
Eastern Promise 268,038 Apr 89
World Xanadu 264,170 May 89
World Champion 273,117 May 89
Cali 236,425 May 89
Eastern Courage 267,807 May 89
Cali 236,425 Jne/le 89
World Renown 262,267 le 89
Cali 236,425 Aug 89
World Admiral 237,311 Sep 89
World Ambassador 237,474 Oct 89
World Ambassador 237,474 Nov 89
World Renown 262,267 Nov/Dec 89
Brittany 233,348 Dec 89
World Bermuda 271,580 Jan/Feb 90
World Champion 273,117 Feb 90
World Ambassador 237,474 Mar 90
World Admiral 237,311 May 90
Lima 234,090 May 90
Eastern Promise 268,038 Jne 90
Graz 233,335 jly 90
Lima 234,090 Aug 90
Brittany 233,348 Sep 90
World Ambassador 237,474 Sep/Oct 90
Eastern Promise 268,038 Nov 90
World Prelude 265,243 Jan 91
World Brasilia 283,761 Jan 91
World Harmony 259,596 Feb 91
Pisa 276,422 Feb 91
World Brasilia 283,761 Mar 91
TOTAL: 66 cases 16,705,675

19. SirGeoffrey Howe. The Cape Timex (SA) 7 March 1986, as quoted in: J. Hanlon and R. Omond (0d,), The Sanctions Handbook, Harmondsworth 1987, p.152.
20. See SRB, Fuelfor Apartheid, 1990, p.63 note 12.
21. See also SRB, Fuelfor Apartheid, op. cit., p.64 note 23
22. Plank Week (USA) 24 April 1989.
23. South China Morning Post, 2 April 1989.
24. Ibidem, 5 April 1989.

COAL MONITOR
No. 7 second quarter 1991

SOUTH AFRICAN COAL EXPORTS UP TO 50 MILLION TONNES

EUROPEAN COMMUNITY IMPORTS MORE THAN 23 MILLION TONNES

In 1990 South Africa exported nearly 50 million tonnes of coal, or about 3 million tonnes more than in 1989.

A large part of this increase was taken by the European Community countries, of which, in particular, Germany and Belgium can be seen as fast growing importers of South African coal. Below 3 break-down is given on South Africa’s coal exports over 1990 compared with the previous year.

DESTINATION OF SOUTH AFRICAN COAL EXPORTS 1990:

Importing country	1989 (million tonnes)	1990 (million tonnes)	4/- %
Spain	4.986	4.667	- 6.4
Belgium	3.178	4.501	441.6
Germany	2.544	4.490	4 76.5
Italy	4.928	4.371	-11.3
Portugal	1.757	2.086	418.7
Netherlands	1.136	1.396	4 22.9
Greece	0.725	0.925	431.3
France	0.848	0.864	4 1.9
United Kingdom	0.338	0.352	4 4.1
Luxemburg	0.124	0.139	412.1
Ireland	0.076	0.060	-21.1
Denmark	0.000	0.000	0.0
L Total European Community	20.640	23.878	415.7
South Korea	6.000 (1)	6.000 (1)	- 0,0
Taiwan	4.915	5.460	411.0
Japan	5.586	5.040	- 9.8
Hong Kong	4.888	4.500 (1)	- 7.9
Israel	2.294	2.200	- 4.1
Turkey	1.084	0.800 (1)	-26.2
Switzerland	0.254	0.400 (1)	4 57.4
OthersPW)	0.800 (1)	1.100 (1)	437.5
,__			
l_Sguth African exports	46,700	49.400	4 5.7

(1): SRB estimates.
(1 1): including Malta, Austria, Romania and Yugoslavia.
(Sources: Eurostat, lEA, ICR Coal Statisticsl

Denmark

Parliament bashes South African export hopes

Danish Parliament has rejected a motion tabled by the minority government to lift sanctions on coal imports from South Africa. After the unanimous decision on 15April1991 by the foreign ministers of the European Community to lift the trade embargo on iron ore, steel and Kruger Rands, the Danish government put a motion to parliament seeking support to lift also sanctions on coal, but it failed to get the backing of the parties forming the majority. These parties, the Social Democratic Party, Social Liberal Party and the Socialist Peoples Party, felt deceived by the Danish foreign minister, Mr. Uffe Elleman-Jensen, when he condoned -without the backing of a majority in parliament- the lifting of the EC ban on new investments in March at the EC summit in Rome.

The political row just preceeded an unofficial visit by South Africa's State President, Mr. De Klerk to Denmark on 24 April.

At the last minute talks with two ofthe main opposition leaders blocking the lifting of sanctions, were added to De Klerk's programme. According to De Klerk there had been a fundamental exchange of views, but he had not tried to convince them to change their minds on sanctions.

Earlier this year, some South African coal exporters had expressed their hopes that Denmark as a large buyer of imported coal would be prepared to start imports again of South African coal. Already in January, the Chairman of Witbank Colliery (majority owned by Rand Mines), Mr. Allen Sealey even stated that he was confident that the Danish market would be regained. Similar expectations were heard in March from Mr. Michael Hawarden, Chairman of the Chamber of Mines' Coal Committee and chairman of the Tavistock coal mine (owned by JCI, part of Anglo American), when he said that at the end of this year the EC would allow member states, in particular France and Denmark, to decide freely on their own coal sanctions. The opening of an EC office in Pretoria was significant in this respect, said Mr. Hawarden.

Business Day (SA), 10 January and 25 April 1991; Finansies 81 Tegniek (SA), 22 March 1991; The Citizen (SA), 25 April 1991; National Committee South Africa Action (Denmark), SA update, No.2, 18 April1991l

Spain

Although imports were slightly down in 1990, Spain remains EC's member number one importer of South African coal. South Africa is Spain's biggest single supplier of steam coal with 4,653,592 tonnes in 1990, equal to 76 per cent of its total imports of steam coal of 6 million tonnes.

The bulk of these imports is burnt in power stations of the electricity producers Endesa and lberoduero. In addition, the cement companies, Carbocem and Hisalba, have taken recent cargoes of South African coal.

The major coal traders of South African coal to Spain are Carboex and Marc Rich.

llnternational Coal Report (ICR), 22 March 19911

Belgium

Belgium, together with Germany, is rapidly increasing its steam coal imports from South Africa. The amount of South African coal consumed by power stations and cement producers grew by more than 40 per cent compared with 1989. In the near future Belgium will have to import all its coal needs because the country’s last coal pit is due to close down in 1992.

Belgium’s main buyer of South African coal is Intercom S.A. (Pool des Calories), which is the coal supplying agency for nearly all Belgian utilities.

IICR, 22 January and 8 march 19911

Germany

In the European community Germany is clearly the fastest growing market for South African coal. lmports went up from 2.5 million tonnes in 1989 to nearly 4.5 million tonnes in 1990, an increase of 76.5 per cent. Total steam coal imports into Germany increased from 5.7 million tonnes in 1989 to over 10.3 million tonnes in 1990. These statistics show that Germany’s most dominant coal source is South Africa. From Poland 2.6 million tonnes were imported, from Australia 1 million tonnes.

This big rise is mainly due to increased power station demand as brown coal production in the former GDR is falling sharply and because nuclear power stations have been off line for longer periods than usual

IICR, 25 January and 8 March 19911

Italy

No better prices for South African suppliers

Italy’s state-owned electricity producer ENEL has settled its 1991 contracts with seven South African coal exporters. A price rise of US$ 1.15 to US$ 32.15lFOBT basis 6,800 kcal/kg GAR) was agreed, in dollar terms a rise of 3.7 per cent. In Lire terms, however, ENEL came of well because the price level means a 9.3% fall. The South African exporters, trying to get rid of the so-called ’political’ or ’sanctions discount’, have not even stood their ground because the 3.7% price increase in dollars does not cover their continuing mining costs. Working costs are being pushed up by South Africa’s high inflation

N

Coal Monitor, No. 7, second quarter 1991

rate of about 15 per cent, more than twice of the inflation of its competitors in the USA and Australia. Total tonnage supplied to ENEL by the seven exporters is the same as last year: 3.8 million tonnes (Mt). Contract deliveries are the following: 1 Mt by Amcoal (Anglo American), 0.7 Mt by Shell, 0.7 Mt by Transvaal Coal Owners Association (TCOA), 0.4 Mt by Rand mines (Barlow Rand), 0.4 Mt by Kangra through AgipCoal, 3500,000 tonnnes by Trans-Natal (Gencor) and 350,000 tonnes by Total.
llCR, 25 January and 5 February 1991; Coal Week International (CWI), 22 january 19911

Portugal

More South African coal was also sold to Portugal in 1990: from 1.7 Mt in 1989 to more than 2 Mt last year. About half of this volume was purchased by the national electricity producer Electricidade de Portugal (EdP). For 1991 EdP has already contracted 1 million tonnes of steam coal from South Africa.
lCWl, 8 January 19911

The Netherlands

Consumption of South African coal mysterious

Imports of South African coal in the Netherlands increased by nearly 23 per cent: from 1.136 Mt in 1989 to 1.396 Mt in 1990. However, the destination of this volume is far from clear. According to statistics supplied by the EC Energy Directorate on steam coal contracts of electricity producers in the Community, Dutch utilities imported 893,000 tonnes from South Africa in the first three quarters of 1990. The supplying agency of the Dutch power plants, GKE, however, claims it has imported no South African coal at all and has no immediate intention of doing so. The figures presented by the Energy Directorate of the European Commission in Brussels are in turn based on data from the Dutch government. According to the British Financial Times' publication International Coal Report 'the inclusion of these figures remains something of a puzzle to all concerned.'

In the past Dutch utilities have publicly stated they do not burn South African coal at their stations. The volume involved here is too large to be consumed by other industries in the Netherlands. A likely explanation for this 'puzzle' could be that a large part of South African coal imported by the Netherlands through the ports of Amsterdam and Rotterdam is re-exported as 'Dutch coal' to France and the United Kingdom, where public utilities also have an official policy of non-consumption of South African coal. Apparently, this 'Dutch coal' has come into the UK frequently in recent years, mainly via Rotterdam, and purchased by the Central Electricity Generating Board, after blending, as privater-mined British coal. In the coal trade this British coal is also known as coal 'with a Transvaal accent'.
llCR, 14 January and 22 March 19911

United Kingdom

Utility openly imports South African coal

Northern Ireland Electricity (NlE) has bought two shipments, about 50,000 tonnes, of South African coal via Shell Coal International in January 1991. Reportedly, the price of US$ 44. 50 pertonne was at least 30 per cent less than the usual supplies to ME from a Scottish open-cast mine.

With privatisation of the British coal industry in mind, the Chairman of the British Anti-Apartheid movement (AAM) and Labour MP, Mr. Bob Hughes has written letters to both National Power and

Powergen asking them not to purchase any South African coal 'until the United Nations has declared the changes in South Africa to be profound and irreversible.' The reply given by National Power only stated that it is not illegal to purchase South African coal. The other company, Powergen, did not react at all.
(AntieApartheid News (UK), March 19911

Israel

South Africa remains biggest supplier

South Africa will remain the largest single supplier of steam coal to Israel. South African sales in 1991 are expected to be over 2.5 million tonnes. Israel's state-owned company National Coal Supply Corpo- ration (NCSC) in March was finalizing contracts with three South African exporters: with Amcoal (Anglo American), TransNatal (Gencor) through its European subsidiary MCMT and with Rand Mines (Barlow Rand).

Traditionally South African coal has been the cheap- est for Israel due to the Closer proximity and the large vessels capable to load in Richards Bay, among them the bulk carriers AMAZON (140,000 dwt) and EOUINOX (135,000 dwt).

Israel's total coal imports in 1990 were 3.95 million tons against 3.73 Mt in 1989. From South Africa Israel imported 2.2 Mt in 1990, slightly less than in 1989 (2.3 Mt).
llCR, 5 February and 19 March 19911
Coal Monitor, No. 7, second quarter 1991

Taiwan

South African coal up 11%

Taiwan's total coal imports hit a record high in 1990, jumping from 16.8 Mt in 1989 to 18.6 Mt, an increase of 10.7%. A similar increase (11%) was seen in coal imports from South Africas: from 4.915 Mt in 1989 to 5.460 Mt in 1990. South Africa is Taiwan's largest single supplier of steam coal, with a market share of 39 per cent, before the USA (28%), Australia (26%) and Indonesia (4%).

lCitizen (SA), 13 February 1991; CWI, 5 March1991l

Japan

Import restrictions silently relaxed

Japan has quietly lifted its sanctions against South African coal imports. Although the trade ban has not been officially scrapped, the Japanese Ministry for International Trade and Industry (MITI) is turning a blind eye to the overall amount of trade between the two countries. The MITI has simply let companies know sanctions will not be applied. According to one trader Japan's new policy meant: 'If buyers raise their South African tonnage by 50%, MlTI will allow it to happen; anything over this and there might be an objection. They will review it in six months and twelve months time.'

In 1987 the Japanese government imposed restrictions on coal imports from South Africa by freezing the amount at the dollar value of imports of that year.

South African coal exporters, such as Trans-Natal (Gencor), have lost since then about one third of their tonnage sold to Japan because coal prices rose. Just before leaving for Japan on 8 February 1991, Trans-Natal's marketing director, Mr. Gordom Osterloh, expressed his confidence by saying: 'The sanctions measures introduced by the Japanese government on our coal were never officially announced and I do not believe there will be an official statement that they have now been removed. However, our marketing sources tell us they will fall away for the Japanes 191/1992 fiscal year starting April as a result of the State president's speech.'

IICR, 22 February1991l

South Africa

New allocations for Richards Bay

South African coal exports have increased by almost 3 million tonnes in 1991. Provisional figures

IV

indicate that the total export volume in 1990 was 49.4 Mt against 46.7 Mt in 1989. From Richards Bay 45.47 Mt were exported, while the port of Durban handled 3 Mt. From the Mozambican port of Maputo 900,000 tonnes were exported.

The annual capacity of the Richards Bay Coal Terminal (RBCT) will be lifted from 44 Mt (1 989 figures) to 53 Mt in 1995. Total costs of the expansion will be R316 million. The export allocations to the various exporters at present and as planned in 1995 are the following:

	Current	1995
	Mt	Mt
Amcoal	9.6	12.6
Trans-Natal	9.3	11.2
Rand Mines	9.3	10.6
JCI	3.6	4.0
Shell	5.5	6.5
Total	2.5	3.0
Duiker (Lonrho)	1.4	1.7
Kangra	1.8	2.2
Goldfields	1.0	1.2

Total 44.0 53.0
IICR, 8 March1991l

ISCOR imports from Australia and New Zealand

South Africa’s state-owned steel producer Iscor will import 500,000 tonnes of coking coal in 1991 from Poland, New Zealand and Australia.

The Switzerland-based commodities trader Marc Rich is supplying at least 120,000 tonnes from New Zealand. Also via Marc Rich two earlier shipments of coking coal from BHP-Utah (Queensland) were taken.

Last year Poland’s company Weglokoks was identie fied as supplier of coking coal to Iscor (see Coal Monitor no. 5). The Polish coal export statistics on 1989, however, do not show these exports to South Africa. Instead they have been disguised in the overall export figures on Germany.

IICR, 22 February and 8 April1991)

EX

South Africa

SECRECY OIL ISSUE CHALLENGED

For years now South African oil imports have been surrounded by great secrecy. All information regarding energy-relatecl matters is classified as top secret by the South African government. Revelations in South Africa can lead to up to seven years ofimprisonment under the Petroleum Products Act of 1977. With the Changing political climate in South Africa the secrecy on these matters is now being challenged.

On the publication of the Shipping Research BureauIs sixth main report: 1Fuel for Apartheid. Oil Supplies to South Africa, the South African press took the opportunity to find out whether the South African censorship legislation regarding energy matters could be tampered with at all. The Weekly Mail opened its issue of the beginning of November with the headline; 1WHAT THEY DONTT TELL US ABOUT OIL (BUT THE WHOLE WORLD KNOWS).1 In a lengthy article the weekly revealed all kinds of facts that the South African people 1are not supposed to know,, published in the report of the Shipping Research Bureau and considered by the South African government to be classified material.

Also Business Day challenged the governmentIs secrecy policy. In their editorial comment they said: 1ItIs not as if oil isnlt getting here; despite official international embargoes, organisations abroad publish annual lists of ships, owners, tonnages and countries of origin. They also detail the underground storage locations for strategic reserves, and estimate the amount stashed in each. But we,re not allowed to know that, ifs officially secretf

In parliament Mr. Hulley (Constantia), spokesperson for energy affairs of the Democratic Party, stressed that laws deprive South Africans of information on fuel supplies which were known to the rest of the world. Another Member of Parliament Mr. Derek Christophers (National Party/Germiston) reflected that it had to be borne in mind that South Africa still suffered from an oil boycott. iWould he (Mr. Hulleyl like to tell South AfricaIs enemies details of South Africals oil procurements so they can punish us further?

However, despite all challenges there are no signs that the government is easying its legislation. Oil issues remain as closed as ever in South Africa.

lThe Weekly Mail (SA) 2-6 November 1990; Business Day (SA) 1 November 19901

STRATEGIC RESERVES PHASED OUT

Part of the strategic reserves managed by the National Supplies Procurement Fund, apparently not including oil, have already since 1988 been diverted. In 1990 several millions of Rands were distracted from the National Supplies Procurement Fund to be employed for priority fields as housing and education. Housing received R131,7 million and education R187,7 million from the NSPF.

According to Minister Kent Durr ofTrade and Industry the entire stockpile is expected to be phased out by 1993. He said that the stockpiling of commodities, administered by the department of Trade and Industry had begun about 25 years ago 1at a time ofincreasing threats of sanctions and boycotts against the RSA. Due to changed conditions regarding the capabilities 0fthe RSA the Government had decided during 1988 that the scheme was no longer justified and should be phased out? The Minister declined to answer a question from MP Ken Andrew (Gardens/Democratic Party) how much value the present stockpile represented, The strategic stocks are largely held by the private sector and are financed by interest free loans. Only sixteen per cent of

the stocks are owned by the government. The stocks to be diverted neither contain oil or arms, Minister Kent Durr stated.
lBusiness Day (SA) 20 February 1991; The Citizen (SA) 26January 1991,13March1991)

SFF MIXED UP IN DISPUTE

The Strategic Fuel Fund (SFF) the country1s oil procurement agency is embroiled in a R100 million dispute. This was stated in a report from Auditor-General Mr. Peter Wronsley, which was tabled in Parliament in February 1991.
A R90,6 million claim for compensation had been brought against the SFF 1due to an expropriation in order to protect the oil containers/ An amount of R4,1 million has been paid as a counter offer, but the matter has not yet been finalised. Further details were not given in the report.
lBusiness Day(SA)12 March 1991j

ANC BUYS SHELL BUILDING

The ANC has bought the 22-st0rey Shell House in Johannesburg for an alleged R20 million. The organisation moved into the premises by mid-April. Part of the building will still be occupied by Shell until they will move to their new building in October 1991. The deal must be seen as a purely commercial one and does not reflect any change in the relationship between the ANC and Shell.

OIL TRADERS EYE
POST-APARTHEID MARKET

Although there is still a long way to go before South Africa,s apartheid system is fully eradicated, oil traders are reportedly already eying the poseapartheid market which will no longer be hampered by trade sanctions.
IIt would mean reputable companies such as ourselves could start selling to them again,, a trader with a major international oil company who wished to remain unidentified told Reuterys in Singapore.
Traders in general already seem to be more relaxed.
According to the General Manager of the Central Energy Fund Mr. Kobus van Zijl, South Africa is getting offers from many new suppliers.
lReutcris News Agency (Singapore) 7 February 1991; The Christian Science Monitor (USA) 27 February 19911

TELECOMMUNICATION NETWORK INSTALLED BY PHILIPS AT MOSSGAS

A telecommunications network for the Mossel Bay fuel project has been placed by the South African branch 011 Philips. The company installed 21 R4 million telecom-munications system with a capacity of 1700 extensions and 140 incoming and 140 outgoing lines. The main facility is situated at the on-shore refinery, while two other facilities are based at sea ()1’11MOSSLT1 Bay on the oil rig and on the huge llotel acconnnodation module.

All eablecontraets at Mossgas were awarded some years ago to Aberdare Cables, a South African subsidiary of Philips

The Mossel Bay fuel project is expected to be completed by mid- 1992. Gas obtained from the offshore field will be converted into liquid fuel at the onshore reiinery. The initial costs ofR5.6 billion have already risen officially to R88 billion. Figures as high as R15 billion have also been mentioned however. Replying to a question from MP Roger Hulley (Democratic Party/Constantia) Min-ister (1e Villiers of Energy Affairs said, in March 1991, that the final costs would only be known on completion.

1The Citizen (SA) 26 Nlarrh 1991; Business Day (SA) 20 March 19911

ITALY INVOLVED IN NAPTHA PLANT

The Italian state-owned corporation ENI is negotiating with the South African company Sentrachem, ultimately controlled by Sanlam, for a possible joint venture in a nearly R5 billion naphta cracker project. The plant is expected to come on stream in 1997.

AECI and Engen, the energy arm of mining giant Geneor, will also take part in thejoint venture. The plant will use naphta, a portion oferude oil not utilised for fuel, The naphta will be cracked into seven types of building blocks from which about 80 per cent of all organic chemicals are derived for the chemical industry. The products are methane, ethylene, propylene, butadiene, benzene, toluene and xylene. Only four ofthese products are presently obtainable in South Africa. The others the country has to import.

1Salto Exporter (SA) Deeember/January 1991; Finance (SA) 21 Octo-ber 19901

Shell Campaign

SHELL LOSES LARGE CONTRACT

The State of New Jersey (USA) has cancelled a multi-million dollar contract with Shell Oil because of Shellls investments in South Africa. The exclusive contract with the NewJersey Turnpike Authorities to operate thirteen service stations alongr the NewJersey toll road will expire in March 1992. The company is estimated to earn US 1550 million a year from the Contract. The decision represents the most significant government action so far in support ofthe Shell campaign.

The co-chairs ofthe National Labor Boycott Shell Com-mittee, Owen Bieber 011 the United Auto Workers and Richard Trumka 011the United Mine Workers, called the NewJersey decision 1thc single-biggest financial blow to Shell in the five years 011this boycott,

New Jersey GovernorJim Florio said that 1New Jersey

(:an1t do business with such a company. Sanctions are working. Victory is in sight. And now is not the time to give up.)

11110 New York Times (USA) 12 February 1991; The Weekly Mail (SA) 15-21 February 19911

United Nations

OIL EMBARGO MUST BE MAINTAINED

"llhe oil embargo must be maintained until profound and irreversible change has occured in South Africa,, was one of the statements at the first meeting in 1991 of the United Nations Intergovernmental Group to Moniu tor the Supply and Shipping of Oil and Petroleum

Products on March 26.
Speakers at this meeting all emphasised the need to adopt tcautious optimism1 regarding recent Changes in apartheid laws. Sanctions in general, and the oil embargo in particular must be maintained.
The chairman of the Group, Ambassador Anthony B. Nyakyi of Tanzania said that the work of the Intergovernmental Group had increased over the past year. In spite ofconsiderable successes there 1remained a glaring lack of political will on the part of some major shipping Statesi.
The UAN. Group was established by the General Assembly in 1986. Eleven Member States took part. This has been reduced to ten now, since Germany has not filled the place which was taken by the German Democratic Republic. The ten members are: Algeria, Cuba, Indonesia, Kuwait, New Zealand, Nicaragua, Nigeria, Norway, Ukraine and Tanzania.
The Group will present its report on circumventions 0f the oil embargo to the coming 46th General Assembly. Since it was established the Group has presented four reports.

BRITAIN WILL URGE FOR LIFTING OF EC OIL EMBARGO

The British Government announced that it will push for the lifting of more sanctions adopted by the European Community. At its Luxembourg meeting, on April 15, 1991 the Foreign Ministers decided to lift the 1986 ban on the import ofSouth African iron, steel and gold coins. Already at its December 1990 meeting in Rome, the EC lifted its ban on new investments in South Africa. The move was very much welcomed by the United Kingdom.
Mr. Tristan Garel-Jones deputy minister standing for Foreign Secretary Mr. Douglas Hurd said that 1as reform is moving ahead in South Africa, we could start moving ahead by looking at whether sports restrictions and certain 1985 sanctions, such as on the sale ofcrude oil could be removed.7
The United Kingdom was never a strong supporter of sanctions against South Africa. In the United Nations it has always voted against the oil embargo resolution as adopted by the General Assembly. In the Security Council Britain always vetoed the adoption ofa mandatory oil embargo against South Africa. Now the European Community has dropped part of its sanctions, Britain clearly sees a chance to press for a further lifting ofEC sanctions. However, as it is now the limited oil embargo, adopted by the EC in 19857 is still fully in force.
1Financial Times (UK) 16 April 19911
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NAMIBIA LESS DEPENDENT ON OIL IMPORTS FROM SA

Oil companies in Namibia are obtaining oil from other sources than from South Africa. When Namibia became independent the Government asked the four major oil companies in Namibia, BP, Shell, Caltex and Mobil, to reduce their dependency on South African supplies by half over the next five years.

The first shipments of refined oil products not originating from South Africa were offloaded at the port of Liideritz by the end of 1990 Shell Namibia signed a six month contract with the Angolan state oil company Sonangol in September 1990. Deliveries from Angola and from Bahrain were brought to the companyls new storage tank in Liideritz.

Injanuary 1991 BP and Caltex obtained a tanker with 17 million litres of petrol and diesel from Curacao (Netherlands Antilles).

Namibia has no refinery capacities. When South Africa still fully controlled the country all refined oil products were imported from there via Walvis Bay, Namibia,s only deep water port which is still fully controlled by South Africa. Namibia is trying to lessen the dependency on this port by stimulating imports via Liideritz. Also, the Government is planning an offshore mooring buoy at Swakopmund for the offloading of fuel.

Search for fuel offshore and onshore

Hydrocarbon exploration activities continue in Namibia. In October 1991 the Namibian Government will invite companies to bid for offshore blocks. On February 1991 a briefing on Namibials draft oil exploration and taxation laws in Namibials capital Windhoek was attended by representatives of several companies, including BP, Capitan Energy, Chevron, Hondo Oil and Gas, Norsk Hydro, Shell and Total.

Reportedly, the South African oil exploration company Soekor has already made bids for concessions on the five main exploration blocks Namibia has to offer. Also Engen, Gencorls energy division, is interested in the search for Namibian oil. Before independence oil search activities in Namibia were carried out by Swakor which was fully controlled by Soekor. The Namibian oil exploration company has now been renamed in Namcor (Namibian National Petroleum Corporation). Mr. Skerf Pottas is still in charge of the countryls hydrocarbon activities. It is expected that permit alllocations will take place by mid-1992. Exploration licenses will initially be for a four-year period.

The British consultancy Exploration Consultants Ltd (ECL) together with Halliburton Geophysical Services (USA) conducted seismic research of the offshore Kudu field in 1990. The companies are presently doing offshore seismic research north ofWalvis Bay. The data will be available by the end of May. Other offshore fields where so far highly promising structures have been identified are the Orange, Walvis Bay and Namibe basins.

Onshore exploration is also continuing. The Overseas Petroleum Investment Corporation (OPIC) from Taiwan is expected to drill a test well this year in the Etosha basin in Northern Namibia.

New petroleum legislation

The new petroleum legislation adopted by the Namibian Parliament in April 1991, has apparently discouraged international companies from starting offshore exploration, The new law provides for twelve per cent royalties and cumulative company and windfall profits of56. 5 per cent. These are regarded as tough.

Talks on Walvis Bay end in deadlock

Delegations from South Africa and Namibia met in mid-March in Cape Town to discuss the future ofWalvis Bay.

These first official negotiations ended without an agreement. Mr. Pik Botha, South African Foreign Minister leading the delegation, said his government was only prepared to discuss the use of the port. The Namibian Minister ofForeign Affairs Theo-Ben Gurirab, who led the 27-person strong Namibian delegation, stated that he was only prepared to talk in terms of sovereignty.

iDaily News (Nam) 11 January 1991; Namibia Report (UK) February, MarcheApril 1991; Market South East (UK) 28 February 1991; SouthScan (UK) 5 February, 15 March 1991; Africa Analysis (UK) 22 March 1991l

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This newsletter is a publication ofthe Shipping Research Bureau. The Shipping Research Bureau was founded in 1980 by two Dutch non-governmental organisations, the Holland Committee on Southern Africa and the Working Group KAIROS (Christians against Apartheid). The Bureau conducts research and publishes reports on the ways in which South Africa tries to obtain its crude oil imports to counter the embargo imposed by nearly all oil-exporting countries. Since 1989 the Shipping Research Bureau also monitors coal exports from South Africa in support of existing and future sanctions on South African coal. Material published, unless otherwise stated, does not necessarily represent the findings of the Shipping Research Bureau. In case material is derived from other publications, the main sources are listed. Any material in this newsletter may be freely re-published. Please acknowledge source.

The Shipping Research Bureau welcomes relevant information concering oil supplies or suspected oil deliveries to South Africa, as well as information on coal exports. For information please contact the Shipping Research Bureau, P.O. Box 11898, 1001 GW Amsterdam, the Netherlands. Phone -t 31 20 6266073/6251300, Coal Section t 31 20 6200066, Telex 10236 sanam n1, Telefax -l- 31 20 6220130.

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Norway

CAPTAIN EMBARGO-BREAKING TANKER FINED

A secret oil delivery to South Africa has for the first time led to prosecution and conviction in Norway. A captain of a Norwegian tanker was condemned to pay a fine of 10,000 Norwegian Crowns for breaking the legal rules prescribing that 21 ships identity and nationality shall not be hidden and that a ship shall use her proper call sign. The case was investigated by the Inspector for Shipping in Oslo.

In October 1988 the Norwegian tanker Dagli shipped a cargo oliSoviet oil from Odessa to South Africa. The sale ofthe cargo constituted a clear infringement ()fthc Soviet oil embargo. In our issue ofjuly 1989, No. 15/16, we reported how an elaborate camoquage campaign was set up to conceal the ships call at Cape Town.

When the Dagli was on her way, the captain received the following instructions: 1Vessel at all times only use call sign MFl (a South African assigned secret code) and under no circumstances should vessel use usual call sign I. The captain was also urged never to mention the name of the ship. He did reject, however, a request to paint over the name of his ship: Ibut I will cover the name with canvas if the weather permits. The Company Iver Bugge, the Norwegian operator 0fthe ship cabled that it agreed to this, though adding: 1But also remember not to show the flag Ofnationalityt,

All instructions were passed on to the captain by Iver Bugge. This was even admitted on Norwegian television by the eompanyls chairman. Surprisingly, however, the Inspector for Shipping said that he had not been able to prove that the captain was acting in accordance with instructions given by Iver Bugge and not on his own responsibility. Therefore, only the captain was fined. The company was not prosecuted for violating the Norwegian boycott legislation since the oil transport ban does not cover shipments of refined oil products to South Africa.

IFellesradet for (let sgrlige Afrika; SRB Newsletter No, 15/16, July 1989, pp. 4-5; SRB, ,Fuel for Apartheidl,September1990,pp, 12 and 171

SECRET OIL DELIVERY TO SOUTH AFRICA BY ALKI?

Mid-April 1991 the 232,000 dwt Alki was chartered by the National Iranian Tanker C0. (NITC) out of Saldanha Bay to ship a cargo of Iranian crude oil to Rotterdam. The Alki reloaded the Iranian crude which was offloaded at Saldanha Bay from an unnamed NITC tanker that had suffered mechanical problems while rounding the Cape on its way to Europe.

The Paris-based weekly Petrostrategies wondered what the Alki was doing apparently empty off South Africa. According to Lloyd,s the Alki left the al-Fateh terminal in Dubai (United Arab Emirates) on April 2, after loading crude for Italy. However, about two weeks after it had left the terminal the tanker was tempty and available for charter just off Saldanha Bay,, while the voyage Gqu-Italy normally takes 30-35 days.

In the past the Alki, managed by the Austrian Seaarland Shipping Management, has made a number of oil deliveries to South Africa. According to the findings of the Shipping Research Bureau the Alki made at least nine deliveries of crude oil to South Africa during 1988 and 1989, shuttling between the Persian Gulf and South Africa.

IPetrostrategies (France) 22 April, 19911

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