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TOWARDS AN OIL EMBARGO AGAINST SOUTH AFRICA:

HISTORICAL BACKGROUND AND A

REVIEW OF EMBARGO RESOLUTIONS

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Towards an oil embargo against South Africa: historical background
and a review of embargo resolutions

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Summary and priorities for action:

The review of 22 years of oil embargo resolutions indicates considerable evolution of focus on the diplomatic, geographic and economic fronts:

Diplomatically, the type and number of bodies favouring an oil embargo have grown to include almost all the significant Third World and United Nations agencies with the exception of OPEC. The content of the resolutions for an oil embargo against South Africa has evolved from straight-forward requests that sales be halted, to complex detailing of implementation clauses methods of enforcement.

Geographically, the South African oil embargo resolutions have evolved to include reference to the independence of Namibia and increasingly, to the question of an oil embargo against Israel for its continued occupation of Palestinian territory.

Economically, the oil embargo resolutions increasingly note the economic implications of halting oil to South Africa on the countries of the region which are now dependent on the racist regime for oil supplies and for other economic necessities. The resolutions also recognize the importance of direct action by oilworkers in stopping the transport of oil. Flags of convenience have increasingly been pinpointed as devices used by embargo-breakers to confound detection and avoid compliance with the wishes of flag countries and oil exporting countries.

Priorities for action : In 1982, which is International Year For Mobilization For Sanctions Against South Africa, a number of

steps can be identified for priority action:

1. The placing on a 'register' or 'black-list' of all those tankers which are known to have called in a South African or Namibian port for any reason whatsoever; and the refusal of all oil exporting countries in particular to handle these registered vessels;

2. The creation of a tanker monitoring center by an organization which includes the major petroleum exporting countries, so that these states have a form of 'in-house' tanker tracking capacity and so that they can cooperate among themselves in exchanging information which is essential if the factual record of a tanker's movements and transactions is to be determined;

3. The strengthening of capacity of flag of convenience countries' ability to scrutinize the voyage records of vessels which are applying for a renewal of flag rights; pending the progressive phasing out of such flag arrangements;

4. The preparation of a simple but effective model or format for countries seeking to comply with the oil embargo so that these states can regularly report on their investigations into allegations that tankers stopping at their ports subsequently stopped in South African ports;

5. The continuing efforts to secure a mandatory and comprehensive embargo against South Africa at the level of the UN Security Council and

6. The intensification of efforts to convince the governments and corporations of the Western Industrialized Countries to observe the oil embargo against South Africa.

TOWARDS AN OIL EMBARGO AGAINST SOUTH AFRICA: HISTORICAL
BACKGROUND AND A REVIEW OF EMBARGO RESOLUTIONS

Why an oil embargo against South Africa?

South Africa is notorious in the world community because of the government's policy of apartheid which subjects the majority black population to racist laws and extreme economic hardship. One method of opposing the racist white South African regime is the imposition of sanctions. The implementation of an oil embargo is one key means of assisting the black African population in its struggle against apartheid and exploitation. The major South African liberation organization, the African National Congress, has called on governments worldwide to halt the flow of oil as part of comprehensive sanctions to isolate the racist regime on the economic, military, diplomatic and cultural fronts.

The call for an oil embargo was first made 22 years ago in June 1960 when the Second Conference Of Independent African States appealed to Arab States "to approach all the petroleum companies with a view to preventing Arab oil from being sold

*The International Oil Working Group carries out technical studies to assist in implementing the resolutions of the United Nations for an oil embargo against South Africa. Co-directors of the International Oil Working Group are Dr. T. Turner, energy economist and Dr. Kassahun Checole, specialist in the political economy of Africa and the Middle East.

to the Union of South Africa."

South Africa is highly dependent on imported oil. As a result, an effective oil embargo would strike a heavy blow against the racist regime. The country has no natural oil or gas production, and very little prospect of discovering commercial quantities of petroleum.* It imports about 98% of oil consumed (while about 1.3% of the estimated 320,000 barrels per day of total oil consumption are produced from coal at the Sasol I plant, and by the end of 1982 when Sasol II is operating at capacity, synthetic oil production will rise to some 35,250 b/d or about 11% of total consumption at most.)** Because these oil from coal plants cannot be regarded as economically viable in the normal sense even with the low cost of mine labor; it is clear that South Africa will remain dependent on imported oil and hence vulnerable to an oil embargo.

Coal is South Africa's main source of energy. Although oil provides only about one-fourth of the country's commercial energy, it fuels strategically vital sectors such as transport

*The first find of gas and condensate occurred off the southern coast early in 1981 by Soekor (jointly owned by Sasol and the Industrial Development Corporation of South Africa). However, there is little indication, on the basis of appraisal drilling, that the gas find is commercial. Some 200 wells have been drilled in South African and Namibian territory and some traces of hydrocarbons found in Mossel Bay, off Plettenbury Bay, off the west coast and off Namibia. Petroleum Economist, March 1982, p. 95-6.

**Capacities of the Sasol plants are secret, but these estimates were calculated on the basis of liquid product yield from coal input. Petroleum Economist, March 1982, p. 97; February 1978, p. 56.

and the military. An oil cut-off would deplete stock-piled oil and strangle the economy.* It would immobilize the tanks, helicopters and planes of the military. Thus, halting oil supplies would rapidly bring down the racist minority regime. Conversely, allowing the continuation of oil supplies ensures the survival of this, the world's most repressive and inhuman political economy.

Another argument in favor of an oil embargo against South Africa is the need to eliminate foreign and indigenous corporate control over the country's vast and strategic mineral resources (gold, chrome, diamonds, etc.). Not only would the power of many transnational corporations be significantly reduced by denying them access to these resources, but in addition, alternative trade links would become more practical. Countries of the Third World stand to gain from opening up trade relations with a free South Africa, given the country's immense wealth and high level of agricultural-industrial development. In sum, it is in the interests of all progressive forces to work in solidarity with popular

*It has been suggested that South Africa's oil stocks are sufficient for some 22 months of curtailed economic activity. The U.S. Department of State noted in April 1980 that "South Africa has stored up large reserves of crude oil which most observers put at about two year's supply." Foreign economic trends and their implications for the United States: Republic of South Africa, (prepared by American Embassy, Pretoria, released by U.S. Dept. of Commerce) 80-029, p. 7.

organizations in South Africa to transfer economic and social power to the people.

Resolutions for an oil embargo

Since June 1960, various oil embargo resolutions and proposals have been made at the United Nations, in the meetings of the Organization of African Unity, in the Non-Aligned Conferences at meetings of the Arab League, the Organization of Arab Oil Exporting Countries and by other regional and international organizations. However, the fact is that South Africa continues to secure some 320,000 barrels of oil a day. The fundamental reason for this is that transnational oil and tanker companies control most of the international oil market. There is no solid evidence that the continued supply of oil to the racist regime is due to oil exporting countries deliberately and surreptitiously arranging supplies.*

* However, many publications suggest and insinuate that oil exporting Third World countries are deliberately supplying the South African regime with petroleum, possibly in an effort to divert attention from the real embargo-breakers - the oil companies to the exporting governments. For instance, Business Week of September 22, 1980 published an article by Jonathan Kapstein which stated that "While the overall balance of its trade with African nations below the Sahara is 3 to 1 in South Africa's favor, oil constitutes a significant part of Pretoria's imports. Oil-rich Nigeria, which officially does not trade with South Africa and leads the call for sanctions against Pretoria, nonetheless receives South African meat and other products through such devices as double invoicing and false certificates of origin. And much of the oil imported by South Africa originates in Nigeria's offshore wells. (emphasis added) The author mentioned no sources, but inquiries by the IOWG at Business Week indicated that the data came from South African informants. Thus, it is likely that this is a false report published as a form of South African "disinformation."

This article reviews the many resolutions for an oil embargo. A subsequent paper will examine control of the oil market, analysis of sources of South African oil imports, and tactics for embargo enforcement.

Arab countries 1973: The Summit Conference of Arab States met in Algiers on November 23-28, 1973 and decided to impose a complete Arab oil embargo on South Africa. This was the first significant step taken to halt oil shipments to the racist regime. However, because Iran was not a party to this embargo and reportedly supplied some 90%* of South Africa's oil up to the 1978-79 uprising against the Shah; this Arab embargo of 1973 had limited effect.

African countries 1977-81: In 1977 the Organization of African Unity set up a Committee of Seven (the four African members of OPEC - Nigeria, Gabon, Algeria and Libya - plus Ghana, Sierra Leone and Zambia) to promote an oil embargo against South Africa. This committee visited all OPEC members with the exception of Iran in 1977 and secured commitments from the twelve governments that none of their oil would be sold to South Africa.

At the OAU Council of Ministers meeting (July 7 to 18th, 1977 in Khartoum, the Sudan) a sanctions resolution was passed which requested "...the African Member States of the Organization of Petroleum Exporting Countries to take the necessary initiatives in the OPEC towards an oil embargo against South Africa."**

*According to estimates in World Energy Supplies 1971-75 (United Nations) South Africa's crude suppliers include Iran, (94% in 1974, 85% in 1975), and small quantities from Brunei (whose foreign policy is controlled by the United Kingdom), Iraq, Kuwait, Qatar and the United Arab Emirates.

**All OAU resolutions on sanctions are printed in an OAU report of 23 April 1981, "Consideration of all aspects of sanctions against South Africa," (A/CONF.107/4) prepared for the International Conference on Sanctions Against South Africa, jointly sponsored by the UN Special Committee Against Apartheid and the OAU in Paris 20-27th May 1981.

The OAU adopted a resolution in July 1978 calling for a "total oil embargo against the white minority racist regimes of South Africa and Rhodesia" and a year later adopted another resolution which included, for the first time, a list of mechanisms for making the oil embargo effective. Because some of the measures included in this 1978 OAU resolution are vital in tightening the embargo, they warrant repeating. The African states' Council of Ministers mandated "the Secretary-General to contact ... the Boycott Bureau of the League of Arab States to draw from its experience in the application of sanctions;" decided "to transform the OAU Committee of Seven on oil sanctions into a standing committee to follow up regularly the subject of sanctions;" mandated the "African Group at the United Nations Organization in New York to work towards the early convening of the Security Council to consider the issue of oil embargo;" requested "the Administrative Secretary-General to establish the appropriate machinery and modalities to assist this Committee to accomplish its task; (to this end he would strengthen the unit in the General Secretariat charged with the application of sanctions and an oil embargo against the racist regimes of Southern Africa);" and requested "the Administrative Secretary-General to establish an appropriate reporting system in the General Secretariat to enable all Member States to regularly communicate /with/ him regarding their compliance with the various resolutions on sanctions and oil embargo against South Africa."

This concern to work for a Security Council mandatory oil embargo* was reiterated more strongly in the 1979 OAU resolution on "the application of sanctions against the racist and minority regimes in Southern Africa". That document also recommended that "the international oil companies supplying oil to South Africa and Rhodesia be blacklisted in all African countries." In 1980** and 1981 the OAU passed similar resolutions on the oil embargo. The 1980 document expressed appreciation for "the vote of the Dutch Parliament in favour of an International Oil Embargo Against South Africa," and recognized "the negative role played by some oil companies which undermine the oil embargo by engaging in secret arrangements to supply South Africa without the knowledge and approval of the oil exporting countries," while calling on members "to impose deterrent penalties against companies involved in defying the embargo." This 1980 resolution favoured consultations with oil exporting countries to develop "concrete measures to monitor the activities of the oil companies doing business with them, in order to

*The discussion of a UN Security Council mandatory oil embargo is normally linked to a call for comprehensive and mandatory sanctions against South Africa in conformity with Chapter VII of the Charter of the United Nations which recommends such legally-binding measures against states which are a threat to world peace. In 1977 the Security Council imposed a mandatory arms embargo against South Africa, but this can easily be evaded by channelling exports through subsidiaries of corporations registered in other countries, through direct investments in South Africa by arms manufacturers and through a variety of other strategies of sanctions-busting. The ease with which a company can avoid such sanctions is illustrated by the U.S. Department of Commerce guide to exporters to South Africa, attached below as Appendix one. These reasons have led progressive countries and allies of the freedom fighters in South Africa to work towards comprehensive, mandatory sanctions.

**Resolution on Sanctions, CM/Res.817 (XXXV) of June 1980 in Freetown, Sierra Leone.

impose individual and collective penalties on those companies that violate the oil embargo... /and appealed to Member States/ to take cognizance of the geographical and economic positions of Botswana, Lesotho and Swaziland and the possible implications of an oil embargo on the economies of these countries....**

In March 1981 the OAU Standing Committee on Sanctions and the OAU Committee of Nineteen on Assistance to the Frontline States held a joint meeting in Arusha, on the sanctions question with particular reference to their implications for the states of the region.** In Nairobi, 15-26 June, the OAU Summit passed a resolution on the Namibian question, "Imposition of unilateral

* OAU Resolution CM/Res.817 (XXXV) of June 1980. The resolution suggested action to assist countries in Southern Africa in taking a stronger pro-embargo stance by requesting "the OAU Standing Committee on Sanctions, in collaboration with the OAU Committee of Nineteen on Assistance to the Frontline States, the United Nations Special Committee Against Apartheid, the Boycott Bureau of the League of Arab States, the Anti-Apartheid Movement and other Experts on Sanctions, to convene a meeting with all affected OAU Member States in Southern Africa to study the effects on these states of a total oil embargo and other forms of sanctions against the racist regime of South Africa and recommend remedial measures; particularly the possibility of establishing an oil reservoir which shall be made available to them."

**The recommendations which were presented to the OAU Summit in June 1981, are included in OAU document PL/SA/30 (IV) 59.81 Rev.1 "Consideration of all aspects of sanctions against South Africa," also issued as UN document A/CONF.107/4, 23rd April 1981.

sanctions against South Africa,"* which recognized

the responsibility of all OAU Member States to honour and implement all United Nations and OAU resolutions on Namibia as a demonstration of their support to the Namibian cause, /and recognized further/ Africa's responsibility and commitment to fully implement its own resolutions on sanctions against South Africa.

The 1981 sanctions resolution recommended to the 18th Session of the OAU Heads of State and Government the adoption

of measures for immediate implementation of unilateral sanctions against South Africa in support of the struggle of the Namibian and South African people...

/the prohibition/ of the use of their sea ports to ships sailing to and from any South African ports.../and/

/the declaration by Member States/ in concrete terms their determination and preparedness to assist those countries in Southern Africa, which, due to geographical and historical reasons have links with South Africa, to free themselves from those tentacles....

The Non-Aligned Movement and Group of 77: The Non-Aligned Movement, at its Ministerial Conference in New Delhi in February 1981,

...deplored the fact that some oil companies have continued to deliver this strategic product /oil/ to South Africa in violation of the embargo. They therefore urged the adoption of measures that would ensure the monitoriand and prevention of any violation of the oil embargo so as to secure its effectiveness.

In April 1981 the Non-Aligned Coordinating Bureau met in Algiers and adopted a Programme of Action for the independence of Namibia which called upon the UN Security Council to impose mandatory, comprehensive sanctions against South Africa.

*CM/Res.855 (XXXVII) of OAU, Council of Ministers, 37th ordinary meeting, Nairobi, Kenya from 15-26th June, 1981.

In Caracas in May 1981 the Group of 77 agreed on a Plan of Action which included clauses on "action in support of developing countries' struggle against apartheid and racial discrimination:"

The Conference; notwithstanding the difficulties in fully implementing the oil embargo against South Africa because of the lack of evidence of genuine link between vessel and flag of registry, agreed to fully and effectively implement the oil embargo against South Africa and invited the Group of 77 to take appropriate steps.

The Conference, noting that many developing countries observe a total oil embargo against Israel as a sanction against Israeli policies and practices in the occupied Arab territories, agreed that the Group as a whole shall not undermine the efforts of these countries and invited those developing countries who have not yet imposed an oil embargo against Israel to consider ways and means of actively and effectively supporting the action of the developing countries who observe the oil embargo against Israel.

Flags of convenience and the oil embargo

Reference to flags of convenience is found in both OAPEC and Group of 77 resolutions in part because tankers flying a Liberian or other 'flag of convenience' were found to constitute about 40% of the tankers calling at South African ports of Durban and Capetown in the three year period to mid-1980;* and because

*Terisa Turner, "Tanker monitoring: enforcement of the oil embargo against South Africa and the elimination of flags of convenience," note prepared for the African National Congress and World Council of Churches delegations to UNCTAD's Committee on Shipping, Ninth Session, Geneva, September 1st, 1980." This study examined some 556 calls made by tankers at South African ports from July 1977 to July 1980 and focused on 121 tankers which possibly discharged oil. The results of this study were presented to OAPEC's Secretariat in September 1980 and to the African National Congress. A report was given to the November 1980 International Association of Democratic Lawyers 11th congress, Malta and published in an abridged form in December 1981 as "Control of the oil market: OPEC initiatives to embargo South Africa, a case study in the exercise of national sovereignty," Development and Social-Economic Progress Vol. 4, No. 17, October-December 1981, Quarterly of the Afro-Asian Peoples' Solidarity Organization (89 Abdel Aziz Al-Saoud Street, Manial El-Roda, Cairo, ARE).

the use of "flags of convenience" makes detection of parties responsible for breaking sanctions or evading decisions of governments very difficult. Such "open registry" mechanisms also provide companies with legal cover to greatly complicate efforts to penalize parties found to defy national laws. At a September 1980 meeting of UNCTAD's Shipping Committee, agreement was secured to study the phasing out of flags of convenience* and a resolution to this effect was passed in early 1981. The effects would include more control by third world exporters over the movement of their goods, especially oil and greater ability by governments to enforce their commitments to implement the oil embargo.** The September 1980 UNCTAD Shipping Committee also considered proposals from the ANC and the World Council of Churches to establish a tanker monitoring centre. Opposition was expressed by the Group B industrialized

*The UNCTAD Shipping Committee resolution from the 9th Session in September 1980 authorized studies on the social and economic impact which a phasing-out of all flags of convenience would entail for the developing countries; the accountability of open-registry, or flag-of-convenience, shipowners for compliance with rules and regulations of the countries where their ships are registered; compliance of open-registry vessels with international conventions covering safety and other aspects of maritime operations, and the fiscal advantages and disadvantages of open registry, as compared with registry in the country where the vessel tonnage is owned. Journal of Commerce, Sept. 17, 1980.

**At the Sept. 1980 UNCTAD meeting, according to the shipping publication Lloyd's List (Sept. 15, 1980) "Behind the scenes, the Arabs hinted that, unless something is done soon to curb open registry fleets, they may take unilateral action to stop oil exports being carried by such fleets' vessels. Apart from seeking more control over their exports, they have been annoyed by reports that oil loaded on to flag of convenience vessels for Western destinations has been secretly diverted to South Africa."

countries on the grounds that monitoring tankers to South Africa was a political matter to be handled by the UN General Assembly* and that the Shipping Committee's terms of reference restricted it to economic and practical matters.** OAPEC, in its May 6th, 1981 Council of Ministers resolution 26/5 urged the delegations of the Arab States to ***

support the proposal of the international Committee on Shipping of the United Nations Conference on Trade and Development (UNCTAD) for the establishment of a Centre to observe carriers entering and leaving South African ports, because such support would have great importance in making clear the desire of Arab States for the imposition of an oil embargo on South Africa.

A statement to the UNCTAD Shipping Committee by the World Council of Churches, (Sept. 1980) on the relation between flags of convenience and embargo enforcement as well as wider political issues, is reproduced as Annex II below. This issue underlines the fact that oil-exporting countries do not control the transport of oil. Hence their ability to enforce the oil embargo is tied to expanding tanker fleets and thereby market control

*This ignores the fact that the General Assembly has no practical capacity to actually monitor tankers and that the UN Special Committee Against Apartheid (part of the Department of Political and Security Council Affairs) has no specialized staff or capability in the UN Secretariat in New York to carry out the monitoring exercise. The only United Nations agency with specialist personnel in the shipping field is the UNCTAD Shipping Committee in Geneva.

**Statement by Mr. Arthur Pryor of the UK, spokesman for Group B, the industrialized, market economy countries, at the 9th Shipping Committee meeting, September 1980, Lloyd's List, Sept. 15, 1980.

***This resolution of OAPEC is dealt with in more detail below and was published as UN document A/36/665 on 12 November 1981.

United Nations General Assembly:

Although the UN General Assembly first resolved to urge states against supplying oil to South Africa as early as 1963 (Res. 1899 XVIII) and again in 1977 and 1978, the most far-reaching resolution was passed on December 12th, 1979 (34/93F). Sections of the resolution request all States to enact legislation to prohibit:

The sale or supply of petroleum and petroleum products to any person or body in South Africa....

The shipment in vessels or aircraft of their registration or under charter to their nationals, of any petroleum or petroleum products to South Africa....

The resolution further requests States to "include in all contracts for the sale of petroleum and petroleum products provisions prohibiting direct or indirect resale to South Africa." The 1980 and 1981 General Assembly resolutions for an oil embargo and for comprehensive sanctions against South Africa contained similar clauses. The voting record on these resolutions* reveals that countries exporting oil and generating most of the world's tanker cargo, along with countries offering flags of convenience to tankers owned in other countries all voted for the oil embargo against South Africa. Voting against were those countries in which major oil companies are incorporated and which are the home bases for most of the world's tanker owners.

In April 1981 the issue of the oil embargo was raised in the Security Council in the context of a call for comprehensive, mandatory sanctions against South Africa for its failure to concede independence to Namibia. On April 30th, Britain, France and the United States vetoed four resolutions in the Security Council

*Annex III below provides a brief analysis of the voting record on the oil embargo resolutions in the United Nations General Assembly

which would have imposed sanctions on South Africa unless it accepted the UN plan for Namibian independence. The African, Arab and other delegations denounced this use of the veto power and indicated that they would ask for an emergency meeting of the UN assembly where sanctions could be imposed by a two-thirds majority but would not have mandatory force. From September 11 to 14, 1981 a special session of the General Assembly considered the question of Namibia and passed a sanctions resolution including a call for an oil embargo against South Africa.

Oilworkers' resolutions: Among the many additional declarations on the oil embargo is the Final Communique of the 5th Oil Workers' World Anti-monopoly Conference, held in Tripoli March 26-30, 1980, which committed over 50 national oilworkers' unions

to take direct and effective measures to impose an oil embargo on the racist regimes in South Africa and occupied Palestine. ... The Conference recommends that the Secretariat General of the Conference should undertake the responsibility for the collection of data from the other unions and organizations all over the world for a total suspension of the supply of oil to South Africa and occupied Palestine. ...all oilworkers obligate themselves to unveil the actions of any company or country which supplies these racist regimes with oil, and to disclose their criminal activities.

It was recommended that "oil workers' unions should coordinate amongst themselves and apply pressure on their Governments to impose strict penalties on those companies which directly or indirectly deal with the racist regimes." Finally, it was resolved that "oil workers all over the world /be asked/ to apply a boycott against the facist and racist regimes."

Oilworkers' unions failed in their attempt to establish the right to coordinate policy and action, at the International Labour Organization's Tripartite Petroleum Committee meeting in Geneva in April 1980. Union representatives proposed to create machinery for co-ordinated action such as is required for the implementation of an oil embargo. The government and multinational oil company delegates combined to out-vote the oilworkers' unions and the initiative was defeated. However, it will be raised again at the 1983 Petroleum Committee meeting of the ILO, and in 1982 the ILO will participate with the UN Special Committee Against Apartheid in sponsoring an international conference on union initiatives to implement sanctions against South Africa.

OPEC and OAPEC resolutions: The Organization of Petroleum Exporting Countries has not yet passed a resolution to halt oil to South Africa. In contrast, the Organization of Arab Oil Exporting Countries has taken very significant steps towards monitoring the movement of oil exported from member states to ensure that it does not reach Israel or South Africa.

As background to the OAPEC stand, it is important to note the 1973 Arab Summit Conference decision which imposed an oil embargo on Portugal, Rhodesia and South Africa. OAPEC, at its 24th meeting of the Council of Ministers in Algeria in June 1980, requested the OAPEC Secretariat General to prepare a study and submit recommendations to the Council on tightening embargo measures on South Africa.* On May 6th, 1981 the OAPEC

*OAPEC Resolution 24/8 of 7th June 1980.

Council of Ministers took the most encouraging and far-reaching action so far, to stop oil to South Africa. The 9 Organization of Arab Petroleum Exporting Countries adopted a resolution which signaled agreement on a multi-clause model oil contract. The member countries pledged to use the model oil sales agreement in all oil sales. It stipulates that crude cannot be sold directly or through intermediaries to either South Africa or Israel. The model contract lists safeguards which would ensure that oil buyers actually demonstrate through documents that oil did not reach these racist states.

The OAPEC action is the first tangible step taken towards enforcing the international UN embargo on oil to South Africa. It is also the first time that third world oil exporters have agreed on a common, universal model for contracts in selling oil. This new threshold of Arab oil cooperation may lead to greater solidarity around oil policies in the future, the serious division on oil prices and production levels of late 1981 notwithstanding. The historic importance of the OAPEC resolution was recognized by the Kuwait Mission to the UN, which arranged its publication as a General Assembly and Security Council document on 12 November 1981.* The resolution stated that:

Companies operating in member countries must be compelled not to transfer their quota of petroleum...to South Africa.

*Letter dated 9 November 1981 from the Permanent Representative of Kuwait to the United Nations addressed to the Secretary-General, A/36/665 and S/14750, 12 November 1981, containing Resolution 26/5 of the Council of Ministers of the Arab Petroleum-Exporting Countries dated 2 Rajab 1401 A.H. (A.D. 6 May 1981), on the strengthening of the oil embargo against the South African regime.

The companies should be compelled to respect the OAPEC embargo on South Africa by signing contracts with the following provisions:

- the buyer is obliged to deliver all the oil purchased to the final party specified in the contract of sale;
- if some of the oil purchased is to be refined at refineries other than the one indicated in the original sales contract, the purchaser is obliged to obtain the consent of the seller;
- the purchaser and the shipper is prohibited from unloading any portion of the cargo at any point on the journey to the port of destination which is specified in the bill of lading;
- at the port of destination the purchaser must produce the discharge certificate and have it authenticated by the official authorities at that port;
- if the purchaser wishes to sell the petroleum on markets other than the one specified in the original contract, he must obtain the permission of the seller; and if the oil is to be sold on open markets such as at Rotterdam; the original purchaser must ensure that it is not sold to a company or party which will re-export the oil to South Africa. It is the responsibility of the first party purchaser to secure guarantees from the second company since this second company is not subject to the restrictions imposed by the seller and is not the direct purchasers from the member country of OAPEC;
- at ports in member countries, the captains of tankers should be required to produce official papers for inspection in order to discover the ports at which their vessels have anchored over a period of not less than one year previously, in order to prohibit the loading of petroleum on any vessel which has broken the embargo and to blacklist it; *
- vessels seeking to load oil after claiming to have sustained technical damage (during which time oil on board was offloaded onto other tankers which may have delivered the oil to South Africa) should be required to provide the oil exporting country with a report on the damage it sustained. The seller can refuse to load carriers suspected of deliberately causing themselves damage as a regular practice and as a possible pretext for offloading oil on the high seas to other carriers.

*The resolution includes this clause because "...petroleum carriers known to unload their cargoes in South Africa take many precautions in order to avoid their navigational routes being known and resort to showing false papers - on many occasions - for their itineraries...."

- should companies and carriers violate the laws relating to the embargo, we propose the imposition of a penalty, ranging from refusal to supply them with the remaining loads of the quantity contracted for to placing them on a blacklist of the imposition of both penalties together, according to the size and character of the violation;
- the delegations of Arab states should support the proposal of the international Committee on Shipping of UNCTAD to establish a tanker monitoring centre to observe tankers entering and leaving South African ports;
- member countries of OAPEC should ensure that port authorities continue to collect discharge certificates from carriers which have taken oil from those ports but which do not return for subsequent loads. Ports should also inform the competent authorities in the importing country of any violations or of any delay in the receipt of such certificates; and this monitoring should be done regularly;
- the competent marketing authorities of member States should co-ordinate and exchange information, through the OAPEC Secretariat-General, on measures taken against any purchaser or carrier that has violated the oil embargo and contract of sale.*

These very strong and detailed provisions to govern oil sales would increase the risk of sanctions-busting many fold; if the member States of OAPEC accept the recommendations and write these clauses into crude and product sales contracts.**It then remains for the contracts to be monitored to ensure their

*The text of the resolution, as translated by the United Nations in document A/36/665 has been slightly amended in the rendition above, in order to simplify and clarify the model oil sales contract terms.

**See Annex IV for examples of contracts and legislation from OPEC member countries, designed to tighten the oil embargo.

implementation. In this context, it can be noted that countries voting for the United Nations General Assembly oil embargo do not thereby undertake to legislate its implementation.* This point was underlined by Shell:**

There are countries that do not execute in practice a seemingly general endorsement of a resolution calling for an oil embargo. /For there to be evidence that a country actually does intend to enforce the oil embargo/ destination restrictions can be effected by means of legislative measures, although they can be imposed on the respective company by means of official government guidelines that have been communicated to that company in writing or by means of contractual stipulations.

Thus, for the OAPEC oil sales terms to effectively halt Shell and other companies from supplying Member States' oil to embargoed countries, they must figure in the actual crude and product sales contracts and in that way be legally enforceable.

In this connection, an OAPEC paper, presented to the International Conference on Sanctions Against South Africa, organized by the UN and OAU in Paris, May 20th-27th, 1981;

*The government of the Netherlands has consistently voted for the General Assembly oil embargo resolutions and a majority of the Dutch parliament has repeatedly voted in favour of stopping oil to South Africa. However, the Dutch cabinet has refused to take legislative action on the oil embargo until it is joined by other Western European countries in a concerted and collective action.

**Letter from Shell to two Dutch Anti-apartheid groups, dated 20 March 1981, in response to accusations by those groups that Shell was taking oil from countries which embargoed South Africa to the racist regime.

emphasized the determination of member countries "to apply oil embargo measures."* In presenting the OAPEC paper, Dr. Wahbe El Bourri "pointed to member countries' sales contracts which include provisions intended to close loopholes in the application of the embargo."** He stated that OAPEC members***

have included in all contracts for the sale of crude oil and petroleum products provisions prohibiting direct or indirect resale to South Africa. To ensure that their oil is not delivered to South Africa, the buyers must present discharge certificates showing that the shipments are delivered to end-users specified in the contract. Sanctions and deterrent penalties are imposed against buyers and carriers involved in defying the embargo.

Finally, the OAPEC position recognizes that international action through a UN Security Council mandatory embargo is imperative, since action by OAPEC alone cannot stop oil supplies to the racist regime in South Africa.

The Paris Sanctions Conference discussed the question of tightening the oil embargo on South Africa.**** According to a number of delegates a tightened oil embargo could be instrumental

*OAPEC Bulletin, July 1981, p. 3.

**Ibid.

****Statement of the representative of the Organization of Arab Petroleum Exporting Countries (OAPEC) at the International Conference on Sanctions Against South Africa, held in Paris on May 20, 1981 (Kuwait, OAPEC Secretariat, mimeo), p. 4.

****The conference was attended by 750 participantes, representing 124 countries (the EEC countries, the U.S. and Japan did not participate). The U.N. Secretary General and other U.N. representatives along with organizations with observer status at the U.N. also attended. Others who took part included South Africa liberation organizations, 39 non-governmental national organizations and special guests.

in putting an end to the South African regime within less than three years. The conference declaration included a plan of action for the strict application of the oil embargo and reference to the question of Namibia. The Chairman of the UN Committee Against Apartheid sent a telegram from the Paris Sanctions Conference to Dr. Rene Ortiz, outgoing Secretary General of OPEC, urging that the OPEC meeting then convened in Geneva, take action to stop oil to South Africa. The telegram stated that:*

We the International Conference on Sanctions sponsored by the UN and OAU as well as SWAPO of Namibia and ANC of South Africa call upon the OPEC Ministers of the 60th Conference to pass a strong resolution to commit all OPEC members to stop oil supplies to South Africa and to adopt effective measures to strengthen the oil embargo against the racist regime.

However, the final communique of the OPEC conference said nothing about halting oil to South Africa. When questioned about OPEC discussions the Secretary General stated that the oil embargo against South Africa had not been on the agenda for the Geneva conference.

On the last day of the Geneva OPEC meeting of May 1981, Iran's Deputy Oil Minister Sadat stated his country's intention to place the oil embargo question on the agenda of the next OPEC meeting. Kuwait's oil Minister Ali Sabah stated that his

*Original text.

government would cancel oil sales to any companies found to be trafficking with South Africa. Elaborating on the dangers to companies of defying the oil embargo, the Kuwaiti minister said that strict sales contract terms now empowered his government to take legal action against any parties found to be trading Kuwaiti oil to South Africa or Israel. The Venezuelan oil minister, Calderon-Berti expressed support for OPEC action by means of a resolution to stop oil to South Africa. "Venezuela would vote in favor of such a resolution," he stated at the May 1981 Geneva OPEC meeting.* This policy commitment is particularly welcome given that trade links between South Africa and Venezuela are apparently well-developed, and given that the Venezuelan Ministry of Energy and Mines Weekly Newsletter of November 1980 published oil export figures showing ^{Venezuela's sale of} 46,598 barrels to South Africa and 75,505 barrels to Namibia for 1979.**

*Statements from tape-recorded interviews conducted by Terisa Turner of the International Oil Working Group.

**Interpress Service, Third World News Service, Rome, November 17, 1980, quoting Ministry of Energy and Mines of Venezuela Weekly Newsletter on "Export of crude oil and refined products by destination January to December 1979."

A long campaign has been waged by various governments and anti-apartheid organizations to encourage OPEC to formally resolve to halt oil to South Africa. The importance of OPEC-wide commitment lies in the potential which co-ordination of an oil embargo effort would have in actually stopping the trade in oil. OPEC accounts for about 85% of the world's oil exports and could, with minimal co-ordination, effectively pressure the racist regime in South Africa, to move rapidly towards dismantling apartheid and withdrawing its 75,000 troops from Namibia. All the member states of OPEC have voted in favor of an oil embargo in other meetings and through various organizations. There was very positive debate on the oil embargo question at the Tri-Ministerial Meeting of OPEC in Geneva in August 1981. However this OPEC preparatory meeting for the 20th Anniversary Heads of State Conference, scheduled for Baghdad in November 1981, produced no firm oil embargo commitment. The tragic Iraqi-Iranian war caused OPEC's 20th anniversary celebration to be postponed and delayed the implementation of the organization's Long-Term Strategy, which may have included certain political initiatives including a unified, OPEC commitment to co-ordinated efforts to halt oil to South Africa.

Conclusion

The many resolutions for an oil embargo against South Africa, passed over the last 22 years, display a rich variety of approaches towards isolating the racist regime. They constitute a clear evolution of emphasis from early general statements recommending that oil exports be stopped; to positive calls that third world countries exercise their sovereignty over the strategically vital resource, oil; to lists of implementation methods, and finally to calls for action on the many existing resolutions. All international and regional bodies recognize the importance of moving towards a United Nations Security Council mandatory and comprehensive embargo of South Africa.

This review of oil embargo resolutions also indicates the many dimensions of the issue. These dimensions include foremost, a concern for the independence of Namibia. They reflect the realism of countries seeking to isolate South Africa in that the factual integration of the countries of Southern Africa into the South African economy is recognized. Steps are outlined to enable the Front Line countries to disengage from their historically-determined economic dependence on the racist regime. Of great significance in this regard is the April 1980 creation of the Southern African Development Co-ordination Conference (SADCC), and the task given to Angola as a SADCC member to recommend means of increasing energy self-reliance and independence from South Africa. Not only is such a policy valuable in itself, but it is necessary if the countries of Southern Africa are to remain economically viable during a heightened liberation struggle in South Africa itself. This is so for two reasons. The oil

embargo will certainly tighten as the struggle intensifies, and second, the South African freedom fighters will increase the frequency of their attacks on energy installations, including stockpiles of petroleum. The June 2, 1980 ANC attack on the Sasol oil-from-coal installations caused damage estimated at some \$7 million and is a harbinger of what is to come. Consequently, alternative solutions to energy supply and transport for Southern Africa are essential, as are methods for enhancing all dimensions of economic self-reliance.

The review of oil embargo resolutions also indicates a strong connection between the struggles of the South African, Namibian and Palestinian peoples against colonialism and racism. Calls for an oil embargo against Israel and South Africa are increasingly linked and underline the concern of Arab countries with the danger of escalated violence in the Middle East.

The evolution of oil embargo resolutions' content towards economic analysis underlines the role of transnational corporate control of the oil industry, the tanker transport business and related commercial activities. Consequently, serious efforts to put teeth into embargo declarations joined together the campaign to phase out flag-of-convenience provisions for tankers and other ships as part of a move to increase the volume of third world-originating cargo which is transported in vessels having a genuine economic link with their flag country. Another aspect of the flag-of-convenience question is stricter monitoring by Liberia, Panama and other significant flag countries, of the behavior of ships carrying their flag, including annual reviews to ensure that such vessels' owners complied with the laws of the flag countries.

The oil embargo has caught the imagination of unions of oil and transport workers, and several instances of worker initiatives in stopping oil to South Africa have been recorded. The embargo implementation question placed the issue of oilworkers' co-ordination on an international and regional level, on the agenda. Thus, oilworkers through the ILO, are seeking to create administrative means for co-ordination, much in the way that the transnationals for which they work enjoy such co-ordination.

Over two decades of diplomatic initiatives for an oil embargo against South Africa also reveal a range of obstacles to cutting off this vital source of energy and mobility. Those interests which oppose an embargo regularly raise the false distinction between economic and political questions; along with the claim that the issue as construed by their description, falls outside the competence of the organization in question. It should be stated unequivocally that no such distinction can be made. Further, the oil embargo issue like most questions on the agendas of these regional and international bodies; is an issue of political-economy because it deals with power relations regarding a material good,- in this case, the control over oil.

The central obstacle to implementing the oil embargo is corporate dominance of the oil market. Transnational corporations and the governments of their home countries support the racist regime in South Africa, in varying degrees, and directly profit from the extreme exploitation of black labour through the apartheid system in that country. There is thus a sharp contradiction between countries exporting oil which favour an

oil embargo; and parties which oppose it and control the trade in crude. The clear resolution of this contradiction is greater economic development by oil-exporting third world countries. In this regard, the commitment by members of the Organization of Arab Petroleum Exporting Countries to export 50% of their exported oil by 1985 is most welcome. The intimate link between the exercise of national sovereignty over resources, the move towards economic development, and the struggle against apartheid and colonialism is nowhere more dramatic than in the struggle of third world countries to make the oil embargo more effective. All these objectives require the studied and deliberate replacement of existing transnational control of markets and production, by control of such economic intercourse by the peoples of third world countries. There is no other way to bridge the gap between diplomatic vows and tangible implementation. Viewed from this perspective, the struggle for independence and for an end to exploitation in South Africa, has already made a great contribution to the development of progressive movements - especially on the economic front - elsewhere in the world. The Southern African revolution is becoming an international revolution because solidarity with the freedom fighters entails replacing transnational control everywhere. In the face of nuclear irresponsibility and orchestrated depression, we have everything to gain from joining the anti-apartheid struggle which in practice is the struggle for a new democratic international order.

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ANNEX I

The ease with which the United States can avoid economic and military sanctions against South Africa

Excerpts from Foreign economic trends and their implications for the United States: South Africa, August 1981, pages 8-10.

Prepared by American Embassy, Pretoria, U.S. Dept. of Commerce, FET 18-091.

IMPLICATIONS FOR THE UNITED STATES

EXPORT OPPORTUNITIES: South Africa presents American exporters with their largest market in Africa, and a major market by any standards. The South African economy is highly dependent on imports for growth, and in 1980 imports totalled \$18.4-billion, 23 percent of GDP. The United States market share of this was 13.5 percent, up from 12.4 percent in 1979. South African imports are expected to rise by another 25 percent in 1981, as current investment plans and supply shortages ensure continued demand for foreign products. A number of major purchases from the U.S. (e.g., draglines for coal mines, new aircraft) are already in the pipeline, and it is likely that the United States will remain at or near the top of the list of South Africa's foreign suppliers in 1981-82. If current trends continue, South African imports from the United States could approach \$3 billion this year, a virtual tripling, in nominal terms, of United States exports to South Africa in just three years. Growth in United States exports will probably fall off in 1982, however, if the South African economy and the rand weaken further as forecasted.

United States suppliers should be aware that South Africa has a sophisticated industrial base, developed around the mining industry, and therefore can produce many of its own industrial and most consumer goods. South African demand for imports from the United States is therefore principally for (1) select intermediate goods such as certain organic chemicals and plastic materials (artificial resins, acids); alloy and carbon steels; and paperboard, and (2) capital equipment (heavy mining, construction, and excavation machinery; electrical power equipment; aircraft and avionics; electronics equipment; chemical processing/heat treatment equipment; and computers). There are also opportunities for licensing in certain fields, such as telecommunications equipment, in which exporting opportunities are limited because of local production.

MAJOR PROJECTS: Standard Bank's latest annual review of South Africa's capital spending plans listed projects totaling approximately \$60 billion to be completed over the next five to ten years. Government infrastructure and strategic development projects (e.g., the Atlantis Diesel Engine Plant and SASOL III) accounted for roughly three-fourths of the listed investment plans. Fixed investment by the railways and post office is accelerating, and that

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(continued:)

of public corporations is likely to remain at a high level. South Africa is quadrupling its electricity capacity over the next twenty years, for example, and is now the leading world market for electricity generating equipment.

Many private sector investment projects have not been published for competitive reasons, but private sector investment normally equals or exceeds public sector investment. The gold mining houses, flush with their 1980 profits (\$8.8 billion) are going ahead with planned new long-term mining projects despite the lower gold price. Private investment is projected to increase by ten percent in 1981.

The capital goods and services purchases which will be required as a result of this high level of public and private sector investment will continue to provide a healthy market for engineering and construction services, mining, electrical, and chemical equipment over the next few years. There are good opportunities for U.S. participation, provided U.S. companies can offer competitive financing.

BANK LOANS: South Africa's policy emphasis on containing inflation means that, for the short term, the forward dollar discount rate will be manipulated by the South African Reserve Bank to discourage foreign trade borrowing. On the other hand, because of the balance of payments deficit the Reserve Bank itself will be borrowing more often from the large international money centers, and U.S. banks may find increased opportunities for participation in loans either to the Central Government or parastatal organizations.

U.S. INVESTMENT: The book value of U.S. direct investment in South Africa amounted to \$2.011 billion at the end of 1979. There are approximately 350 affiliates of American companies in South Africa. The U.S. Government neither encourages nor discourages American investment in South Africa. American companies considering investment in South Africa will wish to take into account both the economic and political situation within the country including the impact of the system of legalized racial discrimination on long-term stability. Potential and current U.S. investors should also give careful consideration to relations with their black work force. The U.S. Government strongly urges U.S. firms to assume sufficient responsibility for the adequacy of their compensation and other benefits to permit a decent standard of living for all workers. It supports the Sullivan Guidelines, which call for equal and fair treatment as well as advancement of black workers.

SPECIAL MARKETING CONDITIONS

U.S. EXPORT CONTROLS: While the United States maintains normal commercial relations with South Africa and U.S.-South African trade is generally unrestricted, a validated export license is required

ANNEX I

(continued:)

for export to South Africa of: items controlled pursuant to the United Nations arms embargo; aircraft and helicopters; all U.S.-origin commodities, parts, components, and technical data for military and police entities (per Export Administration Regulation 175); and computers for government consignees. Export license applications will be denied for items controlled pursuant to the United Nations arms embargo of South Africa; generally be considered favorably on a case-by-case basis for aircraft and helicopters for which adequate written assurances have been obtained against military, paramilitary or police use; be denied for military or police entities except, on a case-by-case basis, for medicines, medical supplies and medical equipment not primarily destined to military or police entities or for their use; and generally be considered favorably on a case-by-case basis for computers that would not be used to support the South African policy of apartheid.

EXPORT FINANCING: The Export-Import Bank of the United States does not make direct loans to South African buyers of U.S. goods and services. Eximbank may guarantee loans for South Africa purchases of U.S. goods and services, subject to the conditions of the 1978 Evans Amendment. However, as of this writing, no new Eximbank guarantees have been approved since the end of 1978.

Further information on trading with and investing in South Africa is available in the U.S. Department of Commerce's Overseas Business Report, "Marketing in South Africa."

Standard commercial assistance and guidance in employment practices for South Africa are available from the U.S. Embassy and Consulates General in South Africa, and from the U.S. Departments of State and Commerce in Washington, D.C.

ANNEX II

The question of Flags of Convenience and the Oil Embargo

September 2, 1980

World Council of Churches
Commission of the Churches on International Affairs
Statement to the UNCTAD Shipping Committee on Item 6:
Open-Registry Shipping

Mr. President,

The issue of shipping is wider than the economic and technical aspects involved. It concerns the whole question of regulating shipping according to international law and the resolutions of the United Nations, resolutions supported by large majorities of the member-states.

As is well known, the World Council of Churches has a special concern about racial injustice, and of course a priority issue here is that of apartheid in South Africa, as well as the illegal occupation of Namibia by South Africa. The recent meeting of the World Council's Central Committee in Geneva last month called for a reaffirmation of the commitment to oppose apartheid, including the need to "support sanctions against South Africa" and to press for the implementation of international law to resolve the confrontation over Namibia.

It is for this reason that we wish to speak in this Committee about the role of shipping in implementation of United Nations decisions on trade with South Africa and Namibia. Specifically, we should like to remind the distinguished delegates here of three decisions.

The first is the arms embargo against South Africa, which was imposed by a mandatory resolution 418 under Chapter VII of the United Nations Charter, by the Security Council. As recent press reports have made clear, there have been multiple violations of the arms embargo, with a particular problem being the illicit shipment of weapons to South Africa - and until recently to the illegal regime in Rhodesia, using a variety of indirect routes. Although it is not only flag-of-convenience vessels which are involved, this system makes it extremely difficult to conduct a monitoring exercise through governments, as is the normal procedure with United Nations resolutions.

The second important decision is the General Assembly resolution, No. 34/93 F of 1979, as well as previous Assembly resolutions calling for an oil embargo against South Africa. This is of course related to the arms embargo because of the vital importance of oil supplies to the military offensive currently