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OIL EMBARGO against SOUTH AFRICA

This Newsletter offers a compilation of reports on the international oil embargo against South Africa. The Newsletter is published quarterly by the **Shipping Research Bureau**, P.O. Box 11898, 1001 GW Amsterdam, The Netherlands, Phone (020) 266073/251300 Telex 10236 sanam nl.

South Africa

Strategic Stockpile of Oil: Fact or Fiction?

Recent research findings by Dr Paul Conlon, a well-known oil consultant in New York (USA) who has already previously done research into South Africa's oil and energy situation*, suggest that South Africa's strategic stockpile of oil is in fact considerably smaller than presently presumed. According to Dr Conlon's finding, total strategic oil storage capacity in South Africa *''is under no conditions more than 50-60 barrels''* or between 6.8 and 8.2 million tons. This is equivalent to six or seven months of crude oil imports. According to estimations by the Shipping Research Bureau South Africa has to import 14 million tons of crude oil a year.

South African government figures from 1978 claim a strategic stockpile covering 18 months of supply. During the 1980's, grossly exaggerated figures of between three and seven years of supply were reported by South African sources.

The Shipping Research Bureau has over the past years estimated that the South African strategic stockpile could be about five times the stockpile in other industrialised countries. The stockpile would then cover about fifteen months of crude oil import needs and contain some sixteen or seventeen million tons of crude oil.

According to Dr Conlon's recent research findings, the South African government *could not survive a complete oil cut-off for longer than 250 days*.

The bulk of the strategic stockpile, 4.1 million tons at the most, is apparently stored in four or five small coal mines near the towns of Kendal and Ogies, southwest from Witbank (Transvaal). Most likely, the oil stored here is crude oil, although there seem to be indications that part of the stockpile here consists of petrol.

Near Witbank, at Ferrobank (Transvaal), there is apparently also another coal mine converted, for product storage, presumably petrol. The capacity of this facility is estimated to be 1.6 million tons at the most.

At Milnerton, near the Caltex refinery at Cape Town, crude oil is stored in a concrete tankfarm just below the surface. Dr Conlon estimates the capacity of this facility at about 1 million tons, sufficient for 150 days of refining at normal throughput.

Then there appears to be a storage facility of an unidentified nature near the town Vrede (Orange Free State), at the terminus of a product pipeline coming from the Sasol plants. This suggests that the product stored here would be synthetic petrol. The capacity of this facility is estimated to be 1.6 million tons at the most.

Finally, there are the traditional steel tank farms. These are located close to towns, ports and refineries and mainly store products like petrol and some specialised chemicals.

An important feature of South Africa's refining and oil-from-coal conversion plant capacity is that it produces too much petrol and not enough diesel. Diesel is especially important for the transport sector, for agriculture, industry and for the military and police forces. It is important to note, that according to Dr Conlon's research, there is no significant storage of diesel. The oil reserves are kept either in the form of crude oil, more surprisingly however, also to a large extent in the form of petrol.

In case of an oil cut-off, the South African government would thus run out of diesel first, precisely when it woult be most needed for military and police operations.

South Africa's strategic stockpile is apparently also poorly distributed geographically. The Western Cape, the area served by the Caltex refinery in Milnerton, will be the first region to suffer in case of an oil cut-off. So will the South African armed forces in Namibia, which are traditionally supplied with oil from Milnerton.

Apparently, the South African government's priority is to keep the industrial heartland of the Transvaal and the Natal corridor going at all costs in a crisis.

[Research by Dr Paul Conlon. See also SRB Newsletter No. 5, No. 7; South African Digest (SA), November 10, 1978].

*Paul Conlon, South Africa's offshore oil exploration, October 1985. UN Centre against Apartheid Notes and Documents 8/85; Paul Conlon, South Africa's attempts to reduce dependence on imported crude oil, October 1985. UN Centre against Apartheid Notes and Documents 9/85; Paul Conlon, The SASOL liquefaction plants: economic implications and impact on South Africa's ability to withstand an oil cut-off, October 1985. UN Centre against Apartheid Notes and Documents 10/85]

Billions are tied up in SA's oil reserves

Finance Minister Barend du Plessis told the National Party's Cape Congress that billions of Rands were squandered on building the country's strategic stockpile of oil, instead of having been spent on economic development. According to Mr Du Plessis, it has become essential to solve the country's political problems before any headway can be made in building up the economy. The South African government did not ''squander'' billions of Rands on the strategic stockpile only. The country's overall strategy to counter the effects of the oil

embargo has been a costly one indeed. In April 1986, President P.W. Botha had to acknowledge that *"between 1973 and 1984 the Republic of South Africa had to pay R22 billion* (22,000 million – SRB) *more for oil than it would normally have spent. There were times when it was reported to me that we had enough oil for only a week (...) We paid a price, which we are still suffering from today"*.
However, according to estimations by the Shipping Research Bureau, the actual costs the South African government has had to make to counter the effects of the oil embargo have been even larger. Between January 1979 and January 1988, South Africa has had to spent at least US$ 20,000 million over and above the price of the imported crude oil.
[Natal Mercury (SA), November 12, 1987; SRB Newsletter No. 4; The Oil Embargo against South Africa: Effects and Loopholes, SRB paper, October 1987]

Oil exploration project at Kinkelbos: All tiny bits help?

Drilling started at the end of October at South Africa's first commercial oil drilling project. At Kinkelbos, near Port Elizabeth, three holes will be drilled with a depth of 3,000 metres each. The South African company COREX (Consolidated Resources and Exploration Ltd) which is in charge of the project estimates there is a thirty procent chance of finding oil. If oil is found the three wells will be viable to produce 150-200 barrels a day each, about one promille of South Africa's total need of liquid fuel. COREX is the exploration arm of the Johannesburg Mining and Finance Group (JMF). The drilling rig is a medium-depth rotary rig from Houston/Texas, similar to those used offshore by SOEKOR and costs approximately R10 million.
As the oil project will be capital intensive there will be hardly any job opportunities created. Also the project will have no profound effect on local industry.
[Natal Mercury (SA), October 30, 1987; The Citizen (SA), November 30, 1987; Financial Mail (SA), December 4, 1987]

Mossel Bay

Gas-to-fuel project, exploration continues

The South African mining giant GENCOR is to enter an oil exploration partnership with the state owned South African oil exploration company SOEKOR in the area of Cape Infanta and Mossel Bay. GENCOR will have the right to participate up to twenty percent in SOEKOR's oil prospecting activities in well E-ADI in Mossel Bay. This well lies six kilometres east of well E-AAI, completed in March 1987 by SOEKOR. The combined flow from two zones in this well was reported to be about 5,000 barrels of oil a day and some associated gas.
SOEKOR is extending its search for oil in Mossel Bay by introducing a fourth drilling rig. Apparently this drilling will be done by a French-owned rig.
[The Citizen (SA), October 20, 1987]

ISCOR steel used at Mossel Bay

The state owned steel company ISCOR is going to deliver 68,000 tons of the very specialised steel product BS 4360 grade 50E at the Mossel Bay gas-to-fuel project. According to the South African Minister of Economic Affairs and Technology Mr Danie Steyn *"the first visible sign of one of the biggest projects ever tackled in South Africa"* was established when the first cutting of a special grade of ISCOR steel for Mossel Bay took place. ISCOR will take care of constructing the modules for the gas-to-fuel project at Mossel Bay.
[The Citizen (SA), October 19, 1987]

SASOL workers fired

Thousand strikers, about 38 percent of the total workforce at the SASOL One synthetic oil production plant at the NATREF imported crude oil refinery were sacked in the beginning of October 1987. The strikers had demanded a 42 percent increase of the minimum wage, from R471 to R670 a month. The South African Chemical Workers Union (SACWU), the union of the fired workers, has turned down SASOL's offer to fill the vacancies.
[The Citizen (SA), October 9, 1987; Lloyd's List (UK), October 8, 1987; Weekly Mail (SA), December 12, 1987]

Ethanol distillery: special taskforce has been set up

The South African government has set up a special task force to expedite plans for a R70 million ethanol distillery at Richards Bay. The distillery will absorb the 150,000 tons of sugar, the amount of sugar that has been hit by sanctions legislation in the United States of America and Canada. The task force consists of a central committee of representatives of oil companies, the water industry and the sugar industry. The plan is to erect a large ethanol production facility to use 200,000 tons of export sugar and 150,000 tons of molasses to produce about 150 million litres of ethanol a year. The amount would be adequate to provide the fuel blending needs of the entire Natal area. The ethanol distillery could be in production within two years.
[Southern Africa Report (SA), November 20, 1987]

Norway

Norwegian government stops public registration; no deliveries during 3rd quarter of 1987

Although the law which -with certain exceptions- makes it a penal offence for Norwegian shipping companies to transport oil to South Africa any longer, only became operative in the course of the third quarter of 1987, the Norwegian government, contrary to the registration regulation prevailing up to then, has not published data on the number of oil deliveries to South Africa during the last weeks before the new law became effective.
From April 1986 onwards, the Ministry of Trade and Shipping has published, on a quarterly basis, statistics on oil shipments to South Africa by Norwegian owned tankers. Until the end of June 1987, 11 deliveries were published, involving a total volume of more than 2.9 million tons of crude oil. About fourty per cent of this amount, 1.2 million tons, was brought to South Africa during the last quarter before the new law came into effect.
A spokesman of the Ministry informed the Shipping Research Bureau that *no* oil deliveries were reported to the authorities in the period under the new law (July 20 until September 30, 1987).

INTERNATIONAL CAMPAIGN AGAINST SHELL

United Kingdom

Council's Shell boycott unlawful

On December 21, 1987 the Divisional Court ruled that the resolution adopted by the Council of Lewisham on March 11, 1987 not to purchase Shell products from Shell United Kingdom companies or subsidiaries was *ultra vires* and unlawful. However, the court ruled that the council was entitled to decide that it was in the interest of good race relations to seize trading with Shell UK because of its links with apartheid. But its additional aim to change Shell's policy toward SA was *"extraneous and impermissable"* and had the effect of violating the decision as a whole.
On November 11, 1987, when the case was called on Shell argued that local governing bodies responsible for administering community funding may not refuse to buy products or services that may be the cheapest or most effective. Lewisham council argued that its policy was in conformity with the Race Relations Act. Because of Shell's ties with South Africa entering into agreement with the company would be damaging to race relations in the multi-racial borough.
[Guardian (UK), November 12, 14, 1987; Financial Times (UK), October 28, December 22, 1987; Independent (UK), November 12, 1987, December 21, 1987; Weekly Mail (SA), November 6, 1987]

Shell contract shall not be renewed

The City Council of Sheffield has decided that in April 1988 Shell's exclusive eight year contract to supply the city's fuel and petrol needs will not be renewed. The council's decision is made under the Race Relations Act which states that the council has a duty to provide racial equality. The council argues that because Shell operates within South Africa and supplies fuel to that country's defence forces, continuing to buy from it is a threat to racial harmony in the city.
[The Star (UK), October 19, 1987; Yorkshire Post (UK), October 21, 1987]

Government Bill: only economic grounds count

The British government is preparing a local government Bill which would prohibit local authorities from using any criteria other than purely economic ones in deciding which contracts to enter into for goods or services. The Bill is expected to come before parliament in spring 1988.
If this new Bill comes into effect legal actions like those taken by the Lewisham and Sheffield City Council will become illegal. The law would also effect another 160 local authorities that have a boycott against South African products.
[Weekly Mail (SA), November 6, 27, 1987]

British Labour Party and the Trade Union Congress support the Shell campaign

At their annual convention the British Labour Party in October 1987 adopted a resolution to support the Shell campaign. The British Trade Union Congress (TUC) at their annual meeting in October made a call to support the Shell campaign.

South Africa

Cadac strike ends

After a five week strike the workers of Cadac, manufacturers of domestic gascylinders and primus stoves, went back to work in the beginning of November. Cadac is a wholly owned subsidiary of Shell. The unions involved, the National Union of Metalworkers – NUMSA – and the South African Boilermakers Society – SABSO – demanded a wage increase till R4 an hour. The strike came to an end when the Cadac company agreed to pay workers a guaranteed hourly minimum of R3.50 plus a productive allowance of R0.45 an hour. The allowance will be paid out to the workers if standard production levels are met. This could mean effectively that workers will earn a R3.95 an hour minimum.
During the strike the NUMSA published an advertisement in reaction to the advertisements Shell has been publishing in South African newspapers with the following text:
"Shell says it supports democracy. NUMSA believes that a living wage is a cornerstone of democracy".
[Weekly Mail (SA), October 9, November 6, 1987; City Press (SA), November 8, 1987; The Citizen (SA), October 17, 1987]

The Netherlands

Royal Dutch/Shell starts training programme for black employees

Royal Dutch/Shell is setting up a training programme for young black employees from Shell South Africa. Six employees will follow a two year management course in the Netherlands. The first trainee will arrive in February 1988 and will be placed in Rotterdam. This programme is one of the few initiatives taken by Shell to provide management training for black employees. Recently the chairman of Shell South Africa, Mr Wilson, told a Norwegian journalist that there was a great shortage of black employees with management qualifications. According to him, black managers would have good prospects in the South African society.
[Profiel (Shell), September 1987; Aftenposten (Norway), October 5, 1987]

Technical University Delft withdraws honorary doctorate president-director Royal Dutch/Shell

The Council of the Technical University in Delft has rejected a proposal to grant an honorary doctorate to the president-director of Royal Dutch/Shell, Mr L. van Wachem, because of Shell's involvement in South Africa. If Shell would withdraw from South Africa, the University would reconsider its rejection. Mr van Wachem studied at the Delft University.
Although according to a Dutch daily Royal Dutch/Shell is upset by the University's decision it will not have any repercussion for the future relationship between Shell and the University. The Delft Technical University is an important breeding ground for Shell employees.
(Het Financieele Dagblad (Neth.), December 9, 1987; de Volkskrant (Neth.), December 10, 1987; NRC Handelsblad (Neth.), December 11, 1987; Citizen (SA), December 10, 1987]

Shell meets Dutch city councils

In October representatives of 49 Dutch city councils and Shell Netherlands met in Leyden. The discussion focused on whether Shell was going to divest from South Africa especially now the chairman of Shell South Africa, Mr Wilson, has repeatedly stated Shell presence in South Africa does not appear to be of any influence to the government policies there. At the meeting in Leyden, Shell emphasized that in their opinion divesting would not change anything. However, they did say they would consider divestment if the economic pressure would increase and this could be influenced by a successful consumers boycott. Furthermore the company said that they would follow anti-apartheid legislation. The company also stated they maintain contacts with the African National Congress. In the company's opinion it is more important that these talks take place than that they are used by Shell to counter criticism against Shell.

[Report of the meeting between the board of directors of Shell Netherlands and representatives of 49 municipalities on Shell's involvement within South Africa, October 30, 1987]

Criteria for Reformed Churches in the Netherlands to divest from Shell

On October 5, 1987 the General Synod of the Reformed Churches in the Netherlands agreed on criteria on which the withdrawal of Church investments in companies which are involved in South Africa could be based. One of the criteria that has been developed is the involvement in the South African economy of companies with strategic significance. All oil companies with branches in South Africa are considered to have strategic significance. Royal Dutch/Shell is named explicitly as one of the Dutch companies from which church investments should be withdrawn. Other oil companies that are mentioned are Chevron, Fluor, Mobil Oil and Texaco.

[The policy of the Reformed Churches in the Netherlands with regard to companies with subsidiaries in South Africa]

International week of action

From November 7 till 14, 1987 an international week of action was organised by anti-apartheid groups. In many countries picket lines and demonstrations were held in front of Shell office buildings. In the Netherlands 50,000 leaflets were distributed on the public transport in Amsterdam and Groningen in cooperation with the local authorities.
In Australia a number of organisations wrote letters to Shell Australia urging them to call on the Royal Dutch/Shell Group to withdraw completely from South Africa and Namibia and threatening that if public statement to this effect was not released by November 13 they would start boycotting Shell. As Shell Australia did not release any statement, several Australian organisations endorsed the Shell boycott.
Two new countries have joined the international Shell campaign, namely Finland and New Zealand.

United States of America

The United Church of Christ has joined the Shell campaign

The executive council of the United Church of Christ has voted to boycott Royal Dutch/Shell and its subsidiary Shell Oil U.S.A. The church has 1.7 million members and is the first protestant denomination in the United States to join the international boycott. It has urged its members to abstain from purchasing products produced or marketed by the Shell Group.

[The Citizen (SA), October 30, 1987]

Pagan annoyed

Mr Rafael Pagan, whose consultancy Pagan International in New York devised the Shell Oil U.S.A.: South Africa strategy, the so-called Neptune Strategy Report, has sent several letters to church persons and organisations in and outside the United States of America. In these letters he expresses his discontent on the extensive distribution of this report. In his letter Mr Pagan states inter alia: *"Most regrettable of all is that the stolen document has also been placed in the hands of Dutch activists that have a sorry track record for violent behavior. If violence and personal injury result from this ill-gotten and carelessly shared information, the responsibility will have to rest with those who sent it".*
To this very specific accusation the World Council of Churches replied: *"You are accusing the bonafide anti-apartheid groups in the Netherlands of violent behavior whereas you should know that they have denied their involvement and have clearly distanced themselves from violent acts. (...) You would have to provide proof for such accusation otherwise you risk to be accused of making hideous insinuations. The second possibility is that you know of other activists who have received the document and who are responsible for the damage done to several Shell service stations. In this case you have done more thorough research than the police who have never been able to identify the perpetrators. If you know more than the police in the Netherlands I would advise you to share this information with them."*

[Letter by Mr Rafael D. Pagan to the leaders of major religious denominations, September 28, 1978; Letter by the World Council of Churches, Mr Rob van Drimmelen to Mr Rafael D. Pagan, October 16, 1987]

National Union of Mineworkers calls to support the Shell boycott

Mr James Motlatsi the president of the National Union of Mineworkers in South Africa called for comprehensive and mandatory sanctions against South Africa and for a support of the Shell boycott. At the conference "Sanctions and Apartheid" held at the Howard University in Washington on October 30 and 31, 1987 he made the following statement: *"What is required now is that the entire freedom loving world community should impose mandatory and comprehensive sanctions against South Africa (...) your task is to intensify your tireless efforts in the anti-apartheid struggle such as (...) the boycotts of multinationals like Royal Dutch/Shell with apartheid bloods on their hands".*

[Speech James Motlasi, President of the National Union of Mineworkers, South Africa, Howard University, Washington, October 30, 1987]

ANC 75th anniversary conference at Arusha

From December 1-4, 1987 the African National Congress held its first international conference. The conference took place in Arusha, Tanzania and was attended by many delegates from governments and representatives from governmental, intergovernmental and non-governmental organisations. In its "Programme of Action" it stated that with regard to the oil embargo action must be taken at *"international, governmental and NGO level to stop the fuelling of apartheid (...) that existing sources of information such as the Shipping Research Bureau, Kairos and the Maritime Unions against Apartheid should be used extensively in order to expose the attempts of the South African regime to circumvent the oil embargo."* It also emphasized that the *"Shell campaign should be intensified internationally and that African countries and the people of South Africa and Namibia should actively join the campaign against Shell"*.

Norway

Norwegian Shell: petrol market share affected

Over a 9-month period until mid-1987, Norwegian Shell lost nearly one per cent, far more than other subsidiaries of foreign oil companies, of its share of the Norwegian petrol market to a number of domestic companies. According to the Norwegian daily *Dagens Naeringsliv* (Today's Business), Shell's decline could mainly have been caused by the boycott campaign, and by growing public awareness of the company's activities in South Africa.

[Dagens Naeringsliv (Norway), September 15 1987]

Boycott extended to other oil majors

An Oslo court ruled in October 1987 that the policy of the city of *Oslo* to boycott Shell Norway cannot be challenged on the grounds that Shell's Norwegian subsidiary cannot be held responsible for the activities of the Royal Dutch/Shell Group in South Africa. Shell has sued the city council for their boycott. As the city of Oslo had already earlier decided to extend its boycott to all oil companies that have activities in South Africa and sell petroleum products in Norway, the court ruled that the city's policy could not be objected on the grounds that Shell was treated differently from other comparable companies. In accordance with the court's ruling, the Executive Committee of the city administration decided early in November 1987 not to buy any petroleum products from the Norwegian subsidiaries of Shell, Mobil, British Petroleum and Texaco.
On December 3, 1987, the city of *Trondheim* decided to effectuate, as from January 1, 1988, with regard to the oil companies Norske Shell A/S, Mobil Oil Norge A/S, and BP Norge A/S its earlier decision to boycott firms which have economic links with South Africa.
The *Norwegian Council for Southern Africa* has decided to extend its oil boycott activities, formerly focused on Shell only, to include also the oil companies British Petroleum, Texaco, Mobil and Total.

[Dagens Naeringsliv (Norway), November 6 and 18, 1987; Ny Tid (Norway), December 12, 1987]

European Community

Danish NGO's pressure E.C. summit

Parallel to the European Community summit held on December 4 and 5 in Copenhagen (Denmark), seven Non-Governmental Organisations in Denmark organised *"the NGO initiative on E.C. and Apartheid"*. A resolution states that the present E.C. oil embargo must be strengthened by including:
- Namibia;
- the shipment of oil on board of E.C. owned or registered ships;
- oil and oil products held in bonded storage and
- oil in transit through any E.C. member state.

At the summit which was attended by all the prime ministers of the E.C. member states the oil embargo against South Africa was not discussed.

Resolution adopted in European Parliament

On October 30, 1987 the European Parliament adopted a resolution urging for a better control on circumventions of restrictive economic measures imposed against South Africa by the European Community. The resolution calls for all measures to be implemented through Community legal instruments and monitored by the European Community. On the oil embargo the resolution notes that:
" – the ban applied only to exports of oil produced in the EEC or oil already in free circulation, thus excluding oil products and transit trade;
– many Member States have not yet enacted any legal provisions to implement the oil export ban, whereas Belgium, Denmark, France and Italy have imposed more extensive bans;
– South Africa, which has no appreciable crude oil deposits of its own is heavily dependent on imported oil and because of sanctions only obtains this at prices substantially higher than these on the world market;
– the Community and its Member States must take appropriate action to ensure that the oil embargo is not circumvented by EEC-based companies."
In the draft resolution that was adopted by the Committee on External Economic Relations in September 1987 the paragraph on the oil embargo included a section on the crucial importance of effective monitoring and *"the valuable work of private organizations such as (...) the Shipping Research Bureau and the World Campaign against Military and Nuclear Collaboration with South Africa."* A call was made *"on the Commission and the Member States to support these organizations in their work."* However, due to a voting error of the Communist Group this part of the draft resolution was ommitted in the final resolution adopted by the European Parliament.
The resolution was based on a report submitted, to the European Parliament in July 1987, by Ms Barbara Simons, a West German member of the Socialist Group.

[Draft report on the implementation by the Member States of the Community of measures restricting trade with the Republic of South Africa, Rapporteur B. Simons, June 1987; draft resolution Committee External Economic Relations, September 25, 1987; Resolution European Parliament, October 30, 1987]

United States of America

Congressman introduces oil Bill

Congressman Bob Wise of West Virginia has introduced a new Bill: the *Anti-Apartheid Petroleum Act*. This Bill is an amendment to section 321 of the Comprehensive Anti-Apartheid Act which was adopted by the Congress in October 1986. This section reads as follows: *"No crude oil or refined petroleum product which is subject to the jurisdiction of the United States or which is exported by a person subject to the jurisdiction of the United States may be exported to South Africa"*.

The Wise Bill calls for a *total investment withdrawal* from South Africa for companies that are involved in refining, storage, transport and distribution of crude oil and refined petroleum products and for companies that are involved in the distribution of goods and technology to enterprises in South Africa that are involved in the refining, storage, transport and distributing of crude oil and refined petroleum products. Furthermore, the Bill proposes that foreign based companies which have subsidiaries in South Africa and the United States of America or which have subsidiaries that directly or indirectly export crude oil or refined petroleum products to South Africa will not be allowed to bid on federal coal, oil and gas leases.

The Bill will probably be compilated with several other Anti-Apartheid Bills and will be discussed in Congress in the beginning of 1988.

[Anti-Apartheid Petroleum Sanctions Act, H.R. 3317; Comprehensive Anti-Apartheid Act of 1986]

Fenix & Scisson built South African stockpile facilities

The US-based engineering firm **Fenix & Scisson** of Tulse (Oklahoma) has been engaged in designing and building a major part of South Africa's strategic stockpile facilities. Between 1966 and 1976 the company converted between three and five small coal mines near the towns of Kendal and Ogies, southwest of Witbank (Transvaal) into storage facilities. The storage capacity of these mines is estimated at 2.5 million tons at the most. The company, however, claims that both the number and the actual storage capacity was significantly larger, but that they are under contractual obligation not to divulge number or volumes.

In the same period, **Fenix & Scisson** built a concrete tank farm just below the surface, near the Caltex refinery at Milnerton near Cape Town. The storage capacity of this tank farm is estimated to be about 1 million tons at the most. Sufficient for 150 days of refining at normal throughput.

[Research by Dr Paul Conlon, New York (USA)]

United Kingdom

Department stimulates trade with South Africa

The trade and industry department – DTI – has published several advisory documents on trade with South Africa. In its report on offshore development it says that companies with North Sea experience are well placed to take advantage in South Africa. It advises companies to discuss possible joint venture or manufacture under licence arrangements with local companies, or consider establishing new subsidiaries. DTI denies that its policy is a violation of measures imposed by the European Community. Among these measures are a voluntary ban on new investments and an oil embargo. DTI states that the E.C. measures were not *"intended to cripple the South African economy. U.K. involvement in the development of South African oil and gas is not therefore in contradiction of our policy."*

[Observer (UK), October 9, 1987; Financial Times (UK), October 9, 1987]

United Nations Monitoring Group urges tighter legislation

In November 1987 the *United Nations Intergovernmental Group to Monitor the Supply and Shipping of Oil and Petroleum Products to South Africa* presented its first report to the United Nations General Assembly. The U.N. Monitoring Group was established by the General Assembly in 1986. The report concludes that the existing oil embargo does not prevent South Africa of obtaining its oil: *"SA continues to receive supplies of oil from the outside world through frequent and regrettable violations of the embargo"*. Furthermore it states that *"many states have not introduced legislation or comparable measures to enforce the oil embargo. In some cases even declared policies have not been fully observed"* and *"legal action against companies and individuals involved in violating the oil embargo is rarely undertaken and penalties are not frequently imposed"*. The U.N. Monitoring Group recommends member states who have not yet done so to adopt legislative measures to impose an embargo on the supply of oil and petroleum products to South Africa and to:

" – take effective measures to enforce the embargo including inter alia restricting the destination and 'end user' clauses to prohibit the supply and shipping of oil and petroleum products to SA;

– widely dissemenate and exchange information on the oil embargo against South Africa and the violations thereof;

– ensure that effective penalties are imposed on the violators of the embargo;

– extend co-operation to the Group and other organisations involved in the monitoring of the oil embargo."

To obtain information the United Nations Monitoring Group sent questionnaires to governments concerning legislation, technical, administrative and other measures to prevent the supply and shipping of oil and petroleum products to South Africa and Namibia. Furthermore, the Group reports to have sent letters to more than 800 non-governmental organisations, asking for their cooperation with the work of the Group. According to the report the information received from the governments was not sufficient to be able to present a comprehensive report on all aspects of the oil embargo. Fifty governments replied more or less extensive to the questionnaire. The oil exporting countries **Brunei, United Arab Emirates** and **Oman** did not respond. Oil originating in these countries has been delivered to South Africa.

The Group also presented 24 individual cases of embargo violations to the governments concerned. A major source consulted by the Group was the Shipping Research Bureau.

One of the cases was the oil tanker **Monemvasia**, which

sails under the Greek flag. The tanker left Seria (Brunei) on December 4, 1985, it called at Singapore Roads on December 8-9. The tanker next called at a South African port in December 1985 where it discharged its crude oil cargo. The ship's apparent beneficial owner and managing company was **Metropolitan Shipping Company Ltd.** of Greece. The company owning the cargo and/or chartering the ship was **Marc Rich & Co. A.G.** Switzerland.
This information was communicated by the Group to the Permanent Missions of the countries concerned to at the United Nations. The Permanent Representative of Greece informed the Intergovernmental Group that the oil tanker Monemvasia did not call at a South African port during December 1985 but discharged its cargo at the port of Mombasa (Kenya). However, according to the port authority of Mombasa, *the Monemvasia did not call there in December 1985.*
Of the 24 violations that were dealt with by the Intergovernmental Group, **nine cases** concerned crude oil originating in **Brunei Darussalam**. In his reply of October 28, 1987 the Permanent Representative of Brunei commented to only two of these cases by restating an earlier/general statement by the government of Brunei with regard to alleged shipments of crude oil from Brunei to South Africa:
"(...) Our investigations have not enabled us to establish whether any crude oil from Brunei Darussalam has in fact reached South Africa. Any Brunei Darussalam oil which did reach South Africa could only have done so in defiance of the Majesty's Government and in breach of contractual obligations which have been imposed by Brunei Shell Petroleum's customers on their subsequent purchasers."
According to the findings of the Shipping Research Bureau between January 1979 and September 1986 56 *tankers* sailing from Brunei made crude oil deliveries to South Africa involving 6.7 *million tons* of crude oil, or about 6 per cent of South Africa's need for imported crude oil.
[Report of the Intergovernmental Group to Monitor the Supply and Shipping of Petroleum Products to South Africa, November 5, 1987, United Nations; Newsletter SRB No. 6; South Africa's Lifeline, violations of the oil embargo, Main Report SRB (Amsterdam), September 1986; Shell, Marubeni, Rich, crude oil deliveries to South Africa from Brunei, January 1979-October 1986, Survey Amsterdam, January 1987]

General Assembly adopts oil embargo resolution

On November 20, 1987 the United Nations General Assembly adopted the resolution on the oil embargo against South Africa by **138** votes in favour, **4** votes against and **12** abstentions. The countries that voted against the resolution were **France, The Federal Republic of Germany, the United Kingdom** and the **United States of America**. Abstaining from voting were Belgium, Canada, Ivory Coast, Greece, Israel, Japan, Lesotho, Luxembourg, Malawi, the Netherlands, Portugal and Swaziland. In 1986 the oil embargo resolution against South Africa was adopted by 136 votes, against 5 votes and 15 abstentions. Israel that has now abstained from voting voted against the resolution in 1986.

The Netherlands

Salem case: Public prosecutor appeals

The eight year old Salem saga has not yet reached its final episode. On the 11th of September the Rotterdam court dismissed all charges against the Rotterdam businessman Mr Anton Reidel. According to the court the public prosecutor had not provided it with sufficient evidence that the charges against Mr Reidel were also charges punishable as an offence under South African law. This proof was necessary because according to Dutch law somebody can only be tried for having committed an offence in South Africa, if such an act is also punishable under South African law. In its judgement the court added even if this had been the case, there would not have been sufficient evidence to sentence Mr Reidel, in spite of the fact that it was the opinion of the court that he had been involved in the Salem case. Furthermore, Mr Reidel was acquitted of the charges brought against him regarding offences committed in the Netherlands.
Nearly two years ago the public prosecutor called for a three year prison sentence. Mr Reidel was charged with forgery. The public prosecutor has appealed against the sentence.
[de Volkskrant (Neth.), October 29, 1987; November 12, 1987; Lloyd's List (UK), November 12 and 13, 1987; Transport (Neth.), November 12, 1987; see also previous SRB Newsletters]

Namibia

Kudu gasfield exploitation

Despite United Nations Council for Namibia Decree Number One that prohibits any exploitation of Namibian natural resources until the territory has attained its independence foreign companies are involved in the exploitation of the Kudu gasfield. The French oil rig **Asterie** has started drilling at the second testhole in the beginning of October in Namibian waters, more than 100 kilometers offshore. It will try to define the resources of the Kudu gasfield.
The rig is operated by the Paris based contractor **Foramer**, which is operating to the instructions of SWAKOR, the Namibian offshoot of the South African oil exploration company SOEKOR. Foramer is a wholly subsidiary of the Forasol Group, and according to the British Fortnightly Africa Analysis through the Comité d'Etudes Petrolières Marines linked with the oil companies Elf and Total. If drilling result are successful it is not unlikely that the Kudu gasfield could supply ten to thirty per cent of South Africa's liquid fuel needs. SWAKOR's chairman Mr Skerf Pottas has stated that the signs are very promising and that if the expectations become true the help of foreign oil companies will be called in.
Also British companies are involved in the exploration of the Kudu gasfield. The company **Crawford Russell** is named as a possible contractor. The British merchant bank **Hill Samuel**, now owned by the Trustee Savings Bank, reported as one of the largest money lenders to South Africa, has apparently helped to arrange finance for the assessment of Namibia's Kudu gasfield.

The Kudu gasfield was discovered by the United States company Chevron in 1974. Soon after the discovery however Chevron capped the well since exploitation was and still is a violation of the United Nations Council for Namibia Decree Number One. According to the Namibian Communications Centre in London, there are several reasons why SOEKOR has decided to go ahead with the Kudu gasfield project. The main reasons are:

– the saving on foreign currency would relieve the financial strain South Africa is experiencing in its war against SWAPO and the government of Angola. The bulk of profits from the Kudu gasfield would flow back to South Africa;

– the converting of gas into oil has become so sophisticated in recent years that it is now cheaper than the oil-from-coal process on which South Africa relies so heavily;

– the fall in value of the Rand has pushed up the cost of oil imports substantially;

– the Mossel Bay project will be used as a pilot plant to iron out problems which could be encountered at the much larger Kudu development;

– a giant gasfield with its accompanying refineries and chemical by-products might diversify the country's narrow economic base;

– gas from the Kudu gasfield would almost certainly be refined in South Africa thereby creating thousands of jobs.

[Africa Analysis (UK), October 1987; Windhoek Advertiser (Namibia), November 6 and 11, 1987; Labour Research (UK), November 10, 1987; SRB Newsletter No. 7; Press release December 14, 1987 Namibia Communication Centre London]

Iran

Oil-for-arms barters deals with South Africa?

Iran is reported to be involved in a number of barter deals with South Africa, involving arms for oil. 155 Millimetre shells and ground-to-air and air-to-air missiles are transported by South African **Safair** planes to the **Comoros Islands**. There the cargoes are reloaded in planes of the company **Globe Air**, which fly them directly to Iran. Rockets and Kalashnikos assault rifles are apparently transported directly by ship from South Africa to Iran.

A more complicated barter deal, involving 2,500 **IOW** anti-tank missiles and a tanker load of crude oil was completed with the assistance of the British arms dealer Mr Mick Ranger, through his company **Ranger Arms Co.** The missiles were apparently delivered to Iran in exchange for a tanker load of crude oil.

The most ingenious case was revealed by United Press International (UPI). South African business interests apparently took over a Greek arms manufacturer, the **Hellenic Explosives and Ammunitions Industry** (ELVIEMEK) in 1984 and started to use the company as a front to send arms to Iran in exchange for Iranian oil for South Africa. Since 1985, the Greek-South African businessman Mr Christaki **Xenopoulos** appears to be the man behind the scenes, through his Guernsey-based company **International Hellenic Operations**.

Mr Xenopoulos is not a novice in the secret oil trade with South Africa. During 1984 and 1985 he was involved in a lengthy courtcase in South Africa. Mr. Xenopoulos sued Mr **Marino Chiavelli** for R85 million. He claimed this amount was due to him as payment of commissions on oil deals. Mr Marino Chiavelli is also known as an oil supplier to South Africa. He was mentioned, along with Mr John Deuss of Transworld Oil and Mr Marc Rich, in an official report by the South African Advocate-General in 1984. All three were portrayed as oil traders delivering crude oil to South Africa despite the oil embargo and collecting huge premiums from the South African government for their service.

In August 1985, Mr Xenopoulos and Mr Chiavelli reached an settlement out of court. The nature of the settlement was kept secret under the terms of the National Supplies Procurement Act. This Act prohibits any disclosure of business relating to strategic commodities.

An earlier report of an oil-for-arms barter deal between Iran and South Africa, allegedly struck at the end of 1985 (SRB Newsletter No. 3), has been officially denied by the Iranian government (SRB Newsletter No. 5). Other reports suggest that at least until the summer of 1984, South Africa was a large supplier of shells and explosives to Iran, in exchange for crude oil.

[The Indian Ocean Newsletter (France), October 3, 1987; Observer (UK), October 18, 1987; Independent (UK), November 27, 1987; Financial Times (UK), November 13, 1987; SRB Newsletter No. 1, No. 3]

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