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Newsletter on the OIL EMBARGO against SOUTH AFRICA

This Newsletter offers a compilation of reports on the international oil embargo against South Africa.
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Governmental report on South Africa's involvement in oil industry
No details on source, supply, shipping, stockpile and imports of oil

VEIL OF SECRECY PARTIALLY LIFTED

The South African government has decided to lift a small part of the veil of secrecy surrounding the country's oil industry. Since 1973, no details of oil imports or exports have been provided in South African official trade statistics. Since then, the veil of secrecy became even denser and facts and figures about the oil industry were virtually unavailable. Although the government has decided to diclose some of its oil secrets, the most intriguing information on how for instance the country secured its oil imports under the oil embargo will remain classified. Information concerning countries from where the crude oil was imported, the names of oil-trading and shipping companies will therefore not be disclosed. Also, the amount of crude oil the country has to import will remain a state secret as well as the amount of oil tucked away in the country's strategic reserves. 'In view of the clandestine manner by which the country has had to obtain crude oil supplies, all information regarding sources of supply, shipping, consumption etc, *is classified and publication thereof prohibited* (emphasis report) by virtue of a regulation published in terms of the Petroleum Products Act', the report states.

The information the government has decided to make public is, as it seems, considered to be no longer classified under the Petroleum Products Act. 'In the light of recent favourable developments in South Africa's international relations, the need for secrecy [was] rapidly diminishing', according to the report. Therefore the Department of Mineral and Energy Affairs decided to prepare and publish this report with the much telling title **'Report on the Government Involvement in the Oil Industry'**. What did the South African government reveal in this 37-page report, which was presented to Parliament, by minister George Bartlett of Mineral and Energy Affairs, on 28 May 1993?

Product demand and production

The main revelations are some figures for **1992**, such as the wholesale turnover of South Africa's oil industry (R23 billion) and the **local demand** for refined products stated to be **19 billion litres**. In total the four crude oil refineries in South Africa sold 13.3 billion litres of refined product (value R16 billion). Their combined refining capacity before the demothballing and expansion programmes embarked upon in 1991 was 330,000 b/d. **Sasol** sold 5.7 billion litres of fuel (value R7 billion), based on a production capacity of 150,000 b/d and **Mossgas** was expected to sell 1.9 billion litres of fuel (value R2 billion), based on a planned production of 45,000 b/d. According to these figures Sasol sold thirty per cent of the local refined product requirement. Once in full production Mossgas could account for ten per cent of the local fuel demand. In the past, it has usually been assumed that through Sasol, South Africa was able to reduce its crude oil imports by some 20-25 per cent. This figure was based on estimates of both Sasol's output and the country's oil imports. The report does not disclose any information on the country's crude oil imports.

Refining capacity

For the first time official figures have been released by the government on the refining capacity of the four refineries in South Africa and of Sasol and Mossgas. The designed capacity of the four refineries, Natref (Total/Sasol), Sapref (BP/Shell), Calref (Caltex) and Genref (Engen) was never fully utilised because of the

continued on next page

In this issue

production of synthetic fuel by Sasol. For this loss of capacity the refineries receive compensation (the so-called synthetic element) on the basis of the Crude Refiners' Agreement. All four refineries are presently in the process of being demothballed and expanded. After this process is completed by 1996, South Africa's refinery capacity will be extended from 330,000 b/d to 450,000 b/d. All the local refineries in South Africa, according to the report, are classified as national key points. Security measures fall under the guidance of the National Key Points Committee, funded by the Equalisation Fund.

Production capacity oil refineries South Africa

Capacity ('000 bbls/d)		Pre demoth-balling 1991	%	Post demoth-balling 1996	%
Crude	Sapref	120	25,0	165	25,6
	Genref	65	13,5	90	14,0
	Calref	60	12,5	100	15,5
	Natref	85	17,7	95	14,7
Subtotal		330	68,7	450	69,8
Syn-thetic	Sasol	150	31,3	150	23,3
	Mossgas	–	–	45	6,9
Subtotal		150	31,3	195	30,2
TOTAL		480	100,0	645	100,0

[Source: Report on Government Involvement in the Oil Industry Department of Mineral and Energy Affairs, May 1993]

Market share oil companies operating in South Africa

Company	Petrol	Diesel
Shell	18,2	19,5
Caltex	18,2	17,5
Engen	17,0	15,7
BP	15,3	15,7
Total	12,2	15,5
Sasol	7,7	1,1
Trek	6,6	8,1
Zenex	2,6	4,2
Sonap	2,2	2,7

[Beeld (SA) 1 June 1993]

Extra costs

The report furthermore deals extensively with the government's involvement in the oil industry, which according to the report manifests itself over the total spectrum of the oil industry, namely acquisition of crude oil, refining, wholesale and retail marketing as well as the pricing of certain products. The Strategic Fuel Fund (SFF), initially set up, in 1964, to control the strategic reserves, has become, since the beginning of the early eighties, responsible for the acquisition of the crude oil. The SFF oil is sold to the crude oil refiners 'at international market *prices determined by the Department of Mineral and Energy Affairs* (emphasis report) in close collaboration with SFF and the oil companies', the report states. The report also deals with the extra costs the government had to cover because of the oil embargo, such as the premium it had to pay on the imported oil: 'the additional cost incurred by making use of intermediaries to ensure protection to countries supplying South Africa.' Other additional costs are, for instance the compensations paid to the oil companies for loss of refinery income and the tariff protection Sasol receives. 'Protection is afforded to this industry so as to enable it to compete with imported fuel products,' the report states. According to the Energy minister this protection seemed to be fair regarding the enormous contribution of the synthetic fuel production to the economy. Since Mossgas came on stream this year, the oil companies also have received compensation for the loss resulting from the forced export of excess product. The extra costs are covered by the Equalisation Fund, which is funded through a levy of R7c on every litre of petrol sold at the pump.

Secrecy makes sense

The report also deals with the criticism why petroleum information is regarded to be classified information. Certainly in the view that such information is, according to the report 'freely available in overseas publications and that the prohibition on the publishing of this information in South Africa makes no sense.' The report adds that 'although information about South Africa's crude oil volumes, stockpiles and related information did appear in overseas publications it was never correct'. However, the government believes that it is necessary to protect its sources of supply, the supplying agents and shipping companies. 'Once the UN embargo is lifted consideration could be given to total declassification', according to the report. ■

Sasol plans to split operations

Sasol announced in March 1993 it has decided to completely separate its oil refining and marketing activities from those of its synfuel operations. According to minister Bartlett of Mineral and Energy Affairs this step was taken to allay suspicions about cross subsidisation. 'The concern that the [synfuel] tariff production provides an unfair advantage in the market place has been discussed with Sasol', he said in Parliament on 28 May 1993. Minister Bartlett added that '(...) after consultation, Sasol has decided to completely separate its oil refining and marketing activities from those of its synfuel operations. This means that the synthetic fuel activities will be housed in a separate company from those of its other fuel activities.' It was not stated when the separation will be concluded.

Government money for cross-subsidisation

The company is highly protected by the South African government. Per barrel of oil it is paid the difference between the prevailing market price (presently US $17/18) and US $23 (the so-called tariff protection). When the company announced, at the end of March 1993, that it had plans to establish its own network of service stations, other oil companies in South Africa like Shell and Engen, claimed that this would amount to unfair competition because of the highly subsidised nature of Sasol's synthetic fuel activities. Sasol was accused of using its synthetic business to cross-subsidise new ventures. The Department of Mineral and Energy Affairs has said that it would not investigate claims until a detailed complaint was made.

Blue pumps and Ratplan

Sasol has until now been restricted to selling about eight per cent of national sales through its blue pumps on the forecourts of service stations supplied by the oil companies (the so-called Blue Pump Agreement). In South Africa the fuel market is controlled by the Service Station Rationalisation Plan (Ratplan). The existence of the Ratplan was first disclosed in August 1992 by the Business Times. It is not an official document but an informal unsigned agreement, between oil companies, the Motor Industry Federation and the Ministry of Mineral and Energy Affairs (see Newsletter No.28 p.3). It has been operating since 1960. The present agreement will be in force until December 1995.

Tariff protection

Both synthetic fuel projects in South Africa, Sasol and Mossgas weigh heavily on the country's financial budget. During the financial year 1992-1993 they cost the state more than R1.5 billion, minister Bartlett of Mineral and Energy Affairs said in Parliament on 23 April 1993. Interest on Mossgas alone had cost the state R330 million. For the 1993 financial year the interest was estimated at R212 million. Sasol's tariff protection had cost R642 million and the synthetic element amounted to over R92 million. The synthetic element was introduced as a compensation for the four refineries for their loss of refinery production because of the production of synthetic fuel by Sasol. Both the tariff protection and the synlevy payments to the refineries will, according to the governmental report on the involvement of the South African government in the oil industry, remain until 1996. It is expected that by then the loans to the governmental Central Energy Fund (CEF) will have been redeemed by Sasol. Presently CEF still holds a stake in Sasol. It is also expected that by 1996 the four refineries will be using their fully, by then demothballed, refining capacity.

[Sunday Times (SA) 21, 28 March 1993; Business Times (SA) 24, 25 March 1993: The Citizen (SA) 24 April 1993]

Soekor claims 'most successful' oil find

The South African oil exploration company Soekor has announced its most successful oil find to date. If feasibility studies show the field to be commercially viable, full production could be reached by 1995. The well, which was found in January 1993, is situated in the Bredasdorp Basin, 150 kilometres offshore Bredasdorp on South Africa's south coast. It could produce 10,000 barrels a day. If the find proves viable, the South African oil company Engen will exploit the find. The oil will be pumped up by means of a semi-submersible converted oil rig. Soekor is very reticent about the find. The company has made known that its significance can only be evaluated upon completion of

IMPORTANT IMPORTANT

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a feasibilty study, which will reveal what amount of oil the find holds and its production lifespan.
Since 1965, when the oil exploration company started its quest for oil in South Africa, numerous so-called promising oil finds have been struck onshore and offshore. Optimistic announcements were regularly made on 'promising oil finds', which after a while were qualified as 'not viable'. Not suprisingly the company has been named the world's leading 'dry hole' expert. Will this latest find also prove to be not viable and should it be seen as one of the last convulsions of South Africa's state-owned oil exploration company?
The company has severely cut down on its exploration activities. Two of its three oil rigs were hived off. The only drilling rig presently operating for Soekor is the Omega (see Newsletter No. 28 p.2).

[Evening Post (SA) 5 April 1993] ■

Soekor partner gasfield Mozambique

Soekor will be the third partner, as technical consultant, in the consortium that will exploit the Pande gasfield in Mozambique. The other two companies are the Mozambican state-owned oil company Empresa Nacionale de Hidrocarbonetos (ENH) and the South African company **Sasol**. The Worldbank is involved in the financing of the project.

A 900 kilometre pipeline is planned, which will run from the 430 km^2 gasfield, situated between Beira and Maputo to Secunda (Eastern Transvaal) in South Africa. The Sasol II plant, were coal is converted into synthetic fuel, is situated at Secunda. All the gas produced from the project will be sold in the Southern African market.

[Finansies & Tegniek (SA) 26 March 1993] ■

Engen extending its activities outside South Africa

Half of crude to be secured by own operations

In the first half of 1993 the South African oil company Engen obtained a number of concessions in oil and gasfield outside South Africa. It seems clear that the company is definitely stretching its wings outside South Africa. According to the company it wants to secure half of its crude oil supply from its own operations by the year 2000. Engen already had interests in Europe, in the North Sea. It has a 2.2 per cent stake in the Alba field, operated by the US oil company Chevron. By the fourth quarter of 1993 the field is expected to produce 70,000 b/d.
Engen, presently still part of the Gencor conglomorate, will become an independent oil company. In the beginning of May 1993, the mining giant Gencor announced it is going to break up its assets into five independent companies, one of them being Engen.

Engen stake in Omani gasfield

In the beginning of April 1993, the company announced that it had secured a ten per cent interest in a Middle East gasfield in Oman. The company has obtained a share in the Bukha gasfield. According to managing Director Rob Angel of Engen the group's interest in the venture was a small but significant move for Engen. It was 'the key to finding our way into the Middle Eastern oil business', he said. The liquid petroleum gasfield will come on stream by the end of 1993. It will be operated by the US company International Petrol Corporation in Oman.

[Business Day (SA) 1 April 1993]

Engen concession in Angola

Engen has been awarded a 25 per cent stake in Block I exploration licence fifty kilometres offshore from the town of Soyo in northern Angola, by the Angolan Government. This is the first ever South African direct investment in Angola's oil sector. Officially the country still maintains an oil embargo against South Africa. Shell Angola will be the operator with ten per cent, with US affiliate Pecten Angola (forty per cent) and Maxus of the US with 25 per cent.

South African mercenaries
Reportedly, South African mercenaries were recruited in South Africa by a British oil company to fight the Unita troops which had occupied the Soyo oil

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region in January. Over 15 per cent of Angola's 550,000 b/d oil production was disrupted by this occcupation. In March the Unita troops had to withdraw from the region. In May, however, they reoccupied the region. Earlier, in April, the South African mercenaries had retreated to Luanda, using a boat provided by the American oil company Texaco. A group of multi-national oil companies was using a dormant British oil company as a front for the recruiting drive, in an effort to secure the assets of multinational oil companies operating in the area. In South Africa the recruiting was done by the company Executive Outcome. The oil companies Petrofina (Belgium), Texaco (US) and Agip (Italy), exploit oil fields in the Soyo region. The Angolan Government had told the oil companies that they did not have the resources available to re-occupy the Soyo region. The oil companies would have to get their own forces together to secure their assets, they were told.

[Petroleum Argus (UK) 10 May 1993; The Citizen (SA) 4, 12, 19 March, 2 April 1992: Business Day (SA) 4 May 1993]

Engen rights in onshore field Gabon

Engen also has a 25 per cent stake in the onshore Gabonese Migoumbi block, operated by Total. Like Angola, Gabon has closed a deal with Engen without officially abandoning its oil embargo against South Africa. At the adoption of the United Nations' oil embargo resolution in December 1992, Angola and Gabon were both among the countries which voted in favour of the resolution (see Newsletter No. 29 p. 3,7).

[Petroleum Argus (UK) 10 May 1993]

Engen concession in Namibia

A consortium consisting of Engen and Shell has obtained the exploration rights for the **Kudu gasfield** in Namibia. Through a subsidiary Engen holds a 25 per cent share in the consortium. The concession was awarded in the beginning of April. The Kudu Block is the only concession off the Namibian coast where exploration drilling has already taken place and where gasreserves have been found. In the beginning of the seventies the US company Chevron already discovered the Kudu gasfield (see Newsletter No. 11, p. 7). This is Engen's second concession in Namibia. In September 1992 Engen and Chevron obtained a concession for an offshore block. Engen has got a forty per cent stake in that consortium.
Altogether Namibia has awarded five concessions, all of which to foreign companies. In March 1992 Norsk Hydro Namibia, a consortium of the Norwegian companies Statoil and Saga, obtained a concession. In May 1992 a consortium formed by the Canadian firm Ranger Oil and Hardy Oil & Gas of the UK were awarded a concession. The third concession was obtained by the South African company Sasol Mining in August 1992. This is Sasol's second oil and gas concession outside South Africa. The company also has a share in the Pande gasfield in Mozambique (see this Newsletter p. 4).

[Beeld (SA) 7 April 1993; The Citizen (SA) 8 April 1993]

Oil and Gas Exploration Concessions in Namibia

1. Norsk Hydro Namibia (Statoil/Saga Petroleum, Norway);
   obtained March 1992; block no.1911 (off Cape Mowe, Skeleton Coast
2. Ranger Oil, (Canada 70%)/ Hardy Oil & Gas (UK 30%);
   obtained May 1992; block no. 2213 (off Walvis Bay)
3. Sasol Mining (Pty) South Africa;
   obtained August 1992; block no.2012 (SW Terrace Bay, northern Namibian Coast)
4. Chevron (USA)/ Eagle Oil (Eagle Energy/ Engen/ South Africa);
   obtained Sept. 1992; block no. 2815 (off Oranjemund, next to Kudu)
5. Shell/ Engen, (South Africa 25%);
   obtained May 1993; Kudu gasfield

Direct oil imports by Engen

In the future Engen will import crude oil directly from oil-producing countries to a growing extent, the company's general manager Pete Bartlett said mid-April 1993. Already, he said, Engen is buying crude oil directly from certain Arab countries. The company will then operate completely outside the state procurement agency SFF (Strategic Fuel Fund). He added that the re-establishment of links of members of Arab League countries with South Africa's fuel industry, was an example of this change in attitudes. Bartlett also said that small quantities of crude had been purchased outside leviable crude oil supplies for re-export purposes for a number of years. According to Bartlett oil companies had begun sourcing from outside the SFF since 1992. Bartlett declined to disclose the quantity involved, but the volume of crude oil sourced from the SFF was falling monthly. The lower costs for Engen by procuring its own oil directly had no effect on the consumer fuel price, as the government sets the petrol price, Bartlett said.
Last year the government gave permission to the oil companies in South Africa to import oil themselves and not only via the SFF (see Newsletter No. 28 p. 1f). Mr. Lourens van den Berg of the ministry of Mineral and Energy Affairs said that it is most likely that the SFF will be stuck with an oversupply of oil, as the SFF obtains most of its oil on the basis of long-term contracts. Mr. van den Berg denied that the SFF will be lifted. 'The SFF will always play an important role in managing the strategic stockpile of oil. Most countries have a policy to maintain a stock of six months of oil to counter international energy crises.' The SFF was initially established by the government in 1964, specifically for purposes of the acquisition and administration of the country's crude oil stockpile.

[Business Day 21 (SA) April 1993; Finansies & Tegniek (SA) 30 April 1993]

Mossgas privatised under ANC Government?

'A future ANC dominated Government would consider privatising the Mossgas gas-to-fuel project', Mr. Tito Mboweni, ANC economist, said at an ANC branch meeting in Johannesburg on 10 March 1993. 'One of the options we would look at is to reduce the public sector's slice in the project', he said. According to him the project had been a heavy consumer of public resources to the detriment of other more important public investment imperatives like education and training. After the privatisation the private sector would be offered the opportunity to increase its participation in the Mossgas project. However, as the project was set up for strategic and not for economic reasons, it is widely doubted that the private sector will become involved.

The project is now nearly fully on stream. At the end of 1992 the first batch of regular shiploads of products left Mossel Bay. Consumers will not be able to buy their own Mossgas fuel as the products will be supplied to the existing oil companies, which will market them under their own name in the southern eastern Cape, as well as the border areas. By mid-April 1993 Mossgas sent its first consignment of vehicle-fuel alcohol manufactured for the export market to Brazil. As the first shipments of fuel start going out to oil company customers, earning the venture its first income, Mossgas still shows no promise of ever justifying the R12 billion the project has cost the South African government. The company has claimed a modest profit of R24 million from its first three months of actual operation.

The life span of Mossgas looks likely to shrink from an originally estimated 30 years to nearer to 16 years, because the gas reserves are not as big as first reckoned, and because Mossgas reserves will be depleted at a far faster rate than first estimated.

Engen out of Mossgas

At the end of May the South African government announced that Engen had now definetely decided not to exercise its thirty per cent share in the project and will withdraw from the management of the project. The state-run Central Energy Fund, which already holds a seventy per cent stake in Mossgas, will now have to supply the remaining funds. Earlier, Engen had already said that it did not seem likely that they would take up its share. 'It looks virtually certain we shall say "no thanks"', Engen chairman Bernard Smith said. The company warned that it would not follow its thirty per cent rights because the scheme depends on government protection for its commercial survival. The rebuff by Engen is seen by outsiders as a final confirmation that Mossgas will never get rid of the stigma of a gross investment error, an expensive monument to the extravagant 'blunders' of an apartheid regime, the South African daily The Star writes. Director-general, Piet Hugo, of the ministry of Mineral and Energy Affairs said, in reaction to Engen's decision that the project will continue as planned. 'Mossgas is still a good investment, but it is not a commercial investment. It was a strategic decision by the government. The government is not going to defend that decision. Mossgas is paying its way, so why mothball it?'

[The Citizen (SA) 11 March 1993; SA Shipping News & Fishing Industry Review (SA) February 1993; Africa Analysis (UK) 16 April 1993; The Star (SA) 8 April 1993: Business Day (SA) 1 June 1993] ■

More openness on oil imports

Iranian crude to South Africa

Press reports stated, in March 1993, that South Africa was planning to go public on the origins of its oil purchases within the months to follow. An oil industry official in the Middle East, who wished to remain anonymous, told Platt's Oilgram News that 'they [SA] are in the process of regularizing their deals. Tanker charters from the [Persian] Gulf will enter into a much more public domain, with proper cargo inspections and so forth (...) we should see a number of Iranian cargoes moving to Durban some time this summer', the anonymous official said. Tanker brokers also told Oilgram News that there have been about half a dozen crude shipments in the past six months, which might be deemed public or 'semi-public', most from unspecified Gulf countries but including one from Egypt. The South African government has released a report on its involvement in the South African oil industry, in which certain information has now been made public. However, precisely the information on the sources of oil will remain a secret (see this Newsletter p. 1).

Oil deal between South Africa and Egypt

An oil deal between Egypt and South Africa was soon expected to be signed, according to press reports of the end of May 1993. Unconfirmed reports say the state-owned national oil company Egyptian **General Petroleum Corporation** (EGPC) will sell 10-20,000 b/d to South Africa. The Egyptian-owned trading company **Africa Middle East Petroleum Corporation Ltd.** Inc. would sell an additional 10,000 b/d. The oil deal was apparently concluded during a meeting between South Africa's minister for foreign affairs Pik Botha and the Egyptian Foreign Minister in Cairo on 25 May 1993. Mr. Botha would not comment directly on oil ties. Asked if South Africa was seeking countertrade deals with its oil suppliers, he said that he was not well-informed enough to give a proper answer 'but what I do know is that oil is very close to cash.'

Regular flow of Egyptian oil

Maybe the minister was also not well enough informed to know that oil ties between Egypt and South Africa are not new at all (see page 8 of this Newsletter for a recent delivery of Egyptian oil to South Africa). Since 1988 the Shipping Research Bureau has found a number of deliveries of Egyptian oil to South Africa since 1988. Reportedly, African Middle East has been the major channel through which the state-owned EGPC sells its surplus production (Newsletter No. 26 p. 9). According to information published by the Egyptian General Petroleum Corporation (EGPC) in the beginning of 1993, South Africa will become a major importer for Egyptian oil in 1993. According to the EGPC information, South Africa's oil allocations for 1993 from Egypt will lie between 500,000 and 1,500,000 tonnes (10,000-30,000 b/d), (see Newsletter No. 30 p. 6).

Closer ties Middle East and South Africa

For some time now South Africa and some Arab oil exporting countries are investing in better trade relationships. Minister Pik Botha visited Oman and Qatar in April 1993. Reportedly, officials in Qatar were particularly interested in the South African Sasol and Mossgas synthetic fuel projects.

The wealthy Middle East states are also eyed by the Inkatha Freedom Party (IFP) and the ANC to fund their election campaign in preparation of the first democratic elections to be held in South Africa in 1994. The IFP's chief co-ordinator of planning and fund raising, Hennie Bekker, said that 'at least R 50-million will be needed and could be obtained from the Middle East'. IFP MP in the House of Delegates, Farouk Cassim, said: 'The funding would assist Saudi Arabia to improve trade relations with South Africa. Strong sections in the white and Indian communities share the same ideology as Inkatha.' According to ANC spokesman Carl Niehaus, Nelson Mandela recently had met top-level Middle East businessmen and discussed South Africa's forthcoming elections. The ANC is looking for R43 million to fund its election campaign, Carl Niehaus said. 'The ANC is disadvantaged as far as collecting funds in this country is concerned, therefore we have to look towards the international community. The National Party has collared all the local resources. It would not be strange if members of the ANC election committee had approached the Middle East, undoubtedly the Arabs have a surfeit of money', he said.

[Platt's Oilgram News (UK) 31 March 1992; SouthScan (UK) 28 May 1993; The Citizen (SA) 26 May 1993; The Star (SA) 26 May 1993; Sunday Tribune (SA) 23 May 1993] ■

Fuel overproduction in South Africa

South Africa has an over-supply of fuel, Kevin Davie of the South African Sunday Times writes. The fuel-from-gas project Mossgas has come on stream as local refineries in South Africa are being upgraded and demothballed. Some twenty per cent of Mossgas' production (claimed by the South African government to be 45,000 b/d), is not needed by the domestic refinery. South African oil companies, which are committed to marketing the Mossgas product in relation to their market share, are exporting fuel to be able to accommodate Mossgas production. For these forced exports of excess products, the oil companies receive compensation from the government. A BP spokesman said that 'certain products have to be exported to minimise the impact of Mossgas production. This disadvantage is offset be paying a lower price to Mossgas for about 25 per cent of the products at present bought.' He added that 'importantly, the landed price paid at destination is comparable to the equivalent South African price.'

BP exports fuel to Singapore

In the beginning of April 1993, BP South Africa chartered a tanker to ship 50,000 tonnes of refined petroleum from its Sapref refinery in Durban to Singapore. According to shipping sources BP had hired the 59,998-tonne **Volga** to load from Durban. A spokesperson for BP told Platt's Oilgram News that the shipment was a 'one-off lifting and that BP had no further plans at present to export products on a regular basis.' BP and Shell South Africa jointly own Sapref. The operational capacity of the refinery was 120,000 b/d. It is presently being de-mothballed and upgraded to its designed capacity of 165,000 b/d.

[Sunday Times (SA) 4 April 1993; Platt's Oilgram News (UK) 1 April 1993] ■

Shell might sell subsidiary to Gencor

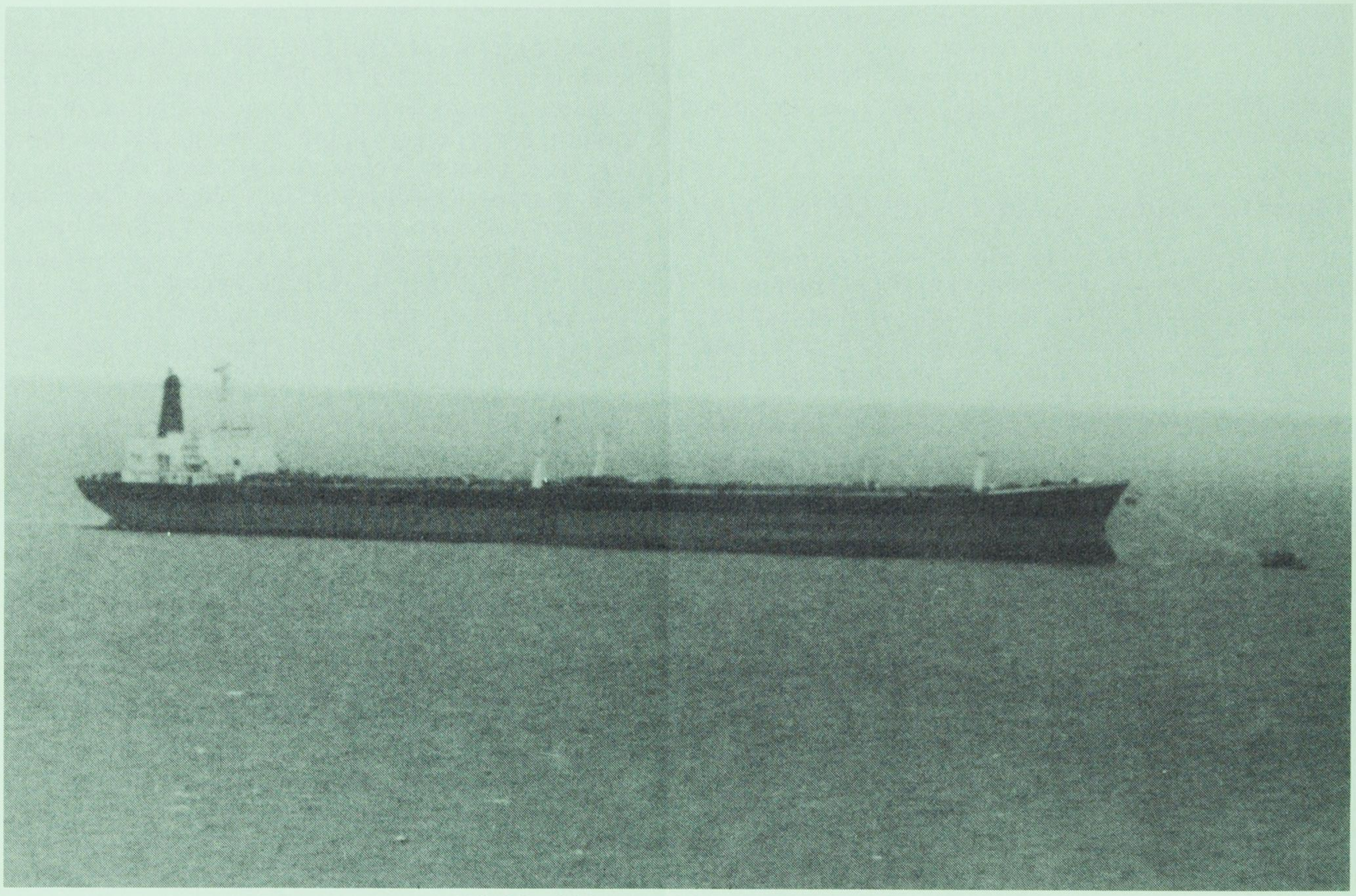
Shell and the South African mining company Gencor are negotiating a take over of Shell's subsidiary Billiton, a mineral and mining company. Billiton's history goes back to 1860, when two Dutch aristocrats founded the company after discovering tin resources in Indonesia. In 1970, Billiton then already a world wide company with several branches, was incorporated in the Royal Dutch/ Shell group. Gencor is specifically interested in the mining and metal sector of the company. Apparently Gencor is very pleased with a possible take-over. The company has for years now been searching for assets that would provide it with the core of a substantial business outside South Africa. 'We have kissed a lot of frogs but none has turned into a princess', is the way Mr. Derek Keys, the former chairman of Gencor, summed up this apparently hopeless quest. Shell has said that the talks would last months.

[Financial Times (UK) 12 May 1993; de Volkskrant (the Neth.) 15 May 1993] ■

WCC conference: oil embargo must remain in place

At the Eucumenical Conference on Investment in a Changing South Africa, organised by the World Council of Churches, it was decided that the oil embargo must not be lifted. According to the final statement all sanctions should be lifted, with the exception of the existing embargoes of strategic materials (this includes the oil embargo) once the date for democratic elections has been set and the Transitional Executive Council (TEC) has been established. The oil and arms embargo should be maintained until the new democratic government is in place. The conference was held in Utrecht, the Netherlands, from 9 to 12 June 1993. It was attended by some fifty participants from Africa, Europe and the USA. ■

Forbidden Picture
Tanker photographed delivering oil to South Africa



The Natal Mercury (SA), 19 March 1993

Now that the South African government is gradually casting off parts of the total clampdown on energy matters, with the explicit exception, however, of all data on the supply and shipping of oil to the country (see lead article), it seems that the South African press has started to take the law into its own hands. On 19 March 1993, in defiance of the secrecy regulations still in force, the Durban-based daily Natal Mercury published a photograph of one of the supertankers involved in what even the government has now labeled the 'clandestine' supply of oil to South Africa.

The Durban oil buoy to which the vessel's bow is attached (to the right of the photograph) is located several kilometres off the coast. The name of the tanker would therefore have been difficult to decipher anyway. However, the secrecy instructions as brought to the ships' notice before their arrival (see messages reproduced in Newsletter No.27, p.9) are still being vigourously enforced. Therefore also in the case of the pictured tanker, the names on the ship's bow and stern were obliterated to avoid detection by those who, like the newspaper's photographer, were able to watch the offloading operation from the shore.

Nevertheless, the Shipping Research Bureau has been able to identify the ship as the **Assos Bay**, a Greek-owned supertanker of 275,333 tons deadweight. Apparently, the photograph must have been taken just a few days before its publication, when the Assos Bay made a secret call at Durban (13-16 March 1993), to unload crude oil from Egypt.

The shipping company operating the tanker, **Adriatic Tankers Shipping Co.**, was never found to be involved in oil shipments to South Africa before 1992. It is one of a number of Greek companies which apparently feel that there is little against re-entering this trade now, despite the fact that the international oil embargo against South Africa is still in force. Vessels operated by the company have been found to deliver several cargoes of embargoed oil to South Africa since September 1992 (Assos Bay and **Myrtos Bay**, 257,073 tons dwt).

Interestingly, the 1974-built Assos Bay has, played a role under her former name British Trident, in the unveiling of what was perhaps the most spectacular scheme ever to break the oil embargo. This scheme, widely known since as the 'Fraud of the Century' (not only involving a breach of the oil embargo, but also, among other things, the theft of oil and gross insurance fraud) involved the tanker Salem, which after a delivery of oil to South Africa in December 1979, was scuttled off the West African coast. Crew members of the British Trident were witnesses to the mysterious sinking on 17 January 1980. Their unwished-for presence on the spot contributed greatly to the eventual solving of the Salem fraud (see e.g. Newsletter No.2 p.2). ■