**ANC STATEMENT**

**OIL FUELS APARTHEID**

*This is part of a press statement put out by the ANC and SWAPO in March 1985, at the time of the appeal to the nations of the world to support the oil embargo.*

Oil is the one resource South Africa does not have. Without imported oil, the regime's occupation army in Namibia, its aggressive capacity in southern Africa, and its repressive and military machine inside Namibia and South Africa would be slowed down. The already overburdened economy would be unable to cope effectively with the costs of implementing apartheid policies and defending itself against popular resistance.

The Pretoria regime has attempted to obscure the issues and imply that it no longer has cause to fear an oil embargo: it is able to produce oil from coal and make clandestine purchases of embargoed oil through bribery and dubious connections. There has also been a systematic attempt to exaggerate the significance of the 'finds' of oil in off-shore exploration.

The true picture is a very different one. Despite an outlay of billions of dollars of capital and a recurring annual cost of over US$1,990-million, which exceeds the military budget allocation for 1984, South Africa remains dependent on the import of crude oil for over 60% of its needs. It continues, and has cause, to fear an oil embargo.

This was confirmed in June 1984 in a confidential report to a Parliamentary Select Committee by the South African Advocate General who was investigating allegations of corruption in the purchase of oil. He states:

"Everybody is acutely aware of the extremely sensitive nature of the information concerning South Africa's crude oil purchases and although the crude oil market has now to a large extent turned into a buyers' market **this has not reduced South Africa's economic and even military vulnerability** in this sphere. As must be clear from the current events in the Persian Gulf an over-supply of crude oil can change overnight into a critical shortage. "

(Section 9.12 - our emphasis)

The regime has invested more than ten billion dollars in the construction of oil-from-coal plants (Sasol 1, 2 and 3) and associated facilities in its efforts to reduce dependence on external sources. These plants are expensive, inefficient and incapable of bringing self-sufficiency. The Chairman of the South African Manganese Corporation, Dr J P Keamey, told a scientific research conference in July 1980 that:

"although Sasol is the only oil-from-coal process presently in commercial operation, it is still wasteful and inefficient when judged by energy conversion standards".

The regime has boasted of its immunity from an oil embargo, as did the former Director of the Strategic Fuel Fund Dr D F Mostert in August 1984:

"Today I can say that we cannot be blackmailed any more due to Sasol 2 and Sasol 3 which have come on stream."

It is ironic that the international audience he tried to deceive had come to Johannesburg to discuss maritime fraud, including the case of the *Salem*.

Dr Mostert's statement was not true. Last year the production of the three plants together was in the region of 85,000 barrels per day. If there are no further technical hitches and the Sasol plants are brought to full capacity, they would still only be able to meet 37% of the country's 1981 liquid fuel consumption. The proportion is considerably lower, once one takes into account increases in consumer demand, the escalating military needs arising from the regime's war against the people in the black townships, together with its military escalation in Namibia, the continued occupation of Angola and the maintenance of an overall aggressive stance in the region.

The figure of over 60% dependence on imports represents an irreducible minimum. Over the last few years the regime has pursued policies to dampen the rate at which consumption has expanded and has channelled energy use to coal of which it has enormous reserves. The use of oil is now concentrated in those areas where it is not possible to replace it with other forms of energy. As a result there is little room for further economies and a reduction of supplies due to a strengthening of the oil embargo will have an immediate impact.

The already overstretched economy cannot build enough additional capacity to achieve self-sufficiency. Present plans provide for an increase of only 6% in the capacity of the Sasol plants by 1987. An additional investment of US$16 - 20,000-million by 1995 would be required to bring the country to about 70% self sufficiency and thereafter the country would have to build one new plant every three years. (*Financial Mail Energy Survey*, March 1982)

Paying for the attempted survival of the apartheid system has brought the economy to crisis. Foreign debt is in excess of US$17,000-million in 1984 representing 30% of GDP. Two thirds of the foreign debt is due to be repaid in 1985. In the past South Africa rolled over most of its debts, but with the growing international pressure for disinvestment and the evident political instability in the country, new loans are more difficult to come by. The South African Reserve Bank is swapping gold to buttress a plummeting Rand, and in the first month of this year the gold content of the reserves dropped from 92% to 78%, with a further decline in February.

The South African economy clearly cannot make the necessary investment in further oil-from-coal plants from domestic sources. The regime has indicated that this area will be left to private enterprise, which will no doubt seek foreign collaborators.

The African National Congress and SWAPO of Namibia emphasise that an essential aspect of the oil embargo is the ending of all financial, technical or material collaboration with any aspect of apartheid South Africa's petroleum industry.

**Drilling For Oil**

The Pretoria regime has spent a lot of money and effort in exploring for oil on land and off shore. Many alleged 'finds' have been announced with great fanfare only to sink into total obscurity thereafter, leading the *Wall Street Journal* (23.12.80) to comment:

'They (South Africa) are inclined to get excited about any possible discovery".

In December 1984, contracts were awarded for feasibility studies on the most promising find in South African waters off Mossel Bay. The US firm of Foster Wheeler will be collaborating on the on shore plant while John Brown of the Clyde will be involved in the off-shore study.

The two fields to be investigated lie 70kin and 58km off shore and at depths of 110m and 94m of water. A gas production of 4.25 million :standard cubic metres is targeted to produce 20,000 barrels per day of liquid fuels such as gasoline and diesel for a period of 20 years.

Preliminary cost estimates indicate that the total development (two off-shore platforms, pipelines and on-shore processing plant) will cost in excess of US$1 350-million over eight years. The cost data source is UK North Sea (July 1984) and could well increase by 30% for the South African location. Given the South African locale and the synthetic process to be used, the costs of the on-shore and off-shore facilities combined would be over $2-billion. Like the Sasol plants the Mossel Bay project is not being assessed in terms of its commercial viability but instead on its possible contribution to the preservation of apartheid regardless of the cost to the South African people.

International collaboration in the Mossel Bay project will provide cover for the transfer of vital technology to South Africa, thus facilitating the proposed development and exploitation of the much larger 'Kudu' field in Namibian waters. Companies who collaborate in exploiting these Namibian assets will be further violating Decree No 1.

**Who Are Pretoria's Friends and Partners?**

"The struggle against boycotts is by no means over. United Nations attempts to prevent crude oil deliveries to South Africa continue. Any relaxation in respect of secrecy can help to spotlight the target and enable our enemies to identify our friends and partners who deliver to us."

(South African Minister of Internal Affairs in Parliament 9.3.83)

Despite draconian legislation providing for imprisonment up to seven years for any breach of the secrecy surrounding the procurement, production, transportation, storage, consumption or any other matter relating to oil and the petroleum industry, a great deal of information has become available about the regime's methods and its collaborating "friends and partners." This information ' cannot be published in South Africa but is otherwise in the international public domain. It can be culled from documents leaked from the regime's own Department of Mineral and Energy Affairs, the 'confidential' Report of the Advocate General presented to a Parliamentary Select Committee in June 1984, the pleadings, disclosures and documents comprising the evidence in a series of cases being heard *in camera* before the South African courts and information available to the ANC and SWAPO together with the research and monitoring by solidarity groups, trade unions, newspapers and others.

**Major International Oil Companies**

British Petroleum (BP), Caltex, Mobil, Shell and Total have established, expanded and continue to operate refineries in South Africa. They are directly involved in the repression ,of the South African and Namibian people and the aggression against South Africa's neighbours by their continued supply of fuel and petroleum products to the military and security arms of the regime in Namibia and South Africa. These companies have diversified their interests in the apartheid economy and help buttress it by investment and the transfer of technology.

The oil majors have been given special incentives to secure their continued collaboration. In 1976 BP, Shell and Total were granted substantial mining concessions. Three years later the Minister of Economic Affairs told Parliament that the oil companies' participation in the highly profitable area of coal exports had been allowed:

"subject to the condition that they continue to fulfil their obligations in supplying liquid petroleum fuels." (*Financial Mail* 18.5.79)

BP, Shell and Total now control 40 % of South Africa's highly lucrative coal exports.

The international oil companies have tried to hide their continued involvement behind South Africa's secrecy laws and behind claims that they have no control over their South African subsidiaries. The regime has further tried to protect them by taking over the major part of crude oil purchases through the Strategic Fuel Fund (SFF). Though crude oil is ostensibly purchased through the SFF or on contracts between oil traders and South African subsidiaries, the international companies are known to have bought directly or arranged for the purchase of embargoed crude for their refineries in ' South Africa. Among companies which have done so are BP, Cornpagnie Francaise de Petroles (CFP), whose subsidiary operates the NATREF refinery in partnership with Sasol, and Shell.

The Advocate General's report reveals the extent to which they all profited from the supply of crude oil:

"As a further incentive to international oil companies to supply their subsidiaries in South Africa with crude oil, $8 per barrel of crude oil was paid under a subsidy scheme during 1980. For each barrel of crude oil imported by a company $8 per barrel, adjusted in terms of oil quality, was repaid to the company. " (Section 3.8)

In subsequent years a lower incentive payment was made.

Other sections of the Report show that strategic collaboration' began in preparation for Rhodesia's UDI. It also predates much of the legislation which these companies claim requires their subsidiaries to collaborate.

1n 1964 the creation of a fund for the stockpiling of strategic crude oil supplies was initiated by the Department of Economic Affairs in conjunction with the Industrial Development Corporation and the oil companies. " (Section 4.1) 1n terms of specific guidelines that had been laid down, amounts were collected from oil companies for the fund and oil companies

also received compensating amounts from the fund for the creation of storage facilities. " (Section 4.3)

"The **Equalisation Fund** came into existence as a result of discussions held by the Minister of Economic Affairs with the managing directors of all the local oil companies ... during November 1978. " (Section 4.10.1)

It is from this Equalisation Fund that companies are:

"compensated for abnormal costs in connection with crude oil purchased by the companies for use in South Africa." (Section 4.10.1)

The international oil companies advertise their collaboration with apartheid in the South African press and deny it to their shareholders. The evidence is plain and unambiguous, as is the need for their prompt and total withdrawal from South Africa and Namibia.

**The Shipping Companies**

Tanker owners, charterers and managers involved in transporting embargoed oil and products to South Africa and Namibia have done so in the full knowledge of the criminal nature of their involvement. They have attempted to disguise their ships, changed the names, maintained radio silence, declared false destinations and connived in the presentation of forged discharge and customs certificates. Their methods have placed in jeopardy the freedom of their crews in non-South African ports and their safety in the waters near South Africa.

Governments can bring an end to this traffic by legislating to prevent their national fleets or ships which fly their flag from engaging n this trade. All governments can also deter and reduce the profits by acting against the companies and ships involved.

**Oil Traders Companies and Middlemen**

Two oil traders feature prominently inn thee Advocate-General's Report: John Deuss of the Netherlands and the American tax evader Marc Rich now living in Switzerland. The very substantial profit from the clandestine supply of oil to South Africa has proved a great attraction, and the South African courts have witnessed the battles over the spoils as the thieves have fallen out.

The Advocate-General allegedly clears South African officials of improper enrichment, yet his own Report details *in extensio* the substantial premiums that were written into the contracts and were divided among the intermediaries:

"He (John Deuss) said that part of the premium would go into the pockets of some of the people involved..." (Section 6.4. 11)

The cases in the courts reveal that middlemen were authorised to disburse substantial additional commissions when setting up the deals. There were no checks on those individuals who were the ultimate beneficiaries of this bribery.

The Report of the Advocate-General provides evidence that would stand up in any court of law, that the two oil traders, John Deuss and Marc Rich, contracted to supply the Pretoria regime with embargoed oil. Discussions over prices, premiums and terms are outlined for a three-year contract with John Deuss to supply four million tons of crude oil per annum and later an additional two million tons. The Marc Rich contratt was for the delivery of seventeen consignments over one year. John Deuss and Marc Rich are known to have supplied crude oil and products under a number of other contracts with the SFF, Shell and Total.

Amongst their cargoes have been Brent crude (British North Sea) and Ekofisk (Norwegian). Both these traders are still involved in this trade.

The African National Congress and SWAPO of Namibia urge all governments to take legal action against these two criminals and refuse any- further dealings with them. They should also penalise all others engaged in this nefarious trade.

**Companies Providing Technology, Capital Equipment and Finance.**

South Africa desperately needs technology. The Sasol plants, which the regime claims as its own achievement, require a great deal of foreign technology. The list of collaborators reveals the extent and scale of the support given to apartheid South Africa by the Federal Republic of Germany, France, United States and other countries. South Africa still needs and seeks technology, finance and equipment for research and production of fuel alternates and substitutes such as ethanol and methanol and for its exploration programme. Those who have invested and collaborated in strengthening apartheid's petroleum industry have brought funds, technological expertise and managerial skills. Each is vital and must be encompassed in the oil embargo. All must be stopped.

**Stop Oiling the War Machine of South Africa and Help Bring About Genuine Peace in Our Region.**

Source: **http://www.anc.org.za/ancdocs/pr/1980s/pr850300.html**

**Source:** **http://www.engineeringnews.co.za/article.php?a_id=108180**

***Sasol denies responsibility for deaths during apartheid-era strike***

By: Matthew Hill
Published: 2 May 07 - 9:17

Petrochemicals company Sasol, led by **Pat Davies**, on Monday denied that it was responsible for loss of life during strike action at its facilities nearly 20 years ago.

In a statement emailed to *Engineering News Online*, on Monday night, the firm said that it had been notified that a group calling itself Khulumani Support Group, ostensibly

representing former Sasol workers, would demonstrate and hand over a memorandum at its head office in Rosebank on Wedsnesday.

Sasol spokesperson Marina Bodoli confirmed that some 100 protestors met outside the firm's offices on Wednesday.

"We did accept a memorandum," she said, but could not provide further details, other than saying that it was a peaceful protest, without incident.

Khulumani claims to represent workers who were dismissed during strike action at Sasol One in Sasolburg in 1987, and alleges that Sasol was responsible for the loss of life during this strike action at Sasol facilities nearly 20 years ago," the petrochemicals giant said. " Sasol categorically denies this. We have no knowledge of the number of people Khulumani refers to, nor are we aware of any evidence of this."

The ex-workers were planning to meet outside the firm's offices in, to protest a perceived failure by the company to redress harm sustained by employees that were allegedly wrongfully dismissed.

Some 2400 Sasol 1, Natref and Fluor workers were unfairly dismissed twenty years ago when they participated in a strike that commenced on October 1, 1987, Khulumani reported.

"A claim in the South African Industrial Court for the reinstatement of the workers was dismissed shortly after this industrial action and was unsuccessful on appeal," Sasol argued.

Sasol said that it would consider the memorandum's contents, the company stated.

Edited by: Liezel Hill

## *Sasol rakes in profits while SA feels the pinch*

July 29, 2008 *Edition 1*

**Terry Bell**

In today's article in our series, journalist and author Terry Bell suggests that Sasol's R100-million-a-day profits may offer the government the key to a more equitable fuel policy.

It would be quite laughable, were it not so serious, that government ministers such as the Department of Energy's Buyelwa Sonjica say that they and the administration have their "hands tied" regarding fuel price fluctuations and increases.

The same argument is put forward by Eskom, backed by the government, regarding the need to make consumers pay much more for electricity in order to cover the R300 billion needed for infrastructure development over the next decade.

When, toward the end of last month, Sonjica announced the latest fuel price hike, she excused it by asking: "What can we do?" She then went on to act "decisively" by removing an initially proposed 5.4 cent wholesale margin from the latest overall fuel price increase.

However, being "mindful of crude oil prices" - the reason there may be a slight downward adjustment next month - she still announced price hikes ranging from 63 cents to 75c a litre for various grades of motor fuel and 49c for that cooking and heating essential of the poor, paraffin. Government, the minister maintained, was doing all it could.

But this last statement is only true if the current fuel pricing structure is accepted and if the country has no way of escaping being held to ransom by oil suppliers and the variable and soaring prices on the global oil market.

Taxes can always be adjusted downwards or dropped. Subsidies can also be introduced, although this would not have a major impact on the price of fuel unless it crippled the fiscus in the process.

However, there is Sasol, our much vaunted fuel-from-coal developer and supplier. This company provides anywhere between 23% and more than 30% of our liquid fuel requirements.

Some estimates put Sasol's contribution to the country's fuel consumption as high as 38% of the country's fuel demand, but a Department of Finance task team reported in July 2006 that it was 23% or 45 000 barrels of oil per day.

Whichever way it is looked at, this is a substantial proportion of our oil and, therefore, liquid fuel requirement. Sasol also sells this fuel into the local market at the same price demanded for fuel made from imported oil. So it is no surprise that this company - 40% of it now owned by investors outside South Africa - records profits of about R100 million a day.

According to the latest estimates, Sasol's accumulated profits for the six years to June 2009 will come in at a whopping R112bn. The company's annual report forecasts that the net after tax income to shareholders will be R44bn next year, an increase of R19bn on the figure for this year.

But these are merely new profit records. Sasol has been reporting massive returns for years.

In its 2006 annual report, for example, it noted that, although it had produced only 1% more product, operating profit had increased by 44% to R20.7bn, with R10.406bn going to shareholders. That was because of the higher oil price, a price which has continued to escalate. It has done so for the basic reason that world demand continues to rise while production has almost certainly reached a plateau - and is poised to decline.

Since 2006, the price has gone still higher - and the profits of Sasol have followed suit. Which is hardly surprising since this coal-to-fuel operation probably produces liquid fuel - petrol and

diesel - at the equivalent of anywhere between $15 and $25 a barrel, with most estimates being at the lower level, although the exact figure is a commercial secret.

This was a technology grabbed at by the former apartheid regime when it feared being isolated by the world and possibly having to weather sanctions which would involve oil. So a German-developed technology was imported to South Africa and improved. But despite the improvements, it was still, in the early years, an expensive exercise.

Forty or 50 years ago, oil - which cost no more than $10 a barrel for benchmark crude - tended to be widely regarded as some sort of infinite resource. At that time, oil from coal cost closer to $30 a barrel. That meant massive subsidies, which the apartheid state was prepared to pay to ensure a degree of fuel independence.

But when the state pays subsidies, it is the taxpayers who bear the burden. So for years, taxpayers of this country, across the board, paid to maintain an enterprise that, in market terms, was uneconomic. But it produced fuel. And it did so from a copious natural resource of relatively cheaply mined coal.

Then came 1973 and the now legendary oil price shock. Suddenly, a commodity that had provided cheap fuel to power the industries and motorised vehicles of the world became quite expensive - and promised to be even more costly in future.

By 1979, with steadily rising oil pries established, Sasol became profitable. And with profitability came privatisation, with the state recouping a tiny proportion of the taxpayers' money spent on developing the enterprise. Although the state retained a holding - the Public Investment Corporation and the Industrial Development Corporation still hold, between them, 26.3% of shares - a number of shrewd investors set themselves up to make large amounts of money.

Increasingly, in recent years, those investors have come from outside the country. The local holdings of shares in Sasol have shrunk by about 10% over the past two years, with 40% of dividends now flowing abroad, helping to boost our already frightening current account deficit.

Because of the huge profits accruing to Sasol, Finance Minister Trevor Manuel set up a task team in 2006 to see whether a "windfall tax" on such massive profits should be levied. Such a tax could be used to alleviate poverty and perhaps provide some relief to hard-pressed consumers.

But last year, Manuel turned down this opportunity. He did so on the basis that it would not be "in the interest of a conducive environment for additional investments in domestic fuel security". The fact that future investments by Sasol, like the coal-to-oil plant nearing completion in Qatar, are likely to be outside South Africa, was apparently discounted.

Apart from murmurs in the labour movement, there has also been no mention of possibly re-nationalising Sasol, which, under public ownership was also efficient. But a windfall tax was at least considered - and thrown out.

In the same way, the Treasury discounted calls, mainly from within the labour movement, for the government to step forward with a grant of R300bn over 10 years to fund the infrastructure requirements of Eskom.

Such money, from state coffers, already comes from taxpayers, the same people who are now being made to pay for the infrastructure upgrade through increased electricity tariffs.

But, as Cape Town tax consultant Desmond Robson points out, making us pay more for electricity will not only result in Eskom receiving its R300bn, it will also result in the government creaming off another R42bn in value added tax, since VAT is charged on electricity provision.

Policy alternatives were considered - and choices made. Neither Sonjica, Manuel nor the rest of the government, therefore, have their hands tied when it comes to policy responses.

They have choices, especially regarding fuel prices and funding for electricity infrastructure - and they have made them.

We, as voters and consumers, need to be aware of the available choices in order to decide whether or not they are in our interests; whether they may, perhaps, make the already rich richer at the expense of the poor, or whether they are truly for the benefit of the majority.

**http://www.capetimes.co.za/index.php?fArticleId=4530202**