

MOBIL AND RHODESIA

By Bernard Rivers

Over a decade ago, Ian Smith's minority white regime unilaterally declared independence in Rhodesia. This action, and the repression which followed, were condemned by virtually every nation in the world, and an economic embargo was imposed through the United Nations. The then British Prime Minister, Harold Wilson, declared that the rebellion would be over "within weeks, rather than months." This confident prediction was made on the assumption that the embargo on oil would be effectively implemented. But it was not. The oil is still flowing, and the Smith regime is still in power.

The United Church of Christ released in 1976 a report entitled "The Oil Conspiracy" which revealed that Mobil was one of the major companies involved in supplying the Smith regime with its oil. As a result of the evidence in that report, oil "sanctions-busting" has become a major political issue, and the activities of Mobil and other oil companies have been condemned by numerous African and other leaders.

This "CIC Brief" is based on testimony presented before the United Nations Sanctions Committee in July 1977 by Bernard Rivers, a British freelance researcher on Third World issues. He was the principal author of "The Oil Conspiracy" and has been investigating this subject for over three years.

Oil and Rhodesia

Rhodesia is a landlocked country to the north of South Africa, and only four percent of its 6.5 million population is white. Formerly a British colony, Rhodesia has always been controlled by the white minority. During the 1960s, the British made it clear that they would not grant Rhodesia independence unless the black majority was given certain basic electoral rights. This the whites refused to do, and in November 1965 they defied

Britain and the rest of the world by proclaiming a "unilateral declaration of independence (UDI)." The regime which the whites established, led by Ian Smith, has since then failed to receive formal diplomatic recognition from any other government.

Since UDI, the Smith regime has consistently refused to grant "one man, one vote," or anything approaching it. The whites live in considerable affluence and control every aspect of the economy. Numerous black leaders have been imprisoned, and hundreds of black villagers have been beaten or killed over the years. A steadily escalating war is being fought throughout the country; the black majority has been obliged, in the absence of other effective options, to form liberation movements to fight for the establishment of a government which will grant them

their basic rights.

Shortly after UDI, the United Nations Security Council recommended that economic sanctions be imposed against Rhodesia on a voluntary basis. This proved to be ineffective, and so by May 1968 the Security Council had introduced mandatory sanctions on all except humanitarian goods. As a result of these U.N. resolutions, all countries in the world except Switzerland and South Africa have made it illegal to trade with Rhodesia. Never before in history has the international community so clearly expressed not only its condemnation of a regime, but also its determination to do all it can short of military intervention in order to help bring that regime to an end.

Yet the white minority still controls Rhodesia. A sufficient number of individuals, companies, and governments

ITEM I

The Oil Companies Involved

The five oil companies referred to in the text are listed below. Each company owns a subsidiary in South Africa and a subsidiary in Rhodesia. After UDI, the Rhodesian subsidiaries became "directed" companies under Rhodesian legislation, and the parent companies claim to have no control over their operations.

Company	Country
BP (British Petroleum)	British company in which the British government has a 51 percent interest
Caltex Petroleum Corp.	U.S. company, jointly owned by Standard Oil of California and Texaco
Mobil	U.S. company
Royal Dutch/Shell	40 percent British and 60 percent Dutch
Total	Wholly-owned subsidiary of the Compagnie Française des Pétroles (CFP), in which the French government has the largest shareholding.

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have been prepared to trade with Rhodesia to enable the regime to survive the imposition of sanctions. In particular, Rhodesia has managed to import all the oil it needs.

Rhodesia has no oil supplies of its own, and its only refinery has been out of action since 1965. It therefore has to import the entire range of refined oil products, namely, fuels (such as petrol and aviation fuels) and non-fuel oil products (such as lubricants). These can only come from oil refineries in South Africa. Three of the four South African refineries are wholly owned by Western companies: Mobil, Caltex, and Shell/BP.

Report by the United Church of Christ

Oil is absolutely vital to the economic and military survival of the Smith

regime. Yet the details of how and by whom it has been provided were, until recently, a closely guarded secret. Then, in June 1976, a report entitled "The Oil Conspiracy" was published in New York by the Center for Social Action of the United Church of Christ. This report, containing the most important information ever revealed on sanctions-busting, was based on 17 secret documents which had been obtained by others from Mobil's South African and Rhodesian subsidiaries.

"The Oil Conspiracy" explains how most or all of the oil which Rhodesia has imported since UDI has been deliberately supplied in defiance of U.N. sanctions by the South African subsidiaries of two American oil companies (Mobil and Caltex) and three other Western oil companies (Total, Shell, and BP). The South African subsidiaries of these companies did not sell the oil *directly* to Rhodesia.

They sold it via other intermediary companies in South Africa. Mobil called this scheme a "paper-chase" (see ITEM III). Its purpose was to minimize the chances that the role of the five oil companies would be detected.

Under the scheme, the South African subsidiaries of the five oil companies would sell oil products to a South African company (usually a prominent shipping and forwarding company called Freight Services Limited, or a company acting on its behalf), knowing that the oil would then be passed on to other intermediary companies, which would eventually sell it to the required recipient in Rhodesia. The Rhodesian recipient was usually GENTA, an agency set up by the Smith regime to coordinate the importation of oil products.

After receiving the oil from the South African intermediaries, GENTA would sell it to the Rhodesian subsidiaries of the five oil companies for final sale to the public. Thus the South African subsidiaries of the five oil companies could always claim that they made no sales to Rhodesia, although indirectly they were in fact providing most of Rhodesia's needs.

Even if it were somehow discovered that certain oil products had found their way to Rhodesia from the South African refineries owned by the five oil companies, the scheme was still safe — so long as nobody could prove that there was *intention* on the part of the oil companies for their products to reach Rhodesia. But the documents reproduced in "The Oil Conspiracy" revealed that there was indeed this intention for the oil to reach Rhodesia.

"The Oil Conspiracy" concluded that:

1. The South African subsidiaries of the five Western oil companies have, via intermediaries, provided virtually all of Rhodesia's oil requirements since UDI.

2. Until 1976, when Mozambique closed its border with Rhodesia, most of the oil went from South Africa to Mozambique by sea and then by rail to Rhodesia. Since the border closure, most of it has gone by road and rail directly from South Africa to Rhodesia.

3. The involvement of the South African subsidiaries of the five oil companies was deliberate and conscious; in no sense were they unwittingly selling to South African companies without realizing that these companies were reselling to Rhodesia.

ITEM II

Excerpts from the Mobil Documents

The Mobil documents shown in "The Oil Conspiracy" contain some highly incriminating quotes, including the following.

— From an internal Mobil-Rhodesia report:

When orders for lubricants and solvents are placed on our South African associates [i.e., Mobil-South Africa], a carefully planned paper-chase is used to disguise the final destination of these products. This is necessary in order to make sure that there is no link between MOSA [Mobil-South Africa] and MOSR's [Mobil-Rhodesia's] supplies. . .

This paper-chase which costs very little to administer, is done primarily to hide the fact that MOSA is in fact supplying MOSR with product[s] in contravention of U.S. Sanctions regulations. . .

GENTA allocates to Mobil the importation of Premium, Regular, ADO [diesel fuel], and Avtur [Aviation turbine fuel] . . . While Mobil imports Avtur, other companies import kerosene, avgas, etc.

— From Mobil-Rhodesia to Mobil-South Africa, concerning one of the flow diagrams [similar to that illustrated in ITEM III]:

[The different stages of the paper-chase] are, to all intents and purposes, meaningless and are merely our false trail being laid. . .

You might consider that the procedure that we have adopted is unduly complicated and unnecessary, but as was conveyed to you when you were here, it is the wish of George's people [a reference to GENTA, whose chairman is George Atmore] that we involve and complicate this matter to a far greater degree than pertains at present in the hope that it will discourage an investigation.

Recent Developments

A number of extremely important revelations and political developments took place during the year following the publication of "The Oil Conspiracy." First, the British-based multinational corporation Lonrho revealed that it too had gathered considerable evidence confirming and amplifying the allegations made in "The Oil Conspiracy." This evidence, some of which is as yet unpublished, forms the basis of a breach-of-contract lawsuit which Lonrho has filed against the five oil companies.

The background of the law case is that it was a Lonrho subsidiary which built the oil pipeline from the Mozambique coast to Rhodesia, and in 1962, this subsidiary signed a contract with the five oil companies, in which they guaranteed that they would use this pipeline *and no other route* to supply Rhodesia. When sanctions forced the pipeline to close, and the oil companies decided to send oil products to Rhodesia from South Africa, they were thus acting in breach of the contract which they had signed with the Lonrho subsidiary.

The second main development is that the Zambian government has instituted its own lawsuit against the five oil companies. It is claiming damages of some \$6,400 million, possibly a world record figure. The oil companies are accused, among other things, of depriving Zambia of oil in the mid-1960s so as to build up stocks in Rhodesia, thus damaging Zambia's economy.

Third, the five oil companies and the governments of the countries in which they are based (the United States, Britain, France, and the Netherlands) have been strongly criticized in several intergovernmental conferences during 1977. These conferences include the OAU Summit, the Commonwealth Conference, the Afro-Arab Summit, and the U.N. Conference at Maputo.

Finally, the British government has established an official inquiry to investigate allegations, first made in "The Oil Conspiracy," that Shell and BP (Britain's two largest companies) have been involved in supplying oil for Rhodesia.

Mobil's Response

The most detailed evidence which is available so far applies to Mobil. (See

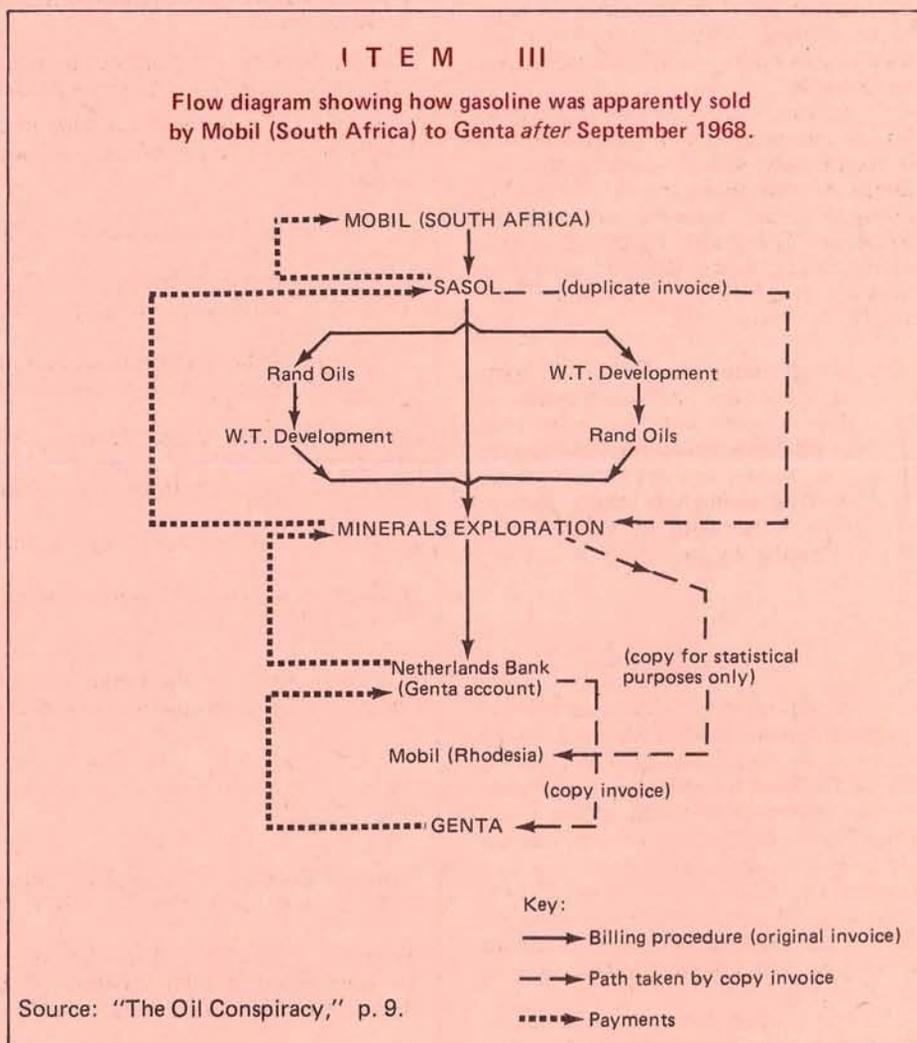
ITEM II.) When testifying before the Senate Subcommittee on African Affairs in September 1976, Mobil officials were unable to deny the central allegation made against the company. They said that they could not discover if the allegations against them were valid or the documents genuine, claiming that South African legislation makes it impossible for the parent company either (a) to find out if its South African subsidiary is supplying Rhodesia via intermediaries, or (b) to stop this if it is happening. By these arguments they are in effect saying that they have lost control of the subsidiary, even though they still receive the profits from its operations.

Clearly, any U.S.-owned company in South Africa serves two masters — its parent company, and the South African government. When the policy of the two masters diverges, it would appear (according to Mobil) that the South African government has its way. This is a point which should be given serious consideration by

those who still believe that American companies can be a strong influence for progress within South Africa.

Mobil has claimed that U.S. sanctions regulations do not prevent the South African subsidiaries of American companies from trading with Rhodesia so long as U.S. personnel and products originating in the United States are not involved.

Unfortunately it may be true that as currently written, the sanctions legislation in Britain, France, the Netherlands and the United States does not apply to South African subsidiaries. This represents a crucial loophole in the various national laws. It has been suggested that U.N. sanctions orders could be modified to render the parent oil companies legally liable for any sanctions-busting activities by their South African subsidiaries. There are indirect precedents for such legislation. Under the Trading With the Enemy Act of the United States, it is illegal for American corporations *and* their overseas



subsidiaries to trade with North Korea and certain other countries.

Shortly after publication of "The Oil Conspiracy," the U.S. Department of the Treasury carried out an investigation into its allegations against Mobil. The investigation lasted 11 months. It concentrated on the narrow question of whether American personnel or products of American origin were involved, rather than on the wider question of whether "The Oil Conspiracy" was correct in its central allegation that Mobil's South African subsidiary had been supplying Rhodesia via intermediaries.

Even within its own narrow scope, the Treasury report was almost entirely inconclusive. Treasury investigators were apparently unable to obtain any information from South Africa, and so claimed that they could not prove or disprove the authenticity of the documents in "The Oil Conspiracy" — with the exception of one document, which they did authenticate.

However, they failed to follow up a number of fairly obvious avenues; for instance, they made no inquiries in Mozambique, through which much of the oil used to pass on its way from South Africa to Rhodesia.

In fact, it now appears that inquiries are becoming somewhat irrelevant. It is increasingly widely accepted that the South African subsidiaries of Western oil companies *are* involved in supplying Rhodesia. The British Foreign Secretary succinctly expressed the only remaining question in a BBC-TV interview on June 16, 1977, when he said:

We all know that oil sanctions-breaking goes on. The question is, does it go on with the connivance of international companies based in this country and the United States, or is it going on purely because their subsidiaries in South Africa break the system?

Action Required

At this moment, a vicious war is being fought in and around Rhodesia. Every mile that Smith's forces drive an armored car or fly a jet bomber is made possible by fuel imported via South Africa. If the United States and other Western nations are serious in their desire to bring about majority rule, then they should force their own oil companies to halt the flow of fuel to Rhodesia. This would have an immediate and crippling effect on the Smith regime.

The United States is in a strong position to take an effective lead on this

issue. The U.S. government should exert firm and immediate pressure on these two companies to instruct their South African subsidiaries to make every effort to ensure that oil they sell does not reach Rhodesia. No bulk sales should be made to those customers in South Africa who cannot provide written assurances that the oil is not intended for supply to Rhodesia.

Oil sanctions will never be fully effective until South Africa cuts off the flow to Rhodesia. The South African government has so far refused to do this. Accordingly, the U.S. government, in addition to acting against the oil companies, should work through the United Nations Security Council for an extension of the oil embargo to cover South Africa itself.

ITEM IV

What You Can Do: Action Suggestions for Individuals and Organizations

Whether or not U.S. oil companies have actually broken the law, there is no question that they have exploited to the full a *loophole* in the law which enables them to act completely against the spirit of all the U.N. resolutions concerning Rhodesia.

Pressure is needed on the oil companies and the U.S. government:

- a. for the parent oil companies to stop their South African subsidiaries supplying oil for Rhodesia;
- b. for parent oil companies to be rendered legally liable for the sanctions-busting activities of their South African subsidiaries;
- c. for the U.S. government to support a partial or full international embargo on the supply of oil to South Africa, until such time as South Africa ceases to pass oil on to Rhodesia.

Concerned organizations and individuals could:

1. Write to Rawleigh Warner, Jr., Chairman, Mobil Corp., 150 E. 42nd St., New York, N.Y. 10017, concerning a) above.
2. Write to Michael Blumenthal, Secretary of the Treasury, 15th and Pennsylvania Ave., N.W., Washington, D.C. 20220, concerning b) above.
3. Write to Cyrus Vance, Secretary of State, 2201 C St., N.W., Washington, D.C. 20520; and to Andrew Young, U.S. Ambassador to the United Nations, 799 U.N. Plaza, New York, N.Y. 10017, concerning c) above.
4. Write to your representatives and senators on all three points above.
5. Support shareholder resolutions filed by church groups with Mobil, Texaco, or Standard Oil of California.
6. Inform others of the importance of this issue, using this brief and "The Oil Conspiracy," (see information to order below).

— Resources.

"The Oil Conspiracy," available from: The Office of Church in Society, 8th Floor, 297 Park Ave. South, New York, N.Y. 10010; \$1.00 plus postage.

Testimony of Bernard Rivers before the U.N. Sanctions Committee, July 1977, available from: Interfaith Center on Corporate Responsibility, Room 566, 475 Riverside Dr., New York, N.Y. 10027; \$1.00 plus postage.