Mr. B. R. Dorsey, President
Gulf Oil Corporation
Gulf Building
Pittsburgh, Pennsylvania 15230

April 2, 1971

Dear Mr. Dorsey:

Enclosed with this letter is my Gulf credit card, which I have used with pleasure from Alaska to Texas and New York.

I have no major complaints about Gulf products, service or even the restrooms which are usually clean and in working order around the country.

The reason I am returning my card and requesting the cancellation of my account is two-fold:

First, there is the rapidly accumulating data substantiating the considerable economic support Gulf provides Portugal for the privilege of exploiting the petroleum resources of Angola, Cabinda and Mozambique. The indirect effect of this arrangement is the continuation of Portugal's colonial control and military repression of the non-white African populations that are struggling for independence and self-determination in those territories of South Africa.

Second, your threat of legal action against the Ohio Conference of the United Church of Christ aroused my fighting instincts. At the same time, I began to realize that if Gulf and other American corporations were to be induced to adopt a more humane style of operation and elevate the survival and development of peoples as a priority at least equal to the profit motive, a widespread boycott of their products in the United States might be required.

I feel sure you must agree that, in light of our own national history, it is un-American to support, directly or indirectly, any colonialism which represses people who are struggling for their independence. More than 10 years ago the United Nations adopted the Declaration on the Granting of Independence to Colonial Countries and Peoples. The year 1971 is to be observed as International Year for Action to Combat Racism and Racial Discrimination and the UN has called for intense efforts to eliminate colonialism and *apartheid*, and for the realization of civil, political, economic, social and cultural rights for all peoples regardless of their race, colour or national or ethnic origin.

If Gulf would give active support to this program of the UN, I would gladly become a customer again.

Sincerely,

Richard K. Heacock, Jr.

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Joint Seminar Director

GULF OIL IN CABINDA

Gulf Oil is the largest single American investor in Portuguese Africa; it began prospecting in Cabinda (the Angolan enclave between the two Congos) in 1954, made its first important oil strike in 1966, and had invested $130 million by the end of 1969 in developing the most profitable oil venture in Portuguese Africa, and was planning further massive expansion (a projected $76 million) in the immediate future.[1] In 1967 Cabinda Gulf set itself an export target of 150,000 barrels a day (bbpd) by 1970; by June 1969, production was moving rapidly past 30,000 bbpd. Recent finds both on- and off-shore make it likely that previous production estimates will prove conservative. Official sources in Lisbon consider Cabinda capable of producing some 12 million tons of crude oil annually. Those closer to the scene in Angola talk of even greater possibilities, which would place Cabinda among the first four or five oil producers in Africa.[2] Gulf, the sole concessionaire in Cabinda, regards this as "one of the major growth areas in the corporation."[3]

GULF $ HELP PORTUGAL KILL ANGOLANS

FIGHT FOR PEOPLE'S CONTROL OF RESOURCES

(Sticker produced by the New York Committee of Returned Volunteers)

Thus great wealth is being generated in Cabinda, but none of the bounty reaches the African population; it is being shared between the colonial Portuguese Government and Gulf Oil.

In fact Portugal fought very hard in Cabinda to ensure that it would reap the benefits of Cabindan natural resources. South African journalist Al J. Venter, in his mission to alert the "Western world" as to the crucial struggle being fought "for the preservation of European civilization in Africa" by the Portuguese, makes some interesting revelations about the struggle in Cabinda. Describing the events of 1961-1962 he says: "After the initial onslaught which followed close on the heels of the March 1961 attacks in Northern Angola, the insurgents (the People's Movement for the Liberation of Angola, MPLA) were successful in occupying more than 90 percent of the enclave . . . They were successful in routing the ill-prepared Portuguese militia and police and stopped just short of the capital, Cabinda." He goes on to describe the long battle the Portuguese had to re-establish their control, commenting on the crucial importance of air support in the struggle and on the constant use of U.S.-built planes in the battles he saw. Of Gulf itself, he says, "Although they were obliged to suspend operations during the worst of the terrorist raids in 1961, machine-gun muzzles were barely cold before they moved in again."[4]

Portugal intensified its efforts to pacify Cabinda after the first Gulf strikes in 1966. Extra troops were moved into the area and the cordoning off of the population into **aldeamentos** was speeded up. In 1967 Cabinda received the largest of the budget allocations in the colonies for its rural re-grouping program. Thus the Portuguese were carrying out their side of their contract with Gulf Oil, for in that contract they specifically agree "to undertake such measures as may be necessary to ensure that the Company may carry out its operations freely and efficiently, including measures to permit the Company the use of and free access to public land and such measures as may be necessary to prevent third parties from interfering with the Company's free exercise of its contractual rights."[5] Further, the authorities "agree to provide military guards to protect the oil fields if special security measures prove necessary." Complementary to these security measures all foreign company contracts now stipulate that the company involved is bound to support the Portuguese Government "in securing peace and order." Allocations for the construction of military barracks and payments to the Portuguese Government for the defense of "national property" are other standard clauses in current contracts.

Venter describes some of the Gulf camps he saw as "surrounded by 8-ft. barbed wire fences and spot-lights." Gulf also employs its own security guards, who are "expected to keep watch for sabotage" as well as to defend Gulf property against outside attack.[6]

Thus it emerges that Gulf runs its operation behind a complex defense screen, in close cooperation with the colonial government. The enemy? The African people of Cabinda and Angola.

THE ECONOMICS OF GULF OIL

The 1966 contract between Gulf and the Portuguese Government involved a whole series of payments to be made by Gulf during the lifetime of the agreement. Payments included surface rent, bonuses, income tax equivalent to 50 percent of any profit, a contribution to the Mining Development Fund, and certain concession payments. When Gulf signed the new agreement at the end of 1968 the Portuguese were facing escalation of the war on all three battlefronts in Africa. The metropolitan Portuguese budget was already effectively allocating almost 50 percent of all annual expenditure to the war. Still more money was needed—and Gulf proved to be at least one good source of such revenue. Thus the new contract was drastically revised, giving the government considerable extra financial benefits.[7]

Surface Rent was raised retroactively to 2,000 escudos ($70) per square kilometre for the period January 1, 1967 to December 31, 1970, the unpaid balance to be **paid in advance** within 30 days of the signing of the contract.

Minimum Investment was set at 25 million escudos ($875,000) on development for the first five-year period plus 75 million escudos ($2,625,000) to be spent annually on prospecting.

Royalties were set at 10 cents (U. S.) a barrel to be paid monthly from January 1, 1969, in the currency actually earned. (The expected 150,000 bbpd. output would thus provide the government with an annual royalty payment of $5.5 million, or $15,000 a day.)

Income Tax paid by the company was to be 50 percent of its net profit. The estimated amounts due for 1971-1973 had to be **paid in advance,** within 30 days of the signing of the contract.

Mining Development Fund payments required from the company totalled 20 million escudos ($700,000) for the period 1968-1977 with an estimated half **paid in advance,** within 30 days of the signing of the contract.

Direito de Concessao is a concession right enjoyed by the government equivalent to 12.5 percent of all petroleum produced, in addition to the 50 percent tax on profit. The government has the option of taking the value, calculated on the posted price, instead of the petroleum.

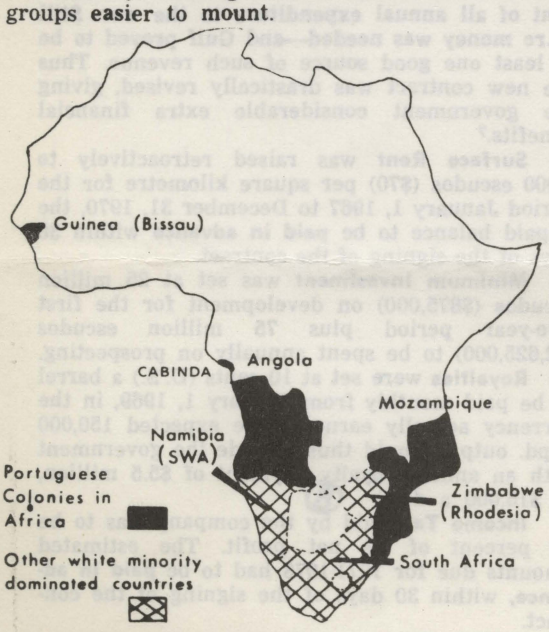
A recent United Nations' study estimated that the Portuguese Government probably obtained total payments amounting to 563 million escudos (more than $20 million) from Gulf in 1969.[8] (It seems relevant to point out that the provisional Angolan budget allocation for military expenditure for 1969 was double that amount, 1,250 million escudos—$44 million.) C

Two other aspects need to be examined in relation to Gulf's role in Cabinda.

The first is the classic development argument which contends that any large investment in an underdeveloped economy must be good for the mass of the people, even if only indirectly, through spill-over effects. Cabinda is now commonly described as a boom town, but in fact the boom is very circumscribed. Gulf is variously reported to have employed between 2,000 and 500 people in its operation. A recent **Christian Science Monitor** reporter says, "Gulf has installed workshops and accommodation for 400 technicians, mainly Americans."[9] Gulf officials, in an interview in March 1970, said they were employing 64 expatriate employees (mainly American) and 182 Portuguese, both white and black. All sources agree that wages for the technicians are high; Venter describes them as more than $2,800 a month. In the nature of the case technicians are highly trained, skilled men. Very few, if any, Africans would qualify for such posts, because the Portuguese educational system has made it almost impossible for blacks to acquire any education until recently. Thus the technicians' jobs (whatever their number) will go to whites, while the Africans fill the unskilled labor vacancies at wages that normally average $1 a day.

New houses have been built in Cabinda since the oil finds, but even the Portuguese officers complain that competition with the Americans has driven prices beyond their reach. Few Africans can afford those new houses. E

New roads have been built in booming Cabinda; they serve to move troops quickly across the country, making attacks on the liberation groups easier to mount.



If Cabinda is a boom town, its boom is for whites only. Any wealth created by the Gulf operation that does not flow into the hands of the Portuguese Government for defense expenditure is mopped up by the local settler population. F

Finally, it is important to recognize the particular significance of the product Gulf is extracting from Cabinda: **oil**, a crucial strategic material. Portugal has, in its contract with Gulf, retained the right to a large percentage of the oil produced. Current Portuguese oil consumption is 78,000 bbpd. When Gulf reaches its projected 150,000 bbpd production, it will be able to provide Portugal with a source of oil safe from all threats of international sanction, a fact which the Portuguese have been quick to recognize. As Rebocho Vaz, Governor-General of Angola stated: D

> As you know, oil and its derivatives are strategic materials indispensable to the development of any territory; they are the nerve-centre of progress, and to possess them on an industrial scale is to ensure essential supplies and to dispose of an important source of foreign exchange.
>
> Apart from this, in the mechanized wars of our times, its principle derivative—petrol—plays such a preponderant part that without reserves of this fuel it is not possible to give the Army sufficient means and elasticity of movement. The machine is the infrastructure of modern war, and machines cannot move without fuel. Hence the valuable support of Angolan oils for our armed forces.[10]

FOOTNOTES

1. **World Petroleum**, Annual, 1969.
2. **Christian Science Monitor**, April 24, 1970, **Financial Times**, May 6, 1970.
3. **New York Times**, January 12, 1969.
4. Al J. Venter, **The Terror Fighters**, (Capetown: Purnell, 1969), pp. 84, 91.
5. United Nations A/6868, 1967; A/7752/Add. 1, November 28, 1969, p. 27; A/7200/Add. 3, October 17, 1968, p. 79; A/7623/Add. 3, September 25, 1969, p. 53.
6. **New York Times**, July 28, 1969.
7. U. N. Conference Room Paper SCI/69/3, June 24, 1969, p. 7.
8. **Ibid.**, p. 10.
9. **Christian Science Monitor**, April 24, 1970.
10. **African World Annual**, 1967-68, p. 29.

Additional Information:

A. In 1970 production was 84.700 bbpd. (Gulf Annual Report, 1970)

B. As of late 1970, royalties are based on 12.5 percent of the posted price of a barrel of oil, less certain taxes, not 10¢ a barrel.

C. Gulf stated that in 1969 it paid $11 million, not $20 million, to the Angolan Government.

D. The defense budget of Angola for 1970 was cited by Gulf as $24 million, or about double the Gulf 1969 payment. (Reply of Gulf Oil Corporation to the Ohio Conference of the United Church of Christ)

E. In 1970 Gulf claimed to employ 186 people 65 percent of whom are "nationals", with a total payroll of $700,000, which at best would average $3,762 per worker. Of the Angolan population of 5 million even the handful employed by Gulf receives only a minute fraction of the total wealth Gulf generates from its Canbinda find.

F. Gulf also claims to inject money into the Angolan economy through the purchase of goods and services worth $20 million a year. The Gulf contract stipulates the purchase of "Portuguese" goods but much is spent on heavy industrial American equipment which cannot be bought from Portuguese sources.

Taken from July-August 1970 Africa Today available from the American Committee on Africa, 164 Madison Ave., N.Y.C. 10016.