Testimony
Regarding the Supply of Oil to Rhodesia
made before the
Subcommittee on Africa
of the Committee on Foreign Affairs
of the U.S. House of Representatives
by
Bernard Rivers
representing
The Haslemere Group
4 October 1977

Further details are available from:

Bernard Rivers,
c/o American Committee
on Africa,
305 East 46th Street,
New York, NY 10017
(212) 838-5030

and

Martin Bailey,
16 Mecklenburgh Square,
London WC1, England
01-837 9465
Thank you for this opportunity to testify before your Subcommittee. I would like to discuss the role of US corporations in supplying Rhodesia with its oil supplies, and to suggest what can be done to cut off this flow of oil.

Perhaps, first, I should introduce myself and explain my involvement in this issue. I am a British economist, and I work in London as a freelance researcher on Third World issues. Over the past three years I have devoted an increasing proportion of my time, in several countries, to researching how Rhodesia receives its oil. I served recently as a consultant on this subject to the Commonwealth Working Group on Sanctions. This is an eleven-nation committee which just yesterday finalised its recommendations on how to cut the flow of oil to Rhodesia. The committee used as its major input a lengthy report entitled 'Oil Sanctions Against Rhodesia', which was written by Martin Bailey and myself. However, the capacity in which I testify today is as a member of the Haslemere Group, which has sponsored much of the work on oil sanctions carried out by Martin Bailey and myself. The Haslemere Group is an ad hoc coalition of people in Britain involved in researching and publishing occasional reports on Western economic involvement in the Third World.

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. The fourth
refinery -- NATREF -- is operated and partially owned by the French oil company 'Total'.

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. I was the principal author of the report. It contains the most important information ever revealed on sanctions-busting, and is 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'. Its purpose was to minimise 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 oil to reach Rhodesia.

One document in 'The Oil Conspiracy' -- a letter from an official in Mobil-Rhodesia to an official in Mobil-South Africa -- explains the rationale behind the procedure. The official explained that 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."

Another document in 'The Oil Conspiracy' -- an internal Mobil-Rhodesia memorandum -- provides further confirmation of the reasons behind the complicated
scheme. The paper-chase, it says,

"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..."

'The Oil Conspiracy' concludes that:

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

(b) 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.

(c) 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 realising that these companies were reselling to Rhodesia.

For the record, the ownership of the five companies is as follows. Mobil Oil Corporation is, of course, an American company. Caltex Petroleum Corporation, also an American company, is jointly owned by the Standard Oil Company of California, and Texaco. 'Total' is wholly owned by the Compagnie Francaise des Petroles, in which the French Government has a controlling shareholding. The Shell group is 40 per cent British, and 60 per cent Dutch.
Finally, BP is a British company, in which the British Government has a 51 per cent holding. Each of these five oil companies has a subsidiary in Rhodesia and a subsidiary in South Africa.

A number of extremely important revelations and political developments took place during the year following the publication of 'The Oil Conspiracy'. These have received very considerable press publicity in Britain and Africa, although they have hardly been mentioned in the US press.

The first main development is that the British-based multinational corporation Lonrho has revealed that it too has 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 an oil pipeline from the Mozambican 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. This, of course, was well before UDI and sanctions. 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.

As a result, Lonrho has made a consistent loss on the pipeline, instead of the expected profit. The company has therefore undertaken over the past year or more an extensive programme of investigation to obtain evidence for
a law-suit against the oil companies for breach of contract. I need hardly point out that if Lonrho can prove breach of contract -- and they seem to be confident that they can -- they will thereby also be proving that the oil companies have evaded UN sanctions.

It is perhaps worth mentioning that it is generally assumed that Lonrho has other reasons -- in addition to its court case -- for carrying out investigations into oil sanctions-busting. Lonrho may be seeking to restore its credibility in Black Africa -- a credibility which suffered considerably in recent years when it, too, was accused of sanctions-busting (although not in connection with oil), and when it lost its position as consultant on oil to the OAU.

Lonrho will presumably not release its evidence until the court hearings commence. However, Lonrho's Chief Executive, Mr. R.W. Rowland, has outlined his case in a lengthy correspondance this year with British Government officials. Through third parties, the Haslemere Group has obtained a copy of this correspondance, some of which has also been quoted in a British newspaper article.

Mr. Rowland alleges in his correspondance with the British Government that even before UDI, when the Rhodesian subsidiaries of the five oil companies were still under the control of their parent companies, the five oil companies acted in such a way as to help make it possible for Ian Smith to declare independence. In mid-October 1965, Rhodesia had 24 days' reserves of petrol -- which was considered insufficient, given the possibility of sanctions -- so UDI was apparently postponed for nearly a month. During this period the oil companies built up stocks within Rhodesia. By early December 1965, when the first moves to impose sanctions were taking place, reserves of petrol had been increased from the earlier level of 24 days to about 90 days.
Zambia, on the other hand, was deprived of oil. At the time of UDI, Zambia had no refinery, and its supplies came from the Rhodesian refinery at Umtali. In mid-October 1965, Zambia's reserves of petrol were 25 days -- about the same as in Rhodesia. But it seems that the oil companies, in their efforts to build up Rhodesia's stocks, cut down on supplies to Zambia, so by early December 1965 Zambia's stockpile was at a critically low 13 days.

Because the oil companies had been able to increase Rhodesia's oil reserves from 24 days to 90 days by the time sanctions were imposed, Rhodesia had sufficient time to establish new procedures for importing oil from South Africa. At first it was brought in by road, then by rail from South Africa to Rhodesia via Mozambique. Finally, from mid-1966 until Mozambique closed its border with Rhodesia in March 1976, most of the oil went by ship from Durban to Lourenço Marques, and then by rail to Rhodesia.

Mr. Rowland describes how, at least during the early years, the chairman of the Rhodesian government agency GENTA flew to South Africa approximately every six weeks to negotiate with Shell, BP, Mobil and Caltex on the quantities and prices of fuel that they would provide for Rhodesia. Once terms had been agreed, he went to the South African firm Freight Services Limited and instructed them, as GENTA's agent, to purchase the agreed quantities of fuel from the oil companies. Thus neither 'GENTA' for 'Rhodesia' featured in the sales records of the South African subsidiaries of the five oil companies.

The oil sent from South Africa to Rhodesia via Mozambique originally reached the South African refineries in crude form. It was then processed, sent in refined from to Lourenço Marques, and briefly held in the oil companies' storage tanks before being transported to Rhodesia. Significantly, it was 'in bond' during the entire journey, which meant that it never featured in the
trade figures of South Africa or Mozambique. This scheme saved on customs payments, and reduced the chances of detection.

In his lengthy correspondence, Mr. Rowland provides numerous details which confirm the allegations in 'The Oil Conspiracy', and he takes the story several stages further. He provides the names of many of the key personalities involved, and also quotes detailed statistics on the quantities of oil provided to Rhodesia by each of the oil companies during each of the years from 1966 to 1976.

There is little doubt that some of Southern Africa's most prominent white businessmen and government officials have been Mr. Rowland's friends and informants. Mr. Rowland is, for instance, able to back up his claims by producing documents such as copies of secret letters to the Salazar government in Lisbon from the then Governor-General of Mozambique. (One of these letters, and an explanation, is attached as Appendix 1).

Whatever one may think of Lonrho's motives in investigating oil sanctions-busting, it is hard to ignore the enormous political implications of the evidence which the company has gathered.

The second main development of the past year 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-sixties so as to build up stocks in Rhodesia, thus damaging Zambia's economy.
It is understood that in its court case the Zambian Government will be making use of: (a) evidence in 'The Oil Conspiracy'; (b) evidence gathered by Lonrho; (c) evidence that it recently gathered itself.

I can think of no precedent for a group of the world's most powerful companies being sued for hundreds of millions of dollars by another multinational company and by a Third World government. But then, there can hardly be many previous occasions when a group of companies has played such a crucial role in keeping a vicious and illegal regime in power against the wishes of almost the entire world community.

The third development is that 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 criticised in several inter-governmental 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. I understand that this inquiry will be completed some time this month.

The most detailed evidence which is available so far against the oil companies applies to Mobil. When George Birrell, General Counsel of Mobil Oil Corporation, testified before the Senate Subcommittee on African Affairs
last September, he claimed that:

(a) 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.

(b) Mobil's South African and Rhodesian subsidiaries have refused to comment on the allegations in 'The Oil Conspiracy', on the grounds that this could involve violation of the South African and Rhodesian Official Secrets Acts.

(c) Mobil in New York sent three senior officials to South Africa to carry out further investigations -- where they were told that if within South Africa or Rhodesia they attempted to carry out any investigation on this subject, they would be subject to prosecution as foreign agents under the same Acts.

(d) Mobil were also advised that, under further South African legislation, their South African subsidiary could not: (i) refuse to sell oil products to any customer within South Africa willing to pay the current price, or (ii) impose conditions on sales.

(e) Mobil was informed by the South African Secretary of Commerce that "these were matters of South African Government policy, and if someone didn't like those policies they should be taken up on a government to government basis."
It is worth pointing out that at no time has Mobil -- or any of the other accused oil companies -- ever denied the central allegation made against it, namely that its South African subsidiary has deliberately sold oil to Rhodesia via intermediaries. Instead, Mobil has in effect claimed two things. Firstly, it says that it cannot find out from its South African subsidiary whether the allegations against the subsidiary are true (even though Mobil totally owns the subsidiary, and receives the profits from its operations, and has a representative on its board). Secondly, Mobil claims that if somehow it were proven that the allegations were true, it could do nothing to stop the sales taking place.

If Mobil's arguments are to be accepted, then we can only conclude that the Western oil companies have lost control over their South African subsidiaries. To put it another way: it is clear that any Western-owned company in South Africa serves two masters -- its parent company, and the South African Government. When the policies of the two masters diverge, 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 Western companies can be a strong influence for progress within South Africa. I would suggest that Mobil's argument merely reinforces -- in vivid fashion -- the case already made by many others for such companies to withdraw from 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 appears to be true that as currently written, the sanctions legislation in the United States, Britain, France and the Netherlands 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 Department of the Treasury started an investigation into its allegations against Mobil. The investigation lasted eleven 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.

It seems barely credible that the United States Government, with its enormous resources, has been unable to verify facts which are common knowledge
to people with well-placed contacts in Southern Africa. The Treasury report contains the most astonishing of weaknesses. In particular:

(a) No attempt was made to investigate the activities of Mobil in Mozambique, through which oil products were sent on the way from South Africa to Rhodesia. If the Official Secrets Acts of South Africa and Rhodesia prevented investigation in those two countries, why did not Treasury investigators go to Mozambique?

(b) No attempt was made to inquire of the Mozambican Government what was the ultimate destination of the refined oil carried to Lourenço Marques by the tanker 'Mobil Durban' on its many trips from the Mobil refinery at Durban.

(c) No attempt was made to pursue the leads uncovered by the 'New York Times'. The newspaper reported in a full-page article in August 1976 that it had been able to obtain independent confirmation of certain key aspects of Mobil's scheme to supply Rhodesia.

(d) No attempt was made, it appears, to contact Lonrho in order to study the evidence gathered by that company.

In many ways, it now seems 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 16 June 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?"

I move now to the question of how Rhodesia might currently be obtaining its oil. The evidence presented in 'The Oil Conspiracy', and that gathered by Lonrho, applies largely if not entirely to the period before Mozambique's border-closure with Rhodesia in March 1976. As a result of this closure, there are now only three routes by which the oil can get to Rhodesia. The first is by rail link from South Africa to Rhodesia -- a route which was only opened in September 1974. The second is by road from South Africa to Rhodesia. The third is by rail link from South Africa via Botswana to Rhodesia.

The main points that need to be made regarding possible current sources of Rhodesia's oil are as follows:

(a) Three of South Africa's four oil refineries are controlled by Western interests -- namely Mobil, Caltex, and Shell/BP. These were the source of a significant proportion -- and probably the great majority -- of Rhodesia's oil needs until 1976. No evidence has publicly emerged to suggest that the situation is any different in 1977.
(b) The fourth oil refinery (NATREF) has a substantial minority holding by foreign interests, although the majority shareholding is held by the South African state corporation SASOL. The refinery is actually operated by the French company Total. It was only completed in 1971, so clearly could not have provided any of Rhodesia's needs before that time. Much, if not all, of the refined oil it produces is marketed within South Africa by the Western-owned oil companies.

(c) South Africa also has an oil-from-coal plant owned by SASOL. However, the output of this plant is insufficient in quantity (and possibly also in both quality and range of products) for Rhodesia's needs.

(d) There are thus strong grounds for believing that much if not all of Rhodesia's oil is still provided by Western-owned marketing companies in South Africa. Technically, this need not necessarily originate at the refineries in South Africa; some of it could be imported into South Africa in already refined form. This is particularly the case with some of the more specialised oil products -- such as aviation gasoline -- which are not produced at any South African refinery. Incidentally, although the matter is surrounded by secrecy, research suggests that Rhodesia's current consumption of oil products is between 14,000 and 18,000 barrels per day. In 1973, Rhodesia's importation of fuel was some 7½ per cent of that produced in the South African refineries.
The obvious question which all this testimony raises is, what actions should be taken to reduce or halt the flow of oil to Rhodesia via South Africa? Two basic approaches should be used. Firstly, pressure should be exerted to persuade the South African subsidiaries of the five oil companies to take measures to stop oil products they supply from reaching Rhodesia. Secondly, steps should be taken to cut off shipments of oil to South Africa until guarantees are provided that it will not subsequently be transhipped to Rhodesia.

Let me be more specific. A two-part plan should be enacted as soon as possible by the United Nations Security Council, as follows:

Part 1: The Security Council should order UN member states to take all necessary measures to ensure that oil sold by the South African subsidiaries of their oil companies does not find its way to Rhodesia. In particular, all member states (particularly the United States, Britain, France and the Netherlands) should extend their national sanctions legislation so that it applies not just to the parent oil companies, but also to the South African subsidiaries, and renders the parent companies legally liable for any sanctions-busting activities by their South African subsidiaries.

The oil companies would then have to issue instructions to their South African subsidiaries ordering them not to make bulk sales of oil to clients who will not provide guarantees that it is not intended for eventual resale to Rhodesia. Each of the parent oil companies could also appoint a director to the board of its South African subsidiary whose specific task is to ensure that these requirements are complied with.
Although the Trading With the Enemy Act provides a precedent for legislation which applies extra-territorially, many people would argue that for the United States and other countries to act unilaterally in extending legislation to cover South African subsidiaries would be an unwise move, worthy of the same criticisms which have often been made of the Trading With the Enemy Act. However, it is particularly important to emphasise that for a government to legislate extra-territorially on a unilateral basis in furtherance of its own policy objectives, is quite different from a situation when the international community acts in a united fashion with the authorisation of a resolution of the Security Council.

Part 2: The Security Council should impose an embargo on the supply of oil to South Africa until the South African Government provides effective and verifiable guarantees that no oil is being sent to Rhodesia. South Africa has stubbornly refused to accept the fact that as a member of the United Nations it is obliged to implement existing Security Council resolutions on sanctions against Rhodesia. Therefore firm action must be taken to make South Africa comply with these resolutions. In particular:

(a) U.N. member states should pass legislation making it illegal to sell or transport oil to South Africa, until the South African Government provides the relevant guarantees.

(b) A naval patrol, similar to that established at Beira, should be instituted at South African ports in order to make the embargo fully effective.
It must be clearly recognised that if a speedy resolution of the situation in Rhodesia is required, both Part 1 and Part 2 of the plan must be urgently and fully implemented. If this is done, then the measures instituted need not remain in force for more than a few months. Half-hearted measures to impose sanctions against Rhodesia have proved completely ineffective. But determined action to cut off Rhodesia's oil would significantly speed the transition to majority rule.

The United States and Britain are, to be frank, in a particularly exposed position on this issue. On the one hand, they are anxious to sponsor a negotiated settlement in Rhodesia, and one can assume that they are therefore equally anxious to appear 'cleaner than clean' with regard to sanctions-busting. But on the other hand, four of their oil companies have been so deeply involved in fuelling the Smith regime for over a decade, that it is hard to believe that neither the governments in question, nor the parent oil companies, knew what was going on. As time goes by, more and more evidence is coming to light to show how these oil companies have been supplying Rhodesia. In fact, by the end of this year, considerable further evidence on this issue, some of it highly embarrassing, will have been released.

The only way that the United States and Britain can extricate themselves from this situation with at least some credit, is for them to act firmly and decisively to put a halt to the flow of oil to Rhodesia. Specifically, they should make it clear that they will support a Security Council resolution to implement the two-part plan explained above.
In this context, it is important to refer to some significant moves that have been receiving front page coverage in the British and South African press during the past three weeks:

(a) President Kaunda has said that he supports the basic points of the Anglo-US peace plan for Rhodesia, but that the proposal includes "the glaringly false premise of Smith's willingness to surrender. On this premise, it's a non-starter." To make up for this, there should be "a fixed timetable to stop the flow of oil to Smith's rebel army." ['The Guardian' (London), 6 September 1977]

(b) The United States has warned South Africa that if the Anglo-US proposal is not accepted, and South Africa continues to support Smith, then oil sanctions will have to be extended to cover South Africa. ['The Observer' (London), 11 September 1977; see Appendix 2]

(c) If, as expected, there is a Security Council resolution this fall calling for an oil embargo against South Africa, both Britain and the United States have reportedly decided that they will be unable to veto the resolution. ['The Guardian' (London), 12 September 1977; see Appendix 2]

(d) These threats have led to something approaching a sense of crisis within South Africa. A number of Government Ministers have made speeches referring to the real possibility of sanctions against South Africa. Mr. Vorster has called an election, partly
in order to obtain a mandate to resist this Western pressure. But he has apparently also indicated to Mr. Smith that South Africa is unwilling to risk sanctions for the sake of an internationally unacceptable 'internal' settlement in Rhodesia.

The latest development of all took place yesterday, in London, when the Commonwealth Working Group on Sanctions held its final meeting and agreed on its recommendations. The Working Group is an eleven-nation committee, of which Britain is one member, and it was set up specifically to produce recommendations on action to halt the flow of oil to Rhodesia. The proposals for action agreed yesterday by the Working Group are still confidential. But it has already been revealed in the British press that the suggestions for action made by Martin Bailey and myself in the report which we were commissioned to write as an input to that group, are very similar to the two-part plan I have suggested in my testimony today. It is my understanding that the Working Group did reach agreement yesterday on a number of important points.

In a recent Security Council resolution, the UN Sanctions Committee was instructed to submit to the Security Council proposals for tougher sanctions against Rhodesia, and to do so by November 11th of this year. The Sanctions Committee is about to start work on this task, and it looks likely that action on oil will head the list of its proposals. If the current Anglo-US proposals for a settlement in Rhodesia lead quickly and smoothly to agreement -- an event which seems unlikely -- then proposals for tougher sanctions may not be put to the vote in the Security Council. But if there is any partial or complete rejection by Smith of the proposals, then there is
little doubt that within days a strongly worded Security Council resolution will be tabled calling for sanctions on oil to be made effective. In particular, such a resolution can be expected to call for oil sanctions to be extended to cover South Africa, until such time as the Government of South Africa provides effective guarantees that it will no longer allow oil through to Rhodesia.

Some press reports have stated that the Carter Administration has already decided that in such a situation, it will support the resolution, or at least not veto it. My information is that such a decision has not yet been made, although it is certainly under very active consideration. But the Administration does have to realise, if it does not already, that within a very short period of time, it may have to make a hasty decision whether to support, or conversely to veto, a Security Council resolution to extend oil sanctions to cover South Africa. To veto such a resolution would be a grave mistake, which would help prolong an increasingly bloody war in Southern Africa. It would also do very considerable harm to the Carter Administration's reputation within the Third World.

Rather than waiting until the last moment, the U.S. Government, in conjunction with the British Government, should announce that it will support any proposed Security Council resolution that may be made to cut the flow of oil to Rhodesia, and in particular that it will support the extension of oil sanctions to cover South Africa itself until South Africa ceases to pass oil on to Rhodesia.
Letter from the Governor-General of Mozambique to the Portuguese Government; 3 January 1967

Gabinete do Ministro

SECRETO

SEnhor MINISTRO DO ULTRAMAR

EXCELENCIA:

1. - Em aditamento ao meu ofício secret n° 1255/5, de 2 de Dezembro findo, junto tenho a honr de enviar a Vossa Excelência um mapa estatístico rela-

2. - De notar, nesta mapa, a inclusão do SHELL pela primeira vez, juntando-se às restantes Compa-
nhias nos fornecimentos a Rodésia com começo no pr-
ciso dia em que eram iniciados os debates no Conselho do Segurança sobre a Rodésia.

3. - Dos S.A.P. não passaram quais-
ququer abastecimentos pelas nossas linhas no referido me-
tendo, no entanto, retomado entem essa trânsito.

A BEN DA NAÇÃO

Residência do Governo-Geral, em Lu-
renço Marques, 3 de Janeiro de 1967.

O GOVERNADOR GERAL,

(José Augusto Costa Almeida)
### VAGENS-TANQUES DE 8.000 GALÕES

**Mês de Dezembro**

<table>
<thead>
<tr>
<th>Dia</th>
<th>Sonarep</th>
<th>Total</th>
<th>Mobil</th>
<th>Caltex</th>
<th>Dos S.A.R.</th>
<th>Shell</th>
<th>Soma</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>13</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>6</td>
<td>1</td>
<td>13</td>
<td>13</td>
<td>-</td>
<td>-</td>
<td>33</td>
</tr>
<tr>
<td>3</td>
<td>7</td>
<td>10</td>
<td>10</td>
<td>12</td>
<td>-</td>
<td>-</td>
<td>39</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6</td>
<td>16</td>
<td>15</td>
<td>15</td>
<td>20</td>
<td>10</td>
<td>-</td>
<td>52</td>
</tr>
<tr>
<td>7</td>
<td>14</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>21</td>
</tr>
<tr>
<td>8</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14</td>
<td>10</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17</td>
</tr>
<tr>
<td>11</td>
<td>-</td>
<td>9</td>
<td>-</td>
<td>9</td>
<td>5</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td>12</td>
<td>-</td>
<td>15</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>13</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>14</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td>15</td>
<td>-</td>
<td>5</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td>16</td>
<td>-</td>
<td>13</td>
<td>-</td>
<td>8</td>
<td>10</td>
<td>-</td>
<td>47</td>
</tr>
<tr>
<td>17</td>
<td>-</td>
<td>16</td>
<td>-</td>
<td>15</td>
<td>10</td>
<td>-</td>
<td>24</td>
</tr>
<tr>
<td>18</td>
<td>-</td>
<td>13</td>
<td>1</td>
<td>10</td>
<td>10</td>
<td>-</td>
<td>21</td>
</tr>
<tr>
<td>19</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>10</td>
<td>-</td>
<td>13</td>
</tr>
<tr>
<td>20</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>21</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>22</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>23</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>24</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>25</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>26</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>27</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>28</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>29</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>30</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>31</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>73</strong></td>
<td><strong>176</strong></td>
<td><strong>125</strong></td>
<td><strong>192</strong></td>
<td><strong>105</strong></td>
<td><strong>675</strong></td>
<td><strong>675</strong></td>
</tr>
</tbody>
</table>

**Diesel fornecido do 1 a 31 de Dezembro, inclusivo, às locomotivas na Malvémia ................ 541 263 galões.**

### RESUMO

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonarep</td>
<td>73</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>176</td>
<td>176</td>
</tr>
<tr>
<td>Mobil</td>
<td>125</td>
<td>125</td>
</tr>
<tr>
<td>Caltex</td>
<td>192</td>
<td>192</td>
</tr>
<tr>
<td>Shell</td>
<td>105</td>
<td>105</td>
</tr>
</tbody>
</table>
Translation of letter from the Governor-General of Mozambique

Cabinet of the Minister
3 January 1967

Secret

His Excellency the Minister of Overseas

Your Excellency:

1. Following my secret note no. 1255/a, of the 2nd December ultimo, I have the honour to enclose a statistical return for the transportation of combustible fuels through the Limpopo line to Rhodesia, for the month of December just past.

2. Note, in this return, the inclusion of SHELL for the first time, joining the other companies in the supply to Rhodesia, starting the exact day on which the debates on Rhodesia began in the Security Council.

3. From South African Railways no supplies passed over our lines during the last month, but this traffic started up again yesterday.

Residence of the Governor-General in Lourenço Marques, the 3rd of January 1967.

The Governor-General

(Jose Augusto Costa Almeida)
Analysis of letter from the Governor-General of Mozambique

The table which accompanies the letter of 3 January 1967 lists the number of railway tank-wagons (each containing 8,000 gallons of fuel) which were sent on the railway line from Lourenço Marques, in Mozambique, to Rhodesia for each day in December 1966. It shows that the following wagons were dispatched:

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of Wagons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonarep (the refinery in Mozambique)</td>
<td>78</td>
</tr>
<tr>
<td>Total Oil</td>
<td>176</td>
</tr>
<tr>
<td>Mobil</td>
<td>125</td>
</tr>
<tr>
<td>Caltex</td>
<td>192</td>
</tr>
<tr>
<td>Shell</td>
<td>105</td>
</tr>
<tr>
<td>TOTAL</td>
<td>676</td>
</tr>
</tbody>
</table>

The total quantity of fuel railed into Rhodesia from Mozambique in the month of December 1966 therefore amounted to around 5.4 million gallons. It should be emphasised that the proportions supplied by each company in December 1966 were not typical of percentages supplied by the different companies in later months.

Shell and BP operated jointly in Rhodesia, and hence the sole reference to 'Shell'. Up until December 1966 Shell/BP sent oil consignments to Mozambique by rail from South Africa, but from that month consignments were shipped by tanker to Lourenço Marques. Hence the note in the letter about "the inclusion of Shell for the first time". The letter goes on to add that in January 1967 the oil companies were again sending some consignments by rail from South Africa to Mozambique for onward transport to Rhodesia.

The importance of the letter, and the accompanying table, is that it gives the quantities of oil exported by each of the companies to Rhodesia. It also shows that the Portuguese administration had detailed knowledge of this traffic.
US threatens South Africa oil supplies

from DAVID MARTIN in Lusaka

THE United States has told South Africa that it faces the risk of international oil sanctions if Pretoria undermines the Anglo-American proposals for a Rhodesian settlement by helping Rhodesia's white minority regime to oppose them.

This carefully phrased warning was delivered in London in the middle of last month to South African Minister of Foreign Affairs, Mr Pik Botha, by the US Secretary of State, Mr Cyrus Vance, say authoritative sources here and in Pretoria.

The sources say that Mr Vance told Mr Botha that if the Anglo-American proposals were not accepted, increased sanctions against Rhodesia to stop oil supplies would become necessary. These would be extended to include South Africa, if she then continued to support Mr Ian Smith.

Mr Botha has indirectly confirmed this warning since he returned home. Addressing a National Party meeting in Bloemfontein, he accused Britain and the US of trying to eliminate South Africa and warned his audience they would have to face sanctions and other measures.

My sources say that he was more specific when he spoke at a closed party meeting in Pretoria on Wednesday night. He said the threat of economic and military sanctions was being used to blackmail South Africa.

One hint of what the US may have in mind was given in Washington last month when President Carter met Tanzanian President Julius Nyerere, chairman of the African 'front line' States, the main supporters of the Rhodesian guerrillas.

Diplomatic sources say that President Carter specifically mentioned the possibility of oil sanctions against South Africa and added that the US had considerable influence with the major oil companies which are supplying Rhodesia through South Africa.

This was a form of political terrorism which was applied against smaller nations like South Africa and Israel who did not belong to a power bloc, he said.

Sources close to Zambian President Kenneth Kaunda also say that United States officials have mentioned to him in broad terms the possibility of selective sanctions against South Africa and have said these are under active consideration.

Mr Botha's reference to military sanctions gives a further clue to what is being said in private between Washington and Pretoria. At the moment, the US has a voluntary embargo on arms supplies to South Africa and has used its veto in the Security Council to prevent African attempts to make an arms embargo mandatory.

But diplomatic sources are now indicating that if the Africans again push for a mandatory arms embargo in some months' time and the Anglo-American proposals have not been accepted, the veto would not be used. Mr Botha's reference to arms sanctions on Wednesday night would appear to indicate that this is understood in Pretoria.

That alone is unlikely to have much affect on Pretoria. A fortnight ago, the South African Prime Minister, Mr John Vorster, told the Foreign Secretary, Dr David Owen, and the American Ambassador to the United Nations, Mr Andrew Young, that he would not exert pressure on Mr Smith to accept the proposals. All he would do was accept whatever Mr Smith decided.

Both Mr Vorster and Mr Smith (who had been briefed in Salisbury by Mr Botha) were aware of the American threat at that point. Neither responded favourably to the proposals but neither rejected them out of hand.

However, further pressure, sources believe, will be necessary, and oil is South Africa's weak point, since it has no resources of its own. It relies on oil for 25 per cent of its energy needs and consumes 250,000 barrels a day, four international oil companies - Mobil, Shell, BP and Caltex - have 75 per cent of the country's internal market, according to a recent report.

Details about the sources of South African oil supplies and the extent of her strategic reserves are a closely-guarded secret. But the most common estimate puts the strategic reserve at three years' supply sunk underground in disused coal mines. About 75 per cent of South Africa's crude oil imports is believed to come from Iran.

The Iranian connection could be used against South Africa. US officials have specifically mentioned this possibility to President Kaunda. Last week the White House announced that President Carter would make a new attempt to get Congressional approval for the sale to Iran of a $1,200 million airborne warning control system.

The deal was rejected by Congress in July after fears were expressed that top-secret technology supplied to Iran could fall into Soviet hands. Now, according to the White House, the system, as sold, would not include its most secret components.

Some observers believe that Iran's growing dependence on American military equipment and technicians could give President Carter a lever on the Shah which might enable him to sell the oil supplies to South Africa, if that became necessary.

South Africa is already preparing for sanctions and is stockpiling large quantities of oil and other essential supplies.

The Economic Affairs Minister, Mr Chris Heunis, told a businessmen's group on Friday night: 'We have stored a wide enough variety of strategic minerals, crude oil and fuel in all forms to see the country through any eventuality for a considerable period.'

He said the Government was well aware of planned action by groups inside and outside South Africa to bring the country to its knees, but it was prepared to withstand the onslaught.

Colin Legum writes: The US Administration has not yet taken a decision to support a resolution calling for an oil embargo against South Africa, such a move is now being canvassed in the Security Council and is under active consideration by the State Department.

Mr Vorster is believed to have indicated to the South Africans that it would be very difficult for any of the Western Powers to veto such a resolution, which would almost certainly be introduced, if the Smith regime were finally to reject the Anglo-American proposals.

American officials sources admit that this is an extremely sensitive issue for the Americans, especially since the British Government is opposed to extending sanctions against Rhodesia to South Africa as well.

However, faced with a final breakdown in the negotiations with the Smith regime, the US and Britain would lose credibility if they rejected the only course likely to end white Rhodesian resistance.
Britain will not block S. Africa oil embargo

By Richard Norton-Taylor

Britain has reluctantly agreed not to veto the expected UN Security Council resolutions next month calling for an oil embargo against South Africa, according to reliable Commonwealth sources. The Carter Administration has already indicated that it will not be in a position to do so.

Britain’s Commonwealth partners in Africa, Asia and the Caribbean remain irritated by the Government’s attitude towards allegations that South African subsidiaries of five major oil companies, including BP and Shell, have been supplying Rhodesia.

But their impatience with the Government, and with the Foreign Office in particular, is muted by their assumption that a decision to tighten sanctions against Rhodesia by extending them to South Africa will be made in the UN, however Mr Smith reacts to the Anglo-American proposals.

Commonwealth countries are discussing two main recommendations following the agreement—in which Mr Callaghan participated—at their London summit in June to extend sanctions against the Smith regime. The first proposes new legislation so that the head offices of international companies would be responsible for the activities of subsidiaries.

The second proposes action against South Africa itself combined with pressure on Iran which supplies South Africa with over 70 per cent of its crude oil needs.

Britain has persistently argued that existing legislation, together with a South African official Secrets Act which lays down strict limits on the amount of commercial information locally-incorporated firms can release, stands in the way of the inquiry led by Mr Thomas Bingham, QC, and set up in April to look into the allegations against the oil companies.

But to many Commonwealth states, the Bingham inquiry from the start amounted to little more than a delaying tactic and, in any case, as one senior diplomat put it yesterday “its narrow terms of reference are restricted to how sanctions were broken and are not concerned about what should be done to prevent sanction-breaking in the future.”

In a reference to the wealth of documentation that has been collected about how oil allegedly gets to Rhodesia from South Africa, another Commonwealth diplomat asked: “If independent groups can get detailed information, why can’t the British embassy in Pretoria?”

But according to Commonwealth sources, Britain is now adopting a new and much more positive approach towards the second recommendation. It is against this background and the shift in Britain’s position—a tougher US line toward South Africa has been on public record for several months—that Mr Chris Heunis, the South African Minister for Economic Affairs, spoke to businessmen on Friday night—“We have stored a wide enough variety of strategic minerals, crude oil and fuel in all forms to see the country through any eventualities for a considerable period.”

The mass circulation Sunday Times yesterday carried as its main article a report under the headline: “South Africa ready for siege.” South Africa was bracing itself against the possibility of sanctions. Among the Cabinet Ministers quoted by the report were Mr Heunis, and Mr Botha, the Minister of Defence.

The report drew attention to a recent statement by Mr Botha that South Africa was “finally cut off from the great arms-producing countries.” But, Mr Botha added at the time South Africa had developed its own arms industry to “look after our own needs.”