The Neptune Strategy: 
SHELL Battles Its Antiapartheid Critics 
by Diane Bratcher 

Shell Oil, a target of the antiapartheid movement worldwide because of its strategic role in the South African economy, has drafted a plan—a “South Africa Strategy”—condemned “The Neptune Strategy” to neutralize its critics in the U.S. and European antiapartheid movements. The 265-page Neptune Strategy, obtained by ICCR and the United Mine Workers, targets critical spokespersons from church, union, educational, student and civil rights groups in Europe and the U.S.

ICCR Executive Director Timothy Smith charged that the Neptune Strategy reveals Shell “wants the public to forget how its investments in South Africa strengthen white minority rule.” The document itself discloses Shell’s purpose: to engage Shell critics “in postapartheid planning” to “deflect their attention away from boycott and disinvestment efforts. . . .”

This brief updates ICCR’s first Shell profile, “Fueling the Machines of Apartheid: Shell in South Africa” (ICCR Brief XV:5, 1986), and describes the Neptune Strategy.

Antiapartheid Forces Focus on Shell

On the evening of January 13, 1986, six members of the Free South Africa Movement occupied the Washington, D.C. offices of Shell U.S. The following day the Free South Africa Movement and eight labor union leaders launched a boycott of Shell products to focus public attention on the strategic support Shell gives apartheid. In June 1986 ICCR announced the addition of Shell to its list of twelve companies targeted for intensive protest action because of their roles in support of apartheid.

South Africans Call for Economic Sanctions Against Apartheid

The churches and other antiapartheid organizations are pressing for corporate withdrawal from South Africa in direct response to appeals from organizations and prominent individuals in South Africa. At considerable risk to themselves, they have called for economic pressure, including sanctions, to hasten the end of apartheid.

South African Council of Churches

SACC National Conference (1985):

This conference resolves: to express our belief that disinvestment and similar economic pressures are now called for as a peaceful and effective means of putting pressure on the South African government to bring about the fundamental changes this country needs. . . .

Allan Boesak

President of the World Alliance of Reformed Churches (1985):

Disinvestment is a practicable, possible and necessary tool for pressing against apartheid. I do believe that without economic pressure on the South African government, there will be no movement towards change.

Desmond Tutu

Nobel Laureate, Anglican Bishop of Johannesburg (April 1986):

We face a catastrophe in this land and only the action of the international community by applying pressure can save us. Our children are dying. Our land is burning and bleeding. I call on the international community to apply punitive sanctions against this government to help us establish a new South Africa, nonracial, democratic, participatory and just.

Southern Africa’s Roman Catholic Bishops Conference (May 2, 1987)

The system of apartheid has caused so much suffering and so much harm in human relations in our country for so long and is now being defended, despite some reforms, with so much repressive violence that people have had to resort to the strongest possible forms of pressure to change the system. It seems that the most effective of non-violent forms of pressure left is economic pressure.

Congress of South African Trade Unions (COSATU)

COSATU, South Africa’s largest labor organization, a federation of thirteen unions with combined membership of approximately one million workers, mostly blacks, working in key industries (July 18, 1987):

COSATU supports comprehensive and mandatory sanctions as the only sanctions which are likely to bring effective pressure which will assist in bringing about a non-violent, truly democratic and nonracial South Africa. . . .

Shell: At the Center of South Africa’s Economy

Established in 1900, Shell South Africa and its subsidiaries have extensive operations in the petroleum, chemical and mining (including coal and base metals) industries of South Africa and South West Africa (Namibia). Like Shell Oil Company (USA), Shell South Africa is wholly owned by the Royal Dutch/Shell

OUT OF NAMIBIA AND SOUTH AFRICA
Shell Group, thought to be the largest company in the world in terms of assets. The *Financial Mail* of South Africa estimated the total value of Shell's South African assets to be US$400 million.

Shell operates and partly owns the buoy through which 85 percent of South Africa's oil passes and in cooperation with the South African government Shell also operates an oil pipeline. According to the World Council of Churches Programme to Combat Racism, in 1984 Shell owned 853 gas stations, 18 percent of South Africa's retail market. Shell South Africa also plays an active role in refining with half interest in SAPREF, in Durban, the country's largest refinery, producing boat, plane and diesel fuels. The adjacent SAMCO plant, 25 percent Shell owned, produces lubricants and greases. In addition, Shell, through its business with the South African state oil corporation, supports coal-to-oil plants, key to the government strategy protecting itself from embargo.

**Police & Military Sales**

The 1986 *Shell Shadow Report* estimated that Shell supplies 18 percent of the oil consumed by the South African Defense Forces, approximately 5,000 barrels daily. Shell provides the police and military with gasoline, diesel fuel, methanol for jet fighters and helicopters as well as raw materials for napalm, defoliation agents and nerve gas for a South African military unit specializing in biological and chemical warfare.

**Union Strife**

The National Union of Mineworkers of South Africa and the Miners International Federation have accused Shell of worker and union intimidation at its 50 percent-owned Reitspruit coal mine. In February 1985 black Reitspruit miners took time off work to hold a memorial service for a coworker killed in a mining accident. After a disagreement with management over scheduling the service, two shop stewards were fired and two others put on warning. In solidarity with these stewards, 850 miners went on strike, demanding the two fired miners be reinstated.

Management responded with intimidation, sending agents armed with rubber bullets and tear gas. In the end, 129 miners were fired; others returned to work at gunpoint; several striking miners were evicted from their homes and a number were deported. Barlow Rand, an equal partner with Shell in the Reitspruit coal mine and manager of the mine, claims those fired were "hard core unionist Turks,... We're glad to see the last of them." Afterwards union membership at Reitspruit plummetted to 18 percent. Worldwide protests could not change management's action.

**The Antiapartheid Movement Boycotts Shell**

In January 1986 the United Mine Workers Union joined the Free South Africa Movement in launching the Shell boycott. They had received requests for aid from the National Union of Mineworkers of South Africa and the Miners International Federation. The AFL-CIO, National Organization for Women, Southern Christian Leadership Conference and NAACP are among seventy five national organizations who support the boycott. International unions like the Miners International Federation, the International Metalworkers Federation and Public Sector International also support the boycott.

U.S. churches endorsing the boycott include the Progressive National Baptist Convention, Unitarian Universalist Association and most recently the Executive Council of the United Church of Christ, the church's highest deliberative body when its General Synod is not in session.

**Divestment from Shell**

Numerous churches and religious groups have divested Shell holdings: the National Council of Churches of Christ in the U.S.A.; the United Church of Christ Board for World Ministries; the Women's and World Divisions of the General Board of Global Ministries, United Methodist Church; the Sisters of Charity of St. Vincent de Paul of New York and the Sisters of Mercy. In May 1986 the Methodist Church, England's second largest church investor, divested Shell stock worth US$62.23 million.

Also divesting are Harvard University, Los Angeles County, the City of Detroit and union pension funds like the United Food and Commerical Workers International Union, the United Mine Workers of America, the International Ladies' Garment Workers Union and the Pattern Makers League of North America.

**Special Shell Shareholder Meeting**

In March 1987 Harrison Goldin, New York City Comptroller, and Gordon E. Smith, Treasurer of the Ministers and Missionaries Benefit Board of the American Baptist Churches USA, asked other institutional investors in Royal Dutch Petroleum Co. to join in a call for an extraordinary shareholders meeting to vote on withdrawal from South Africa. Though Shell's business in South Africa has been criticized by shareholders for ten years, the company has never allowed a formal resolution on its South African business to be voted at a shareholder meeting. Under Shell's bylaws, the owners of 10 percent of the company's outstanding shares can convene a special shareholders meeting and set the agenda. After several months of soliciting, the proposal had received the backing of nearly 5 percent of company shares.

**Shell Campaign Goes International**

International pressure on Shell is mounting. Opponents of apartheid have demonstrated outside Shell's annual shareholder meeting and sponsored a shadow board to critique Shell's South African operations and offer alternatives to business with apartheid. Unions, churches, municipal governments and antiapartheid organizations from the U.S., Canada, Australia, the United Kingdom, Denmark, Sweden, Norway and the Netherlands have endorsed the boycott, sold stocks and other Shell investments and picketed Shell service stations.

**NEPTUNE STRATEGY: To Insure Growth of Shell U.S. and Shell South Africa**

After studying the document, ICCR Executive Director Smith called the Neptune Strategy a "calculated plan to protect profits and obscure the ways in which Shell concretely supports white minority rule." The 265-page draft strategy, developed by Pagan International (PI), a Washington, D.C.-based
consulting firm, is divided into sections, targeting religious, educational, media, union, civil rights, employee, international, grassroots and professional groups. Though each section has its own specific goals, all attempt to keep groups from joining the Shell boycott and disinvestment campaign or from giving those campaigns favorable media, educational or political support.

Neptune’s Religious Strategy

Neptune proposes that Pagan staffers build on “previously established relationships of mutual trust” and initiate dialogue with crucial church groups to “give churches and denominations reason not to join the boycott.” The “Religious Groups Strategy”, launched in 1986, expresses considerable concern that religious groups may join the boycott, boycott and disinvestment efforts and from giving Shell public opinion and economic leverage that should not be taken lightly. If they join the boycott and pressure for disinvestment, it will become a radically different and far harder problem than it now is.

The section proposes deflecting religious group attention away from the boycott and onto Shell’s agenda:

- Mobilized members of religious communions provide a “critical mass” of public opinion and economic leverage that should not be taken lightly. If they join the boycott and pressure for disinvestment, it will become a radically different and far more costly problem than it now is.
- The section proposes deflecting religious group attention away from the boycott and onto Shell’s agenda:

- To engage the ecumenical institution, churches and critical spokespersons in post apartheid planning should deflect their attention away from boycott and disinvestment efforts and direct their vision and energy into productive channels.
- The document reveals that “post apartheid planning” should be undertaken to protect Shell’s business interests:

- to encourage indigenous South Africans, church critics and responsible activists to engage with Shell South Africa and the Royal Dutch Shell Group in helping to develop some of the programs and postapartheid plans for South Africa that will insure the continuation and growth of the Shell Companies in the United States and in South Africa.

Intelligence Reports and Other Tactics

To study U.S. and European critics of Shell, PI proposed hiring full-time analysts “to prepare intelligence reports” on “the individuals, groups and networks targeting Shell or likely to target Shell on the South Africa issue.” Neptune explained:

Profiles of activist leaders will provide the individual’s professional background and, where possible, personal characteristics that will help the strategist determine who to approach and how to approach them.

The document recommends creation of communications tools directed toward particular audiences and cooperative work with conservative think tanks. Extensive timelines and diagrams provide details of what PI staff will do and when and the likelihood of success.

Implementation

PI staff had vigorously argued on numerous occasions to the press and the public that at the same time as Shell was a client, they were not involved in defending Shell from the boycott, gathering intelligence for Shell or giving Shell guidance on how to counteract the boycott. PI said that while Shell did not accept the full range of strategies described in the Neptune document, it implemented several aspects of the plan. For example, while not always on schedule, PI staff implemented much of the religious groups strategy, meeting with targeted church leaders.

Pagan International

PI, which developed the strategy, is headed by Rafael D. Pagan, Jr., past director of the Nestle Nutrition Center where he attempted to counter a boycott by critics of Nestle’s infant formula marketing. After Nestle, Mr. Pagan started Pagan International whose clients included Campbell Soup, under fire for its labor relations with farmers, and Union Carbide after the Bhopal disaster.

Shell Responds

Shell U.S. has denied charges it has a plan to counteract the boycott and repeated that Shell South Africa “totally condemns apartheid.” John Wright, manager of media relations for Shell U.S., said the company emphatically denies having a secret plan or campaign, contrary to what any group may say. Our only strategy from the beginning of this boycott has been to communicate the truth openly, honestly and responsibly and to defend ourselves against distortions and misrepresentation of our position.

Pagan Responds


The complete proposal is nothing more or less than the sort of strategy proposal that our firm prepares for a number of clients which includes all possible ways to deal with a public policy issue. Our clients, in turn, make their own decision about what they choose to do.

The document in question is Pagan International’s suggestion to the Shell Oil Company as to the sorts of things they might consider doing to respond to attempts to pressure them. The ICCR letter [describing the Neptune Document] attempts to cast sinister suggestions that emphasize ethical interaction and outreach.

... If Royal Dutch made such a move [to close Shell South Africa], little would change except the ownership of the South African company; in short, the company would continue to operate and all the revenues would remain in South Africa in the hands of the new owners.

When we proposed a strategy for the Shell Oil Company, it most certainly included considerable work with churches and advocated responsible dialogue. It also called for a variety of forms of public discussion and debate of the issues. It also focuses upon the need for preparation for the post-apartheid society in South Africa.

The business community has fostered and protected the black trade union movement in South Africa and that is the country's most vital political hope. If South African blacks are, as some church and union leaders suggest, willing to suffer more economically to bring down the apartheid regime, all they have to do is sit down and not go to work. They obviously do not choose to do that. We would rather, then, have them working for companies that care for their well-being than those who do not. Comfortable, secure church staff are terribly quick and easily disposed to call upon others to suffer.

It seems completely appropriate that I request you to consider with some seriousness the sort of activity you are
sponsoring in ICCR. If these actions and representations are desirable and laudable by your standards, I can simply say that they are not by my standards. Ending apartheid in South Africa and establishing a just and equitable society there is our deepest desire. . . . I would urge you to avoid responding to those who call for others to suffer while they remain in comfort; I would ask that you not carelessly join in efforts the consequences of which have not been responsibly considered. The church cannot use irresponsible or immoral means to accomplish even desirable ends. If it does, it will lose its moral authority.

ICCR Leaders Respond

Following are excerpts from a letter to Mr. Pagan from Carol Coston, O.P., an Adrian Dominican Sister who chairs ICCR’s board of directors, and Rev. Paul Wilson, of the Disciples of Christ, vice-chairman of ICCR’s board of directors:

We appreciate the history of Pagan International outlined in your letter and the role you believe it plays in building bridges between corporations and public interest groups. The religious community working through ICCR affirms the importance of such mediation efforts during conflicts related to social issues.

Pagan International is also acknowledged for a different set of skills by many in business:

- knowledge of public interest groups and ability to do profiles of them assessing their strengths and weaknesses;
- helping a corporation develop and implement a strategy to counter or weaken a boycott or a public campaign against them;
- the end run strategy as indicated in your many speeches whereby you try to go around the leaders of a campaign to undermine their credibility;
- your expertise in running campaigns to help counter programs of public interest groups.

It seems to us that your bridge-building and counter-campaign functions are often in conflict. Let us turn to the specific case of Shell and South Africa. Your letter states that the Shell Oil Company is “a firm with great integrity and a consistent pattern of responsible and ethical behavior.” We do not wish to make grandiose generalizations about Shell, but surely you would have to admit that Shell’s role in South Africa has many questionable aspects.

ICCR went to great pains to explain to Pagan International staff what our past and present concerns are regarding Shell in South Africa. Yet we never found Pagan International publicly acknowledging these criticisms or stating publicly that Shell should change its behavior in South Africa to deal with these issues or that public pressure on Shell was deserved.

Where are your statements challenging:

- Shell’s evasion of Rhodesian sanctions?
- Shell’s sales to the South African Government’s police and military aiding repression there?
- Shell’s past sales of oil to South Africa?
- Shell’s compliance with the Official Secrets Act?

Instead Pagan International in all public statements we know of sought to protect Shell . . . . It seems to us you have not played a neutral, bridge-building role in the Shell South Africa controversy but rather have taken the side of Shell Oil. On many occasions Pagan International statements are indistinguishable from Shell’s. We should not be surprised considering the fact Shell paid Pagan International a great deal of money to prepare the Neptune Strategy and then implement parts of it. Clearly Shell did not pay Pagan International this hard cash to build amorphous bridges of friendship with the churches. It did so to stem a growing boycott and to counter the public campaign challenging them on South Africa.

The religious community does not casually make public criticisms of a company like Pagan International. We have shown this plan to scores of church leaders in the U.S. and Europe, all of whom were strongly offended after reviewing it. We assume civil rights, union leaders etc. are reacting similarly.

. . . The churches believe our programs to press corporations to disengage from South Africa are extremely constructive and are in direct response to appeals of Archbishop Tutu, Allan Boesak, the SACC, COSATU and others to apply economic pressure as the last lever for peaceful change. In the public statements of Pagan International we have not read any appeals for broader economic sanctions but only the defense of continued presence of corporations in the land of apartheid.

We recognize the Neptune document talks about using the discussion of post-apartheid South Africa as a means of diverting attention away from the Shell campaign.

We sincerely believe that there must be a meaningful discussion of the future of South Africa after majority rule. I’m sure you’ve been reminded countless times as we have that this is a discussion that South Africans, black and white, must be involved in. It is inappropriate to sit in the U.S. or Holland and decide for others. The ANC, UDF, COSATU, the churches and others are primary participants in this discussion. We certainly will assist in their discussion when asked.

However, we will continue to question the motives of those who promote such a discussion to advance an agenda of continued corporate presence in South Africa while apartheid continues or to deflect energy from campaigns for such sanctions.

Mounting Effective Pressure

Rev. Frank Chikane, general secretary of the South African Council of Churches, told church leaders during a November 1987 meeting in New York:

Before anyone talks to me about post-apartheid South Africa, I must first be satisfied that he is doing all that he can to end apartheid.

Numerous South African opponents of apartheid have called for comprehensive sanctions as a peaceful means to pressure the South African government to end apartheid. Responding to these appeals, antiapartheid forces around the world are targeting Shell for its ongoing partnership with white racist rule in southern Africa and its controversial antiboycott strategies. For more information on how you can help, contact:

- South Africa Program
  ICCR, Room 566
  475 Riverside Drive
  New York, NY 10115
  (212) 870-2928

- Free South Africa Movement
  545 8th Street, S.E.
  Washington, DC 20003
  (202) 547-2550

- Boycott Shell Campaign
  United Mine Workers of America
  900 15th Street, N.W.
  Washington, DC 20005
  (202) 842-7350.