SOUTH AFRICA

U.S. and Iran oil keep South Africa from grinding halt

By Robert Manning

THE AMERICAN PRESS IGNORES IT, AND THE Carter administration rejects it, but the call for imposing an economic embargo against South Africa is growing louder and is fueled by a recent UN study that says if oil sanctions were imposed it could cripple the apartheid regime.

At a UN conference last month Third World nations again backed the long-standing African demand for an economic embargo against the Vorster regime. Predictably, the Western nations walked out of that conference when Third World countries passed a resolution against Israel for its burgeoning cooperation with South Africa, and American officials say that they would veto any oil embargo against Pretoria in the UN Security Council.

But amidst increasing repression inside South Africa, a study by two British economists, Martin Bailey and Bernard Rivers—the first in more than 14 years—concludes that South Africa would not only be vulnerable to such sanctions but that it would be neither difficult nor expensive to carry them out.

So vulnerable is South Africa, in fact, that the authors conclude in their painstaking study that the South African economy would collapse within two years if a complete oil embargo were imposed.

Iran's critical role.

Oil is the one strategic resource that South Africa does not possess. A top South African official has admitted, "Dependence on imported fuel is one of South Africa's most vulnerable points." There has been very little detail about South Africa's oil industry as the Vorster government has extended its Official Secrets Act to cover most oil-related activities. But some meticulous research and investigation has unravelled the oil flow to and distribution within South Africa.

At first glance, South Africa might seem able to weather an oil embargo. Thanks mainly to enormous coal reserves and cheap black labor to mine it, South Africa depends on oil for only 20 percent of its energy needs. But the study points out that this is "an almost irreducible minimum." Two-thirds of South Africa's oil is used in the strategic transport sector, and oil is vital to maintain the helicopters, armored cars, land-rovers and aircraft of Pretoria's rapidly growing military—both police and armed forces.

The UN report cites a 1973 incident to make its point. When a tanker carrying aviation fuel was delayed for several weeks in the Mideast, all privately-owned aircraft were grounded because of limited stocks. Thousands of these ostensibly private planes are voluntarily organized under the Air Commando system and are vital to counter-insurgency measures.

By conducting an analysis of all oil tanker movements from the Mideast to South Africa, the authors confirm that 90 percent of South Africa's oil comes from Iran, another repressive dictatorship. Since 1973, when OPEC nations tried to impose an oil embargo, Iran has replaced countries such as Saudi Arabia and Iraq. The UN report shows that the 1973 OPEC effort failed because the major multinational oil companies who control marketing and distribution did "some artful juggling," according to the South African *Financial Mail*, sending embargoed oil to safe destinations and diverting unembargoed oil, say for France or Britain, to South Africa. The report says that this was done without the knowledge of the oil-producing countries.

The UN report clearly shows that Iran's backing would be necessary right now if sanctions were to be successful. Although Iran's exports to South Africa are only 5 percent of its total oil exports, Iran has strongly rejected the idea of "politicizing" its oil, and the Shah's government even refused to see a special Organization of African Unity (OAU) committee investigating oil sanctions.

The bulk of the rest of South Africa's oil comes from the Persian Gulf states of Oman, Qatar, Bahrein and Abu Dhabi, again via the major oil companies "without the knowledge of the oil-supplying countries," according to the report.

Tight control over oil.

Presently, South Africa produces only 1 percent of its oil from a state-owned oil-from-coal plant, Sasol I. Pretoria has ambitious plans for a more elaborate oil-from-coal plant, Sasol II, a $4 billion project expected to be operating by 1982. But the UN study shows that Sasol II would cover only 70 percent of South Africa's expected *increase* in oil needs by 1982.

Another defiant claim against sanctions by the Vorster government is that the apartheid regime has a large oil stockpile—as much as two to three years worth—and could withstand such pressure. The UN report says that such boasts are hot air, and that at the end of 1975 the stockpile totalled "only six to seven months worth." Though Pretoria has accelerated stockpiling since then, the authors calculate that South Africa has "no more than 18 months supply." Oil is expensive to stockpile—three years worth would cost $7 billion, which further suggests that South Africa is bluffing.

One of the most interesting things unveiled in the report is the role of foreign—especially American—oil companies in South Africa. Aside from the fact that one-third of the oil tankers delivering crude to South Africa are owned by the nine major companies, these firms own some 4,661 service stations in South Africa. Two American companies, Caltex (a joint enterprise of Standard of California and Texaco) and Mobil sell 38 percent of all refined oil products in South Africa. South African officials admit that the major oil companies are responsible for building oil into a multi-billion-dollar business in South Africa as well as providing access to technology and know-how.

The UN report documents the tight control over the oil industry by the South African government. The government must approve any new oil refineries or plans for expanding existing ones; oil companies are obliged to store designated amounts of oil products; foreign oil companies are required to sell a certain portion of their refined products to the government; and under South African law oil companies operating in the country are forbidden from imposing any conditions on the sale of oil products to their customers. This last point means that oil firms must meet orders for the military and police as well as sell oil to customers who might be involved in supplying Rhodesia. South Africa supplies all of Rhodesia's oil, breaking UN sanctions against Ian Smith, and Mobil is one of the key firms involved.

The UN report concludes that Western owned oil firms in South Africa "serve two masters, the overseas parent company and the South African government. When the policies of the two masters diverge, it would appear that the government dominates."

U.S. against sanctions.

The UN report argues that it would be easier to mount effective oil sanctions against South Africa than it has been against Rhodesia, since South Africa does not have a friendly neighbor to break the sanctions. It cites three possible reasons to impose sanctions: if South Africa refuses to stop supplying Rhodesia with oil; if South Africa fails to cooperate on the proposed Namibia settlement; and as pressure to end apartheid at home.

The report suggests various methods by which an oil embargo could be implemented. It says that OPEC could refuse to sell oil to companies who furnish South Africa or could levy extra taxes on such companies.

More effective, the authors suggest, is a UN embargo. This would be done legally under Chapter VII of the UN charter, a section of which was invoked last year when an arms embargo was imposed. The report suggests a naval blockade could be set up. But the authors explain that such a blockade "is probably not necessary. Much simpler, but effective steps could be taken: the UN Security Council could require measures to be introduced so that any tanker that delivered oil to South Africa would be liable to seizure" after leaving the South African port.

The report says that South Africa could find no substitute for oil, and even with tight rationing could reduce consumption only 20 percent. But such rationing itself, the report says, "would have a serious effect on business confidence." The report also says that if all oil supplies were cut off, "the Republic would probably not be able to survive for more than two years." The authoritative *Financial Mail* wrote, "Even the *threat* of [oil] sanctions against South Africa has far-reaching consequences." The UN report expains that during the period when sanctions were applied, "there would be enormous economic and social disruption," and concludes, "Oil sanctions probably represent the most effective form of external pressure that could be exerted on South Africa."

But since on previous occasions when the question of sanctions against South Africa arose at the UN Security Council, the U.S., Britain and France have vetoed them, the big question is will the Western nations support such moves? A State Department official admitted to this correspondent that the Vorster regime has exercised tighter repressive measures, made only "minor and marginal changes," and shows "no willingness towards fundamental change." Nonetheless, several Carter administration officials told me that if it came to a vote now, the U.S. would veto sanctions. But in classic State Departmentese they say that the U.S. "has all kinds of options." In principle, sanctions are not to be ruled out, but the U.S. has set no timetable for change in South Africa or any concrete ideas about how far-reaching change should be.

So for the moment, it looks like business as usual, even though it is increasingly clear that pressure through sanctions is possible and that subtle "leverage" that Carter claims American businesses (some 350 corporations) in South Africa and American government exercise has yielded no signs of change. ■

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A fist with a rose in it.

Socialists may well win in Spain's next elections. Young Felipe Gonzalez will then become prime minister.

IN 1962, WHEN AMERICANS WERE sitting in for civil rights and holding demonstrations against nuclear testing, in Seville the son of a livestock handler for a local oligarch joined the youth group of the clandestine Spanish Socialist Workers party. By the mid-'60s, he had become a labor lawyer and head of the southern section of the party, which had been revitalized to fight the Franco regime. He was arrested for political and syndical activity ten times before he was 30. In 1974, the party held a congress in the Paris suburb of Suresnes and elected "Isidoro" first secretary.

By June of last year, "Isidoro's" face was known all over Spain, and not any more by his party name. His picture was on the front pages of newspapers and magazines in his country and throughout Europe. The *Partido Socialista Obrero Espanol* (PSOE), which had been legalized only four months before, had won an astonishing 28.5 percent of the vote in the national elections, more than any other party, and everyone from right-wing politicians to analysts in the American embassy were predicting that 35-year-old Felipe Gonzalez, the PSOE's national leader, might well head the government in a handful of years.

The national office of the PSOE is in an unimpressive building in a nondescript part of Madrid that has neither the charm of the historic quarter nor the opulence of the new northern section to recommend it. A party banner is hung on the windows overlooking the street, but upstairs there is no name plate on the door.

I rang the bell, was asked to identify myself through an intercom and pushed the door when it buzzed open. A man in his sixties seated at the reception desk motioned me to a straight-backed chair. Other people came in to fill the small room. Some passed into offices; half a dozen stood about waiting. Most were young, in their thirties. I picked up a Socialist Youth magazine; it was a special issue on female sexuality.

The Socialist party has been forged by the '60s generation, and it is not just politics but social attitudes they seek to change. Many of the leaders spent exile years in France or elsewhere in Europe. They have been influenced by the movements for women's rights and for decentralization and local democracy: *autogestion*, it is called. Spanish socialists, like their comrades throughout Europe, want desperately to avoid the terrors of the authoritarian bureaucracy they condemn in Russia and the East. The party symbol is a fist with a rose in it.

Enrique Mugica, an energetic man with curly black hair came in to meet a reporter doing a story on Israel. He is Jewish, a former Communist and now the leader of the party's right wing. The PSOE membership ranges from social democrats like Mugica to left-wing Marxists like Alfonso Guerra, and both are on the national executive committee. Gonzalez takes a place in the middle. "Do you want to consolidate capitalism and reform it or establish socialism?" goes the debate.

On the desk is a pile of cards for membership in the General Union of Workers, the UGT. Every PSOE adherent must belong. This is, after all, a Marxist party founded in the interests of the working class. At its first above-ground congress in Spain since the Civil War, December, 1976, the PSOE declared its objective to be "a society without the division of classes, the consequent extinction of the state, and the change of the government into an administration of that which will exist in a transitory stage of the construction of socialism." It warned, "Until that final objective is reached, decisive interventions will be necessary into the acquired rights and the economic structure of the bourgeois society."

The PSOE press secretary Helga Soto emerged from a narrow corridor. She was wearing jeans and a harried look. I would be taken to see Felipe Gonzalez, she said, but she apologized to the reporter for the

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AN INTERVIEW
BY LUCY KOMISAR