

THE CASE AGAINST ROYAL DUTCH/SHELL

The Royal Dutch/Shell Group of Companies is a major sustainer of the racist system of apartheid in South Africa. Through its supply of oil, Royal Dutch/Shell has provided a vital natural resource that South Africa does not possess. By refining that oil and providing it to Pretoria's military and police, Royal Dutch/Shell directly fuels the wheels of oppression. Significantly, South African law defines oil as a "munition of war." By investing large amounts of capital in South Africa, Royal Dutch/Shell helps prop up the crisis-ridden South African economy.

- * In violation of the international oil embargo against South Africa, Shell has shipped large quantities of crude oil to South Africa.

- * Shell has pumped huge amounts of capital into the petroleum refining and chemical industries in South Africa--capital that the white minority regime desperately needs to maintain its hold over the powerless black majority.

- * Shell has supplied oil products to the South African military and police, known the world over for their brutality. Using Shell's oil, South Africa's police have entered the black townships and have shot down hundreds of unarmed blacks over the past year. Using Shell's oil, South Africa's military has launched several invasions of neighboring countries such as Angola, Botswana, Lesotho, and Mozambique.

- * Shell continues to operate in Namibia, illegally occupied by Pretoria's military, in contravention of United Nations decrees. The company has supplied South Africa's military in Namibia with oil so that it can maintain its hold on that country against the will of the Namibian people and the international community.

- * Shell operates a coal mine in South Africa and exports that coal abroad. Because the coal is mined under virtual slave-labor conditions, Shell is able to undercut American-mined coal and American jobs.

- * Shell has been cited as a vicious union-busting company by the National Union of Mineworkers of South Africa, the Miners' International Federation, and the International Confederation of Free Trade Unions because of its anti-worker policies at its Rietspruit coal mine.

Shell's Supply of Crude Oil to South Africa

Of the oil majors doing business in South Africa, Shell is the only one that has been a major supplier of crude oil to

South Africa in violation of the oil embargo. The Amsterdam-based Shipping Research Bureau has identified Shell-owned, managed, or chartered tankers delivering at least 23 cargoes of crude oil to South Africa between 1979 and 1982, totalling approximately 4.5 million tons. This is second only to Transworld Oil in the number of deliveries during this period. (1)

The London Observer revealed in 1984 that Shell was paid almost \$200 million in secret "incentives" by the South African government in 1980 to break oil sanctions. The newspaper based its story on a censored South African government report presented to the South African parliament in July 1984. In its effort to obtain oil after the fall of the Shah of Iran, Pretoria's main oil supplier, the South African government repaid international oil companies \$8 for each barrel of crude oil imported. In 1980, Shell tankers delivered 22 million barrels to South Africa, becoming the main beneficiary of this program. (2)

The company has denied receiving a premium but has not commented on suggestions that the payments were routed to London through its South African subsidiary, saying that "we have no knowledge of its business." (3)

Since 1981, the company has claimed that it has banned direct crude oil sales to South Africa. However, company officials acknowledge that middlemen may sell Shell-owned oil to South Africa. Furthermore, company officials in Europe disclaim responsibility for how their South African subsidiary obtains the oil it refines, saying it is free to "make its own purchase agreements." (4)

In fact, the London Observer reports, Shell has worked out an agreement with another oil trader, whereby Shell supplies the trader with "free destination" oil from Oman for "resale" to Shell South Africa, despite the fact that Oman officially embargoes its oil to South Africa. The Observer also reported that Barry Hutchings, Shell's man in South Africa responsible for securing supplies, met in March 1984 in London with executives from Marc Rich, an oil company responsible for very large numbers of crude oil deliveries to South Africa. (5)

The Shipping Research Bureau also has documentation that Shell used intermediaries to ship crude oil from wells in Brunei, a nation in Southeast Asia where Shell has exclusive rights to the oil, to South Africa. Fifty-six massive oil shipments, totaling 2.3 million tons valued at approximately \$1.3 billion, were made from Brunei Shell Petroleum to South Africa through two companies--Marubeni and Marc Rich--the majority of which arrived at SAPREF, the Shell-BP refinery in Durban. (6)

Shell Has Significant Investments in South Africa

Royal Dutch/Shell's corporate investment in South Africa has been estimated to be R1,000 million -- or approximately \$400 million.(7) The company operates a refinery, an oil pipeline, gasoline stations, chemical plants, forestry tracts, and lead, zinc, and coal mines inside South Africa.

Royal Dutch/Shell owns a 50 percent interest in SAPREF, South Africa's largest oil refinery, in Durban. British Petroleum (BP) owns the other half. The refinery has a productive capacity of 200,000 barrels/day. It employs 1236 people, of whom 434 are African, 22 are "Coloured", 302 are Asian, and 478 are white, and produces a wide range of petroleum products, including gasoline, parafin, diesetine, aviation fuel, marine fuel, lubricants, and bitumen. (8)

The company also owns, jointly with Mobil, BP and the government-owned SASOL, the off-coast buoy (Single Buoy Mooring Point) at Durban where the vast majority of South Africa's imported oil is discharged. Royal Dutch/Shell also operates an oil pipeline with the government-run SATS (South African Railways). The company markets its products at 853 gasoline stations in the country with approximately 17.5 percent of the market. (9)

Separately, Shell South Africa (Pty.) Ltd. has extensive operations in the chemical industry, an industry Shell Chemical's South African manager has admitted is a "strategic investment." (10) Based in Cape Town, the subsidiary has 75 branches. It employs a total of 2424 workers, of whom 687 are African, 481 are "Coloured"/Asian, and 1256 are white. These figures do not include workers employed at the Rietspruit coal mine or Abecol (Pty.) Ltd. (see below).

Abecol is 50 percent owned by Shell South Africa. Located in Isando (Johannesburg), it employs a total of 1531 workers, of whom 982 are African, 186 are "Coloured"/Asian, and 363 are white. It manufactures bitumen, emulsions, and paints.

Abecol operates a number of wholly-owned subsidiaries, including:

- ABE Industrial Products (Pty.) Ltd., located in Johannesburg, Jacobs, Epping, Port Elizabeth, East London, and Bloemfontein;
- Abecol Management Services (Pty.) Ltd., located in Isando;
- African Bulk Services (Pty.) Ltd., located in Benoni and Durban;
- Dundee Road Products (Pty.) Ltd., located in Isando and Wasbank;
- Petrocol (Pty.) Ltd., located in Isando, Durban, Maitland, Port Elizabeth, East London, Bloemfontein, and Hectorspruit;

Protea Asphalt (Transvaal) (Pty.) Ltd., located in Isando;
and
Wolton Gray & Son (Pty.) Ltd., located in Pietermaritzburg.

Another subsidiary (wholly-owned) of Shell South Africa is Cera Oil SA (Pty.) Ltd., located in Boksburg (Johannesburg). It employs a total of 202 workers, of whom 121 are African, four are "Coloured"/Asian and 77 are white. It operates four 100 percent wholly-owned subsidiaries:

Honeylube (Pty.) Ltd., located in Boksburg and Witbank;
Transvaal Oil Refinery (Pty.) Ltd., located in Boksburg;
Cera Transport and Leasing Co. (Pty.) Ltd., located in Boksburg; and
Cera Properties (Pty.) Ltd., located in Boksburg.(11)

Shell also owns 100 percent equity in Price's Candles, located in Johannesburg, Cape Town, and East London. Price's employs a total of 319 workers, of whom 238 are African, 40 are "Coloured"/Asian, and 41 are white. (12)

Other Shell operations in South Africa are:

Cadac (Pty.) Ltd. (100 percent equity), gas appliances;
Chemico (Pty.) Ltd. (15 percent equity), lubricants;
Easigas (Pty.) Ltd. (100 percent equity), gas;
Loring Rattray (Pty.) Ltd. (100 percent equity), production line unknown;
Pering Mine Services (Pty.) Ltd. (100 percent equity), metals;
Shell Southern Marketing (Pty.) Ltd. (100 percent equity), petroleum;
Shell Southern Trading (Pty.) Ltd. (100 percent equity), property-holding company;
South African Lubricants Manufacturing Co. (Pty.) Ltd. (25 percent equity), lubricants;
Styrochem (Pty.) Ltd. (25 percent equity), chemicals and plastics;
Trek Beleggings Beperk (17 percent equity), marketing of petroleum products;
Valvoline Oil Co., S. A. (Pty.) Ltd. (100 percent equity), petroleum products;
Veetech (percent equity unknown), petroleum products. (13)

Shell Fuels the Military and Police

Evidence that Royal Dutch/Shell supplies the South African military and police can be found in South Africa's laws and in company management statements. According to South Africa's National Supplies Procurement Act and the Petroleum Products Act, Royal Dutch/Shell must, as a condition for investing in

South Africa, supply oil to the military and police. Furthermore, according to the Official Secrets Act, the company is prohibited from disclosing how much oil it sells to the military and police. In addition, the Key Points Industries Act allows the South African government to take over designated plants in the event of "civil unrest" and requires the establishment of private, plant-based militia. (14)

Shell's top management has claimed that it is powerless to cut off these supplies. According to Shell Transport's former chairman, Sir Peter Baxendell, Shell's South African subsidiary "is free to manage its own business affairs within the laws of the country within which its operations are conducted" (emphasis added)--that is, within the laws of apartheid. (15) To impose trading restrictions because of apartheid "would constitute interference in the internal affairs of South Africa and Shell South Africa," he stated. (16)

Dirk de Bruyne, Chairman of the Committee of Managing Directors for Royal Dutch/Shell in the Hague, also admitted that the company makes no distinction between clients, supplying schools as well as the army and police. (17) Furthermore, the company is restricted from even discussing these matters because, according to Baxendell, "oil is a security subject covered by the security laws" of South Africa. (18)

Baxendell has also made the point that Shell is breaking no laws in providing oil to South Africa due to the voluntary nature of the oil embargo. This, however, is a curious statement coming from a company that was cited for illegally providing 50 percent of the oil to Rhodesia's white minority regime in violation of a mandatory embargo from 1966 to 1980. (19)

In addition to supplying oil, Royal Dutch/Shell supports the South African military in several other ways. According to the London Observer, Shell South Africa pays its white employees to serve in the South African military. The South African government pays draftees a token wage which is supplemented up to their normal income by Shell. (20) Shell, like all foreign corporations operating in South Africa, also supports the police and military through the corporate taxes it pays the government.

A more truthful account of the company's attitude toward its South African business came from Shell's Michael Pocock at the 1978 annual general meeting. "We have no reason to feel ashamed of the record and action of our subsidiary in South Africa," he said. "I feel proud of them." (21)

Shell Exports Coal from South Africa, Undercutting American Jobs

Shell South Africa also owns 50 percent equity, with the South African company, Barlow Rand, in the Rietspruit Opencast

Services (Pty.) Ltd., a coal mine in eastern Transvaal. Its total output is 6 million metric tons of coal, which is exported through the Richards Bay Coal Terminal Co., Ltd., of which Royal Dutch/Shell owns 15 percent equity. In 1987, Shell exported 5.2 million metric tons from South Africa (sales were reduced primarily because of boycotts of South African coal by some European countries). Shell also exports the output of the Kleinkopje coalmine, owned by the Anglo-American Corporation. Rietspruit employs a total of 1474 workers, of whom 1,143 are African, four are "Coloured"/Asian, and 317 are white.(22)

Royal Dutch/Shell was granted a 5.5 million ton export quota for coal in 1985. (23) Like the other oil multinationals which own shares in Richards Bay, Royal Dutch/Shell is given this quota because and for as long as it continues to supply oil to the South African government. This was confirmed in May 1979, when the South African Minister of Economic Affairs, Chris Heunis, said that the coal quotas of Shell and other companies would be "reviewed" if the companies stopped supplying oil, and that the coal concessions had only been given on the understanding that the oil companies would continue to fulfill their obligation to supply oil to South Africa. (24)

Royal Dutch/Shell Operates in Namibia

Shell South Africa has three subsidiaries (all of which are wholly-owned) in South African-occupied Namibia, giving sustenance to Pretoria's military presence. Shell Oil South West Africa distributes oil products, including to the South African military. Shell Eksplorasie Suid-wes Afrika has been involved in oil exploration, and Billiton Exploration South West Africa, has been involved in metal exploration. (25) Shell contends that it stopped mineral exploration in Namibia in 1972. Oil or mineral exploration in Namibia would be a direct violation of United Nations Decree Number One which prohibits such resource exploration or development until Namibia is independent. Indeed, the U.N. General Assembly has prohibited all foreign corporate investment in the disputed territory.

Royal Dutch/Shell Exploits Black Workers

The corporation proudly claims that it is a signatory to the EEC Code of Conduct and that it has "enlightened employment and social policies [which] have, by their example, already made significant improvements in working and living conditions for the black community." (26)

The European Economic Community Code of Conduct, to which Royal Dutch/Shell adheres, is considerably weaker than the Sullivan Principles. In fact, the EEC Code of Conduct has been criticized by the European Parliament as being inadequate.

Furthermore, the stronger Sullivan Principles have been abandoned by their founder, Rev. Leon Sullivan. Rev. Sullivan came to the conclusion that the Principles have not served to undermine apartheid and called on all foreign companies to leave South Africa.

A closer look at Shell's management practices in South Africa tells a far different story from that of improved working and living conditions. Although Shell is a signatory to the EEC Code of Conduct, before the National Union of Mineworkers organized the company's Rietspruit coal mine, Shell was cited in 1980 as violating that code because it paid its employees below the poverty line. Shell also contravened the code by refusing to disclose pertinent information on working conditions to the public. (27)

Once the mine workers organized, the company attempted to crush the union. In February 1985, a black mine worker was killed in a mine accident at Rietspruit. When the other workers took two hours off work to hold a memorial service, the mine management reacted by suspending four shop stewards. Eight hundred mine workers at the site struck to get their fellow workers reinstated. Management responded by using rubber bullets and tear gas against the miners, firing 86 workers and evicting them from their homes, and forcing the remaining miners back to work at gunpoint. (28)

According to the mine's management, the company was pleased to get rid of these workers. They were "hard core trade unionist Turks--people whose hearts and minds we could never win," said one manager, "and we're glad to see the last of them." (29)

Following this incident, the company refused to permit union meetings, intimidated its workers, and refused to allow shop stewards any access to union members.

During the August 1987 miners' strike, the Rietspruit mine management again called in the security police who fired rubber bullets at the miners. The company fired 14 union mine workers who were all detained by the South African police.

At the Sapref Oil refineries, also co-owned by Shell, black workers won a pay increase in the summer of 1987 after being forced to take a strike vote and threaten to picket Shell's offices throughout South Africa. Pat Horn, a spokesperson for the Chemical Workers International Union, said: "It's all very well for Shell and British Petroleum to invest in expensive advertising campaigns promoting their 'concern' for the people of South Africa, but we believe they should put their house in order." (30)

The National Union of Metalworkers of South Africa was forced to engage in a five-week sit-down strike against Cadac,

a Shell subsidiary, in the autumn of 1987. The workers won a wage raise--to about \$1.70 per hour. (31)

In March of 1988, workers were forced to undergo a four-week strike at Shell's Veetech Oil Company in Durban in order to win a pay hike. (32)

In April, 1988, workers at Sapref again voted to go on strike if deadlocked wage talks were not resolved. (33)

Royal Dutch/Shell has never hesitated using apartheid's repressive laws to gain higher profits. It has used the fair employment codes as a public relations cover for its continued oil trade with Pretoria and continued exploitation of black workers. Indeed, a "confidential" report prepared by Royal Dutch/Shell's subsidiary, Scallop Corporation, in February 1983 notes that adherence to codes such as the Sullivan Principles and the EEC Code of Conduct "is an essential tool for responding to domestic critics and institutional investors..." (34)

However, even if Shell complied with every code ever written, the issue of the company's strategic support of apartheid would remain. Even a "good" employer must operate within the context of the repressive apartheid system. And this particular employer provides essential resources to the South African military and police who enforce that system. No one would praise a company that sells deadly gas to a concentration camp just because it treats its employees well.

As James Motlatsi, President of the National Union of Mineworkers, the largest trade union in South Africa, said this past May in the Netherlands on the occasion of the annual shareholders meeting of Royal Dutch Petroleum, "They [Shell] always declare that they are anti-apartheid. They support freedom of organization, of opinion and press. But in practice Shell does not support the trade union movement at all. Shell does not listen to the NUM, a democratic union of which the laborers decide for themselves whether they will join or not....Shell supports the regime by supplying oil. At the same time they refuse to recognize democratic organizations. Shell must leave South Africa. That is the only political step in the right direction." (35)

Perhaps the best description of Shell's role in South Africa comes from the company itself. In an advertisement in a South African newspaper, Shell boasted: "WE'RE BACKING SOUTH AFRICA."

NOTES

- (1) Shipping Research Bureau, West European Companies Breaking the Oil Embargo against South Africa, Public Hearings on the Activities of Transnational Corporations in South Africa and Namibia, United Nations, 13 September 1985.
- (2) London Observer, 5 August 1984.
- (3) London Observer, 12 August 1984.
- (4) Wall Street Journal, 26 April 1985.
- (5) London Observer, 12 August 1984.
- (6) Shipping Research Bureau, Shell, Marubeni, Rich: Crude Oil Deliveries to South Africa from Brunei, January 1979 to October 1986, January 1987.
- (7) Shipping Research Bureau, op. cit.
- (8) Shell South Africa Social Report 1984; Dutch Anti-Apartheid Movements, Transnational Corporations in South Africa: The Role of Shell, Public Hearings on the Activities of Transnational Corporations in South Africa and Namibia, United Nations, 13 September 1985; Investor Responsibility Research Center, International Investment in South Africa, Washington, D. C., 1987.
- (9) Financial Mail, 22 July 1977; Dutch Anti-Apartheid Movements, op. cit.; Christians Concerned for Southern Africa, Oil and Apartheid, London 1982.
- (10) Martin Bailey, Shell and BP in South Africa, London, 1978.
- (11) Investor Responsibility Research Center, op. cit.
- (12) Ibid.; Holland Committee on Southern Africa and Working Group Kairos, The Role of Shell, 13 and 14 November 1980.
- (13) Investor Responsibility Research Center, op. cit.; Shell South Africa Business Report 1987 (annual corporate report).
- (14) See, "The Oil Trade with South Africa."
- (15) Shell response to shareholder resolution, May 1984.
- (16) Ibid.
- (17) Holland Committee on Southern Africa and Working Group Kairos, op. cit., from May 1980 annual general meeting.
- (18) Martin Bailey, Fueling Apartheid: Shell and the Military, London, 1984.

- (19) Martin Bailey, Oilgate, London, 1979.
- (20) Martin Bailey, "U.K. Firms Top Up Army Pay," London Observer, 27 July 1986.
- (21) Statement by Shell, 1980.
- (22) Investor Responsibility Research Center, op. cit.
- (23) Working Group Kairos, Transnational Corporations in Southern Africa: The Importance of Coal, Public Hearings on the Activities of Transnational Corporations in South Africa and Namibia, United Nations, 13 September 1985.
- (24) Economist, 26 May 1979.
- (25) Holland Committee on Southern Africa and Working Group Kairos, op. cit.
- (26) R. W. Tookey, Shell Group Public Affairs Coordinator, Mailgram to Randall Robinson.
- (27) London Sunday Times, 6 January 1980.
- (28) International Confederation of Free Trade Unions, Memorandum, July 1985.
- (29) Ibid.; Council of Unions of South Africa, Izwilethu, March 1985.
- (30) Weekly Mail, July 10, 1987.
- (31) City Press, November 8, 1987.
- (32) Weekly Mail, April 15, 1988.
- (33) Weekly Mail, April 22, 1988.
- (34) Barbara J. Calvert for the Scallop Corporation, "Doing Business in South Africa: The Pressures on U. S. Corporations," February 1983, marked "confidential."
- (35) Frank Von Zijl, "Shell Becomes Target for Black Trade Union Movement", interview with James Motlatsi, President of the National Union of Mineworkers, Volkskrant, 11 May 1988.

APPENDIX A

SHELL TANKERS TO SOUTH AFRICA

CRUDE OIL SUPPLIED

The following is a list of Shell-owned, managed, or chartered tankers that supplied crude oil to South Africa between 1979 and 1982:

<u>Tanker</u>	<u>Flag</u>	<u>Arrived in South Africa</u>
Philippine Star	Pi	February 1979
Energy Progress	Liberia	March 1979
Myrtea	France	March 1979
Berge Septimus	Norway	June 1979
Energy Progress	Liberia	June 1979
Litiopa	France	June 1979
Berge Brioni	Norway	July 1979
Polyscandia	Norway	July 1979
Alva Sea	France	September 1979
Litiopa	UK	September/October 1979
Alva Sea	UK	October 1979
Limatula	UK	December 1979/January 1980
Salem*	Liberia	December 1979/January 1980
Mytilus	Neth.	January 1980
Mytilus	Neth.	February 1980
Berge Septimus	Norway	April 1980
Macoma	Neth.	April 1980
Latirus	Neth.	May 1980
Macoma	Neth.	July 1980
Eastern Mobility	Liberia	August 1980
Berge Septimus	Norway	September 1980
Macoma	Neth.	November 1980
Eastern Mobility	Liberia	January 1981

Karama Maersk+	Dan.	November 1979
Garden Green+	Liberia	November 1980

*Shell stated that the discharge of the Salem cargo in South Africa was done without knowledge or approval of Shell.

+The Garden Green loaded a full cargo and the Karma Maersk a part cargo of crude oil at the Shell Terminal in Rotterdam and Europoort, prior to sailing to South Africa.

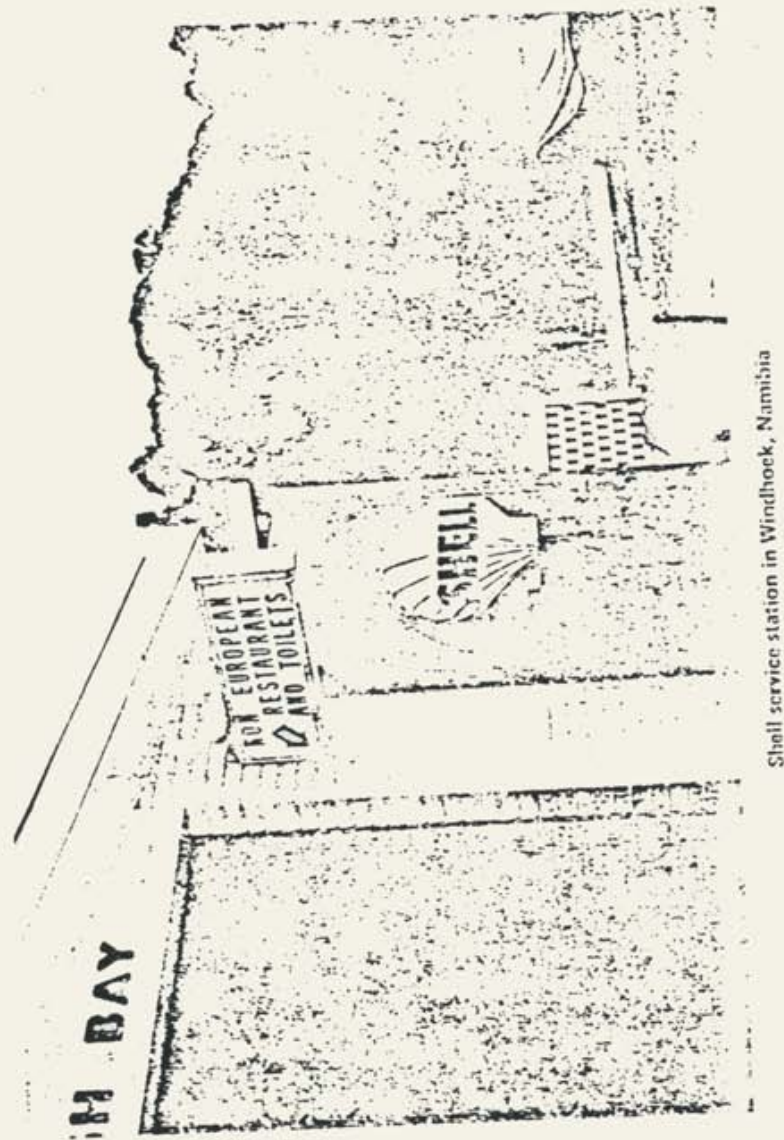
Source: Shipping Research Bureau, Shipping Companies Breaking the Oil Embargo Against South Africa, 30/31 October 1985.

Other Shell tankers identified as delivering oil to South Africa are:

<u>Tanker</u>	<u>Flag</u>	<u>Arrived in South Africa</u>
Andros Aries	Greece	April 1981
Fossarus	Liberia	October 1980
Latirus	Neth.	March 1980
Latirus	Neth.	February 1981
Liparus	UK	May 1980
Liparus	UK	August 1980
Litiopa	UK	May 1980
Mytilus	N.Antil.	July 1980
Mytilus	N.Antil.	December 1980

Source: New Statesman, 18 June 1982.

APPENDIX B



Shell service station in Windhoek, Namibia

Source: Martin Bailey, Shell and BP in South Africa, a joint Anti-Apartheid Movement/Haslemere Group publication, London, 1978.