

Mobil is mobile

by **DEBBIE BUDLENDER**

Mobil has always been at the forefront of the anti-disinvestment campaign. Their president, Sal Marzullo, is a founding member of the Coalition on Southern Africa (COSA), an organisation of American business people founded in September 1987 with one of its chief aims being to fight disinvestment. Even Simon Barber, a US journalist who himself is anti-disinvestment, does not like COSA. He says "COSA was a gimmick snatched at by craven executives looking for an easy fix to their South African problem" (*Cape Times*, 21.3.89).

Mobil has fought hard against US laws which they think will affect their South African interests.

- In January 1988, the US government made a law, called the Rangel Amendment, which meant that US multinationals would have to pay tax both in South Africa and the United States. Mobil accused the government of "sneaking through" this amendment in the Budget Bill (*Cape Times*, 22.5.89). (It is estimated that Mobil lost at least R12m worth of profit through Rangel's effects in 1988.)
- In April 1988 Mobil and five other oil companies refused to give evidence before a sub-com-

Mobil

mittee of the US House of Representatives which was investigating oil sanctions.

- In June 1988 Mobil employed a lawyer to prepare a case against the US government if the Dellums Bill became law. Dellums - which eventually was not passed - would have forced all US multinationals to disinvest completely. Mobil wanted to sue the US government for \$400m, the value of Mobil's South African assets.

Mobil has been in South Africa for more than ninety years. It is the US company with the biggest investment in South Africa. It owns assets worth about \$400m dollars here - companies which produce fuels, lubricants, asphalt and other products - and sells its products in South Africa, Namibia, Botswana, Swaziland and Lesotho. Mobil owns or supplies more than 1100 service stations. Their refinery in Durban produces 65,000 barrels of oil a day. They also have a 47% interest in a large oil refinery in Durban. Altogether Mobil companies employ about 2,800 people. About 1,300 of these employees are "white". Of the rest, 1,200 are members of the Chemical Workers Industrial Union (CWIU). In the middle of 1987, CWIU sent a letter to the 41 multinationals in which they were organised asking that management come to a meeting to discuss the union's demands around disinvestment (see previous *Labour Bulletin*). Most of the companies re-

fused to come to this meeting. Mobil said that it was not relevant for them because they were definitely not considering disinvesting.

In the middle of 1988, CWIU again asked multinationals to come to a meeting. Again Mobil refused - using the same reason. Each time the company gave the same reply to the union - it was "not considering disinvestment, and should it do so in the future it will consider the appropriate method of consulting the union", (*Weekly Mail*, 28.4.89)

Mobil pulls out

In February 1989, Mobil even added in their letter that they were "prepared to negotiate the issue with shopstewards should disinvestment become an issue".

Then in mid-April this year the newspapers suddenly announced that Mobil was disinvesting. They were selling their South African shares to Trek, a subsidiary of Gencor, which already owns 36 service stations.

Many people were very surprised at this move. But Rod Crompton, the General Secretary of CWIU, says that despite Mobil's denials to the union, the company has been making its plans for at least 16 months.

In October last year an internal memorandum from a senior advisor in Mobil US to Allan E Murray, chief executive officer, was leaked to the press. This memorandum refers to a document dated 18 December 1987.

The 1987 document discusses contingency plans for disinvestment. It

says that if Mobil must disinvest, they should establish a trust company in a Jersey Island tax haven. Then they should choose one of three ways to sell their assets: (a) sell to someone else (b) sell to their employees in the form of a trust or (c) sell to Mobil shareholders. After the sale money would then flow from the new owners to the Jersey Island tax haven.

After the disinvestment announcement CWIU asked the Industrial Court to stop the sale of Mobil's assets until the company agreed to negotiate. The court twice postponed hearing the matter. The matter is still to be finalised.

Workers took action in several plants. In Cape Town about 30 shopstewards held a 30-minute placard demonstration outside the company's South African head office. In Johannesburg workers also held a placard demonstration. In Durban the same action was taken, with workers also refusing to work overtime.

The company then agreed to meet with the union on 8 May. But Jacques Franken, Mobil industrial relations manager, admitted that they would only discuss the *consequences*, not the process, of the disinvestment. So they would not discuss demands such as twelve month's notice. Afterwards the union described the meeting as a "farce". Mobil refused to give any information about the deal. They said that local management did not know anything and the union must ask Mobil headquarters in the US.

But when a US activist asked Allen Murray, Mobil US's Chairper-



CWIU demonstration outside Mobil offices in Johannesburg

Photo: Chris Ledochowski/Afrapix

son, about this at the Mobil annual shareholders' meeting, Murray replied; "You ask us whether we intend to negotiate the terms of this agreement. Not that I know of." (*Cape Times*, 13.5.89).

At the moment many things about the deal are unclear. Many people are saying that Gencor is buying the assets at a "bargain basement price" of \$150m (R360m), instead of their real value of at least R906m. Other press reports quoted a spokesperson for Mobil who said that they were getting more than the "book value" of the companies, and mentioned a figure of R500m (*Argus*, 28.4.89).

Although the company has not given full details, we do know some things about the deal. Mobil is selling its assets but like many other com-

panies which say they have disinvested, Mobil will continue to do business with South Africa. Murray admitted that they will allow Gencor to use Mobil technology and formulas. Gencor can even use the Mobil logo! Of course, Gencor will also pay Mobil for the use of all this.

The industrial court case was postponed until 24 May when Mobil's lawyers promised that the company would provide full information to the union.

Meanwhile a group of black business people has approached Mobil with a counter-bid. They offered to pay more than Gencor. They said Mobil must sell to them to show that the company is against apartheid. These business people also approached CWIU. They had a meeting

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14 May - Mobil puts id in paper saying that nothing will change under the new owners, especially their 'great team of people'. Mobil workers want some say in the process to ensure this.

with representatives of CWIU on 12 May before travelling to the US to meet with Mobil head office.

After the meeting CWIU said that they appreciated the fact that these business people had consulted the workers. This is something Gencor, as one of "the most notoriously anti-union corporations in South Africa" (*South*, 3.5.89) would not consider. Bernard Smith, director of Gencor, has said that it is up to Mobil to negotiate with the union. But CWIU also said they could not support the new deal either until Mobil agrees to negotiate with the union.

In June 1988 Mobil boasted in their evidence to a US Senate Committee considering sanctions that "It is companies like Mobil .. who have been the first ... to sign union agreements ..." Their dishonesty and refusal to negotiate on the subject of disinvestment seem to negate this. As they continued to refuse, workers at many Mobil plants came out on strike.

Then, after two weeks of refusing to negotiate or make any offers, Mobil's position changed and the union suspended the strike, which by that time had spread to 19 depots. A strike ballot had also been taken at the Mobil Refinery in Durban.

At the meeting with the union on 19 May, Mobil agreed to guarantee se-

curity of employment for all employees for 12 months. Gencor signed both the guarantee and a document setting out the present conditions of employment. Mobil also provided the union with a lot more information about the deal (much of the information was made public at Mobil US's AGM on 12 May, but the company refused to give the information to the union).

The information shows that Mobil is selling its assets, but it will continue to do business with South Africa - like many other companies which say they are disinvesting. Mobil has guaranteed that they will supply old technology to Gencor for at least five years (they do not say whether they will supply new technology). And Gencor can use the Mobil logo! Mobil has stated that there will be no royalty payments from Gencor to Mobil for the five year period.

By the beginning of June, the union and Mobil had deadlocked on several issues - the amount of separation pay for each worker, a copy of the agreement of sale, and the establishment of a trust fund. A new dispute has been declared and a conciliation board applied for.

The union has called a national general meeting of all Mobil workers in Durban on 17 June to discuss further action. (2.6.89) ☆