



**ORGANIZATION OF
AFRICAN UNITY**

Secretariat
P. O. Box 3243

منظمة الوحدة الافريقية
السكرتارية
ص. ب. ٣٢٤٣

**ORGANISATION DE L'UNITÉ
AFRICAINNE**

Secretariat
B. P. 3243

Addis Ababa * ادیس ابابا

COUNCIL OF MINISTERS
Twenty-Third Ordinary Session
Mogadiscio, Somalia, June 1974.

CM/603(XXIII)

Agenda Item

The Effects of Oil Embargo on the
OAU Member States.

REVIEW BY THE GENERAL SECRETARIAT



MICROFICHE

REVIEW BY THE GENERAL SECRETARIAT OF THE EFFECTS
OF OIL EMBARGO ON THE OAU MEMBER STATES

I. PRESENT SITUATION

The energy crisis, as the Oil Embargo and resultant energy difficulties have come to be known, continues to be the most serious economic problem facing the large majority of the OAU Member States. The problem was triggered when the Arab oil producing countries decided to reduce the supply of oil to certain Western European and North American countries because of the latter's support for Israel. Although the African States affected have made every effort to solve the problem both individually and collectively through the Organization of African Unity, relief from the strain put on their economies by the Oil Embargo and subsequent, related events has not yet come.

2. From a survey made by the General Secretariat, there are 36 OAU Member States which do not produce and must therefore import oil. In crude oil equivalent, the total oil requirements of these countries for 1974 is estimated at between 25 and 30 metric tons, according to this survey. This estimate is an extrapolation from actual figures supplied to the General Secretariat by 29 Member States which answered a relevant questionnaire sent to all 36 importing Member States. (See Annex I hereto).

3. At the present, average, actual contract, crude oil cost of about US\$12 per barrel, this means a total oil bill of between US\$1,800 million and US\$2,160 million for these 36 countries, and represents a rise of 300% in their oil bills. The chief source of the energy problem can therefore be seen to lie in the price of oil rather than in the shortage of oil supplies.

II. THE COURSE OF EVENTS SINCE OCTOBER 1973

4. The immediate problem which the Oil Embargo precipitated for the non-oil producing states was the reduction in their oil receipts. When the Arab oil producers imposed the Embargo, they declared that the Embargo was directed against the enemies of the Arab People and friends of Israel. Little did they realize that the weapon would hit some of their friends as hard as it is doing. The reason why this happened was because of the

structure of the oil marketing system in existence at the time the Embargo was imposed. Up to that time, most of the oil producing countries had very little control over the marketing and movement of oil from the source of production to the consuming points. It was only later that some of the oil producing countries began to take measures to put not only production, but also marketing of oil under their direct control. In the meantime, because of the control of the greater part of the oil trade by the international oil companies, some oil which had been consigned to the African countries was diverted. Some European and North American countries against which the Embargo had been instituted are reported to have in fact received more oil than they were receiving before the Embargo.

5. The immediate reaction of the European and North American countries to the imposition of the Embargo by the Arab oil producing countries was one of anger. In some of those countries, for example, there was even some sabre rattling, as some representatives of their governments recommended or threatened retaliation against the Arab countries. In addition to these threats, the European and North American countries took two measures intended to blunt the effects of the Embargo. The first measure was the imposition by their governments of strict control of the consumption of oil and other forms of energy. The second step was their stepping up of efforts in developing alternative sources of oil and other forms of energy. While they carried out these measures, however, the European and North American countries never tired of crying "Doom, doom", at the top of their voices.

A. THE PRICE SPIRAL

6. Midway between the imposition of the Oil Embargo and the beginning of this year, the crisis shifted from shortage of oil to the high cost of oil. In fact, in this period, the price of oil rose several times from US\$3.8 per barrel to US\$11.60 a barrel obtaining today; that is, by over 300%. The high cost of oil was further highlighted when it began to be realized that the actual oil cutback experienced by the European and North American consumers had been considerably less than what had been expected from the announcements made by the Arab oil producing countries. For instance, effective reduction in supplies of oil to the United States turned out to be between 5% and 10% rather than between 15% and 25%. At

the same time, the oil producing countries themselves began to waver somewhat in their application of the series of the production cutbacks which they had planned. Some declared, for instance, that it had never been their intention to harm the economies of other countries.

7. The rise in oil prices caused a considerable deterioration in the balance of payments positions of the non-oil producing African States; the adverse effect on their import bills was almost immediate. In the circumstances, the OAU Committee of Seven on Oil Embargo, set up by the Eighth Extraordinary Session of the Council of Ministers, found its attention being directed more to seeking price relief from the Arab oil producing countries than to ensuring adequate supply of oil to the OAU Member States. The steps which were taken by that Committee to try and bring about such a relief have already been documented and presented to the Council as Reports of the Committee.

B. NEO-BARTER TRADE

8. A third stage was reached in the energy crisis when some Western European countries and Japan began to enter into a series of barter-type bilateral arrangements with the Arab oil producing countries for long-term supply of oil. These arrangements proved rather attractive to the oil producing countries for three apparent reasons. In the first instance, it was proof of the ability of the oil-producing countries not only to benefit their friends in Western Europe and North America, but also to negotiate trade with the industrialized countries on their own (oil-producing countries') terms. Thus, these arrangements, in the second place, enabled the oil-producing countries to enhance the terms of trade for oil, their chief product and export. Finally, the oil-producing countries realized that they were able to pick and choose the goods which the industrialized countries were to supply to them in exchange for oil.

9. As far as the industrialized countries which entered into these agreements were concerned, their chief gain was the futures element of the agreements. In other words, they were enabled to receive the oil for which they had contracted with the oil producers at agreed and therefore stabilized prices for up to ten years to come. The effect of the arrangements was thus to cushion the oil buyers from the possibility of further erratic or unpredictable oil price rises.

III. THE PROBLEM FACING AFRICA

10. For Africa the period under review has been a particularly bad one. It has been a period of bitter disappointment — a period of loneliness among friends. The efforts made by the OAU and some of the Member States to ease the situation have largely failed to produce the kind of results for which the continent had hoped. Disillusion thus continues to be our uninvited companion.

11. Broken down into its constituent parts, the problem that glares OAU Member States in the face consists of:

- (a) the need to develop their own sources of energy;
- (b) the need to be in control of the marketing of any oil, in which they have an interest, that is, whether they produce the oil or buy it from other producers; and
- (c) the need to control their own means of transporting the oil in which they have an interest, again whether as producers or as consumers.

A. DEVELOPMENT OF THE SOURCES OF ENERGY

12. The Oil Embargo has prompted many OAU Member States which now import oil to embark upon projects of prospecting not only for petroleum, but also for other sources of energy, such as natural gas, geo-thermal and hydro-electric power. In this regard, the Member States probably need to be warned that, as far as exploration for natural sources of energy is concerned, the international companies which specialize in the development of these sources of energy generally have large quantities of low-cost crude oil outside the oil producing countries. Consequently, they have little incentive to explore seriously for oil within these countries. In fact, and on the contrary, they tend to have a great incentive to keep the governments of these countries from undertaking serious exploration for natural sources of energy.

13. Consequently, the question which the governments of these countries must ask themselves is this: "Who should undertake oil exploration and the building of refineries for them?" Unfortunately, it may be impossible to avoid using the services of some of these companies. Where such a situation arises, the onus on the governments concerned is that of selecting prudently the companies to employ. Apropos at this point are the recommendations of the Tripoli Conference on Petroleum in paragraphs 30 and 31 of this paper.

B. MARKETING

14. Although refining is physically a part of the process of producing oil, in economic and commercial terms, it is essentially a part of the marketing of oil. In this regard, what the oil producing states, as well as prospective oil producing ones, have to bear in mind is that the main interest of the international oil companies is in obtaining outlets for their external crude oil. In the circumstances, they are often tempted and they tend, therefore, to seek to prevent governments of the developing oil producing countries from owning refineries, particularly since this might lead these governments to making greater efforts in the exploration for oil.

15. As the refining arrangements and techniques affect substantially the final oil product destined for the consumer, they ultimately affect the pricing of oil. To say this is to suggest, in fact, that in any arrangements which the OAU Member States might wish to make in their efforts to solve the marketing aspects of their oil needs, they would need the services of experts who combine the knowledge of refining technology with knowledge of pricing techniques.

16. Concerning the marketing of oil, as viewed in the foregoing paragraph, a possible line of action which has been suggested by the General Secretariat, but has not had the opportunity to be pursued due to preoccupation with the short-term effects of the crisis, is the possibility of the non-oil producing OAU Member States pooling their resources together to establish refineries for processing imported crude oil and establishing joint storage depots for refined oil. The Secretariat was led to consider this approach

to the problem by the fact that, of the 36 OAU Member States which import oil, 17 do not even have refineries of their own and must therefore import refined oil. The Council might thus wish to give due consideration to this approach to the problem, especially as there is no reason to believe that the circumstances which have led to the oil crisis either are a matter of the past or will not recur even after they pass.

C. TRANSPORT

17. Although the transport aspects of oil trade are of importance to the oil producing countries, it is of greater interest to oil importing countries. As already observed elsewhere in this Review, one of the problems which the oil importing OAU Member States have experienced during the energy crisis has been the diversion to other destinations of oil consigned to them. This happened because neither they nor the oil producers had control over the transportation of the oil. In this regard, the OAU Secretariat had suggested as a possible solution the formation of an African Fleet of Tankers, which could eventually develop into or lead to the formation of an African Oil Company.

18. It is the opinion of the General Secretariat that this suggestion merits the serious consideration of the Council. During the consultations which took place between the Committee of Seven and the Ministers of the oil producing Arab States in Cairo in January this year, for example, the Arab Ministers disclosed that much oil which their countries had earmarked for the importing OAU Member States was lying at the production source, because there was apparently no means of moving it. A similar report was made by the delegation of the Libyan Arab Republic to the Tripoli Conference on Petroleum. It is doubtful that the situation has improved much, if at all.

19. The suggestion of the General Secretariat for the formation of a Fleet of Tankers was actually predicated upon the realization that such a project is bound to be very expensive; hence it would require a joint effort of several states. However, it is not absolutely necessary that the suggested Tanker Fleet be a single armada serving all of the OAU Member States. Possibilities of organizing regional fleets should, therefore, be considered.

IV. THE EFFORTS OF THE OAU GENERAL SECRETARIAT

20. The General Secretariat's role in the oil crisis has been two-fold:

- (a) To render the necessary technical support to the Committee of Seven and
- (b) to assist the Member States in their efforts to find a solution to the problem.

The Secretariat has done all in its power to discharge as effectively as possible both of these responsibilities.

21. In a technical paper prepared for the first session of the Committee of Seven, for instance, the Secretariat analysed the problem in great detail, defining its short-term, medium-term, as well as long-term implications, and suggesting possible solutions. In this light, it is unfortunate that the problem still lingers on in all of its three phases just mentioned. The really regrettable import of the foregoing observation is that the OAU Member States do not seem to have been able to deal effectively even with the immediate or emergency phase of the problem.

A. THE SEARCH FOR TECHNICAL ASSISTANCE

22. With regard to the Secretariat's support to the efforts of the OAU Member States, one of the decisions which the Committee of Seven took at its first session (December 29, 1973) was that the Administrative Secretary-General should give all necessary assistance to the Member States in the detailed arrangements for securing adequate supply of oil. To this end the Committee authorized the Administrative Secretary-General to appoint a consultant or consultants who could provide the necessary technical advice and expertise on such arrangements.

23. Pursuing this decision of the Committee of Seven, the General Secretariat has left no stone unturned in seeking the means of relief to the OAU Member States which have been hit by the Oil Embargo and the subsequent, steep oil price rises. Thus, apart from lending technical support to the Committee of Seven, by preparing the necessary documentation and servicing the meetings of the Committee, the Secretariat has worked

hard to locate, and if necessary secure the services of experts who could act as consultants or advisers to it in its efforts to assist the Member States in their search for a solution to this acute problem. In this light, the Lonrho issue was but the more sensational instance of these efforts.

24. Availing itself of the co-operation of the Economic Commission for Africa, the General Secretariat made contacts all over the globe practically in search of potential corporate as well as individual consultants. The results have not been altogether disappointing. As at Annex II hereto, for instance, the Secretariat has a list of consultants or experts from Yugoslavia and Romania, whose services it has been assured are still available.

25. These experts are requesting terms identical to UN short terms of service. The financial implications of engaging the experts are accordingly as follows:

- (a) For a P.5 level expert: the salary would be US\$1,740 per month. In addition, the expert would be paid an average post adjustment allowance of US\$250 per month. The OAU would also have to be responsible for his transportation from his home station to the place of work.
- (b) For D.1 level expert: the salary would be US\$1,910 per month to which, as before, would be added a post adjustment allowance of US\$250. Additional costs would, of course, arise from the transport of the expert as explained at (a) above.

26. On February 25, 1974, the Japanese Embassy in Addis Ababa, which had been serving as contact between the General Secretariat and Japan in search of experts from that country, wrote to regret that it was not possible to find a Japanese firm which would be interested in serving as consultant. The letter is attached hereto as Annex III. However, the General Secretariat has, since the receipt of the disappointing response from Japan, made further contacts with the Embassy, which has agreed to make new approaches to the Japanese Government to assist with the search for individual experts that could act as consultants on the UN terms given above.

For this second round of the search in Japan for petroleum experts, the Embassy has been provided with the Job Descriptions contained in Annex VI hereto.

27. The General Secretariat has also made approaches to some Caribbean as well as African oil producing countries for experts, but so far, it has only been able to secure the services of a Tanzanian expert, who accompanied its mission to Cairo to service the joint Meeting between the Committee of Seven and the Arab Ministers of Petroleum. Meanwhile, the General Secretariat has also obtained, through the co-operation of the ECA, a general list of experts in the Petroleum Industry, as well as a list of Government Agencies operating in the industry. These lists are attached herewith as Annex IV and V respectively.

B. THE TRIPOLI CONFERENCE ON PETROLEUM

28. The General Secretariat also attended, in observer capacity but most actively, the Regional Conference on Petroleum Industry and Manpower Requirements in the Field of Hydrocarbons, which was held in Tripoli, Libya, from 2 to 12 February this year. This was a Ministerial Conference organized by the Economic Commission for Africa (ECA) in pursuance of resolution 225(X) of the Conference of Ministers of the ECA in Tunis in February 1971. The purpose of the Conference, according to the Tunis Resolution, was to enable African Governments to examine the petroleum industry in Africa.

29. However, because of the current energy crisis, the proceedings and conclusions of the Conference naturally reflect Africa's preoccupation with the crisis. The Conference passed altogether seven resolutions, which are attached hereto as Annex VII.

30. In summary, the Council's attention is invited to the fact that the Conference called upon the OAU to collaborate with the ECA in carrying out certain assignments. Notable among these assignments are the following:

- (a) Undertaking serious studies and preparing "documentation to enable Member States to decide on the establishment of an African Petroleum Organization";

- (b) Using "every available means including the African Development Bank, the Arab Development Bank, UNDP, IBRD and others to assist Member States on request, to evaluate their possibilities in terms of hydrocarbons and other sources of energy";
- (c) Finalizing, "in collaboration with the Arab League, OAPEC, OPEC and UNIDO, a co-ordinated plan for the establishment of refineries on the African Continent...";
- (d) Promoting and encouraging "co-operation among the Member States in the search for new oil and/or gas deposits and in the development of other sources of energy, oil shales and bituminous sands...";
- (e) (In the case of the OAU alone), serving as a channel through which "requests for and offers of financial and technical assistance" can be made by and to the Member States; and
- (f) "Organizing and co-ordinating the implementation of [these] recommendations".

31. Also notable among the recommendations of the Conference are the requests to the Member States to:

- (a) lay down the exact terms of reference for the establishment of the African Petroleum Organization;
- (b) "identify and formulate joint projects relating to all aspects of the petroleum industry;"
- (c) "assume effective control of all energy resources and ... develop alternative sources of energy...;"
- (d) "take immediate action to group together so as to enlarge their markets, and to examine the possibility of establishing petrochemical industries to serve sub-regional markets;"
- (e) "exchange petroleum information ... and visits of oil experts...;" and

- (f) (In the case of oil-producing Member States), "adopt the necessary measures to guarantee at all times... the supply of crude oil to the African countries under the best possible conditions and... enable the latter to meet their needs."

32. Most of these recommendations are quite in line with the General Secretariat's thinking, especially on the current energy crisis, as will be apparent from Section V of this Review.

V. THE OUTLOOK

33. As has already been observed in the foregoing pages of this Review, the crisis precipitated by the Oil Embargo for the OAU Member States has not been solved and continues unabated. In some of the countries, the situation is getting worse. The Council is fully aware of the political upheavals which have been triggered by the crisis or to which the crisis has contributed to no insignificant extent.

34. The irony of the situation is that it is for the very countries against which the Embargo was imposed that the solution seems to be in sight. Specific mention has been made, for instance, of the fact that:

- (a) The developed countries of Western Europe, North America and Japan are developing alternative sources of energy. In the United States, for example, serious plans are underway to exploit oil shale, large deposits (up to 600,000 million barrels) of which are known to exist in that country. In the words of an American Professor, "The oil shale in the Green River area is much greater than the oil in the entire Middle-East." The Professor in question further observes, "An output of two million barrels [of shale oil] a day should be available within four or five years" from the oil shale lands of the United States. In this light, it might interest the Council to note that the Government of the United States began leasing oil shale lands on January 8 this year, as a major effort towards achieving independence from overseas supplies of petroleum. Quite apart from natural alternatives to petroleum, the industrialized countries are also, of course, working on other sources of energy, such as nuclear and solar energy.

- (b) While these countries are developing alternative sources of energy, most of them have in the meantime made arrangements with some of the oil-producing developing countries for supplies of oil for up to ten (10) years to come.
- (c) Besides all this, the oil-producing countries have already removed most of the Embargo and are even contemplating reducing the price of oil on a global basis.

35. In Africa, and especially in the 36 non-oil producing OAU Member States, the crisis and the realization that the name of the game really is, "Each for himself and God for all", has spurred a frantic search for oil and other natural sources of energy. Exploration is thus being resumed, in some instances, even in those countries where the search for oil had been abandoned some years back.

VI. ACTION REQUIRED

36. The General Secretariat invites the attention and views of the Council to the following points, which have been made in the preceding pages of this Review:

- (a) The idea of establishing an African Fleet or African Fleets of Tankers;
- (b) The idea of forming joint oil refining and storage ventures among groups of OAU Member States;
- (c) The lists of experts and Government Agencies in the oil industry and the principle of their being contacted and, if necessary, engaged by the General Secretariat to advise it on its efforts to assist the OAU Member States; and
- (d) The Recommendations of the Tripoli Conference, in particular, two factors in connection therewith, namely, that they:
 - (i) deal with the long-term aspects of the energy question, and
 - (ii) have financial implications which are yet to be gauged but which may prove to be considerable.

37. Concerning the financial implications of the Tripoli Recommendations, the General Secretariat plans to make the relevant and detailed calculations and present them to the Advisory Committee on Budgetary and Financial Matters. The Advisory Committee would then be able to present a report thereon to the Council at its 24th Session. In this regard, it is the considered view of the General Secretariat that, apart from initiating consultations both with the Member States and with the ECA, as required by some of the Recommendations, the majority of them cannot be implemented until after the 24th Session of the Council. The General Secretariat would thus be grateful to receive the concurrence of the Council on this interpretation of the situation.

38. With these observations, the General Secretariat commends this Review to the attention of the Council.



1974 PETROLEUM REQUIREMENTS OF THE OAU MEMBER STATES

CM/ 603 (XXIII)
Annex I

	(1) COUNTRY	(2) CRUDE OIL metric tons, 000 omitted	(3) REFINED AUTOMOTIVE and FUEL - metric tons, 000 omitted	(4) SOURCE	(5) TRANSPORTATION
1.	Central African Republic	-	100	Gabon	International Oil Companies
2.	Swaziland	-	80	South Africa and Mozambique	International Oil Companies
3.	Senegal	1,700	-	Algeria, Gabon, Nigeria Gulf States	International Oil Companies
4.	Ivory Coast	1,400	-	Gulf States and Nigeria	International Oil Companies
5.	Gambia	-	27	International Oil Cos.	International Oil Companies
6.	Botswana	-	162	South Africa	International Oil Companies
7.	Malawi	-	144	South Africa	International Oil Companies
8.	Rwanda	-	40	Uganda	International Oil Companies
9.	Tanzania	758	714	not given	International Oil Companies
10.	Ethiopia	670	135	Iran and Saudi Arabia	International Oil Companies
11.	Ghana	1,500	-	USSR, Nigeria, Libya	International Oil Companies
12.	Kenya	2,100	-	Iran, Gulf States and Saudi Arabia	International Oil Companies
	C/F	8,128	1,402		

	(1) COUNTRY	(2) CRUDE OIL metric tons, 000 omitted	(3) REFINED AUTOMOTIVE AND FUEL - metric tons, 000 omitted	(4) SOURCE	(5) TRANSPORTATION
13.	Madagascar	850	-	Saudi Arabia, Gulf States	International Oil Companies
14.	Dahomey	-	13	Italy	International Oil Companies
15.	Guinea	-	37	International Oil Companies	International Oil Companies
16.	Chad	-	16	Gabon, Nigeria	International Oil Companies
17.	Liberia	1,375	-	Saudi Arabia	International Oil Companies
18.	Morocco	3,000	-	Algeria, Kuwait	Own means of transport
19.	Sierra Leone	305	706	Nigeria	International Oil Companies
20.	Lesotho	-	627	South Africa	International Oil Companies
21.	Togo	-	17	Venezuela, Libya, Kuwait Iran via Italy and Holland	International Oil Companies
22.	Mauritius	-	298	Iran, Kuwait, and Saudi Arabia	International Oil Companies
23.	Upper Volta	-	70	International Oil Cos.	International Oil Companies
24.	Burundi	-	4	Tanzania, Uganda	International Oil Companies
	B/F	8,128	1,402		
	C/F	13,658	3,190		

	(1) COUNTRY	(2) CRUDE OIL metric tons, 000 omitted	(3) REFINED AUTOMOTIVE AND FUEL - metric tons, 000 omitted	(4) SOURCE	(5) TRANSPORTATION
25.	Uganda	-	895	Persian Gulf and Iran	International Oil Companies
26.	Niger	-	17	Nigeria and Dahomey	International Oil Companies
27.	Equatorial Guinea	-	23	Spain	International Oil Companies
28.	Mauritania	-	28	Kuwait, Iran, Libya, Nigeria, via France	International Oil Companies
29.	Mali	-	27	Dahomey, Senegal, Ivory Coast	International Oil Companies
	B/F	13,658	3,190		
	TOTAL	13,658	4,180		

- Note:**
- (a) Column 3 converted to crude oil equivalent = 7,600,000 metric tons.
 - (b) Column 2 reported to crude oil = 13,658,000 metric tons.
 - (c) Total in crude oil equivalent for 29 countries reporting = 21,258,000 metric tons.
 - (d) By extrapolation, and taking into account possible errors, the requirements for all the 36 oil importing OAU Member States may be put at between 25 million and 30 million metric tons of crude oil.

LIST OF RUMANIAN AND YUGOSLAV
PETROLEUM EXPERTS ON STANDBY TO ACT AS CONSULTANTS TO OAU

A. RUMANIAN EXPERTS

1. Cezar IDNESCU
67 Rue Levantica
Bucharest
Rumania

Specialist in Petroleum Refining and Marketing.

2. Gheorghe TOMA
Rafinorilor
Ploiesti-Rumania

Specialist in Petroleum Refining, Marketing and Transportation.

3. Vitaly PALADI
144 Mircea St.
Constantza
RUMANIA

Specialist in Blending and Transportation of Crude Oil and Petroleum Products.

4. Oprea DICEA
Ex.2 Ap. 27 Sec.7
Nr. 32, Bl. F.8
Compozitorilor St.
Bucharest, RUMANIA

Specialist in Supervision of Geological and geophysical Prospecting for Oil, and Development Projects for Oil Prospecting Areas.

B. YUGOSLAV EXPERTS

1. Andjelko BUBANJ
Lenjingradska 105
Zagreb, Yugoslavia

Specialist in Petroleum Industry Management.

2. Radovan FILJAK
Svarcova 7
41000 Zagreb
YUGOSLAVIA

Specialist in Oil and Gas Exploration.

3. Velimir DEZELIC
Vocarsko Naselje 42
Zagreb, Yugoslavia

Specialist in Oil Refining.

M/603 (XXIII)
Annex III

JAPANESE REPLY TO OAU REQUEST FOR CONSULTANTS

Embassy of Japan
P.O. Box 1499
Addis Ababa

25 February, 1974.

01/74

Dear Mr. Nyneque,

With reference to our conversation this morning concerning the request of the oil consultant for OAU, I inform you of the reply by cable from the Japanese Government as follows:

"In spite of all possible efforts, the Japanese Government could not find out any companies which were interested in. It is regrettable not to be able to meet the said request."

Please accept, Sir, the assurances of my highest consideration.

Eiji TANAKA
First Secretary
Embassy of Japan
in Ethiopia

Mr. Nyneque,
Assistant Secretary General
O.A.U.
Addis Ababa.

EXPERTS IN PETROLEUM INDUSTRY

A. AFRICAN EXPERTS IN THE FIELD OF PETROLEUM AND GEOLOGY

1. Chief M.O. FEYIDE, Director
Department of Petroleum Resources
Ministry of Mines and Power
Yacubu Gowon Street
Lagos (Nigeria)
2. Dr. E.K. MAWUDEKU, Head
Petroleum Division
Ghana Supply Commission
Accra (Ghana)
3. M. Yoro SIDIBE, Directeur
Societe des Petroles B.P. pour
l'Afrique de l'Ouest
Dakar (Senegal)
4. M. Louis ALEXANDRENE
Ministre du developpement
industriel
Dakar (Senegal)
5. Mr. ORDOR
General Manager
Nigerian Petroleum Refining Co. Ltd.
PORT HARCOURT
(Nigeria)
6. M. Faustin ETOUE-WAM
B.P. 4058
Douala (Cameroun)
(jeune ingenieur du petrole)
7. M. Robert NDAW
ENI
Bamako (Mali)

B. EXPERTS IN THE FIELD OUTSIDE THE WESTERN WORLD, USSR, LATIN AMERICA AND ARAB COUNTRIES

1. L. BENGZE
Orszagos Koolaj Gazipari
Troszt
BUDAPEST (Hungary)
2. F. KIRIGIN
I.N.A.
ZAGREB (Yugoslavia)

3. J. WOJNAR
Directeur
Institut du Petrole
GRACOVIE (Pologne)
4. G. ALDEA
Institute de Cercetari Pentru
Poraj si Extractie
CIMPINA (Roumania)
5. M. TIMUS, Director
I.P.I.P.
PLOIESTI (Roumania)
6. COJAN PETRE
Ministry of Mines, Petroleum
and Geology
BUCAREST (Roumania)
7. Mr. Jamshid HAGSHENO
Expert in oil exploration and
exploitation
NIOC Takhte Jamshid Avenue
Teheran (IRAN)
8. Mr. Abdel - amir MOKHTARBAND
expert in international
affairs of oil industry
NIOC Takhte Jamshid Avenue
Teheran (IRAN)

GOVERNMENT AGENCIES IN THE PETROLEUM INDUSTRY

1. ARGENTINA

Yacimientos Petroliferos Fiscales
Av. Roque Saenz Pena 777
Buenos Aires
Administrator; Gral. Omar C. Actis

2. BRAZIL

Petroleo Brasileiro S/A-PETROBRAS
Praca Pio X, 119
Rio de Janeiro-GB
President, Ernesto Geisel

3. ECUADOR

State Oil Co.
Legally constituted, but not yet
functioning.
CEPE (Corporacion Estatal Petrolera Ecuatoriana)

4. INDIA

Indian Institute of Petroleum
11P Post Office
Mohkampur
Dehra Dun
Uttar Pradesh
Chairman, Dr. M.G. Krishna

5. IRAN

National Iranian Oil Company (NIOC)
Takhte Jamshid Avenue
Tehran
Chairman and General Managing Director,
Dr. Manuchehr Eqbal

6. ROMANIA

GEOMIN

Str. Mendeleev 36
Bucharest

PETROM

N. Balcescu Blvd. 22
Bucharest

7. YUGOSLAVIA

Nafta-Poslovno udruzenje
Zagreb, Savska 64

JOB DESCRIPTIONS FOR EXPERTS IN THE
FIELD OF ENERGY DEVELOPMENT

A. ADVISER IN HYDROCARBON PRODUCTION

POST TITLE: Adviser in Hydrocarbon Production

LENGTH OF CONTRACT: 18 - 36 months

CATEGORY: P-5

PLACE OF ACTIVITY: Addis Ababa

DUTIES: The expert will advise the OAU Secretariat and OAU Member States on the various aspects of petroleum production, by the African countries, particularly:

1. The estimation of reserves and their economical exploitation;
2. The designing of policies for petroleum exploration and production to ensure the rapid emergence of a dynamic petroleum sector;
3. Introduction of measures for ensuring the quality of production methods used, including those for secondary recovery;
4. The designing of an appropriate programme for the construction of new refineries, expansion of existing ones, and ensuring an adequate degree of national participation in the refinery business;
5. The formulation, and if required, assistance in implementation of accelerated programmes in research, exploration, production and training of African manpower in these areas, including the establishment of the relevant institutes in the African region, preferably on a multinational basis.

QUALIFICATION: Relevant university degree leading to qualification as a petroleum engineer, with sound knowledge of petrophysical characteristics of hydrocarbon reservoirs and up-to-date methods of reserves estimation, exploration, development, and production of hydrocarbons including secondary recovery methods and production economics. Relevant working experience of a minimum of 15 years.

LANGUAGE: Good knowledge of English or French and reasonable working knowledge of the other.

BACKGROUND INFORMATION: The expert is expected to work as member of a team of consultants specialized in various aspects of the petroleum industry. The team's immediate task will be to render advisory services to OAU and its member States on measures to ensure reliable supplies of crude and petroleum products in the wake of the oil embargo by Arab States.

In addition, advice will be expected from the team on medium and long-term measures for enabling the African countries to develop a vigorous indigenous, and normally public, petroleum sector. Members of the team will be required to travel to countries in Africa, Middle East and other areas which are connected with the petroleum industry in so far as it affects African economies.

Tourist class tickets will be issued for journeys which will attract per diem at the established United Nations rates.

B. ADVISER IN PETROLEUM MARKETING

POST TITLE: Adviser in Petroleum Marketing.

LENGTH OF CONTRACT: 18 - 36 months.

CATEGORY: P-5

PLACE OF ACTIVITY: Addis Ababa.

DUTIES: The expert will advise the OAU Secretariat and OAU Member States on the purchasing and sale of crude petroleum and products, in particular -

1. Measures to provide secure sources of crude petroleum and products in the desired amounts;
2. The negotiation and administering of state-to-state contracts for the long-term purchase of crude and products at prices that are both stable and produce the minimum strain on the African countries' balance of payments;
3. Insuring against interruptions in supply by building up adequate stocks of crude petroleum and products;
4. Adoption of policies regarding the crude and products mix of petroleum imports and the associated processing, product pattern of refinery output and marketing requirements;

5. Building up an efficient internal distribution network;
6. The formulation, and if required, assistance in implementation of accelerated programmes for research and training of African manpower in the trading aspects of the hydrocarbons industry, including the establishment of relevant institutes in Africa for the purpose, preferably on a multinational basis.

QUALIFICATIONS:

Relevant university degree, and a minimum of 15 years experience of international purchasing and sale of crude petroleum and products. Working experience of establishment of terms and conditions of contracts for domestic and international tenders for purchasing and sale of crude petroleum and products, preferably gained with major oil companies, merchants or brokers.

LANGUAGE

Good knowledge of English or French and reasonable working knowledge of the other.

BACKGROUND INFORMATION:

The expert is expected to work as member of a team of consultants specialized in various aspects of the petroleum industry. The team's immediate task will be to render advisory services to OAU and its member States on measures to ensure reliable supplies of crude and petroleum products in the wake of the oil embargo by Arab States.

In addition, advice will be expected from the team on medium and long-term measures for enabling the African countries to develop a vigorous indigenous, and normally public, petroleum sector. Members of the team will be required to travel to countries in Africa, Middle East and other areas which are connected with the petroleum industry in so far as it affects African economies.

Tourist class tickets will be issued for journeys which will attract per diem at the established United Nations rates.

C. ADVISER IN PETROLEUM TRANSPORTATION

POST TITLE: Adviser in Petroleum Transportation

LENGTH OF CONTRACT: 18 - 36 months.

PLACE OF ACTIVITY: Addis Ababa

DUTIES:

The expert will advise the OAU Secretariat and OAU member States on all aspects of petroleum transportation, handling and storage, in particular -

1. The adoption of measures for securing control by African countries, of the petroleum transport operation from well-heads to the ports of destination in Africa, including ownership of oil carrying vessels, crude and petroleum products pipelines and concluding transport contracts so as to preclude the risk of diversion of supplies away from their intended destinations in Africa;
2. The expansion and deepening of harbours and the facilities directly affecting the loading and discharge of tankers, e.g. depth, jetties, pumps, tankage;
3. The development of reception centres, including sites for storage, refining, pipeline terminals and services for shipping.
4. The formulation, and if required, assistance in implementation of accelerated programmes for research and training of African manpower in the transportation aspects of the hydrocarbons industry, including the establishment of relevant institutes in Africa for the purpose, preferably on a multinational basis.

QUALIFICATION:

University degree in a relevant technical field, with experience of acquisition of petroleum shipping facilities, and the operation of pipeline systems, pumps and terminal facilities. Knowledge and experience of long-term contracts for bulk transport of crude petroleum and products by different media and of contracts establishing terms and conditions for harbour and terminal improvements. Relevant working experience of a minimum of 15 years.

LANGUAGE:

Good knowledge of English or French and reasonable working knowledge of the other.

BACKGROUND INFORMATION:

The expert is expected to work as member of a team of consultants specialized in various aspects of the petroleum industry. The team's immediate task will be to render advisory services to OAU and its Member States on measures to ensure reliable supplies of crude and petroleum products in the wake of the oil embargo by Arab States.

In addition, advice will be expected from the team on medium and long-term measures for enabling the African countries to develop a vigorous indigenous, and normally public, petroleum sector. Members of the team will be required to travel to countries in Africa, Middle East and other areas which are connected with the petroleum industry in so far as it affects African economies.

Tourist class tickets will be issued for journeys which will attract per diem at the established United Nations rates.

RECOMMENDATIONS OF THE TRIPOLI CONFERENCE ON PETROLEUM

FEBRUARY 2 - 12, 1974

COMMITTEE I

RECOMMENDATION I

Collection and Exchange of Information

The First African Petroleum Conference

Having examined the various documents presented by Member States and observers having listened to the views expressed by delegates and observers,

Reaffirming the sovereignty of African countries over their natural resources,

Aware of the importance of the petroleum industry to the economic development of Africa and of the need for the collection and dissemination of up-to-date information on a continuing basis so as to enable African to take policy decisions and to benefit from new ideas in the industry,

Realizing that legislation and agreements on all aspects of the petroleum industry constitute a vital framework for the effective control of the industry by African countries,

Recognizing the desirability of bringing to the attention of African countries the steps being taken to make such legislation and agreements effective tools for economic development,

Noting that the collection, study and exchange of information on legislation and agreements in the petroleum industry would assist African countries having regard to the prevailing circumstances in each country to gain effective control over the various aspects of the petroleum industry and in the more profitable exploitation of their petroleum resources,

1. Invites OAU in collaboration with ECA to establish an African Documentation Centre responsible for:

- (a) Collection, analysis and dissemination on a continuing basis of up-to-date information on all aspects of the petroleum industry in order to enable African countries to take policy decisions particularly on matters relating to procurement, distribution and transportation;
- (b) Collection of information on petroleum legislation and agreements;

2. Requests OAU and ECA to carry out a comparative study on legislation and agreements relating to the petroleum industry; such a study to be based on information supplied urgently by Member States and to be submitted for consideration by an expert group to be appointed by OAU;

3. Recommends that:

- (a) Periodic meetings of experts should be held to exchange information on the petroleum industry and in particular on experiences in the field of the provision of advisory services;
- (b) Documents of the African Centre be transferred to the African Petroleum Organization upon its establishment.

RECOMMENDATION II

An African Petroleum Organization

The First African Petroleum Conference

Recognizing that there is a need to co-ordinate the petroleum policies of African countries,

Further recognizing the need for collaboration at the regional level in the identification, formulation and execution of projects in all aspects of the petroleum industry,

Noting that co-ordination at the regional level can best be achieved through a regional African Petroleum Organization established under the aegis of the Organization of African Unity,

Recommends that:

1. The Organization of African Unity and the Economic Commission for Africa should undertake serious studies and prepare the relevant documentation to enable member States to decide on the establishment of an African Petroleum Organization;
2. Prior to the establishment of the African Petroleum Organization, the exact terms of reference should be laid down by African Governments;
3. Upon the establishment of the African Petroleum Organization, it should take over the functions of any organs established as a temporary measure to deal with such subjects as the collection, analysis and dissemination of information on all aspects of the petroleum industry including legislation and concession agreements.

RECOMMENDATION III

Advisory Services and Joint Projects

The First African Petroleum Conference,

Having learnt of experience of individual countries in the provision of advisory services,

Recognizing that advice could be obtained from other developing countries with similar problems,

Realizing that co-operation is required to ensure that Governments are aware of projects formulated by others that might be suitable for implementation at the subregional or regional level,

Recommends that:

1. Recourse should be had where appropriate to the services of friendly countries, whose advice should be used to avoid duplication of efforts;
2. Governments should identify and formulate joint projects relating to all aspects of the petroleum industry;
3. Pending the entry into operation of new sources of finance such as the proposed Arab Bank for Economic Development in Africa, requests for an offer of financial and technical assistance could appropriately be channelled through the Organization of African Unity.

COMMITTEE II
RECOMMENDATION I

Exploration

The First African Petroleum Conference,

Recognizing that the discovery of new hydrocarbons deposits plays an important role in the economic development of African countries,

Recognizing that Member States are anxious to explore their hydrocarbon possibilities,

Noting that in the majority of the African countries there are large areas with potential hydrocarbon resources or other sources of energy which are unexplored or only partially explored,

Recognizing that the exploration of the resources of such areas may in many cases involve several countries,

Recommends that:

1. The Organization of African Unity in collaboration with the Economic Commission for Africa should use every available means including the African Development Bank, the Arab Development Bank, UNDP, IBRD and others to assist Member States on request, to evaluate their possibilities in terms of hydrocarbons and other sources of energy;

2. The afore-mentioned organizations should promote and encourage co-operation among the Member States in the search for new oil and/or gas deposits and in the development of other sources of energy such as nuclear, solar, hydro-electric and geothermal energy, oil shales and bituminous sands with a view to ensuring that such resources are exploited for the benefit of the African peoples.

RECOMMENDATION II

Exploitation, Processing and Utilization

The First African Petroleum Conference,

Having taken note of the experiences of several African countries in their dealings as producers and consumers with major oil companies,

Conscious of the need to achieve a more diversified development of petroleum industry in Africa, and to be self sufficient in the supply of energy.

Recommends that:

1. Petroleum products required in Africa should be produced and processed inside the Continent of Africa;
2. The Organization of African Unity and the Economic Commission for Africa should be invited to finalize, in collaboration with the Arab League, OAPEC, OPEC and UNIDO, a co-ordinated plan for the establishment of refineries on the African continent for the purpose of guaranteeing the supply of petroleum products to African consuming countries and for export to other consuming areas;
3. The Governments of all Member States should assume effective control of all energy resources and the facilities for the purpose of establishing and implementing a plan to ensure economic exploitation of these resources, to develop alternative sources of energy and to take measures for the preservation of the environment;
4. The Governments of the oil producing States should adopt the necessary measures to guarantee at all times and within a pre-established framework the supply of crude oil to the African countries under the best possible conditions and to enable the latter to meet their needs.

RECOMMENDATION III

Petrochemical Industry

The First African Petroleum Conference,

Considering the complexity, diversity and the strategic importance of the petrochemical industry,

Aware of the multiplier effect which the industry exerts on the economy as a whole,

Recognizing the extent to which the products of the industry have replaced conventional materials and that petrochemicals alone account for about 25 per cent of all world trade,

Aware that individual restricted national markets for the many and diverse products severely limit the possibilities of taking advantage of economies of scale and capital intensive techniques,

Convinced that the present situation has greatly enhanced the comparative advantage of African petroleum and natural gas producers in making a breakthrough in the development of the industry for Africa as well as for export purposes,

Noting that the industry offers scope for sharing manufacturing facilities thereby providing the basis for co-operation,

1. Recommends that:

- (a) Member States should take immediate action to group together so as to enlarge their markets, and to examine the possibility of establishing petrochemical industries to serve subregional markets;
- (b) Each Member State should designate experts to participate in the preparation of feasibility studies and the formulation of subregional projects making use of assistance from such bodies as UNDP, UNIDO, the African Development Bank, Arab Development Bank, IBRD and other competent specialized agencies and institutions;

Invites the Organization of African Unity and the Economic Commission for Africa to organize and co-ordinate the implementation of the above-mentioned recommendations.

RECOMMENDATION IV.

Manpower, Training and Research

The First African Petroleum Conference.

Noting with appreciation the efforts being made by some African countries in the training and development of technical personnel and instructors in various fields of petroleum activities and in promoting constructive co-operation between such countries,

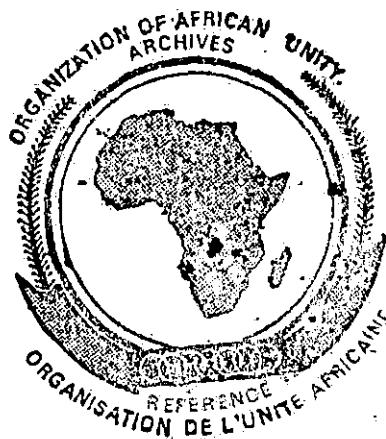
Considering that shortages which most African countries still face in the supply of indigenous specialized manpower is an obstacle to their assuming full control over their oil industry,

Recommends that:

1. African countries should invite the Organization of African Unity and the Economic Commission for Africa to:

- (a) Collaborate in carrying out a survey of all existing training and research facilities and manpower requirements in the field of petroleum and to propose the establishment of new centres or institutes if required;
- (b) Develop a plan to reinforce the activities of existing training centres and institutions;
- (c) Encourage the use of existing and future facilities by nationals of African countries;
- (d) Promote the development of research institutes or centres;
- (e) Study the question of the establishment of an African Petroleum Institute;

2. Member States should exchange petroleum information and visits of oil experts for the purpose of exchanging views on the technical and economic aspects of manpower, training and research in the petroleum industry.



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The Effects of Oil Embargo on the OAU Member States

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