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10 DOWNING STREET

THE PRIME MINISTER

30 July 1979

Mr. W. Johnson

You wrote to me on 18 July about the possibility of the oil involved in the BP/CONOCO swap deal ending up in Rhodesia, and you asked what special arrangements had been made to prevent this in the light of recent South African legislation.

Both companies concerned have now made clear in statements to the press that oil purchased by BP from CONOCO did not in the event go to BP's South African subsidiary but was supplied to Far Eastern markets. There could therefore be no question of its having gone to Rhodesia.

One of the factors which the Government took into account in making no objection to BP's latest proposals to supply non-embargoed crude to its South African subsidiary in exchange for North Sea crude delivered to EEC or IEA markets was that BP made clear that the assurances which they gave to the previous Government about non-involvement in the supply of oil to Rhodesia remained valid and were being updated. Dr. Owen explained the nature of these assurances to the House of Commons on 7 November. He said that he had placed Shell and BP formally on notice of the Government's strongly held view that no company in the Shell or BP group should be involved in the supply of oil to Rhodesia, whether direct or indirect or by participation in marketing arrangements related to the supply of oil by others to Rhodesia. He added that he had made clear to the companies that the Government expected that the Head Offices of the companies would at all times act

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accordingly, and in particular that the necessary steps would be taken by them to ensure that all the assurances in these matters which they had given to the Government would be faithfully adhered to both in letter and spirit. Dr. Owen said that he had sought and received undertakings that any difficulties encountered by their companies or their subsidiaries in maintaining this position would be immediately notified to the Government so that appropriate action, whether of a practical, diplomatic or legal nature, could be undertaken. He said that both companies had assured him that they had put the necessary procedures into effect to ensure that this responsibility could be faithfully discharged. The assurances and undertakings which we have received are the same as those which the companies gave to the previous Government. I do not accept your view that they are worthless.

You referred to the possible effect of recent South African legislation. The Head Offices of Shell and BP have told us that, despite the existence of this legislation, their assurances and those given by their South African subsidiaries remain valid and are being regularly updated. They have renewed their undertaking to inform us immediately if they or their South African subsidiaries have any difficulty in maintaining them.

You also referred to the question of a further Parliamentary or Judicial enquiry into the matters covered by the Bingham Report. As you know, the motion to appoint a Joint Committee of both Houses following up the Bingham Report, was rejected by the House of Lords on 8 February. Mr. Foot told the House of Commons on 12 February that the then Government would come forward with proposals for dealing with the situation. No such proposals were made and the issue was unresolved when the election took place. The Lord Privy Seal told the House on 13 June that a statement about a further Parliamentary enquiry would be made as soon as possible. As to a judicial enquiry, it is wrong to imply as you do that nothing is being done. The Bingham Report was referred to the Director of Public

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Prosecutions last September. He is pursuing extensive enquiries to determine whether criminal proceedings should be undertaken. He will report to the Attorney General. It would be quite improper for me to comment further until he has done so.

Yours sincerely  
Rogers White

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Frank Dobson, Esq., M.P.

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