

Commodities by William Engdahl

A threat to strategic minerals

Harsh sanctions by the U.S. against South Africa would place the mineral-rich Russians in a position to blackmail the West.

Little wonder that Moscow is licking its chops in anticipation of a Dukakis presidency. A Dukakis-backed piece of legislation, the so-called Dellums bill, which passed the U.S. House of Representatives on Aug. 11, will, if passed by the Senate and signed by a President Dukakis, require complete U.S. disinvestment from South Africa, ban trade between the United States and South Africa, and end military and intelligence cooperation.

But one U.S. ally is more than alarmed at the wanton abandon with which the legislators of the U.S. Congress are proceeding. According to a report in the Aug. 28 London *Sunday Telegraph*, Britain has circulated an official protest note to the U.S. House of Representatives' Committee on Interior Affairs, and to the U.S. State Department. The protest warns that, if certain sections of the U.S. bill become law, Britain will bar all U.S. oil companies from exploration and development of the estimated 11 billion barrels of oil resources in the North Sea.

Section 304b of the Dellums bill would bar subsidiaries of foreign oil companies which themselves do business in South Africa from obtaining U.S. oil leases. British Petroleum and Shell hold leases on huge untapped U.S. oil reserves, and do a large business in South Africa.

An aide to the Congress, Bill Shafer, termed the British protest "the strongest letter I have ever seen from a foreign government."

Other sources report that Prime Minister Margaret Thatcher has been

engaged in secret talks with South African Prime Minister P.W. Botha regarding the dangerous escalation of U.S. sanctions. Britain's government knows only too well the implications of breaking South Africa's ties to the West. So, of course, does Moscow.

Here is a brief review of what is at stake.

South Africa happens to contain extraordinary concentrations of irreplaceable minerals. The presence of such minerals in economically recoverable form, combined with advanced mining and transport infrastructure, make South Africa far more significant in economic terms than any nation of its size in the world today. In the saucer-shaped Bushveld Complex in Transvaal is to be found a major portion of known world reserves of platinum, chromium, vanadium, nickel, and other vital minerals.

South Africa supplies some 84% of Western imports of manganese metal and has 93% of known Western reserves. There is no substitute for manganese in manufacture of steel: This metal alone is essential to the existence of the industrial world. There is one industrial nation in the world today outside South Africa which is not dependent on imported manganese: the Soviet Union.

Chromium is indispensable in the making of corrosion and heat-resistant stainless steel. No nuclear plant, jet engine, or any other product needing stainless steel could be built without it. South African chrome ores are considered the world's best quality. In 1982, South Africa was the world's

second-largest producer, responsible for 21% of world output, behind the Soviet Union, with 34%.

Another essential ingredient in producing high-quality specialty steel alloys is vanadium. South Africa has the largest free-world reserves, an estimated 61% of the total. Modern aerospace titanium alloys require vanadium. South Africa produces 70% of the total non-communist world's supply. The second-largest producer, the Soviet Union, produces 24% of the total. Fully 54% of U.S. vanadium supplies come from South Africa.

The same goes for such important metals as platinum, gold, and uranium.

Quite simply, a draconian embargo on South Africa by the West will conveniently place Western Europe, the United States, and Japan at the mercy of one alternative supplier: the Union of Soviet Socialist Republics.

At the very least, a total embargo of South African minerals exports to the West would create the most staggering world industrial price inflation in mankind's history. Metals and oil traders such as Zug, Switzerland fugitive Marc Rich are well aware of the potential trading profits they stand to gain.

All this should give any lawmaker pause. Not irrelevant is the recent creation of a special research institute in Moscow to study raw materials supplies globally and the impact of supply disruptions. U.S. State Department senior Soviet affairs specialist John R. Thomas, as recently as 1985, declared that the Russians are intending to exploit Western mineral-supply shortages, "in part by using their own vast mineral resource potential, and in part by capitalizing on or instigating such turmoil and instability in other mineral producing areas."