

Cabinda and The Company: Chevron-Gulf, the CIA, and the Angolan Civil War

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History

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The history of Gulf Oil and later Chevron-Gulf¹ operations in Angola is a complex story of split alliances, nation-controlling wealth, and the follies of organizational nearsightedness in times of conflict. The involvement of Chevron-Gulf in Angola and the machinations of the CIA would pull the two organizations inexorably into a miniature Cold War against each other, with the political future of Angola caught in the crossfire. An examination of this conflict offers a glimpse into the Gordian knot of mineral extraction ethics in developing countries and the impossibility of remaining neutral as a large business in a nation at war. It also displays the consequences of rigidly applying global strategic objectives across every conflict without stopping to examine the real situation on the ground.

Chevron-Gulf's history in Angola is inseparable from the Angolan Civil War (1975-2002), although Gulf Oil's presence predates

¹ Chevron Corporation acquired Gulf Oil's Angola holdings in 1984. In this paper, "Gulf Oil" will be used to refer to the owner of the holdings in Angola before 1984 and "Chevron-Gulf" will be used to describe both the owner after 1984 and when no specific date is referenced.

the war by twenty one years. In 1954, the Cabinda Gulf Oil company began petroleum exploration in the northern enclave Cabinda province, home to some of the largest offshore oil deposits on Earth, as part of a contract signed with the Portuguese colonial government that had occupied Angola since 1575. In 1968 Gulf began extraction, and by 1972 the company was extracting 9 million tons of oil and paying Portugal \$400 million in lease payments annually. This funding accounted for sixty percent of the Portuguese war budget during the Angolan War for Independence.² Those same lease payments would later be made to the very rebels that Portugal used the money to fight, the MPLA. The Cabinda operation would eventually grow to become the most important source of foreign income for the Angolan economy by 1972 and therefore place Chevron-Gulf at the heart of Angolan affairs.³

Ownership of the extraction contract between Gulf Oil and the Portuguese colonial government would transfer to the MPLA (People's Movement for the Liberation of Angola) along with most of Angola in 1975. The MPLA formed in 1956 to oppose colonial rule by Portugal. The MPLA fought the Portuguese until the Alvor Accords, signed in January of 1975, granted Angola independence from the Portuguese. However, the balance of power established by the treaty collapsed later in the same year. The MPLA began fighting two other rival nationalist factions for control of the Angolan government: the National Liberation Front of Angola (FNLA), and Jonas Savimbi's National Union for the Total Independence of Angola (UNITA). The FNLA would slowly be absorbed into Savimbi's forces, making UNITA the MPLA's primary challenger in the Angolan Civil War. This annexation of the FNLA by UNITA would have drastic consequences for the CIA, whose primary

² Laidi, Zaki. *The Superpowers and Africa: The Constraints of a Rivalry, 1960-1990*. University of Chicago Press

³ Author interview with Tom Mitro, former CFO of Chevron Angola

contacts in Angola were FNLA affiliates. UNITA was backed from the outbreak of the war to the mid 1990's by the South African Defense Force, who provided troops and air support for UNITA. The MPLA, upon learning of South African and CIA involvement, requested military aid from the Cuban military. Beginning in 1975, the MPLA controlled the capital city of Luanda as well as Cabinda province and took ownership of the contract with Cabinda Gulf Oil. Gulf Oil was by this time easily the largest source of hard currency for the nation of Angola.⁴

Where the board members of Gulf Oil and later Chevron merely saw the rise of the MPLA as a shift in clientele, the United States saw the new government as a threat to "American interests" in the region. Namely, the CIA--as well as Israel⁵ and CIA-backed Zaire--had been working to supply the FNLA since 1961 as a potential anticommunist post-colonial government for Angola.⁶ When the FNLA began to fragment from 1973-1976, most of the CIA's contacts--and therefore the agency's key to influence over the future Angolan government--joined UNITA.⁷

Although the US portrayed UNITA as pro-Western and the MPLA as a Marxist government, author William Blum argues that such political distinctions had little bearing in reality. Blum points out that, despite Cold War framing by both the US and USSR, the primary difference between the three factions was tribal, not ideological. The Portuguese denounced all three factions as Communist before the 1975 Carnation Revolution in Portugal. CIA Chief William Colby told a congressional committee in 1975 "[The three factions] are all

⁴ Author interview with Tom Mitro, former CFO of Chevron Angola

⁵ Hunter, Jane. *Israel and South Africa*. South End Press, 1987.

⁶ Laidi, Zaki. *The Superpowers and Africa: The Constraints of a Rivalry, 1960-1990*. University of Chicago Press, 1990.

⁷ Ibid.

independent. They are all for black Africa. They are all for some fuzzy kind of social system...without really much articulation [beyond] 'let's not be exploited by the capitalist nations.'" He also acknowledged that the primary reason he argued for the United States to oppose the MPLA was simply that the Soviet Union supported them.⁸

American opposition to the MPLA came despite the fact that Gulf Oil--an American company--already dominated the MPLA economy. Furthermore, according to the CIA's former agent in Angola, John Stockwell, the MPLA initially had no desire to fight against the United States or ally with the Soviet Union.⁹ In addition, UNITA's leader Jonas Savimbi was a friend of Che Guevara, and UNITA guerrillas had been trained in Maoist China and North Korea.¹⁰

Despite these signs that the Angolan conflict had very little to do with the Cold War, the CIA determined to become more active in the conflict. From independence onward, the competing sides of the Cold War began to become involved in Angola. President Gerald Ford authorized covert aid to UNITA through Operation IA Feature in 1975 as the South African Defense Force began military actions in support of UNITA. In July 1976, as part of the Arms Export Control Act, the US Congress passed the Clark Amendment barring the CIA from sending aid directly to Angola. However, South African aid to UNITA continued unabated, and Stockwell claimed that the CIA continued to supply UNITA illegally after the passage of the Clark Amendment via the porous Angola-Zaire border region.¹¹

⁸ Blum, William. *Killing Hope: U.S. Military and CIA Interventions since World War II*. Chapter 41. Common Courage Press, 2004.

⁹ Stockwell, John. *The Secret Wars of the CIA*. 1987.

¹⁰ Jones, Bartlett. *Flawed Triumphs: Andy Young at the United Nations*. University Press of America, 1996

¹¹ Hunter, Jane. *Israel and South Africa*. South End Press, 1987.

In response to South African action on behalf of UNITA, Cuban forces deployed to Angola to reinforce the MPLA regime. The number of Cuban soldiers present would slowly tick up throughout the conflict to eventually reach 55,000 by the late 1980's.¹² Throughout this time, Cuban soldiers were deployed to defend Gulf Oil holdings from attacks by UNITA or South Africa. The Chicago Tribune quoted a Cuban army captain as saying "We are not here to protect Americans, but Angolan economic targets."¹³

That quote displays some impressive cognitive dissonance. Consider that by 1986 the US was Angola's primary trading partner, that Angola was the third-largest outlet for American goods in Africa, and that the facility which the captain himself was protecting was 49% owned by Chevron-Gulf and employed around 200 Americans.¹⁴ Furthermore, lease payments from Chevron-Gulf comprised an estimated 95% of Angola's foreign income.¹⁵ Because the majority of the MPLA's money entered the country through Chevron-Gulf, it logically follows that Chevron-Gulf was, without any intention beyond conducting standard business, funding the MPLA war effort against UNITA and South Africa.

This position as the primary financier for Angola's nominally Marxist ruling government made Chevron-Gulf a *de facto* enemy of the American foreign policy machine backing UNITA and South Africa. Most notable are the acts of Congress and actions taken by the CIA to undermine Chevron-Gulf's ability to do business in the country.

¹² Jacklyn Cock, Laurie Nathan (1989). *War and society: the militarisation of South Africa*. New Africa Books. p. 23. ISBN 0-86486-115-X.

¹³ Sheppard, Nathaniel, Jr. *Cuban Troops In Angola Aid U.S.* Chicago Tribune Digital. December 04, 1986. Accessed April 10, 2018. http://articles.chicagotribune.com/1986-12-04/news/8603310808_1_angola-cuban-rebels.

¹⁴Ibid.

¹⁵ Author interview with Tom Mitro, former CFO of Chevron Angola

In July 1985, the US Congress repealed the Clark Amendment, allowing US federal support for UNITA to resume. This placed Chevron-Gulf in the position of being defended by Cuban soldiers against attack by rebels and mercenaries armed and trained by the US. One journalist writing in 1986 summed up the situation as “Cuban soldiers [protecting] Americans and [their] economic interests in a Marxist country from attack by an American ally and rebels armed with American weapons.”¹⁶ Congress would also pass the Grassley Amendment in 1986, eliminating any tax credit that Chevron-Gulf received for its oil operations in Angola. The Grassley and Clark Amendments show that the US Congress, led by Senator Bob Dole, had turned towards supporting UNITA in Angola despite the fact that the MPLA had by 1986 become totally economically dependent on an American oil company for its survival. No part of the American foreign policy system seems to have made any effort to influence the MPLA through its dependence on Chevron-Gulf or to back the MPLA and attempt to win influence through alliance. From 1975 onward, the official position of the United States was to back the forces attempting to destroy the fledgling government simply because it had received support from Communist governments, despite that government’s total reliance on American business for its ability to function.

However damaging Congressional acts may have been to Chevron-Gulf’s operations, the CIA was the true driving force behind American support of UNITA--and therefore enmity towards Chevron-Gulf. Recall that the CIA had been attempting to install the FNLA--eventually part of UNITA--as the ruling government since 1961, meaning that their existing network of influence in UNITA could only be valuable in influencing Angolan politics if UNITA ran the country. In fact, the agency was responsible in large part for the American view of

¹⁶ Ibid.

the MPLA as Marxist, despite CIA director William Colby's early realization that no faction had a clear US or USSR leaning at the outbreak of the war. John Stockwell, a CIA officer assigned to work in Angola in the mid-1970's, claimed that a significant part of his position on the National Security Council's Angola subcommittee was to lie to the American press and portray the Soviets as the aggressors co-opting one side of the war, when in fact it was the US.

"We would write papers for [The State Department's press representative]. Four paragraphs. We would call him on the phone and say, 'call us 10 minutes before you go on, the situation could change overnight, we'll tell you which paragraph to read. And all four paragraphs would be false. Nothing to do with the truth. Designed to play on events, to create this impression of Soviet and Cuban aggression in Angola. When they were in fact responding to our initiatives.'"¹⁷

Consider that Stockwell was referring to his time at the CIA in the mid-1970's, when American opinions and policy regarding the factions in Angola were initially forming. This intentional misrepresentation of the MPLA is likely the reason Washington viewed them as Marxist despite their obvious willingness to engage in the capitalist system with Chevron-Gulf.

One specific incident highlights the lethality of Chevron and the CIA's opposing positions: a botched covert action known as Operation Argon. In May 1985, a South African commando team failed in an attempt to detonate six large oil tanks¹⁸ at the Cabinda complex, which

¹⁷ Stockwell, John. *The Secret Wars of the CIA*. 1987.

¹⁸Du Toit, Wynand. *Judas Goat*. Self-published in South Africa. 2016.

would have destroyed the complex entirely. The commandos planned to frame UNITA in an attempt to mask South African action against an American oil company and to make UNITA appear more militarily capable in northern Angola. South African involvement was revealed after the interrogation of SADF Captain Wynand Du Toit at the hands of MPLA soldiers and Cuban “doctors.”¹⁹

This attack against an American civilian installation²⁰ occurred despite the fact that at the time the CIA had a working relationship with South Africa. Stockwell revealed this in a 1987 lecture: “We were working closely with the South African army, giving them our arms, coordinating battles with them...We had in fact formed four mercenary armies [in northern] Angola.”²¹ Although no US government official save Stockwell would ever formally admit to such a relationship, a 1986 US Congressional sanction preventing military support for South Africa *specifically* excluded intelligence and covert action support from the ban, heavily implying that such support existed or could exist.²² In declassified documents related to the Angolan Civil War, the CIA concluded that the MPLA was funding the Cuban soldiers present in the country directly using hard currency payments from Chevron-Gulf to the MPLA.²³ The CIA would make that conclusion on April 22, 1985--

¹⁹ Steyn, Douw. *Iron Fist From The Sea: South Africa's Seaborne Raiders 1978-1988*. Helion and Company, 2015. Page 328.

²⁰ UN Resolution 567 (1985), *Complaint by Angola against South Africa*, 20 June 1985

²¹ Stockwell, John. *The Secret Wars of the CIA*. 1987.

²² Cockburn, Andrew. *A Loophole in U.S. Sanctions Against Pretoria*. New York Times. October 13, 1986. Accessed April 10, 2018. <https://www.nytimes.com/1986/10/13/opinion/a-loophole-in-us-sanctions-against-pretoria.html>

²³ *Memorandum for the Director of Central Intelligence: Angola: Paying For The War With Oil*. CIA Electronic Reading Room, 22 April 1985.

only twenty one days before Operation Argon.²⁴ While it is impossible to say with certainty that the CIA's assessment precipitated Operation Argon, the timing is extremely questionable given the CIA's clandestine relationship with South Africa and UNITA at the time. In addition, the CIA had attempted in 1975 to halt Gulf Oil's payments to the Bank of Angola through legal action in the United States, but feared what legal precedent such a case would set regarding future oil concessions in Cabinda.²⁵ A military sabotage, however, would set no such precedent. It is worth noting as well that in 1987 the CIA concluded that UNITA would be reticent to attack Chevron-Gulf directly for fear of American casualties after Operation Argon had failed.²⁶

Throughout the entire conflict, Chevron-Gulf and the state-owned Sonangol worked very closely together. Mitro stated "Gulf was one of the few--if not the only--company that stayed active throughout the entire civil war, and that was viewed as a sign that they were interested in Angola for the long term. Some of Sonangol and the government's officials had worked for some time in Gulf or Chevron...they knew [each other], their policies, their people." After the passage of the Grassley Amendment, the MPLA government asked Chevron to sell a portion of their oil holdings to an Italian oil company in order to diversify Angolan income sources in the event that the American company was ordered to leave Angola entirely. Chevron

²⁴ Although a counter-point raised by Douw Steyn in *Iron Fist from the Sea* is that Operation Argon would have taken months to plan, this point is less valid when one considers the method in which modern militaries plan offensive operations against static targets. Military analysts build contingent attack plans on potential enemy facilities months or even years before an attack order is ever given, especially against critical infrastructure such as the Cabinda complex at Malongo. By 1985, the complex had been the cornerstone of Angola's wealth for almost twenty years.

²⁵ *CIA Angola Working Group Paper #71*, CIA Electronic Reading Room, 20 OCT 1975.

²⁶ *UNITA Ability to Sabotage Angolan Oil Production*. CIA Electronic Reading Room, 27 May 1987.

complied, selling a portion of its oil holdings to an Italian company called ENI.²⁷

According to Mitro, the complexity of Chevron-Gulf's presence in Angola is a single example of a larger problem that faces many of the oil companies operating in Africa.

“Oil companies try...to avoid taking sides in political [disputes]. But only in the last fifteen or twenty years have they begun to realize that their presence represents...a political presence as well. They wish they could avoid that, but they can't [sic]...they are only beginning to learn this. Officially they always wanted to be neutral. But in most cases it is almost impossible to be neutral by the nature of [their] presence. [If you are operating in the West] you are one of thousands of competing companies. But when you are an oil company in a developing country, you are the [entire] economy. Your very presence [means] taking on the role of a government.”

In attempting merely to do business in Angola, Chevron-Gulf became embroiled in a proxy war that involved at least five nations and found themselves funding an enemy of their own country's government. Their involvement was not a sideshow, or a minor concern; rather, it was the central reason that the MPLA was able to maintain its war effort despite opposition from South Africa, UNITA, and the United States. The company emerged from the war, along with the MPLA, as one of the most embedded institutions in the country. Meanwhile the CIA's alliance with UNITA, based solely on circumstance, led to massive US involvement in the conflict and turned

²⁷ Ibid.

a minor civil war into a proxy war with US players backing both sides of the war.

The MPLA currently rules Angola. The assassination of Jonas Savimbi in 2002 ended UNITA's guerilla war. Chevron-Gulf is still the largest private corporation operating Angolan oil fields and still provides the majority of Angolan wealth.²⁸

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