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Deuss’ demise: an oil trader’s struggle to keep up with the market, 1970s-1990s

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Introduction

Joseph Schumpeter argued that entrepreneurship is essential to understanding why markets, economies and societies change and as such entrepreneurs should be studied within their temporal and spatial context.² This paper sets out from that premise in an attempt to shed more light on the link between entrepreneurship among oil traders and the development of the global oil market between the 1970s and 1990s. International trade intermediaries, to use a generalized term for trading companies, perform an important role in the international trading system in many commodity markets because they are assumed to reduce transaction costs, absorb risks and gather and disseminate information, which provide liquidity, efficiency and flexibility to markets.³

They do so by arbitraging between price discrepancies deriving from demand and supply mismatches by transforming commodities in time, space and quality, earning a premium from those activities.⁴ As intermediaries, trading companies always find themselves competing with producers and

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⁴ S. C. Pirrong, The Economics of Commodity Trading Firms (Houston: University of Houston, 2014) 6.
consumers who might chose to internalize trading, either to incur arbitrage premiums or to reduce transaction or agency costs.⁵ As such, the level of competition depends on the level of trading acumen of producer and consumer companies, a learning curve that is clearly perceptible in the history of the oil market.⁶ In addition, as markets mature and information becomes more readily available, trading companies are pressed to remain relevant.⁷ Diversification into other commodities or some level of forward and backward integration in the supply chain are means to offset some of those external threats.⁸ However, this strongly affects the business and ownership models of pure trading companies. Pure trading activities benefit most from a private ownership model, with owner-managers bearing most of the risks, which can be easily hedged in derivatives, credit and insurance markets.⁹ Asset investments – to offset encroaching competition or increasing market transparency – are less compatible with the private ownership model because the associated risks are larger and less easily hedged. Owner-managers face the choice of bearing those risks, take (part of) the company public or secure other means of outside funding, by floating bond issues for instance.

Building and maintaining a trading company is therefore a very dynamic venture that moves in conjunction with market and industry developments and requires considerable entrepreneurial creativity. Trading companies are a ubiquitous phenomenon in history but in contrast to other commodity markets, such as grain, coffee, cocoa or certain base metals, the commodification and market trading of oil is a very recent phenomenon,

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⁶ The trading and supply units of BP, Shell and TOTAL are considered top-tier traders in the oil market, which were setup already in the 1970s.  
⁷ Pirrong, *The Economics of Commodity Trading Firms*, 36.  
⁹ Pirrong, *The Economics of Commodity Trading Firms*, 34-5.
which went from almost completely internalized to largely market traded in under 20 years. Oil spot markets developed out of the conundrum of the 1970s price shocks into the principal means of exchanging oil globally. But, because integrated major oil companies (MOCs) had lost control over the production of crude oil in the 1970s, they grappled with supply security.\textsuperscript{10} And while national oil companies (NOCs) in producing countries increasingly controlled production, their inexperience with marketing left them grappling with demand security.\textsuperscript{11} Many independent trading companies of all shapes and sizes maneuvered themselves as intermediaries between the two.

Between the 1970s and the 1990s, these companies evolved rapidly as their business models, strategies and entrepreneurial behavior were tested by a series of major demand and supply shocks. In addition, oil markets became more transparent and better organized, bringing in other participants such as banks seeking investment and trading opportunities. Moreover, MOCs and NOCs honed their trading operations, increasing the competition for independent trading companies. Over the course of three decades oil trading companies have developed from small, one-man brokerage operations into large diversified and sometimes publicly listed companies.

Although a number of longstanding commodity trading companies (Philipp Brothers, Cargill) were active in the oil market from the 1970s onwards, the largest oil trading companies today grew out of newly formed specialized oil trading firms that emerged over the course of three decades, such as Vitol (1966), Glencore (1974), Trafigura (1993). Whereas this handful of firms are large global players today, they shared their founding years with


\textsuperscript{11} Valerie Marcel and John V. Mitchell, Oil Titans National Oil Companies in the Middle East (London: Chatham House, 2006) 16.
a very large number of oil trading entrepreneurs that were successful once but left the scene, some failing spectacularly, others silently retreating. The focus of this paper is on those specialized, privately owned oil trading firms. The entrepreneurial role of the founding owner-managers is most crucial. Their centrality in the longevity of privately owned firms makes them particularly interesting from an entrepreneurship perspective. This paper therefore question how and why oil trading companies have emerged and evolved during the formative years of the oil market and why some endured and expanded while others grew large but disappeared again. These questions will be explored through a single case study of a once world renowned oil trader, John Deuss, who emerged in the 1970s, headed a globe-spanning group of companies in the 1970s and 1980s only to disappear from oil trading again in the 1990s. This paper questions his entrepreneurial strategy and creativity by tracing his company’s history through a series of major upheavals in the oil market.

The birth pangs of the oil market

In the late 1970s, oil-producing countries, particularly the members of the Organization of Petroleum Exporting Countries (OPEC, founded in 1960), increased their control over crude oil production and revenues.\footnote{Ibid., 16ff.} Between the turn of the twentieth century and the Second World War, multinational oil companies gained almost full control over world oil production through a system of concessions and cross-ownership of those concessions. Their power over production and pricing was the main reason for the foundation of OPEC in 1960. Nonetheless, concessions were challenged in several instances before 1960, for instance in Mexico (nationalization in 1938), Venezuela (50:50 profit sharing in 1947) and Iran (nationalization in 1951). The Venezuelan model
was gradually implemented in other concessions, but the influence of producer states over their own oil resources remained limited to the taxation of concession holders.

Increasing producer state control over production across the board began in earnest after OPEC’s Declaratory Statement of Petroleum Policy in Member Countries of June 1968. Decolonization, (resource) nationalism and the ensuing growing need for oil revenues in oil producing countries led to increasing state interference. State-owned National Oil Companies (NOCs) were established in Algeria, Kuwait, Iraq, Libya and a host of other countries throughout the 1960s. The process accelerated in the 1970s and concessions were either nationalized or NOCs given an increasingly larger stake in existing and new concessions, so-called participations. Instead of controlling production, MOCs increasingly relied on long-term contracts with NOCs. Emboldened by success in the late 1960s and early 1970s, OPEC attempted to use its increasing control over production to drive up oil prices by way of using oil embargos and increased participation to push up prices and government take.\textsuperscript{13} Anticipated OPEC supply and price actions drove up spot prices through speculative hoarding during 1978, which supplied OPEC countries with legitimation to raise contract prices. In addition, OPEC tried to restrict reselling.\textsuperscript{14}

The price shocks, particularly 1979, caused a global economic slowdown, declining demand for oil and looming overproduction and overcapacity in the oil market. Moreover, the opportunistic behavior of oil producing states in pursuit of higher revenues, had weaned MOCs of committing to long-term contracts with NOCs, particularly in the aftermath of the 1979 Iran crisis, which left a lot of oil companies out to dry and struggling


\textsuperscript{14} Ibid., 192-3.
to meet their supply requirements. Prices over the course of 1979 and early 1980 shot up, but demand reacted rapidly and prices soon faced downward pressure. Companies that had closed long-term contracts with NOCs against staggering prices just to secure supply during the crisis were left stuck with heavily overpriced supplies. This created an increasing appetite among MOCs to buy on the spot or through spot-related short-term contracts rather than being exposed to the price risk of being tied to long-term, fixed price contracts. More flexibility in procurement also meant more flexibility in tuning refinery runs to market conditions. In addition, spot sales allowed OPEC producers to compete for market share in a falling market.

The early spot market was rather small, but by the early 1980s an estimated share of between 80-90 per cent of crude oil was traded on the spot or through spot related contracts. Over the course of the 1970s, the combined factors of the disintegrating oil supply chain, increased marketing by and demand for intermediation on behalf of NOCs, a growing appetite for spot buying and the speculative opportunities of the OPEC price increases all contributed to rapidly expand the size of the spot market for crude oil (see Figure 2 in the Appendix). This attracted increasing numbers of traders spotting opportunities to profit from the speculative and intermediation opportunities deriving from OPECs assertion of power over oil production. Data from the early 1980s indicates that by 1983-4 independent trading companies were the counterpart in at least 25 per cent of all recorded crude

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15 Ibid., 190.
17 Ibid., 1.
oil spot deals made in oil markets around the globe (see Figure 1 in the Appendix).

Oil spot markets are as old as the industry itself, but existed mostly locally around oil transshipment points. By the late 1960s, the port of Rotterdam was possibly the largest of such local spot markets. It functioned as a marginal oil products market for balancing supply and demand in northwest European (NWE) oil markets. As such MOCs, large commercial oil products consumers and independent refiners used it to offload surpluses, replenish deficits or market marginal production depending on the current and future price structure. Since the late 1960s, price reporting, most importantly by Platts, made the Rotterdam market into an important price barometer. When the 1973 oil shock hit and many west European countries moved to regulate oil prices they did so using price formulae that included reference to the Platts assessed prices on the Rotterdam market.  

Traders played an important role in the market, on the one hand supplying MOCs or independent refiners and distributers, on the other hand speculating on future prices, in particular around seasonal price movements (building stocks in the low season and selling them off in the high season). Most traders active on this market were local or regional actors, mostly Dutch and German and the vast majority was small scale, trading barge-sized lots of oil. However, many of the smaller players were forced out of business when prices escalated in the 1973 crisis and the costs of trade and storage went up dramatically. Trading was therefore concentrated in the hands of a number of bigger trading companies, in particular ones closely related to American independent refiners who presumably used the Rotterdam market for their marginal source of supply and demand or for arbitrage between US East

Coast and NWE markets. The latter traded cargo-sized lots of oil, i.e. trades involving maritime tankers. A few of the Rotterdam trading companies, most notably Vitol (today the world’s largest oil trading company) and Vanol, were active in both barge and cargo markets.

The spot market for crude oil that emerged in earnest around 1973, was a different category however. First of all, individual trades were larger in volume and as a consequence also in value. Secondly, the market was much larger geographically. And thirdly, it was much more politically charged. One outcome of the oil shocks of the 1970s was a stronger involvement of governments in the oil market through price regulations, strategic reserves, government to government crude oil deals and increased bartering. With NOCs in both producing and consuming countries increasingly involved in selling and buying crude oil, traders had to have very good contacts in producing countries’ administrations and NOCs. On the one hand this was made easy by the producers’ distrust of the MOCs. On the other hand, producers did not like traders either because they were perceived as steeling part of the margin that ought to befall producer countries. But as long as crude oil was available from NOCs with limited marketing experience and a trader was able to build a relationship with NOC officials from countries like Angola, Ecuador, Tunisia or Oman (to name just a few), opportunities abounded. The most prolific and certainly the most famous oil trader that ceased on these opportunities was Marc Rich.

A fugitive of Nazi-occupied Europe, Rich established a career as a metals trader with the world’s largest commodity trading company at the

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20 Ibid., 4-5.
time, Philip Brothers (Phibro). After stints in New York and Bolivia, Rich ended up in Spain in the 1960s. When he learnt that a colleague had done a profitable trade buying crude oil in Tunisia and selling it on to an Italian refiner in 1969, Rich took initiative and started developing Phibro’s crude oil trading book. After a falling out over bonuses, he left Phibro and established Marc Rich+Co in 1974, trading out of New York and Switzerland. He sought out countries short on crude oil and hard pressed for counterparts willing to trade with them, such as Spain, Israel and South Africa, and arranged oil supplies through his contacts in Iran and the Soviet Union or through exclusive marketing arrangements with for instance Angola. This type of trading was very profitable indeed – discreetly matching distressed buyers with eager sellers secured a handsome premium – but also highly controversial. Nonetheless, the growing appetite among both oil companies and NOCs to buy and sell through the spot market, the inexperience of many NOCs in trading and the politicized dimensions of the oil market in the 1970s, created major though often controversial opportunities for independent oil traders. That the price of oil seemed to go up and up – until the mid-1980s – helped tremendously.

**John Deuss: Shaky start, 1968-1978**

Although Marc Rich is to this day considered the epitome of oil trading, he was not alone, although certainly the most well known. The historiography on Marc Rich reads indeed as if the history of oil trading is about being the quickest, most brazen and least scrupulous dealmaker.\(^{23}\) In such a framing of the profession there is a strong tendency to focus on the colorful individual instead of questioning the companies they built. Yet, many in this first crop of oil traders were indeed colorful individuals, and although they built big

\[^{23}\text{Ammann, The King of Oil: The Secret Lives of Marc Rich, passim.}\]
companies, they did drag them down in their eventual fall. What is interesting is that many of these colorful traders retreated from the market at roughly the same time, between the late 1980s and the early 1990s. This period marked a transitional phase in the oil market that made the business models or trading strategies of the pioneering traders obsolete.24

One of those pioneering traders, although much less known outside the scene than Rich, is the Dutch entrepreneur Johannes C.M.M. Deuss, known colloquially as Jantje or John Deuss. Although his business interests came to include more than oil trading – among others banking, logistics, investing, ICT – Deuss made his first fortunes with trading oil. The accounts of his early beginnings are vague, but the general gist is that he failed to strike luck as a car dealer and in some way got involved in the Rotterdam oil market in the mid-1960s, reportedly making his first big deal with a Rotterdam trading company on a cargo of Egyptian kerosene.25 By the late 1960s, Deuss had established his first group of trading companies under the name JOC Oil, which appeared to have been an international company from the start.26 The JOC group of companies was probably headquartered first in The Netherlands through JOC Oil BV and conducted world trading through a Panamanian entity, JOC Oil Company SA since 1968. For tax purposes the trading was reorganized and from 1973 based in Hamilton, Bermuda.27 Deuss used a string of holding companies, trust company services and bearer shares alternately born by him or his closest associates to control the group.28

24 Clive Gibson-Leitch, “Oil trading terriers that are mostly muzzled in these changing times,” Lloyd’s List, 5 February 1999.
25 Hurt III, “Feasting on the Oil Glut,” 210-1. There is no reliable publicly available documentation on Deuss’ early career as an oil trader.
26 Publicly available company registration information shows JOC Oil companies registered in the Netherlands and Panama in or around 1968.
27 Deposition of Francis V. Elias, Case no. CIV-86-1401-P in the United States District Court for the Western District of Oklahoma, 13 July 1988, 225.
28 From 1968, the group appears to have been held by JOC Oil SA (Panama), which was owned through bearer shares born by Deuss or others. For tax reasons the ownership of most
Bermuda company, JOC Oil Ltd, acted as the international trading company, while a string of companies in the US owned by JOC Oil (New York), Inc. provided services and controlled a number of diversification investments in coal, oil exploration, refining, gasoline marketing and petrochemicals.\(^\text{29}\) The company also had offices around the globe in London, Rome, Tokyo and Durban (South Africa), all of which were major oil import markets.\(^\text{30}\) By 1975, the JOC group traded oil products and crude oil around the globe, including imports of among others Soviet crude oil to the US using Soviet tankers\(^\text{31}\), was active in trading chemical products\(^\text{32}\), had acquired a license to explore for oil in a bloc of Malta offshore acreage,\(^\text{33}\) traded oil in Latin America\(^\text{34}\), established a coal trading business in Kentucky (US), and was pursuing asset investments in oil and chemical refineries in Oklahoma, Malta and Denmark.\(^\text{35}\)

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\(^{29}\) In 1975 (check) Deuss acquired, through JOC Oil Exploration Company Inc. (Delaware), a petrochemical plant, Lowe Chemical Corporation, in McClain County, Oklahoma. According to a former employee of JOC Oil Aromatics (the formal owner of the petrochemical facility), the plant was bought to strengthen JOC Oil’s position in trading petrochemicals (Deposition of Michael M. Fowler, Case no. CIV-86-1401-P in the United States District Court for the Western District of Oklahoma, 10 May 1988, 630-684). JOC Coal Inc. (Kentucky) was an attempt to gain a trading position in coal. Deuss also acquired a number of gasoline stations in New Jersey through JOC Gasoline Marketing Inc. (Elias deposition, 150) and a heating oil distribution company in Jersey City, Wellen Oil (Elias deposition, 215). According to a trader formerly employed by JOC Oil Inc., a Swiss national named Max Bernegger, JOC Oil Inc. also owned a small refinery in Bayonne NJ that primarily ran residual oil (Suzan Mazur, “Mazur: John Deuss Oil Trader Max Bernegger Speaks,” *Scoop Independent News*, 18 December 2006. Retrieved from: [http://www.scoop.co.nz/stories/HL0612/S00258.htm](http://www.scoop.co.nz/stories/HL0612/S00258.htm), Accessed on 15 August 2019).

\(^{30}\) Elias deposition, 190.


\(^{32}\) Advertised job opening for chemical operations supervisor in *De Telegraaf*, 21 December 1974.


\(^{34}\) PlusD, 1974QUIT003083_b, 9 May 1974.

This rapid expansion of the company originated from around 1973, when the company had an exceptionally profitable trading year. Under the title "JOC, the dynamic independent", the group made an informational brochure resembling a consolidated annual report of the holdings of the Panamanian and newly established Bermudan holding companies in 1973. The First Curacao International Bank, established in 1973 and owned by Deuss was also mentioned in the report. The report reflected Deuss’ ambitions, to develop into an independent, integrated oil company. Although Deuss attempted to keep his own name out of the companies he owned, Deuss appears to have organized regular meetings of an executive committee consisting of officers of his various companies across the various activities of the JOC group, i.e. trading, refining, marketing, exploration. Although the committee had no formal status because the JOC group had no formal executive board, it does suggest that Deuss was indeed attempting to build an integrated, or at least a diversified company. Nonetheless, the committee appears not to have been an attempt to integrate the business activities, but a way of pooling information for the benefit of Deuss and to discuss potential new investments. Creating synergies or pursuing trading opportunities around the assets of the refining and marketing companies appear not to have been discussed, although the trading company within the group did have a regular meeting where all the regional offices were represented.

Although the group expanded rapidly between 1973 and 1975, it proved difficult to build an integrated company from scratch. The good

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36 Elias deposition, 227.
37 Elias deposition, 239.
38 Elias deposition, 222-225.
39 Elias deposition, 228.
40 Elias deposition, 171-179.
41 Elias deposition, 178.
trading year 1973 was followed by two years in which the trading side of the group incurred trading losses. This impaired the ability of the JOC companies, in particular the trading unit, to arrange credit lines, which directly restricted the trading activities and the ability to grow the trading company. There appears also to have been a problem with Deuss’ image in the oil industry, almost right from the start. This could have been a combination of Deuss’ character and approach to business, and his relative inexperience in particular with regard to his ambitions beyond trading, such as the petrochemical acquisition in Oklahoma, the exploration activities in Malta and the rather fanciful plans for the development of new refineries in Denmark and Malta. In Malta, Deuss seemed to have banked on his good relations with the government of prime minister Dominic Mintoff of the newly established independent republic of Malta in 1974. Malta’s energy and financial position was precarious at the time and its increasingly intimate relations with Libya sparked concern in the West that Malta was drifting away from the Transatlantic Alliance. Malta also attempted to expand its domestic energy production by granting exploration licenses and inviting plans for a Maltase refinery. Moreover, Prime Minister Mintoff was shielding his energy imports from parliamentary control. In 1974, Malta therefore presented ample trading opportunities for Deuss but also for his visions of an integrated company, no matter how little experience in exploration or refinery construction and management he appeared to have.

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42 Elias deposition, 181.
43 According to Elias, the petrochemical refinery in Oklahoma had a negative cash flow throughout the period that it was part of the JOC group and its managers were unable to turn it around (Elias deposition, 178). The plans for refineries in Malta and Denmark were met with great skepticism (PlusD, 1974COPENH00684_b, 18 March 1974).
45 PlusD, 1974VALLET0061_b: Libyan oil for Malta, 16 January 1975; PlusD, 1974VALLET01722_b: Oil concession granted JOC Oil Co. Ltd. by Malta, 7 November 1974. There was even talk of a cement refinery project developed by JOC Oil.
Another problem was the sketchy name that Deuss’ companies appeared to have had in the business. US State Department communications on Deuss’ business in Malta, for instance, picked up ‘unidentified petroleum industry sources’ saying that the major oil companies refused to do business with Duess, apparently with regard to his crude oil trading.\textsuperscript{46} Shell International Trading Company, the international crude oil trading division of the Shell Group, warned a Shell affiliate to view an offer from JOC Oil ‘with a great deal of skepticism’.\textsuperscript{47} A former trader at JOC Oil (USA) Inc. reminisced how the major US commodity trader Phibro refused to do business with JOC and that he struggled to get any business with the major companies.\textsuperscript{48} Although JOC had been actively trading with countries like Ghana, Zaire, Cuba, Indonesia, Taiwan, Iran, Iraq and Mexico in the boom years of 1973-4, several of these relationships had been terminated again because of JOC’s inability to deliver satisfactory results.\textsuperscript{49}

In commodity trading, one of the principal risks is the counterparty risk, i.e. the risk of the counterparty in a trade defaulting on the terms of the contract. Usually such breaches of contract were settled through arbitration and, in severe cases, in court. The worst defaults result from a counterparty going bankrupt. In such a case, the possibilities for a financial loss are big, with slim chances of salvaging something of value from the bankrupt company. Pure commodity trading companies in general tend to be highly leveraged – meaning that their equity to debt ratio is relatively high – and the oil trading companies in the 1970s and 1980s certainly had the name of being highly leveraged.\textsuperscript{50} A glance at the composition and structure of the JOC

\footnotesize{\textsuperscript{46} PlusD, 1974VALLET00848\_b, 7 May 1974.  
\textsuperscript{48} Mazur, “Mazur: John Deuss Oil Trader Max Bernegger Speaks.”  
\textsuperscript{49} ‘JOC Oil sued,’ Europ-Oil Prices, 21 July 1978.  
\textsuperscript{50} Pirrong, The Economics of Commodity Trading Firms, 31-32. The problem of leveraged traders was a major theme throughout the 1980s, in particular in the 15-day Brent, which traded}
group suggests that it was Deuss’ policy to keep his group dispersed, with ownership relations obscure and equity funding minimal. The principal external financing for a trading company of the kind of JOC was short term trade financing that was covered by the underlying commodity that was traded instead of company assets. If such short term financing was cut off it meant the end of the company’s ability to trade. This credit risk was inhibiting JOC’s trading in the mid-1970s.

The final nail in JOC’s coffin was a major deal with the Soviet state exporting company Soyuznefteeksport (SNE) in 1975. JOC had before been trading Soviet crude oil and products as well as rumored deals with other countries behind the Iron Curtain. The 1975 contract was rolled over into 1977, comprising a value of around USD 500 million, representing some 4 million tons of Soviet crude oil or two thirds of JOC’s entire disposable crude supply for the year. Although the previous contract seems to have functioned without trouble, the 1977 deal went badly wrong. The result was decades long litigation between Deuss and SNE, with SNE claiming that Deuss failed to pay for a number of shipments of crude oil, totaling some 100 million US dollars, while Deuss claimed that SNE failed to comply with the contract specifications, particular in quality and the timing of delivery.

Overnight, Deuss became a famous man, establishing his image as a shrewd businessman as well as a ruthless trader. Without going into the particulars of the deal and the ensuing litigation, its main ingredients are

future deliveries of Brent blend crude oil through complex chains of buying and selling forward contracts. These so-called daisy chains were highly sensitive to counterparty defaults, which might lead to breaking the chain and causing financial repercussions for the entire chain (Weekly Petroleum Argus (WPA), ‘Brent: The big three’, 1 August 1988; WPA, 21 November 1988, 1, 4).

51 Elias deposition, 182.
53 Elias deposition, 190; ‘JOC Oil sued,’ Europ-Oil Prices, 21 July 1978.
interesting. It also exposes some of Deuss’ revered as well as his less revered qualities as a trader and businessman and led to the demise of the JOC group and Deuss’ restart in oil trading with the Transworld group of companies. There were three main ingredients in the conflict between Deuss and SNE: the price, the contract and the financing. With regard to the price, before 1975, Deuss had already accomplished to bring Soviet oil to the US, a highly contentious trade but one that became feasible in the wake of the 1973 oil embargo, which heightened United States’ preoccupation with security of supply, paradoxically leading to higher imports.\(^55\) A large share of the 1977 contract was allegedly meant for the US, but the profitability of this trade depended on the differential between Soviet oil and other US imports of comparable crudes, most notably from the Middle East as well as refinery margins and the federally regulated product prices in the US.\(^56\) Over the course of 1977, however, this window appears to have closed for two reasons. Firstly, while OPEC prices were stable or slightly increasing, there was overcapacity in refining, depressing oil product prices on the spot market.\(^57\) Secondly, the Soviet oil export price formula was changed to reduce the


\(^{56}\) Ibid., 184. Federally regulated oil prices created opportunities for oil price fraud. Crude oil from different sources were subject to different price limits, distinguishing between oil from old fields, new fields and imported crude oil. Opportunities to illegally switch crude oil in order to drive up the price attracted “hundreds of crude oil resellers”, i.e. intermediaries, to set up schemes. It is quite possible that Deuss partook in such schemes, as did Marc Rich. Rich faced an investigation and trial because his American partners told the Justice Department they were holding cash generated in price spinning schemes for Rich. Deuss was never investigated for it (as far as I’m aware off) but it was a very attractive and profitable, if illegal, way of making money. See also: 96th US Congress, House of Representatives (1980), ‘White Collar Crime in the Oil Industry,’ Joint Hearings before the Subcommittee on Energy and Power of the Committee on Interstate and Foreign Commerce and the Subcommittee on Crime of the Committee on the Judiciary (Washington: US Government Printing Office).

discount of Soviet crude to the rising OPEC prices.\textsuperscript{58} In addition, the Soviets suddenly raised their export price by 22.5 per cent in January 1977, to the dismay of importers in both Eastern Europe and the West.\textsuperscript{59} Deuss appears to have felt the sting of both as he was rumored to have accepted too high prices in the 1977 contract, which obstructed profitable imports into the US of the first number of shipments.\textsuperscript{60} Deuss took delivery of several cargoes but refused to pay for them, allegedly on the basis that the deliveries were not according to the agreed schedule. But it appears that the price was the main problem. Indeed, several of the cargoes appeared to have floated around in New York harbor in the spring of 1977 before they were eventually sold at a loss.\textsuperscript{61} Defaulting on the payment for the remainder of the contract was possible because there appeared to be an irregularity with the contract, in particular that it only carried one signature from a competent SNE official instead of the required two, which according to Deuss rendered the contract invalid and its conditions non-binding. This has been construed as taking the opportunity to defraud SNE. When SNE subsequently lifted the Letter of Credit underlying the contract, the issuer, Slavenburg’s Bank in the Netherlands, claimed it only issued a Letter of Credit the first shipment under the contract to an amount of USD 4.6 million, leaving SNE with a large unsettled bill. The case was only settled in the early 1990s.

It is unclear to what extent Deuss profited from the deal, but it did make further trading through the JOC group impossible.\textsuperscript{62} The legal fallout tied the JOC companies into ongoing litigation, exposed the shaky credit conditions of the company as well as question the ability of JOC to honor


\textsuperscript{60} PlusD, 1977STATE275307_c: More on JOC Oil’s dealings with Soviets, 17 November 1977.

\textsuperscript{61} ‘JOC Oil sued,’ \textit{Europ-Oil Prices}, 21 July 1978.

\textsuperscript{62} Elias deposition, 191-193.
existing or future commitments. Following the loss-making years of 1974-5, Deuss decided to establish two new companies in Bermuda, Transworld Oil Ltd (trading company replacing JOC Oil Ltd) and Transworld Energy Ltd (holding company replacing Hydrocarbon Industries Ltd and JOC Oil Ltd) as the new core companies for the transformation of the JOC group. For two years, the JOC companies and the new Transworld companies co-existed but when the conflict with SNE struck JOC ceased trading and Deuss’ trading activities were transferred to Transworld Oil (TWO). The JOC companies in the US changed their names into Transworld and the shares were transferred to Transworld Oil Ltd and so were the JOC offices around the globe.

**Boom and bust: Growth and demise of the TWO group, 1978-1992**

With Transworld’s Bermuda companies taking over the shares and offices of the JOC Oil companies in the US and elsewhere in the world, Deuss was able to refuel his ambitions in becoming a big player in all stages of the oil industry. Despite his apparently tainted image in the oil industry, Deuss had a reputation as a shrewd trader, which according to Elias allowed him to restart under the TWO banner without any problems of attracting the required trade financing. He did have a problem with sourcing crude oil, however, given that the 1977 contract with SNE represented two thirds of his annual supply. Deuss appears to have invested strongly in market research and intelligence gathering, for example by hiring the services of market and risk analysts.

One famous example was Theodore G. “Ted” Shackley, a CIA deputy director who, after his retirement in 1979, became a private security

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63 Both companies were registered in Bermuda on 30 June 1975 (Registrar of Companies, Bermuda, [https://www.roc.gov.bm/roc/rocweb.nsf/public+register/t+public+companies](https://www.roc.gov.bm/roc/rocweb.nsf/public+register/t+public+companies)).
64 Elias deposition, 193.
65 Elias deposition, 182, 184-185, 189-190.
consultant and risk analyst. Deuss was apparently introduced to Shackley through a former Shell director, Michael Corrie, who worked for Deuss, and allegedly knew Shackley from his time at Shell Vietnam in the 1960s. Deuss had an open-ended contract with Shackley’s risk analysis company RAI. For a time, at least until the mid-1980s, Shackley worked exclusively for Deuss. Shackley gathered intelligence on, for instance, North Sea oil production or the progression of the Iran-Iraq War. He was also involved in brokering trading deals or originating crude oil for Deuss, for which Shackley in turn used his own network to source potential deals, for instance in Iran, Nigeria and Oman. Iran badly needed money to finance arms purchases for the war with Iraq and was willing to be creative with ways of boosting exports of its crude oil. Nigeria in the mid-1980s went through a number of violent political transitions; always a good time to leverage connections to the new regime looking to increase revenue through oil exports. It was part of Shackley’s job to seek out such opportunities for Deuss. Shackley also arranged ways to obscure the links between the source and destination of trades, developing intermediate parties or cutouts that would either refine or store cargoes of crude oil or function as recipients only on paper to obscure the final destination.

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66 Mazur, “Mazur: John Deuss Oil Trader Max Bernegger Speaks.”
68 SRBA, Shackley deposition, 19.
69 Shackley recalled a deal involving an arms-for-crude oil barter deal between Iran and Portugal that he was brokering, in which Deuss was involved through a processing and offtake deal that involved a Portuguese refinery processing the Iranian crude and Deuss marketing the refined product in the European market. This was part of a broader pattern in which a disparate array of individuals that could provide access to producer or consumer states (SRBA, Shackley deposition 15 September 1987, 96-97; SRBA, Shackley deposition 21 September 1987, 358-359, 378-379; Mazur, “Mazur: John Deuss Oil Trader Max Bernegger Speaks”).
70 Shackley deposition, 21 September 1987, 384-387.
which Deuss engineered his arguably biggest and most profitable trading scheme: supplying Apartheid South Africa with oil during the 1980s, evading the unofficial oil embargo that many oil exporting countries, including OPEC since 1978, maintained.

Throughout the 1970s, only Iran had continued to export to South Africa, and supplied 96 per cent of the country’s crude imports. Iran cut off all supplies after the Iranian revolution in 1979. South Africa established a state-led import scheme that paid large premiums to any company supplying crude to South Africa. Deuss landed at least one very large contract for up to 6 million tons of crude oil supply annually between 1981 and 1983. Deuss negotiated the deal with the South African state procurement company SFF on behalf of the Middle East country that was willing to go through to move its oil. Deuss drove a hard bargain and negotiated a premium, which he shared with the producer on the basis that Deuss would arrange for the logistics in a manner that would keep the origin of the crude oil secret. For that purpose he used a number of shell companies operated by TWO directors and used forged documents, fake destinations, ship-to-ship transfers on the high seas and other methods that made it hard to trace shipments of Middle Eastern crude oil to South Africa.

From the South African contracts, it became apparent that Deuss had established very strong contacts in the Middle East, particularly with discount sellers such as Oman or Dubai. Although Deuss dealt in a range of crudes intermittently there was apparently a major relation being established with Oman. Oman was not a member of OPEC and very much interested in

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72 SRBA, 822, Advocate-General Report, 16-30.
73 SRBA, 393, SRB, John Deuss – Transworld Oil : Zuid Afrika’s belangrijkste olieleverancier, January 1985; SRBA, 388 Deuss TWO re Comet Oil e.a.
boosting its role in the international oil industry.\textsuperscript{75} Over the 1980s, Deuss became one of the principal resellers of Omani crude oil, in some years even selling more into the spot market than equity producer Shell (see Table 1 in Appendix). Although traders were generally despised by producing countries for stealing their margins, Deuss had apparently established an image, if not a proven ability, to fetch a premium on Middle Eastern crude sales, some of which flowed back to the producers.\textsuperscript{76}

Cash rich and keen to expand beyond just producing oil, Middle Eastern producer countries were looking for opportunities to invest in refining and marketing abroad to establish more control over the marketing of their exports. That opportunity arrived when in early 1986 the oil price collapsed as OPEC was no longer able to hold its price level under falling demand. Overcapacity in refining and low prices resulted in oil companies, in particular smaller integrated independents in the US to offload their less efficient refineries. Traders played a big role in picking up those refineries, and it was alleged that they did so on behalf of Latin American and Middle Eastern producing countries to give them direct access to the American consumer.\textsuperscript{77} In September 1985, Deuss was rumored to make a similar move for his relations in the Middle East when he bought the US East Coast assets of the Atlantic Richfield Company (ARCO) to form Atlantic Petroleum


\textsuperscript{76} An analysis of Deuss contract with South Africa in the early 1980s found that, instead of earning the contractually agreed maximum premium of 2,50 US dollars, Deuss often netted a multiple, primarily from unclarity in the contract regarding the proper market price for the crude imports and the appropriate marker prices to establish it (SRBA, 663 Materials provided to SRB by Kevin Davis on 26 March 1992, ‘Analysis of the Advocate-General’s Report’ (anonymous and undated)).

Company (APC). APC consisted of a sophisticated refinery making up around 10 per cent of US East Coast refining capacity and 576 service stations across the East Coast. Later in the year, APC acquired a British retailer, Ultramar, expanding the retail network to 1000 service stations and a number of heating oil terminals. Whether or not Deuss made the acquisitions on behalf of Middle Eastern producers, he did manage to turn ARCO’s ailing East Coast business into a growing and profitable company. Deuss has never publicly commented on the Middle East link in the accomplishment of his 1970s ambition to become an integrated oil company. It appears at least plausible that Deuss saw the writing on the wall and the investment opportune. All through the 1980s, producer country NOCs were looking to integrate downstream in major consumers markets. If he managed to turn APC into a profitable company, he stood to make a good return selling it onwards to an expanding NOC. It appears that Deuss was convinced that the NOCs were on the rise and that after the price drop in 1986, something should be done to bring stability to the oil markets. At a London conference in June 1988 – Oil & Money – Deuss proposed an unprecedented cooperation between OPEC and non-OPEC countries. Non-OPEC backers of the plan were led by Oman where Deuss was considered by then to be an advisor to the government.

Whatever Deuss longer term plans with APC were, they were cut short by adverse results of his trading company, although he denied that at the time. Over the course of the 1980s, TWO had become a major global oil trader, considered to be the second or third largest trader together with the

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82 Tanner, ‘Oil Trader Sets Accord to Sell Refinery to Sun’.
US commodity house Phibro and Marc Rich+Co. Apart from a big reseller of Oman crude oil, TWO was also highly active in the Brent market. The Brent market had been growing since the late 1970s, but during the 1980s it developed into the most active and important oil spot market in the world. The origins of the market are not entirely clear, but important contributors were the UK tax system and the British National Oil Company (BNOC). BNOC was the collector of royalty and participation oil from oil production on the UK continental shelf on behalf of the UK Government. As such the company was long on crude oil but had no proprietary storage or refineries. All it did was set the UK Official Selling Price (OSP) and market its oil through the spot market or term contracts, providing a sizable chunk of oil that could be traded freely (unlike Saudi Arabia, for instance, which barred reselling to certain destinations and preferred term contracting). The producing companies on the UK continental shelf were taxed according to the market price of oil, which was established by tracking arms length sales in the spot market. This provided an incentive for the major North Sea producers to sell and buy through the spot market instead of moving the oil internally through their subsidiaries. This so-called tax spinning of North Sea crude created a second impetus for the growth of the spot market.

The significance of the spot market was twofold. Firstly, it provided a means to establish the current market price for oil, which developed quickly into a marker price against which others grades of crude were priced. Secondly, Shell and BP organized a forward market based on future North Sea cargoes that helped to establish a future price of oil and created the possibility to hedge against future price uncertainty. In the forward market,

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83 Hurt III, “Feasting on the Oil Glut,” 134.
as in a future market, the contract to buy or sell oil is traded, not the commodity itself. The death of the long-term contract and the growth of the spot market had created a more volatile oil price, which producers, consumers and traders increasingly wanted to hedge. Most oil trading in the first half of the 1980s was done on outright price exposure, meaning that any long position uncovered by a future commitment by a buyer at a fixed price was exposed to the flat price risk. From 1988, the International Petroleum Exchange in London offered a futures contract on Brent blend crude oil but before that the Brent forward or 15-day Brent market was the only means to hedge against future price uncertainty.

The Brent market became a central institution in the oil market but it was based on approximately 40 cargoes of crude oil loaded at the Sullom Voe terminal in the Shetland Islands each month. The forward trade in these 40 contracts reached a multiple of that number but only if they were indeed traded. A frequent trading play was to corner the market by buying up the majority of the contracts for the front month in the hope of driving up the price by squeezing the physical supply in the front month. Shortly before paper contracts would turn into actually loaded cargoes and squeezed buyers looking frantically for oil drove up the price, the trader would release his position and sell at the higher price. This was a tricky strategy because the trader basically took an outright speculative position and tied up an enormous amount of short term financing commitments to the acquired position. Moreover, if producers chose to raise production temporarily, or supply from other areas was plentiful, the corner might fail to take effect or worse, the price might actually fall more rapidly than the trader could liquidate his position, saddling him with a large loss. This was exactly what happened when TWO attempted to corner the Brent market for January 1988. After earlier attempts, of which the corner for the loading month of April 1987
had been particularly successful, the January 1988 corner went wrong.\[^{85}\] Slack demand in Europe and easy availability of other crudes forced TWO to take physical delivery on most of the contracts it had amassed for January loading.\[^{86}\]

The failed corner had large effects for Deuss and TWO, which allegedly lost in the region of 200 million US dollars on the scheme. Although Deuss claimed it was unrelated, he put up Atlantic Petroleum Company for sale in the Spring of 1988 and sold it to Sun Co. in July 1988.\[^{87}\] The sale was part of a restructuring of the TWO group, which slimmed down not only its assets but also its trading operations. The office in Tokyo was closed and the number of staff throughout the group reduced.\[^{88}\] It is quite probable that the burden of the failed corner weighed heavy on the group. However, the corner also had a large impact on the Brent market and subsequent attempts by majority producers Shell and BP to improve the operations of the market and reduce the possibility of the kind of price volatility created by corners. This was essential for the market’s future because such corners reduced the effectiveness of the market as a price marker and hedging instrument, and harmed the confidence in the institution. As more and more producing countries were using reference to the Brent price in their own pricing formulae for sales into the Atlantic Basin, it was imperative that the Brent market operated without large distortions. Moreover, Wall Street banks and in particular Goldman Sachs, through its commodity trading affiliate J Aron, were taking a much stronger position in the market since 1986. This made a constant presence in the market a prerequisite to turn a profit, which required a large financial commitment, something in particular the relatively smaller

\[^{87}\] Tanner, ‘Oil Trader Sets Accord to Sell Refinery to Sun’. Deuss sold APC for 513 million US dollars, a good deal more than the 192 mln US dollars he acquired the company for in 1985.
traders struggled with.\textsuperscript{88} Essentially, the smaller speculative traders were forced out of the market, and this appeared to include TWO.

Throughout 1980s, TWO had been mainly present in two markets. Up to 1984, it was primarily involved in trading Middle Eastern grades, but from 1984 around 70 per cent of its spot trading activity was in the Brent market (see Figure 3 in appendix). TWO’s presence in the market, however, shows a downward trend over the course of the 1980s, in particular since 1988, with the exception of two spikes of activity in 1989 and 1990. The last trade by TWO was recorded in October 1996 but the last month that TWO had a substantial trading position was in July 1991 (see Figure 4 in appendix). It is impossible to say why Deuss appears to have downsized TWO’s trading after July 1991 but it appears that the development of the market and world trade in the post-Soviet era was incompatible with his trading strategy and his wider view on the oil industry. The many attempted corners of the Brent market that TWO was involved in over the course of the 1980s and Deuss big role in supplying Apartheid South Africa suggest a trading strategy fully focused on profiting from few but exceptional market distortions with high returns (or losses), instead of a trading approach based on a regular market presence and pursuing arbitrage opportunities with lower but less risky returns. Such a strategy, however, would require a stable, high-volume logistics based trading operation, something that Deuss apparently was not committed to. Deuss’ apparent belief that the NOCs of oil producing countries would soon take over the oil industry and market seems to have guided both his strong ties to countries like Oman and his entry into the US refining market. After divesting APC and downsizing his trading company in 1988, Deuss seems to have banked on what he had left, his good connections

in the Middle East.\textsuperscript{90} By 1992, Deuss had obtained Omani exploration licenses in blocs onshore and offshore and a stake in a refinery.\textsuperscript{91}

**Epilogue: Deuss and the Oman Oil Company, 1992-1995**

On 20 July 1992, Deuss and the Oman Ministry of Oil incorporated the Oman Oil Company Ltd (OOC) in Bermuda. OOC was to be the vehicle for Oman’s foreign oil investments and Deuss acted as its president and principal dealmaker. Right from the start Deuss had lined up a number of investments ranging from the US to Thailand and India.\textsuperscript{92} But Deuss’ and OOC’s big break came with the opening of Kazakhstan’s oil reserves to foreign investments in the early 1990s. After the fall of the Berlin Wall and the break-up of the Soviet Union, the centrally planned economies of the Eastern Bloc were restructured. In Russia, the energy sector was looked at for providing the majority of government revenues required to finance the economic transition of the country. A similar view was taken in other energy-rich former Soviet states such as Kazakhstan. In both states, developing and maintaining capacity to export oil and gas was given top priority. But while proven reserves in Kazakhstan were abundant, investment capital was not.\textsuperscript{93}

Kazakhstan wanted to develop its energy sector independently of Russia or China to protect its fledgling status as an independent country. However, the country is landlocked and has no obvious ways of exporting its oil. Moreover, the Soviet inherited pipelines and refineries were not attuned to the development of an independent Kazakh oil industry. Both export pipelines and refineries to process Kazakhstan’s own crude oil were lacking.

\textsuperscript{90} Records of business registrations in the US show that most of TWO’s registered branch companies in over 35 US states were closed or became inactive between 1992 and 1995.


As a result Kazakhstan was reliant upon Russia for its liquid fuel supplies as well as for the export of crude oil under very unfavourable terms of trade. And because Kazakhstan was neither a crucial buyer of Russian oil nor an important supplier, the country needed other partners to develop an independent and viable energy sector. The development of the energy sector became a vital part of Kazakhstan’s geopolitical strategy to escape the potential fate of becoming yet again a Russian satellite economy. Out of this realisation stemmed a number of pipeline projects to provide the country with export outlets. Possibilities ranged from pumping oil to the Russian Black Sea port of Novorossiysk, Turkey or Iran and during the 1990s and 2000s all of these were pursued; some successfully, others not.

Apart from creating an export infrastructure, Kazakhstan wanted to attract foreign investments for its energy sector to add to the country’s limited domestic availability of capital and know-how. In the early 1990s, foreign firms signed exploration leases, among them Chevron in the massive Tengiz oil and gas field on the northeastern shore of the Caspian Sea. Kazakhstan’s success in attracting foreign capital stung the Russian leadership, which reasoned that Kazakhstan’s competition for foreign investments and its subsequent output growth could hurt Russia’s own drive to attract foreign investments. It could also impact prices and Russia’s access to new foreign markets. Russia was therefore determined to use its leverage – in the guise of the pipeline infrastructure – to frustrate Kazakhstan’s policies. However, because Kazakhstan had already attracted some sizable investments from Western oil companies, Russia could not overtly obstruct Kazakh interests but needed to operate carefully. Because Oman was the first country that had

94 Ibid., 261.
95 Ibid., 263.
provided independent Kazakhstan with a sizable foreign loan, Oman and thus Deuss’ OOC enjoyed a privileged position in the country.

In mid-1992, Deuss succeeded in aligning Kazakhstan, Azerbaijan and Russia into signing an agreement for the Caspian Pipeline Company (CPC), in which OOC also participated. This gigantic deal promised to open export routes for Kazakhstan while maintaining its independence from Russia. The only problem was that Chevron, the main prospective producer in the Tenghiz field refused to join the CPC, even though lack of large capacity export pipeline strongly inhibited Chevron’s production and exports from Tenghiz. Chevron’s principal ache was the position of Deuss and Oman, which contributed only a sliver of capital to the project but maintained that they were entitled to a stake in the export pipeline. Chevron continued its opposition to Oman’s position in CPC in the face of strong Kazakh support for the country. Kazakhstan’s deputy oil and gas minister, Anatoly Lobayev, maintained that "Oman was the first state to recognise an independent Kazakhstan, and it was the first to give us credit." However, a cabinet reshuffle in October 1994 putting a former Chevron employee in charge of the Kazakh oil ministry reduced the leverage of Oman in CPC. Chevron persisted and in January 1996 Deuss decided to pull OOC from CPC. Simultaneously, his role in OOC was strongly reduced after the death of Deuss’ strongest ally in Oman, Finance Minister Qais al-Zawawi, in 1995.

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98 ‘Oman to back off or back out’, Weekly Petroleum Argus, 10 October 1994.
99 ‘Kazakhstan: pipeline disputes slow development of production’.
His strong position and taste for dashing and high-risk investment projects on behalf of OOC had raised eyebrows and tempers with foreign investors and government officials in Oman. An example was Deuss’ involvement in developing Oman’s gas export sector, primarily through a gas pipeline to India, but the principal oil and gas producer in Oman, Shell, accelerated its own Oman LNG project and forced Deuss and OOC to abandon the Indian pipeline plan. By the end of 1996, OOC had severed its links with Deuss. The marketing of 5.5 million ton of crude oil that Deuss still undertook based on a term contract was taken over by Petroleum Development Oman, the state-owned oil company. Deuss role in Oman was largely done and although Deuss today is still active as an investor in the oil industry, he no longer makes headlines as a renowned, if eternally enigmatic, trader and dealmaker.

Conclusion
Based on the case of Dutch oil trader John Deuss, this paper questioned how and why oil trading companies have emerged and evolved during the formative years of the oil market and why some endured and expanded while others grew large but disappeared again. Deuss had an ambitious but shaky start in the 1970s. He established a globally operating group with his JOC companies but it was fraught with controversy and financial problems, culminating in the major conflict with Soviet state exporter SNE. Deuss’ second go at being a global trader and oil company was stronger and more successful. But his apparent knack for risky trading schemes did not always

pay off, and became increasingly incompatible with a formalizing, maturing oil market over the course of the 1980s. Facing a reduced role in trading, Deuss redirected his energies toward what he possibly perceived as the long term trend of expanding producer country NOCs. Banking on his excellent contacts in the Middle East dating back to his South Africa deals, Deuss became the principal dealmaker for Oman’s foreign investment company. With a general appetite for daring projects, Deuss sharply sensed the opportunities arising from the collapse of the Soviet Union. Oman became an early backer of Kazakh independence and as a reward Deuss and Oman gained a stake in the country’s vast untapped oil wealth, only to be ousted again as Kazakhstan relied less and less on the backing of small states such as Oman.

It appears that the fall of the communist bloc and the disintegration of the Soviet Union created a new trade and investment environment, in which the oil industry, both NOCs and MOCs, had no use any longer for middlemen such as Deuss. MOCs invested freely in former communist countries. Furthermore, the maturation of oil markets and the implementation of market price formulae in oil trading and contracting had possibly rendered MOC-NOC relations less politically charged. Foreign investments in producer countries became thinkable again, while simultaneously NOCs expanded their capabilities and foreign investments. The oil industry in the 1990s enjoyed lowered political barriers for international trade and investments, and with it disappeared the need or toleration for traders like Deuss.

Major disruptions still occurred of course, such as the Balkan Wars, the Iraq War and the subsequent Oil-for-Food program or other exceptional situations giving traders the opportunities and incentives to do shady deals, but the general impression is that by the mid-1990s it was no longer enough
to build a company on. In terms of the theory of the trading firm, it seems
that Deuss' undeniable entrepreneurial skill was mainly to seek out big
occasional profits from rare and exceptional disruptions instead of the smaller
but less risky returns from frequent but less profitable arbitrage
opportunities. As such it appears plausible that his companies could flourish
in times when markets were opaque, the world politically divided and the oil
industry struggling to adapt to a new system of allocating supplies. Once the
market had occupied a central place in the global oil industry the vested
interests in its operation made for a more mature, formalized, transparent and
globally integrated market in which the exploits of Deuss’ trading companies
had no place any more. Deuss faced adaptation or retreat and he appeared to
have settled for the latter in the early 1990s. These interpretations, however,
are mere hypotheses and subsequent drafts of this paper require additional
sources, most importantly oral sources, on the fate of Deuss’ Transworld Oil
group, and a more extensive review of the literature on the development of
the oil markets in the 1980s and 1990s.

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105 Gibson-Leitch, “Oil trading terriers that are mostly muzzled in these changing times.”
Appendix

Figure 1 Percentage of deals by market participants, August 1983 to December 1984

Source: Argus Media, crude oil deals database. Note: the database contains spot sales of crude oil reported to Argus Media and runs from 1975 to 2015. Argus operated and still operates a system of voluntary reporting by market participants. The database therefore does not contain a full picture of market activity but anecdotal estimates range between 30 to 40 per cent of all deals. Entries in the database started to identify seller and buyer from 1 August 1983 onwards. Figure 1 presents the first available snapshot of the number of reported deals by participants in the market. ‘Bank’ refers to banks engaging in oil trading. ‘NOC’ refers to a state-owned oil entities. ‘Producer/refiner’ refers to an integrated private oil company. ‘Refiner’ refers to independent, non-integrated refiners. ‘Sogo shosha’ refers to the Japanese general trading companies. ‘Trader’ refers to independent oil trading companies. ‘Unknown’ refers to sellers or buyers that were unidentified.
Figure 2 Number of reported spot deals, 1975-85

Source: Argus Media, crude oil deals database.

Table 1 Transworld Oil sales of Oman crude oil, 1983-1997

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Source: Argus Media, crude oil deals database.
Figure 3 Percentage of TWO sales by grade of crude oil

Source: Argus Media, crude oil deals database.

Figure 4 TWO total market activity, 1983-1996

Source: Argus Media, crude oil deals database.
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