

Valero Energy

Canada Pension Plan Investments

2012 shares = \$32 million
(Direct & indirect investments)

2011 shares = \$3 million
(Direct investments only)

the “worlds leading military forces,” and that it provides systems used in the firing of rockets, torpedoes and tank weapons. It also supplies video-processing solutions for military robots, satellites, unmanned drone aircraft, police cars and the navigation of armoured battle vehicles.

Mango also works with Israel’s largest “homeland security” firm, Hashmira Security Technologies. They formed a strategic partnership which allows Mango “to provide homeland security solutions to Israeli security companies and agencies.” (See “3M Co.,” in the previous issue, p.4.)

Between 2001 and 2007, TI received US\$211,000 in contracts for communications equipment used in F-15s. This variety of US fighter/bomber warplane has been transferred to Israel and used in the bombardment of Lebanon (2006) and Gaza (2008-2009).

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In 2002, Israeli attack helicopters, warplanes and hundreds of tanks, armoured bulldozers and other military vehicles swept through the occupied West Bank. World opinion quickly turned against Israel and condemned its disproportionate use of violence. After a week, even

“President Bush’s rhetoric suddenly became quite strident. ‘Enough is enough,’ he told the world on April 4, demanding that [Israeli President Ariel] Sharon begin an immediate pullout.”

But actions speak louder than words and on the next day the Pentagon awarded Valero an US\$8.7 million contract to ship 242,000 barrels of EN590 diesel fuel to Israel by the end of that month. The bill for this fuel transfer was not paid by Israel but by the US Foreign Military Financing (FMF) program. This Pentagon fund supports select US allies by covering the cost of their military-related purchases from US companies. In practice, most FMF grants are given to firms supporting the military needs of one country, Israel.

That contract was not Valero’s only Pentagon award to fuel Israel’s military that year. Another much bigger tender, worth US\$94.7 million was granted to Valero for the delivery of 2.4 million barrels of JP-8 fuel to be delivered to Israel by the end of 2002.

The company was on a roll. Valero won the Pentagon contracts to supply Israel with JP-8 jet fuel in 2003, 2004 and 2005. These successive awards were mentioned in the *San Antonio Business Journal* when Valero won its 2005 contract, worth US\$103.3 million. At that time, Valero spokeswoman Mary Rose Brown was quoted as saying “This is our third year in a

Valero fuels the gas-guzzling war machines not only of the US military, but of Israel as well. With sixteen oil refineries in the US, Canada, Britain and the Caribbean, this Texas-based fuel company has amassed assets worth US\$18 billion. Its facilities are refining about 3.3 million barrels of oil per day and producing about “200,000 barrels per day of kerosene-based” fuels, including varieties powering warplanes and tanks.

Valero reveals that “approximately 12 percent” of its “fuel production is sold as JP-5 and JP-8 [Jet Propulsion fuel] to the U.S. military.” In 2010 alone, Valero sold US\$906 million worth of fuel to the US military. During the ten previous years (2000-2009), its US military sales totaled US\$4.7 billion. These sales put Valero on the Pentagon’s top-100 suppliers list, ranking between 35th and 65th place, during the last six years of that decade.

Valero is one of the Israeli military’s largest fuel suppliers. The company provides Israel with a kerosene-based, jet propulsion fuel called JP-8 which is used to power Israel’s AH-64 attack helicopters, its F-15 and F-16 fighter/bombers, as well as its Merkava main battle tanks. Valero also supplies the Israeli military with EN590 diesel fuel for use in its jeeps, heavy trucks and other equipment.

US taxpayers have paid Valero hundreds of million of dollars to refine oil in Texas that was shipped from US allies in the Arab world and to then ship it back to the Middle East for Israel’s warplanes and tanks.



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row to have won this contract.”

Valero won this annual contract again in December 2005, giving the company US\$94.1 million to ship 84 million gallons of JP-8 fuel to Israel by the end of 2006. But that was not enough. Israel’s military needed extra fuel that year to carry out its massive bombardment of Lebanon.

On July 13, 2006, Israeli war-planes bombed a storage tank of Lebanon’s oldest, electric power plant, the Jiyeh Power Station. Israel’s attack of this thermal power station caused an environmental disaster when four million gallons of medium/heavy fuel oil were spilled into the sea severely contaminating 120 kms of coastline. Comparable in size to the Exxon Valdez disaster, it was the eastern Mediterranean’s largest oil spill ever. However, on the very next day, July 14, the US Defense Logistics Agency (DLA) announced a US\$36.8 million contract to Valero to supply JP-8 jet fuel to Israel.

Without irony, the DLA explained that Valero’s fuel would help “keep peace and security in the region.” The DLA also noted that Israel “will have no difficulty absorbing this additional fuel into its armed forces.” Then, on the next day, July 15, Israeli war-planes continued their aerial bombardment of the Lebanese power plant.

Almost exactly two years later, in July 2008, Valero received a contract from the Defense Energy Support Center (DESC), worth \$46-million, to provide Israel’s military forces with more fuel. (The DESC is the US military agency that makes all of the Pentagon’s bulk-fuel purchases.)

In October 2008, Valero landed yet another fuel contract for Israel, this one worth US\$234.7 million. As usual, this was paid for by the US Department of Defense through the FMF program. Within two months of receiving this additional 2008 contract, the Israeli military began the bombing of Gaza.

Valero won yet another DESC contract in July 2009 for \$28.6 million worth of fuel destined for Israel.

All in all, between 2004 and 2009, through America’s FMF program, US taxpayers paid \$1.1 billion for 500 million gallons of refined oil products to fuel Israel’s military. Much of this was supplied by Valero. This is



An Israeli F-16



Ramlet el-Beida beach, Lebanon



Jiyeh Power Station, Lebanon

July 12, 2006: Israel declared war on Lebanon

July 13, 2006: Israel’s Air Force bombed an oil storage tank at Lebanon’s Jiyeh Power Station, spilling millions of gallons into the Mediterranean.

July 14, 2006: US announces a US\$36.8 million contract to Valero to supply Israel with military jet fuel to “keep peace and security in the region.”

July 15, 2006: Israeli airstrikes destroy another oil storage tank at Jiyeh.

ironic, notes Robert Bryce, the managing editor of *Energy Tribune*, because “The Valero refinery in Corpus Christi, Texas, which has won several of the FMS contracts for Israel, is a big buyer of Mideast crude. During the second quarter of 2006...the refinery got about 40 percent of its crude oil from Kuwait or Saudi Arabia.”

In other words, US taxpayers pay Valero to ship oil from US allies in the Arab world through the Mediterranean and across the Atlantic, refine it in Texas, and then ship it all the way back to the Middle East for the Israeli military. Journalist Jim Walrod reveals another level of irony in this when noting that Israel’s

“own recently privatized refineries ...could supply all of the fuel needed by the Israeli military. Those same refineries are now producing and selling jet fuel...on the open market.”

So, rather than having Israel buy “lower-cost jet fuel from its own refineries,” the US foots the bill to not only buy Arab oil and refine it for Israel’s use, it also pays the extra cost of burning the oil required to transport that fuel back and forth some 14,000 miles. The whole thing is immoral and irrational on a bewildering number of levels.

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