

RIO TINTO ZINC

The Case For Disinvestment

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RIO TINTO ZINC IS A LARGE AND SUCCESSFUL BRITISH-BASED
MULTINATIONAL MINING AND MINERAL PROCESSING COMPANY
WITH SUBSIDIARY FIRMS OPERATING THROUGHOUT THE WORLD

Rio Tinto Zinc is the sixth largest company in the
United Kingdom, and the largest diversified private
mining company in the world, with a current equity
market capitalisation of £1,473m and a net attributable
profit for 1980 of more than £150m. (1,2,3,4)

It has more than 200 subsidiary companies and is involved
in major operations in North and Central America,
Australasia and Africa. (5,6,7)

It produces approximately 25 per cent of the Western
World's supplies of uranium, boron and bauxite, as
well as substantial quantities of lead, copper,
iron ore, zinc, silver and gold. (8)

FLOUTING OF INTERNATIONAL AUTHORITY AND WORLD OPINION

Rossing in Namibia is the site of the world's largest operating uranium mine.⁽⁹⁾ Its contribution to RTZ's total annual earnings is about 8 per cent.⁽¹⁰⁾

South Africa's occupation of Namibia, in defiance of a United Nations Security Resolution and an International Court of Justice Ruling, is given support by RTZ's operations there.^(11,12) This contravenes the International Court of Justice Ruling as well as a United Nations Council for Namibia Decree which bans mining, processing and exporting of all Namibian natural Resources without the permission of the United Nations.^(13,14) The then chairman of RTZ (now deceased) said that RTZ would defy the ban on exports from Namibia, adding "I am not prepared to take any notice of what the U.N. says on the matter."⁽¹⁵⁾

Last year the U.N. Council for Namibia backed a SWAPO call for reparation payments from RTZ in respect of the Rossing mine, after RTZ, who had been invited to put their case at the hearings, had failed to attend.⁽¹⁶⁾

An RTZ subsidiary, one of the three largest mines in Zimbabwe, was a major foreign currency earner during UDI there, by means of its sanctions-busting exports.^(17,18)

RTZ was one of the companies involved in successfully lobbying the U.S. Government to block the finalisation of the "Law of the Sea" Treaty, about to be ratified by delegates of 150 nations at the U.N.^(19,20)

POLLUTION AND ENVIRONMENTAL DEGRADATION

Environmental groups disrupted RTZ's Annual General Meeting this year in protest at its activities and those of its subsidiaries.⁽²¹⁾ They have also been active in opposing plans for Molybdenum mining at Quartz Hill in Alaska,⁽²²⁾ uranium mining at Kitts-Michelin in Labrador⁽²³⁾ and copper mining at Cerro Colorado in Panama.⁽²⁴⁾

In Bell Bay, Tasmania, furnaces without pollution controls emitted poisonous fluorides directly into the atmosphere.⁽²⁷⁾

The Gladstone Refinery in Queensland, Australia, annually pumps out millions of tons of red mud into the surrounding mangrove swamps, rendering them barren and severely interfering with the local marine life. The ease of disposal of the waste was the deciding factor in choosing the site.⁽²⁸⁾

Pastures, lakes and rivers have been heavily polluted by the Bougainville open-cast copper mine in Papua New Guinea.⁽²⁹⁾

Throughout the Serpent River System - downstream from the uranium mines at Elliot Lake, Ontario, Canada - the water has been so badly contaminated with radium that it is unfit for human use, and all fish life has been killed off. Ten lakes have been declared to be beyond recovery by the Ontario Environmental Assessment Board. Fears of an increase in the rate of lung cancer due to radon gas have led to special precautions being taken in the building of houses at Elliot Lake.^(30,31)

At Weipa (Cape York) in Northern Queensland, Australia, large tracts of land have been rendered virtually useless. Eventually, 900 square kilometres will be covered by bauxite pits excavated to a depth of ten metres, destroying the natural drainage system and leading to severe laterisation

OPERATION OF ILLEGAL PRICE-FIXING CARTELS

In 1976, documents revealing the existence of a sophisticated cartel to fix the price of the world's uranium resources were given to the United States Government. This led to an investigation by a House of Representatives sub-committee. RTZ was making the most money from the cartel.⁽³⁴⁾

RTZ have admitted that they might have broken U.S. Anti-Trust Legislation and an EEC Restrictive Practices Treaty.⁽³⁵⁾

A Canadian Anti-Monopolies Branch Enquiry has recently decided that Rio Tinto Zinc's price-fixing activities had broken Canadian Law.⁽³⁶⁾

RTZ refused to give evidence before the U.S. Courts when it was the subject of anti-trust litigation carried on by Westinghouse Electric Corporation. This year an out-of-court settlement was reached which cost RTZ £6m.^(37,38)

In Australia, a subsidiary of RTZ has been operating a zinc cartel, despite the existence of a 1974 Trade Practices Act specifically brought in to prevent such cartels operating there.⁽³⁹⁾

DISPLACEMENT OF AND INTERFERENCE WITH INDIGENOUS PEOPLES

The James Bay Hydro-Electric Project in Quebec, Canada, has gone ahead despite active opposition by local people and the refusal of the Inuit Tungavingat Nunamini Indians to sign the James Bay Agreement. 7000 Cree Indians and Inuit have been directly affected by the flooding. A former RTZ subsidiary was one of the interests behind the project. (40,41)

The development of the Kitts-Michelin Uranium Mine in Labrador was successfully opposed by the Labrador Inuit Association (the LIA) together with the Naskapi Montagnais Innu Association, the Labrador Resources Advisory Council, and the Labrador Institute for Northern Studies. One of the reasons for the opposition to the mine, was that the project was being pushed through to prevent LIA land claims. The proposed mining complex threatened to alter the life-style of five Labrador communities. (42,43)

In Papua New Guinea, despite forceful opposition by the native inhabitants of the island, the Bougainville Copper Mine went ahead, resulting in the destruction of villages, farms and homesteads, and the annihilation of the island's traditional way of life. (44,45)

A geological report prepared by an RTZ subsidiary in Australia listed 39 Aborigine Reserves there in order of importance as "exploration targets" based on an assessment of their mineral potential. (46,47,48)

The Aborigine Communities of Warnum and Noonkanbah, both in Western Australia, are continuing with their opposition to the threatened loss of their lands and the destruction of their burial grounds and other sacred sites. (49,50,51,52,53,5)

At Weipa in Queensland, Australia, an entire Aborigine community has been dispossessed. (55,56,57,58,59)

The contracts between the Panamanian National Mining Company (CODEMIN) and RTZ for the development of the Cerro Colorado Copper mine and the Teribe-Changuinola Hydro-Electric Scheme do not mention the Guaymi Indians despite the fact that the Concession Area granted to RTZ, of 750 square kilometres, contains 132 Guami settlements of which 92 will be directly affected by the mine and its associated installations.^(60,61,62,63) An Early Day Motion in the House of Commons this year expressed deep concern about RTZ's proposals to launch the largest copper mine in the world without real and proper consideration for the Guaymi Indians or their lands.⁽⁶⁴⁾ The 1980 Guaymi General Congress demanded suspension of the Cerro Colorado Project until their land-rights had been defined.⁽⁶⁵⁾ Altogether 70,000 Guaymi will be affected by the scheme.⁽⁶⁶⁾

INTERFERENCE IN NATIONAL POLITICS

International pressure was brought to bear on the New Zealand Government to continue supplying an RTZ subsidiary with subsidised electricity for the Tiwai Point Smelter, after secret approaches had been made to top government officials in Australia, England and the United States. (67,68)

The U.S. Congress was extensively lobbied to pass legislation permitting the development of the Quartz Hill molybdenum deposit in Alaska, which lies in an area designated as 'national monument'. (69,70,71)

The world's largest public relations consultants were employed to try to stop the development of an Australian diamond-cutting industry and to reduce the social funds available for Aboriginal development in Western Australia. (72)

RTZ is negotiating a contract with the Panamanian Government giving it exemption from any environmental, labour and criminal laws that would inhibit RTZ's activities there. (73) It has been paying the salaries for over a year of all the employees of CODEMIN (Panama's governmental mining company) which is supposed to be exercising an independent negotiating position. RTZ is richer than Panama. (74,75)

The British Government has a special relationship with RTZ. (76) An illustration of the quid pro quo was the judgement in the House of Lords in favour of RTZ's rights of refusal to give evidence before the U.S. Courts in a suit brought against it by the Westinghouse Electric Corporation. (77)

CRITISMS OF EMPLOYEES' WORKING CONDITIONS

At the Rossing Mine in Namibia, there have been serious complaints about the health and living conditions and the low wages for the black workers there. (78)

At Elliot Lake in Ontario, Canada, miners claimed that health and safety conditions, which have been repeatedly criticised by Union Officials, have caused cancer-related deaths. (79,80,81)

CRITICISMS OF, AND OPPOSITION TO RIO TINTO ZINC

RTZ's propensity for attracting attention has given it an image which is not good. (82,83)

It has been opposed by many diverse groups. These include the Friends of The Earth, (84) the Catholic Fund for Overseas Development, (85) the Australian Labour Party, (86) the Irish Anti-Apartheid Movement (87) and the Priests Council of the Panamian Diocese of David. (88)

It was vehemently attacked at the Fourth Russell Tribunal. (89)

In 1980, at the Black Hills International Survival Gathering in the United States, RTZ was singled out for blame as one of the most blatant examples of exploitation by a multinational corporation. (90)

A "Week Of Action Against RTZ" took place in May this year, in order to investigate and publicise allegations of malpractice and injustice made against it. (91,92)

This was endorsed by War On Want Campaigns, Greenpeace (London), the North Queensland and Kimberly Land Councils (Australia), the Onaway Trust, Peace News, Third World First, Undercurrents Magazine, Campaign Against Foreign Control In New Zealand, The Beast Magazine, The National Peace Council and many other organisations. (93)

A weekend of workshops and public hearings on RTZ was held during the Week Of Action jointly organised by Survival International and Colonial And Indigenous Minorities Research/Action (CIMRA). (94)

A coalition of environmental, anti-nuclear, peace and native peoples groups has come together under the acronym PARTIZANS (People Against RTZ And Its Subsidiaries) to increase public consciousness of RTZ. (95)

DISINVESTMENT

Organisations which have disinvested from RTZ as a result of recent publicity about its activities include the N.S.P.C.C., the Salvation Army, the Methodist Church and the Ba'hais.⁽⁹⁶⁾

The Greater London Council is in the process of disinvesting its 350,000 shares in RTZ in protest at its activities in the Third World.⁽⁹⁷⁾

RTZ has claimed that it can not be held fully responsible for the activities of its subsidiaries. It has also suggested that shareholders who have criticised the company sell their shares. The same option is of course open to RTZ were it to have any serious reservations about the actions of its subsidiaries.⁽⁹⁸⁾

For shareholders disinvesting from RTZ because they disagree with its policies or with its methods of implementing them, but not wanting to lose the opportunity for voicing their criticisms as shareholders, it is possible that a small number of shares could be kept in order to maintain a presence within the company so as to have some influence, no matter how small, from within RTZ itself.

FURTHER READING

As well as the references given, the following books provide detailed background information to Rio Tinto Zinc's mining operations in Namibia, Papua New Guinea and Australia respectively.

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(Campaign Against Namibian Uranium Contacts - London 1980)

"River Of Tears" - Richard West
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