



Towards an association Minorco-Union Minière?

By Jean-Luc Iwens

For quite some time there have been rumours, both in Brussels and in London, about a possible association between Union Minière and Minorco, two of the world's leading mining TNCs.

Already in December 1981, at the time of a major restructuring of the Société Générale de Belgique in the field of non-ferrous metals, its leaders stated that they were looking for an international mining partner for their subsidiary Union Minière.

Before examining the repercussions of the eventual association, the actors and their historical backgrounds are described.

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The history of Minorco (Minerals & Resources Corporation) is inseparable of the Anglo American Corporation of South Africa (AAC) of which it is a subsidiary for more than 40 per cent.

The origins of the Anglo American Corporation date back to the year 1866, the time of the discovery of the first diamond mine in South Africa. Following the repercussions of the 1870 French-German war, namely on the diamond market of Amsterdam, there was a "diamond rush" in 1880 in Kimberley. That same year, Cecil Rhodes founded the De Beers Company, after the names of the brothers J N and D A De Beers, on whose land one of the mines was found.

In 1887, Rhodes succeeded in gaining complete control over De Beers. After a series of owners' struggles, multiple associations, and with the help of the financier Rothschild¹, he led a real mining empire as soon as 1890.

Cecil Rhodes died in 1902. That same year Ernest Oppenheimer emigrated to Kimberley and started a career which resulted in the founding of AAC in 1917. He was appointed director at De Beers and after World War I, bought all German diamond mines located in the former German colony of South-West Africa.

In 1929 E Oppenheimer, who had been elected president of the Board of Directors of De Beers, exchanged participations: AAC bought 30.4 per cent from De Beers whereas De Beers bought 33.1 per cent from AAC².

Expansion in Zambia

Whilst devoting much of his time to establishing his empire in South Africa, Oppenheimer was also thinking of expanding to other countries. AAC dealt above all with the mining and marketing of raw materials (diamonds, gold and other precious metals, non-ferrous metals, etc . . .) and could not remain unconcerned by the rich copper deposits of North Rhodesia. Hence, the Rhodesian Anglo American was founded in 1928; it

primarily focused on the copper producing companies.

North Rhodesia became independent in 1964 and became Zambia. Five years later, within the trend of nationalisations and state participations in the big copper companies located in the Third World (Chile, Peru, Zaire), the government of Zambia acquired 51 per cent of the shares of the mines in the country. In the following year, in 1970, the Rhodesian Anglo American changed its name to Zambian Anglo American, and moved to the Bermudas, the well-known fiscal heaven. On that occasion the company changed its name — once more — and became the Minerals & Resources Corporation, in short, Minorco.

Union Minière: the origins of a Belgian mining giant

The origin of Union Minière is even more remote than that of Minorco as the Société Générale de Banque de Belgique was founded in the beginning of the 19th century by William of Orange of the Netherlands. Shortly after the independence of Belgium, in 1830, the shares held by the Dutch king came into the hands of the Belgian king. The company extended so much in the beginning of the 19th century that in 1837 it already controlled 12 per cent of the Belgian industry. In 1970, it controlled 40 per cent of all companies with an exclusively Belgian participation.

During that same year, in 1837, it participated in the expansion of the Société des Mines & Fonderies de Zinc de la Vieille Montagne. Jean-Jacques Dony, who discovered the so-called "process of Liège" for metal zinc manufacturing, opened a zinc plant in 1809 in the suburbs of Liège. The plant received the ore from the mine of La Calamine located in the same region.⁴

In the second half of the 19th century, the sulphur contained in the zinc ore geared the company towards chemistry and more especially the production of fertilizers. The Nouvelle Montagne be-

comes the S A Metallurgique de Prayon (since 1964 Societe de Prayon SA)⁵.

Prayon, which was also a zinc producer at first, dates back to 1845 when the Nouvelle Montagne SA was founded; it pooled three old centres of activity in Verviers, Stembert and Engis (province of Liège).

The resources of Congo

1885 is a very important date for the Belgian sector of non-ferrous metals. At that time the state of Congo was created at the Conference of Berlin under the private ownership of Leopold II. Belgian capital which was at the height of its glory in those days, was at first reluctant vis-à-vis the royal initiative but soon penetrated the colonial scene. The Compagnie du Congo Pour le Commerce & Pour l'Industrie was created in 1886 under the King's impulse and with the support of the Societe Générale. The Tanganyika Concessions Limited was founded in London in 1899. The "Comité Spécial du Katanga" (2/3 to the state and 1/3 to the private sector) was set up in June 1900, but prospecting in Katanga had started 7-8 years earlier. The Union Minière du Haut Katanga was founded on the 28th of October 1906 and by virtue of a common agreement, entrusted with the taking over of the activities and the staff of the Tanganyika Concessions Ltd. The Compagnie Industrielle Union was founded in Antwerp in 1908. During the same year, the state of Congo, which still belonged to the King, became a colony of the Belgian state. Later on, after merging with the Compagnie des Metaux d'Overpelt Lommel in 1970, it became Metallurgie Hoboken Overpelt.

The general framework was setup by that time. The Union Minière is entrusted with the ore supply: copper, lead and zinc (the Belgian deposits of which were progressively petering out), the Compagnie Industrielle Union deals mainly with copper production, Vielle Montagne with the zinc production and Prayon with chemicals associated with the zinc production.

The Société Générale des Minerais remained to be founded in 1919; it was entrusted with the marketing of the raw materials from the Congo and with the products from Belgium; Mechim was to be founded in 1959 in order to exploit the know-how held by the companies of the group in the field of non-ferrous metals sales of licences, feasibility studies, engineering.

Independence of the Congo and nationalisation

At the eve of the independence of Congo in 1960, the Union Minière du Haut Katanga was the third largest copper producer in the world, after two American companies: Kennecott and Anaconda. Its mining concessions represented 34 000 km² (Belgium: 30 500 km²) and it was responsible for all matters related to infrastructure, justice and education. At that time, the Comité Spécial du Katanga was still holding more than 15 per cent in the Union Minière. The share of the Belgian state should have been transferred to the newly independent state, but on the 27th of June 1960, that is to say three days before independence, the CSK was dissolved and the shares held by the state were distributed to the private sector. Hence, Union Minière pursued its activities until 1967 when its mining properties in Zaire were nationalized and transferred to the State company Gecomin (Générale Congolaise des Minerais) which is to become later on Gecamines (Générale des Carrieres & Mines du Zaire).

This nationalization brought about some compensation: in 1969, an agreement was signed by virtue of which provision was made for damages to the group of the Société Générale corresponding to 6 per cent of the sales made by Gecomin during 15 years. This would have been the highest compensation ever negotiated in the copper sector or in the aluminium or iron sector⁶. In 1974, the compensation for the nationalization was converted into a lump sum of 4 billion BEF (80 M

USD). Nevertheless, Zaire never got hold of the stocks held by Union Minière abroad. They were valued to 7.5 billion BEF (150 M USD)⁷.

After a short period during which Gecomin tried to do without the help — the control — of the Société Générale de Belgique, the Zairian company had to give in. Faced with a coalition of the purchasers of Zairian copper, and a lack of financial and technical means, Zaire in 1969 entrusted production management and marketing to the Société Générale des Minerals in return for 4.5 per cent of the Gecomin turnover. Today, Union Minière is still controlling the activities of the Zairian company by means of staff recruitment and technical help.

A new global strategy

From the end of the 1960s, Union Minière initiated an extensive exploration programme in countries considered stable at the political and economic level.

Australia

In Australia, prospecting took place with Australian Anglo American, Société le Nickel, Newmont, Amax, Freeport, Anaconda, ICI, Western Mining, Conzinc Rio Tinto, Shell. All activities were stopped without any substantial results in 1979, after the sale of the subsidiaries Umal and Unimin.

North America

In Canada prospecting has been made in collaboration with Inco, Amax, Asarco, Shell in the sectors of copper, lead, zinc, nickel. This resulted in the exploitation of the copper mine of Thierry (Ontario) in 1976 and the building of a concentrator. However, the output was reduced to a minimum in 1982 because of the depressed copper market.

In the United States, an agreement was made with New Jersey Zinc Co (a subsidiary of Gulf + Western) in 1975 for the exploitation of two fields and the build-

ing of a zinc electrolytic plant, which is still operating.

On the other hand, the OMA (Ocean Mining Associates), a joint venture between Union Minière, US Steel, Sun Ocean Ventures and Efim, designed for developing the exploitation of seabed polymetallic nodules, reduced its output to a minimum in 1982. The same applies to the exploitation of the copper mine Oracle Ridge, 45 per cent owned by Union Copper (100 per cent UM), created in 1976, and by Continental Materials Corporation from Chicago for 55 per cent. In 1981, Union Minière acquired Bicknell Minerals, a coal mine in Indiana.

Latin America

Unimeta was founded as a subsidiary in Brazil in 1974. It took part in the building of a zinc electrolytic plant: the Companhia Paraibuna de Metais (14 per cent Unimeta). In 1975, together with Samitri, it founded Mineracao Santa Teresa which was primarily interested in zinc prospecting and later on, focused on tantalite, beryl and cassiterite. Also in 1975, it participated (up to 10 per cent) in the foundation by Mechim of an engineering subsidiary Unieng Projectos Industrias Ltda. In 1977, Unimeta got associated with Sibradim (a subsidiary of Sibeka) to acquire Dragagem de Ouro (sand and gravel exploitation for building purposes) and Mineracao Tejucana (diamonds). In 1979, the activities of Dragagem are suspended, its equipments are transferred to Tejucana (38.32 per cent to Unimetal) which absorbs Dragagem.

In Mexico, prospecting activities have been taking place since 1973 in collaboration with Amax. Three projects were finalized one year later: Minera Euromex (51 per cent Minera la Paz; 25 per cent UM; 24 per cent Asturiana de Zinc): study of a zinc, lead and silver deposit which gave no result; Minera Calatina (65 per cent Penoles; 20 per cent UM, 20 per cent Amax, replaced in 1976 by Sumitomo and Dowa): unsuccessful borings;

Minera Astumex (51 per cent Mexican interests; 25 per cent UM; 24 per cent Asturiana de Zinc): study of the deposit of Valardena (zinc, lead, silver) sold in 1981 and of the Cerro Dolores deposit (lead, zinc) in association with the Mexican company Luismin.

Europe

In Spain, UM (40 per cent) participated with Asturiana de Zinc (50 per cent), Fina Iberica (10 per cent) in the founding of Astuminera which had carried out unsuccessful copper and zinc exploring activities in the region of Cordova: after capital restructuring (59.4 per cent to UM), Astuminera is interested in the buying and exploiting of tin mines.

Finally in Belgium, Union Minière took part in the creation of three prospecting associations with Asturienne des Mines, Vieille Montagne, later on with The Société Provinciale d'Industrialisation from Liège. These activities have been taking place since 1974.

So much for the mining and prospecting activities of Union Minière. They are of major interest for us because of an eventual association with Minorco.

As we can see, the results are not very positive. Several projects which had been finalized (Canada, USA) have been reduced to a minimum output because of the evolution of the raw materials markets. As regards supply, the situation has not significantly changed since the 1960s.

Downstream participations

The other assets of Union Minière are to be found more downstreams:

- *Metallurgie Hoboken Overpelt* (MHO 62 per cent, direct and indirect participations), Belgium and France, the leading European copper producer; zinc and lead producer; first world refiner of germanium, radium and cobalt; first European silver refiner; refiner of gold, platinum, cadmium, tantalum, selenium, silicium, etc.
- *Société des Mines et Fonderies de Zinc*

de la Vieille Montagne (28 per cent), Belgium, Sweden, a zinc, lead producer.

- *Compagnie Royale Asturienne des Mines* (26 per cent), France, Marocco, a lead, zinc producer.

- *Mechim* (95 per cent): transfer of technologies.

- *Société Générale des Minerais* (78 per cent): marketing of non-ferrous metals, raw materials and finished products.

- *Cableries de Dour* (38 per cent): cable producer.

- *Cableries d'Eupen* (34 per cent): cable producer.

- *Fabricable*: cable producer.

- *Usines a Cuivre & a Zinc de Liege* (45 per cent): copper and zinc products on the basis of recovered metals.

- *Société Chimique de Prayon - Rupel* (34 per cent): agricultural chemistry and zinc trade.

Union Minière—Minorco a new partnership?

After having introduced the actors, let us come back to the possibility of an association between Union Minière and Minorco. Let us first examine the interests of both partners.

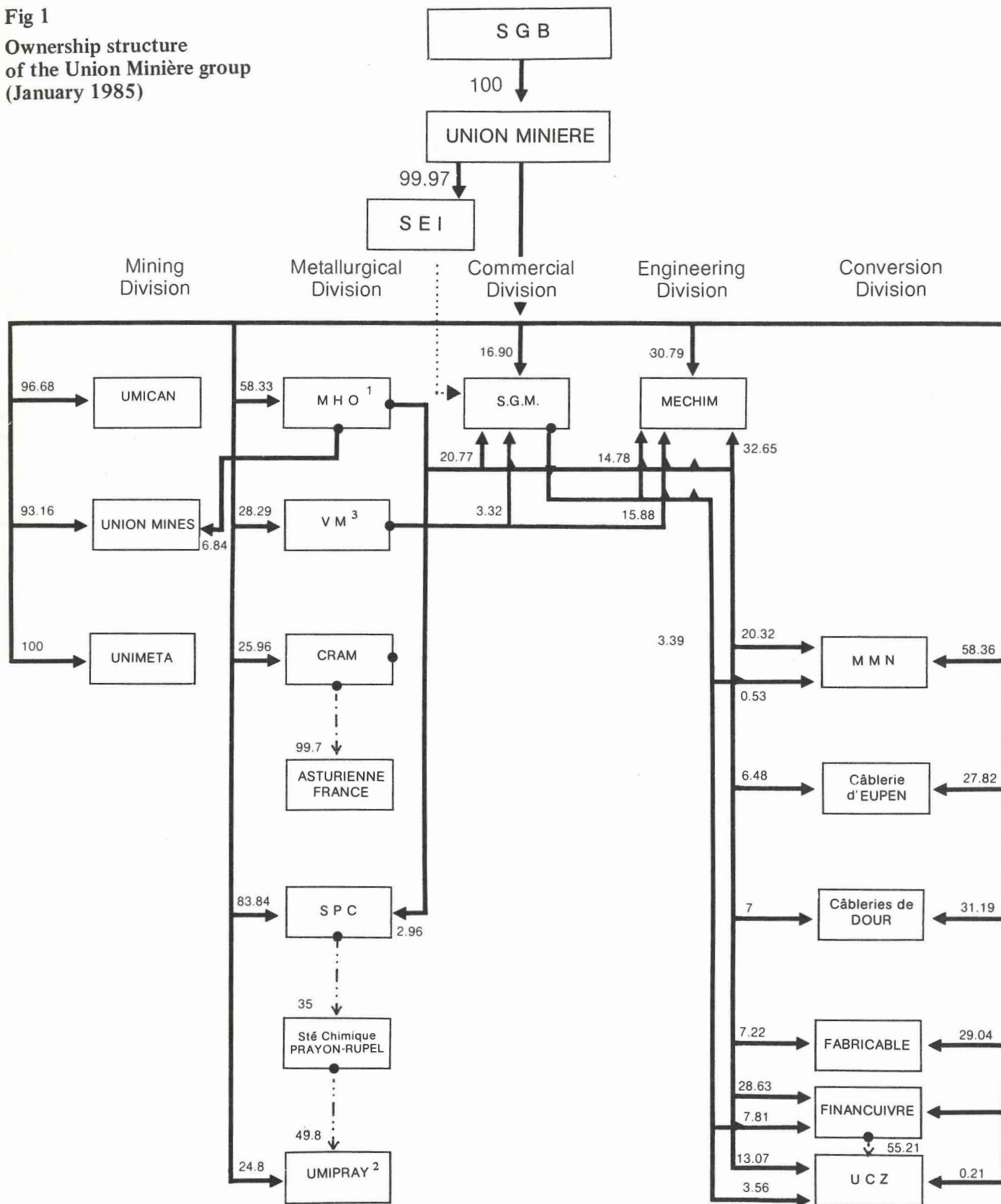
A new source of supplies for Union Minière?

As we have seen, Union Minière is looking for a mining partner and Minorco has extensive mining interests in copper, zinc and lead in South Africa, Namibia, Botswana, Canada, United States, Australia (See Table 1).

However, today several companies in the AAC-group are refining themselves the ores they extract. This applies to Zambia Consolidated Copper Mines (ZCCM), to the subsidiaries of Newmont Mining in the US and to Hudson Bay in Canada.

Despite this situation, the table shows us that the companies of the AAC—Minorco group still have a certain ore surplus in comparison with the quantity of pro-

Fig 1
Ownership structure
of the Union Minière group
(January 1985)



- Notes:**
- ¹ U M transferred 3.67 % of MHO to Financuivre in consideration for 100 % of the 80.000 founders' shares issued by Financuivre.
 - ² Holding assigned to Société Chimique PRAYON-RUPEL at the beginning of 1984.
 - ³ In January 1985 Union Minière announced a major reorganization of its zinc associates. Its 28%-owned associate Vieille Montagne, is to acquire increased stakes in Asturienne-France (AF) and Francaise Asturienne de Participations (FAP) from Union Minière's other 26%-owned associate Cie Royale Asturienne des Mines (CRAM).

Sources:
Figure from the Union Minière Annual Report 1983; Mining Journal 1985-01-04.

duced metal. This surplus can be roughly estimated at 150–200 kt/year of copper in contained metal.

Union Minière needs some 400 kt/year, of which 200 kt of blister copper. This blister copper is very important for MHO (the production subsidiary of Union Minière) as it has developed recovery processes for precious and special metals (gold, silver, germanium, . . .) on the basis of blister and gets a substantial share of its benefits from this production. Besides, Belgium and the FRG account for 60 per cent of world import of blister.

However, most of the ore surplus from the companies of the AAC group, and the Canadian production (Similkameen, a subsidiary of Newmont) is sold in the form of concentrates. Only part of the production of the Newmont subsidiaries in Southern Africa (Tsumeb) is marketed as blister. In 1982, Tsumeb produced 365 kt of copper. Moreover, it had long term contracts with Mitsubishi Metal Corp.

Thus there are long term possibilities, for a change of origin of the raw materials processed by the companies of the Union Minière group but such a reorientation does not seem likely at short term, even in the event of an association with Minorco.

Connections with Zaire

The government of Zaire is of the opinion that the prices presently offered by the Société Générale des Minerais (SGM) are very bad compared to those offered by other refiners. The conflictual negotiations which have taken place between MHO and SGM on the one hand, Gecamines and Sozacom (Zairian marketing company) on the other hand, illustrate that sooner or later, the Belgian companies will be faced with problems of supply.

Will the appointment, in the beginning of 1984, of Mr Pierre de Mere up to now director of MHO, as the new chairman and managing director of Gecamines solve these problems of supply? At short term, without any doubt, but at long term, the situation is still uncertain.

At the General Assembly of MHO on the 23rd of February 1984 Mr Lejeune stated that

”We (MHO) have neither to be informed of, nor to comment on, or interfere with the management of Gecamines which is a fully Zairian company. Besides, time has come for certain fellow-countrymen of mine to realize once and for ever that Zaire has become independent

more than 20 years ago, which excludes any right to any Belgian interference in the conduct of the domestic matters of that country” (sic).

We consider UM supplies from Zaire uncertain at long term, precisely because certain fellow-countrymen close to Mr Lejeune do not seem to admit very easily that they lost their colonies, as indicated by the problems existing in the above-

Table 1
Share of world copper production in 1982

Producing company	Country	Code ¹	Share of world production	
			ore %	metal %
<i>Minorco</i>	South Africa		3.7	3.2
ZCCM	Zambia	P	1.8	1.6
Inspiration Copper	USA	T	0.7	0.7
Mantos Blancos	Chile	T	0.6	0.2
Hudson Bay	Canada	T	0.5	0.7
BCL	Botswana	P	0.2	—
<i>Gold Fields</i>	UK		0.4	0.1
Mount Lyell	Australia	T	0.2	—
Tsumeb	Namibia	P	0.1	—
<i>Newmont</i>	USA		3.4	2.2
Magma Copper	USA	T	1.1	1.5
Pinto Valley	USA	T	0.9	—
Palabora	South Africa	P	0.4	0.4
Sheritt Gordon	Canada	T	0.3	—
Southern Peru	Peru	P	0.3	0.3
Similkameen	Canada	T	0.3	—
Tsumeb	Namibia	P	0.1	—
Total group AAC			7.5	5.5
Hoboken Overpelt	Belgium	T	—	3.7
Cie Gen d'Electrolyse du Palais	France	T	—	0.5
Total Union Miniere			—	4.1

Note

¹ ”Basic facts on the world copper industry”; J Dryden and A Tegen, Raw Materials Report, Vol 2, no 3, 1983.

T = the total production goes to the group

P = the share of the production corresponding to the percentage of participation goes to the group

mentioned price negotiations between MHO and Gecamines. Let us not forget that the Mobutu regime will not last for ever and that the day will come when, even in a capitalist system, the people from Zaire will request a better price for their raw materials and that some will remember on that occasion the MHO practices.

Table 3 highlights some of these practices. The price gaps for the imports of blister are largely due to the quantity of by-products. This, however, does not explain everything because not only the blisters from the US, Sweden or Canada (paid 245 BEF/kg in 1981) contain precious and special metals. It is very likely that MHO underevaluates, or at least underpays, the by-products contained in the blister imported from Zaire.

Apart from these problems of supply, what are the other advantages an association with Minorco could bring to Union Minière? It is thought that such an association will take place by means of a certain exchange of stock, either directly between the two holdings or between one of them and companies within the group of the second.

But in Belgium, the sector of non-ferrous metals is more and more faced with problems of restructuring and rationalization. The closing down of Prayon, the bankruptcy of VTR and the difficulties of Cuivre & Zinc perfectly illustrate this situation. There is also a trend towards a concentration of investments in activities with a high added value, such as the recovery of precious and special metals done by Hoboken Overpelt. Hence, the concern of Union Minière to find investment opportunities in stable countries with high profitability. And as we have seen, Minorco is a group doing excellent business.

Market and technologies for Minorco

What could be the advantages for Minorco? First of all, Minorco is one of the

Table 2

Main Belgian imports of minerals from South Africa in 1981

Country	Weight (t)	%	Value (1000 BEF)	%
<i>Copper for refining</i>				
Total	213 831		17 220 261	
Zaire	118 661	55.5	7 631 389	44.3
South Africa	27 236	12.7	2 052 067	11.9
<i>Nickel</i>				
Total	3 148		767 238	
Netherlands	1 029	32.7	253 206	33.0
USA	928	29.5	230 417	30.0
South Africa	492	15.6	115 793	15.1
<i>Manganese ore</i>				
Total	221 058		710 561	
South Africa	101 424	44.7	267 265	37.6
Congo	45 513	20.0	157 724	22.2
<i>Ilmenite</i>				
Total	37 020		260 630	
Canada	26 297	71.0	168 102	64.5
South Africa	10 718	29.0	92 473	35.5
<i>Antimony ore</i>				
Total	3 962		196 318	
Bolivia	2 432	61.4	124 644	63.5
South Africa	124	3.1	26 687	13.6
Turkey	350	8.8	15 441	7.9
Thailand	665	16.8	8 772	4.5
<i>Raw manganese</i>				
Total	740		43 472	
Netherlands	320	43.3	17 639	40.6
South Africa	201	27.2	11 925	27.4
<i>Raw vanadium</i>				
Total	612		26 415	
South Africa	612	100.0	26 415	100.0

Data on germanium, bismuth, cermets, cobalt, tantalum, uranium are considered as confidential and therefore not accessible.

Source:

Bulletin of External Trade of the Economic Union of Belgium and Luxemburg, December 1982.

spear heads of Anglo American vis-à-vis the foreign markets. Up to now, this penetration was successfully carried out in North America, South America, Great Britain and to a lesser degree, in Australia. On mainland Europe, Minorco is almost absent. An association with Union Minière would be a good way to gain a foothold not only in Belgium, but also in other European countries through the subsidiaries and sub-subsidiaries of Union Minière: France, Germany, the Netherlands.

The companies of the Union Minière group have also developed advanced tech-

nologies in the field of non-ferrous metals. In the copper industry, electrolytic refineries implementing the MHO process are run in Zaire, South Korea and Iran. The Hoboken converter is used in Chile, Poland and the US (Southwire and Inspiration Consolidated Copper, sub-subsidiary of Minorco). The "Contirod" process of continuous casting and rolling of copper wire has only two competitors in the world: Southwire and General Electric. More than 1 Mt/year of continuous wire are produced in the world with this process.

In the zinc industry, 6 Mt/year or 90

per cent of the capacities in calcined zinc electrolysis of the Western world is produced with the Vieille Montagne process, namely by Gold Fields of South Africa (115 kt/year in 1968) and by Gold Fields (79 kt/year in 1979). The Vieille Montagne process for zinc electrolysis is used throughout the world to produce more than 1 Mt per year. Technologies for producing sulphuric acid, phosphoric acid, for uranium recovery in the phosphates, etc . . . were developed by companies of the Union Minière group and marketed by Mechim.

The possibility of a direct access to these technologies should not leave Minorco completely indifferent.

Table 3

Imports of copper concentrate and blister in the Economic Union of Belgium and Luxemburg in 1982

Concentrate and blister	Volume kt	Price BEF/kg
Zaire	118.661	64.31
South Africa	27.236	75.34
Chile	21.481	63.23
Sweden	16.612	116.33
Finland	13.550	66.17
USA	0.804	2 325.13
Total	213.831	80.53

Refined copper	Volume kt	Price BEF/kg
Zaire	163.322	64.24
Poland	18.728	67.89
Netherlands	18.055	68.92
Zambia	10.365	69.31
Chile	9.524	67.51
Canada	9.135	68.88
Total	255.273	65.71

Source:

Monthly Bulletin of External Trade of the Economic Union of Belgium and Luxemburg, December 1982.

Table 4

Major metal producers in the Union Minière group in 1982 (t)

<i>Copper</i>	
Metallurgie Hoboken-Overpelt (MHO)	390 000
<i>Zinc</i>	
Vieille Montagne	196 055
Asturienne des Mines	86 670
Metallurgie Hoboken-Overpelt	110 000
	392 725
<i>Lead</i>	
Metallurgie Hoboken-Overpelt (MHO)	90 000
Vieille Montagne	3 594
Asturienne des Mines	2 096
	95 690
<i>Cobalt</i>	
Metallurgie Hoboken-Overpelt (MHO)	1 200
<i>Cadmium</i>	
Vieille Montagne	638
Metallurgie Hoboken-Overpelt (MHO)	300
Asturienne des Mines	257
	1 195
<i>Silver</i>	
Metallurgie Hoboken-Overpelt (MHO)	1 000

Diamonds

A third interest for Minorco lies in the diamond sector. De Beers, the biggest producer and above all the most important diamond trader at world level is the masterpiece of Anglo American. Moreover, De Beers is the second shareholder of Minorco, after AAC, owning 23 per cent of its shares.

On the other hand, the Société Générale de Belgique which owns Union Minière at 100 per cent is also the major shareholder of Sibeka, with more than 51 per cent of its shares. De Beers is also a shareholder of Sibeka with almost 20 per cent of its shares. Thus, links already exist between AAC and SGB. At the Board of Directors of Sibeka, we find Nicholas F Oppenheimer (De Beers), Sir Philip Oppenheimer (De Beers), S Spiro (De Beers; Minorco, Rio Tinto Zinc) and Anthony Oppenheimer (De Beers).

Sibeka and De Beers jointly own five subsidiaries: three in Ireland, one in Liberia and one in South Africa, all in the field of manufacturing of synthetic diamonds. Moreover, both of them have participations in Industrial Distributors (1946) Pty Ltd (in South Africa) and in the Banque Diamantaire Anversoise in Belgium. Minorco (via Charter Consoli-

dated and Malaysian Mining) and SGB (via Tanks Consolidated) are both partners in Ashton Mining which in turn owns more than 38 per cent of the shares of the Argyle Diamond Mine (Australia), the biggest diamond mine in the world which, from 1985 onwards, will increase world production capacity by 50 per cent.

Let us also remember that Antwerp is the distribution centre for jewellery diamonds and a very important diamond cutting centre. Diamant Boart, a major manufacturer of drill heads for the industry of hydrocarbons, is a subsidiary of Sibeka, which also holds 47 per cent in Mineracao Tejucana and 38 per cent in Unimeta, a subsidiary of Union Minière. Finally, Sibeka is still a 20 per cent shareholder of the Zairian company Miba, the biggest world producer of industrial diamonds. After some recent quarrels and reconciliations, De Beers is again marketing the production of Miba.

Finally the Société Générale des Minerais is marketing the ferro-alloys and platinum produced in South Africa by companies belonging to the AAC group.

All this shows that there are already links between AAC, De Beers, Minorco on the one hand, and SGB, Union Minière, Sibeka on the other. An association between Union Minière and Minorco would only strengthen them. The drawn out of the negotiations between the latter is probably linked with the big depression in the diamond sector.

We have now analyzed some of the factors that could induce the two groups to get associated. But is it really possible to speak of an "association" knowing that the assets of the Union Minière amounted to 300 million USD in 1983 and those of SGB to 1.7 billion USD in comparison to more than 1 billion USD for Minorco and 7 billion USD for AAC. Without going so far as to say that Minorco would make a subsidiary of Union Minière, the least that can be said is that the economic importance of the two is far from being equal.

Consequences in Belgium

The consequences in Belgium of such an operation have already been mentioned: it is the exodus of technologies developed by Belgian companies in the sector of non-ferrous metals, and the risk of a transfer of the Union Minière investments from Belgium to foreign countries.

The penetration of South African capital in Belgium, or rather the increase in its penetration would also have many implications. First of all a strengthening of the internationalization of capital, with all its consequences in terms of balance of power vis-à-vis the workers and the state. There is also the fact that it induces the Belgian sector of non-ferrous metals to integrate into the world strategy of a foreign private group.

It is also to be born in mind that the Belgian sector of non-ferrous metals is no longer in a leading position. It has to face an increasing competition by substitutes such as optical fibers, plastics, composite materials, etc. The Third World producing countries are also trying, and for a good reason, to become more active in downstream operations of their mining sector.

In short, this sector is and will be faced with a profound restructuring process. With an increasing presence of foreign capital, there is a risk that the latter limits itself to a capital restructuring at the expenses of the labour world. This is all the more likely if we take away the privileged links with Zaire and the technological know-how. Then the maintenance of a non-ferrous industry in Belgium loses its *raison d'être* even if it does not lose all its assets: close consumption market, high labour productivity.

Consequences for relations between Belgium and the Third World

Nicholas F Oppenheimer, the son of Harry F, will most probably rule the Anglo American—De Beers empire, even if Gavin W H Relly, Harry's confidant and right hand, succeeded him in 1983.

Nicholas does not share his father's opinions on apartheid and racial policy. In fact, he has several times stressed the need to "give" the black people of South Africa an education and a minimum of social insurance. Harry Oppenheimer often stated in his speeches at the AAC General Assemblies, that he considers this necessary for creating new consumers in South Africa. It is within the same perspective that he has established good relation with several presidents of African countries. His son, on the contrary, who admits that he should like better contacts with black leaders adds: "I have never been in favour of meetings with black people, just because they are black."⁸

An association between Union Minière and Minorco, whose leaders justify the apartheid regime is an association which implies the presence of South African capital within the Belgian company, will hurt the relations of Belgium with many Third World countries. Without putting forward the word "interdependence", which presupposes a certain "equality" between partners, it is obvious that the peoples of industrialized countries and of Third World countries have converging objective interests.

Notes:

¹ Two members of the family, baron E De Rothschild and Evelyn De Rothschild are still members of the Board of Directors of De Beers in 1983.

² H M Thompson: *Argyle, De Beers & the International diamond market*; Raw Materials Report, Vol 2 No 3, 1983.

³ Ernest Oppenheimer's son and successor from 1957 to 1982.

⁴ Dictionnaire des métaux non ferreux, Marabout Université, Bruxelles, 1972.

⁵ *Dictionnaire des métaux non ferreux*, Marabout Université, Bruxelles, 1972.

⁶ UNIDO document, ID/B/209, April 1978.

⁷ *Zaire: le dossier de la recolonisation*, Comité Zaire, Bruxelles, 1978.

⁸ *Business Week*, 1983-05-02. ■