



"With a little help from our friends"

The editors encourage and welcome critique, remarks and suggestions or questions on all aspects of Raw Material Report. Only together with our readers can we give an up-to-date and correct picture of the struggle for resources world wide.

We look forward to the continued publication of RMR. There are few publications seriously analysing the present pattern of global resource control and exploitation... I enclose some remarks on two of the articles in the first issue of RMR. I hope you do not feel they are too detailed: such minor errors of fact can easily accumulate.

*Don Siemon
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Page 27 and 31:

AMAX had an existing aluminium division. It transferred its interests to a new company, Alumax, and sold 50 percent of the equity to Mitsui & Co. Mitsui later transferred 5 percent to Nippon Steel.

Mitsui went into Alumax *not* for raw materials, but:

- to gain a share of the US market
- to gain a stable supply of aluminium metal.

Mitsui's aluminium holdings in Japan were small compared to, e.g. Sumitomo's, and their decision to go outside Japan proved correct by the subsequent oil and electricity price rises.

AMAX had a major bauxite holding in Australia. In the late 1960s and early 1970s AMAX tried to get this off the ground, but Mitsui, on its entry to Alumax, squashed these endeavours. It was only interested in Alumax remaining in the USA. If it wanted to get into Australian bauxite it would do it on its own account. Alumax held onto these deposits, but recently handed control over to two other companies.

Alumax's other Australian venture was a smelter in New South Wales. It dropped out of this consortium after power prices rose and when a US site became available. It appears the company was only interested in Australia as very much a second option.

Page 41:

ASARCO ownership is now less than 49 percent. "Control" does not in this case mean control of the board of directors – there is no direct ASARCO representation.

Umal Consolidated is not controlled by Utah. Umal is a group of Australian investors acting as the Australian *partner* for Utah in its Australian subsidiary.

These are the five largest *private* banks. The Commonwealth (federal government bank) was the largest.

Comalco ownership is CRA 45 percent, Kaiser Aluminum 45 percent and Australian institutions 10 percent. There is no Japanese interest.

Page 42:

Last line should read Kaiser through Comalco *not* Pechiney.

Page 43:

Gove Alumina is a CSR subsidiary.

RMR replies:

Don Siemon is quite right. Even minor changes in ownership and control are important to an understanding of the dynamics of the mining industry.

1. Concerning the relations between MIM and ASARCO the scene is changing quickly. MIM Holdings was rescued from bankruptcy by ASARCO when it bought 95 percent of the MIM stock in 1930. Since then ASARCO has been steadily decreasing its holdings under pressure from the Australian Government. In the summer of 1981 MIM bought 16 percent of ASARCO which also agreed to reduce its stake in MIM to 44 percent and eventually to 35 percent. MIM was partly acting as a white knight when rumours of a hostile take over of ASARCO were circulating. But MIM bought the stock main-

ly because it had been seeking to diversify for a long time, not to be completely dependent on the giant Mt Isa silver, lead, zinc and copper operation.

Besides giving MIM part of ASARCO's revenues, MIM is now considered an Australian controlled company by the Australian Government which insists on at least 50 percent domestic ownership in new mine projects. This has already given further momentum to MIM's diversification plans, mainly into coal. Quite recently there has also been rumours in Australia suggesting that the profitable MIM would go further and increase its holdings in ASARCO.

2. A plentiful supply of cheap energy and vast bauxite resources have made Australia a very interesting location to the aluminium industry. The few lines in RMR 1/1 was not intended to give the full (we will come back to that story) but here is a clarification of some details that were confusing in page 43:

● The Gove bauxite mine and alumina refinery is owned and managed by the Nabalco company. Nabalco is 70 percent controlled by Alusuisse and 30 percent by Gove Alumina Ltd. Gove Alumina is a consortium in which CSR holds 51.1 percent, Peko-Wallsend 12.64, AMP Society 12.1 and four institutional investors the rest of equity. The Nabalco partners founded Nabalco Aluminium in the late 1970s to build an aluminium smelter at Tomago near Newcastle in New South Wales. In this consortium the Australian partners had a 60 per cent interest and the Swiss partner only 40 per cent. However, after being refused a block of power by the New South Wales government and an unsuccessful search for a site in Queensland and Victoria, the Nabalco Aluminium plant is inabeyance. Alusuisse and CSR are now involved in building a smelter near Dunedin in New Zealand.

● Pechiney is currently expanding its interests in Australia and has obtained a block of power to establish a smelter at Tomago. Pechiney and Gove Alumina

will each hold 35 percent equity in this plant while AMP and an unnamed foreign interest will each hold 15 percent.

● Alumax planned a smelter at Lochinvar together with Dampier Mining owned by B.H.P. and Alfarl, a Japanese consortium lead by Mitsui (45, 35, 20 percent of equity). However both Alumax and Mitsui have withdrawn and B.H.P. is reportedly searching for a new partner.

Errata Vol 1 No 1

Besides Don Siemon's remarks we would like to make the following corrections:

Page 54:

The share of the capitalist world production of iron ore in 1976 was left out for two companies:

Broken Hill Pty	1,6 per cent
Marcona Corp.	1,5 per cent

Page 55:

SNIM was partly denationalized in 1979 and is now 49 per cent controlled by a number of Arabian financial interests.

Page 57:

Table 7 note 1 is missing. It should have given some details about the Carajás project. Instead please see page 52-69 in this issue.

Page 59:

Tunisia is formally a member of APEF but has not taken part in the work of the organization during the last two years.

Coming issues

The following issues of Vol 1 will focus on resources and transnational power in Southern Africa, Canada and South East Asia. We are in this context planning articles on the leading mining companies in these countries as well as general surveys of the areas.

In a longer perspective we think it would be interesting and appropriate with a series of articles on industrial minerals and we would also like to have more material on unions and workers' conditions and struggles.

All kinds of material from our readers are welcome, ranging from full length papers to shorter articles or only ideas to articles as well as photographs and other illustrations. If you are interested in contributing, please send us your article as soon as possible and note our deadline, three months before publication date.

RMR leaflet

We need all the help we can get to make the Raw Materials Report well-known around the world and to attract new readers. If you have an idea how to for example spread the introductory leaflet, which is enclosed in this issue, please contact us. We will then be glad to send you as many leaflets as you need or if you can send us your mailing lists we will distribute the leaflet from Stockholm.

Other ways to help us is to suggest your local library to subscribe to RMR, or to review the magazine.

All suggestions are valuable!

