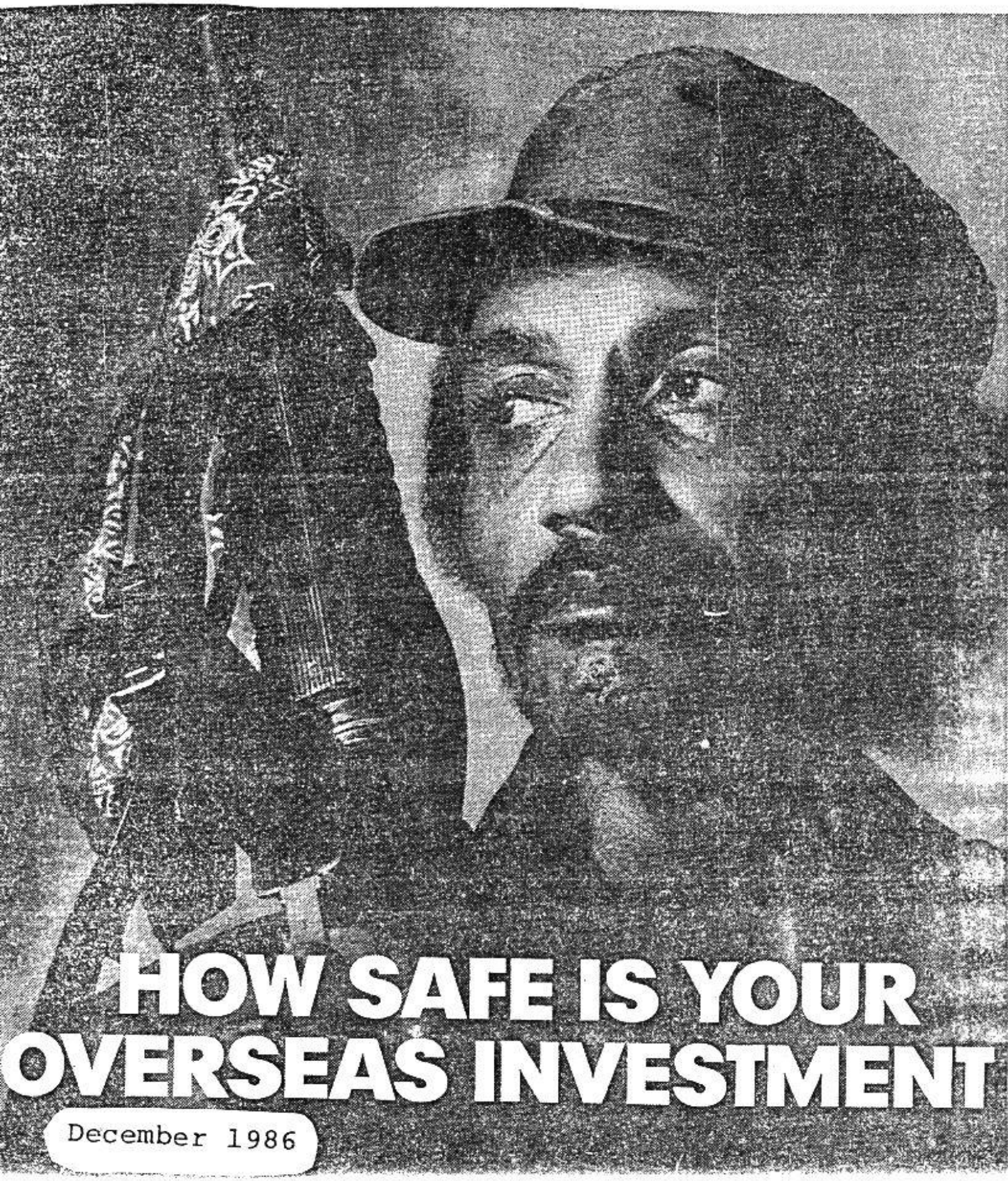
PARTING COMPANY

The newsletter of People Against Rio Tinto Zinc



HOW SAFE IS YOUR OVERSEAS INVESTMENT

December 1986

FRAME'S Philosphy... After Dinner Stories by Sir Alistair

An American tycoon, in Moscow for a three day visit, told his statutory Intorist guide there were only three things he wanted to do - attend the Bolshoi Ballet, buy his wife a sable coat and visit Lenin's Mausoleum. Alas, said the guide, the Bolshoi was fully booked, the export of sable was forbidden and Lenin's tomb was closed for the weekend.

However, as he prepared to leave three days later, the American was able to tell the guide he had achieved everthing he wanted. He had told the lady at the Bolshoi booking offiece he wanted eight tickets - "two for me and six for you"; he got them. He told the lady at the fur shop he wanted two sables - "one for my wife and one for you"; he got one. At Lenin's tomb, closed for the weekend, he merely slapped $200 on the table. "Do you wish to come in to see Lenin?" asked the caretaker, "or shall I bring him out to see you?"

New Group formed - PACC

At a recent meeting in London a new group was formed to oppose the exploitation by Cannon and their photocopying business. Called PACC - People Against Cannon Copiers - the group's aim is to draw attention to the exploiation of community and left groups lured into buying copiers, usually through dubious finance houses, and then suffering a trail of bad copies, fustrated workers, missed copy dates and endless service calls. Anyone interested in supporting the organisation or its sister organisation PAAC (People Against All Copiers) can contact them via the Partizans office.

PARTIZANS

We continue to receive numerous requests for information and speakers for meetings.
We continue to have regular lively meetings on the first Friday of each month at 218 Liverpool Road at 7.30. Everybody is welcome to come and make their ideas known, drink the beer and try out the photocopiers!!
We continue to collect photocopiers, narrowly avoiding a clash of salesmen and service engineers in the office. Despite this most of this edition of PC (otherwise known as Photocopier Crisis) was done on someone else's!!
We have a new treasurer, Angie, who is doing sterling work on the accounts. We know that we spend £9.60 per week on keeping the office going (rent, rates, water rates, phone, gas, electricity). The photocopier costs £220 per quarter and £79 per month plus copies.
We continue to receive too little money.....

PARTIZANS, 218 Liverpool Road, London N1 1LE Tel 01-609 1852

AUSTRALIA

* All is not well at Broken Hill. An uneasy settlement of a two-month strike in May and June 1986 has not solved the fundamental productivity problem. Output is still about half the average of similar mines around the world, and even with the increased shifts agreed with the unions and fresh investment to increase productivity, it is unlikely the mines will keep going beyond the year 2000. The workforce already appears to be drifting away: Uncertainty about the future, a lower retirement age and a voluntary redundancy scheme have brought the workforce down from 2100 at the beginning of the year to 1400 now.
(The mines produce 40% of Australia's zinc, lead and silver, accounting for 4% of the world's zinc and 6% of its lead. Broken Hill's 27,000 inhabitants depend on the mines: There is no other industry.) F.T.'s May-Oct '86

* CRA is to undertake exploration and evaluation of a heavy minerals deposit covering about 1000 ha near Horsham in Victoria State. Previous drilling has indicated the presence of heavy minerals such as rutile, leucoxene and zircon (It says here...) "The State Government has agreed to exempt an area of 20,000 ha surrounding the development site from mining rights" says the MJ: We take this to mean that CRA will have exclusive rights to mining in the area... M.J. 14/3/86

* CRA is also to start mining iron ore from the Yandicoogina deposit in the Pilbara region of Western Australia, having bought half of CSR's stake. F.T. 12/7/86

PAPUA NEW GUINEA

* In a surprise development, the Chinese have apparently expressed interest in the troubled Ok Tedi gold/copper mine in Papua New Guinea. Vice Premier Li Peng told Papua New Guinea's Deputy Prime Minister Paias Wingti that China was prepared to arrange alternative financing to develop the mine in conjunction with the P.N.G. Government if the current agreement with private foreign partners (BHP of Australia, Amoco Minerals of the U.S. and a West German consortium) is cancelled as seems likely.
China is known to be keen to secure long-term supplies of copper ore and concentrate, and would be the main customer for Ok Tedi ore. At present it imports about 30,000 tons per year of copper from Bougainville Copper Ltd. M.J. 22/2/85.....
(A bit late, but we thought you'd like to know)

KING OF THE CASTLE

FRAME GETS PLASTERED...well cemented anyway, as RTZ relaunches its cement interests under the name Castle Cement. RTZ cement interests control about a quarter of the UK market, but cut price Greek inports are threating their position.

CAFCINZ now CAFCA

One of Partizans strongest overseas allies, CAFCINZ, has changed its name to Campaign Against Foreign Control in Aotearoa. (CAFCA). Aotearoa is the Maori name for New Zealand. We reproduce an article on Comalco from their newsletter Watchdog in this edition of PC.

CANADA

2% Increase in Molybdenum production

LORNEX the Rio Algom subsidary returned to profitablity in 1985. This is mainly due to increased production of Copper and coal, and a beneficial exchange rate for US and Canadian dollars.

Meanwhile... Rio Algom has bought the US company AL Tech for an unknown ammount. AL Tech is the second largest producer of specialty steel bars, rods, wire, pipe, tubing and extruded shapes in the US. Rio Algom already has an interest in specialty steels with Atlas; the latest aquisition should result in lower manufacturing costs by having all primary steel production for both plants at the Atlas plant in Welland, Ontario.

SOUTH AFRICA

Are British Companies Getting Cold Feet

There have been recent reports of several companies announcing reduction in their investment or even complete withdrawal from South Africa. The most notable was probably IBM (see also seperate article). However many companies are still reluctant to give up a competitive but profitable market. RTZs main operation in South Africa, Palabora, continues apace. Businessmen seem to want to walk the tight-rope of political instability versus vast markets - "South Africa has the needs of a developing country but all the facilities of a developed one".

Consolidated Goldfields under attack

A new campaign against the British company CGF was launched in July 86. The launch of the disinvestment and information campaign was attended by Marcel Golding, the information officer of SANUM and has been taken up by Anti-Apartheid Groups in this country. Mr Golding said that Consolidated's 48% owned Goldfields of South Africa group had made "concerted" efforts to prevent the NUM organising on its gold mines. With the Gencor group it had the lowest wages in the industry and some of the most dangerous conditions. Consolidated is the largest foreign employer in South Africa and has so far escaped the attention of Anti-Apartheid campaigns.

In this country the campaign will focus on its quarrying subsiduary Amey Roadstone Corpoation. David Warburton, principal national officer of the GMBU, said his union would put pressure on local authorities to not award contracts to ARC. Birmingham City Council have barred companies with SA links from tendering for a £1m motorway contract.

CALLING CRA'S BLUFF

Over the years the scandal of Comalco's cut-price electricity deal, to power its Tiwai Point (Bluff) smelter, has refused to go away. In this article, kindly provided by our friends in Cafca (see page 2), it is suggested that Comalco may now be on the defensive as the Lange government is taken to court...

(N.B. Comalco is 67% owned by CRA which is now 49% owned by RTZ.)

The Government is still battling with Comalco over a realistic price for the huge power needs of the Bluff aluminium smelter. Arbitration procedures have apparently been set in train by Comalco. It is apparent though, that the Government is threatening to legislate a new power contract if Comalco won't agree.

In September, Comalco and its partner Sumitomo Aluminium, filed proceedings against the Government in the High Court in Wellington to "protect their rights" under the existing electricity supply agreements for the smelter. What makes the proceedings particularly unusual is that Comalco and Sumitomo want a court declaration that Government legislation to override the agreements would be a breach of contract.

Over $50 million at stake

The power bill the argument is about is not small currency. Comalco say they use 483MW of power - that's about half the electricity produced in the South Island. Comalco has also refused to allow the prices they pay to be made public, but media estimates put it at 1.5¢ a unit for the older two-thirds of the smelter and 3.5¢ a unit for the new potlines. At that rate, their total annual power bill is about $92 million.

It seems likely that the Government wants the company to pay the same price for all its power. The later 3.5¢ price was calculated more realistically (we don't know if it covers costs), taking into account not only the day-to-day running costs of power stations, but also the cost of building new stations.

If that is the case, the increase in Tiwai Point's annual power charge would be around $56 million.

Though Comalco has always vehemently denied that it gets power below cost, the Government's insistence on renegotiations shows it disagrees. So too did the Consumer Institute in 1983 when it concluded that "if Comalco paid a higher price, the rest of the country would pay a little less." At that time, their best estimate was that Comalco's power price was less than half of the lowest bulk tariff rate.

Power struggle - short circuits being attempted?

It is certain that Comalco will put up a fight. In the 1977 renegotiations with the Muldoon Government, they telexed their associated companies in Japan, England and the US asking them to approach their respective Governments to take action against New Zealand. They wrote to Malcolm Fraser, then Prime Minister of Australia, in the same vein.

The New Zealand Sunday Times reports (28 September) that Comalco recently conducted a "survey" of attitudes towards Comalco of top Government officials. The Minister of Energy, Bob Tizard, "prominent Beehive private secretaries", and a "key Treasury official" cooperated by answering questions including "how many people worked at Tiwai, what was the company's profitability, and what did the company export." Only one public servant is reported to have possessed the integrity to refuse to cooperate with this dubious device: NZED s commercial manager, David Cook, saying that taking part would be "quite inappropriate". The survey was carried out by the public relations firm Communicor Consultants which is run by Labour Party member and influence-seeker, Simon Walker. Walker was reported in December last year to be the local agent for French helicopters being offered to replace the Air Force's Sioux helicopters. He is clearly making the best of his political contacts.

(continued p.8)

You can be sure, sanctions against South Africa will find their mark.

You hate Apartheid. You feel morally compelled to show your disapproval.

Right and good. But be sure the weapon you choose is aimed at the right target.

The girl pictured here represents more than 2½ million people who live in South Africa and the neighbouring countries of Mocambique, Swaziland, Lesotho, and Botswana.

A population that's directly cash-dependent on 450 thousand workers in South Africa's iron, steel, and related industries.

If sanctions are imposed on these commodities, many of these bread-winners will be faced with permanent loss of their jobs.

The end of Apartheid will not bring them back.

In Southern Africa unemployment means no money, no food, and no hope. Because, unlike in Britain, there's no dole to turn to.

Large numbers of the unemployed will have no option but to return home to the rural areas.

To countryside which has been devastated by successive years of drought.

It will be the end of the road. Women and children, the aged, and the workers themselves will be faced with grinding poverty; and in many cases, certain starvation.

If you want to take the bread from the mouths of those you seek to help, sanctions are the right way to do it.

They will merely intensify racial division, conflict, and misery.

If you are against starvation, and against Apartheid, aim at the right target. Encourage economic involvement in South Africa.

In this way support those in South Africa who can and want to bring about social upliftment and political equality.

Let your opposition to sanctions be heard. Speak to your M.P. Draw up a petition.

Published by The Steel and Engineering Industries Federation of South Africa, a major private enterprise employer body representing over 4 000 companies.

Mining Engineers

South West Africa/Namibia

Rössing Uranium Limited is part of the international Rio Tinto-Zinc Group and is situated near Swakopmund in South West Africa/Namibia. Our cosmopolitan work force of 2,700 people controls one of the most complex and efficient open cast uranium mines in the world, with a daily production of uranium equivalent in energy value to one million barrels of oil.

We have two vacancies for Mining Engineers in our production control section, which monitors the cost effectiveness of all the open cast operations. The section relies heavily on computerised analyses. Recent projects include design of computer aided despatch systems, evaluation of trolley assisted truck haulage and various pit design and management reporting systems. Duties include the scheduling of the shovel operations and grade control, haul road and dump design and project work.

Applicants should have a degree in mining engineering and three to six years operations and/or mine planning experience in open pits would be an advantage.

The starting salary is likely to fall between R18,000 – R25,000 p.a., depending on length and relevance of experience.

In addition, we offer the following fringe benefits: modern housing at a nominal rental, 42 calendar days leave per annum, bonus, assistance with relocation costs, good pension and medical aid schemes, free accident and health insurance.

Swakopmund, where most of our senior employees are housed, is a picturesque town situated on the Atlantic coastline. It has most of the facilities and amenities of a medium sized South African town with modern shops, hotels, cinema, restaurants and golf course. In addition, there is a mine-operated country club where most sporting activities are catered for.

Rössing a member of the RTZ Group

Please write with full cv to Mr. C. C. Machin, Manager, Personnel Services, The Rio Tinto-Zinc Corporation PLC, 6 St. James's Square, London SW1Y 4LD, U.K.

COMALCO BLUFF: continued from page 5

NRB had earlier carried out a nationwide survey on Comalco's behalf to determine New Zealander's attitudes towards the company. It apparently showed that people didn't think "aluminium" when they thought of Comalco: they thought "power prices". Modesty forbids us claiming that CAFCA has been more influential that Comalco on this issue.

As a result of the NRB survey, Comalco has paid for a series of nationwide full-page newspaper advertisements insisting "Comalco is Aluminium". The ads offer readers a booklet about the Bluff smelter - a booklet which glossily explains everything except power prices.

Incidentally, the NZ Times also reports that "another Wellington public relations firm,Consultus, is handling both the Comalco account and the account for the about-to-be formed Electricity Corporation."

With Comalco looking towards arbitration in the dispute, it seems more than coincidental that a mysterious outfit called the "Institute for Transnational Arbitration, a division of the South-Western Legal Foundation in Texas", has asked Labour MP for Hamilton, Bill Dillon to act as leader of the institute's programme in the Pacific (Christchurch "Press", 22.9.86). Mr Dillon said that "the programme actively promoted the resolution of transnational and commercial disputes by arbitration and the further acceptance of international arbitration treaties." He was urging the Attorney-General to have New Zealand hold a regional conference for Australasia and the South Pacific to discuss the topic.

Commerce Act a factor?

One of the Government's considerations in renegotiating is that other companies with bulk supply arrangements will find Comalco's price inequiable. If they wished, they could use the Commerce Act against the Government: the Act applies to the Crown, and will apply to the Electricity Corporation when it is established. By starting up a privately-owned electricity-supply company, which the Act gives them the right to do, they could claim that the price given to Comalco constituted unfair competition in that it was below cost.

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Why spend $23 million establishing 40,000 village pharmacies when that same amount will buy one more F-14 jet fighter?

Cartoon - and article - courtesy of CAFCA 'Watchdog', No. 54. Nov. '86

Reviews: South African Sanctions

U.K. COMPANIES - SOUTH AFRICAN PAY AND CONDITIONS
9 Poland Street, London W1V 3DG

PROFITING FROM APARTHEID - BRITAIN'S LINKS WITH SOUTH AFRICA
LRD Labour Research Department 1986 £1.25
78 Blackfriars Road, London SE1 8HF

BRITISH INDUSTRY IN SOUTH AFRICA
BICSA British Industry Committee on South Africa Limited
45 Great Peter Street, London SW1P 3LT

THE BRITISH INDUSTRY COMMITTEE ON SOUTH AFRICA (BICSA) AND ITS ROLE IN THE SANCTIONS DEBATE
An Anti Apartheid Memorandum October 1986 £1.00
13 Mandela Street, London NW1 0DN

For those shareholders profiting from apartheid, these pamphlets will provide some substantial crumbs of comfort. After all, with Barclays, BP, GEC, Grand Metropolitan, ICI, Pilkington, RTZ, Unilever, et al continuing to operate in South Africa, any endorsement of full economic sanctions by a British Prime Minister seems somewhat unlikely.

And come the Revolution, the day the Regime crumbles, the vehicles in the Victory Parade will no doubt roll past on Dunlop tyres, their occupants eating Mars Bars, singing and dancing to "Freedom! Freedom!" (EMI) playing over the Racal public address system, whilst reporters screech to the world that the Time of Rejoicing has come (via the Plessey telecommunications network). Which is why these publications are important, for though they are almost exclusively concerned with the involvement of UK companies in a racist South Africa, the persona of the multinational corporation is vividly exposed.

The EIRIS report analyses the responses of companies made to the Dept. of Trade and Industry under the EEC Code of conduct for Companies with interests in South Africa. Though primarily concerned with Wage Levels, there are also brief sections on Equal Opportunities and Trade Union Recognition. Best read in conjunction with the DTI's own summary of reports, it details exactly how companies which appear to satisfy the Code of Conduct can manipulate their figures either by omission of relevant facts or by using inappropriate data.

Full reports filed by a company should be made available to the public but this is not always the case. For example, Leyland Vehicles refused to send EIRIS a copy of their report despite 99.7% of the shares in their parent company (BL) being held in the name of the Secretary of State for Trade and Industry, whose Department is asking other companies to make their responses available.

Companies with South African interests make up just over 50% of the total value of the London Stock Exchange, though EIRIS makes

the point that the value of the shares of those companies without South African interests is in excess of £100 billion, which should give some scope to those concerned with making politically correct investments.

In A4 format, its 36 pages include cogent summaries, a background history of the code, and appendices containing a list of 50 companies that failed to file a report at all, plus the text of the revised Code of Conduct agreed by EEC Foreign Ministers in November 1985.

And its main conclusion? "Only 5 of the 135 companies reporting in full under the code meet the EEC target of approximately R525 per month for minimum wages."

While EIRIS publications are primarily aimed at providing information for the conscientious investor, LRD's readers are mainly trade unionists and members of the Labour Movement. "Profiting from Apartheid" is a 56 page A5 fact-filled booklet complete with relevant illustrations and cartoons.

Taking nothing for granted, it quickly reminds us of the facts we love to hate about the apartheid system - infant mortality rates six times higher for black South Africans than for white ones; 452 people killed by police action or died in police custody in 1985 etc. - and then proceeds to illustrate the importance of UK companies to the South African economy.

The UK share of total overseas investments in South Africa is approximately 40%, and companies with British links account for about 7.5% of total South African employment. Despite the recession and the collapse of the rand, profits are still being made in South Africa and though some companies have reduced their holdings or cut their employment this has been compensated for by mining organisations and raw materials producers which have increased their workforces. The UK is responsible for approximately 10% of South Africa's imports and exports, whereas less than 2% of the UK's trade is with South Africa.

As well as twenty concise profiles of the UK companies most heavily involved in terms of number of employees in South Africa (which include BP, Consolidated Gold Fields, Lonrho and RTZ), there is a list of 379 companies together with their South African subsiduaries and associates. Also detailed are major bank loans, insurance companies, accountants and management consultancies. (All top ten British accountancy firms have offices or associates there.)

The EEC Code of Conduct (the subject of the EIRIS report) is summarised, and also severely criticised: " ... the Code has a fundamental flaw. It accepts the racial inequalities which already exist in South Africa that blacks should earn less than coloureds, asians and, of course whites." As is also made clear in the EIRIS report, the Code of Conduct applies to less than half the black workers employed by British companies, only those

with at least a 50% holding and employing at least 20 black Africans. Barclays, Consolidated Gold Fields and Pilkingtons are amongst those companies which have recently restructured their holdings and they are now excluded from the need to report.

As might be expected there is an outline of the Trade Unions active in South Africa and a little of their history, followed by a longer account of British trade union actions against apartheid (gallant stands and daring deeds - would that there were more!) with the Metropolitan Police Office setting a stirring example - as a result of pressure from their trade unions, the Catering Department gave instructions to its caterers not to supply any more South African fruit. Local authority actions and disinvestment campaigns (with mentions of RTZ and Shell UK) are also covered.

Not convinced that all publicity is good publicity, BICSA have produced a short pamphlet for the general public, explaining the role of British Companies actively involved with the South African economy in bringing about equality and human rights for all of its inhabitants. Created in 1982, following discussions between the CBI and the United Kingdom South Africa Trade Association (UKSATA), BICSA appears to represent the majority of UK firms with employees there, (including BP, Shell, and yes ... RTZ).

It begins with a clear statement of opposition to apartheid and an emphatic pronunciation on the certainity of its demise. Many individuals and organisations campaigning to end apartheid argue that because it isn't very nice, it should be stopped. As becomes apparent on reading the small print, BICSA takes a more pragmatic approach; having come to the conclusion that the South African regime can not hold out much longer, then it becomes increasingly important to put on record its opposition to apartheid in order to secure long-term profits via "... amicable relations with any post-apartheid government in the Republic". In the meantime, short-term profits must be protected by trying to convince the world that sanctions are counter-productive.

Nevertheless, the lack of significant political change by the government of South Africa is making it increasingly difficult for British companies to justify their refusal to back sanctions. Thus they issue a somewhat forlorn plea to the South African Authorities to make some changes before the communities there become even more polarised, and approach still closer to "... the edge of an abyss".

Following on from an account of the wonderful things that British Companies are doing to improve the abilities of their Black workers to contribute to Western Capitalism, there is a four page appendix of trade statistics. With "£6,000 million of British investment money ... at stake", it is not surprising that BICSA are getting just a little anxious. The thirty-two companies putting their names to this contribution to the great debate include many of the British Companies employing large numbers of

South Africans. As a policy statement it makes for interesting reading, though any endorsement by the African National Congress is improbable. However, it does appear to be issued free of charge.

Unwilling to allow BICSA an untarnished halo an instant longer than necessary, Anti Apartheid's Memorandum vigorously analyses the background to "British Industries In South Africa". In its 9 pages, BICSA's membership and political associations are impressively unearthed and exposed and its viewpoints and motives carefully detailed before being thoroughly dismissed.

Various anomalies in the statements made by Sir Leslie Smith, BICSA's chair and main spokesperson, are successfully used to illustrate AA's conclusion that BICSA's vested interest in protecting its members' financial interests, its only concern, makes it totally unqualified to comment on the sanctions issue.

So, in between dashing off to AA demos and interrogating friends and acquaintances as to the origin of any fruit they offer you, if you feel in need of a factual refill, three of the publications reviewed above succeed in fueling the good fight and at the same time help to rebut claims by UK multinationals to be in the forefront of the struggle to remove apartheid. Even BICSA's lack of blandness indicates an awareness of the looming potential disaster for its members - a 5% drop in profits.

HYPOCRISY OF MORAL STAND

IBM's board can now lay strong claim to a place in the long and undistinguished line-up of moral hyprocites that stretches from before Pontius Pilate to beyond Richard Nixon.

Its announcement of its intent to 'terminate our 34-year old subsidiary in South Africa' is shot through with double standards. This 'termination' will cause as much pain to the South African economic body as the sting of an aged soporific butterfly. Nor is it likely to damage IBM's business with South Africa.

Consider the following.

- IBM will supply the new company for three years. Further supply agreements are likely after that period.
- IBM will supply a loan to IBM South Africa staff to help them buy the subsidiary. The loan will be paid back with interest.
- IBM has retained an option to buy the business back.
- The firm that arises out of IBM South Africa will have access to IBM's international network that provides information and support to fix software and hardware problems.
- The new firm will be able to obtain supplies from non-IBM sources and will probably be more competitive and efficient than IBM South Africa. Should this be so IBM itself will benefit by selling more equipment to the ex-subsidiary.
- There will be a five-year service agreement between IBM and its South African offspring.
- IBM's South African orphan will continue IBM's 'fair employment practices'.

All of which gives a hollow ring to John Akers' carefully chosen words that 'we regret the need to terminate our subsidiary' and that IBM stayed 'as long as we could maintain an economically sound business and contribute to peaceful change'.

The City of Los Angeles, despite IBM's South African 'termination', is retaining its ban on IBM products, while the New York City pension fund will still sell its shares in IBM.

IBM's public washing of hands has fooled no one. It would have done better to have stayed in South Africa or to have severed its links completely.

IBM Computer Today, November 12, 1986