

Commodities by William Engdahl

Rio Tinto Zinc grabs uranium trade

A power play by the world's largest mining multinational lies behind recent developments in southern Africa.

One of the little-discussed aspects of the recent Moscow-Washington "decolonization" agreement for South West Africa, under which a likely pro-Moscow regime under Sam Nujoma's SWAPO will dominate Namibia, is the role of certain London-based mining giants who stand to reap enormous windfall benefits. The uranium assets of Rio Tinto Zinc (RTZ) in this region are what we will focus on.

RTZ is no small-time "pan-gold" operation. When they announced, several weeks ago, their friendly \$4.32 billion takeover of British Petroleum Minerals, they became the world's single largest mining multinational group, according to one London mining analyst. BP Minerals gives RTZ Western Australia's Olympic Dam mine, potentially one of the world's largest uranium finds.

RTZ is quintessentially British and is one of the important groups which is advised by the influential N.M. Rothschild investment bank. But it appears to be more than a moribund London mining group. Its director and immediate past chairman, Sir Anthony Tuke, is a long-standing member of the Trilateral Commission. Trilateral founder David Rockefeller led the 1984 destabilization of South Africa when his Chase bank abruptly pulled its credit lines. Analysts in South Africa say that the Chase pullout and the simultaneous financial crisis and "anti-apartheid" disinvestment campaign which followed, were essential to force South Africa to agree to Namibian independence and the withdrawal of support for the Angolan opposition UNITA.

With this in mind, now, let's look

closer at the RTZ group.

The world's largest open-pit uranium mine is located in Namibia. It is also one of the most modern and profitable. After the expected April 1989 withdrawal of South African personnel from the country, RTZ's Rossing mine will also be that country's largest industry, and the prop of its economy.

According to London sources close to the talks, RTZ has reached a secret understanding with Sam Nujoma's SWAPO, under which the company will be left untouched by any future SWAPO government, despite SWAPO's firebrand Marxist nationalization platform. The London *Financial Times* on Feb. 14 hinted as much, noting that RTZ stood to become "one of the main gainers from the end of 74 years of South African rule over this U.N. Trust territory."

The reason is that, once independent, Namibia will no longer be subject to the U.S. Comprehensive Anti-Apartheid Act, which bans sales of South African uranium to the United States. The United States is the world's largest uranium consumer by far. Despite a 10-year halt in U.S. nuclear plant orders, completion of previous power plants there has brought the operating total of nuclear plants to more than 109 units, generating almost 20% of all U.S. electric generation. RTZ has this market in its sights.

Further, the Japanese market will grow by fully 30% by the end of the next decade. Intense pressure from the U.S. government on Japan has succeeded in forcing Japanese electric utilities to cancel uranium supply contracts with South African mines, "in protest against South Africa's apartheid

policy and its occupation of Namibia," according to a MITI spokesman. RTZ stands to capture this market as well.

RTZ has been carefully conniving and preparing for these developments. World uranium prices have been depressed in recent years, forcing the bankruptcy of numerous mid-size independent U.S. uranium mines. World prices for uranium concentrate dropped from a 1978 high of almost \$45/pound, to a low near \$12/pound by the end of 1988. Yet, despite a 10-year depression in prices, RTZ has just bought the uranium properties of Kerr-McGee in Wyoming and New Mexico through its Rio-Algom subsidiary, with what RTZ calls, "a view to long-term uranium market opportunities."

Under the new U.S.A.-Canada Free Trade Agreement, RTZ is now positioned to reap further windfalls for shipping its considerable uranium from its Rio Algom Canada mines to U.S. nuclear reactors. The Free Trade Agreement voids provisions in the U.S. Atomic Energy Act which have restricted U.S. import of RTZ's Canadian uranium until now.

London is the center of a "club," accused of being a uranium producers cartel, the London Uranium Institute. RTZ is a member. In 1985, the institute predicted that the world would be in oversupply until the end of the 1980s, weakening prices and closing more U.S. mines.

The recent depression has plunged U.S. uranium mine levels from 362 mines in 1980 to only 15 mines by 1986. The United States will soon become hostage to foreign supplies; then, beginning sometime in the 1990s, according to Nuexco, a large California uranium trader, we will face a severe shortage of world uranium supply. Coincidentally, this is just when RTZ is moving to corner the world uranium market.