

## Australia Dossier by Robert Barwick

### Selling Off the Farm

*The Australian Treasurer is giving away national resources to the British Crown's raw materials cartel.*

On Dec. 27, the mining company Rio Tinto, of which the Queen of England is the single largest shareholder, paid \$1 billion for the Australian coal mines of the U.S.-based Peabody Resources, bringing its total acquisitions in Australia for Y2000 to \$7 billion. The purchase makes Rio Tinto the largest producer of coal in Australia; it was already ranked number one in the production of iron ore, diamonds, bauxite, copper, and zinc. As the world plunges into the worst economic/financial crash in centuries, the Crown's raw materials cartel is seizing control over the vital raw materials upon which nations depend to survive.

Rio's acquisition of Peabody's coal mines is the third time this year that the Queen's men at Rio have trumped other foreign competitors in grabbing Australian resource assets, in this case Anglo American, Billiton plc, and Glencore International. In August, Rio, the world's second-biggest miner, outbid the biggest, Anglo American, for control of North Ltd., an Australian iron ore producer (and the world's fourth largest), for \$3.8 billion. In November, Rio defeated Anglo's sister company, De Beers, for control of Ashton Mining, which won it 100% ownership of the Argyle Diamond Mine, the world's largest, located in the Kimberley region of Western Australia.

In both cases, the sales were cleared by the federal government's Foreign Investment Review Board (FIRB), which was established in 1976 to ensure that major foreign investment into Australia was "in the national interest." However, for the past decade, the FIRB's charter has seem-

ingly been changed to read, "in the multinational interest": In that time, foreign investment has almost doubled to over 21% of GDP! In 2000 alone, foreign investment bids doubled to \$26 billion, \$7 billion from Rio's buying spree, and another \$10 billion from the hostile takeover bid for Woodside Petroleum now under way by Royal Dutch/Shell, which latter is jointly owned by the Dutch and British royal houses.

While the Shell bid is as yet undecided, the FIRB gave Rio's \$7 billion grab free passage, and not surprisingly, either: The FIRB's three-member board includes Lyn Wood, a former director of three foreign banks (American Express, Citicorp, and Schroders), and John Phillips, a director of resource giant WMC Ltd., which, while nominally Australian, was founded by wartime MI6 intelligence agent William Sydney Robinson, who later also founded Rio's Australian subsidiary, CRA.

Furthermore, the FIRB is controlled by Australia's Federal Treasurer, Peter Costello, a leading light of the Mont Pelerin Society front, the union-busting HR Nicholls Society, and formerly a lawyer for Rio Tinto!

However, the plundering of Australia's assets has expanded so greatly, that it has been recently attacked even by members of Costello's own Liberal Party. Colin Barnett, the Resource Minister of the State of Western Australia, Australia's biggest raw materials producer, has sharply criticized the FIRB's approval of Rio's takeover of North Ltd., which gave Rio total dominance of Australia's iron ore industry, and stopped a \$500 million investment

in new rail infrastructure in Western Australia, to which Rio's rival bidder, Anglo American, was committed. The FIRB granted Rio favored treatment, as an "Australian" company, giving it approval just five days into the 30-day FIRB vetting process. Rio had demonstrated how "Australian" it really was, shortly after it was formed out of the merger between the London-based RTZ plc and the Australia-based CRA in 1995, when, despite previous promises that the company "would be equally divided between the United Kingdom and Australia," it immediately fired most of the CRA office staff, and pulled all senior management back to London.

In November, Barnett accused the FIRB of favoring Rio again, over its rival De Beers, in granting Rio control over Ashton Mining, though the two had bid the same price. However, Barnett's biggest blast was reserved for the FIRB's "lack of interest" in Shell's bid for Woodside, the "most significant foreign investment issue Australia has faced in the post-war period." If successful, Shell's bid would see the extremely rich North West Shelf liquefied natural gas (LNG) project, which produces 10% of the entire world's exports of LNG, fall into foreign control. "This is not just about Woodside shareholders," Barnett told the Jan. 9 *Australian Financial Review*. "Australia would be extraordinarily short-sighted to hand over control of its petroleum resources to a foreign entity. It would be the only country in the world that would allow such resources to fall under foreign control."

Despite the last-minute protests organized by Barnett, Costello is expected to allow Shell's bid to go ahead. Shell and Rio share the same lawyers, Freehill Hollingdale and Page, specialists in union-busting, and stalwarts of Costello's HR Nicholls Society.