

## Anglo American Corp. set to grab Brazil's CVRD?

Engineers, geologists, and other officials who work at Brazil's strategic mining and industrial corporation Companhia Vale do Rio Doce (CVRD), suspect that the South African firm Anglo American Corp. may have been already secretly selected as CVRD's buyer. The state-owned CVRD, located in the mineral-rich Amazon region, is scheduled for privatization early in 1997. When President Fernando Henrique Cardoso traveled to South Africa in late November, he was accompanied by CVRD President Francisco Schettino, and together they met in Johannesburg, South Africa, with top executives of the Oppenheims' Anglo American.

Brazilian nationalists perceive the CVRD privatization as a giveaway of a national treasure to foreign usurers, whose only goal is to loot the country's mineral wealth, and strip Brazil of its sovereignty. Opponents of the privatization have denounced the fact that government officials have leaked strategic secrets to bidders regarding CVRD's operations. *O Globo* journalist Marcio Moreira Alves

warned on Nov. 28 that control of CVRD would give Anglo American Corp. "an immense competitive advantage, besides opening to it the iron mining market, where it is the only large mining company not present [in Brazil]. . . . The activities of Anglo American in Brazil . . . represent barely 1.7% of its business, but multiplying that could provide it an escape route, in case of any accident along the way in the country [South Africa] where it is headquartered."

Anglo American has an ugly history in Brazil. On Dec. 4, *Monitor Mercantil* documented that Anglo American closed down three mines and fired 3,000 of 5,000 miners employed at its mine in Cuiaba, in Matto Grosso state. Those workers not fired were paid a pitiful average of 350 reais (about \$340) a month. Even worse was the situation at another Anglo American mine in neighboring Nova Lima, in Minas Gerais: alarming unemployment, stagnation of the local economy, high accident rates, and 4,500 miners afflicted with work-related diseases. Because of the high death rate among miners, *Monitor* reported, the city of Raposos, right next to Nova Lima, has the highest percentage of widows in all Brazil. "Is this the 'inevitable' modernization which Fernando Henrique Cardoso preaches for the country?" the daily asked.

—Cynthia Rush

mineral examiners to perform the evaluation of 'discovery' on Barrick's mining claims. The specialists who determined whether these claims should be patented for \$5 per acre received payment for their work directly from the company which wanted a 'yes' answer. This is a flagrant conflict of interest, which BLM is not only allowing, but encouraging. Barrick is the only company to complete this process so far."

Only Barrick got expedited treatment. Its patenting was rushed through in record speed; the BLM district manager approved the report of the outside consultant hired by Barrick the day after it was filed, in February 1993. Other companies remained stuck in the BLM backlog.

### 'The gold heist of the century'

As soon as he took office, Interior Secretary Bruce Babbitt called the Barrick deal "the gold heist of the century." He swore he would make sure the taxpayers received something for federal gold. He slapped a de facto moratorium on new patents, by abolishing the expedited process and requiring that he personally approve each patent.

Babbitt's office held up Barrick's patent, on the dubious grounds that its pumping would harm an endangered species. In August 1993, Barrick sued in U.S. District Court in Nevada. The verdict in favor of Barrick came through in March

1994. Babbitt immediately granted the patent, made a big show of indignation, and abandoned all pretense of ending mining giveaways.

The approved biography of Peter Munk explains a bit of what happened: "For much of 1993, [Munk] spent a lot of time in the District of Columbia . . . lobbying. At that stage Brian Mulroney, Canada's former prime minister, had just joined the Barrick board and he immediately went down to Washington to establish contact with key senators, using his close relationship with George Bush to good advantage."

Once Barrick had paid the U.S. government \$5,720 and had clear title to Goldstrike, Barrick lobbyists worked with Hocker and other environmentalists for "reform" legislation that would impose royalties on companies which had not cleared the patent hurdle (on Sept. 29, 1994, royalty legislation was killed in a House-Senate conference). In a recent discussion, Hocker insisted that Barrick had not used political influence to win Goldstrike. But at the end, he conceded, "I guess that sounds like Barrick also got to me."

And, with unrestricted property rights over the \$10 billion Goldstrike, Barrick Gold had the collateral on which the Royal Bank of Canada gave it a \$1 billion line of credit that it used for the explosive worldwide expansion it suddenly began, months after the patent was granted.