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THE PLUNDER OF BAUXITE

Let the "white man" come back. This is the cry from some quarters, largely due to the economic disaster under PNC minority undemocratic rule and mismanagement, particularly of the state corporations.

Well, Reynold Metals Company is back. This is one of the giants in the bauxite-aluminium industry. It has a strange history.

In the early 1940's when it was a pigmy, it challenged the then one and only giant in the aluminium industry, the ALCOA monopoly. A research study by Charlotte Muller, LIGHT METALS MONOPOLY, was for me a real eye-opener as a freshman parliamentarian.

In 1953, Reynolds Metals Company bought the Berbice Company a subsidiary of the American Cyanamid Company. Its bauxite mining operation in the Berbice River area was smaller than that of the Demerara Bauxite Company (Demba) which was owned by the Aluminum Company of Canada (ALCAN), the then Canadian subsidiary of the American Aluminum Company of America (ALCOA).

MANIPULATION

My bout with Reynolds started in the late 1950's when I was Minister of Trade and Industry. The issue was taxation. All that the Company was paying was a royalty of 24 cents a ton on bauxite shipped out of the country. No income tax was paid for several years.

Expressing my discontent, I held up permissions for nearly one million acres of land. These had been automatically granted yearly for the exploration of bauxite.

As was expected, the Company protested. At a meeting with officials of the Company and its lawyers, the firm of Luckhoo & Luckhoo, I said that the permissions had not been renewed because the Company had not paid any taxes. The reply was no profits, thus, no taxes. I asked if it was reasonable for a company to operate for so many years, making losses year after year and yet remaining in business. And I referred to the excessively high profits made by the parent company.

It is common knowledge that transnational corporations (TNC's) in intra-company transactions manipulate prices against third-world countries.

That's why Prime Minister Manley's bauxite levy of 1974 was tied to the price not of bauxite but aluminum. It yielded 6

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times more revenue.

DEALS

After a while, Reynolds came to me with a proposition: they would assume a profit, on which they would pay a yearly income tax of a half-a-million dollars under the following conditions: firstly, the tax must be frozen for 25 years; secondly, the annual permission for one-quarter million acres of land must be changed to 75 years; thirdly, the bar at the mouth of the Berbice River must be cleared and the sand banks in the river must be removed.

I consulted the hydraulics department head, then Steve Narine (now High Commissioner in India). He said the latter operation would cost \$8 million. So I refused to sign the agreement with Reynolds.

Imagine my surprise. Soon after the PPP government's ouster in December 1964 with the help of the CIA and British intelligence (Manley survived destabilisation attempts in 1976 but finally fell in 1980), I read in the Wall Street Journal that the same agreement which I had refused to sign was made secretly with Reynold Metals Company by the coalition government of the People's National Congress (PNC) and the United Force (UF).

SECRECY

This secret agreement was to haunt the Burnham government in 1975-76. Forced to impose a bauxite levy similar to Manley's, it came under attack by Reynolds. In a court action, the company claimed that the levy was a violation of the secret agreement.

The PNC retreated and the matter was finally settled out of court. Reynolds agreed to nationalisation ^{of} its property. The terms - another secret.

Now, a government announcement reported a government-Reynolds project jointly to develop and mine bauxite in the Aroima area of the Berbice riverain area. The level of production will be \$2.6 million tonnes annually at a cost of US\$25 million. The terms and conditions of the agreement have not been disclosed. In this another give-away deal?