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Canada and Namibian Uranium  

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CANADA AND NAMIBIAN URANIUM

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SUMMARY

CANADA AND NAMIBIAN URANIUM

Canada is one of the five-nation Contact Group which in 1977 assumed responsibility for bringing about a peaceful and just independence for Namibia. All five nations have powerful corporate interests involved in various aspects of the resource sector in Namibia, especially in the uranium industry. Canadian corporations are involved in the exploration, extraction, processing and sale of Namibian uranium.

The Canadian Government does not recognize South African jurisdiction over and occupation of the territory of Namibia. There is, nevertheless, confusion in Canada's legal and moral position concerning Namibia. Canada has opposed or abstained from supporting resolutions of the United Nations concerning the administration of Namibia after the termination of South Africa's mandate. In particular, it has not heeded the United Nations' request that it take measures to prohibit state-owned and private corporations from all dealings in Namibian uranium.

Eldorado Nuclear Ltd., a crown corporation, processes Namibian uranium to uranium hexafluoride; Rio Algom Ltd., a private corporation, is part owner of the Rossing uranium mine in Namibia; and Falconbridge Ltd. is prospecting in Namibia. Canada's policy of not recognizing South Africa's jurisdiction over Namibia is compromised through the description of Namibian uranium as South African in Canadian import documentation and some related export procedures. Furthermore, the import and processing of Namibian uranium at Eldorado
Nuclear Ltd. involves Canada in international traffic which assists in obscuring the true origin of the uranium. In addition, the clandestine nature of the transportation of Namibian uranium may have subjected Canadian as well as other dock workers to serious health hazards.

The part ownership of the Rossing mine in Namibia by Rio Algom implicates it in the exploitation of Namibian workers which is inherent in the apartheid system. Furthermore, because uranium is a strategic industry, Rio Algom cannot but collaborate in the military occupation of Namibia.

Canada's refusal to terminate Canadian dealings in Namibian uranium raises questions about the extent to which Canada's ability to seek a just independence for Namibia was compromised during its secret participation with South Africa and Rio Tinto Zinc (RTZ), (the major interest in Namibian uranium) in the uranium cartel.
Canada is one of the five-nation Contact Group which in 1977 assumed responsibility for bringing about a peaceful and just independence for Namibia.\(^{(1)}\) Unwilling to back armed resistance, and in an effort to avoid a Security Council sanctions resolution, the Contact Group asked for time to seek South Africa's co-operation in a settlement for Namibia. The five years of inconclusive negotiations have given South Africa time to consolidate its administrative and military hold over Namibia, and the West a tactical excuse to ignore United Nations resolutions concerning Namibia.

Wide international participation in the removal of Namibian mineral resources casts a question mark over the impartiality of the Contact Group. All five nations have powerful corporate interests involved in various aspects of the resource sector in Namibia, especially in the uranium industry. Their continued gain from the extraction of depletable resources without change in the conditions under which these resources are supplied, would appear to require the continuation of South Africa's illegal occupation of Namibia.

A. Canada's Response to International Law.

The Canadian Government's official position is that it does not recognize South Africa's jurisdiction over Namibia, but the position is not supported by consistent action and regulation.


Canada voted in favour of the General Assembly resolution in 1966 which terminated South Africa's mandate over Namibia, on the grounds that it had failed /2...
to fulfill its obligations. However, Canada has not accepted the implications of this action as expressed in further actions of the General Assembly and the Security Council.


When the General Assembly in 1967 established the UN Council for Namibia to administer the territory until independence, Canada abstained. Considering the proposed Council's mandate unrealistic in view of the continued South African occupation of the territory, and questioning whether the interests of the United Nations would be well served by setting up a council to perform an impossible task, Canada abstained in the vote on the resolution, which was nevertheless adopted. (2)


Security Council resolutions 276 and 283 in 1970 called upon states to avoid actions which would legitimize South Africa's presence in Namibia. States were asked to end commercial, industrial and investment activities in Namibia by their state controlled companies; to withhold government loans, credit and other forms of financial support from other companies involved in trade or commerce with Namibia; and to discourage companies from investing or obtaining concessions in Namibia by withholding protection of such investment against claims of a future lawful Namibian government. (3)
Because of the refusal of South Africa to withdraw from Namibia, the Security Council sought the opinion of the International Court of Justice in 1971. It confirmed that South Africa's presence in Namibia was illegal and that members of the United Nations were obliged to refrain from any acts which would imply recognition of the legality of, or lend support to, South African administration of Namibia. (4)

However, Canada took the position that the Security Council resolutions were not mandatory. In spite of the opinions of the International Court, Canada in its United Nations Act provides only for the implementation of Security Council resolutions adopted under Chapter VII of the United Nations Charter, and phrased in a mandatory fashion by the use of the word "decides". Security Council resolutions 276 and 283 did not meet these criteria. (5)

If Canada had been disposed to do so, it might have carried out some of the provisions of the resolutions without the use of the United Nations Act. The 1977 Security Council resolution which called for an arms embargo on South Africa is viewed to be enforced in Canada by action at the Ministerial level through the use of the Export and Import Permits Act. (6) The same Act could be used to control or forbid exports and imports of goods to and from Namibia.
However, Canadian policy against economic measures was justified on the following grounds:

There are two reasons: first we want to be very sure that we do not penalize Canadian companies that may have been active in that country for legitimate and perfectly acceptable purposes ...

There is a second reason why we are withholding, for the time being, any further action. We continue to hope that there is a peaceful and satisfactory solution for Namibia, one that will bring about equality - one man, one vote. We hope this can be done through negotiations and the process in which Canada is participating, which relates to the five Western members of the Security Council talking with the Government of South Africa and other parties concerned. (7)

The Canadian Government still allows Canadian corporations operating in Namibia to deduct as business expenses taxes paid to the South African administration. (8)

But the provision of such tax credits constitutes a recognition of the legal jurisdiction of South Africa in Namibia and an incentive for the expansion of Canadian foreign investment.


Namibia is rich in mineral deposits. After the termination of South Africa's mandate, and the Security Council resolution notwithstanding, western mining companies continued to operate under the illegal administration, revenues and taxes continued to be paid to the Pretoria government, and no legal criteria existed to prevent the export of Namibia's mineral resources.
In 1974, United Nations Decree No. 1 for the Protection of the Natural Resources of Namibia was enacted by the UN Council for Namibia and approved by the General Assembly. The Decree establishes that the permission of the UN Council for Namibia must be granted for the exploration, mining, processing, selling or exporting of any Namibian resource. Resources taken without permission and the vehicles carrying them are subject to seizure and forfeiture by or on behalf of the UN Council for Namibia. (9)

The Canadian Government does not recognize Decree No. 1. (10)

5. The Hearings on Namibian Uranium.

The General Assembly requested the UN Council for Namibia to examine the exploitation of and trade in Namibian uranium by foreign economic interests, and Hearings were held in July 1980. (11)

The Report on the Hearings established the extensive involvement of some states and their corporations in the extraction, processing and sale of Namibian uranium at the fastest possible rate, even in excess of their actual needs, as a hedge against the time when Namibia is independent. It was suggested that Namibia and South Africa could soon account for as much as 50 per cent of the total uranium in market-economy countries available
for export without supplier restrictions on end use. Namibia is also a cheap source of uranium, because of low wages, and low production costs made possible by inadequate health and environmental protection.

The Report also concluded that South Africa, which has neither oil nor adequate uranium supplies within its own territory, is using Namibian uranium to develop its nuclear programme. In addition, the uranium provides taxes paid by the mining companies and foreign exchange derived from exports. Finally, Namibian uranium appears to give South Africa a degree of political and economic leverage in the formulation of foreign policy towards South Africa by the countries involved with Namibian uranium. (12)

B. Canada and Namibian Uranium - Extraction, Exploration, Processing, Sale.

Canadian uranium reserves are among the largest in market economy countries. Canadian involvement in Namibian uranium is, therefore, not related to security of supply. Canadian corporations are, however, involved in the extraction, exploration, processing and sale of Namibian uranium. After the Hearings on Namibian uranium, the UN General Assembly asked Canada, France, Germany, Japan, Switzerland, Britain and the United States of America, to prohibit their state-owned and other corporations from all dealings in Namibian uranium. (13) Canada has not heeded the request.
1. Extraction.

The Rossing mine is the only active uranium mine in Namibia. In 1966 Rio Tinto Zinc (RTZ) obtained the rights to the uranium deposits at Rossing, and in 1970 Rossing Uranium Ltd., the world's largest mine, was formed. Rossing's major equity holders are RTZ, of the United Kingdom, 46.5%; Industrial Development Corporation (IDC) of South Africa, 13.2%; Rio Algom of Canada (a subsidiary of RTZ) of South Africa, 10%; Total-Compagnie miniere et nucleaire of France, 10%; General Mining and Finance Corporation (GMFC) of South Africa, 6.8%. Through the weighted voting power of different classes of shares, effective voting control is in the hands of the South African shareholders. (14)

Rio Algom's part ownership of the Rossing mine involves it in responsibility for the working conditions in the mine, and in co-operation for the defence of the mine with the South African military.

a) Working Conditions:

The working conditions at Rossing provide compelling reasons for supporting the United Nations position that corporations should not mine Namibian resources during the illegal South African occupation of Namibia. Wages, housing, and medical services
are all organized in accordance with the apartheid system. (15) There is no union, and black spokesmen for unionization were arrested after a brief strike in 1978. These are the conditions despite the fact that Rossing is apparently attempting to establish a reputation as a good employer. (16)

The Rossing mine is located in the middle of a large desert area, so that environmental and health problems arise from airborne radioactive dust particles from the open pit mines and from uncovered mill tailings. Evidence presented to the Hearings on Namibian Uranium aroused concern about health hazards at Rossing in comparison with the dangers associated with uranium mining elsewhere. As South Africa is not a party to the Treaty on the Non-Proliferation of Nuclear Weapons, the International Atomic Energy Agency has no access to Namibia or to information about health and safety standards in the mine. (17) The lack of trade unions and of an open political system are conditions which make it unlikely that Rossing workers have been protected to the extent possible from the serious health hazards associated with uranium mining. Even in Canada, with its trade unions and a relatively
open political system, Ontario's Royal Commission on the Health and Safety of workers in mines found that Rio Algom and other companies at Elliott Lake had hidden the hazards in the working environment from the employees. (18)

b) Military Links:

Rio Algom's part ownership of Rossing also makes it a partner in the military defence of the South African occupation of Namibia. Under the terms of South Africa's National Key Points Act, 1980, a company vital to military production is required to collaborate with the armed forces through the provision of personnel for a militia unit and the storing of arms on its property, to protect the industry in case of civil disturbance. Information on companies designated as key points industries is secret under the Act.

The Report of the Hearings indicates that the Key Points Act has been extended to Namibia. A document describing the Rossing mine's participation was made available to the Hearings by SWAPO. The document described military procedures to be effected by a paramilitary unit stationed at Rossing. The 69-man unit was described as having at its disposal automatic weapons, including 24 automatic rifles and 4 sub-machine guns, and ample rounds of ammunition. (19)
2. **Exploration.**

While the Rossing mine is the only active uranium mine in Namibia, extensive uranium prospecting by other mining firms is taking place.

Falconbridge of Canada which already operates the Oamites copper mine in Namibia (in a 75-25 partnership with the South African Development Corporation) has claims in the Rossing area, and is also involved in prospecting in Koakaland. Exploration in Koakaland in the far north-west of Namibia was stimulated by the decision of the South African administration in 1978 to open the so-called "homelands" to prospecting. Present political and military conflict, and the decline in demand for uranium make investment in production facilities unlikely at the moment.(20)

3. **Processing.**

Customers for Namibian uranium are based in France, West Germany, the United Kingdom and Japan. In addition, other companies and countries are involved in the conversion of Namibian uranium into hexaflouride, its enrichment, fabrication into fuel rods, and sales as nuclear fuel. Only some of the companies involved have been identified because the secrecy normally associated with the uranium and nuclear industries was intensified through the apprehension that shipments of uranium might be seized by a country willing to uphold Decree No. 1.(21)
In September 1981, press reports, later confirmed by Eldorado Nuclear Ltd. and the Department of External Affairs, revealed that Namibian uranium is being imported to Canada for processing by Eldorado Nuclear Ltd., a crown corporation, on behalf of Rio Tinto Zinc. The uranium was destined for Japanese utilities.

The Hearings on Namibian uranium had been informed that Kansai Electric Power Company in Japan had signed, in 1970, an advance purchase contract for delivery between 1977 and 1986 of Namibian uranium, but that after adverse publicity, the Japanese Government stated in 1974 that in compliance with Decree No. 1, the contract would be suspended. A Japanese researcher found in 1973 that the uranium was nevertheless being imported by a Japanese trading company through a Rio Tinto Zinc sales subsidiary in Switzerland. She suggested that:

In this case, uranium from Namibia could be mixed with uranium from Canada and Australia since Japan also imports from these two countries, so that no one is able to trace where the ore had been originally shipped from or which ore was from Namibia.
Japan's long-term purchase contracts included contracts with Denison and Rio Algom of Canada. The Panel was informed that Japan had been using United States facilities for enrichment of uranium. No mention was made of Canadian processing of Namibian uranium.*

In response to the information that Eldorado was processing Namibian uranium, the Secretary of State for External Affairs, Mark MacGuigan, stated:

There is no infraction of any national or international law, nor any policy of the government that has been established with respect to the action.

He suggested that one has to take into account that the settlement attempt by the contract group of five is proceeding very well. This is a much better way to deal with Namibia's problems than concentrating on this one incident.

When pressed as to the morality of the issue, he expanded:

I am concerned about the morality of the situation. The law does not always immediately adjust to morality, and we are in a situation now where there is a reasonable chance of proceeding to a settlement of the Namibian problem in a very short time.(26)

*There are other cases of "mixing" of Canadian and Namibian uranium. When Britain contracted to buy Namibian uranium, the Cabinet thought that the source of supply for contracts with RTZ was to be Rio Algom in Canada. However, when correctly informed, succeeding cabinets were unwilling to terminate or change the contract.(27)

Also, Namibian and Canadian uranium are physically mixed during processing at the British Nuclear Fuels' Springfields plant before going to the Soviet Union for enrichment. A Soviet spokesman told the UN last year that his Government was "taking great care to ensure that no uranium of Namibian origin is allowed to enter the USSR for enrichment".(28)
Clearly the Canadian Government takes the view that there are no legal impediments to the import, processing, and export of Namibian uranium. The Taskforce on the Churches and Corporate Responsibility takes the view that Canada's legal as well as moral position is less clear than asserted.

Inquiries about the implications of Canada's processing of Namibian uranium were made by the Taskforce to the Atomic Energy Control Board (AECB); Eldorado Nuclear Ltd.; the Departments of External Affairs; Industry, Trade and Commerce; Energy, Mines and Resources; and Revenue Canada, Customs and Excise.

Responses made it clear that Canadian and non-Canadian (e.g. Namibian) ore are physically mixed at Eldorado Nuclear, similar to the mixing of oil going into a pipeline. Less clear is the way Namibian ore is described in the various paper transactions which are necessary for its import, processing and export. Namibian uranium is described as South African on import permits. On export after processing in Canada, the uranium is considered Namibian or South African by the Department of External Affairs, while it is considered Canadian by the Department of Revenue, Customs and Excise.
The Department of External Affairs stated that there are no impediments in Canada to the importation and processing of Namibian uranium.

Canadian Crown Corporations, like Eldorado Nuclear, are also entirely free to handle Namibian origin uranium, as long as their activities do not stand in contravention of the government's policy not to recognize South African jurisdiction over and occupation of the territory of Namibia. (30) (emphasis added)

The fact that the permits issued to Eldorado Nuclear Ltd. for the import of Namibian uranium list South Africa as the country of origin, (31) would seem to contradict the Canadian position of not recognizing South African jurisdiction over Namibia.

The Department of External Affairs also indicated, concerning export procedures, that

The uranium exported is placed under normal IAEA safeguards. As the material is not of Canadian origin, the Canadian government does not impose additional national controls on it. (32) (emphasis added)

A spokesman for the AECB confirmed that when non-Canadian ore is processed to uranium hexafluoride, it is not a sensitive enough process to attract the Canadian label. Canada has more stringent safeguard requirements than those required by the International Atomic Energy Agency under the Non-Proliferation Treaty. The implication is that Canada's imposition of strengthened safeguards to meet the threat of diversion
of uranium for military purposes does not apply to Namibian uranium processed in Canada, even though processing is as essential to the nuclear fuel cycle as the mining and milling of uranium. Why should Canada not be as concerned about the diversion for military purposes of Namibian uranium which it has processed, as it is about uranium mined and milled in Canada?

Eldorado Nuclear Ltd., as the importer, is also the exporter for processed Namibian uranium. An export permit issued by the Department of Industry, Trade and Commerce is reviewed for compliance with Canadian nuclear export policies for uranium by the Uranium Exports Review Panel.\(^{(33)}\) Although information received was inconsistent, it appears that the permit does not state any country of origin unless the ore is Canadian. It states the origin of the ore when it is Canadian so that the more stringent Canadian safeguards are applied on export. The export permit is a temporary document, apparently for use only by Canadian Customs, to indicate that an item is authorized to leave Canada.\(^{(34)}\)

Revenue Canada uses a different set of principles than External Affairs for describing Namibian uranium processed in Canada. The instructions for the Customs
Export Declaration form B13 indicate that after processing in Canada, Namibian uranium would be considered to be Canadian. This was confirmed by a spokesman for the Département. (35) The information on an Export Declaration is of significance because it "directly affects the balance of trade figures, an important element in determining national economic policy". (36)

The Canadian government, therefore, considers Namibian ore processed in Canada, South African or Canadian, as suits its purpose. The Taskforce has been unable to determine, through questions to the government departments and Eldorado Nuclear Ltd., whether the departments' designations of the processed ore as Canadian or non-Canadian would be information made available to the buyer and to the importing country. However, an External Affairs spokesman said that it would not be of concern to the Canadian government if Japan was misled as to the origin of processed uranium coming from Canada, as Canada does not consider itself bound by Decree No. 1. (37)

The potential for deliberate confusion about the source of uranium ore, given the impossibility of ascertaining its origin once it has been processed, was addressed at a UN Council for Namibia seminar in
June 1981 on the legal aspects of the implementation of Decree No. 1. It was recommended that it become standard practice for all raw uranium to display a certificate of origin, and that nuclear processing and enrichment plants be required to verify such certificates of origin under penalty of prosecution. Such a procedure would require the co-operation of the Canadian government.

4. Transportation.

Evidence placed before the Hearings on Namibian Uranium revealed that because Decree No. 1 provides for the seizure of any Namibian resource taken in violation of the Decree, transportation of the uranium has been clandestine. In customs declarations, the uranium was designated as "other non-ferrous and concentrates metal ores".

Subsequently, Greenpeace investigators in the Spring of 1981 found that shipments of Namibian uranium from South Africa to Canada were taking place in ships operated by Kerr Steamships (Canada) Lines. The ore was shipped to Montreal and trucked to Port Hope by Davis Transport. The investigators were told that it was not until October 1980, after shipments had been taking place for a number of years, that the port controller and inspector knew that they were moving
uranium ore. The manifest described the shipments as "ore concentrate" and the shipper in Cape Town (James Estate, an agent for RTZ) did not use any labels warning about the radioactive contents. Somehow, port officials discovered that radioactive material was involved and insisted on proper labelling and permits for the movement of the ore.

The transport of uranium is itself a serious hazard, but because of the clandestine nature of the transport, the possibility of accidents was enormous.

None of the departments of government addressed by the Taskforce responded to the charge that the Namibian uranium was imported to Canada in this clandestine fashion. (40)

5. Sales.

None of the government departments* or Eldorado would answer the Taskforce's questions concerning dates and quantities of imports and exports, ownership, purchasers, or continuing contracts for processing. However, import licenses list Rio Tinto Zinc as the supplier of South African ore (later acknowledged by Eldorado Nuclear to be Namibian) for processing at Eldorado Nuclear Ltd. for Tokyo Electric Power Co. and Kansai Electric. (41)

*The Department of Energy, Mines and Resources has not yet responded to a letter of November 13, 1981, or to two subsequent telephone calls.
Rio Tinto Zinc, incorporated in 1962 in the United Kingdom, is one of the largest uranium producing companies in the world with holdings in Canada, Australia, Namibia and South Africa, and handling approximately one quarter of the uranium trade of market economy countries. It currently holds 52.8% of the outstanding shares of Rio Algom Ltd. of Canada.

Because the South African Atomic Energy Act prohibits revealing the details of uranium contracts, only limited information is available about the purchasers of Namibian uranium. The Hearings on Namibian uranium revealed that Britain, France, West Germany, and Japan were the major buyers of Namibian uranium through long-term contracts, reportedly well below world market prices. After Canada, South Africa is the second most important supplier to the countries of the European Economic Community.

It is not clear what effect the formation of the uranium producers' cartel, in which Canada was a participant, had on profits from the Rossing mine. The Japanese and British contracts were signed before the formation of the cartel in 1972, although later contracts would have been affected by the rise in prices.
However, revelations of the close collaboration between corporate and government cartel members, which included South Africa, France, Australia and the British RTZ as well as Canada, have cast further doubt over the seriousness of these countries in seeking an end to South Africa's illegal occupation of Namibia. (44)
NOTES

1. Canada, Britain, the United States of America, France and West Germany are the members.


6. Ibid., p. 320.


8. The issue was discussed by the Taskforce with the Secretary of State for External Affairs and the Minister of State for Trade most recently on July 15, 1981. The Ministers indicated that the Department of Finance advises that such tax concessions are applied throughout the world, and Namibia could not be singled out for exemption.


23. Information obtained from import permits by Greenpeace researchers.


25. Yoko Kitazawa, Japan's Nuclear Deals with South Africa, Pacific-Asia Resources Center, 1977, p. 2. (See also Hearings, pp. 156-163).


29. Telephone conversation, Mr. Hugh Spence, AECB.


31. Telephone conversations, Mr. Hugh Spence, AECB, and Terence Longergan, Department of External Affairs.

32. Ibid.


34. Telephone conversation with Mr. Ian Fraser, AECB. Inconsistent information on these points was received in other conversations with spokespersons for the International Energy Policy Division, Department of External Affairs, and the Office of Special Trade Relations, Department of Industry, Trade and Commerce.
35. Mr. David Kent, Revenue Canada, Customs and Excise.

36. Memorandum D22-1, "Export Documentation", Revenue Canada, Customs and Excise.

37. Telephone conversation with Mr. Terrence Lonergan, International Energy Policy Division, Department of External Affairs.


39. Report, pp. 17-20. The Hearings received information about the secret routes used for the delivery of uranium to Europe and Britain. No notice was given to the governments concerned that aircraft were carrying dangerous substances over their territories.

40. Letters were sent between November 10 and 13, 1981, to the Departments of External Affairs; Industry, Trade and Commerce; Energy, Mines and Resources, and to the Atomic Energy Control Board.

41. Information from import licenses was made available by researchers from Greenpeace.

42. Report, pp. 22-25.


44. Some cartel investigators believe it was RTZ which conceived of the cartel, and through officers in its Canadian subsidiary, Rio Algom, got the Canadian Government to seek the participation of other Governments. See June Taylor and Michael Yokell, Yellowcake: The International Uranium Cartel, Pergamon Press, 1979. Speculation on why the Canadian Government refuses to release documents on the cartel includes the possibility "that Canada made some political concessions to South Africa in order to acquire its support in the cartel, for uranium mining in South Africa was never as seriously affected by American protectionist policies as it was in Canada. One possible area could have been a lessening of Canada's criticism of South Africa's apartheid laws". See Larry Stewart, "Canada and the Uranium Cartel", International Perspectives, July-August, 1980, p. 25.