

RESOURCES PROTECTION

CAMPAIGN

annual report

1973/74

113 St. Stephen's Green,
DUBLIN 2.

(780299/780541)

1. INTRODUCTION

The Resources Protection Campaign was founded on October 10th 1973. Ever since the Resources Study Group published its second report highlighting the significance of the Navan zinc-lead find there was a need to have an organisational expression of the public disquiet over the sell-out of the Nation's wealth. The protracted delay in the negotiations for a mining lease, due to the Court cases involving Bula, kept the issue of Navan away from the centre of politics all through 1972 and most of 1973. It was the decision to proceed with talks over a lease to the Tara Company which provoked a return of the controversy in the media and a decision to call together interested groups and individuals to form what is now the RPC.

Dr. David Neligan was appointed Chairman, Mr. Pat Rabbitte as Vice Chairman, Pat Carroll and Francis Walsh became joint Secretaries and David Giles the PRO. Brendan Glynn took up this last position in June 1974 on the resignation of David Giles.

A few weeks prior to this the Government had announced the cessation of the 20 year tax holiday for Irish mining interests. The Committee was concerned that the public should not accept this as the most that could be achieved and in its initial Statement of Aims it set out to educate public opinion on the two basic elements of its policy.

Firstly, that as the ownership of the Navan minerals was vested in the State, the mining lease should be granted only to the State company Mianrai Teoranta.

Secondly, mining policy must aim at an integrated 3 stage operation: extraction of the raw ore, its smelting, and the creation of metal industries for fabrication and processing of the metal.

The RPC soon took the lead in advancing the case for a National smelter. It pointed to the revelation in Tara's 1973 Report that contracts to sell the Navan ore had been agreed with 7 European smelters. "The lack of a smelter to process the ore", stated Dave Neligan and Pat Carroll in the New Statesman in November, "means that Ireland is exporting a valuable raw material but has to re-import it in the form of all the consumer goods that are made from zinc - a classic case of neo-colonialism". For Tara, the smelter issue was a grave embarrassment. It could not guarantee to raise the capital simultaneously for both the mine and the smelter. The latter would have to wait until the mine profits had paid all the development debts and yielded some dividends to the shareholders. However pressure soon built up on this smelter question due to the extraordinary anomaly whereby Ireland, with its rich mineral resources, did not create any spin off industries at all to harness the wealth for employment and industry. The construction of a smelter was forced on the Government which, then, made it a condition of any mining lease to be granted for Navan.

The RPC held a series of meetings in various parts of the country to create some organisational base for its work in the major towns. A Trade Union Support Group was founded and was instrumental in bringing considerable pressure to bear on Trade Union leaders on the smelter question because of the employment potential of the metal

industries that could grow around one. As a result, the Dublin Council of Trade Unions, the Tralee Trades Council, among others, adopted the policy statement of the RPC by resolution of their own. In July 1974 the ICTU at its annual conference also adopted a resolution in similar terms as did the WUI at its Jubilee Congress in September 1974.

In January an RPC speaker addressed Navan Trades Council outlining, in particular, the industrial potential of zinc metal.

To test the extent of public support for its aims, the Committee decided to do a street by street petition in parts of the West County Dublin Constituency of the Minister, Justin Keating. The parts chosen were Walkinstown and Maynooth/Leixlip. In both areas the response was astounding.

<u>Area</u>	<u>Total</u>	<u>Out</u>	<u>Refused</u>	<u>Signed</u>	<u>% of replies</u>
Walkinstown	839	75	20	744	97.5%
Maynooth/Leixlip	417	74	40	288	87.5%

In February 1974 a dramatic new development brought the mining issue again to the fore. A consortium of the South African based Anglo American company and the Canadian Cominco group made a £73 million bid for control of Tara. This included the purchase of those shares held by the Tony O'Reilly interests which made for them a £2.2 million profit. The takeover bid gave 31% of the shares to this consortium and brought another Canadian based multinational Noranda into the share market to purchase 20%, thus giving these 3 companies a controlling interest in Tara. Noranda had previously entered a financial arrangement with Tara and were interested in an Irish smelter project. This is probably what stimulated the overt bid for control by the other groups, in particular, Anglo American of South Africa, which had been known for long to seek a slice of the Navan action. All these major companies lack a base for entering into the expanding European zinc market due to EEC tariff restrictions. To this end all clearly desire to tie up a declining world supply of zinc ore and obviously control of so rich a source as the Navan deposit and an Irish smelter within the EEC would give them all they want.

The RPC was quick to analyse this new element in Irish mining and pointed out the grave dangers associated with it. In particular the Committee feared the avowed policies of these conglomerates to extract the ore as rapidly as possible and to discourage the integrated 3 stage operation central to the full development of the Irish economy. The tax relief on the export of smelted metal was seen by the RPC at the time to be an incentive not to retain the metal at home for the further fabrication that added a factor of between 7 and 10 to the value of the metal. Again national control was the essential pre-condition for the protection of Ireland's interests and the RPC rejected any solution that did not ensure this.

The takeover bid for Tara had one major advantage for the RPC - it confirmed to the public the magnitude of the wealth under the ground at Navan. In the words of the 'Economist' "Ireland found itself possessing mineral wealth unsurpassed in Europe".

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The State negotiations with Tara began in earnest after the Supreme Court's pro-Bula judgement in relation to the disputed mining rights in the Nevinstown property. The RPC at the time sought a new minerals order which would reserve the ownership for the State but the Minister chose instead to make a deal with Bula under which a 25% equity share was granted to the State as well as an option to purchase another 24%. The announcement of this arrangement in July aroused speculation that a similar one was being sought with Tara. The events since late August when Tara went to the High Court to dispute the Minister's equity participation demands are now well known. Some weeks later the Minister called the multinational shareholders to meet him but, at the time of writing, no clear picture has emerged.

The basic elements of State policy seem to be two-fold; one is to obtain a substantial slice of the profits from the ore extraction through a combination of equity, tax and royalty and secondly to ensure the establishment of a zinc smelter with a Government equity share, possibly up to 51%. There has been a large measure of public support for this stand which clearly is far in advance of any other mining lease ever negotiated in Ireland. Nonetheless the RPC re-iterates its basic long-term approach that links mining, smelting and processing industries as essential requirements. Little or nothing has been said about the vital third stage where the most significant benefits in terms of employment, research/development projects and wealth creation are found. In particular we see the vested interest of the multinationals in using the tax-free export of the smelted metal to the European market as a major hindrance to Irish development of metal industries should these majors be given control and access to Irish mining. The Committee will continue to advocate its 3 stage approach with Mianraí Teoranta in control and will plan its future strategy with this in mind.

The Committee

The group met about 30 times during the year, on average about once a fortnight. It now strongly emphasises the urgent need to have the assistance of a well-informed committee of activists and to this end is expanding the membership to include representatives of all the individual branches of the RPC.

OFFSHORE OIL AND GAS

The Marathon Agreement

At the time of the formation of the Resources Protection Campaign, the question of offshore resources had not yet come to prominence, although drilling off the Cork coast by the Marathon company had yielded some interesting results. Marathon's forerunner, Ambassador Oil, had in 1958 secured exploration and production rights for the entire area under the control of the Irish government, both on land and offshore, for an astonishing £500. Marathon subsequently bought out these rights, and by arrangement with the Government, the lease was later reduced to one-third of what then comprised Ireland's Offshore Waters mostly off the south coast, in the so-called "Celtic Sea". Marathon pay a small rental for this exclusive lease, and next year must hand back 75% of the areas which have not by then been explored by drilling. The remaining areas

are chosen by Marathon itself. In 1980, all outstanding unexplored areas must be relinquished to the State. In order to expedite drilling, Marathon entered into a "farmout" agreement with Esso, the world's biggest oil company, whereby the latter was given 60% of Marathon's leased area in which to drill, with a 50% interest in any resources uncovered by this drilling. Under the current terms of the lease, the Government cannot take more than 40% of Marathon's revenue from any oil or gas finds through taxation and royalties combined.

The Marathon Gas Find

In November 1973 Marathon finally acknowledged that they had found a commercial natural gas deposit 29 miles off the Old Head of Kinsale. Details were slow in coming, and took the normal form of continuously revising upwards previous size estimates. Marathon for the moment have settled for an estimate of one million million cubic feet of gas, which they admit is of extremely high quality by international standards. This is roughly the equivalent of 20m. tons of oil, which currently sells at around £35 per ton. Marathon intend extracting the gas at a rate of 125m. cubic feet per day, which would give the deposit a life of 22 years. However judging by the past records of the oil companies, one must be wary of taking their estimates at face value. Professor Peter Odell, an international expert who once worked in the industry, has suggested that all company estimates can almost automatically be upgraded 2½ times to get a true indication of actual size.

The Marathon Sellout

Marathon are now negotiating a price at which to sell the gas to the ESB and Nitrigin Eireann Teoranta, both of whom intend setting up major plants at Cork to utilise the gas. The Resources Protection Campaign rejects outright the notion of two publicly owned companies buying back publicly owned gas from a private company, and calls for the immediate revision of the Marathon agreement, which is without parallel internationally in its generosity.

In May of this year, there were further indications that Esso had found an important oil or gas find near the Marathon deposit, but the company clammed up in the face of media inquiries and were described as being "incredibly secretive" by one Commentator. There has been no indication that the Government is any wiser than the general public; this is the price which has to be paid by allowing private companies in to do their own exploration, and the Resources Protection Campaign believes that this price should not be paid.

Other Exploration Companies

The past year has seen the total number of applications for further exclusive leases reach 65, twelve of these involve multinational corporations in partnership with natively formed companies representing the cream of Irish capitalism and not a few public representatives in the Dail and Seanad. The multinationals hope through their connections with these "local lubricants" to bring pressure to bear towards securing further exclusive leases on the lines of that granted to Marathon. The Resources Protection Campaign rejects these tactics and demands that no further exclusive leases be granted to any operator except a state-owned and controlled exploration company.

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The Need for State Control

The number of applications for exclusive licences reflects the great international interest in Ireland's offshore areas. This interest has been increasingly justified by the growing volume of reports by experts on the great potential which lies under the seabed off our coast. Yet the position is that the State itself has not got the machinery to make its own judgements. All companies doing surveying work off the Irish coast are required to supply full details of their findings to the Government, but there have been no guarantees that full details are being supplied, or that the personnel exists to sift whatever information is being supplied. The Resources Protection Campaign calls for the immediate establishment of a fully equipped State Oil Company to carry out this work itself so that the Irish people can be assured of having the true facts regarding their oil and gas resources put at their disposal.

The Petrol Crisis

The last year also saw the petrol crisis at Christmas and the consequent sharp increase in the price of oil. This showed how important it is to secure an independent supply of energy to maintain the economic development of the country. It also showed the importance of a policy of careful conservation of energy supplies, which contrasts starkly with the rapid extraction policies of the multinational oil companies which will undoubtedly be pursued if they are allowed access to Irish deposits.

There were other lessons to be learned from the crisis. It showed the ruthlessness of the oil companies in using the Arab cutbacks as a smokescreen for huge profit increases. It demonstrated the total uselessness of the Whiddy oil terminal to the Irish economy. And it revealed the Whitegate Oil Refinery, controlled by Esso, Shell, BP, and Texaco, continuing to export petroleum while Irish consumers went short, and at artificially low prices so that Esso's Irish subsidiary, for instance, showed derisory profits of £10,000 on the year's trading.

Law of the Sea Conference

The petrol crisis gave an added impetus to the scramble for offshore oil and gas, and thus the question of ownership of offshore territories acquired a new significance. This was the major theme of the 150 Nation Law of the Sea Conference held in Caracas in June and July. Prior to the Conference, the Irish Government extended its jurisdiction to the entire Continental Shelf area west of Ireland, as it was entitled to do under existing conventions. Demarcation lines between the United Kingdom, France and Ireland with respect to the remaining Shelf area have yet to be agreed upon.

The Caracas Conference adjourned without coming to any agreement, but it looks as though a general 200 mile wide Economic Zone will be ratified when the Conference reconvenes next March, thus extending further the Irish sphere of control. The island of Rockall is more than 200 miles from either Ireland or the UK, but the submerged Rockall Bank, with considerable oil potential, lies partially within the 200 mile zones of both states, so that the

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resolution of the Rockall dispute between the two countries presents some thorny problems. This question, of course, refers not only to oil and gas, but also to fisheries and ocean-floor mineral deposits, both of which offer considerable wealth, and which the Resources Protection Campaign believes should also be developed in due course under public control.

3. ORGANISATIONAL ACTIVITIES

At an early stage the RPC Committee decided that the best way to proceed was (a) through the formation of local branches throughout the country and (b) through the organisation of support within the trade union movement.

Branch Activity

In Dublin, a total of five branches were formed, North Side, South Side and South-West branches, and one each in Trinity College and UCD. All of these have held highly successful public meetings, while the South-West branch was particularly active in the opinion survey carried out in the Walkinstown area, which showed over 90% of the residents to be opposed to Tara Mines being given a lease at Navan.

Outside Dublin, branches have been formed in UCC, Cork City, Letterkenny, Galway and Maynooth College. The latter did excellent work on the second opinion survey in the Maynooth/Leixlip area which achieved results similar to those realised in Walkinstown. All these branches have also held successful public meetings.

However, the various branches will have to extend their activities beyond holding meetings into such areas as distributing leaflets, canvassing local trade union and community organisations etc. Hopefully a good part of the Annual Conference's private session will be devoted to a discussion of branch organisation and activity.

Trade Union Activity

An RPC Trade Union Support Group consisting of committed trade union members, was formed at an early stage. This group has been active in the Walkinstown survey, but more particularly in raising the natural resources question at union meetings at various levels within the trade union hierarchy, ranging from district meetings, through branch, trades council, executive and conference meetings, up to the ICTU Annual Conference. It is imperative that Congress and its affiliated unions be persuaded to act on their stated resources policies, and thus the work of the Trade Union Support Group must be further expanded and intensified in the future. Again, a portion of the Conference private sessions will be devoted to discussing how this objective can best be realised.

Central Committee

In the interests of continuing at this vital stage of the Campaign's development, the Central Committee has considered it advisable that its officers should continue on into the coming year. However, the base of the Committee will be broadened in that all branches will automatically be allotted places on it. The Committee will therefore

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act as a co-ordinator of branch activities, while continuing in its role as national spokesman for the Campaign. The Committee also invites those members who think they may have something special to offer in the way of research, support work, etc. to get in touch with it.

The Committee hopes in the coming months to extend greatly the network of branches in Dublin and throughout the country, and to intensify trade union activity. It is vital that as extensive as possible a public education programme be instituted to counteract the developing publicity machine of the private resources corporations at a time when major policy decisions regarding future resource development, and thus the long term economic progress of this country, will be taken.

4. FINANCE

The financial position of the Campaign has always been weak, since the only sources of income have been subscriptions and small private donations. Indeed, without the generous secretarial and office facilities provided by the Union of Students in Ireland, the Campaign could not possibly have achieved even its present stage of progress.

As of 6th September 1974 the RPC had a positive balance of £72.19 in the bank, while outstanding debts to USI amounted to £89.40. Thus the campaign is in debt, and this before the expenses of Conference have to be met.

An urgent appeal is made therefore to existing members to renew their subscriptions for the coming year, and to take upon yourselves the responsibility of extending the membership as much as possible. In addition, members are asked to consider other possible fund-raising activities, as it is imperative that the Campaign be able to employ at least part-time secretarial staff if its potential is to be realised to any degree in the coming year.

5. ACKNOWLEDGEMENTS

We wish, first and foremost to thank the Officers and Staff of the Union of Students in Ireland who provided us with enormous help all year. They gave us use of their offices at 113 St. Stephen's Green and immense secretarial assistance at all times.

A special word of thanks is due to Colm Regan who acted as Organiser for the first 3 months prior to his departure for Canada. Also to David Giles who was PRO until study commitments forced his resignation in June. The Joint Secretaries wish to convey their tributes to all the Committee members and RPC members who gave their time and money to ensure that the Campaign was able to assert its aims and position during a very eventful year.

Pat Carroll
Francis Walsh

JOINT SECRETARIES.

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