

## Rio Tinto Group

From Wikipedia, the free encyclopedia

**Rio Tinto** (LSE: RIO) is a multinational mining and resources group founded originally in 1873. The group is one of the world's largest mining companies, with a pre-tax profit of approximately 10.2 billion US dollars in 2006 on consolidated turnover of 25.4 billion USD.

Since 1995, Rio Tinto has been a dual listed company. Rio Tinto Limited, formerly known as CRA, is listed on the Australian Stock Exchange, with Rio Tinto plc (formerly RTZ) listed on the London Stock Exchange as well as New York Stock Exchange (under ticker RTP). The two companies are managed as a single economic unit by a unified board, with a share in either company entitling the owner to the same voting rights and dividend payouts. RTZ shareholders made up 76.7% of the new unified entity, which is primarily managed from London.

Its current chief executive is Leigh Clifford and the company board is chaired by Paul Skinner.

### History

Rio Tinto's origins are in southern Spain, at the site of an ancient mine which supplied the Roman Empire. In 1873 NM Rothschild & Sons of London and de Rothschild Frères of Paris joined with other investors to acquire the Spanish government's money-losing Rio Tinto mines. The new owners restructured the company and turned it into a profitable business. By 1905, the Rothschild interest in Rio Tinto amounted to more than 30 percent.

In 1962 the (British) Rio Tinto Company acquired a majority stake in Consolidated Zinc, an Australian company, and was renamed the Rio Tinto-Zinc Corporation (RTZ). The Australian company was renamed Conzinc Riotinto of Australia (CRA) but retained a separate corporate identity, with an increasing proportion of its shares being held by the Australian public.

The current dual listed company structure was created in 1995.

### Resources

The group produces a number of mineral commodities in its various divisions:

#### Iron ore

Rio Tinto wholly owns Hamersley Iron, which owns and operates a number of mines in Western Australia either wholly or jointly with several partners. Its partners on some projects notably include several Chinese corporations.

Rio Tinto also owns 53% of Robe River Iron Associates and 59% of the Iron Ore Company of Canada.

Iron made up 18% of revenue in 2003 and was responsible for 36% of the group's profit. It is the world's second-largest producer of iron ore.

#### Copper

The copper division not only produces copper itself, but also a considerable quantity of gold from its mines in Australia, Indonesia, South Africa, Chile, and the United States, some as part of joint ventures. The group owns Kennecott Utah Copper Corporation. The copper group was responsible for 23% of turnover (of which 55% was copper and most of the remainder gold) and 32% of profits in 2003.

#### Energy

The company's energy group includes coal mining operations in Australia (Rio Tinto Coal Australia) and North America, and Energy Resources of Australia, which operates the Ranger Uranium Mine near Kakadu National Park in Australia. The energy group also operates the Rossing uranium mine in Namibia. This group contributed 20% of turnover and 11% of profit.

## **Industrial minerals**

The Industrial minerals group extracts talc, titanium dioxide, salt, borax, amongst several others. These operations are scattered across Australia, the United States, and Africa. This group contributed 15% of turnover and 11% of earnings.

### **Aluminium**

Rio Tinto owns Comalco, which mines bauxite (aluminium ore) in Weipa, Queensland, operates alumina refineries in Gladstone, Queensland. It also operates two aluminium smelters in Australia at Bell Bay (Tasmania) and Boyne Island (Queensland, 59% interest), and one in New Zealand at Tiwai Point (79% interest). The group also operates the Anglesey Aluminium smelter at Holyhead in the United Kingdom. This group contributed 16% of turnover and 14% of adjusted earnings.

### **Diamonds**

*See also: Diamonds as an investment*

The company's diamond operations are best known for the pink diamonds produced at the Argyle diamond mine in Western Australia, which produces over 90% of the world's supply of these gems and around 30% of the world's annual production of all natural diamonds. The company also owns 60% of and manages the Diavik Diamond Mine in Canada's Northwest Territories, and the Murowa diamond mine in Zimbabwe.

### **Other commodities**

Rio Tinto owns the Borax company that produces borax and is famous for the "20 Mule Team" trademark which it shares with the Dial Corporation.

Rio Tinto also produces bauxite, gold, titanium, lead, zinc, cobalt, nickel and uranium.<sup>[1]</sup>

### **Technology**

The company also has a technology group conducting research and development, notably including the HIs melt iron smelting process, and an exploration group.

### **Criticisms**

Environmental, political, safety and labour rights concerns have been raised against Rio Tinto by both environmental groups and unions, in particular the Construction, Forestry, Mining and Energy Union (CFMEU). The CFMEU ran a campaign against the company which tried to de-unionise its workforce after the introduction of the Howard Government's Workplace Relations Act 1996.

Another has been Rio Tinto's involvement in Papua New Guinea which triggered the Bougainville separatist crisis. See Lea, David (1999) Corporate and Public Responsibility, Stakeholder Theory and the Developing World, Business Ethics: A European Review, 8 (3): 151-162. While RTZ has put a lot of energy into cleaning up its tainted human-right image from the aftermath of crises like the above, many critics feel the company has not substantially changed [1].

Rio Tinto has also won an award for ethical behaviour, the Worldaware Award for Sustainable development. However, although this award was decided by an independent committee, it was, like some other WorldAware Awards, sponsored by another multinational corporation (in this case, the sponsor was Tate and Lyle). Rio Tinto has, in turn, sponsored their own WorldAware award - the Rio Tinto Award for Long-term Commitment, which was awarded to a variety of local and multinational players including in 1999 to Shell Pakistan.