

Guyana Set to Nationalize Reynolds Bauxite Venture

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GEORGETOWN, Guyana, July, 14 — Prime Minister Forbes Burnham said today that his Government would nationalize; Reynolds Guyana Mines, Ltd a subsidiary of the Reynolds Metals Company, by the end of this year.

Reynolds's production in 1973 exceeded 800,000 tons of calcined and dried bauxite. It is one of two concerns producing bauxite in Guyana, The other is the Guyana Bauxite, Company, Ltd., the state-owned company that took over Canadian-owned operations when they were nationalized.

Mr. Burnham announced the decision to nationalize Reynolds at Linden Town, 65 miles south of here, site of the state-run bauxite mines and plants. In his speech the Prime Minister attacked the United States for its opposition to the nationalization of the Demerara Bauxite Company, a subsidiary of Canada's Alcan Aluminum, Ltd., in July, 1971.

Discord on Loans

Mr. Burnham asserted that the United States had tried to block World Bank loans for Guyana's sea defenses and that Guyana had eventually secured a loan with the help of Canada, India, Mexico and other nations.

Hubert Jack, Guyana's Minister for Energy and Natural Resources, announced last Wednesday that the Government planned to initiate discussions on a new tax formula to raise an additional \$15-million from Reynolds. The proposed levy would be based on the price of aluminum in the United States.

Mr. Burnham said that these talks, were not related to the (discussions about state participation or nationalization that began several months ago.

The Prime Minister said that, under the Minerals Act, Reynolds could be taken over and run by a management committee of attempts were made to cut back production.

Industry Expected Move

Officials of the Reynolds Metals Company could not be reached for comment yesterday.

However, aluminum industry sources said they had expected the nationalization move for several reasons. They noted that Guyana, with respect to raising taxes on bauxite production, was following the lead set by Jamaica last month. Jamaica is the world's second major bauxite exporter (after Australia).

As for nationalizing the remaining bauxite industry in foreign hands in Guyana, Prime Minister Burnham is merely completing the process he started with the purchase of the much larger mines formerly operated by a subsidiary of Alcan Aluminum, Ltd., of Canada.

The industry sources also pointed out that Guyana, unlike Jamaica, has large long-term sales contracts with China and other nations outside the Western Hemisphere. Most of Jamaica's bauxite exports, however, are sold to United States aluminum producers.