

Copper Mining Industry in Zambia, Challenges

By Andisen C Zulu
Council of Churches in Zambia

Introduction

- Zambia's major economic activity is mining, and as at 2005, mining contributed about 65% of export earnings.
- Major minerals are Copper and Cobalt
- Zambia is ranked as the seventh largest producer of copper in the world
- Started copper mining at the turn of the century but large scale production started in the 1930



COUNCIL OF CHURCHES
IN ZAMBIA

"A holistic Ministry to People for the glory of God"

Mining Contribution to National Development

- Zambian copper mining industry has led the national development and recently helping the nation with a 7% to 10% growth rate
- There have been US \$10b investment in the sector and increasing output to around 800,000 tonnes per annum and 80,000 jobs created



COUNCIL OF CHURCHES
IN ZAMBIA

"A holistic Ministry to People for the glory of God"

Social and Economic challenges

Economical issues

- New research indicates that Zambia is losing up to \$3b per annum in tax avoidance and tax evasion by multinationals
- Focusing on Canadian mining companies
 - Kasanshi Mine(First Quantum) tax paid \$853m 42% of the production value of \$2.04b
 - Mopani Copper Mine (Glencore and First Quantum) tax paid \$ 77m 8.6% of the production value of \$894



COUNCIL OF CHURCHES
IN ZAMBIA

"A holistic Ministry to People for the glory of God"

Social and Economic challenges

- Lumwana Mine(African Barric Gold) tax paid \$110m 10.7% of the production value of \$1.03b

Sources: Moore Stephens, *Zambia Extractive Industries Transparency Initiative (ZEITI): Reconciliation report for the year 2011, February 2014, Annex 8*; US Geological Survey Minerals Information: *Copper, 2012 report*, <http://minerals.usgs.gov/minerals/pubs/commodity/copper/>. Exchange rate used: ZK4.86/\$ as used in the EITI report.

- There are various reasons why copper mining companies are paying lower taxes than they should, but one major reason is **corporate tax avoidance**

Social and Economic challenges

- Mining has great negative impact on the agricultural economy
- Economic benefits are not realised by local communities
- Because of some severe environmental impact the communities closer to mining experience poverty



COUNCIL OF CHURCHES
IN ZAMBIA

"A holistic Ministry to People for the glory of God"

Social and Economic challenges

- communities where mining industries set in, experience:
 - Collapse of cultural and traditional structures
 - Local Economic practices alteration asserting poverty
- Loss of grazing land to the locals



COUNCIL OF CHURCHES
IN ZAMBIA

"A holistic Ministry to People for the glory of God"

Cont.

- Little development is seen in the affected communities
- Infrastructure of the community close to the mines are poor.
- Developments are brought in through pressure
- Other development are brought to green wash or to win some section of society in fostering division.

nsufficient housing



COUNCIL OF CHURCHES
IN ZAMBIA

"A holistic Ministry to People for the glory of God"

Cont.

Health issues

- Local Health care facilities are strained by influx of migrant worker.
- HIV/AIDS rise is synonymous in the proximity of Mining industries

Respiratory ailments are reported in most mining area



COUNCIL OF CHURCHES
IN ZAMBIA

"A holistic Ministry to People for the glory of God"

Environmental Challenges

- Impacts' resulting from mining is focused on the following topics;
 - air pollution,
 - soil contamination,
 - water pollution and siltation,
 - geotechnical issues, and
 - land degradation.



COUNCIL OF CHURCHES
IN ZAMBIA

"A holistic Ministry to People for the glory of God"

Cont.

- Historic mining environmental impacts are largely related to geotechnical integrity of waste dumps.
- more than 10 000 hectares in the Copperbelt is covered with mineral waste
- There is "**loss of opportunity**" for the local population in terms of other land use such as agriculture, forestry, housing, ranching etc



COUNCIL OF CHURCHES
IN ZAMBIA

"A holistic Ministry to People for the glory of God"

Cont.

- The active mining industry (mostly the copper smelters) contributes to over 98% of the country's SO₂ emissions.
- Soil contaminants from dry tailing dams and smelter particles poses a **health hazard**



COUNCIL OF CHURCHES
IN ZAMBIA

"A holistic Ministry to People for the glory of God"

Cont.

- North Western region Environmental impacts from mines in are not well documented

BUT

- Regarding pollution of surface water in the North Western province there are, however, serious concerns

“ The run-off from the relatively new mining areas is towards tributaries of both the Upper Kafue and the Upper Zambezi River, where the latter one is less supervised”



COUNCIL OF CHURCHES
IN ZAMBIA

"A holistic Ministry to People for the glory of God"

Environmental Challenges

- Zambian mines have been polluting drinking water sources for some times

“ *Early January 2008 Mopani Copper Mine which is partly owned by First Quantum Ltd accidentally discharged polluted water, after a pump malfunction failed to purify it. Nearly 1000 resident visited the clinic with complaint of abdominal pains, severe diarrhoeas and vomiting*”

- Huge investment in the mining sector but most investors are putting profit above environmental safety



COUNCIL OF CHURCHES
IN ZAMBIA

"A holistic Ministry to People for the glory of God"

Environmental Challenges

- Zambian laws on the environments are updated but the challenge is:
 - Implementation
 - Lack of coordination among implementation agencies
 - Lack of man power and technical capacity
- The responsibility of environmental legislation is carried out by almost ten line ministries which naturally pose a major nplementation challenge



Cont.

- The lack of effective control of the mines environmental performance leaves the existing legal framework to a large extent unimplemented.
- For better implementation of the legislation, surveillance of the industry is much needed and ZEMA need to be empowered both financially and human resource.



COUNCIL OF CHURCHES
IN ZAMBIA

"A holistic Ministry to People for the glory of God"

The end.....

Thank you.