

COPPER COLONIALISM

Vedanta KCM and the copper loot of Zambia

Who are Vedanta KCM? KCM is a subsidiary of Vedanta – one of the top 250 UK companies, known as the 'world's most hated mining company' for environmental and human rights abuses which mean they are opposed by local people wherever they operate. Vedanta is 68% owned by its British Indian chairman Anil Agarwal via various tax havens, so he pays minimum tax in the UK or any other country. Agarwal lives in a £20 million mansion in London.

KCM sold for a song Vedanta bought KCM in 2004 for just \$25 million in cash. In the first three months of operation they had made profits of \$26 million. The true valuation of KCM's 79.4% share in the mines and factories is estimated at between \$705 and \$1460 million. Vedanta have a pattern of buying undervalued state owned companies. In Chhattisgarh, India, they bought BALCO - a bauxite refinery, smelter and mines, for \$89 million in 2001 when it was worth around \$800 million. In Rajasthan, India they are under investigation for depriving the exchequer of hundreds of millions of dollars when they bought Hindustan Zinc Ltd for only \$72 million.

The truth about KCM

Vedanta has created the impression in Zambia that they are an Indian company which is making a loss at KCM. In fact they are British, and figures in their reports show that they made \$362 million in 2013! Financial analysts suggest KCM is one of the most profit making of Vedanta's eighteen subsidiaries, making 12.9% of the group's overall profit. KCM are supposed to pay 0.6% royalties, but in a presentation to their investors they bragged that 50% of their tax contributions are paid by workers themselves via PAYE. In other words they hardly pay any tax at all. Vedanta are currently suing the Zambian government over a \$586 million unpaid tax bill.



Sata meets Anil Agarwal in London in 2012

How to stop Vedanta's loot Operations at Vedanta subsidiary Sesa Goa's iron ore mines in Goa, India, were suspended when an investigation revealed that they had exported 150 million tonnes of iron ore in 2010/11 while only declaring 7.6 million, their agreed export allowance! The alert was raised by local people who counted the number of trucks leaving the mines and compared that to the declared export. In Zambia companies like Glencore (Mopani) have been found to grossly under-state their export volumes, in particular cobalt, lowering their taxes and fees. There is no independent monitoring of the volumes exported from mines and the government relies on company figures. **Local people could carry out a simple survey by counting the number of trucks leaving per day to estimate the monthly and annual volumes.**

Who owns Zambia? It is well known that privatisation of mining and the de-regulation and weakening of laws has been forced on Zambia by the World Bank and IMF along with other foreign donor agencies and banks. But who is behind these institutions? Blackrock, the world's biggest asset management firm, owns large percentage shares in Vedanta, First Quantum, and Glencore. They, along with US banks JP Morgan and Goldman Sachs, are buying up 80% of the world's available copper, and holding it in warehouses to control the copper price and make huge profits from 'futures tradina'.

People are opposing Vedanta everywhere! In Orissa, India Vedanta lost \$10 billion this year when a tribal community won a ten year struggle against the State and the company to stop their mountain being mined! Everywhere Vedanta operate in India people's movements are resisting exploitation and injustice. In London activists are making these movements visible and exposing the truth about the company. Join the global movement! Stop Vedanta before it's too late!

Read the full report: *Copper Colonialism: Vedanta KCM and the copper loot of Zambia* at www.foilvedanta.org Foil Vedanta, London.

Polluting communities In 2006 KCM released so much toxic mine waste into the river Kafue that it turned green, with 10x acceptable levels of copper, 770x manganese and 100x cobalt. Communities in Chingola who drank the water are still experiencing sickness, birth defects and miscarriages. River Kafue provides 40% of Zambia's population with water. The health effects are long term. A Zambian judge fined Vedanta a record \$2 million on behalf of 2000 affected people in Chingola, but the company never paid and the case is stuck in court. KCM continue to pollute water around Chingola and Kitwe making people sick and crops die.

Environmental pollution is also a pattern for Vedanta. In Tamil Nadu, India their copper smelting subsidiary Sterlite a major gas leak in 2013 hospitalised hundreds and brought 5000 people into the streets in angry protest. Toxic waste including Uranium has been dumped around the town. In Goa, mine waste floods have destroyed homes and left toxic residue in villages Vedanta's iron ore mines.

NGOs – parasites of the poor? Many NGOs are funded by the same government's who profit from the exploitation of Zambia by mining companies. The Norwegian government are a top shareholder in Glencore while their aid fund NORAD pays NGOs to hold the company to account. The UK's Commonwealth Development Corporation (previously Colonial Development Corporation) promotes Zambia as a cheap mining destination while UK aid pays NGOs to help Zambia get more from mining. These are conflicts of interest. NGO's are accountable to their funders and not to the people they claim to work for. They often suppress or co-opt grassroots movements rather than encouraging people to organise themselves to create long-lasting social change.



Protests demand Vedanta's copper smelter in Tuticorin is shut after gas leak poisoned the town

Exploiting workers An estimated 11,000 of KCM's 18,000 workforce are contract labour whose union is unrecognised and who receive lower pay than full time employees. Vedanta have been trying to retrench 2000 workers since May 2013, and have already ousted more than 500 via voluntary redundancy. Other workers have had excess tax deducted leaving them with half their normal salary. Retrenched workers claim they have received 'peanuts' in compensation. Meanwhile at Vedanta's Annual General Meeting in London in August 2013, boss Anil Agarwal brazenly claimed that the company has not retrenched a single worker in any of their operations. Tom Albanese, Vedanta's new CEO who has been in Zambia negotiating with the Labour minister over redundancies is the former CEO of Rio Tinto, a mining corporation known for its aggressive anti-unionising activities.

Investors or extractors? Copper prices are consistently above \$7000 per tonne, leaving a very large profit margin for mining companies. However the Zambian people are benefiting very little from this copper boom. Ecological economists calculate that if the environmental damage, health costs, and loss of resource for future generations were included in the cost of copper it would be worth \$33,000 per tonne. Currently the rest of these 'externalities' are being paid for by Zambians themselves. Zambia should charge a proper and fair price for their precious resource, which reflects the real long term cost of mining on its environment and people.

*Mining companies are often called 'investors' in Zambia. But what they are doing is far from investment. It is short lived extraction and loot of resources, leaving behind only environmental and social damage which will be paid for by future generations. **There is limited time left for Zambians to change the course of history, make links with peoples' movements opposing these policies elsewhere, and truly profit from this resource before it is all gone.***

Demand the truth! KCM's annual reports, containing their profits and accounts are not publicly available despite the Zambian people owning 20.6% of KCM via ZCCM-IH. The recent investigation into KCM carried out by the Government has also been kept secret. Following the *Copper Colonialism* report KCM's operations have become a national issue and Vedanta executives have flown to Zambia more than four times and held closed door meetings with government officials to try to limit the damage. Now the PF ruling class are claiming that a deal has been struck and workers conditions will improve but they have not released any information. Mining companies like Vedanta should be accountable to the Zambian public. Zambians should demand the truth!