

**Question for written answer P-002324/2011  
to the Commission**  
Rule 117  
**Birgit Schnieber-Jastram (PPE)**

Subject: Leak of audit report on Mopani Copper Mine in Zambia

In 2008, the Zambian Revenue Authority (ZRA) engaged an international tax audit team, comprised of Grant Thornton and Econ Poyry, to assist in a pilot audit of selected mining companies operating in Zambia.

One of the companies audited was Mopani Copper Mine (MCM) which was selected because of its size and the high level of declared costs. In 2005, the European Investment Bank (EIB) granted a 48 million euro loan from its investment facility to MCM, to rebuild and modernise the company's smelter in Mufurila.

On 13 February the ZRA announced that some of the results of the audit – which has not been finalised yet – had been leaked. Nevertheless, the inconsistencies uncovered in MCM's accounts as a result of the audit suggest that the company may be using tax avoidance practices in Zambia. Furthermore, the company allegedly seems to have resisted the pilot audit at every stage. The Least Developed Countries Report 2011 also came to the conclusion that the contribution of the mining sector to the fiscal budget of Zambia has been marginal due to unfavourable terms agreed upon during the process of privatization of the Zambian Consolidated Copper Mines (ZCCM).

If confirmed, this situation would be a violation of the principle of policy coherence for development.

I therefore ask the Commission:

1. Will the pilot audit be made available to the European Parliament when it is finalised?
2. If the allegations, which include environmental (water, air and soil pollution) and social damage (forced expulsions), are confirmed, is there any possibility for compensation for damage done in Zambia or a repayment of the loan to the EIB?
3. Do you see any possibility for a renegotiation of the terms agreed on during the process of privatisation of the ZCCM?
4. What steps should be taken next in order to correct the situation and prevent similar problems? Is it necessary to improve the respective due diligence mechanisms of the EC and the EIB?