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in the conflict in the Democratic
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Abstract

According to the International Rescue Committee, as many as 3.3 million people have lost their lives, either in direct fighting or from the outbreak of diseases as a result of the war¹. Despite the formation of a two-year national transition government, composed of representatives of the former Kinshasa regime, the pro-government Mayi Mayi-militias, rebel movements, the unarmed political opposition and civil society, the prospects for durable peace remain bleak. While intensified ethnic strife between Hema and Lendu militias in the resource-rich Ituri province has triggered a massive flow of refugees and the creation of a multilateral intervention force in June 2003, the Kivu provinces have witnessed renewed fighting between rebel forces of the Rwandan-backed RCD-Goma rebel movement and Mayi-Mayi militiamen. Even the south-eastern Katanga province has shown signs of evolving instability: on 8 August 2003, the international relief non-governmental organisation GOAL reported that six different armed groups were occupying the town of Manono, following the ejection of the local RCD-Goma administrator by the 8th Brigade, a mysterious group of 150 men claiming to be members of the former Kinshasa government's army². Unfortunately, the spiral of violence in Congo's border regions is not the only source of concern to diplomats involved in overseeing the peace process. The dubious track record of some of the key members of the national transition government does not inspire much confidence in the preparatory work for the country's first democratic elections since independence. Whereas a Belgian court has sentenced vice-president Jean-Pierre Bemba to one year's imprisonment for human trafficking, his colleague Abdoulaye Yerodia Ndombasi has also faced a Belgian judicial inquiry for his inflammatory statements concerning the DRC's Tutsi population in August 1998³. Finally, one of the biggest impediments to the Congolese peace process may be the issue of resource trafficking. According to the UN expert panel investigating the illegal exploitation of natural resources and other forms of wealth of the DRC, members of the Rwandan and Ugandan regime have developed mechanisms to continue the looting of diamonds, gold, coltan and timber after the official withdrawal of their troops from Congolese territory, as agreed in the Pretoria and Luanda peace accords. Previous reports by the Panel contained a detailed account of the multiple ways in which a selected group of Rwandan and Ugandan military officers, politicians and businessmen have taken advantage of the military presence of the Rwandan Patriotic Front and the Ugandan People's Defence Forces to secure their stake in the Congolese mining business.

In the present article, we argue instead that the international war in Central Africa can only be understood as an intricate cluster of phenomena. The long-term erosion of elite power and finance in some parts of Africa, occasioned by a changing geopolitical reality in the continent, has sparked divergent responses, ranging from state reconstruction in some countries to resistance, criminalisation and war in others. The latter response would ap-

¹ 'Le conflit dans l'ex-Zaïre est le plus meurtrier depuis la seconde guerre mondiale', *Le Soft*, 27 June 2003.

² Various press releases by IR-*INNEWS*, 12/14/18 August 2003.

³ 'Congo kent zijn vier nieuwe vice-presidenten', *De Standaard*, 8 May 2003.

pear to be most common in weak states with deteriorating infrastructures and rich natural resources that are extracted on a small scale by petty producers. Indeed, these are the countries that tend to fall prey to military-commercial groups and factions engaging in plunder and criminal activity. War and violence, then, seem to be viable paths and conscious strategies for concealing the fact that the elites are enriching themselves. Quite clearly, though, pursuing such a strategy is detrimental to the civilian populations, as it puts them at greater risk of death, displacement and hardship. Angola (since 1975), Congo (since 1990), Sierra Leone, Rwanda (since 1990) and Somalia have all been experiencing prolonged wars or internal strife. This would seem to give credence to the assertion that natural riches are a curse rather than a blessing.

The above argument also runs against the deep-rooted conviction that Africa's underdevelopment is a consequence of the international economic environment and globalisation processes. We submit that Africa is being strangled by a lack of serious foreign investment rather than by a new scramble for the continent's natural resources.

Introduction

Africa has experienced its first international war. According to the International Rescue Committee, as many as 3.3 million people have lost their lives, either in direct fighting or from the outbreak of diseases as a result of the war⁴. The question arises why the incidence of warfare and violence has increased in the last decade. An important, albeit partial, explanation lies in the altered world-system after the demise of the Soviet Union. Wallerstein asserted immediately after the fall of the Berlin Wall that, with the end of the Cold War, violence and international warfare would change in nature, because ‘the emperor (the US or capitalist hegemony) stood naked after he lost his figleaf (of the communist countries)’ [Wallerstein 1989: 3]. In other words, he foresaw that the end of East-West competition would open new arenas of threats to peace. In his almost prophetic analysis, Wallerstein predicted that violence and conflict would proliferate because underdevelopment and economic regress could no longer be imputed to supposedly inappropriate policies.

However, as the same international environment of globalisation can apparently lead to very different outcomes in this new world-system, the geopolitical angle needs to be complemented with other explanatory factors. Is it a coincidence, for example, that most new violent conflicts arise in Africa, where economic regress has been particularly strong? As Bayart has strongly argued, the response of African elites to the loss of control of the economic rent and consequently of their political grip after the cold war, was different and varied from (loss of) control over democratic change to new forms of authoritarianism and even to warfare. (Bayart, 2000). According to William Reno, the political leaders of failed African states have tried to cope with the threat posed by the fragmentation of their former networks of patronage in the post-Cold War era by forming alliances with foreign mining companies and private security firms. By doing this, African rulers avoided the emergence of local and competing power centres, but, at the same time, they were also responsible for destroying their own conventional state structures⁵.

This chapter is divided into two parts. First, a macro analysis will be undertaken of the Rwandan and Ugandan involvement in the so-called Second Congo war, which started in August 1998. We shall consider whether this war was a product of Africa’s new geopolitical role in the post-Cold War world-system. From the perspective of Huntington’s thesis of the “Clash of Civilisations”, one could argue that the strong support from the US and Britain for the invaders from Uganda and Rwanda was aimed entirely at reinforcing the regional agents of US hegemony over the growing influence of Islamic fundamentalism (cf. Sudan). However, the growing rivalry between the new leaders of Uganda and Rwanda would appear to contradict this rather radical and simplistic thesis. The supporters of the so-called ‘greed’ paradigm are convinced that the recent war in the DRC has been more resource-driven than geo-politically motivated. In their opinion, the main reason for the persistence

⁴ ‘Le conflit dans l’ex-Zaïre est le plus meurtrier depuis la seconde guerre mondiale’, *Le Soft*, 27 June 2003.

⁵ ‘African weak states and commercial alliances’, in: *African Affairs*, vol. 96, (1997): pp. 165-185

of the conflict lies in the availability of lootable resources such as diamonds, gold, coltan and timber, allowing a select group of businessmen, politicians and high level military officials to enrich themselves. Yet, as Karen Ballentine has rightly pointed out, it is absolutely essential to look beyond the economic motivation of the belligerents. While Congo features a high level of primary commodity dependence and is therefore at a high risk of civil conflict, the war in the DRC should also be seen as the outcome of decades of political misrule and corruption by the state elite, aggravated by socio-economic deterioration and institutional decay⁶. We shall argue that history never repeats itself, but rather is a continuous amalgam of present and past that constantly produces new and unforeseen realities. In the beginning of our macro analysis, we will formulate a critique of the definition of ‘illegality’ as proposed by the UN Panel on “Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of Congo” and replacing it with the less problematic economic concept of ‘plunder’. Subsequently, we shall estimate the extent of plunder and its significance to the funding of the war.

⁶ ‘The political economy of armed conflict: beyond greed and grievance’, Karen Ballentine & Jake Sherman (eds.), (2003): pp. 261-262.

In the second section, we will attempt to illustrate the general observations of the macro analysis by taking a closer look at the coltan commodity chain. This micro-analysis will not be limited to the war period, but will also cover part of the current political transition phase, which started in July 2003. The commodity chain analysis will necessitate the identification of power relations, governance structures and exchange relationships within commercial networks⁷.

⁷ ‘Power, livelihoods and conflict: case studies in political economy analysis for humanitarian action’, Sarah Collinson (ed.), Overseas Development Institute / Humanitarian Policy Group, 2003: p. 14.

1. Regress, war, plunder and the involvement of Rwanda and Uganda.

At the end of the Mobutu regime (1997), Zaire had become a giant on clay feet, so that any exterior or interior enemy could wage war with little risk. The eastern part of the country was no longer under Kinshasa’s military control, so that it soon became a safe haven for Rwandan refugees who had fled the new Tutsi regime in Kigali. Furthermore, the region had become a stronghold for rebel groups who were fighting the regimes in Rwanda, Burundi and Uganda. But the area was also attractive for other reasons: unlike in the densely populated neighbouring countries of Rwanda and Burundi, fertile land was abundant in eastern Congo. Moreover, the region possessed (new) mineral wealth, including diamonds, gold, coltan and timber. The scene was set for the ‘First African World War’, as Susan Rice, the former US Assistant Secretary of State for African Affairs, termed the conflict that started on 4 August 1998 and that would lead to immense human suffering and a devastating death toll.

In 1997, Zaire’s armed opposition found direct military support in Rwanda and Uganda to overthrow the Mobutu regime. Laurent Désiré Kabila, the self-pronounced political heir of Patrice Lumumba with a long-standing

record of armed opposition and dubious economic activity, led the military campaign and eventually entered the capital Kinshasa triumphantly in May 1997. Kabila's army was, however, controlled by Rwandan officers, and when he tried to regain full military autonomy by sending the latter home, he was challenged by a Rwandan-and Ugandan-backed rebellion, which started in August 1998. Rwanda and Uganda initially denied having invaded Congo, but as their involvement in the conflict became all too obvious, they eventually admitted their part. Kabila, meanwhile, had succeeded in mobilising Angolan and Zimbabwean military support, a move that effectively divided the country: the west and the south were now controlled by the government and its allies (Zimbabwe, Angola and Namibia), while the north and the east were held by the rebel forces led by Rwanda and Uganda.

Officially, Uganda and Rwanda justified their interventions by arguing that they needed to secure their national borders. However, the fact remains that they invaded and occupied a region that was over a thousand kilometres away from their own national territory. One can therefore assume that there was a hidden agenda. A first possible motive for invasion was territorial expansion, even though this was always going to be hard to achieve, given that the invaders faced strong national feeling among locals. Moreover, there is an international consensus on the inviolability of borders, even if they have been artificially created, as is the case in Africa. Border violation may, after all, create a domino effect of conflict and war. Still, expansionism cannot be ruled out as a motive. Allegations of expansionism have, for that matter, been aimed more at Rwanda than at Uganda. Not only has Rwanda's tough military occupation continued, it has actually been expanded, so that the invaders now control a third of Congo's territory. Furthermore, the Rwandan currency has been forcibly introduced in the occupation zone, despite the Pretoria Agreement of July 2002 between presidents Kabila and Kagame⁸.

A second hidden motive for war may have been that war generates the right conditions for a military-commercial class to enrich itself. After all, as war is typically a period of covert and illicit economic activity, it creates an exceptional opportunity for predation. It would therefore appear that plunder, at a terrible social cost for the local population, is an underlying drive for continuing the war. A further indication that this is indeed the case is the fact that, in August 1999, the invading Ugandan and Rwandan armies fought each for control of Kisangani, Congo's third city and now its second diamond and gold centre.

There is also a deep-rooted belief in the African collective consciousness that this war was brokered behind the scenes by international capitalist powers in a ploy to gain control of Congo's mineral riches. According to this view, Rwanda and Uganda are merely being used as interested intermediaries. A commentator similarly writes about the involve-

⁸ The Pretoria Agreement between the two belligerent countries was largely due to the efforts of UN Secretary General Kofi Annan and President Mbeki. However, many doubts remain regarding the implementation of this agreement that, in principle at least, would end the war in the DR Congo.

ment of Zimbabwe in the DR Congo that 'it must be realised that South Africa, which has been used as a conduit of Western commercial interests in the DRC, has all along been waiting in the wings to dictate terms to the DRC factions' [Sunday Mail, 18/8/2002:9]. However, these ideas are expressed not only in the press and in radical political essays, but also in learned journals [Dena Montague, 2002:103-118]. The fact that the US and the UK have remained uncritical of the Rwandan and Ugandan presidents is seen as confirmation of the hypothesis of a 'second scramble for Africa'. Further proof is found in the fact that the US and UK are importing mineral ores from Rwanda and Uganda, even though Uganda has no coltan reserves of its own [Dena Montague, 2002: 115]. The allegations and rumours of plunder of Congo's mineral resources ultimately led to the commissioning of a UN Panel to establish whether depredation was occurring and, if it was, whether it was in any way related to the financing of the war.

Before we scrutinise the relevance of the above motivations and theses, we shall first consider the definition of the "illegal exploitation of natural resources and other forms of wealth" developed in the first report of the UN Panel of Experts, published in April 2001. [UN Panel, 2001:2]. Subsequently, on the basis of the proposed redefinition and calculations, and an analysis of the commodity chain for coltan, we shall revisit these theses and motivations.

1.1. On the problematic definition of illegal exports

The main objective of the UN panel was 'to research and analyse the links between the illegal exploitation of the natural resources ...and the continuation of the conflict' [UN Panel, 2001:3]. The panel's analysis in preparation for its first report was based largely on a juridical definition of the term 'illegality'. It asserted that 'the understanding of illegality is underpinned by four elements all related to the rule of law, namely: (a) Violation of sovereignty...(b) Respect by actors of the existing regulatory framework ...(c) The discrepancy between widely accepted practices in trade and business and the way business is conducted...This includes forced monopoly in trading, the unilateral fixing of prices of products by the buyer...(d) The violation of international law...' [UN Panel, 2001:5]. In our opinion, however, this definition is flawed and the starting point may therefore be called into question. First, it should be noted that the legitimacy of the government in Kinshasa came out of the barrel of a gun rather than elections. Second, the leading political movement in Kinshasa, the 'Alliance of Democratic Forces for the Liberation of Congo-Zaire' (AFDL), which was headed by the late president L. Kabila, behaved as if it was governing the country under a one-party system. As a result, it was contested by rebel factions as well as by the country's internal political opposition.

The third criterion in the definition of illegality (i.e. the discrepancy

between widely accepted practices in trade and current praxis) already applied to Congo under President Kabila before the invasion. Kabila installed a monopoly on diamond trading, he used an extremely overvalued exchange rate in order to lay hands on scarce forex, and he arranged onerous business deals between himself or his firm (Comiex) and the Zimbabwean military leadership [Marysse, 1999: 312].

In fact, all actors have used similar procedures to finance the war in Central Africa, so that any definition of illegal exports and exploitation hinging on the notion of 'legitimacy' is problematic. However, that is not to say that the UN panel's work has been pointless. Quite the contrary in fact: without an official UN mandate, it would have been impossible for researchers to gather such interesting and detailed material to demonstrate how war leads to unacceptable economic practices and imposes suffering that could otherwise have been avoided.

Nevertheless, we feel that, in order to prove the link between illegal exports and the financing of the war, it is useful to adopt a different starting point. Indeed, what needs to be proven is that economic transactions such as the production and exports of diamonds, coltan, gold and timber generate added value for those who are directly or indirectly commanding the war. The fact that exports leave the country via Kampala and Kigali is, in itself, not proof of illegal exploitation of resources. Merchandise exports in eastern Congo naturally proceed via these trade routes, irrespective of whether it is wartime or peacetime. We argue that the problem lies not so much in the illegal exportation of goods, but in the control and theft of part of the added value that in peacetime would benefit Congo and the Congolese. After all, if economic surplus is directly or indirectly acquired by warlords, then there is inevitably a link between economic activity and warfare. Therefore, we propose another term, namely 'plunder', which we define as follows: there is plunder if an economic resource, after deduction of the added value that is spent in the country, leaves the country without compensation through the importation of goods or money [Marysse and André, 2001:314]. In this respect, the data from the UN Panel show that the warring stakeholders steal profits and impose ad-hoc 'taxes', which consequently do not benefit the Congolese. What the panel does not do is determine how large a portion is withheld by the military-commercial class. Nor does it tell us how much is invested in the continuation of the war and how much disappears into the pockets of the 'stakeholders', be it military personnel or (international) traders. On the basis of this definition, and using data from the panel as well as our own data, we shall make a rough estimate of the extent of plunder, and its relative economic significance to the occupying countries. Finally, we shall further refine our methodology by means of a case study of the coltan trade.

1.2. Plunder and illegal exports in wartime and peacetime

Plunder of mineral resources as defined above is, of course, not restricted to war situations. Indeed, it was already occurring in Zaire/Congo before the war. If a class or group of people possesses discretionary powers without accountability to a third party, this class or group can easily enrich itself to the detriment of others. As the following table illustrates, Zaire/Congo was a case in point.

Table 1: Trade Balance of DR Congo and Fraudulent Exports of Diamond (in mln. USD)

Year	1995	1996	1997	1998	1999	2000
Exports	1,562	1,546	1,448	1,442	749	685
Official diamond exports	331	347	341	399	237	200
Fraudulent diamond exports	400	417	411	480	284	239
Diamond exports as a percentage of overall exports	47%	49%	51%	60%	69%	64%
Imports	870	1,089	769	1,102	568	596
Balance	692	457	697	320	180	89

Source: Banque Nationale Congolaise, condensé de statistiques, différents numéros, Kinshasa, 2000-5/2001.

The table demonstrates that the Zairian/Congolese State was already weakened before the war. The National Bank of Congo estimates that diamond smuggling was as large as official diamond exports. We have shown elsewhere that, if anything, this is an underestimation of the extent of smuggling that was going on: the amount of Congolese diamonds entering Antwerp, a global diamond trading centre, is already twice as large as Congo's total legal diamond exports. What the table does not show is that anti-smuggling checks in Congo are not very watertight, because the diamond-smuggling rings are often controlled by high-ranking officials. This is an example of what Bayart calls the 'rhizome state', whereby power extends informally from the official state to non-state areas, often circumventing the law. This 'criminalisation' of the state did not start with the invasion by Uganda and Rwanda, though the situation has perhaps been aggravated. First, as Table 2 shows, diamond production and smuggling declined during the war years 1999 and 2000. However, as the occupied territories do not report exports, it would appear that the plunder continued, albeit to the benefit of a different military-commercial group. Second, Table 3 suggests that the occupation has been quite ruthless. Indeed, not only are the benefits of the plunder flowing to the Rwandan-Ugandan military and commercial class, who have links with international trading houses, but the scale of plunder has been increased significantly. The plunder by these two neighbouring countries now exceeds the total revenue of the Congolese State. The extent of direct or indirect support from the US and the Bretton Woods institutions for Rwanda and Uganda, both of which have full access to international financial flows, is known. Both countries have, for that matter, been admitted to the HIPC debt reduction programme. This international support also suggests that, although Africa is increasingly run by the Africans and although the likelihood of direct military intervention by the

hegemonic powers has become smaller, the latter do continue to play a role in the shaping and directing of wars and conflict on the continent.

Table 2. Declared and Non-declared Mineral Exports by Rwanda and Uganda

In mln.USD	RWANDA		UGANDA	
	1999	2000	1999	2000
DIAMOND				
Official Exports	0.4	1.8	1.8	1.3
Non-declared diamond exports for Rwanda and reexports by Uganda	40	40	1.8	1.3
GOLD¹				
Official exports	0.1	0.1	95.0	89.9
Non-declared gold exports *Rwanda and reexports Uganda	29	29	95.0	89.9
COLTAN				
Official Exports	24	16.6	13.9	-
Non-declared coltan exports*	240	240	13.9	-
Total declared exports of minerals²				
	61.2	68.4	438.8	380.5
Total exports declared and non-declared	309	309	110.7	91.2
In % of declared exports.	505%	452%	25%	24%
Total value added of plundered diamond, gold and coltan				
	119	119	61.1	45.3
In % of GDP³	6.1%	5.2%	1.1%	0.8%
In % of military expenses⁴	146%	137%	53%	43%

Sources: [S.Marysse and C.André, 2001:323-327]⁹

¹ we have estimated the value of gold exports by multiplying the reported kilos by the gold price on 30 April 2001 (8,300 USD/kilo).

² IMF, *Rwanda Staff Report for the 2000 Article IV Consultation and Requests for the Third Annual Arrangement Under the Poverty Reduction and Growth Facility and for Extension of Commitment Period*, Washington, IMF, 12 December 2000, p.39; IMF, *Uganda. Staff Report for the 2001 Article IV Consultation, Second Review Under the Third Annual Arrangement Under the Poverty Reduction and Growth Facility and Request for Waiver of Performance Criteria*, Washington, IMF, 19 January 2000, p.43.

³ IMF, *Uganda Staff Report for the....., op cit.*, 12 March 2001, p.8, 37.

⁴ IMF, *Uganda Staff Report for the....., op cit.*, 12 March 2001, p.8, 40.

⁹ On the basis of more recent and detailed information on prices in each of the stages of the coltan commodity chain, we have revised our estimate of plunder that was published in 2001.

Several conclusions can be drawn from this table. First, in terms of non-declared exports, Rwanda had a greater stake in this war than Uganda. Seen from this perspective, ending the war would not be beneficial to Rwanda. We would like to emphasise at this point that we did not inflate our figures: the UN Panel, for example, estimates that the Rwandan Patriotic Army (RPA) made at least USD 250 million from coltan sales alone over a period of 18 months in 1999 and 2000 [UN Panel, 2001:36]. Second, the extent of plunder is of course considerably smaller than total non-declared exports, because a large proportion of the latter is value added that is spent on the cost of production. Third, the added value that would have benefited Congolese traders and producers in peacetime is sizeable. Finally, as military spending by Rwanda and Uganda was limited as a condition for access to the financial flows provided by the Bretton Woods institutions, it is now quite clear that wartime plunder has helped finance the conflict and has unduly prolonged people's

suffering. The ostrich policy of a number of bilateral donors and the International Financial Institutions, characterised by a continuation of funding for the invading countries in the knowledge that funds are fungible, has therefore indirectly condoned the continuation of war.

In order to make the mechanism of plunder by a military-commercial class more visible, we shall now consider a commodity chain that has been extremely important for financing Rwanda's war effort, especially in 2000 and 2001: the commodity chain for coltan.

2. The commodity chain for coltan¹⁰

The term 'coltan' is a contraction of 'colombo-tantalite'. It is an ore containing two rare metals with similar atomic structures: niobium (Nb), also known as columbium, and tantalum (Ta).

Coltan is refined through a chemical process whereby the tantalum or niobium are separated from the ore and processed into a metal powder. There are just a few companies in the world that process coltan, including H.C. Starck (Germany), Cabott Inc. (U.S.), Ningxia (China) and Ulba (Kazakhstan) (see Chart 2). Tantalum and Niobium powder are in great demand by a number of industries. Tantalum powder is used to manufacture highly heat-resistant electronic components for mobile phones, laptop computers, game consoles ... It is also applied in the aviation and atomic energy industries. Niobium, on the other hand, is mostly used in heat-resistant steel and glass alloys in the construction industry.

Until recently, the bulk of the world's tantalum supply came from discard slags from tin smelters. Coltan ore is also often associated with the tin mineral cassiterite. Following the gradual decline of the tin industry, new sources have been sought. The biggest coltan mines, accounting for approximately 60% of world production, are located in Australia. They are the Greenbushes and Wodgina mines, owned by Sons of Gwalia Ltd. It is generally believed that 80% of the world's reserves are located in Africa, with the DR Congo accounting for 80% of these African reserves. In the DR Congo, coltan is found near rivers and in riverbeds, and there are also vast natural reserves in the east of country, more specifically in the two Kivu provinces and in Maniema.

Towards the end of 2000, the population of Kivu was suddenly dragged into an unprecedented coltan rush. In just a few months' time, the price of coltan rose tenfold. In January 2000, an international trader would have paid around USD 20 for a kilo of unprocessed coltan ore, but by December 2000, the price had peaked at approximately USD 200. This sharp price increase was caused by an overvaluation of the technology market, which was in turn triggered by the introduction of a new generation of mobile phones (UMTS) and a craze for game consoles (e.g. Sony Playstation II).

¹⁰ For a more extensive survey of this topic, see the two sources on which much of this section is based. The first in-depth analysis of the importance of coltan for the Kivu by a close observer of the region for over 20 years, see Didier de Failly 'Coltan: pour comprendre...' in S. Marysse and F. Reyntjens, *L'Afrique des Grands Lacs: annuaire 2000-2001*, Harmattan, Paris, pp.279-306. For an account of western involvement in the coltan trade, see J. Cuvelier and T. Raeymaekers, 'European companies and the coltan trade: supporting the war economy in the DRC', IPIS International Peace Information Service, Antwerp, January 2002 :1-27.

2.1. The coltan boom and the creation of the Société Minière des Grands Lacs (SOMIGL)

It did not take the RCD-Goma rebel movement very long to cash in on the sudden demand for tantalum powder on the world market. On 25 November 2000, it imposed a strict monopoly on coltan buying and selling, granting the control on the new system to the Société Minière des Grands Lacs (SOMIGL). The woman in charge of SOMIGL was Aziza Kulsum, also known as Madame Gulamali¹¹.

According to Nestor Kiyimbi, the Chief of Department for land and mining affairs for the RCD-Goma rebel movement, the reasons for granting the monopoly on all coltan exports to the Société Minière des Grands Lacs were threefold: first, it was believed that the Shenimed trading post - owned by Madame Gulamali - was the only trading post that had actually managed, for a considerable period of time, to reach the minimum level of 5 tonnes of taxable coltan exports a month; second, the rebel authorities were dissatisfied with the fraudulent undervaluation practices of a large number of Congolese comptoirs; and third, they were also alarmed by the high rates of illegally smuggled minerals¹².

It is very unlikely that the creation of the Société Minière des Grands Lacs took place without the complicity of RCD-Goma's biggest supporter, the Rwandan regime. In fact, one of the persistent rumours about the Rwandan involvement in the Congolese coltan trade is that Patrick Karegeya, the personal security advisor of Rwandan President Paul Kagame and the head of Rwanda's external security service¹³, has played an important role behind the screens during the preparatory stages of the implementation of the SOMIGL monopoly¹⁴. Moreover, in his testimony before the Commission of Inquiry on the Great Lakes of the Belgian Senate, Deus Kagiraneza, a former senior intelligence officer, asserted that Madame Gulamali has closely collaborated with the Rwandan regime and has even been personally involved in the physical elimination of military officials stationed in the DRC¹⁵. According to the UN Panel, a Congo-desk was created within the Department of External Relations of the RPA to oversee the mining of Congolese resources and facilitate contacts with Western clients. This procedure can be seen as a clear example of 'military commercialism', a concept developed by Christian Dietrich to describe the way in which military officials set up corporate-military businesses to generate income for themselves and their politico-military apparatus¹⁶.

Two companies that played a key role in the organization of the business activities of the Rwandan Patriotic Front are Rwanda Metals (RM) and Grands Lacs Metals (GLM). While Rwanda Metals' former director is Francis Karimba, the shareholders of Grands Lacs Metals reportedly included Majors Gatete, Dan and Kazura¹⁷. There can be no doubt about the strong ties between the Rwandan army and the trading companies 'Rwanda Metals' and 'Grands Lacs Metals'. In the first UN report, it was pointed out that some

¹¹ 'Making a killing: criminality and coping in the Kivu war economy', 2002, Stephen Jackson, in: *Review of African Political Economy*, nr. 93-94: p. 526.

¹² 'Le coltan et les populations du Nord-Kivu', February 2001, Pole Institute : pp. 15-16.

¹³ Interview with Rwandan source, 3 April 2003.

¹⁴ Confidential report from Congolese source in Goma, obtained during field trip in the DRC (June 2003).

¹⁵ Testimony Deus Kagiraneza before the Commission of Inquiry of the Belgian Senate, 1 March 2002.

¹⁶ 'Supporting the war economy in the DRC: European companies and the coltan trade', IPIS, January 2002.

¹⁷ Report of the UN Panel of Experts on the Illegal Exploitation of Natural Resources in the DR Congo, 12 April: §84.

of the letters that were sent to potential clients in Europe and the United States had been signed by Dan Munyuza, the then head of the Congo desk¹⁸.

¹⁸ Report of the UN Panel of Experts on the Illegal Exploitation of Natural Resources in the DR Congo, 12 April 2001: §129

It has been established that, during the coltan boom, one of the privileged business partners of Rwanda Metals and Grands Lacs Metals was the Swiss company Finmining, which, according to some sources, may have had links with the notorious Russian arms dealer Victor Bout. While Finmining, an offshore company registered in the tax haven of Saint-Kitts, successively worked through the (conventional) Kigali-based trading post Copimar and then through Rwanda Metals, its coltan was unvariably shipped to the Ulba Metallurgical Plant in Kazakhstan for further treatment. Reliable sources have asserted that from April 2001 onwards, the shipments took place in a separate military zone of Kigali airport. Credible information exists that Finmining's shipments to Kazakhstan are handled by Ulba Aviakompania (ULB)/Irtys Avia (IRT), an air freight company operated by the Ulba Processing Plant - with headquarters at Ust-Kamenogorsk airport. According to Airline-fleets International, a renowned business publication, ULBA and IRTYSH merged in 2000 following the privatisation of the national Air Kazakhstan. Today, the joint company operates 16 ex-Soviet Yakovlev airplanes and leases Ilyushin 18 aircraft from the company AIR CESS-CESSAVIA (CSS) for cargo and passenger flights when required. This suggests that Chris Huber and his coltan business may be linked to one of Africa's main arms traffickers. AIR CESS has been managed until recently by Viktor Vasilevich Butt, aka Viktor Bout. Under investigation by Interpol and a number of Western countries, he is often referred to as 'Victor B' because he uses at least five aliases and different versions of his last name. Today, Bout oversees a complex network of over 50 planes, several airline companies, cargo charter companies and freight-forwarding companies, many of which are involved in shipping illicit cargo. Thanks to this network, Bout has established himself as the world's most famous arms supplier to embargoed state actors such as the Revolutionary United Front (RUF) in Sierra Leone and UNITA rebels in Angola¹⁹.

¹⁹ 'Supporting the war economy in the DRC: European companies and the coltan trade', IPIS, January 2002.

2.2. Rwandan involvement in the post-SOMIGL era

Although the SOMIGL monopoly provided the RCD with 1.124.970 USD of tax revenues in December 2000, Gulamali eventually could not live up to the expectations of the rebel authorities. From the end of 2000 onwards, coltan prices in the world markets began to fall, bottoming out in October 2001 at less than a third of their peak. Simultaneously, SOMIGL's coltan exports steeply dropped from 97.6 tons in January according to RCD, to 27 tons in February and to a mere 19 tons in March, according to Africa Mining Intelligence. Apart from this change of market conditions, the failure of the SOMIGL monopoly was also due to the fact that many established Kivutian coltan traders were reluctant to accept the new structure associated with the creation of the SOMIGL monopoly. According to the Goma-based Pole Institute, the traders were increasingly annoyed and discouraged by the

low profit levels they were able to reach during the monopoly: with coltan buying prices between 30 and 60 dollars per kilo according to the mineral content, they could buy from miners at 30 dollars a kilo and sell to SOMIGL at 33 dollars a kilo, a minimal margin of only three dollars a kilo²⁰. Finally, the initiatives of the international community to curb illicit resource trafficking served the death-blow to the SOMIGL monopoly. In their first report on the illegal exploitation of natural resources and other forms of wealth of the Democratic Republic of Congo, published on 12 April 2001, the UN Panel of Experts called for an immediate temporary embargo on the import or export of coltan, niobium, pyrochlore, cassiterite, timber, gold and diamonds from or to Burundi, Rwanda and Uganda until those countries' involvement in the exploitation of natural resources of the DRC was made clear and declared so by the Security Council²¹. Additionally, the Panel also urged the UN Member States to freeze (without delay) the financial assets of the companies or the individuals said to be involved in the illicit trafficking of Congo's natural resources²². While the UN report was, undoubtedly, an honest effort to stop the foreign involvement in the looting of Congolese resources, the media and the western public opinion were not always able (or willing) to distinguish between junior companies directly collaborating with the military actors in Eastern DRC, and well established entrepreneurs with a longstanding history in the DRC. Needless to say, both the hesitation of the UN Member States to implement the recommendations of the Panel of Experts and the stigmatising attitude of the press and western public opinion seriously reduced the number of coltan traders prepared to stay in Eastern DRC (see box).

²⁰ 'The coltan phenomenon: how a rare mineral has changed the life of the population of war-torn North Kivu province in the East of the Democratic Republic of the Congo', January 2002, Pole Institute: pp. 8-9.

²¹ UN Report, 12 April 2001, §221 (<http://www.un.org/Docs/sc/letters/2001/357e.pdf>)

²² Ibidem, §223.

Box: Strategies to escape from public scrutiny: the example of Eagles Wings Resources International (EWRI)

Following the publication of several UN reports on the illegal exploitation of natural resources from the Democratic Republic of Congo, the international coltan traders are well aware of the necessity to diversify their export routes, in order to escape from public scrutiny. This is not a moot point. A recent incident in the port of Dar-es-Salaam, whereby Tanzanian authorities intercepted a container holding 36 barrels of presumably Congolese coltan²³, has shown that the resource issue is very sensitive to the governments of Congo's neighbouring countries, with several of them trying to boost their reputation through drastic interventions of their customs authorities.

Until very recently, Eagles Wings Resources International was a joint venture partnership between the American company Trinitech and the Dutch company Chemie Pharmacie Holland (CPH)²⁴. While CPH took care of the logistical and financial services, Trinitech's package of activities consisted mainly of selling all sorts of tantalum and niobium products on the world market. In November 2000, EWRI founded a new, Luxemburg-registered company, in addition to its American and Dutch offices. The aim of this new company was probably to enhance EWRI's investment opportunities and possibly start other holding companies in Europe²⁵.

The example of EWRI serves well to illustrate the strategic decision to diversify the export routes for coltan. On the 12th of March 2001 EWRI decided to create its own comptoir in Bukavu. Its director was Alfred Rwigema, the brother-in-law of the Rwandan President Paul Kagame²⁶. From the moment Rwigema was granted to export coltan from the territory controlled by RCD-Goma, at least 88, 533 tons of coltan were shipped to the warehouses of Chemie Pharmacie Holland or to the offices of the EWRI joint venture in Kigali. Usually, the coltan was transported to Kigali by lorry, passing through the customs office of 'Ruzizi II'.

Date	Provenance	Estimated value	Net weight (kgs)	Destinary
27 October 2001	South Kivu	61977,393 USD	7.501,5	CPH
22 November 2001	South Kivu	Unknown	8.438,5	CPH
19 December 2001	South Kivu	121.530,45 USD	12.631,5	CPH
22 January 2002	South Kivu	148.672,63 USD	13.167	CPH
1 February 2002	South Kivu	126.049,95 USD	11.145	CPH
15 February 2002	South Kivu	163.472 USD	10.920	CPH
1 March 2002	South Kivu	111.024 USD	10.810,5	CPH
3 April 2002	South Kivu	42.592,4 USD	4.570	CPH
19 August 2002	South Kivu	29776 USD	2910,5	EWRI/Kigali
28 August 2002	South Kivu	Unknown	4755,5	EWRI/Kigali
9 October 2002	South Kivu	3753 USD	1683	EWRI/Kigali

Subsequently, following the publication of the first UN Report on the illegal exploitation of natural resources from the DRC, EWRI decided to shift its core activities to Rwanda, where it showed a great interest in the exploration of an artisanal mining site in the prefecture of Gitarama. The official start of coltan exploitation in Rwanda gave EWRI the opportunity to rid itself from all the allegations and rumours about its involvement in resource exploitation in Congolese rebel-held territory. Kigali replaced Bukavu as EWRI's main buying point and Kigali airport was used to fly the coltan directly to the international refining plants. According to the UN, approximately 25 per cent of EWRI's coltan is shipped to the Ulba Metallurgical Plant of NAC Kazatomprom (Kazakhstan), while another 25 per cent is sold to Trinitech International Inc. in the US. Trinitech arranges for sales to both Ulba and to the Chinese processing facility at Ningxia Non-Ferrous Metals Smeltery (NNMG). Fifteen per cent of Eagle Wings coltan is bought by HC Starck in Germany²⁷.

²³ According to an article in the Indian Ocean Newsletter, the container's shipper was the Rwanda Metals firm of Kigali, its destination Pacific Ores Metals and Chemicals Ltd of Hong Kong, and the mode of transport the P&O Nedlloyd Mahe, a ship that docked in the harbor of Dar-es-Salaam on October 5th 2002 and which was due to sail two days later. Alan Crawley, the British owner of Pacific Ores Metals, has refuted allegations concerning the assumed Congolese origin of the coltan shipment (source: 'Is coltan trafficking returning?', 19 October 2002, Indian Ocean Newsletter).

²⁴ In an official press statement, issued on 11 December 2002, the Dutch Ministry of Foreign Affairs, stated that the commercial agreement between EWRI and Chemie Pharmacie Holland has ceased to exist since March 2002 (source: 'Geen aanwijzingen voor juistheden VN-beschuldiging tegen Chemie Pharmacie Holland', 11 December 2002, <http://www.minez.nl>).

²⁵ 'European companies and the coltan trade: an update', IPIS Report, September 2002: p. 13.

²⁶ According to the Congolese commercial registry, Rwigema has the Congolese nationality. His official name is Batinya Rwigema Aho (sources: Arrêté départemental nr. 19/RCD/CAB/DTME/2001 du 12 Mars 2001 portant attribution de l'autorisation personnelle de prospection nr. 005/DTME/2001 // Arrêté départemental nr. 24/RCD/CE/DTME/2001 du 12 Avril 2001 portant agrément d'un comptoir d'achat et d'exportation du coltan.

²⁷ Final Report of the Panel of Experts on the illegal exploitation of natural resources and other forms of wealth of the Democratic Republic of the Congo, 16 October 2002: §80.

Remarkably, the UN Panel of Experts has found evidence that, in one instance, EWRI has engaged the Mozambique Gemstone Company to provide false documents establishing Mozambique as the origin of a shipment originating in Rwanda and transiting through South Africa. The consignment was sold to the South Africa-based AMC African Trading and Consulting Company, which then sold it to H.C. Starck Ltd in Rayong, Thailand, on 21 September²⁸.

²⁸ Ibidem, § 81.

In sum, this means that EWRI has used two different buying points and at least two different export routes to bring the coltan to its clients. While relatively small amounts of the mineral were bought by the EWRI comptoir in Bukavu, transported to Kigali and flown to Holland, unspecified amounts of coltan were also shipped directly from Kigali, sometimes transiting through South Africa. (end of box)

2.3. The creation of the Congo Holding Development Company

Several observers have noted that the Rwandan regime has kept stakes in the exploitation and the trade of Congolese resources despite the recent developments on the battle field and the diplomatic level. It has been reported that the Rwandan government has adopted new strategies for maintaining mechanisms for revenue generation once the Rwandan army has left the DRC²⁹. The economic control mechanisms put in place by Rwanda presumably include the replacement of Congolese directors of parastatals with businessmen from Kigali to guarantee the sustained control over the revenues obtained from water, power and transportation facilities, and the replacement of local currency with Rwandan currency. On the military level, there have been several initiatives to ensure the continued presence of Rwandan troops on Congolese territory, for instance by obtaining a large number of Congolese passports in order to give another identity to the RPA officers located at strategically important sites in the DRC³⁰.

²⁹ Final Report of the Panel of Experts on the illegal exploitation of natural resources and other forms of wealth of the DRC (S/2002/1146): §13.

³⁰ Ibidem: §15.

In the coltan trade, a crucial development has been the creation of the Congo Holding Development Company, in the autumn of 2001. One of the key figures involved in this new deal - which came down to granting all the concessions of the former Société Minière du Kivu to one single enterprise - was Gertrude Kitembo, one of the founding members of the original RCD rebel movement and currently the Minister of Post and Telecommunication in the Congolese transition government. Kitembo started her career as the head of RCD's agriculture and rural development department³¹, and obtained her first big promotion, when on 14 April 2000, she was appointed Governor of the Maniema Province. Apparently, her appointment was part of a joint effort of the leadership of the RCD-Goma rebel movement and their foreign backers of the Rwandan army to prevent new eruptions of dissidence in the East³².

³¹ Source: http://www.sas.upenn.edu/African_Studies/Hornet/irin7299.html: 'DRC : population left alone to cope with the effects of the war'.

³² Along with Kitembo, Kasongo Olango was nominated as Deputy-Governor in charge of the Economy and Finance, while Albert Shindano was put in charge of administration.

Perhaps illustrative of Kitembo's close relationship with the inner circle of the rebel movement was the fact that, shortly after her appointment as the new Governor of the Maniema province, the RCD-Goma leadership announced that provincial governors would also be provincial presidents of the

RCD³³. There are indications that Kitembo's political aspirations are far from over. When Etienne Tshisekedi, the long-time president of the Congolese opposition party UDPS and former prime minister of several Mobutu governments, decided to forge an alliance with RCD-Goma in order to improve his chances of becoming Congo's next president, Kitembo immediately stepped in and joined the alliance as the 'national secretary for women's affairs'³⁴. In the new Congolese transition government, which was set up under a peace pact signed in December 2002 and officially installed on 17 July 2003, Gertrude Kitembo holds the portfolio of postal services and telecommunication.

³³ <http://www.web.net/~iccaf/humanrights/congoinfo/marnewsapril00.htm>: "Division and resistance in the East".

³⁴ Source: <http://www.lesoftonline.net/Info023.html>.

In the light of the rumours about the persistent involvement of members of the Rwandan regime in the looting of Congolese resources, it is highly remarkable that Wa Ngera Rukangira, Gertrude Kitembo's husband, sits on two special advisory boards informing President Paul Kagame on issues relating to public health and social security. Nonetheless, Rukangira has asserted that he has nothing to do with his wife's political activities. According to Rukangira, the only reason why he was invited to become one of the presidential advisors is that he had previously built up a strong reputation as a researcher for the World Health Organisation. As a holder of both a Congolese and a Rwandan passport, Rukangira claims to spend most of his time in Kigali, where he is the head of Clean House Limited, a company specialised in the development of insecticides and anti-malaria medication³⁵.

³⁵ Telephone interview Wa Ngera Rukangira, 4 November 2002.

For the time being, very little is known about the identity of the Congo Holding Development Company's Rwandan trading partners and their connections to the Rwandan military and/or other officials of the Rwandan regime. However, judging by a number of contracts gathered by the authors during a recent field trip in the DRC (June 2003), most of the refining of the minerals takes place in Gisenyi, where a new processing plant has been constructed by a group of South African investors. There is a lot of resentment among Kivutian coltan traders about the decision of the South African funders to set up a processing facility just across the Congolese border, as it inevitably means that most of the added value disappears into foreign pockets without any new investment being made in the Congolese economy.

The creation of the Congo Holding Development Company has also marked a new trend in resource exploitation in the Congolese war context: instead of focussing mainly and almost uniquely on the coltan trade, foreign trading companies now seem to divide their attention over different spheres of the Congolese economy. There is documented evidence that the Congo Holding Development Company also holds a dominant position in the export of gold, cassiterite and diamonds from Congolese territory.

In this respect, reference should be made to a provisional agreement between the Congo Holding Development Company and the Kigali-based Explore Trade Commerce Limited, signed in Goma on September 1st 2001. Whereas the CHDC agrees to offer its partner all the facilities associated

with the ownership of a large number of mining concessions and its licence to keep a diamond comptoir in the territory controlled by the RCD, the Rwandan company promises to bring in its technical expertise and to assume responsibility for the diamond sales abroad. The two parties agree to split the profits on a 50/50 per cent basis³⁶.

³⁶ Preliminary agreement between the Congo Holding Development Company and Explore Trade Commerce Limited, Goma, 1 September 2001.

Although the UN has repeatedly condemned Rwandan exports of Congolese conflict diamonds, it is possible that some of the Congolese diamonds bought by Explore Trade Commerce Limited eventually end up in and are sold by legal commercial circuits. The managing director of Explore Trade Commerce Limited used to be the business manager of an Antwerp-based diamond company.

2.4. A tentative assessment of the distribution of the added value between the different stakeholders in the coltan commodity chain

For various reasons, it is impossible to determine precisely how much of the added value goes to each stakeholder in the coltan commodity chain. First, prices are not published on the London Metal Exchange. Moreover, the price paid by international traders is expressed in dollars per pound of tantalum pentoxide contained [*www.tanb.org*], which varies from extraction site to extraction site. Many sources give different prices even for the same period, mainly because they confuse tantalum prices with the price of coltan, which is determined by the coltan's tantalum content [*BBC*, 1 August 2002 and *ABCNews.com*, 21 jan.2001].

Thus, in our reconstruction of the coltan trade, we must rely entirely on information from the field and from traders in order to determine the approximate value added that is going to the warring parties, and this can lead to skewed results. It seems useful to make a distinction between the distribution during the SOMIGL period and the distribution in the period after SOMIGL's abolishment. Given the possibly large margins of error, due to the secrecy surrounding the illegal exports of mineral wealth and natural resources, the focus of our analysis will be on those points in the coltan commodity chain where added value is disappearing. An overview of the various stakeholders in this commodity chain is given in chart 2.

According to UN estimates, during the year 2000 the RPA exported at least 100 tonnes of coltan a month through the Rwandan capital Kigali. If we follow UN figures, the RPA would have made 20 million USD a month by selling coltan through its allied trading posts to international traders. Including transport and other external costs, this would have amounted to at least 250 million USD in a period of 18 months (from late 1999 until mid-2001). This, according to the UN, is "substantial enough to finance a war"³⁷. According another, well-informed source, between 60 and 70 percent of these profits

³⁷ Report of the UN Panel of Experts on the Illegal Exploitation of Natural Resources in the DR Congo, 12 April 2001, § 130

are re-invested in the war³⁸. However, evidence from selling contracts for this period suggests that UN figures are probably exaggerated. A more likely figure would be 64 million USD, excluding all external costs and taking the highest average prices. If we take an average price of 10 USD/kg to purchase the coltan from local miners, the actual profit for the RPA for this period has been no more than 40 million USD³⁹. This figure also relates to the official exports from Rwanda for the year 2001. That year, Rwanda exported 44 million USD worth of coltan, according to official figures⁴⁰.

The revenues of the other stakeholders in the coltan commodity chain were lower than those allegedly accruing to the RPA. Most coltan digging was carried out 'informally' by groups of five to six mostly young people led by someone who has the expertise to detect coltan sites. During the SOMIGL-era, they were left with a weekly income of 30 USD -if prices were high- and 5 USD if prices were low: it can be assumed that a successful group was capable of extracting about five to six kilos of unprocessed ore in a week and it should be taken into account that half of the yield from extraction went to the leader of the group, the landowners and towards certain taxes. While these were not high wages, the pay was better than that offered by many alternative livelihoods, which largely explains the rush for coltan [*de Failly*, 2001: 297]. There was, however, an important exception to the rule that most coltan production was the work of informal petty producers during the SOMIGL-period. The coltan mines of Punia, Walikale and Numbi in Kivu province, all of which are known for their high tantalum content, were controlled directly by the RPA. Here, Rwandan prisoners performed a kind of forced labour for subsistence. From these sites, the coltan was transported immediately to Kigali, from where it was exported by an army-controlled trader. Needless to say that the extent of plunder was maximal in this RPA-controlled trade. Unfortunately, we have no data on the quantities involved [*de Failly*, 2001:295].

In any case, during the SOMIGL-period, most coltan was dug by petty producers. They constituted the first link in a very long chain up to the trading posts or 'comptoirs' in the main trading centres of the region, particularly Bukavu and Goma. In the first phase, the coltan was put in 30-kilo bags and transported on foot for between twenty to thirty kilometres to a local trading centre. Here, some preliminary refining took place, after which the coltan was weighed and its tantalum content estimated. Needless to say that agents of the controlling rebel groups closely monitored and taxed each stage in the commodity chain. Subsequently, the local traders transported the coltan to the regional and accredited 'comptoirs' to whom they sold. These comptoirs, predictably, needed to buy a licence from the new political class, except for those who were entirely controlled by the Rwandan army, such as Rwanda Metals and Grands Lacs Metals. They further refined the coltan and, through laboratory testing, determined the exact tantalum content of the coltan ore. In the case of the Rwanda-controlled comptoirs, analyses are carried out in Kigali or even in Europe.

³⁸ Marc Hoogsteyns, journalist, hearing before the Belgian Senate, 17 May 2002.

³⁹ The UN Panel uses for its estimates an average selling price of 200 USD/kg unprocessed coltan to international traders. Selling contracts between local and international traders for the same period portray a price which lays at one tenth to one fifth of the UN estimate: between 20 and 40 USD/kg for unprocessed coltan ore. Prices for tantalum (not coltan) for the same year ranged between 40 in January and 400 USD in December 2000.

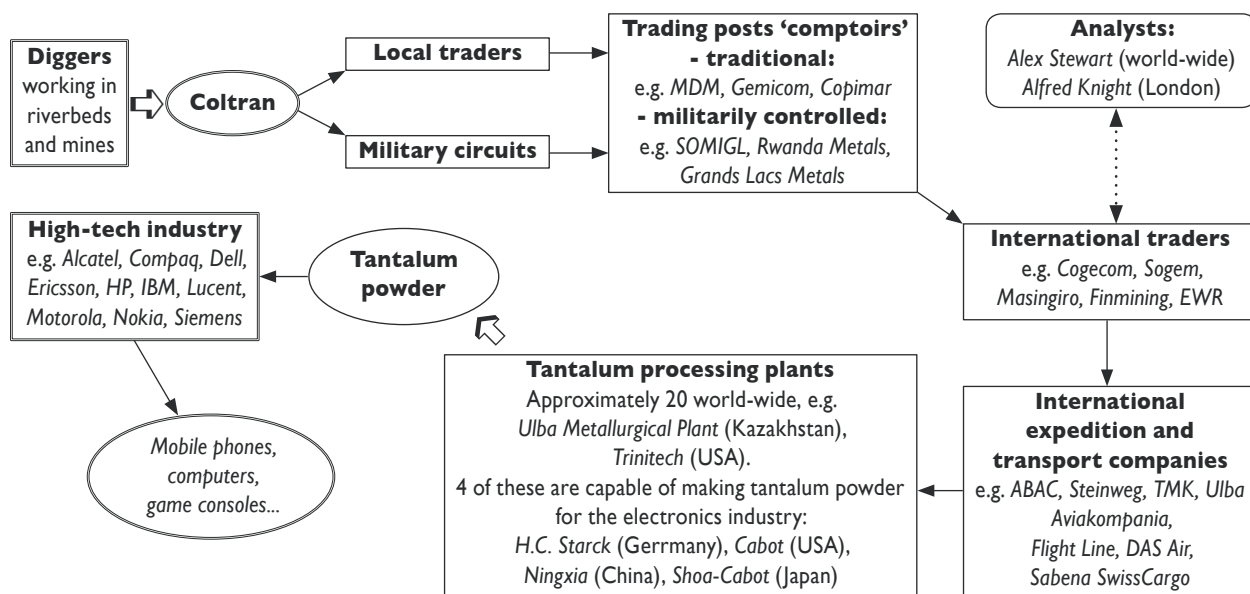
⁴⁰ published in *The East African*, 18-24 February 2002

The 'comptoirs' sold the material to international traders who ordered amounts and offered prices in accordance with what they expected to make on the international market. It is probably in this section of the chain that most of the value added was realised, i.e. the difference between the prices that the international traders pay (or claim to pay) to the comptoirs and what they get from the tantalum processing plants. We reached this conclusion on the basis of interviews with several independent traders in Europe and the striking observation that almost the entire proceeds that the comptoirs received from these traders, i.e. the price that was faxed to them, went to covering the costs of the various stages in the local commodity chain. So apart from tax revenues of almost 20% and the part of production that was directly or indirectly controlled by the RPA, the value added was realised elsewhere.

Our hypothesis, based on business practice in the sector, is the following. The four big Tantalum processing plants usually entered into long-term contracts with large mining companies (see *supra*), not with informal diggers and 'comptoirs' in the DR Congo. These contracts stipulated the quantities that needed to be supplied, while the price was determined by the market. Consequently, the price paid under long-term contracts could be twice as high as that paid to the comptoirs by international traders. This was the case, for example, when prices suddenly increased due to the technological hype in 2000. Therefore, most of the value added was realised by traders who sold on the spot market to the big processing companies. This rent may then have been shared with the regional traders through underinvoicing or other accounting techniques. However, it should be stressed that, so far, we have been unable to obtain hard evidence for these assertions.

It is probably safe to say that, in the post-SOMIGL period, the Rwandan involvement in the trade of coltan originating from the Democratic Republic of Congo has significantly diminished as a result of the spectacular price drops for tantalum on the world market and several initiatives by the international community to curb the trafficking of Congolese resources. Nevertheless, mechanisms seem to have been developed by members of the RPA and the Rwandan regime to allow for the continued looting of various Congolese minerals. While it is unclear to what extent the Rwandan government and the Rwandan army have been involved in the creation of the Congo Holding Development, it can certainly be argued that the establishment of this new company has led to a further drain of added value to Rwanda.

Chart 1: Coltan: From the Congolese War Zones to the Mobile Phone



Sources: see J.Cuvelier and T.Raeymaekers, 'European companies and the coltan trade: supporting the war economy in the DRC', IPIS International Peace Information Service, Antwerp, January 2002 : 10 ; Kristi Essick, 'A call to arms', The Industry Standard Magazine, 11/6/01; E. Bruyland, 'Bloed aan uw GSM?', Trends, 19/4/01; Tantalum-Niobium International Study Center (www.tanb.org); Didier de Failly, "Coltan, pour comprendre...", in L'Annuaire des Grands Lacs, Antwerp, November 2001

Does the assertion that most value added is probably realised by international traders, and is not injected back into the Congolese economy, tie in with the hypothesis that war is being waged to foster the interests of international capital, with the Rwandan and Ugandan regimes serving as a local smoke-screen? It is certainly true that some international and regional traders (be it commercial or military) have benefited from the coltan rush and reaped most of the windfall profits. However, to the global tantalum processing industry, Eastern Congo was interesting merely because it allowed a flexible response to the sudden rise in demand for coltan. It was certainly not regarded as a long-term source of stable supply. Indeed, long-term contracts were signed with other, more reliable partners in Australia and Brazil. Ultimately, the DR-Congo remained as economically marginal as before, failing to attract serious long-term investment because of the country's instability. Even to Belgium, which has important historical and economic ties with central Africa, the significance of trade with the DR-Congo has declined. Over a period of 40 years, the DR-Congo has gone from being Belgium's most important trading partner in the Third World to occupying a lowly 25th spot on this list. Moreover, Belgium has not been replaced with other industrialised nations, which would appear to contradict the popular assertion that a 'second scramble for Africa' is taking place. While it is certainly true that many junior companies that were looking for a quick profit showed an interest in the DR-Congo after the power transition in Kinshasa, most of these firms have since withdrawn without having invested in a country where 'transaction costs' for foreign companies are very substantial. In sum, we submit that the DR-Congo's economic crisis is due not so much to the greediness of international capitalism as to its lack of (serious) interest.

Conclusion

The international war in Central Africa can only be understood as the warp and weft of internal, regional and international factors. The long-term erosion of elite power and finance in some parts of Africa, occasioned by a changing geopolitical reality in the continent, has sparked divergent responses, ranging from state reconstruction in some countries to resistance, criminalisation and war in others. The latter response would appear to be most common in weak states with deteriorating infrastructures and rich natural resources that are extracted on a small scale by petty producers. Indeed, these are the countries that tend to fall prey to military-commercial groups and factions engaging in plunder and criminal activity. War and violence, then, seem to be viable paths and conscious strategies for concealing the fact that the elites are enriching themselves. Quite clearly, though, pursuing such a strategy is detrimental to the civilian populations, as it puts them at greater risk of death, displacement and hardship.

The economic involvement of the Rwandan military-commercial elite in the neighbouring country, exemplified by the coltan commodity chain, has been instrumental in pursuing different goals. The plunder in the RDC was concealed for more than three years and only acknowledged internationally after the publication of the UN panel's reports. The ruthless military character of the involvement permitted to extract more value added from the commodity chains than would be possible in times of peace or even compared to the territories under control from the government of Kinshasa and its allies. In the latter territories military extortion was less prominent and the normal competition between the commodity chain intermediaries could play such that value added was less siphoned off. The concealed character of the plunder in the east of the RDCongo permitted furthermore to enrich and reinforce those military personnel who had a stake in the Rwandan occupation. Third, the Rwandan Government could officially control and restrict its military budget to 3% of its GDP, demanded by the International Financial Institutions (IFI's), while at the same time continue its military intervention in the east of Congo.

Of course the role of the international community by the choices made and its relative indifference to African affairs in the world has to a certain extent condoned the involvement of the Rwandan military-commercial intervention in the east of Congo. The international community is however not a homogeneous- one purpose actor who would have a master plan as to the future of the continent in the world. The international political and donor community has been thoroughly divided on the Rwandan issue. Grosso modo one could say that the newcomers in Rwanda such as the US, UK and the Netherlands who weigh heavily on the decisions in the IFI's, had, being also rightly shocked by the genocide, chosen to support the new government and the triumphant elite. This elite, who has closer ties to the Anglophone world, was not seen as part of the problem that has put the region in a blaze, but seen

as a possible solution for new enlightened leadership in the region. However the continuing war involvement, the conflict between Rwanda and Uganda and before all the fear that a dismantling of DR Congo could be opening up a box of Pandora, has incited the international community to also support the ongoing peace process in the Congo. The unprecedented speed in which Congo has been eligible to the funds of the IFI's make an easy and unified statement about the involvement of the international political and donor community in Rwanda and DR Congo difficult. Another favourite thesis on Africa's instability and war causes is the role of international capital and the thesis that violence could be explained as " a second scramble for Africa" manipulating behind the scene the moves of the international political and donor community and thereby fuel the war in the DR Congo. Our commodity chain of coltan was again instrumental in understanding better the role of international economic interests.

Even if it is true that most value added is probably realised by international traders, does that tie in with the hypothesis that war is being waged to foster the interests of international capital, with the Rwandan and Ugandan regimes serving as a local smokescreen? It is certainly true that some international and regional traders (be it commercial or military) have benefited from the coltan rush and reaped most of the windfall profits. However, to the global tantalum processing industry, Eastern Congo was interesting merely because it allowed a flexible response to the sudden rise in demand for coltan. It was certainly not regarded as a long-term source of stable supply. Indeed, long-term contracts were signed with other, more reliable partners in Australia and Brazil. Ultimately, the DR Congo remained as economically marginal as before, failing to attract serious long-term investment because of the country's instability. While it is certainly true that many junior companies that were looking for a quick profit showed an interest in the DR Congo after the power transition in Kinshasa, most of these firms have since withdrawn without having invested in a country where 'transaction costs' for foreign companies are very substantial. In sum, we submit that the DR Congo's economic crisis is due not so much to the greediness of international capitalism as to its lack of (serious) interest. Does the assertion that most value added is probably realised by international traders, and is not injected back into the Congolese economy, tie in with the hypothesis that war is being waged to foster the interests of international capital, with the Rwandan and Ugandan regimes serving as a local smokescreen? It is certainly true that some international and regional traders (be it commercial or military) have benefited from the coltan rush and reaped most of the windfall profits. However, to the global tantalum processing industry, Eastern Congo was interesting merely because it allowed a flexible response to the sudden rise in demand for coltan. It was certainly not regarded as a long-term source of stable supply. Indeed, long-term contracts were signed with other, more reliable partners in Australia and Brazil. Ultimately, the DR Congo remained as economically marginal as before, failing to attract serious long-term investment because of the country's instability. Even to Belgium, which has important historical and economic ties with

central Africa, the significance of trade with the DR Congo has declined. Over a period of 40 years, the DR Congo has gone from being Belgium's most important trading partner in the Third World to occupying a lowly 25th spot on this list. Moreover, Belgium has not been replaced with other industrialised nations, which would appear to contradict the popular assertion

that a 'second scramble for Africa' is taking place. While it is certainly true that many junior companies that were looking for a quick profit showed an interest in the DR Congo after the power transition in Kinshasa, most of these firms have since withdrawn without having invested in a country where 'transaction costs' for foreign companies are very substantial. In sum, we submit that the DR Congo's economic crisis is due not so much to the greediness of international capitalism as to its lack of (serious) interest.

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