Network War

An Introduction To Congo's Privatised Conflict Economy

Contents

Executive Summary

This report provides a preliminary analysis into the conflict economy of the Democratic Republic of the Congo. Gradually, the scope of the war in DRC (1998-today) has shifted from political to economic motivations. Today, six states and many other rebel movements are fighting each other to gain control over Congo's precious resources: diamonds, gold, coltan and others. Millions of Congolese have died as a result of this war. Despite several political agreements, the prospects for peace look very bleak.

Four years of low-intensity conflict have also altered the nature of this war economy. This report will argue that the battle over Congo's resources is increasingly taking place outside the competence of territorially defined governments and armies. Privatised networks of individual army officials, local warlords and international enterprises are orchestrating the plundering of the Congo for their personal benefit, and to finance their war. They gave birth to a new political economy, in which national sovereignty and state boundaries have become almost completely irrelevant.

The currency of this economy are Congo's diamonds. They constitute the favourite loot to foreign military and local rebels to finance their ongoing war effort and enrich themselves personally. They easily find their way on the international market, aided by weak borders and corrupt administrations. IPIS has been able to analyse a specific network that controls the trade in Congolese conflict diamonds in Uganda. Known as the Victoria Group, it exports diamonds from occupied territory via the Ugandan capital Kampala. Through a closed network of Lebanese dealers, these stones are eventually sold in Antwerp - the Belgian diamond capital.

A second case study involves the trade in coltan – a mineral used for the production of mobile phones. This case shows another worrying aspect of Congo's war economy: the introduction of organised crime. In DRC, the coltan trade is increasingly being monopolised by military straw men, with strong connections to several criminal cartels. One of them is led by a Russian lady. She sells her coltan to a government owned processing plant in Kazakhstan. The "Kazakh connection" involves a network of global dimensions. With business contacts in Switzerland, Russia, Kazakhstan, Germany and even the U.S., it has become one of the prime contributors to the war effort of Congo's rebels and their foreign allies.

Finally, the profits from these resources are often exchanged for arms. The strong connection between military actors and brokers of small arms further consolidates the role of the latter in the war economy. It also leads to a deepening privatisation of the war effort. This report describes in part the network of one particular arms dealer, Victor Bout, who has become the main supplier to the foreign armies in DRC and their Congolese proxies, and who has a big stake in the smuggling of diamonds. IPIS describes in detail one particular deal, in which part of an arms shipment for Liberia probably ended up in eastern Congo's diamond centre Kisangani. From the same supplier, a second consignment of arms was sent to Bunia (northeastern Congo) at one of the most brutal instances of the conflict there between two Congolese tribes, the Hema and the Lendu.

Together, these case studies show a very worrying trend. In DRC, the fighting between foreign armies and their Congolese proxies is centred around the control over the regional trade in resources. The networks that control this trade are increasingly successful in blurring and dissolving the divisions between armies, states and governments. The result is a privatised conflict, in which non-state actors have taken over the most lucrative sectors of the regional economy. Even without a military deployment, it is very likely that these networks will continue to monopilize the regional trade in diamonds, coltan and arms.

Glossary

ALC	Armée de Libération du Congo
CAR	Central African Republic
DRC	Democratic Republic of the Congo
ECOWAS	Economic Organisation of West African States
EU	European Union
EWRI	Eagle Wings Resources
FEC	Fédération des Entreprises Congolaises
IPIS	International Peace Information Service
MLC	Mouvement pour la Libération du Congo
RCD	Rassemblement Congolais pour la Démocratie
RCD-ML	Rassemblement Congolais pour la Démocratie-Mouvement de Libération
RPA	Rwandan Patriotic Army
RPF	Rwandan Patriotic Front
UN	United Nations
UPDF	Uganda People's Defence Forces

Acknowledgements

This report was written by Tim Raeymaekers, a collaborator of the International Peace Information Service in Antwerp (Belgium). The author would like to thank the Netherlands organisation for international development and co-operation NOVIB/Oxfam Netherlands for its contribution to this research project. He would also like to express his gratitude to the many Congolese, whom he cannot name here for their own safety, but who have given their time to talk to him during a field trip to eastern Congo in February-March 2002.

Pictures front and back page: Michael Zumstein/l'Oeil Public, Eastern Congo, April 2001
Pictures pages 24 and 25: Sven Torfinn, Eastern Congo, July 2002
Lay-out: D 'Genard

Introduction

This report is the first of two studies that analyses the war economy in the Democratic Republic of the Congo (DRC)[1]. In recent years, Congo has evolved from a military dictatorship to a state in shatters, in which local warlords and foreign actors have taken control over the country's assets, plundered its infrastructure and dumped it into a state of banditry. Two successive wars (1996-1997 and 1998-today) have torn the country apart in various territories, with government forces controlling the western side and an amalgam of Congolese rebel movements the east. The Congolese government has called in the help of Angola, Namibia and Zimbabwe, while Rwanda supports the Rassemblement Congolais pour la Démocratie (leader: Adolphe Onusumba; headquarters in Goma) and Uganda has set up alliances with the RCD-Mouvement de Libération (leader: Mbusa Nyamwisi; headquarters in Kisangani, later in Beni), the Mouvement de Liberation du Congo (leader: Jean-Pierre Bemba, headquarters in Gbadolite) and the RCD-National (leader: Roger Lumbala; headquarters in Bafwasende).

While Rwanda and Uganda initially invaded Congo because of security reasons, their motivation has gradually shifted to pure economic gain. A UN Panel of Experts concluded in November 2001 that profits from the natural resources of the DRC have become a "primary motive" for the warring parties[2]. Numerous other reports have put the blame on the occupying armies, as they continue to fuel the ethnic strife in eastern DRC for purely economic reasons[3]. The result of this strategy is a country in chaos, with no clear government or infrastructure, and a population that is under-nourished and on the run[4].

Prospects for Peace

A number of peace initiatives have been taken to end this conflict, mostly with limited success. The 1999 ceasefire signed in the Zambian capital Lusaka has not been respected on the ground so far. In the course of 2000, Rwanda and Uganda clashed over three times in the central Congolese town of Kisangani for what in hindsight looked very much like a war over the region's diamonds (cf. infra). The relation between these two countries has been tense ever since, and the risk of a direct war remains real. In addition, Uganda has been playing out its proxy rebel movements in DRC against each other in an attempt to control the resources on its eastern border. As a result, the peace talks that took place in Sun City (South-Africa) in March-April 2002 started off in a critical context. After weeks of negotiations, a partial agreement was reached between Joseph Kabila and Jean-Pierre Bemba - the leader of the MLC - to form a new government and restart discussions with the international community[5]. On 30 July, the Rwandan president Paul Kagame finally declared his support for this agreement and proclaimed a total withdrawal of his troops from eastern DRC in the following ninety days. This ambitious accord, in the form of a Memorandum of Understanding, provides for an immediate cease-fire in the whole country. DRC President Joseph Kabila promised to help disarm Rwandan Hutu militias that are blamed for the slaughter of the Tutsi minority in Rwanda's 1994 genocide. Shortly after the Kabila-Kagame agreement, Uganda and Zimbabwe agreed to withdraw their troops as well.

Nonetheless, the discussions about a viable peace are still facing essential problems. First, the agreement signed in Sun City has not been followed by the RCD-Goma, Rwanda's Congolese ally. This is generally seen as a major setback. In May 2002, a mutiny broke out within the RCD in Kisangani, claiming the lives of 150 people. Several top commanders of the RCD, including the commanders of the Fifth and the Seventh Brigade from Goma and Kisangani, were responsible for

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[1] In this report, the names Democratic Republic of the Congo (DRC) and Congo will be used simultaneously. The Republic of Congo will be refered to as Congo-Brazzaville, to prevent confusion.

[2] Addendum to the Report of the UN Panel of Experts on the Illegal Exploitation of Natural Resources in the DR Congo, 13 November 2001, § 148. See also: Report of the UN Panel of Experts on the Illegal Exploitation of Natural Resources in the DR Congo, 12 April 2001

[3] See for example: Human Rights Watch, Uganda in Eastern DRC: Fueling Political and Etnic Strife, March 2001; along with respective press reports (January-March 2002): http://www.hrw.org/press

[4] According to a recent report of the UN Office for the Coordination of Humanitarian Affairs (OCHA), an estimated 20 million Congolese are currently in urgent need of drugs, food, shelter and clean water. Over two and a half million Congolese are displaced, including 300.000 in neighbouring countries: Affected Populations in the Great Lakes Region (as of 31 July 2002), OCHA, August 2002

[5] For a critical analysis of the Sun City deal, see International Crisis Group, Storm Clouds Over Sun City: The Urgent Need To Recast The Congolese Peace Process, 14 May 2002

the summary executions of civilians[6]. According to Human Rights Watch, war crimes and crimes against humanity continue to be committed on a daily basis by all parties to the war, including the Rwandan Patriotic Army. Second, estimates of the International Crisis Group (ICC) and MONUC - the UN permanent mission to DRC - make the prospect of a quick Rwandan withdrawal extremely unlikely. According to ICC, Rwanda still has 35.000 troops in DRC, along with 8.000 to 12.000 active Rwandan militias (ex-Far and Interahamwe)[7]. In fact, it looks like Rwandan soldiers are currently being reinforced, and they are infiltrating the northern territories currently occupied by Uganda and its Congolese allies[8]. This increases the risk of a major offensive. Kinshasa has condemned this infiltration, saying the Rwandans must withdraw. Finally, Uganda has re-deployed its forces several times and continues to sponsor rebel fighters in their classic strategy of divide-and-rule. Recently, this led to an outright clash between two rebel forces in Ituri province, the RCD-ML and the RCD-National - led by Roger Lumbala. Lumbala expressed his intention to continue his offensive towards the south.

The War Economy

The war in DRC has also given rise to a war economy[9]. Ever since the outbreak of the second Congolese war (1998), foreign military and rebel forces have sought to take the control over the country's vast natural resources: copper and cobalt in the west, gold deposits in Ituri and North Kivu, diamonds in Kisangani and elsewhere, and coltan - a mineral used in the high-tech industry. There is increasing evidence that these military actors are cooperating with their enemies to benefit from the lucrative trade in Congolese minerals. In North Kivu and Ituri, soldiers of the Ugandan People's Defence Forces (UDPF) have been fighting the Congolese Mayi-Mayi movements to get hold of the coltan rich areas, while at the same time allowing them to sell their commodities in the main city centres. In South Kivu, the Rwandan army is reportedly buying coltan and other minerals from Hutu militias who control the mining areas in the interior of the country. Unverified reports cite the introduction of political prisoners from Hutu origin to work in the mines as slaves[10]. The diamond and coltan comptoirs (trading posts) in Goma and Bukavu - the main trading centers in South Kivu - are also increasingly controlled by Rwandan army agents - in an apparent consolidation attempt before their eventual withdrawal. For example, of the nineteen comptoirs for coltan in South Kivu only three remain currently operative. Typically, they are all run by Rwandan agents from Kigali[11].

This war economy would not have grown to such an extent without the willing cooperation of some private companies. The UN Panel of Experts on DRC already pointed the finger to various European and other enterprises, which have cooperated with the warring parties to export Congo's diamonds and other precious resources[12]. In January 2002, the International Peace Information Service (IPIS) described the activities of European companies in the coltan trade. It provided evidence of a number of trading contracts in December 2000 between the Rassemblement Congolais pour le Démocratie - Rwandan's Congolese ally - and two Belgian companies (Cogecom and Cogear), worth almost 4 million USD. Additionally, a Swiss company (Finmining) has been shipping coltan from comptoirs operated by the Rwandan Patriotic Army to a factory in Kazakhstan. The report concluded that these companies were important contributors to the ongoing Rwandan war effort[13].

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[6] Human Rights Watch, War Crimes in Kisangani. The Response of Rwandan-backed Rebels to the May 2002 Mutiny, August 2002
[7] Other sources estimate total RPA deployment up to 50.000
[8] Kinshasa Slams Rwandan Army "Infiltration" of Ituri, IRIN, 28 August 2002
[9] Concept from David Keen: "Conflict can create war economies, often in regions controlled by rebels or warlords and linked to international trading networks; members of armed groups can benefit from looting; and regimes can use violence to deflect opposition, reward supporters or maintain their access to resources": David Keen, The Economic Functions of Violence in Civil Wars, Adelphi Papers 320, IISS, 1998
[10] Conversations with local NGO's in South Kivu.
[11] Pole Institute, The Coltan Phenomenon, December 2001
[12] 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, New York, 12 April 2001
[13] Tim Raeymaekers and Jeroen Cuvelier, Contributing to the War Economy in the DRC. European Companies and the Coltan Trade, IPIS, 14 January 2002

An interim report issued in May 2002 by the UN Panel of Experts claimed that the conflict trade in Congolese resources is "continuing" and is being "consolidated in many areas."[14] As we will illustrate further, this consolidation increasingly takes the form of taking over the trading posts in the occupant's regions of control. At the same time, the changing political context is serving as a magnet on several newcomers to join the 'Congo mineral rush'. In recent months, the Congolese market is being visited by East African businessmen - in addition to the South Africans, Zimbabweans and Zambians who were already investing, trading and exploiting Congo resources. Increasing volumes of tea, coffee and mineral exports are passing through Nairobi and Mombasa - Congo's gateway to Asia[15]. In Ituri province, the Congolese government concluded a contract for the exploitation of oil with a Canadian company. Heritage Gas and Oil Limited decided to launch this "frontier exploration" - a concession that extends over 7.7 million acres (3.1 million ha) - in early August, although no drilling activities have been reported so far[16].

Some Definitions

It goes without saying that the trade in Congo's resources has enabled the warring parties to make large profits. For example, Rwanda officially made 64 and 44 million USD by exporting Congolese coltan in 2000 and 2001 respectively (cf. infra). This in itself is enough to finance a war. Still, the conflict economy in DRC defies some definition. Many observers have ascribed the offensive of Rwanda and Uganda to a motivation of pure greed. The pillaging of the Congo, it is stated, should be seen both as a strategy by the commanders of the occupying armies to enrich themselves personally, as an attempt by their governments to counter eventual opposition at home. For example, William Reno suggested that the trade in Congo's gold has enabled Uganda to pay off its enormous foreign debt to international institutions such as the IMF and the World Bank[17]. For the Ugandan president Yoweri Museveni, the war in DRC has been described as a form of 'regime security': while the involvement of his army commanders in DRC protects him from their eventual opposition at home, their military activity is rewarded and reinforced by the free hand that he gives them to plunder[18].

A few months after the war broke out, the UDPF command was already involved in commercial activities in DRC. For example, the brother-in-law of Uganda's president Museveni, Salim Saleh, founded a trading post for the commercialisation of gold and diamonds in Kisangani, along with an aviation company that held a quasi-monopoly on all commercial flights in and out of eastern DRC (cf. infra). Gradually, these commanders took over the informal transboundary economy that already existed under the regime of Mobutu. They organised their command structure in such a way as to control the export of Congolese resources. UDPF officers thus became veritable entrepreneurs of insecurity - military businessmen that have used the conflict in DRC for their private economic gain and for whom the maintenance of insecurity has become a primary source of enrichment[19]. This strategy has been referred to as "military commercialism": military officers have created corporate-military business ventures in order to generate income for themselves and their leaders, which render the military apparatus a commercial asset[20].

However, this analysis should be taken with care. First, a clear difference exists between the economic strategies of Rwanda and Uganda. In Rwanda, the revenue from Congolese minerals is completely directed by the leading RPF party. All minerals imports pass through a so-called Congo-desk, which is controlled by Rwanda's foreign intelligence service, the External Security Organisation[21]. According to a well-informed witness before the Belgian Senate, 60 to 70 percent of these profits are In

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[14] 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, New York, 22 May 2002

[15] Nairobi Traders Join the Dr Congo 'Mineral Rush', The East African, 8 July 2002

[16] IRIN, 26 June 2002

[17] William Reno, War, Debt and the Role of Pretending in Uganda's International Relations, Occasional Paper, Center of African Studies University of Copenhagen, July 2000

[18] John F. Clarck, Explaining Ugandan Intervention in Congo: Evidence and Interpretations, in: The Journal of Modern African Studies: (2001), vol. 39, no. 2, p. 261-287.

[19] Sandrine Perrot, Entrepreneurs de l'Insécurité. La Face Cachée de l'Armée Ougandaise, in: Politique Africaine, no. 75 (1999), p. 60-71

[20] Christian Dietrich, The Commercialisation of Military Deployment in Africa, in: African Security Review, Institute for Security Studies, vol.9, 2000

[21] Belgian Senate, Parliamentary Inquiry Commission 'Great Lakes', hearing of Profesor F. Reyntjens, 30 November 2001

being reinvested in the war[22]. With Rwandan army agents controlling the trading posts in eastern Congo's main city centers, this operation mode also puts an eventual Rwandan troop withdrawal in a totally different perspective: even if Rwandan should pull out its last soldier from DRC, its system of economic control is very likely to remain in place through the use of local straw men. As it was said by UN Expert member Melvin Holt, "when the spider leaves, the web remains."[23]

This Rwandan strategy also stands in contrast to the operation mode of the UDPF in Congo. As we will discuss further, UDPF commanders such as general James Kazini and Salim Saleh have regarded the war in Congo as a purely private enterprise. Relying on a closed circle of army elements, their monopoly on Congolese minerals is being shared with allied rebel leaders from the RCD-ML, the RCD-National and the MLC, who get part of the profit as a reward for their complicity and for which they have not paid any accountability to their governments. An example of this is the Victoria Group and Trinity, two ghost companies that have been set up by Saleh and Kazini to channel the profits from their commercial operations in DRC (cf infra).

The activities of these companies again put into perspective an eventual troop withdrawal of UDPF from Congo. In fact, UDPF officers have become implicated to such an extent in the trade of mineral resources that they may not intend to leave the DRC without their interests being secured. As the case study on the Victoria Group will show, this is exactly what the UDPF is doing: setting up a control structure to assure its continued presence in the lucrative market of Congolese resources.

Resource War as Network War

We will argue therefore, that it is not so much the Ugandan and Rwandan states that profit from the commercial activities of their armies in DRC[24]. Rather, the plundering of Congo's resources is orchestrated by increasingly privatised networks, in which the armies of the occupying countries play but a partly role. This trend, in which the conflict has moved beyond the conventional divisions between sovereign states and armies, will be described in this report as a "network war". In the words of Mark Duffield, wars such as the one in DRC should no longer be regarded as complex emergencies but rather as emerging complexes[25]. Building on the existing frameworks of the informal economy, the participants in this conflict economy increasingly consist of privatised networks of non-state actors who work beyond the conventional competence of territorially defined governments. On the one hand, these networks, which include international private corporations such as aviation businesses, mining companies and trading agents, but also ordinary Congolese - businessmen, farmers, miners… - have enabled local warlords to forge a shadow economy that cuts right through the national level. By linking up local and global economic networks, the participants in this war economy are increasingly successful in blurring and dissolving the conventional distinctions between peoples, armies and governments. On the other hand, this war economy reflects the often-contested integration of the stratified Congolese market into the global economy.

For example, the eastern city of Butembo - an extended village of 300.000 inhabitants without electricity or running water - has been forced to shift its trading relations from Kisangani to the United Arab Emirates as a result of the war. Containers with all sorts of commodities are exchanged between Butembo and Dubai on a daily basis. During its visit to the region, IPIS researchers noticed cars with Arabian licence driving the city's dusty streets. Throughout the war, local Congolese traders have thus been able to link "some of the world's most remote areas to the technological heartland of metropolitan society"[26]. In turn, local rebels have been profiting largely from the taxation of this activity, which provides them with the necessary means and power to consolidate their presence. As a result, the war has given birth to a new political economy, which is essentially non-liberal and socially exclusive.

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[22] Belgian Senate, Parliamentary Inquiry Commission 'Great Lakes', hearing of journalist Marc Hoogsteyns, 17 May 2002
[23] Foreign Armies Exploit Congo's Riches, Sunday Independent (South Africa), 22 April 2001
[24] It should be noted here that the continuing presence of UDPF in Congo also involves an increasing military cost. With a defense budget which is still on the rise, Ugandan profits from Congolese resources have dropped considerably since its temporary boom in 1996-1997: in 1998, official gold exports dropped to 19 million USD, which is almost six times less than the previous year. In the following period (1999-2001), these exports never reached the same levels as during the first stage of the occupation: 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, New York, 12 April 2001
[25] Mark Duffield, Global Governace and the New wars. The Merging of Development and Security, London (Zed Books), 2001
[26] Ibidem

this context, it is not particularly useful to hold on to the rigid distinction between 'legal' and 'illegal' economic activity, as some observers to the war in DRC put forward[27]. While the terms 'shadow', 'parallel' and 'informal' economy have been used to define 'illegal' trade in 'legally' obtained goods, the constant interaction and shifts between various trade networks make that most commodity chains actually transcend the spectrum of legal and illegal activity.

This becomes even more apparent when we analyse the connection between the exploitation of Congolese resources and the proliferation of small arms in the region. As it will be argued in this report, this connection lays at the centre of the current war complex in DRC. It constitutes the drawing line of a vicious circle in which war has become a business, and business is used to wage war. On the one hand, the downsizing of the public sector - now infested by predatory rebels and their pseudo administrations - has led to an increasing privatisation of security. More and more, government armies have evolved into private commercial enterprises that are directed completely along individual lines. The Congolese rebel movements have increasingly taken the form of private criminal gangs, whose leaders are at the same time involved in the trade of resources as in the provision of security for the trade networks they support. They are organised on a strict hierarchical command structure, very often also on an ethnic basis. Fore example, the MLC of Jean-Pierre Bemba gathers his support in old Mobutu circles - which are mostly affiliated with the ethnic tribes of the Equatorial Province.

On the other hand, dubious non-state actors are increasingly monopolising the trade in Congolese commodities to destinations outside Africa. Very often, their activities involve the trafficking of arms, which further adds up to the vicious circle of murder and pillage. Very often, these actors also come from countries where the state monopoly on violence has been largely replaced by alternative forms of protection: the mafia, private military companies, etc… All these actors meet in the swamps of violent conflict, which serves as the ideal environment for their partnership. The result for the Congo is rather bleak: rather than evolving into a peaceful sovereign country, it is evolving into a state of pure banditry, infested by foreign military puppets and ruled by global organised crime.

The Study

The networks that contribute to this evolution will be the subject if this report. In the first instance, we will take a look at the country's current diamond economy. Far from giving a detailed account of the current exports and general trends - others have done this before us - we will take a look at one particular case study: the Victoria Group. As we will argue, this group has become one of the main channels of the war economy in DRC. It is led by the top command of the UDPF, it reflects a specific scheme of extraction and it is related to a closed network of diamond dealers who sell their war booty in the diamond trading centers outside Africa. As it will be argued, it also raises important questions about the implication of foreign actors such as the Ugandan army - which would have little interest in the DRC were it not for the willing co-operation of international private corporations to act as their commercial partners. Ghost companies such as Victoria are indeed illustrative of a larger trend that extends beyond the regional borders of this Central African conflict: they have become leading channels in an international "network war", a shadowy economy which is increasingly monopolised by individual military actors and their commercial allies.

A second network we will analyse is the so-called "Kazakh connection". This network is a clear illustration of the cutting edge between rebel movements in DRC and global organised crime. While local Congolese traders are increasingly marginalized by army agents, their place is increasingly taken over by criminal networks, which further erode the sovereignty of the Congolese state. In turn, these criminal cartels further contribute to the internationalisation of the conflict in DRC through their global operations in money laundering, financial fraud and tax evasion.

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[27] In its second report, the UN Panel on DRC left its rigid distinction between 'legal' and 'illegal' trading activities for the more practical concept of 'war financing'. Most important in this concept is to determine how and by whom the ongoing war is being financed: Addendum to the Report of the UN Panel of Experts on the Illegal Exploitation of Natural Resources in the DR Congo, 13 November 2001

Finally, the international dimension of the conflict becomes apparent when we analyse the connection between the trade in Congolese minerals and the illegal trafficking of arms. In a last case, we will present a complex network of arms dealers, aviation companies and diamond traders that has acted as a key partner of almost all warring parties in DRC. Through detailed research, it has become possible to disentangle one specific arms shipment from Eastern Europe to the city of Kisangani, which almost certainly involved a direct exchange for diamonds. Together, these cases indicate a dangerous and worrying network, that is likely to control the regional economy in the years to come.

Chapter 1:

Diamonds: The Hardest Currency

In the war over Congolese resources, diamonds are probably the hardest currency[28]. First of all, they can be obtained almost anywhere in DRC - from relatively inaccessible terrain to outright war zones. They are easily transported and represent the highest value-to-weight compared to any other mineral. Finally, local traders can sell them easily on the international market, passing poorly controlled borders in neighbouring countries and protected by a rigid 'omertá' of the business[29].

But while the DRC ranks amongst the biggest diamond producers of the world, it also remains one of the least developed countries. For example, the country officially exported 240 million USD in diamonds in 2000, while the government's total budget is only 223 million USD, or one tenth that of Antwerp - the biggest trading centre for African diamonds[30]. Like this, diamonds have become the ultimate expression of Mobutu's kleptocratic dream: to get rich quickly, without taking account of the collective loss for the Congolese population[31].

Since the beginning of the second Congolese war, diamonds have been favourite loot to all belligerents. Already in 1996-1997, Ugandan and Rwandan army officials were competing for the control over trading posts in Kisangani - the thriving diamond centre of eastern Congo. For example, the brother-in-law of Uganda's president Museveni Salim Saleh founded a trading post for the commercialisation of gold and diamonds in Kisangani, Caleb International (after Saleh's real name Caleb Akandwanaho). He also founded an aviation company (Air Alexander) that held a quasi-monopoly on all commercial flights in and out of eastern DRC. Today, diamonds are exploited across the entire occupied zone: in Tshopo district (Kisangani, Banalia, Basoko, Opala, Isangi) - occupied by the RCD-Goma; in Isiro and Haut Uélé (Dungu and Watsa) - occupied by the MLC, the RCD-ML, and the RCD-National; and in Ituri - occupied by the RCD-ML.

It is obvious that diamond flows from these regions completely escape official governmental control. Diamonds are exported in large quantities through surrounding countries such as Rwanda, Uganda and the Central African Republic (CAR), which in turn take a huge profit from this conflict trade. Before the recent peace deal between Jean-Pierre Bemba and the Kinshasa government, occupying forces in eastern DRC (including rebels) probably exported a 50 to 70 million USD a year in diamonds - or 10 percent of Congo's total diamondexports[32]. One of them, Jean-Pierre Bemba, until recently exported an estimated 1 to 3 million USD a month in diamonds and coffee through South Africa, Uganda and CAR - a country that represents as much as 100 million USD in illegal and conflict diamonds a year[33]. According to the UN, Rwanda and Uganda succeeded in exporting respectively 4.5 and 6.2 million USD in diamonds to Belgium from 1998 until 2001, although these countries do not hold any national diamond deposits[34].

Inadequate controls in the country's main diamond centers, massive smuggling, corrupt army officials who consciously turn a blind eye in exchange for a profit, all this adds up to the organised

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[28] Term from Christian Dietrich: Hard Currency. The Criminalized Diamond Economy of the Democratic Republic of the Congo and its Neighbours, Occasional paper #4, PAC-IPIS, June 2002
[29] The 'omertá' is a silence oath sworn by members of the Sicilian mafia.
[30] Christian Dietrich: Hard Currency. The Criminalized Diamond Economy of the Democratic Republic of the Congo and its Neighbours, Occasional paper #4, PAC-IPIS, June 2002, p. 3
[31] A booklet from Mobutu's era entitled Devenez Riche Rapidement (get Rich Quickly) advised the Zairian citizens to "liberate the mind of all doubts as to legitimacy of material wealth." It concluded: "A man is more of a man when he has more wealth." This philosophy - which holds some strong resemblances to other failed states such as Charles Taylor's Liberia - lays at the center of the political explosion in Zaire, where wealth accumulation among local strongman has proven a real threath against central authority: William Reno, Warlord Politics and African States, Colorado (Lynne Riener Publications), 1998
[32] Interview with diamond analyst Christian Dietrich, 12 August 2002
[33] Christian Dietrich, Hard Currency. The Criminalized Diamond Economy of the Democratic Republic of the Congo and its Neighbours, Occasional paper #4, PAC-IPIS, June 2002, p. 18-23
[34] Report of the Panel of Experts on the Illegal Exploitation of Natural Resources in the DR Congo, New York, 12 April 2000, § 100

chaos that makes the war in Congo such a profitable business. Except for the local Congolese, whose labour conditions in the diamond mines are unequivocally miserable. To work in the mines, the diggers have to buy a permit from the local rebel administration for 10 USD - an incredible amount for the poor Congolese farmers, who have often left their homes because of constant attacks by surrounding militias and soldiers. In exchange, they obtain a small parcel of ground, from which they have to dig diamonds for the local boss or "PDG" - often a Ugandan or Rwandan army officer who is assisted by younger militia members. The PDG sells his diamonds to the local 'comptoirs' (trading posts), which then commercialise them with their international partners in the surrounding countries. Some diamonds also pass the border directly, through the many smuggling networks that try to surpass the PDG's control. But smuggling is a risky business: the occupying militias and armies have set up control points on the strategic roads from the mines to the trading centers, and anyone who is caught with diamonds risks being shot immediately. More and more, the diamond trade in eastern DRC thus has become the monopoly of these brutal rebel militias, who continue to profit from the war in collaboration with their supporters in Uganda and Rwanda.

Case study: The Victoria group

A case in point of this conflict business is the Victoria Group. This company represents a specific scheme used by the UDPF for their looting activities. It is a ghost company - not mentioned in any commercial register - that represents the top of the Congolese rebel movement and its Ugandan supporters to commercialise resources from occupied territory.

Victoria is led by the son of president Museveni, Muhoozi Kainerugabe, along with Salim Saleh and his wife Jovia Akandwanaho[35]. Also, a clear link has been indicated between the Victoria Group and Museveni's right hand in DRC, Ugandan general James Kazini. Evidence put forward by the Porter commission demonstrates that Kazini issued a safe conduit for Victoria's diamond, coffee and gold exports from DRC as early as July 1999. That month, Kazini wrote a letter to several tactical headquarters of MLC and UDPF in eastern Congo in which he confirmed that "the company Victoria has the [sole] authorisation to do commerce in coffee, diamond and gold in the region under your command." He added, "Everything that concerns the payments of this company to assure its security will be treated directly by the general headquarters in Kisangani."[36]

Contrary to its political protectors, the commercial management of the Victoria Group has so far remained excessively vague. Reportedly, it is managed by a group of Lebanese traders who have a long tradition in the Congolese diamond trade. At the head of this group stands a certain "Mr Khalil". According to the UN, Mr. Khalil deals directly with the wife of Salim Saleh. He has two collaborators in the DRC based in Kisangani and Gbadolite - Mohammed Gassan and Mr. Talal - who have dealt on a regular basis with MLC and UDPF officials to control the region's diamond business. For example, in 1999 Khalil obtained a diamond concession from Jean-Pierre Bemba in Oriental Province in exchange for military fatigues and socks, which were all made in Uganda. Mr Khalil also helped Salim Saleh and his wife to obtain the control over the local diamond market in Kisangani, according to the UN Panel of Experts[37]. Eventually, this move laid the ground for the ravaging wars between Rwanda and Uganda in Kisangani in March and May 2000 (see frame).

Following the Kisangani wars, the Victoria Group has moved towards a less direct involvement in DRC. From June-July 2000 onwards, Khalil and his network have shifted their operations to the Ugandan capital Kampala - which has thus become a major centre for conflict diamonds coming from DRC. The extent of this operation became clear after a rather peculiar incident in July 2000. That month, a large sum of USD was stolen from a Lebanese diamond dealer on the road from Entebbe airport to Kampala.

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[35] Report of the Panel of Experts on the Illegal Exploitation of Natural Resources in the DR Congo, New York, 12 April 2000, § 80
[36] Transcript 'Judicial Commission of Inquiry into Allegations into Illegal Exploitation of Natural Resources in the Democratic Republic of Congo' (Porter Commission), Uganda, May-June 2002
[37] Report of the Panel of Experts on the Illegal Exploitation of Natural Resources in the DR Congo, New York, 12 April 2000, § 80, 89 and 122

The Kisangani Wars

In August 1999 - only a month after the signing of the Lusaka ceasefire agreement - a major battle took place between UDPF and RPA in the central Congolese town of Kisangani, resulting in the death of over six hundred troops and civilians. The primary motivation of this conflict were serious differences over the occupant's objectives and strategies. While Uganda wanted to mobilise the Congolese rebel movements to develop an alternative leadership in DRC, Rwanda intended to overthrow Kabila, who was arming its enemy Hutu militias. Although the immediate crisis was managed shortly afterwards, with Kagame and Museveni reaffirming their commitment to the Lusaka agreement and enabling their two proxies (the competing factions of the RCD) to sign that agreement, their armies clashed again in March and May 2000 - once more causing extensive destruction and the deaths of Congolese civilians.

Two years after the Kisangani wars, it has become apparent that the conflict was also related to the competition over Congo's diamonds. Under the direction of the Victoria Group, the UDPF had taken almost total control over the diamond market in Kisangani. The comptoirs operated by Victoria refused to report their exports to their Rwandan counterparts. Not surprisingly, this move led to a growing frustration amongst RPA officials, who were themselves trying to get hold of this lucrative business.

Sources: International Crisis Group, Uganda and Rwanda: Friends or Enemies?, 4 May 2000; Rwanda/ Uganda: A Dangerous War of Nerves, 21 December 2001; Report of the UN Panel of Experts on the Illegal Exploitation of Natural Resources in the DR Congo, 12 April 2001

A Mysterious Theft

On 14 July 2000, a Sabena passenger flight arrived from the Belgian capital at Entebbe airport in Uganda. On board was Nasser Murtada, a Lebanese citizen who had been active for some time as a courier in Antwerp's diamond business. In his pocket, he carried a sealed envelope containing 550.000 USD. The money came from an Antwerp diamond company called Nami Gems and was meant to finance a particular operation of the Victoria Group. Upon his arrival, Nasser was joined by Ismail Dakhlallah, another Lebanese diamond trader based in Kampala, who offered him a parcel of diamonds in exchange for the money. After the deal was done, Ismail jumped in his Toyota Land Cruiser and took off to Kampala with his driver and girlfriend. But their journey quickly got a sinister turn. Not long after Ismail had taken the direction of Kampala Road, he was stopped by a band of robbers and his money was stolen from him at gunpoint. In panic, Ismail called up his partners to inform them about his misfortune. Subsequently, they contacted the Ugandan police who noted their story in great detail.

The police report, which until recently has remained totally unknown to the public but of which IPIS was able to obtain a copy, could be vital in the analysis of the conflict diamond trade from DRC. Notably, it describes a complex network of conflict diamond dealers who have chosen the Ugandan capital to lead their operations in DRC through the Victoria Group. On the basis of this document and further research into this network, IPIS has been able to analyse - at least in part - the conflict diamond trade through the Ugandan capital Kampala. An excerpt from this police report will be provided in Annex 1.

A Global Network

A central person in this conflict diamond network is Khalil Nazzeem Ibrahim. The police report describes this man as a key representative of the Lebanese network that trades diamonds from DRC through Uganda. Most probably, this is the Khalil the UN and others have connected to the Victoria Group. In his statement to the police, Khalil Nazzeem says that he came to Uganda in 1999, the same year the Victoria Group was founded. His statement reads: "It was in January 1999 that I came to Kampala. I had a Lebanese restaurant along Kampala Road and I also do business of buying diamonds in Congo, especially in Kisangani, Buta and Bunia."[38] This phrase is vital to connect Khalil to Victoria's diamond operations. Interestingly enough, it colludes with a similar statement of Jovia Akandwanaho - the wife of Salim Saleh - to the Porter commission in Uganda. Asked about her dealings with Victoria and Khalil, Jovia declared that she used to have a Lebanese restaurant with this man in Kampala in 1999[39]. This certainly tells a lot about the way in which Uganda's elite has conducted its business strategies in DRC. From the moment they met in that restaurant, Khalil became Salim Saleh's key economic advisor to take control over Congo's lucrative diamond market. As we indicated earlier, Khalil entirely orchestrated the take over of the diamond trade by Victoria which led to the brutal wars between Uganda and Rwanda in Kisangani, and his associates have continued to deal with MLC and UDPF officials to control the region's business in diamonds, coffee and gold.

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[38] Uganda Police, Case File No. 40, 20 july 2000
[39] Transcript Porter commission, Uganda, May-June 2002. In closed circles, Khalil also acknowledges to work for Victoria: conversations with investigators and observers in DRC and Uganda, May-June 2002

Through the statements of Khalil and his associates to the Ugandan police, it becomes possible to partly clarify the operation mode of the Victoria Group in DRC and Uganda. According to Khalil's partner Ismail Dakhlallah[40] - the man that was robbed on Kampala Road - he works through a company called "Beccadi Limited" in Bugolobi (Kampala), along with another partner called Abbas Khazal. Both men used to be based in DRC "to buy diamonds in Buta, Kisangani," says Ismail Dakhlallah . This statement is only partially correct: the company Dakhlallah refers to is not called "Beccadi" but Picaddily Import Export, which has been trading in diamonds officially since 1983[41]. In this company, two more names appear as managers of the Victoria network: Hussein Ali Hamad and Nazih Ali Hamad. The former is a well-known person in the diamond business in DRC. According to specialist observers, Ali Hussein has played a major role in diamond and gold deals in Bukavu and Kisangani, where he used to have a comptoir until mid-2000[42]. Khalil also acknowledges to have worked with Hussein. To the police, he declares that "I used to send money through Hussein, and at times I go myself to buy the diamonds."

At the time of the robbery, the operation of Victoria had undergone a major shift. The wars in Kisangani between March and May 2000 clearly made it too dangerous to stay around, so Khaili called back his associates from DRC to start buying Congolese diamonds indirectly from the Ugandan capital. Subsequently, Khalil took Ismail Dakhlallah to Belgium, apparently "to show Ismail what to do as far as the business is concerned." In Belgium, the Victoria representatives then found their financial support with a company called "Nami James", according to Dakhlallah[43].

Again, the name of this company is spelled partially incorrect: it is not called "Nami James" but Nami Gems[44]. Nami Gems was incorporated in the commercial register in Antwerp on 23 January 1995. Its managers are Hemang Shah, a Belgian citizen of Indian descent, and his Belgian associate Roseline Mariette Lecluyse. When contacted by IPIS researchers, Mr Shah confirmed that he had supported the diamond deal with Khalil in July 2000, but he ended his partnership in Uganda after his money was stolen[45].

Accordingly, it remains difficult to estimate who currently finances Victoria's operations in DRC and Uganda. Until the time of writing, nor Khalil nor any of his Ugandan based associates have been available for comment to IPIS researchers. The manager of Nami Gems also refused any further comment. Nevertheless, there exists clear evidence that the same network of Lebanese traders is still active in Uganda, and that they continue to buy conflict diamonds that are financing the war in the DRC. It is very probable that these operations are conducted in complete illegality. If we follow the statements of Victoria's representatives, this one deal with Nami Gems (worth 550.000 USD) would already make up half of Uganda's official diamond exports to Belgium for the year 2000. That year, Uganda officially exported 1.263.385 USD to Belgium[46]. It is therefore very likely that the diamonds for Nami Gems were not declared in Uganda.

Ahmed and Mister Cash

Today, it appears that the Victoria Group has again shifted its operations in Uganda and DRC. Through conversations with investigators, customs officials and NGO's in these countries, IPIS has been able to identify two companies that are currently leading Victoria's diamond operations.

During their field trip to Beni (North Kivu) IPIS researchers found a diamond comptoir in the city centre with the rather exotic name "Ahmed and Mister Cash". At the airport, visitors are invited to the company's office with a colourful billboard saying "achat et vente de diamants". The office of "Mister Cash" lays on the main road, just a few meters from the Fédération des Entreprises Congolaises (FEC) - a respected association of Congolese business leaders. But unlike the FEC, "Mister Cash" does not gather that much appreciation from the local business community. Heavily armed UDPF soldiers, who controlled every move in and out of the front gate, subsequently refused our entry into the office.

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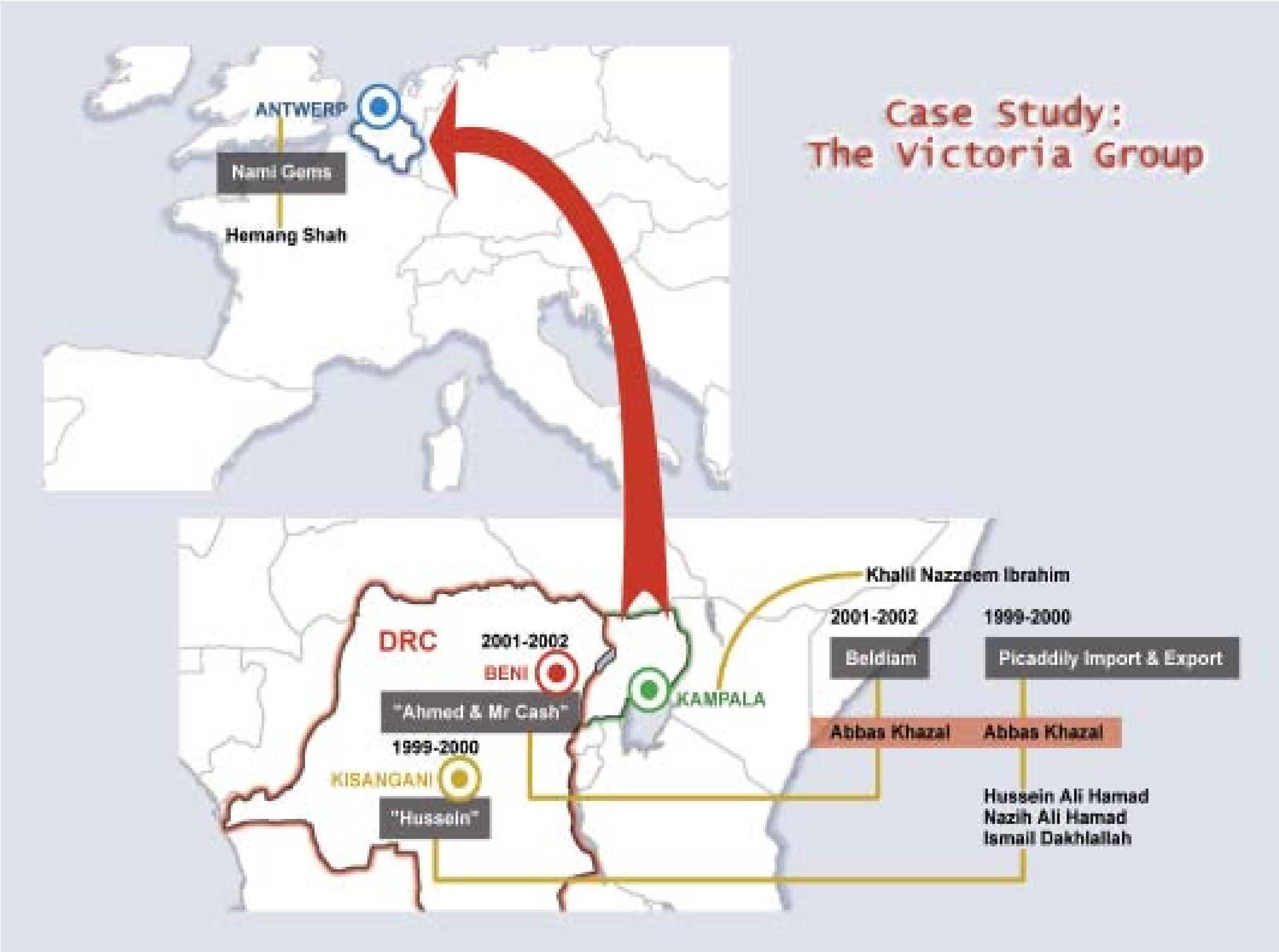
[40] Case File No. 1-2, 15 July 2000
[41] Picaddily Import and Export was incorporated on 28 October 1983 in Kampala: Uganda Commercial Register
[42] Report of the Panel of Experts on the Illegal Exploitation of Natural Resources in the DR Congo, New York, 12 April 2000, § 91; Conversations with Congolese researchers.
[43] Uganda Police, Case Files on 15 and 20 July 2000
[44] Belgian State Monitor, 29 February 1995, n° 176
[45] Telephone conversations with Hemang Shah, June-July 2002
[46] Report of the Panel of Experts on the Illegal Exploitation of Natural Resources in the DR Congo, New York, 12 April 2000, § 99



Various sources - including Beni's customs officials - confirmed to IPIS that "Mister Cash" is run by a certain "Monsieur Ahmed", who works for the account of the Uganda officers Salim Saleh and James Kazini and receives the protection of the local RCD-ML commander Kakolele. "Monsieur Ahmed", it is stated, is specialised in the purchase of diamonds from Kisangani, Buta, Bafwasende and Isiro, which are smuggled to his office in Beni by local Congolese. Typically, these diamonds are stuffed into bicycles or even swallowed by Congolese smugglers, to evade the many control points set up by the rebels. One of these smugglers confirmed to IPIS that he managed to bring thousands of USD in diamonds with his bicycle on a weekly basis. A paper issued by civil society leaders of North Kivu, of which IPIS has obtained a copy, even talks about a million USD in undeclared diamonds per week, which are brought to "Mister Cash"'s office[47]. While this sum is probably exaggerated, customs officials in Beni told IPIS that the leadership of the RCD-ML had explicitly forbid them to report the diamond exports of "Mister Cash" in their annual statistics. This lack of official documentation reveals the extent to which Victoria has taken control over the trade in Congo's resources. When IPIS checked the export statistics from Beni customs, it could not find any official diamond exports for the last two years. However, it is apparent that these diamonds still end up in Uganda, from where they are further commercialised to international destinations. From investigators and observers in DRC and Uganda, IPIS has learned that a company called Beldiam buys diamonds from "Mister Cash" in the Ugandan capital Kampala. Apparently, Beldiam is run from a room in Kampala's Sheraton Hotel by Abbas Khazal - the same man that used to work for Khalil in Picaddily Import and Export. To whom Abbas sells his diamonds today, remains a complete mystery.

[47] Société Civile Grand Nord, Point de Vue de la Société Civile du Grand Nord sur les Interventions Militaires de l'Ouganda en République Démocratique du Congo, Butembo, 12 mars 2002

Conclusion

To conclude, the activities of the Victoria Group clearly indicate the extent to which the UDPF is orchestrating the fight over Congolese resources. In particular, the alliance between a closed circle of Lebanese traders and Uganda's leading elite has made it possible to exit millions of USD in Congolese conflict diamonds to European destinations. Particular importance has to be given to Antwerp, where most of Congolese diamonds are sold, polished and cut. Along with Kampala, this city is certainly a main trading centre for conflict diamonds from the DRC.

It is clear that the revenue from these diamonds does not benefit the local Congolese: they continue to work in miserable circumstances and under the constant threat of a hostile army. Nor does this trade benefit the Ugandan regime: diamonds from the Victoria Group pass the border undeclared, to the sole profit of a limited circle of UDPF officials and their Congolese allies. As a result, the conflict in DRC is further privatised by a closed network of military actors, who pay no accountability to their state leaders about their commercial dealings and to whom the maintenance of insecurity has become a primary source of enrichment. It is therefore very likely that this network will continue to monopolise the trade in diamonds from eastern DRC. Since their operations are currently entirely run from Uganda, a UDPF withdrawal from the DRC will probably have no effect on their source of income. On the contrary, their monopoly will marginalize the Congolese traders even more, as they have no protection from their local leaders. As we will see in the following chapter, the same can be said for the trade in another Congolese resource: coltan.

Chapter 2

Coltan: The Black Gold

Unlike diamonds and gold, coltan does not look very impressive. This piece of black stone could be digged up from the mud almost anywhere in the world: from Congo to Nigeria and Southeast Asia. Coltan nonetheless represents one of the most precious resources of our time. In processed form, it is called tantalum. It used for the production of mobile phones, computers, jet engines, fiber optics and capacitors - the components that maintain an electric charge in a computer chip. But while this precious mineral has caused a stir on the international market, it has also become Congo's curse.

Coltan: presentation and uses

Coltan, or columbo-tantalite, contains two rare metals with similar atomic structures: columbium (niobium, Nb) and tantalum (Ta). Its high density and melting point (2996° C) make it an excellent element for the production of heath resistant super-alloys and capacitors.

Today, tantalum is primarily used for the production of capacitors in mobile phones, laptop computers, video camera's, playstations and automotive electronics. Tantalum also serves the aviation and atomic energy industries to make carbide tools for metalworking machinery as well as turbine blades for jet engines and power stations. Niobium is mostly used in heath-resistant steel and glass alloys in the construction industry.

Before it can be used, coltan needs to be refined. The tantalum or niobium are separated through a chemical reaction from their ore and transformed into a metal powder by a very small group of companies, including H.C. Starck (Germany), Cabott Inc. (U.S.), Ningxia (China) and Ulba (Kazakhstan). The biggest coltan mines are located in Australia. In DRC, coltan is mostly found in the two Kivu provinces and in Maniema.

At the end of 2000, a sudden demand for tantalum capacitators - the new generation of mobile phones was thrown on the global market - caused a veritable boom in prices for coltan. In no time, prices for processed coltan ore shot up from 30-40 USD/lb to over 300 USD in December. In Congo's Kivu provinces, this caused a veritable coltan rush. Equiped with a shovel and a tin, poor Congolese farmers left their farmland and went digging for coltan in the mining areas - many of which lay in the region's national parks of Kahuzi-Biega, Okapi Found Reserve and Virunga National Park. Apart from the terrible living conditions of the diggers, the coltan rush also had a desastrous effect on the region's wildlife. It is suspected that all 3.700 elephants and most of the 8.000 lowland gorilla's (Grauer's gorilla) in Kahuzi-Biega have been killed as a result of poaching from miners. In the highland area, all 350 elephants and half of the 258 gorilla's are gone[48].

The trade was quickly monopolised by the Rwandan army and its allies of the RCD. Aeroplanes stuffed with coltan flew directly from the mines in South Kivu to Kigali, where they were further transported to international destinations. In some instances, political prisoners were even imported from Rwanda to work in the mines as slaves. The RCD installed a trade monopoly in November, which creamed off the revenue of all coltan exports in their area. Together with the RPA, they have been exporting millions of USD in coltan from South Kivu ever since, most of which are reinvested in the war[49].

As we stated before, this strategy stands in opposition to the operation mode of the UDPF in Uganda. While Ugandan officers active in the minerals trade from DRC have remained entirely motivated by their personal enrichment, the Rwandan revenue is directed by a so-called Congo-desk, controlled by Rwanda's foreign intelligence service. According to IPIS estimates, the RPA made a 64 million USD profit through the Congo desk with coltan exports from DRC in the year 2000, and another 44 million in 2001. The latter are official figures[50]. 60 to 70 percent of these profits have been reinvested in the war[51].

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[48] Karen T. Hayes, Coltan Mining in the Democratic Republic of Congo: the Implications and Opportunities for the Telecommunications Industry, Fauna and Flora International, 14 January 2002
[49] For more details, see: Tim Raeymaekers and Jeroen Cuvelier, Contributing to the War Economy in DRC. European Companies and the Coltan Trade, IPIS, 14 January 2002
[50] Figures quoted from The East African newspaper, 18-24 February 2002
[51] Belgian Senate, Parliamentary Inquiry Commission 'Great Lakes', hearing of journalist Marc Hoogsteyns, 17 May 2002

2.1. Private Complicity

The interest for Congolese coltan from foreign armies and belligerents would not have risen to such heights without the willing cooperation of the private sector. During the coltan 'boom' (November 2000-March 2001), various European and American enterprises came to DRC to buy huge amounts of coltan, and subsequently sold them on the international market (cf supra: introduction).

Today, this context has somewhat changed. As a result of falling prices since March 2001, the interest for Congolese coltan has gone down considerably. A number of companies such as the American Cabott decided to leave DRC, or simply refuse to continue importing coltan from this country. For example, the German processing company H.C. Starck - the main destination of coltan from DRC[52], announced that it had stopped importing coltan from that country in August 2001[53]. The company also announced their support of a wildlife NGO in the region, the Dian Fossey Gorilla Fund, and promised its participation in an international conference in South-Africa to discuss "how raw material extraction and trade can be more closely harmonized with the needs of the local population and the ecosystem."[54] Another company, the Dutch-American joint venture Eagles Wings Resources - however still active in DRC - has partially moved its scope to Rwanda, where it is planning to work with mining cooperatives and the Dutch development agency SNV, to initiate an ecologically viable exploitation of its coltan reserves. None of these initiatives have thus far taken a full realisation.

In the meantime, the situation in Congo is worsening. In an interim report issued in May 2002, the UN Panel on DRC claimed that, despite the sharp decrease in prices, the (illegal) trade in coltan from DRC "is continuing" and is being "consolidated in many areas."[55] This consolidation increasingly takes the form of a total control over the local trading posts and mines by the RPA's local straw men. In a preparation of its final withdrawal from DRC, the Rwandan Army thus seems to concentrate its entire effort on colonising the subsoil of its western neighbour. The result is that local Congolese traders are even more marginalized than before, because they do not benefit any more from their position between local miners and international companies based in Kigali. Instead, the aeroplanes with coltan fly directly from the mines to the Rwandan capital, as one observer noted to IPIS: "Airplanes with coltan do not make a stopover any more in Goma or Bukavu [the main trading centers for coltan in Kivu]. They now go directly to Kigali… Even when it is clouded, we hear them flying over the cape towards the Rwandan capital."[56]

At the same time, the Congolese farmers who have left their fields to dig coltan are blocked at the mining sites, waiting for better times to come. At the site of Kamina, an old coltan concession in South Kivu, an approximate 30.000 miners are currently living in the worst circumstances, sleeping in tents and surviving on largely overpriced goods that are sold to them by their camp leaders. This situation colludes with our findings about the diamond sector in North Kivu, where Ugandan army officers are increasingly taking the control over the local trading networks, and local miners keep on supplying them with smuggled diamonds in the hope to escape their ever worsening living conditions. The following case study will analyse this trend in greater detail.

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[52] Klaus Werner & Hans Weiss, Schwarzbuch Markenfirmen. Die Machenschaften der Weltkonzerne, Wien (Deuticke Verlag), 2002
[53] Press release on: http://www.hcstarck.com/press
[54] Ibidem
[55] Report of the Panel of Experts on the Illegal Exploitation of Natural Resources in the DR Congo, New York, 22 May 2002
[56] Conversation with anonimous observer from Bukavu, 12 August 2002

Case Study: The Kazakh Connection

The following story was told by the Italian journalist Massimo Alberizzi after his return from the Kivu: "In Butembo there are five companies that buy coltan from local miners; they are all in the hands of ex-Soviet citizens: Russians, Kazakhs, Uzbeks. Anatoly works in one of them, called Conmet. He doesn't speak a word of English and during the interview he is constantly assisted by his son Ulad. He answers the questions with courtesy but remains evasive. He doesn't want to tell his last name, nor who are the managers of Conmet: 'It belongs to Kullinan Finance Investment, a Ugandan company,' he says. 'We sell to South Africa, Kazakhstan and Germany'. How Much? 'Some fifty tonnes a month.' It's inutile to ask him how many miners are working for them."[57]

Russian criminal groups have been familiar with Congolese minerals for some time. During the coltan boom, trading centers such as Butembo and Beni were suddenly visited by ex-Soviet citizens who all seemed very interested to get a stake in the coltan business. Conmet set up a comptoir on the main road in Butembo in 2000 to buy coltan from local miners. It is run by two Russian citizens from South Africa who lead their operations from the Ugandan capital Kampala: Valentina and Alexei Piskanov. Their network is extremely indicative of the close connection that currently exists between mineral traders, corrupt Congolese officials and organised crime (see frame).

A remarkable aspect of the Russian trading companies in DRC is their close connection to Kazakhstan. This is not all that surprising, because Kazakhstan owns a well-known processing plant for coltan: Ulba Mechanical Works was once the most performing industry in the Soviet Union for the production of tantalum and beryllium ingots. Currently, it has a capacity of 250 million tonnes per year[58]. Ulba is partially government owned. It is led by the former vice-president Vitaly Mette, who has led the country's privatisation drive during the 1990's[59]. One of the sectors that became privatised was the processing of coltan.

In 1997, Ulba Mechanical Works concluded a long-term contract with the Swiss company Finconcord for the provision of all their raw material and the sales of their tantalum based end products on the world market. Finconcord is owned by Chris Huber, a Swiss German and personal friend of Ulba's director Vitaly Mette. But the contract between Ulba and Huber did not last very long. In 1999, he was

Van A. Brink and the African Reserve System

Valentina Piskanova first appeared in June 1999 on a futuristic contract for a central banking system in eastern Congo. Signed by the leader of the RCD-ML Wamba-Dia-Wamba, Willy Mishiki and a man called Van A Brink, it proclaimed a structural agreement with the African Union Reserve System (AURS) to set up a new monetary system in eastern Congo, including the issuing of a new currency. This system was to be backed by the country's considerable diamond and gold reserves. There was only one problem. The chairman of the AURS, Mr van A Brink, was known as a notorious swindler. During the 1990's, he was suspected of laundering millions of USD from the First International Bank of Grenade - which were now going to be invested into a non-existant government. Not surprisingly, Wamba got criticised for "selling the country's sovereignty" by his opponent Jean-Pierre Bemba. Thanking Bemba for bringing this to light, Wamba eventually cancelled the deal and refused to further negotiate this "fraudulent practice".

In 2001, Valentina Piskanova appeared in a documentary in the compagnon of her Russian partners and Willy Mishiki in a villa in Kampala, where they are planning their stake in the DRC's coltan business. Mishiki, a self-proclaimed prince of the Congolese village Walikale and a former Agriculture Minister under Mobutu, promised to provide them with the necessary back-up to develop their operations in DRC, while the Russians would assure the sales of coltan supplies to a processing plant in Kazakhstan: Ulba Mechanical Works. But since prices for coltan went down shortly after the agreement, the Piskanovs left Butembo and are now awaiting better conditions for their return. For Mishiki, the story ended with a blow. Beginning 2002, he already got questioned on his arrival in the US on suspicion of money laundering. On 27 June 2002, he was finally arrested in Belgium while he was trying to change 300.000 euro worth of false CFA notes. Along with two other suspects, Mishiki is currently staying in a state prison near Brussels.

Sources: Offshore Business News and Research; Le Soft International, 14 January 2002, Het Nieuwsblad, 28 June 2002

[57] Massimo Alberizzi, La guerra del minerale misterioso. Migliaia di morto in Congo per il Coltan, la sabbia nera 'piu preziosa dell'oro', in Corriere della serra, 26 April 2001 (author's translation)
[58] See website of the Ulba plant at: http://www.pjsc-ulba.com/eng/
[59] Foreign and Commonwealth Office, Research and Analitical Papers, 'Kazachstan's regions', London, May 2000, p. 22-23

forced to leave Kazakhstan as a result of a judicial inquiry into tax evasion. The Kazakh court revealed that his company Finconcord had evaded almost 1,5 million USD in taxes and overdue salaries. Subsequently, all the company's assets were confiscated. Nevertheless, Finconcord has continued to operate under another name, Finmining Ltd. Finmining is an offshore company registered in the tax-free haven of Saint Kitts. On the same address, Chris Huber set up a third company that trades coltan from DRC: Raremet Ltd. All these companies have been proven to buy coltan from the Rwandan Patriotic Army[60].

The Swiss Millionaire

In April 2002, the Swiss journal L'Hebdo published a story in which it revealed that Finconcord had not ceased its operations as was generally believed. In fact, its Geneva office was still run by the same people by which it had been founded: Chris Huber, Gregory Connor - a Geneva based lawyer - and Semion Briskin - a Russian citizen with official residence in Berlin[61]. According to the Swiss commercial registry, the managers of Finconcord were appointed on 24 July 1997 with a capital of 100.000 Swiss francs (67.000 USD)[62]. The president of the company was the Russian Semion Briskin.

Russian judicial authorities hold Semion Briskin responsible for the theft of at least 8 million USD from a petrochemical plant in the south-Russian city of Angarsk (Irkutsk region). According to judicial sources quoted in the Russian press, Mr Briskin set up a company in the early 1990's to transport the products of several petrochemical and coal companies in Russia. It was called Petra Corporation. Later on, Petra Corporation directed these companies to their bankruptcy by deliberately inflating the prices for the transportation of its products. An investigation by the Interior Ministry - later joined by the regional Public Prosecutor, the Federal Fiscal Police, the regional service for the combat against organised crime (RUBOP) and the Russian intelligence agency FSB - reported a total loss of approximately 41 million USD for the Angarska plant. This operation was made possible through the use of false transaction documents[63].

Additionally, Russian investigators discovered another deposit to the Petra Corporation in 2001, this time by the "East-Siberian Kombinat". Again, this sum - a rough 80 million USD - did go unnoticed in Petra's book keeping. Finally, a second branch of Petra was discovered in Virginia in the US: Petra Group Ltd. According to the Russian investigators, this branch was used by Petra in Moscow to channel off the dept of the Angarska plant and escape tax duties in Russia for a total sum of 177 million USD. Nevertheless, in the midst of this investigation Briskin managed to escape his country to Europe. According to the same sources, he left Russia in 1999 to "Germany or Spain"[64].

Whether Semion Briskin and Chris Huber were already collaborating before the Russian investigation remains a mystery. What is clear though, is that from 1997 onwards this duo has developed a close partnership, which covers a business empire of global dimensions. Apart from their companies in Switzerland and Saint Kitts, Briskin and Huber reportedly have contacts in Kazakhstan, Germany, Russia, the US, Central Africa and even Southeast Asia. Contacted by IPIS in 2001, the manager of a Hong Kong based company, Pacific Ores, admitted to have done business with Chris Huber in the past[65]. But the duo's main base appears to be Kazakhstan. Here, "the Swiss millionaire", as Briskin is locally called, has thrown himself into the country's lucrative resources business. The same year he concluded his contract with Ulba and Vitaly Mette, he bought a rare metal factory called Beligorskii GOK in western Kazakhstan[66].

The constant attention from Russia did not remain unproblematic for Briskin though. In 2001, an Ukranian journal reported that he had tried to obtain citizenship in Israel. But his entry was refused because of his reported malversations in Russia[67]. Since then, Semion Briskin is reportedly staying on the French Riviera, together with his partner Chris Huber[68].

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[60] See: Contributing to the War Economy. European Companies and the Coltan Trade, IPIS, 14 January 2002
[61] Michel Beuret & Cathy Macherel, Congo: le sale trafic d'un Suisse, L'Hebdo, 4 April 2002
[62] Swiss Commercial Register, Finconcard SA, ID-No. CH1-000-363-288
[63] Andrei Semionov, "Clean-up in Irkutsk. Governor declares war to criminality": Nezavisimaya Gazeta, 28 April 2000 (article in Russian)
[64] Rossiskaya Gazeta, 21 August 2001
[65] Interview with Alan Crawley, manager of Pacific Ores, 22 April 2001.
[66] Kazakh journal Plemia, 30 August 2001
[67] Odessa journal Porto-Franco, 25 May 2001
[68] Conversations with traders and the Monaco police, June-August 2002

Conclusion

The cases of Finmining and Conmet clearly illustrate the problematic nature of the coltan trade from DRC today. Since almost all international companies have left the country because of falling coltan prices, the market is increasingly taken over by shadowy actors, who have managed to become the key commercial allies of the local military strongmen. In turn, military actors increasingly monopolize local comptoirs and Congolese traders are completely ripped of their source of income. The 'Kazakh connection' shows an aspect of the war in DRC that demands uttermost attention. With the active participation of the Kazakh government, criminal cartels seem to have initiated a shameless monopolisation of eastern Congolese coltan. Their strong alliance with foreign military actors entails a great risk for a deepening privatisation and internationalisation of the conflict. At a time of heightened demand for this strategic product, the Congolese coltan market has fallen prey of these networks, which further erode the country's sovereignty and wipe out the hopes for a viable peace.

. 31 May 1993:
foundation of Petra Corporation (Russia).

. 1993-1995:
several transport contracts between Petra Corporation and the Angarska petrochemical plant (Russia).

. 24 July 1997:
foundation of Finconcord (Switzerland).

. 1997:
contract of Finconcord with Ulba Mechanical Works for the provision of raw material and sales of tantalum based end products (Kazakhstan).

. 1997:
Semion Briskin buys rare metal factory Beligorskii GOK (Kazakhstan).

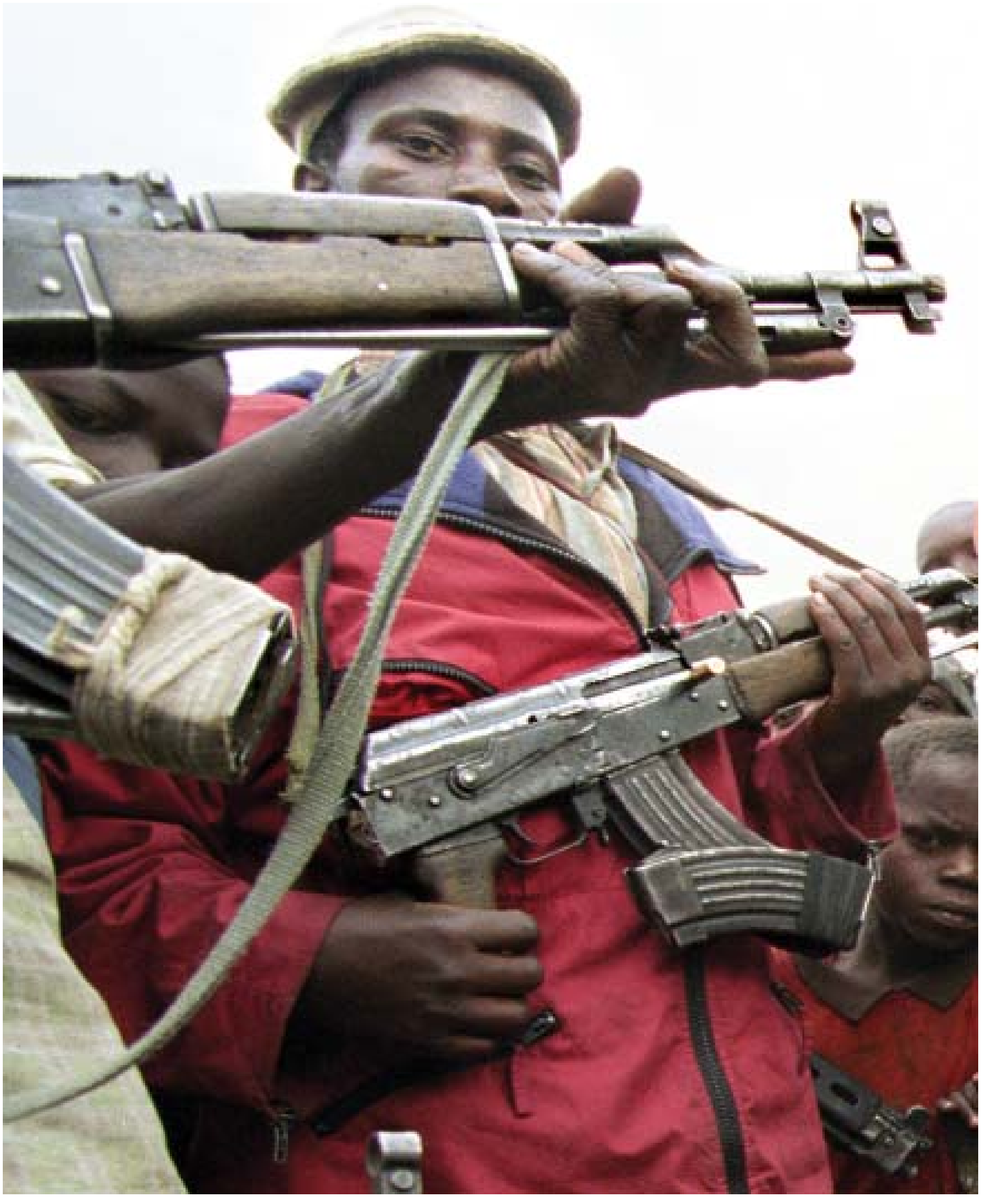
. 1998:
Finconcord/Finmining buys coltan from trading post in Rwanda.

. 2000:
buying contracts between Rwandan based trading posts and Raremet.

. 1999:
Interior Ministry investigation into tax evasion and forgery of Petra Corporation (Russia).

. 1999:
Semion Briskin escapes to Germany or Spain.

. April 2000:
Russian investigation into Petra Corporation joined by the regional Public Prosecutor, the Federal Fiscal Police, the regional service for the combat against organised crime (RUBOP) and the intelligence agency.



Chapter 3

Arms: The End of the Chain

One aspect of the "network war" that has not been discussed in the previous chapters is the trade in small arms. In this chapter, we will provide a preliminary outline of our research into the arms trafficking networks in the Great Lakes region. Our focus will be mainly on a specific deal, which involved the direct exchange of guns for diamonds[69].

3.1 The Great Lakes: Destination of Global Arms Flows

The small arms trade is a phenomenon that defies definition. First, there are both legal and illegal transfers of small arms. 'Ilegal' arms transfers are commonly explained as those that occur outside the control, or against the wishes, of exporting states[70]. In this context, it is important to note that most arms transfers to the Great lakes region do not constitute a violation of international law. Of all the participants in the DRC conflict, only the Angolan UNITA (until recently) and the Rwandan Interahamwe are subjected to a UN embargo. A European Union embargo exists against Zaire (later DRC) since 1993 and against Zimbabwe since 2000. Second, some international institutions have issued agreements that are commonly classified under the concept of international 'soft law': they are mere principles that may or may not develop into an international law in the future but are essentially non-binding. A strong call against arms transfers to conflict regions has been forwarded by the European Code of Conduct for Arms Exports. It invites member states not to authorise any exports that are "susceptible to provoke or prolong armed conflicts or aggravate tensions or conflicts in the country of destination." Another 'soft law' initiative that has gathered the EU's support is the ECOWAS-moratorium on small arms in West Africa[71]. This moratorium acquired a new dimension lately when a group of East and Central African countries (including Burundi, DRC, Uganda and Rwanda) signed a declaration against the proliferation of firearms in the Great Lakes region[72].

While these initiatives portray a real ambition of states to curb the proliferation of small arms in Africa, they just cover a small part of the problem. The reason is that they only refer to legal arms transfers. For most African countries, these constitute but a minimal part of their real imports. Legal transfers of weapon systems to the participants in the Great Lakes conflict from 1998 to 2001 include 86 systems to Angola (55 battle tanks T-55 and 1 T-72, 18 Mig-23 fighter jets, 5 multiple rocket launchers, and 7 armoured personnel carriers), 12 armoured personnel carriers to Burundi, 18 artillery systems to the DRC (including 1.000 rounds of ammunition), 73 systems to Namibia (one patrol craft, 24 140 mm artillery systems, 2 Mi-8 and 2 Mi-24 helicopters, 30 Werewolf anti-mine vehicles and 4 photo recognition aircraft), 14 armoured personnel carriers to Rwanda, 35 Mig jets, 90 T-54 tanks and a mine clearing vehicle to Uganda and 29 systems to Zimbabwe (23 armoured carrier vehicles and 6 surveillance aircraft). Countries or nationals that have legally provided the Great Lakes region with weapons or military assistance since 1998 include the Russian Federation (to Angola and Uganda), Kazakhstan, Belarus, Ukraine, Slovakia (all to Angola), France and Italy (to Uganda), South Africa (to Rwanda, Burundi, Namibia, Zimbabwe and Angola), China (to Kinshasa, Uganda and Rwanda), Poland (to Uganda and the DRC), North-Korea (to the DRC) and the US (to Zimbabwe, Angola and Rwanda)[73].

A much bigger problem is the illegal trade in small arms. This trade involves a complex spectrum which ranges from 'grey' deals, where arms are bought legally but are later diverted illegally to conflict zones to outright sanction busting, where stocks of weapons - mostly surplus stocks of the Cold War - are immediately sold to sanctioned military actors. An example of the former was the illegal sale, in 1999, of a portable missile system originating from Burgas (Bulgaria) to Harare (Zimbabwe) via Belgium (a signatory to the EU arms embargo against the DRC), which was used by the Zimbabwean Defence Forces in DRC[74].

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[69] A more detailed analysis of the trade in small arms to the Great Lakes region, both legal and illegal, will be included in the second report.
[70] Lora Lumpe ed., Running Guns. The Global market in Small Arms, London (Zed Books), 2000, chapter 2
[71] Jeroen Cuvelier, De Europese Unie en Centraal-Africa: wapenbroeders of vredespartners?, Pax Christi, 6 July 2001
[72] East African Standard, 9 August 2002
[73] The Military Balance, 2001-2002, International Institute for Strategic Studies, Oxford (Oxford University Press), 2001
[74] UK firms in African Arms Riddle, The Observer, 31 January 1999

3.2. The Role of Brokers and Shipping Agents

One aspect which makes this trade so difficult to monitor, say Johan Peleman and Brian Wood in the Arms Fixers, is the role of the middlemen - the brokers and the shipping agents who arrange the shipment of military equipment[75]. This aspect will be the subject of this chapter. Since the beginning of the 1990's, the role of these brokers has become ever more important. The liberalisation of the market, along with the opening of massive Cold-War surpluses has contributed to a massive increase in gun running practices. It is a problem that lacks sufficient information, and with which governments have not yet come to full grips. Nonetheless, it has become a natural part of every war complex on the African continent, including the region of the Great Lakes. Numerous examples exist about the buying of weapon systems by Central African states from these brokers. Often, these middlemen control the aviation businesses that are so essential to the logistics of armies and rebels. Very often also, these arms contracts provide a means for the arrangers - mostly high placed military officials - to generate incomes for themselves through the issuing of large commissions. For example, in 1998-1999 UDPF commander Salim Saleh got involved in a number of fraudulent purchases of military equipment for the Ugandan army, which involved the payment of illegal commissions. In one such case, Saleh reportedly cashed in a bribe of between 800.000 and 1.300.000 USD for the procurement of four Mi-24 helicopters from Consolidated Sales Corporation, a company registered in the Virgin Islands (see frame). Although he has always denied these allegations, a high-placed source within the Ugandan judiciary assured the author of this report that Saleh effectively received this bribe from CSC. The source acknowledged that it is hardly possible to trace this money since Saleh immediately reinvested it in his businesses in northern Uganda[76].

In spite of these reports, Salim Saleh was never punished for the purchase of this disfunctional military equipment. Apart from a temporary removal from his post for "indiscipline", president Museveni never took any sanctions against Saleh for his numerous frauds[77].

As a result, this purchasing strategy has further consolidated the role of army commanders in the war economy. Their strong connection with important arms brokers has led to an increasing privatisation of the war effort in DRC, which is enforced by the involvement of some of these middlemen in the minerals trade. Through the sale of arms to rebel chiefs and army leaders, they are assured of their local involvement in the exploitation of precious resources such as coltan and diamonds. In turn, these resources provide the income for the military actors to secure their power. The following case study will provide an analysis of one of the leading arms trafficking networks in the Great Lakes region, which has a strong connection to the region's trade in coltan and diamonds.

Consolidated Sales Corporation

Consolidated Sales Corporation (CSC) was introduced to the Ugandan Defense Ministry by Salim Saleh in November 1996. After negotiations with the company's manager, the latter agreed that the first two of four optional helicopters would be fully overhauled before delivery to Uganda. But when the equipment arrived in early 1998, UDPF discovered that it had not been overhauled as agreed and that the price for the choppers had been increased by at least 60 percent.

An independent assessment (by Haines helicopters from South Africa) revealed a financial scam, which had led to the loss of millions of USD of Ugandan taxpayers' money. While each of the four helicopters cost 1.5 million USD, the brokers of CSC and several high placed Ugandan officials - including Saleh - had agreed a total sum of 12 million USD, or four times the normal market price. By that time, the Ugandan government had already lost 6 million USD in the form of promissory notes for the two remaining helicopters in Belarus.

Sources: Wood & Peleman, 1999; AFM, June 1999; New Vision, 24 January 1999; East African, 29 August 2000; Monitor, 20 April 2001; Monitor, 11 May 2001

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[75] Johan Peleman and Brian Wood, The Arms Fixers. Controlling the Brokers and Shipping Agents, Oslo (PRIO), 1999

[76] Interview with anonimous official in Uganda, 25 March 2002

[77] In February 1999, a Committee was set up by president Museveni to investigate allegations about bribery into the procurement of military equipment for the UDPF. The commission reported rampant corruption in a number of unrelated areas in which Salim Saleh performed a central role. A central case investigated by the Parliamentary Committee was the fraudulent purchase, by Salim Saleh, of the UCB bank in Uganda. Following these reports, the Criminal Investigations Department (CID) finally opended a criminal file on Salim Saleh in the course of 1999: The Uganda Review, January 1999

3.3. The network of Victor Bout

Prominence has to be given to the arms trafficking network of one particular man: Victor Vassilyevich Bout. This Russian arms broker is under investigation by Interpol and various Western countries for his complex network of over 50 planes, several airline companies, cargo charter companies and freight-forwarding companies that 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 Angola.

Today, clients of Bout's companies include Angola, Cameroon, CAR, DRC, Equatorial Guinea, Kenya, Liberia, Libya, Congo-Brazzaville, Rwanda, Sierra Leone, South Africa, Sudan, Swaziland and Uganda. In the DRC, Bout's planes have been transporting arms, diamonds and coltan to Congolese rebel movements such as the MLC and the RCD. For example, in the spring of 2001 a Belgian journalist discovered two airplanes of Viktor Bout carrying the registrations 9T-ALC and MLC - both unknown to international aviation authorities. Possibly, they constituted the first registrations for the territory held by Jean-Pierre Bemba, since ALC and MLC are the acronyms for his "Armée de Liberation du Congo" and "Mouvement de Liberation du Congo"[78]. IPIS's own research has learned that these aircraft have been flying between Uganda and DRC at least until November 2001.

Bout is also deeply involved in the Central African minerals business. According to Human Rights Watch, one of his companies organised flights between Central African Republic, Kisangani, and Kigali carrying weapons, timber and precious stones in 1999[79]. When coltan prices skyrocketed at the end of 2000, Bout's planes transported coltan from DRC to Uganda, Tanzania and Kenya, according to one Spanish newspaper[80]. In the same period, one of Bout's aircraft was observed to be transporting coltan for the Rwandan colonel James Kabarebe, who served as a facilitator for some of commercial deals between Viktor Bout and the Rwandan Patriotic Army[81].

Victor Bout: Merchant of Death

Victor Vassilyevich Bout, alias Victor Butt, was born in 1967 in Dushanbe, in the Tadjik Republic (Soviet Union). As a former KGB agent in Angola, he has been very quick to adapt himself to the growing international scrutiny to his business. Since the mid-1990's, Bout's companies have shot up like mushrooms to shield his lucrative arms dealing network. In 1995, he set up an airline company called Trans Aviation Network at Ostend airport in Belgium, together with the Belgian pilot Ronald Desmet. The airplanes of this company were registered in Monrovia (Liberia). Involvement in arms smuggling was first evidenced in 1997 when an insider revealed that Ronald Desmet paid Air Cess pilots 10.000 USD (in addition to their usual salaries) for each flight carrying arms and munitions, mostly intended for the Taliban and the Northern Alliance in Afghanistan. A judicial investigation into the company's activities in Belgium made Bout move his business to the United Arab Emirates airport of Sharjah, where Air Cess still has its official company address. Currently, Viktor's brother Sergey heads the company.

Little after the closure of its Ostend offices, the company Air Cess Swaziland was set up. This company operates from the airport of Pietersburg in South Africa. Together with a local consortium, it set up a new entity called Air Pass. In 1998, Bout founded his company Cessavia, registered in Equatorial Guinea. In 2000, the CAR initiated an investigation into fraud concerning the registration of an aircraft operated by Centrafricain Airlines, also controlled by Viktor Bout. Since then, the operations of Victor Bout have remained unclear, besides his dealings with Sanjivan Ruprah in Liberia (cf infra). After September 11th, he has been accused of supplying Islamist terrorists with arms, but so far there exists no public evidence to this allegation. Today, Victor is staying alive and well in Moscow, where he claims his innocense and says he is "just a businessman".

Sources: Various press reports; Report of the Panel of Experts appointed pursuant to Security Council resolution 1306 (2000), paragraph 19, in relation to Sierra Leone', New York, December 2000; Letter dated 26 October 2001 from the Chairman of the Security Council Committee established pursuant to resolution 1343 (2001) concerning Liberia addressed to the President of the Security Council, New York, 26 October 2000

3.4. Mr Sanji, Master in Mysterious Arms Deals

A close associate in these deals is Sanjivan Ruprah. This 36-year-old Kenyan of Indian origin has a long history of minerals exploitation in Africa. In the beginning of the 1990's he worked in close co-operation with Branch Energy, a British mining company connected to the private military company Executive Outcomes. Amongst others, Branch

[78] Knack, 16 May 2001
[79] Human Rights Watch, Angola Unravels. The Rise and Fall of the Lusaka Peace Process', 1999
[80] Un traficante de armas con carné del KGB, El Pais, 2 September 2001
[81] UN Report on the Illegal Exploitation of Natural Resources in the DR Congo, New York, 12 Aprill 2001, § 91

Energy owned diamond-mining rights in Sierra Leone, and introduced Executive Outcomes to the government there in 1995. Eventually, his connection with Branch Energy brought 'Mr Sanji' to Kinshasa. He set up several contracts with the mining venture of Laurent Kabila in 1997-1998 for the exploitation of gold, diamonds, copper and coltan. In August 1998, he left Kinshasa after the country was invaded by Rwanda and Uganda. Since then, he has been a close associate of the Rwandan Patriotic Army and the Rassemblement Congolais pour la Démocratie in the east of the country. Like Victor Bout, he is a close friend of the Rwandan colonel James Kabarebe. In a political move to secure his interest, Ruprah even married the sister of Adolphe Onusumba, the leader of the RCD. This friendship assured him of a practical monopoly on diamond exploitations in Kisangani, where he owns a mining concession of 4000 square kilometres at the diamond area of Banalia, producing approximately 18.000 carats a month[82].

Ruprah is also known as an arms broker. Through Branch Energy, he got in touch with a former colleague from Executive Outcomes in South Africa, Roelf van Heerden, with whom he supplied arms to the DRC and Rwanda. In Kenya, he operated an aviation company with the son of president Arap Moi called Simba Airlines, until investigations into financial irregularities forced the company's closure. But Sanji's main base has been Liberia, the haven of organised crime run by president Charles Taylor. Here, his directorship of the Liberian aircraft registry has enabled him to cover his illegal dealings in diamonds, minerals and guns. In its November 2001 report, the UN Panel of Experts to Liberia established that Ruprah organised four arms flights to Liberia in the summer of that year, which included several tonnes of ammunitions, anti-tank and -aircraft rockets, machine guns and helicopter parts. All these flights were organised in close cooperation with the network of Viktor Bout. It stands without doubt that a part of these weapons was transferred to the RUF in Sierra Leone[83]. Despite a UN travel ban in May 2001, both men have been able to move freely, and continued their dirty business without sanctions.

Things changed after the arrest in Italy, in June 2001, of another established crime boss: Leonid Minin, a head of the Ukranian Odessa clan. The Italian police discovered 1.500 documents establishing a close connection between his arms business and the Liberian timber industry, in which Ruprah has a large stake via the Oriental Timber Company (OTC). UN Experts demonstrated how OTC paid 500.000 USD via Sanjivan Ruprah to San Air, one of the companies of Victor Bout. Since then, British and American intelligence agencies have been keeping a close eye on Sanjivan's moves in Belgium, where he was living with his wife. It was there that the Belgian police eventually arrested him in February 2002, and accused him of travelling on a false passport and membership of a criminal association. At the same time, the Belgians also issued an arrest warrant for Sanjivan's friend and master Victor Bout.

The international press was very quick to connect Sanjivan Ruprah and Victor Bout to the 11 September events in New York. Recalling his dealings with the Taliban in the mid-1990's (cf frame), the Los Angeles Times stated that Sanjivan had given the CIA information about Victor Bout's operations for the Islamist terrorist network Al Qaeda[84]. However, until today no hard evidence has been put forward to prove these operations. Sanjivan's lawyer in Belgium, Mr Luc De Temmerman, accused the LA Times of calling out a veritable 'Western fatwa' against Ruprah. He nevertheless acknowledged that Ruprah had informed American intelligence officials about Al Qaeda. De Temmerman also confirmed that Ruprah and Bout had been cooperating in Africa and that both men still maintain "excellent business relations." Another interesting detail revealed by Ruprah's lawyer concerns the outstanding debt of the RCD rebels and the Rwandan president Paul Kagame. According to Ruprah and his lawyer, Kagame still owes Bout 21 million USD "for the leasing of aircraft and the looting of the Congolese soil."[85]

In March, Ruprah was left free on bail - reportedly for the sum of 75.000 Euros - only to be arrested again in Italy a little later. On 2 August 2002, the Italian police in Cremona stopped him, just a few miles from Milan, carrying a false Belgian passport under a Pakistani name, along with 10.000 Euros in cash. So far, he has not been indicted for arms trafficking[86].

The following case study might provide the Italian prosecutors with another connection to Mr Sanji's multiple dealings in arms and conflict diamonds.

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[82] De Morgen (Belgian newspaper), 15 and 16 February 2002

[83] Letter dated 26 October 2001 from the Chairman of the Security Council Committee established pursuant to resolution 1343 (2001) concerning Liberia addressed to the President of the Security Council, New York, 26 October 2000

[84] Los Angeles Times, 16 February 2002

[85] Press statement of Ruprah's lawyer Luc De Temmerman, 18 February 2002

[86] La Stampa, 5 August 2002

Case Study
Guns for diamonds? The case of ER-57929

In its October 2001 report, the UN Panel of Experts on Liberia describes in great detail an arms shipment from a company called Culworth Investments in Uganda to the Liberian capital Monrovia. Culworth Investments has been an established supplier of military material to Uganda for some time. It is registered in Monrovia and it is headed by an Egyptian arms dealer, Mr Sharif Al-Mazri, who was the sales agent for a MI-24 helicopter to the Ugandan Ministry of Defence in 1999[87]. The name of Culworth Investments also appeared on a draft contract for the supply of 33 million USD of arms to the government of Angola in 1997. The draft eventually caught the attention of the French judiciary when they discovered some handwritten notes on it from Jean-Charles Marchiani, the right hand of former French Interior Minister Charles Pasqua who was later arrested in relation to 'Angola-Gate'[88].

In November 2000, Culworth Investments was again selling arms to Uganda, this time machine guns from Slovakia. The shipment described by the UN, a consignment of She guns (AK 47's), was originally ordered by Uganda from this country in 2000. But since the guns did not correspond to their contract specifications, the Ugandan Defence Ministry asked Culworth Investments to ship it back to its country of origin. In the meantime however, the company had found a new buyer for the rifles in Guinea. While the Ugandan authorities were unaware of this new arrangement, an Ilyushin-18 carrying the Moldovan registration ER-75929 arrived at Entebbe airport on 21 November 2000. It left to Monrovia instead. Three days later, the same plane arrived back in Uganda to pick up a second consignment of 1.250 She guns. But after the Ugandan authorities discovered that the pilot intended to fly to Monrovia for a second time, they decided to pay for the weapons and keep them in the country.

As is usually the case with illegal arms flights, the flight plan and operators of the shipment to Liberia limit the incredible. The aircraft was owned by a Moldovan company called Vichi Air. It had initially been chartered by another company, MoldTransavia, to the United Arab Emirates (UAE), because the latter company reported some problems with its own aircraft. However, when the crew from Vichi arrived from Moldova, the technical problem with MoldTransavia had been solved. Subsequently, the Vichi crew was approached by a representative of another company in UAE, Centrafrican Airlines - a company run by Victor Bout. The crew was asked to fulfil a cargo flight from the UAE to Liberia via Uganda, carrying the consignment of assault rifles. On hindsight, it became clear that the company citing technical problems and the representative of Centrafrican actually represented one and the same company, run by the network around Viktor Bout[89]. Thanks to this cunning trick, the guns could be diverted in complete illegality to the government of Liberia.

The Liberia-Congo connection

So far the shipment to Monrovia. However, the UN Expert Panel to Liberia has not treated one element: a flight to DRC. Conclusive information obtained by IPIS shows that, before landing at Entebbe on 25 November 2000, the aircraft ER-75929 had made on stopover in the Congolese town of Kisangani. According to the Ugandan Civil Aviation Register, this aircraft arrived from Kisangani at Entebbe on 25 November and was operated by Centrafrican Airlines. If we follow the UN Panel, this was three days after it had left to Monrovia with the arms shipment. What then was this plane doing in DRC?

One possible explanation lays in the composition of the aircraft's crew. To the UN Panel, the crewmembers of ER-75929 explained that they had been accompanied by a Portuguese-speaking man named 'Beto', a representative of the Liberians. Beto's real name is Carlos Alberto Laplaine. He holds a Portuguese passport issued in Kinshasa, which describes him as a diamond dealer[90]. Laplaine is also a close associate of Sanjivan Ruprah, who was arrested in Belgium and later in Italy this year in relation to his business with Victor Bout (cf supra).

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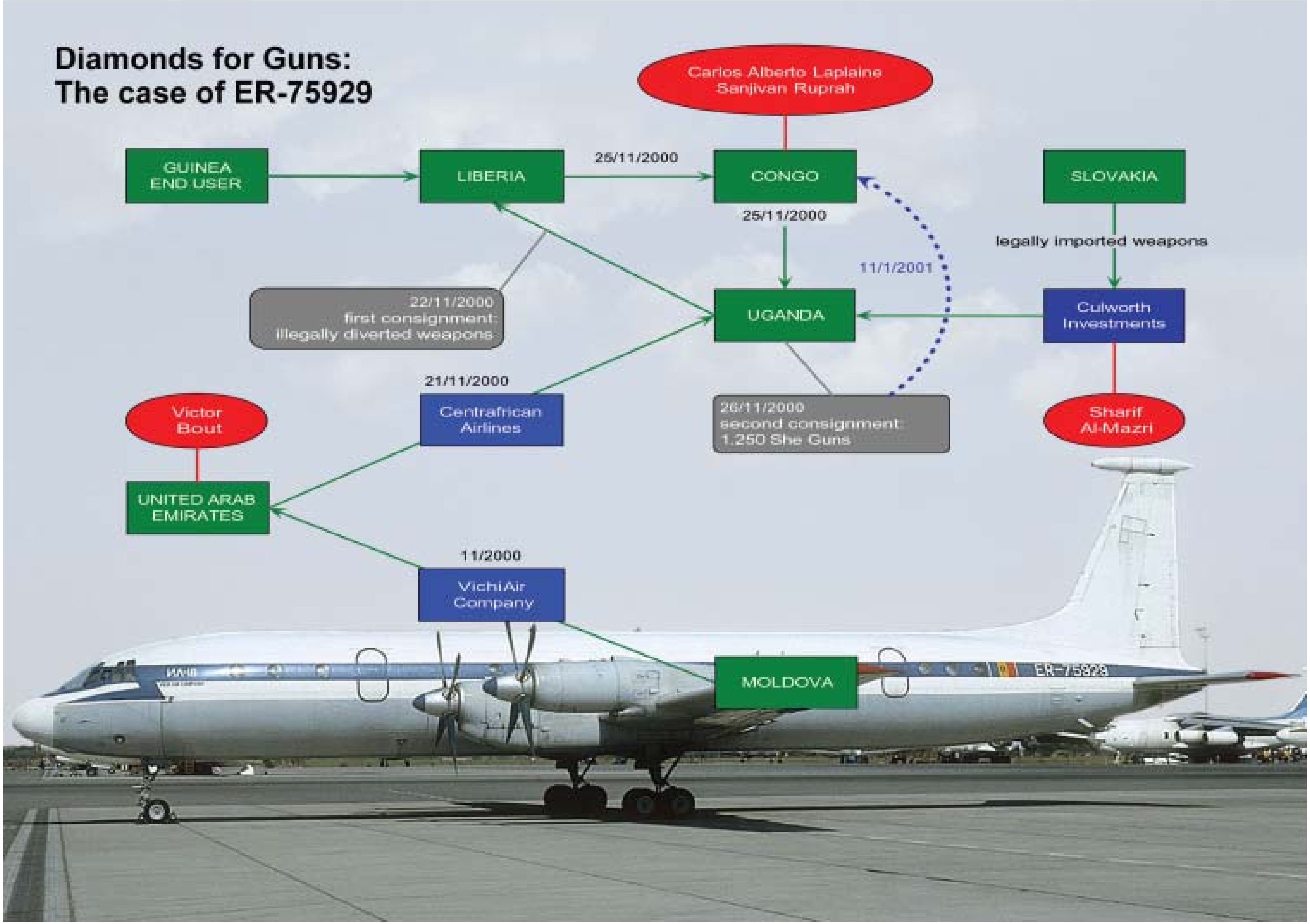
[87] New Vision, 7 September 2001
[88] L'Express, 3 may 2001. For a detailed account on Angolagate, see: Global Witness, All The President's Men. The Devastating Story of Oil and Banking in Angola's Privatised War, March 2002
[89] Letter dated 26 October 2001 from the Chairman of the Security Council Committee established pursuant to resolution 1343 (2001) concerning Liberia, New York, 26 October 2001
[90] Ibidem, § 188

This event clearly illustrates the vicious circle of the economic warfare in DRC. Probably, it indicates a direct swap of diamonds-for-guns. The aircraft that lifted off to Monrovia definitely carried a consignment of arms before landing in Kisangani. The UN Panel also links closely Viktor Bout and Sanjivan Ruprah, who were both overseeing the operations of the aircraft to Liberia and DRC. As we indicated earlier, Sanjivan Ruprah holds a large stake in the diamond business in Kisangani, including a diamond concession in Banalia. Most probably then, Carlos Laplaine was acting as an intermediary for Sanjivan Ruprah to acquire diamonds from his Congolese concession for the account of Victor Bout. Did a direct exchange for arms against diamonds take place immediately after the aircraft landed in Kisangani? Was the aircraft indeed still carrying arms? Did it return to Entebbe with Congolese diamonds? An answer to these questions must be found with the arrangers of the arms flight as well as the aviation authorities in DRC and Uganda. All we know is that seven months after the arms flight to Monrovia and Kisangani, Sanjivan Ruprah was arrested in Belgium in relation to illegal diamond operations for the account of Viktor Bout.


Diamonds for Guns:
The case of ER-75929
Carlos Alberto Laplaine
Sanjivan Ruprah
GUINEA
END USER
LIBERIA
25/11/2000
CONGO
SLOVAKIA
25/11/2000
legally imported weapons
11/1/2001
22/11/2000
first consignment:
illegally diverted weapons
UGANDA
Culworth
Investments
21/11/2000
Victor
Bout
Centrafrican
Airlines
26/11/2000
second consignment:
1.250 She Guns
Sharif
Al-Mazri
UNITED ARAB
EMIRATES
11/2000
VichiAir
Company
MOLDOVA
ER-75929

Fuelling Ethnic Strife: Guns for UDPF in Bunia

Yet another element has been left unexplained so far: what happened with the second consignment of 1.250 She guns that was stopped in Entebbe. According to the UN Panel for Liberia, the Ugandan authorities stopped this consignment on 26 November 2000 - after they acknowledged that it was going to be shipped to Monrovia. Subsequently, Uganda decided to pay for the impounded weapons "and keep them in the country"[91].

Evidence gathered by IPIS suggests that these arms might have ended up in DRC. During its research into the shipment of the She guns, IPIS received a letter issued by UDPF headquarters in Bombo. The letter is dated 11 January 2001; nearly two months after the She guns were stopped at Entebbe airport. It is signed by the logistical officer for Operation Safe Haven - the codename for the UDPF operation in DRC - and directed to the assistant chief of staff. In this letter, the logistical officer, Mr E. Musinguzi, asks the assistant chief of staff to release 600 rifles for UDPF operations in DRC, notably in Bunia. The letter reads: "I have been instructed by brig. Katumba Wamala to follow up the of the war in DRC. Since 1999, Ituri province has been plagued by a brutal conflict between two Congolese tribes, the Hema and the Lendu. It is clear that the UDPF and their Congolese proxies have fuelled this fighting. In 2000, Human Rights Watch reported that the UDPF had been training Hema militias in military camps in Uganda in an attempt to create another proxy to control the natural resources in the area. According to HRW, Uganda has played the role of "both arsonist and fireman" by instigating political feuds among Congolese party leaders, local ethnic conflicts, and extracting wealth. From the first violence in mid 1999-early 2000, an estimated 7,000 persons were killed and another 150,000 were displaced as a result of instigated attacks on Lendu villages around Bunia[92].

In January 2001, renewed ethnic fighting prompted the UDPF command to pull its soldiers from outposts in Ituri to deploy them in Bunia. This left the population on the countryside completely to the mercy of the soldiers of the RCD-ML - most of which are unpaid and known for preying on civilians, but were unable to counter the regular attacks from Lendu and Mayi-Mayi militias in the following weeks. Lendu militias stated an attack on Bunia in the first week of January, a battle in which several soldiers and civilians were killed. The Ugandan army spokesman, major Shaban Bantariza, reacted to the Ugandan Monitor on 29 January: "Let them fight. We will wait for anyone who comes to our areas of Beni and Bunia. That's when we shall respond."[93]

Little later, the UDPF deployed hundreds of soldiers in the border towns of Aru, Mahagi and Ariwara, where they helped the inexperienced RCD-ML to push back the Lendu militias. Ugandan troops rushed to Butembo to support the same forces after Mayi-Mayi had driven them out of that town on 12 January. About these clashes, Human Rights Watch states: "Scores of civilians were reported killed in that battle and hundreds fled the town… Another 400 people were killed during one day of violence in Bunia and at least 30,000 people were forced to flee the region."[94]

Today, the situation in Bunia is worsening very day. Since the peace agreement in Sun City (April 2002), the forces of Roger Lumbala's RCD-National and the RCD-ML are clashing on a regular basis in an attempt to infiltrate the resource rich areas around Watsa, Dugu and Mahagi, and to get hold of the customs posts at the Congolese-Ugandan border - all lucrative sources of cash to finance their ongoing war effort.

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[91] Ibidem, § 178
[92] Human Rights Watch, Uganda in Eastern DRC: Fuelling Political and Ethnic Strife, March 2001
[93] The Monitor, 29 January 2001, quoted in: Ibidem.
[94] Ibidem

Conclusion

The guns for Ituri provide a last example of the growing impact of non-state actors in the DRC conflict. The network of Victor Bout, Africa's most important arms trafficker, clearly illustrates the strong connection that exists between occupying armies, minerals businesses and the regional proliferation of arms. While he has been supplying most of the warring parties with military equipment, his close relations to regional commodity traders has assured him of his involvement in the exploitation of precious resources such as coltan and diamonds. In turn, the trade in these resources has provide the military actors with their necessary cash flows to secure their power. In Ituri, the consequences of this are becoming uglier by the day. Since the peace agreement in Sun City (April 2002), the forces of Roger Lumbala's RCD-National and the RCD-ML are clashing on a regular basis in an attempt to infiltrate the resource rich areas and to get hold of the customs posts at the Congolese-Ugandan border. No doubt that these profits will again provide the necessary cash to finance their ongoing war effort, and to acquire the weapons to wage it.

General Conclusions

In the past four years, the Democratic Republic of the Congo has been the scene of a brutal war, which has claimed the lives of millions of Congolese and which has involved armies and rebel movements from all over Central Africa. Gradually, the scope of this war has moved from a political to an economic one. Today, the aim of the occupying armies is not so much to protect their own security interests, than to control the precious resources that cover Congo's subsoil. The profits from Congo's diamonds, coltan and gold are used to finance their army's war effort, or simply for the personal enrichment of its commanders.

However, the war over these resources has also moved beyond the traditional dividing lines between armies and governments. As we have argued, the trade in diamonds, coltan and arms is increasingly being monopolized by private networks, consisting mainly of individual army commanders, rebel leaders and private commercial enterprises. This evolution holds an important conclusion for the future. First, it is very likely that, even without a military deployment, foreign army officers will continue to benefit from Congo's riches. This could provide another motive for a prolongation of the conflict. As the wars between Rwanda and Uganda in Kisangani (August 1999, March-May 2000) have shown, the stake in the diamond sector is seen as an essential factor in the consolidation of their military and economic power. As a result, this stake wil remain important for both countries as a possible source of conflict.

The same goes for the trade in coltan – a mineral used for the production of mobile phones. The strategic importance of coltan for the high-tech industry has prompted military actors to engage themselves into this lucrative business. Their connection to international trading networks has enabled the military to further consolidate their position in the region's main trading centres like Goma and Bukavu. Today, their straw men transport coltan directly from the mines to the Rwandan capital. This means that Congolese traders are even more marginalized on the local market.

Second, the continuing monopolisation of the diamond sector by foreign armies is also frustrating local Congolese, who continue to be ripped of their main source of income. Their living conditions stand in great contrast to the enormous benefits that are made by their foreign contenders. One day, they might think about revolt. In any case, through their involvement in the minerals and arms business the warring parties in DRC have developed an economic interest that has extended by far their military deployment. Their influence is probably going to be felt for a long time.